



Putting it right

Best practices for customer redress
in online business

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FOREWORD

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One impediment to business to consumer (B2C) electronic commerce is a lack of consumer confidence in doing business online. ‘What if something goes wrong? What comeback do I have?’ are the questions that customers may ask themselves before they enter into a transaction online. Equally, businesses new to e-commerce may also wonder what best practice is in this relatively new and rapidly developing activity.

The organization most concerned with customer satisfaction is the company the customer does business with. Enterprising businesses recognize intuitively that when a transaction doesn’t go the way a customer wanted or expected, it is a golden opportunity to put things right and create a customer relationship that can last for life.

ICC is working to make sure that companies have the tools and the expertise they need to satisfy their customers and make the most of e-business. That’s why we have consulted with our members all over the world and developed these best practices. The *ICC best practices for customer redress in online business* give advice to business to ensure internal customer redress systems resolve most customer complaints, and also let customers know what to expect from an internal customer redress system. They are a practical aid for companies all over the world and will also help build consumer trust and confidence in doing business online.

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INTRODUCTION

The vast majority of customer complaints can be resolved in-house if businesses respond to customer complaints fairly, promptly and in a satisfactory manner. These best practices have been produced to help business turn customer complaints into opportunities to create higher levels of customer satisfaction. The principles in these best practices may also be relevant to any business dealing directly with consumers, whether online or offline.

The *ICC Best Practices for Customer Redress* have been developed as part of ICC's commitment to spreading best practice and increasing consumer confidence in online transactions. The best practices are a companion to the *ICC Best Practices for ODR on B2C and C2C Transactions*. They build on previous ICC work, the *ICC Business-to-Consumer (B2C) and Consumer-to-Consumer (C2C) Alternative Dispute Resolution (ADR) Project*¹ which included a report on uses of ADR and an inventory of ADR services available to address B2C and C2C disputes arising from online transactions.

How to use these best practices

The best practices give information to:

- Businesses on how to ensure internal customer redress systems can best resolve most customer complaints, and
- Customers on what to expect from a company's internal customer redress system.

These ICC best practices go step by step through the customer redress process, giving practical advice on the most effective ways to deal with customer complaints arising from online business. They apply to companies of all sizes around the world.

¹ <http://www.iccwbo.org/home/ADR/inventoryhome.asp>

GUIDANCE TO COMPANIES

Only satisfied customers are regular customers!

To realize its full potential, customer complaints handling and redress should be an integral part of a company's market feedback and communications system. The system can serve as, or be part of, an early warning device of breakdowns in processes and communications. It should also be linked to a company's product safety and quality functions (cf. the need for product recall) as well as to the communications / marketing / PR functions. Systemized and searchable complaints information can also be extremely valuable as a basis for marketing and further product or service development.

The guiding principles of a company's complaints handling and customer redress system are that the system be:

- objective and clear
- credible and supportive to customers
- easily accessible
- free for customers
- and providing speedy and equitable treatment.
- The processes should not deprive the customer of any right he would otherwise have.
- It should be operated with sufficient resources.

The following best practices give operational guidance on how to ensure these principle are implemented in the day to day processes of customer complaints handling and redress.

The customer redress system

- Every company should have a system in place to handle customers' complaints that is adequate to the company's economic circumstances and type and volume of business.
- The customer redress system should be the direct responsibility of an individual with sufficient seniority and resources to ensure its success. In some companies, this may be a Director or other senior official. The essential point is that responsibilities and powers are clearly identified and agreed.
- The customer redress system should comply with local laws, regulations and codes of conduct.

Processing initial customer complaints

- If a contract is concluded in writing or in a manner including written elements (email, Internet, fax, telex), the customer should be informed at the time of conclusion of the contract that if he is not satisfied with the fulfillment of the contract, he has the opportunity to complain to the company. The exact department and contact details of the competent section of the company should be indicated to the customer. All customers should have access to user-friendly information about the company's customer redress system. One way to achieve this is to clearly post on a company website a section including this information and entitled 'How to make a complaint' or similar.
- Customers' complaints should be accepted and processed irrespective of their form of communication.
- Once a customer's complaint is received, the complainant should be issued with a confirmation of receipt in the form in which the complaint was lodged. If the confirmation of receipt is in a format such as an email or web page, the customer should be encouraged to print it onto a hard copy for his records and safe-keeping.

- The confirmation of receipt should include an estimate of the time likely to be required for handling the complaint. If such an indication is not possible when the complaint is received, it should be provided subsequently as soon as possible. It may also be useful to set company targets to deal with relatively straight forward customer complaints within a set number of days.

Providing guidance and assistance to customers

- Customers should be encouraged and, where appropriate, helped to lodge clear and unambiguous complaints which express plainly their problem and desired outcome. Ways to encourage clear complaints include using specific web forms which the customer can fill in online, or simply asking customers to ensure their emails provide specific and indicated pieces of information.
- If it is not clear from a complaint what outcome the customer wishes, he should be informed of this and requested to specify his complaint. The customer should be supported in wording a request by providing him with appropriate information, if this does not involve unreasonable effort. If it the customer's wish is still not apparent, he should be informed clearly and unequivocally and it should be explained that no further processing of the request is possible.
- The customer should be requested to provide additional information or to present documents (or copies) as necessary to process the complaint.

Handling customers' complaints

- A customer's complaint is an opportunity to resolve an issue and deepen the relationship with the customer. It is also an opportunity to recognize and correct a failure in business practice where one exists. It is an integral part of a market feedback and communications system and should therefore be taken seriously and investigated in a positive manner. Successful companies can use their customer complaint and redress systems to produce valuable information to improve their competitiveness.

- If it becomes apparent that the customer has already lodged a complaint with a supervisory authority, a consumer protection organization or an institution for out-of-court or alternative dispute resolution (ADR) concerning the same matter, or has instituted legal proceedings, the complaint should not be processed any further by the company and the customer should be informed. (The complaint is considered the same matter if the request of the customer is essentially based on the same situation and if the demand put forward is essentially the same.) As the optimal outcome for companies and their customers is for disputes to be settled internally by the company, the company may wish to resume processing the complaint if the customer agrees to withdraw it from where it has been filed elsewhere.
- Where possible, a customer's complaint should not be handled by the same staff member whose conduct has been complained about. If the size and economic circumstances of the company so allow, a separate complaints processing function should be set up. If any complaint is still handled by the same staff member who was involved with the initial transaction, his or her decision should be checked by another staff member.
- Staff members processing complaints should be provided with the necessary powers to take decisions or review decisions of other staff members.
- Any staff member handling a complaint should equip herself with all the information pertinent to the case. This involves obtaining the opinion of all parties concerned. Complaints should not, if possible, be handled by individuals who are related in any way to the complainant or if there are other circumstances which seem to prevent him or her from handling the case in an unbiased way.
- If a complaint reveals a serious grievance or a risk that the company may face considerable claims, the competent and most senior appropriate individual (in some firms, a director or senior official) should be informed without delay.

Resolving complaints

- In deciding on a complaint, the following should be considered; the terms of the contract or agreement and other relevant conditions of purchase, the aspects of law (either statute or non-statute), commercial practice, any existing corporate policy, the effect on the public, the prejudicial effect, the effect on any subsequent legal proceedings, the apparent willingness of the complainant to negotiate, and the avoiding of lengthy and expensive legal proceedings with an uncertain outcome.
- The company's final decision to the complaint should be made in an appropriate form. Generally, the form in which the complaint was lodged is considered appropriate. Oral replies may suffice, but should be used with care as they can easily be misunderstood or misused. Responses to customers in a durable format at all stages of the processing of a complaint are generally preferable. In all cases, companies themselves should clearly document and record responses and the final decision.
- The company's final decision should clearly show the customer how the company plans to act in relation to the complaint. In the case of any rejection of the complaint, the response should start by describing the request of the customer and include a comprehensive and clear justification of the decision. If a claim is subject to a statute of limitations, its rejection should, if possible, be substantiated by an additional justification.
- Any rejection of a complaint should inform the customer of the possibility to submit his request to a competent dispute settlement body such as an ADR or ombudsman.
- The entire process, from the receipt of the complaint to the termination of its handling, should be recorded in a form which makes it possible to reconstruct the process independently even after several years have elapsed.
- If the complaint is accepted, the company's conduct should be corrected without delay. If this is not possible, the customer should be informed of when his request will be complied with.

- If any successful customer's complaint has broad significance for the company, the most senior appropriate individual should be informed of this.
- If any customer's complaint reveals any shortcomings in the company which do not merely represent a failure in an individual case, but rather a failure in the company's business practices, the cause should be identified and remedied. Only efficient and routine information processing and identifying of responsibility will provide the necessary monitoring to allow companies to learn from mistakes.

