



# Complaints

## A guide for businesses

***Paying proper attention to customer complaints is an essential part of a well-managed business operation. In fact, complaints can improve your efficiency and profitability.***

### Why have a complaint handling system?

Handling complaints efficiently and effectively is good for your business. Research shows that around 90 per cent of customers who have a problem and do not complain stop doing business with that trader, whereas around 50 per cent of customers who do complain continue to do business with the same trader. A dissatisfied customer is also more likely to tell more people about their experience than a happy customer.

The average cost of gaining a new customer is five times the cost of retaining a current customer. Therefore, the easier it is for a customer to give you direct feedback about their experiences, the more likely they are to complain to you—rather than a friend—and give you an opportunity to address the issue and improve your practices.

This will give your business a much greater chance of retaining that customer or having the customer recommend your business to others.

An internal complaint handling system should provide the framework for your business to be able to meet your legal requirements under the Australian Consumer Law. It should also outline effective and consistent processes for dealing with any complaints received and ensure that complainants are dealt with in a timely, fair and courteous manner.

Any complaint handling policy you adopt needs to acknowledge that:

- your customers have the right to complain about goods and/or services purchased;
- customers have the right to have their complaint dealt with promptly and effectively; and
- complaints can provide you with feedback about goods and/or services being offered.

### Essential features of a complaint handling system

The following six-point framework can be used to develop a system for responding to complaints from your customers.

#### 1. Commitment

There should be a commitment at all levels of your business to a complaint handling system that is efficient, fair and includes:

- acknowledging that your customers have a right to complain;
- openly seeking feedback from your customers; and
- a written statement about your organisation's approach to handling complaints which is readily available to your customers.

#### 2. Fairness

Complaint handling should be fair to all parties, and must allow staff and consumers' views to be heard and taken into account in a balanced way.

#### 3. Effectiveness

Adequate resources should be made available to handle complaints efficiently and effectively.

Complaints received should be dealt with quickly and courteously.

With respect to the current consumer laws, those involved in responding to complaints should have the authority and ability to decide remedies and to put them into effect.

#### 4. Accessibility

Your complaint handling system should be accessible to all customers, and help should be on hand if they have any difficulty in lodging their complaint.

Information about how to make a complaint should be

readily available and simple to understand. Consider making it available in several different languages if you regularly deal with non-English speaking people.

It should not cost your customer anything to make a complaint.

## 5. Compliance

Ensure your recommended outcomes meet your obligations under any specific laws that apply to your industry. In addition you should be aware that the Australian Consumer Law sets out a minimum standard for all traders and service providers to follow whenever a product or service sold has a problem.

If a minor problem is identified you can elect to repair, replace or refund the item. The consumer can expect the issue to be fixed within a reasonable time. If a solution cannot be found in a reasonable period of time the consumer can then choose whether to get a refund, repair or replacement.

If there is a major problem with a product, the consumer is entitled to select the remedy. They may reject the item and choose a refund or replacement, or keep it and ask for compensation for any drop in value.

## 6. Accountability

You should record the complaints received and the outcomes achieved.

Recurring and systemic problems which become known through your complaint handling system records should be identified and rectified.

Review the operation of your complaint handling system regularly to make sure that effective outcomes are achieved for customers and staff.

Make sure there is appropriate reporting of the findings of reviews back to management and to staff into the operations of the complaint handling systems.

### Checklist to establish a complaint handling system

- Develop a written policy that outlines the procedure to be followed when a complaint is received and make this available to staff.
- Train your staff to handle complaints in a fair, impartial and courteous manner.
- Educate your staff about their responsibilities under the law.
- Welcome customer complaints – ensure customers are aware of their right to complain and the procedure for making a complaint is uncomplicated and well publicised.
- Deal with complaints promptly and establish guidelines for keeping the complainant informed of progress on a regular basis.
- Create a list of possible remedies for dealing with complaints and develop a procedure for recording complaints and their outcomes to ensure

consistent responses.

- Schedule and conduct a regular review of the complaint handling system to ensure it continues to meet the needs of both the business and customers.

### How to handle verbal and written complaints

Once you have set up a complaint handling system, the following procedure may help you respond to a customer who is making a complaint about goods and/or services received:

#### Step one – Listen without interrupting and don't get defensive

- Regardless of the attitude of the complainant, listen without interrupting as this is likely to defuse the complainant's emotions.
- Write down all the relevant information and don't argue or deny anything.
- If a complainant is abusive or loud and threatening, offer them a drink of water and ask them to take a seat in a quiet area so that they have an opportunity to calm down. Explain that it will help you find a solution if they remain calm and explain from the beginning exactly what happened.
- While you should be at your patient best in letting a complainant express frustration, you are not expected to take persistent abuse and have a right to withdraw from such situations.
- If the complainant's discussion becomes too long, you can ask: May I summarise what I understand to be the problem and then we can try to solve it?
- Avoid words or phrases that may exacerbate the situation such as: *calm down, we wouldn't do that or nobody else has complained about it.*

#### Step two – Respond with words such as sorry, glad, sure and express empathy

Use statements such as:

- I'm sorry there is a problem.
- I'm glad you're raising this with me so that I can help you.
- I'm sure we can work this out to your satisfaction.
- In acknowledging the complainant's concerns, be careful not to immediately accept liability for the problem. Avoid apologising for a mistake until you are sure an apology is warranted.
- Show that you understand the complainant's feelings. For example: That (the problem) must have been frustrating for you. I can understand how you might get upset and angry in that kind of situation.

- This kind of statement may help to calm the complainant. Hopefully, by now the complainant is willing to work with you in trying to find a solution.

### Step three – Ask questions to ensure you understand the problem

- Summarise the information received from the complainant so far and obtain the complainant's agreement on specifically what the problem is.

### Step four – Find out what the complainant wants

- Ask the complainant what they would like you to do or what they hope will happen.
- If all the complainant wants is to vent anger/frustrations and have someone listen empathetically, express your appreciation to them for raising the complaint with you.

### Step five – Explain what you can do, discuss the alternatives and agree on the action

- If you can do what is requested, do so immediately. If you cannot do what is requested, consider the alternatives.
- If a resolution is not immediately possible, (if, for example, you require further information or need to speak with other parties involved before offering alternatives) advise the complainant and make a commitment to do something realistic and achievable about resolving it, even if someone else will eventually handle the complaint.
- When a course of action has been agreed, make sure the complainant knows:
  - who they will deal with;
  - what will be done to resolve the complaint; and
  - when the complaint will be resolved.

### Step six – Take action immediately

- If there are to be delays or deviations, inform the complainant immediately and negotiate a new plan of action with the complainant.

### Step seven – Follow up to ensure customer satisfaction

- Contact the complainant to ensure the solution was satisfactory and thank them in anticipation of their continued business.
- File your report to ensure full and complete records of the complaint are kept.

### If the complaint can't be resolved

It is preferable to try to settle the problem with the complainant early rather than allow it to escalate into a larger and more difficult dispute.

If the complaint can't be resolved, it may be necessary to refer the matter to other, sometimes more formal, procedures for dispute resolution.

Consumer Protection's conciliation service aims to deal with problems which cannot be resolved within a complaint handling system.

### Need more help?

The department can provide further information about dispute resolution to both businesses and customers. Simply ring the Consumer Protection Advice Line on 1300 304 054.

### Acknowledgements

Use of the following principal reference materials is acknowledged in the drafting of this manual:

- Complaints handling (AS 4269–1995).
- Customer satisfaction—Guidelines for complaints handling in organizations (AS ISO 10002–2006).
- Review of Complaint Handling and Dispute Resolution in Real Estate in Victoria, 1 May 2001 by Logie-Smith Lanyon.
- The Art of Giving Quality Service by Mary S Gober.
- Making Legal Compliance Work by Brian Sharpe.

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