



Financial Consumer
Agency of Canada

Agence de la consommation
en matière financière du Canada

Survey of Consumers about Complaint Handling in Banking

Summary

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Canada

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Executive summary

Background and objectives

Financial Consumer Agency of Canada (FCAC) required quantitative evidence to support its review of the accessibility, timeliness and effectiveness of complaint handling in banking.

The specific objectives of this research were to assess:

- Level of awareness of bank's complaints handling process (CHP), including escalation procedures and the option of taking their complaints to External Complaints Bodies (ECB), and FCAC;
- If information about CHPs is readily available and easy to understand;
- If CHPs are accessible and transparent;
- Consumers' experiences resolving disputes with banks and ECBs;
- Experiences with "attrition" (i.e., becoming exhausted with the process and dropping the dispute before satisfactory resolution);
- If there are regular touchpoints and effective communication;
- Consumer opinions of the CHPs of banks and ECBs.

Methodology

EnviroNics conducted a quantitative, random-probability telephone survey with 5,000 adult residents of Canada, from March 5 to 30, 2019 (respondents were screened to ensure they had an account or credit card with a bank). A survey of this size will yield results which can be considered accurate to within +/- 1.4 percentage points, 19 times out of 20. The data are weighted by region, age and gender to ensure the final sample is representative of the total population per the 2016 Census. More information about the survey methodology is included in Appendix A of the full report.

Cost of research

The cost of this research was \$183,553.13 (HST included).

Key findings

Incidence of complaints and outcomes

- Over four in ten Canadians (43%) experienced at least one in a list of 11 banking problems in the past two years; close to six in ten (57%) did not experience any. Among those reporting any banking problem, a majority of close to six in ten (57%) indicated they experienced more than one problem in the two-year time frame.
- Canadians reporting a banking problem indicate a range of issues, the most common being denied access to funds, transaction errors, fees not being as expected, and fraud/unauthorized access to funds.

- Among the four in ten who experienced at least one banking problem, three-quarters (73%) made contact with the first complaint-handling level; eight percent contacted the second level (the call centre or complaints department), and two percent contacted level 3 (bank's internal ombudsman). Less than one percent reached level 4 (external complaint bodies). Just over one-quarter who experienced a problem in the past two years did not contact their bank about it.
- Eight in ten who contacted their bank about a problem (81%) went on to get a resolution at some level; two in ten (19%) did not get their problem resolved. The likelihood of complaint resolution is highest at level 1 (76% of those who contacted level 1) and drops with each subsequent level contacted (43% who contacted level 2 and 34% who contacted level 3).
- There is increasing reluctance to contact higher complaint handling levels when resolution is not achieved at lower levels. Half (49%) who contacted but did not get a resolution at Level 1 did not go on to contact Level 2; subsequently, two-thirds (65%) of those without a resolution at Level 2 did not go on to contact Level 3. Overall, 12 percent of those who contacted their bank to attempt to resolve a problem dropped the matter before resolution (attrition).
- There is limited experience with the external complaint bodies that comprise level 4. Among the very small number of people whose complaint was not resolved at level 3 (n=25), most (17 people) did not contact level 4. One person indicated they contacted and had their problem resolved at level 4; five people contacted an external complaint body but did not find resolution.

Opinions of the complaint handling process

- Four in ten (41%) Canadians who contacted their bank about a problem said they encountered at least one barrier to resolution; close to six in ten (57%) did not. The barriers mentioned point to a lack of effectiveness of the process (26% - e.g., poor customer service, could not or would not fix the problem), while accessibility (14%) and timeliness (7%) were secondary issues. Similarly, reasons given for not contacting the bank in the first place, or for dropping out before resolution, emphasize concerns about effectiveness over timeliness and accessibility.
- Close to nine in ten who reported their problem was resolved said it took less than one month from when they first experienced the issue. When the problem was resolved in under one month, only minorities felt this was too long (14% resolved in less than one week, 41% one week to under one month), but if the problem went on longer than one month before resolution, strong majorities said this was too long (72% one to under three months, 86% more than three months). Similarly, the decision to drop a complaint (attrition) is most often made within a month.
- Close to two-thirds (64%) of Canadians contacting their bank about a problem are satisfied to some extent with the process they experienced, while one-quarter (25%) are dissatisfied and 10 percent are neutral. Satisfaction with the process is inextricably linked to effectiveness in bringing about a resolution: it is highest when resolved at the first level (77%) compared to the second level (56%), and very low among those who dropped their complaint (12%).
- There are a few groups who consistently report more issues with banks and/or less satisfaction with getting banking problems resolved:

- Satisfaction with the banking problem resolution process, outcomes and timeliness is lower among residents of major urban centres than those living in smaller communities, and among persons with disabilities that cause them difficulties with banking.
- There is some indication that two groups - people with lower levels of education, and those speaking non-official languages - are less confident in their ability to contact their bank about a banking problem.
- Canadians who did not have a banking problem in the past two years, or who had a problem but did not contact their bank, are confident they could find out what to do if they have a future banking problem and that their complaint would be resolved to their satisfaction. However, once they enter the complaint handling process, that confidence is not always borne out, particularly for the substantial minority whose problem was not resolved (19% who contacted their bank).

Awareness and information needs

- There is low awareness (17%) of external complaint bodies in the Canadian population. In particular, among those who reached Level 3, only 27 percent were aware of Level 4 organizations, the next stage of the complaint handling process.
- There is moderate agreement among complainants that they were kept informed about the status of their complaint (58%); however, the higher the level of contact, the less likely they agree they were kept informed (68% whose problem was resolved at Level 1, 47% with a problem resolved at Level 2, and 25% whose problem was not resolved). Also, most complainants do not recall banks providing information on additional complaint handling steps (only 30% recalled this, the majority (66%) did not).

Political neutrality statement and contact information

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