

Australian Standard<sup>®</sup>

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**Complaints handling**

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## PREFACE

This Standard was prepared by the Standards Australia Committee on Complaints Handling, in response to the call from professional and other organizations for assistance in what is now accepted as an essential component of quality management. It is also regarded as one of the components of competitiveness in domestic and international markets.

The objectives of this Standard include the provision of a complaints handling process for those making and receiving complaints and to serve as a reference document on current best practices for handling complaints. The Standard is subject to any statutory or other legal obligations imposed on organizations.

Use of the principles embodied in the Standard will assist organizations to identify deficiencies in any current complaint handling procedures and therefore opportunities for improvement.

An expected outcome for sole traders, small business and other organizations which implement complaints handling processes in accordance with the Standard would be continuous improvement in consumer satisfaction, both with complaints handling and with products and services. This in turn will have benefits for organizations and the communities they serve and also demonstrate to governments the capacity of business and the professions to deal with complaints using a self-regulatory approach.

The essential elements of an effective complaints handling process are contained in Section 2 of the Standard. Sections 3, 4 and 5 are guidelines dealing with the implementation of the process, the actual complaint handling and disputes.

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## STANDARDS AUSTRALIA

### Australian Standard Complaints handling

#### SECTION 1 SCOPE AND PURPOSE

**1.1 SCOPE** This Standard sets out the essential elements for the management of complaints from inception to satisfaction or final determination, as the case may be, irrespective of the nature of the complaint or the size of the organization receiving the complaint. It further provides guidelines for the implementation of a complaints handling process.

Section 2 contains the essential elements while Section 3 contains implementation guidelines, and it is recognized that smaller organizations may need to use this Section selectively. Section 4 details complaint handling guidelines and Section 5 deals with disputes.

This Standard is for all large or small organizations. However, application of the elements in some cases will be different for small organizations and the Standard needs to be applied with the requisite degree of discretion to ensure that it is appropriate in the circumstances.

For example, the collection of data on complaints need only be rudimentary for small businesses, involving for instance, some form of manual collection and classification. Such a process, despite its simplicity can still highlight systemic problem areas which require remedial action.

However, some issues covered in this Standard such as commitment, fairness, responsiveness, charges and remedies apply, regardless of the size of the enterprise.

The importance of this Standard as it relates to small business is that it provides a yardstick which can be used to design a complaints handling process for their particular circumstances.

**1.2 PURPOSE** The purpose of this Standard is to provide a complaints handling framework for the complainants as well as complaint recipients. It will serve as a reference document on issues where a common interpretation is desirable.

A comprehensive complaints system should:

- (a) Increase the level of consumer satisfaction with the delivery of products and services and enhance the consumer/provider relationship.
- (b) Recognize, promote and protect consumers' rights, including the right to comment and complain.
- (c) Provide an efficient, fair and accessible mechanism for resolving consumer complaints.
- (d) Provide information to consumers on the complaints handling process for the services and products of the organization.
- (e) Monitor complaints in an endeavour to improve the quality of products and services.

**1.3 GENERAL** Any complaints handling policy should include a positive attitude towards consumers and commitment to resolving complaints. This should be based on the premise that—

- (a) a consumer has a right to complain and to have the complaint handled;
- (b) complaints provide feedback about a product or service experience; and

- (c) a complaint received gives the organization the opportunity to maintain confidence in its products or services.

**1.4 DEFINITIONS** For the purpose of this Standard the definitions below apply.

**1.4.1 Complainant**—person or organization making a complaint.

**1.4.2 Complaint**—any expression of dissatisfaction with a product or service offered or provided.

**1.4.3 Consumer**—a person to whom a product or service is offered or provided.

**1.4.4 Dispute**—A pursued unsatisfied complaint.

**1.4.5 Organization**—a company, firm, enterprise or association, or part thereof, whether incorporated or not, public or private, that has its own function(s) and administration.

**1.4.6 Provider**—an organization or sole trader providing a product or a service to a consumer.

**1.4.7 Quality**—the totality of features and characteristics of a product or service that bears on its ability to satisfy stated or implied needs.

**1.4.8 Systemic problem**—is caused by failures in the product or service design, delivery systems or organizational policies or procedures.

## SECTION 2 ESSENTIAL ELEMENTS OF EFFECTIVE COMPLAINTS HANDLING

**2.1 ESSENTIAL ELEMENTS** This Section sets out the essential elements of an effective complaints handling process which are expanded upon in Section 3.

A complaints handling process shall, as a minimum, satisfy the requirements below.

**2.2 COMMITMENT** There shall be a commitment to efficient and fair resolution of complaints by people in the organization at all levels, including the chief executive or ruling body. This is shown by an organizational culture which acknowledges consumers' rights to complain and which actively solicits feedback from consumers. The policy on complaints handling shall be in writing.

**2.3 FAIRNESS** A complaints handling process shall recognise the need to be fair to both the complainant and the organization or person against whom the complaint is made.

**2.4 RESOURCES** There shall be adequate resources for complaints handling with sufficient levels of delegated authority.

**2.5 VISIBILITY** A complaints handling process shall be well publicised to consumers and staff, and shall include information to consumers about the right to complain.

**2.6 ACCESS** A complaints handling process shall be accessible to all and ensure that information is readily available on the details of making and resolving complaints. The complaints handling process and supporting information shall be easy to understand and use, and be in plain language.

**2.7 ASSISTANCE** Assistance shall be available for complainants in the formulation and lodgement of complaints.

**2.8 RESPONSIVENESS** Complaints shall be dealt with quickly and the complainants shall be treated courteously.

**2.9 CHARGES** Complaints handling shall be at no charge to the complainant, subject to statutory requirements.

**2.10 REMEDIES** A complaints handling process shall have the capacity to determine and implement remedies.

**2.11 DATA COLLECTION** There shall be appropriate systematic recording of complaints and their outcomes.

**2.12 SYSTEMIC AND RECURRING PROBLEMS** Complaints shall be classified and analysed for the identification and rectification of systemic and recurring problems.

**2.13 ACCOUNTABILITY** There shall be appropriate reporting on the operation of the complaints handling process against documented performance standards.

**2.14 REVIEWS** A complaints handling process shall be reviewed regularly to ensure that it is efficiently delivering effective outcomes.

## SECTION 3 IMPLEMENTATION OF THE ESSENTIAL ELEMENTS

**3.1 GENERAL** These guidelines provide assistance to organizations establishing and maintaining a complaints handling process in accordance with the essential elements in Section 2.

The overriding aim of any complaints handling process is to turn dissatisfied consumers into satisfied consumers. This is best done by speedy and effective remedies at the first point of contact.

**3.2 COMMITMENT** For effective complaints handling, there needs to be commitment at all levels within the organisation. It is particularly important that this is demonstrated at, and promoted from, the organization's highest level. A commitment to responding positively to complaints should cover both internal and external complaints, allowing staff and consumers to contribute to the improvement of the organization's services or products. This is an essential prerequisite for the development of an organizational culture which acknowledges the consumers' right to complain and which actively solicits consumer feedback.

This commitment should be reflected in the adoption and dissemination of documented policies and procedures for the resolution of complaints. Management commitment is also demonstrated in the provision of training.

The development and review of policies should be given sufficient organizational priority and be adequately and appropriately researched.

**3.3 FAIRNESS** The complaints process shall recognise the need to be fair to both the complainant and the organization or person against whom the complaint is made.

The process shall be based on the complainant's right to—

- (a) be heard;
- (b) know whether the organization's relevant product and service guidelines have been followed;
- (c) provide and request all relevant material to support the complaint;
- (d) be informed of the criteria and processes, including the avenues for further review, applied by the organization dealing with complaints;
- (e) be informed of the response of the person or organization complained of;
- (f) be informed of the organization's decision and the reasons for that decision;
- (g) know that the complaint is being reviewed independently where possible; and
- (h) confidentiality, if requested.

The person or organization about whom the complaint is made shall have the right to—

- (i) amass sufficient detail about the complaint to enable that person or the organization to properly investigate and respond to the complaint;
- (ii) place all relevant material before the person investigating the complaint; and
- (iii) be informed of the decision and the reason for the decision.

**3.4 RESOURCES** People are the single most important resource in the complaints handling process. It is important that staff are appropriately selected and provided with sufficient training and support to ensure that complaints are dealt with appropriately. Such training should form part of induction for new staff and be regularly reinforced and updated.

In organizations which have staff dedicated to complaints handling or investigation, there should be training in product or service knowledge, interpersonal and communications skills as well as the details of the policies and procedures of the organization.

Handling complaints over a period of time can cause stress. Therefore consideration should be given to include measures for stress minimization. In some circumstances rotating staff through complaints handling areas can develop management skills but also reduce the likelihood of stress.

It is important for staff handling complaints to have resources that will enable them to perform their duties efficiently and effectively. Adequate numbers of staff with sufficient delegated authority shall be available in the decision-making process.

These resources could include—

- (a) easily accessed, detailed complaints handling procedures manuals, reference material and databases—preferably computerized;
- (b) good telephone handling equipment to enable hands-free operation;
- (c) a user-friendly complaints handling environment, e.g. low noise level, interview facilities;
- (d) adequate work tools; e.g. telephone systems, photocopiers, fax machines, answering machines;
- (e) facilities to record and store information on complaints; and
- (f) access to all levels of the organization as necessary to solve a complaint.

**3.5 VISIBILITY** The existence of the complaints handling system, its purpose and the method of accessing it, need to be publicized in such a way that people with complaints are encouraged to make their complaints known to the relevant organizations.

It is crucial for an organization to promote the system—

- (a) internally for staff as well as externally to consumers and the community; and
- (b) as widely as possible and according to the special needs of consumers.

Methods to promote the system may include:

- (i) Advertising in telephone directories and the mass media.
- (ii) Posters and brochures at the place(s) of business.
- (iii) Inclusion on documents such as contracts and account statements.
- (iv) Hotlines or toll free telephone numbers displayed on product labels, instruction booklets, guarantees or warranties.
- (v) Satisfaction surveys or questionnaires at point of sale or post sale.
- (vi) Reporting—e.g. Annual reports.

**3.6 ACCESS** The characteristics of an accessible complaints handling process include:

- (a) Information on how, when, where and to whom to make complaints, being readily accessible to all consumers.
- (b) Information about the process being prominently displayed and circulated at the point of delivery.
- (c) Information describing an uncomplicated process expressed in plain English and other community languages, and in large print.
- (d) Methods of making complaints which are flexible in order to meet the needs of all consumers. The process of submitting complaints should not be limited to one form of communication.



- (e) Simple and accessible arrangements for lodging complaints.
- (f) Consumers being able to submit complaints without charge.
- (g) A time frame for determining a complaint which encourages its making. Complainants should be advised as to when a decision can be expected or whether there will be delays.
- (h) Consumers should know that their complaints are being treated seriously and when necessary in strictest confidence.
- (i) Special arrangements should be made for people with disabilities or specific needs, e.g. ramps for wheelchairs and special staff skills.

**3.7 ASSISTANCE** Assistance should be available by way of an explanatory brochure, publicity, telephone advice, direct communication, interview or correspondence. The assistance should be designed to allow a complaint to be made in a way which ensures it can be dealt with by the complaints handling process of the organization. Examples could include assistance with filling in forms for those with limited literacy skills, and interpreter assistance for people with limited English.

**3.8 RESPONSIVENESS** The organization should establish target time limits which are reasonable for all stages of the complaints handling process. A complainant shall be told how long it will take to deal with a complaint in accordance with target time limits for action. Complainants shall be kept informed of progress by telephone advice, correspondence or interview.

**3.9 CHARGES** If a consumer has a complaint about a product or a service, the complaints handling process should be provided free of charge, (subject to statutory requirements). If the complaints handling process is not free to consumers, and they are deterred from making complaints, the provider may not receive relevant feedback.

**3.10 REMEDIES** The organization should develop policies on the provision of remedies which reflect what is fair and reasonable in the circumstances, legal obligations and good industry practice.

Such policies include—

- (a) refunds;
- (b) replacement;
- (c) repair;
- (d) substitutes;
- (e) technical assistance;
- (f) information;
- (g) referral;
- (h) financial assistance;
- (i) other assistance;
- (j) compensation;
- (k) apology; and
- (l) goodwill gift or token.

Issues to be considered include—

- (i) addressing all aspects of the complaint;
- (ii) following-up where appropriate; and
- (iii) whether it is appropriate to offer remedies to others who may have suffered in the same way as the complainant but did not make a formal complaint.

**3.11 DATA COLLECTION** There is a need for a recording system to assist in monitoring the progress of complaints and to identify repetitive complaints. These types of complaints often indicate a fault in the product or service system which can be rectified.

Issues to be considered include—

- (a) the range of topics;
- (b) the level of detail; and
- (c) format and content for statistical reports, which could include information about the—
  - (i) nature of the complaint;
  - (ii) services or products about which complaints are made;
  - (iii) business practices about which complaints are made;
  - (iv) response time;
  - (v) demographic analysis—people, product, service, department, branch, organization and market segment;
  - (vi) referral source;
  - (vii) staff resources analysis;
  - (viii) action taken, includes remedies/determinations/results; and
  - (ix) trend analyses.

Statistical analysis is important in assisting an organization for strategic planning and product/service development and improvement.

**3.12 SYSTEMIC AND RECURRING PROBLEMS** By evaluating data an organization is able to determine the causes of complaints and whether remedial action is warranted.

Aggregated data highlighting systemic complaints can be used to—

- (a) redesign products and services;
- (b) change organizational practices and procedures;
- (c) retrain staff on product and service delivery;
- (d) re-assess consumer information needs, e.g. labelling;
- (e) assess the performance of after-sales service; and
- (f) give early warning about potential product and service defects.

**3.13 ACCOUNTABILITY** All organizations should have an appropriate culture of accountability which includes:

- (a) Each level accepting responsibility for effective complaints handling.
- (b) Managers having responsibility for effective complaints handling procedures including—
  - (i) setting performance criteria;
  - (ii) performance monitoring and evaluation;
  - (iii) management reports on complaints handling performance;
  - (iv) reporting on complaints handling;
  - (v) a proactive approach to consumers and staff feedback; and
  - (vi) regular independent auditing of the complaints handling process.

**3.14 REVIEWS** The complaints handling process should be reviewed on a regular basis. The actual depth and frequency of such reviews would vary with the nature of the organization and its policy.

## SECTION 4 COMPLAINT HANDLING PROCEDURES

**4.1 GENERAL** These guidelines are for processing written or oral complaints, including telephoned complaints.

**4.2 PROCESSING ORAL COMPLAINTS** The steps are:

- (a) Identify yourself, listen, record details and determine what the complainant wants.
- (b) Confirm the details received.
- (c) Empathize with the complainant in a courteous manner.
- (d) Explain the courses of action available.
- (e) Do not attempt to lay blame or be defensive.
- (f) Resolve the complaint if possible or commit to doing something immediately, irrespective of who will ultimately handle the complaint.
- (g) Ensure that the consumer is informed the complaint is receiving attention, without creating false expectations.
- (h) Check whether the consumer is satisfied with the proposed action and, if not, advise alternative courses of action.
- (i) Provide acknowledgment; e.g. a thank-you letter, a telephone call.
- (j) Follow up as appropriate and monitor to ensure the consumer remains satisfied as well as receives feedback.

**4.3 PROCESSING WRITTEN COMPLAINTS** In principle, this is the same as processing oral complaints, however, in this situation, a response should be given promptly, in writing.

**4.4 MINIMIZING DISPUTES** Handling a difficult consumer and the consumer's complaint efficiently needs patience and skill to avoid an initial 'negative' situation becoming even more negative and degenerating into a dispute.

The two main elements in a complaint situation that need to be effectively handled to minimize the likelihood of dispute are:

- (a) Dealing with the complainant's feelings:
  - (i) *Listen*—this is the first step in reducing the tension.
  - (ii) *Acknowledge the complainant's feelings*—denying that the complainant is, or has the right to be upset may antagonize the complainant.
  - (iii) *Empathize*—relieves tension and so opens channels of communication.
  - (iv) *Do not* offer excuses, or argue with the complainant.
- (b) Dealing with the specifics of the complaint:
  - (i) *Ask the necessary questions in a polite and even-handed manner*—to obtain the most detailed response.
  - (ii) *Agree on a solution*—without appearing to dictate terms in order to avoid the likelihood of re-raising tension.
  - (iii) *Set a timetable*.
  - (iv) *Take action on the agreed solution*.

## SECTION 5 DISPUTES

**5.1 GENERAL** It is preferable to direct efforts towards satisfying the complaint rather than allowing it to remain unresolved and escalate into a dispute.

**5.2 SCOPE** Whilst the Standard applies to complaints handling, sometimes unresolved complaints, i.e. disputes, are handled by an organization before being referred to any other forum. Where a solution to a complaint cannot be found after more than one attempt, further procedures and remedies are available.

**5.3 DISPUTE RESOLUTION** The system design for dispute resolution should be a staged process of intervention—going from least interventionist to the most interventionist (litigation through court). The least interventionist is also the most informal process, leaving most of the control with the parties involved in the dispute (unresolved complaint).

**5.4 DISPUTE RESOLUTION SYSTEM BASICS** The fundamental characteristics of any dispute resolution system embody:

- (a) Early resolution.
- (b) Accurate communication.
- (c) Use of the least interventionist process first, then staged intervention before the most interventionist process. Also, allow reversion to lesser intervention.
- (d) Time limits for each stage of the processes.
- (e) Simplicity.
- (f) Easy access.
- (g) Cost efficiency.
- (h) Objectives which endeavour to satisfy the parties in dispute regarding—
  - (i) fairness and reasonableness; and
  - (ii) promotion of the system.