



GfK NOP

# Overdraft Complaints Research June 2008

## 1.0 Executive summary

- From this research it appears that most providers have been treating customers with financial difficulties fairly under the terms of the FSA waiver over the last year.
- The majority (77%) said their complaint had been acknowledged at the time of the main stage interview.
- Two-thirds (65% of the main stage sample) had either received a decision, or an explanation about why they had not received a decision, within 8 weeks of their complaint being acknowledged.
- A quarter (24% of the smaller follow-up sample) had been told that a final decision could not be made until the end of the FSA waiver period. Of the rest:
  - 44% had received some or all of the charges refunded
  - 12% had their complaint rejected
  - 9% had received no decision nor told their complaint was on hold.
- Only 7% of those who had received their decision had taken it to the Financial Ombudsmen service, with a further 9% intending to do so.
  - However, of the people who said that they had received a decision, only 57% recalled being informed by the bank about the Financial Ombudsman Service.
- Satisfaction with the complaints process is low, with 33% very dissatisfied
  - Satisfaction with the process is closely linked with satisfaction with the decision. Of the 49 satisfied with the process, 45 were satisfied with the decision.
  - Of the 38 who 'very satisfied' with their decision, 5 people were dissatisfied with the complaints process, suggesting that even when people have got their money refunded, for a minority it has been a difficult process to go through.
  - This is supported by the in-depth interviews which indicate that for some customers the process can be very slow and frustrating. Those that achieved the most favourable result appear to be those that were willing to pursue their complaint the longest.
  - Of the thirteen people interviewed only two said that they got a settlement without a struggle.

- The base sizes for parts of this research (the follow-up survey in particular) are lower than would be ideal if looking to generalise these findings. Other than that, there are two possible reservations when looking to generalise these findings:

1. Whether the definition of financial difficulty used was accurate

Customers were defined as being in financial difficulty if they stated that they often ran out of money before their next payday, or that they struggled paying household bills. This means that the sample may include people who thought that their financial situation was problematic, whereas others in similar situations might not have thought so.

However, when we look at a group who have missed mortgage or rental payments (which most people would agree indicates financial difficulty), their results are very similar to those who have not missed payments, suggesting that the whole sample is a good representation of customers in financial difficulty.

This is discussed more in Section 5.4 below

2. Whether using an online sample produced biased results

Online samples can be more 'financially active' (in terms of product holding and acquisition) than non-online samples, which may mean that they are also more likely to make complaints. However, the main purpose of this survey was to understand how providers have reacted to complaints, which is unlikely to be different for online panel members.

This is discussed further in Section 4.0 below.

- Charges under dispute are often very high with 24% of people interviewed saying they were disputing charges of over £500. In addition, the in-depth interviews indicate that the ranges used in the main online survey may disguise the size of the charges in some of the worst cases, as four of the thirteen people interviewed in-depth said that they were disputing charges of £3,000 or over.
- The depth interviews, though chosen to be a small sample of 'worst-case scenarios', highlight that in some cases the complaints process for people in financial difficulty can be unwieldy, drawn-out and ultimately frustrating.