



BARRIERS TO EFFECTIVE DISPUTE RESOLUTION IN THE TELECOMMUNICATIONS INDUSTRY

Key insights report



Telecommunications
Industry
Ombudsman

 **CPRC**
Fairer markets for Australians

BARRIERS TO EFFECTIVE DISPUTE RESOLUTION IN THE TELECOMMUNICATIONS INDUSTRY



CPRC

Consumer Policy Research Centre (CPRC) is an independent, not-for-profit, consumer think tank. CPRC aims to create fairer, safer and inclusive markets by undertaking research and working with leading regulators, policymakers, businesses, academics and community advocates.

TIO

The Telecommunications Industry Ombudsman (TIO) provides a free and independent dispute resolution service for consumers and small businesses who have an unresolved complaint about their phone or internet service. Our vision is a fair and accessible communications market for Australia.

Acknowledgements

The findings and insights expressed in this report can be attributed to a nationally representative quantitative survey undertaken in November 2023.

Statement of Recognition

CPRC and TIO acknowledge acknowledges the Traditional Custodians of the lands and waters throughout Australia. We pay our respect to Elders, past, present and emerging, acknowledging their continuing relationship to land and the ongoing living cultures of Aboriginal and Torres Strait Islander Peoples across Australia.

Published by Consumer Policy Research Centre and the Telecommunications Industry Ombudsman, July 2024.

Suggested citation

Prepared by Consumer Policy Research Centre for the Telecommunications Industry Ombudsman, *Barriers to effective dispute resolution in the telecommunications industry*, July 2024

cprc.org.au

tio.com.au



Table of Contents

Introduction	4
Research methodology	7
Telecommunications as an essential service	8
Most telco customers will experience some form of difficulty in their lives	9
Telco challenges are widespread	11
Many people with telco problems are not raising complaints	13
Many people do not raise their complaint with the TIO	16

INTRODUCTION

When your mobile phone service drops out or your internet isn't working, what do you do? The answer for many Australians is "nothing". There is a worrying loss of trust across Australia in the ability of the telecommunications (telco) industry to fix problems when they happen. Too many people don't raise complaints, those that do are frustrated and very few people use the free and independent external dispute resolution services on offer.

This research paper outlines survey findings from research commissioned by the Telecommunications Industry Ombudsman (TIO) and undertaken by Consumer Policy Research Centre (CPRC) to understand who experiences challenges with telco services in Australia and what the complaint experience is like for them.

Taking a very broad view, we found that most Australians have experienced some form of difficulty or vulnerability in the last year. With telco services being so essential, they should be designed and delivered in ways that acknowledge that most of their customers will experience some form of difficulty or vulnerability. Yet, the process of making a complaint is lengthy and frustrating, leading to many people not making a complaint at all when they face problems.

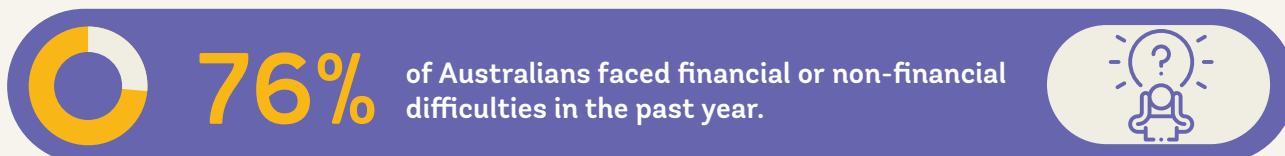
Our research findings:

- 76% of Australians faced a financial or non-financial difficulty in the past 12 months. People with multiple difficulties in their life relied more heavily on telco services and were more likely to experience a challenge with their telco service.
- Problems with telecommunications services are common: 55% of people experienced at least one challenge with a telco service in the last 12 months.
- Problems with coverage and quality of service are the most common but problems with telco customer service cause the greatest negative impact on consumers. People were most negatively affected when telcos failed to fulfil a promise or took a long time to act.
- Many people do not complain: 46% of Australians who experienced a telco challenge in the past 12 months did not lodge a complaint. 40% of people who didn't complain said they didn't believe their complaint would make a difference.
- People who do complain are frustrated by the time it takes. Most people persist with their telco when making a complaint, with only 10% of people who made a complaint escalating it to the TIO.
- There is declining awareness of the TIO, but people who do make it to the TIO are largely happy with the service they receive.



TELCO SERVICE CHALLENGES IN AUSTRALIA

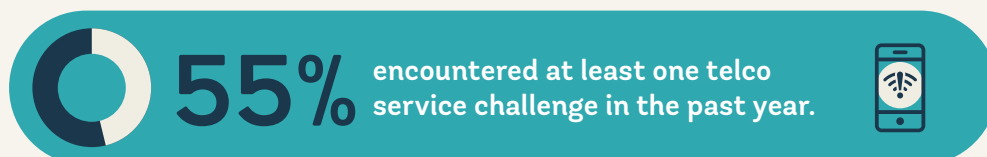
Who experiences difficulties



People facing difficult life circumstances relied more heavily on telco services and were more likely to experience telco problems.

Rate of Problems

Problems with telecommunications services are common



Types of Issues



Coverage and quality of service: most common problems faced by consumers.



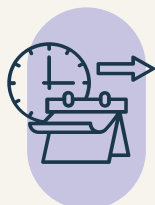
Customer service: Greatest negative impact on customers due to unfulfilled promises and long delays.

Complaint Statistics

Many people do not complain



Complaint Experience



People who do complain are frustrated by the time it takes.



Most people persist with their telco when making a complaint.



Only 10% of people who made a complaint escalated their complaint to the TIO.

TIO Awareness

There is declining awareness of the TIO.



People who use TIO are largely satisfied with the service.



How do we help more people get their telco problems fixed?

Industry, consumer groups, dispute resolution bodies and regulators all have a role to play to improve telco services. All parties have an interest in Australians having access to reliable and affordable telecommunications services, which includes effective complaints processes.

This research raises questions for all stakeholders in the telco sector and including:

- How can telco services better recognise that most people have challenges in their lives? How can telcos better identify and help people facing major or many difficulties?
- Some Australians don't believe that making a complaint will help resolve the challenges they face with a telco service. What can be done to increase trust in internal and external complaints processes? How do we make it easier for people to complain?
- People are most frustrated when telcos fail to fulfil promises or take a very long time to fix problems. Long-running complaints also take time and resources for telco providers. What would help resolve more complaints sooner? What can be done to reduce the number of complaints overall?
- There is declining awareness of external dispute resolution services in telco. What steps can be taken to help more people understand the complaints support available to them?



RESEARCH METHODOLOGY

The Telecommunications Industry Ombudsman (TIO) commissioned the Consumer Policy Research Centre (CPRC) to undertake social research examining challenges with telecommunications services and complaints processes from the consumer perspective.

The research objectives were to:

- understand the challenges associated with paying and receiving telco services in Australia
- explore the thresholds for, and barriers to, consumer telco complaints
- investigate how consumers complain and their perspectives of the complaints processes
- measure awareness of and access to the TIO, and
- explore disadvantage and vulnerability within the telco context, and broader financial commitments.

To address these objectives, CPRC undertook an online nationally representative survey of 2,028 Australian residents with a phone or internet connection, between 14 and 22 November 2023.

Sampling and confidence

The sample frame was designed to be representative of the Australian general population with respect to age, gender, and location, aligning with 2021 Census data collected by the Australian Bureau of Statistics. This approach negated the need to post-weight the data.

The total sample of 2,028 has a **95%** confidence interval of **4.4%**. This means that for a finding of **50%**, we can be **95%** confident that the result in the general Australian population would fall between **47.8%** and **52.2%**.

The findings and insights in this report are taken from this survey.

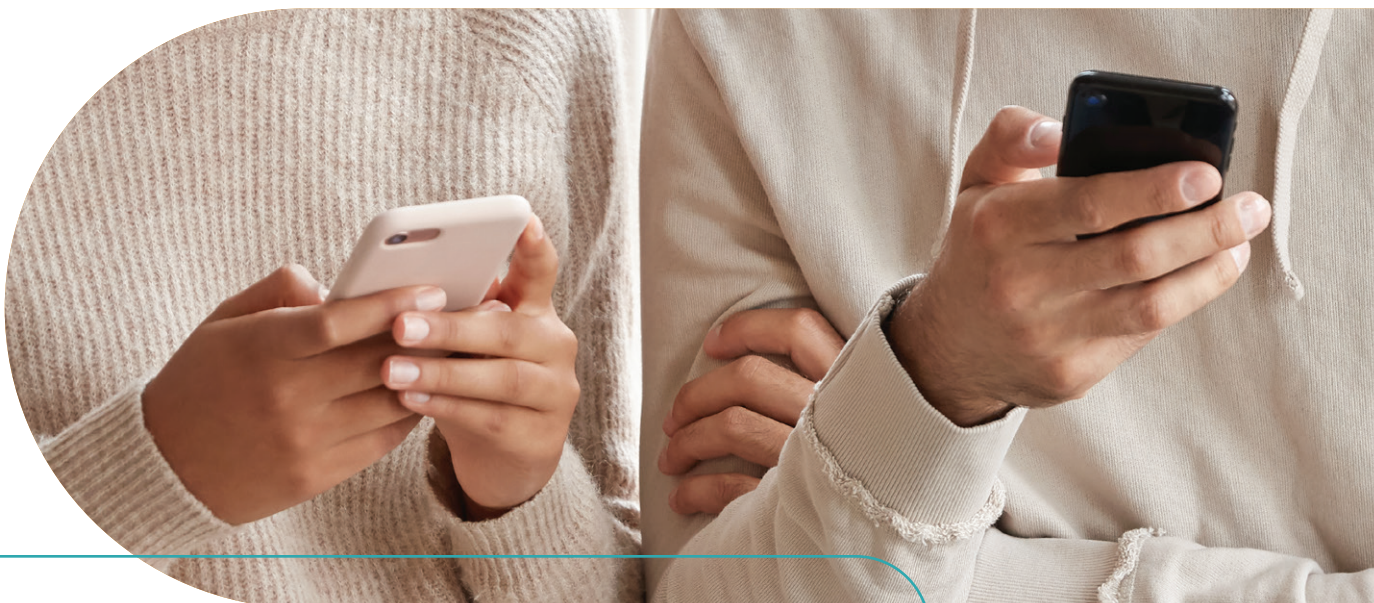
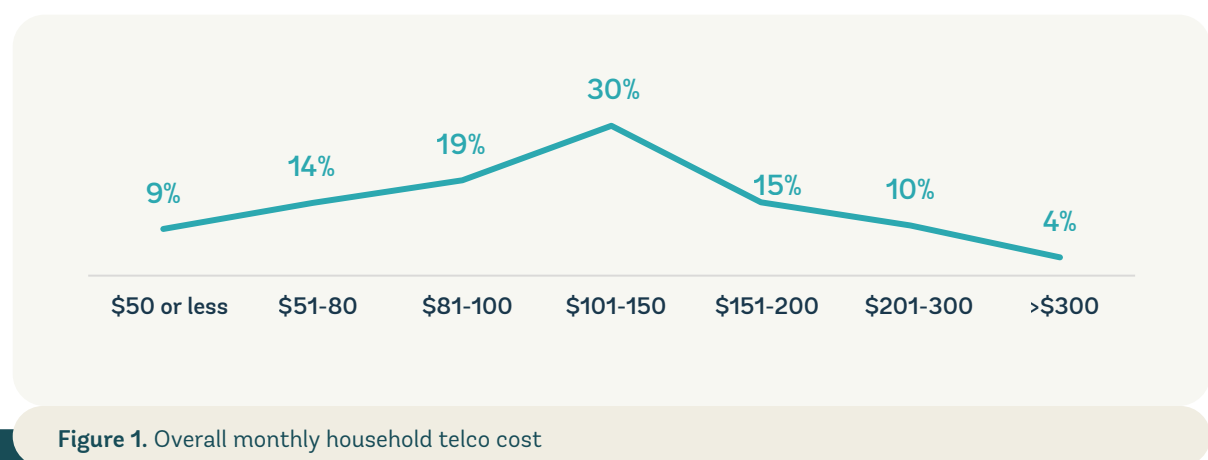


TELECOMMUNICATIONS AS AN ESSENTIAL SERVICE

Our research confirms that Australians rely on telco services, with a particular dependence on pre- and post-paid mobile phone services, as well as NBN and optical fibre connections.

Our research found that people are relying on telco services for essential tasks: **31%** of people said they relied on telco services every day to work online and **55%** of people used telco services daily to search for information or pay for essentials.

Australians are using and/or paying for an average of **2.6** telco services at any given time, many using multiple providers. Australians told us they are spending an average of **\$134** per month on telco services for their household – with some households paying up to **\$800** per month.



MOST TELCO CUSTOMERS WILL EXPERIENCE SOME FORM OF DIFFICULTY IN THEIR LIVES

Our survey asked whether people experienced any of the following in the past 12 months:

1. Difficulty making an essential or lifestyle payment.
2. The need to cut back or stop a service due to financial pressures, and the longevity of financial difficulties.
3. Personal difficulties including a major illness, mental health challenge, death of a family member or close friend, relationship ending, job loss, insecure housing, family or domestic violence, natural disaster or incarceration.

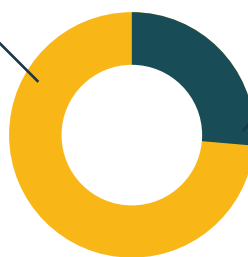
This allowed us to assess whether people experienced what we've called financial and non-financial personal difficulties.

Overall, three quarters of Australians (76%) reported having experienced a form of financial difficulty and/or non-financial personal difficulty. This is comprised of:

- three in five Australians having experienced some form of financial difficulty, **41%** experiencing high or chronic financial difficulty (longer-term / ongoing financial difficulties across multiple expense areas), and **21%** experiencing moderate or mild financial difficulties (shorter-term / occasional financial difficulties across multiple expense areas)
- **14%** experienced personal difficulties in the absence of financial difficulties; however, **43%** experienced BOTH financial and non-financial difficulties.

76%

Personal and/or financial difficulties encountered in the past 12 months



24%

No financial or non-financial personal difficulty in the past 12 months

Figure 2. Financial and non-financial personal difficulties experienced in the past 12 months



The financial difficulty findings reflect that many Australian households are feeling the cost-of-living pressure and are cutting back on spending. While fewer people had problems paying for telco services, financial challenges should be considered in context. Overall, many Australians are facing hardship and will likely need greater support from essential services.

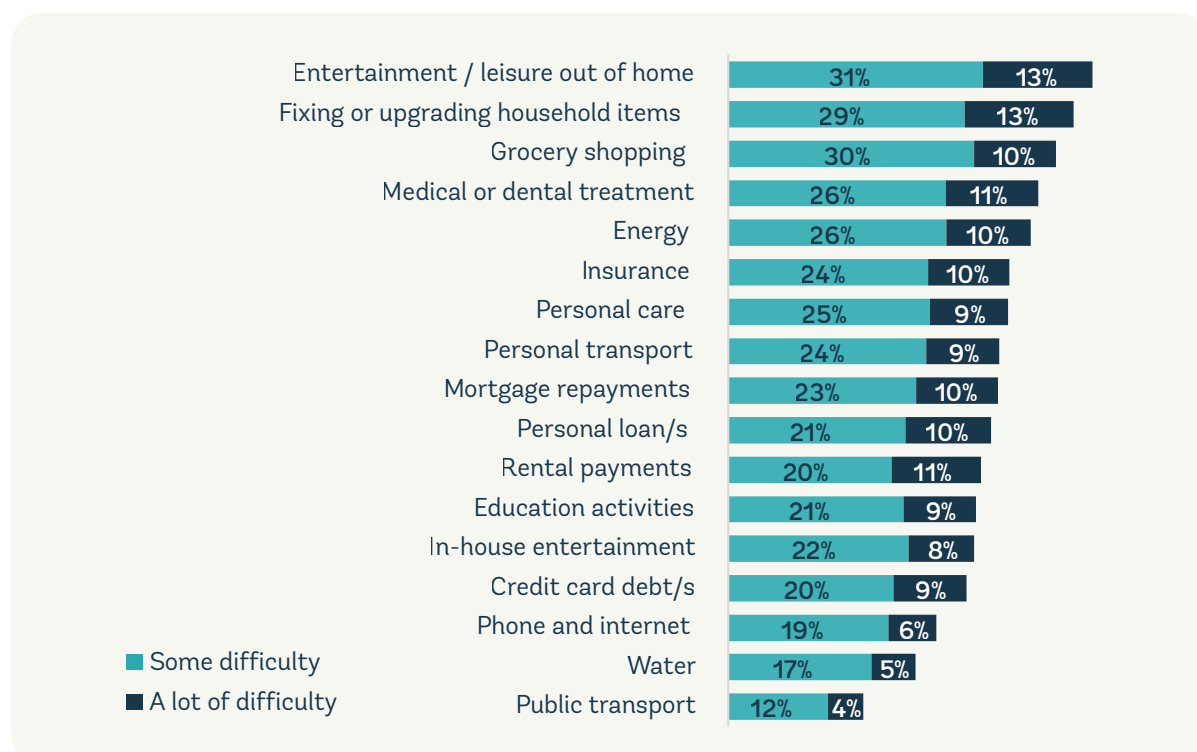


Figure 3. Level of financial difficulty paying for services / cutting back or stopping services in the past 12 months

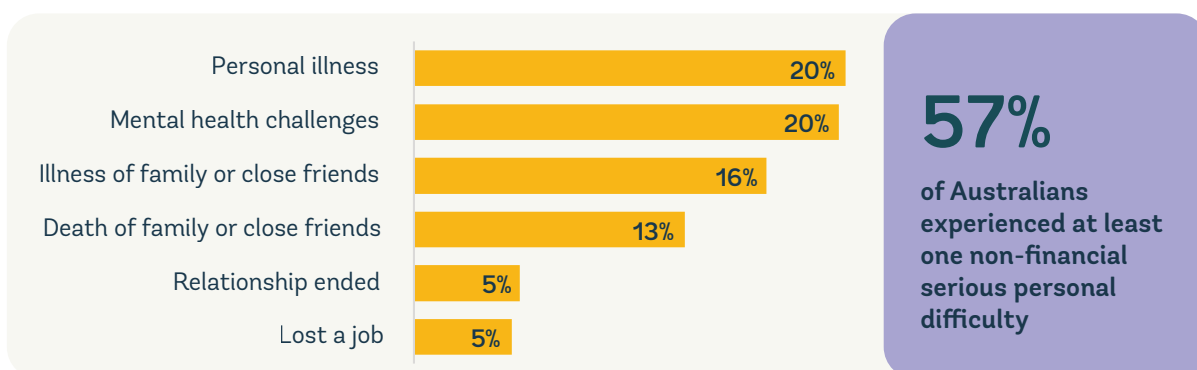


Figure 4. Five most common personal factors underpinning situational difficulty in past 12 months

People with multiple difficulties are most likely to be younger to middle-aged, have lower income, disability, and heavier telco usage patterns. In other words, people with more challenges in their lives rely more heavily on their telco service.

It is also this group of people experiencing difficulties who were more likely to have experienced a recent telco challenge in the past 12 months (59%), in particular people experiencing high or chronic financial difficulty (65%).

"I was upset and had many things with my husband's health to deal with at that moment."

– CPRC research participant



TELCO CHALLENGES ARE WIDESPREAD

We asked whether people had experienced any “challenges or frustrations” with their telco service in the past 12 months, which we’ve termed a “telco challenge” for the purposes of this report. More than half of all Australians experienced at least one telco challenge in the past 12 months (**55%**), marking a statistically significant increase from **41%** in 2021.¹ Close to a third experienced more than one telco challenge (**31%**). Common problems include service dropouts, poor coverage and slow data speeds.

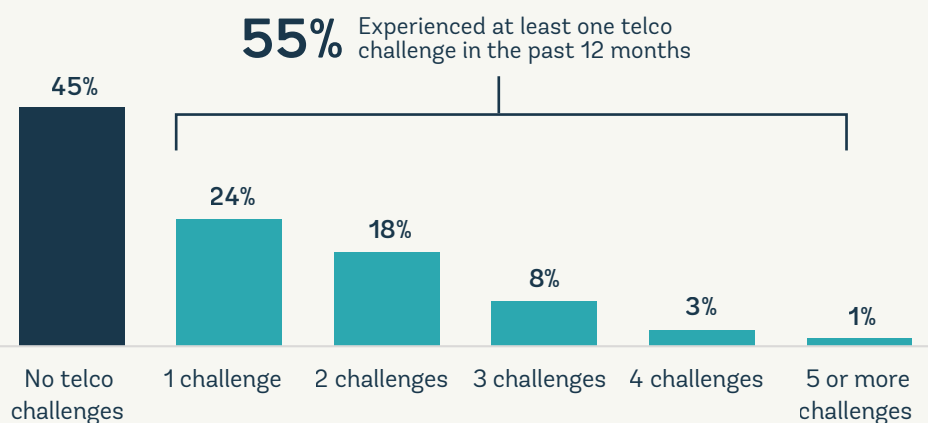


Figure 5. Telco challenges experienced by Australians over the past 12 months

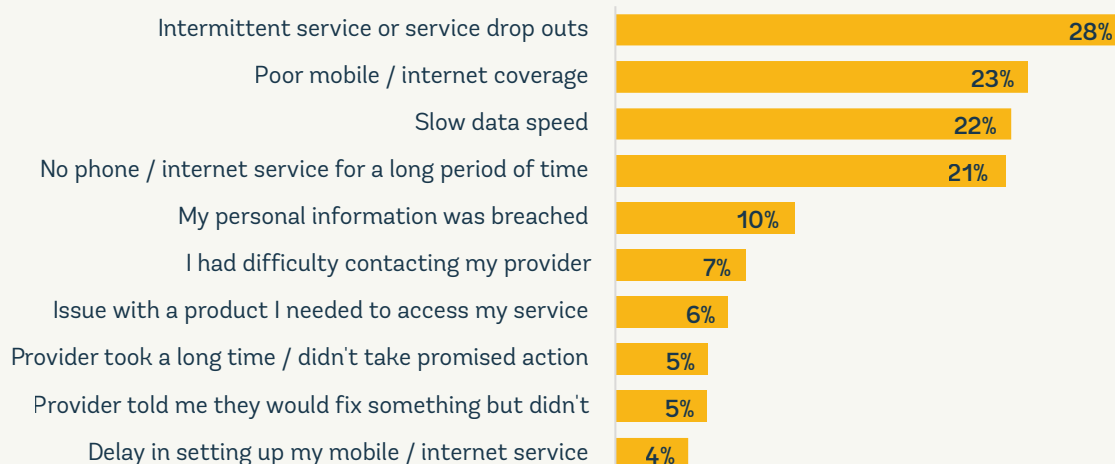


Figure 6. Ten most common telco challenges experienced by Australians over the past 12 months

Issues caused by providers have the strongest negative impact on consumers

While the most common issues people experience with telco service relate to quality or consistency of coverage, we found that failure by telcos to follow through on their promises caused the greatest negative impact. Australians are most severely impacted by unfulfilled provider promises or mistakes, including failing or taking a long time to cancel a service or fix something, being unresponsive or difficult to contact, and sharing personal details without consent.

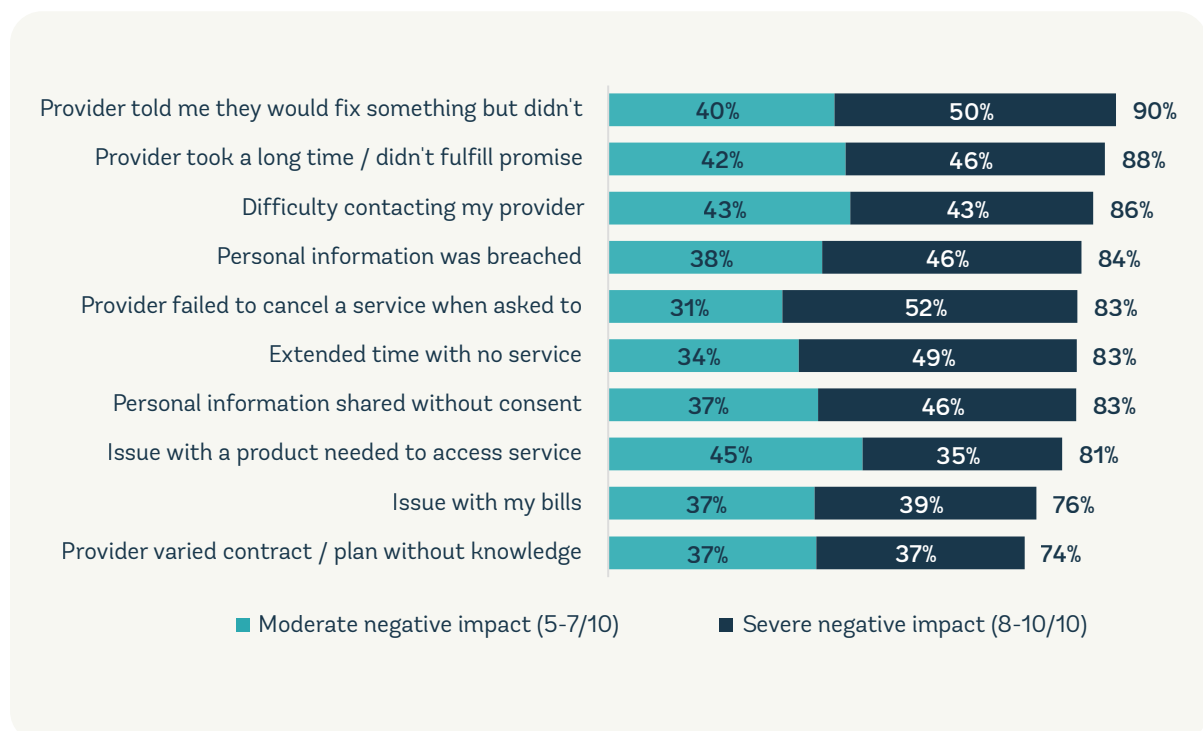


Figure 7. Issues deemed the most severe by consumers



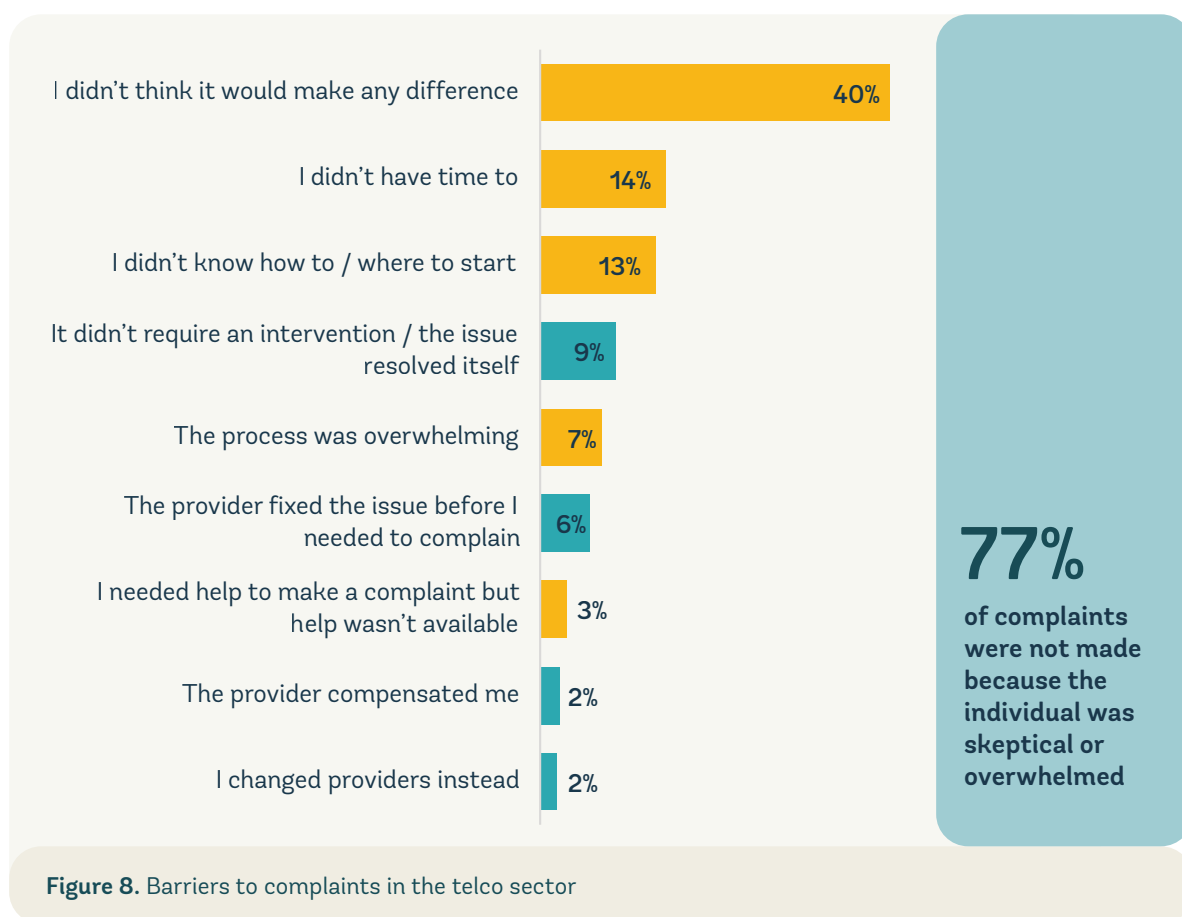
"We messaged and made phone calls over and over and over for in total a period of 8.5 hours over 5 or 6 days of calling back, waiting for calls to come back. They upped our phone bill to double what it was without us even asking for it!"

– CPRC research participant

MANY PEOPLE WITH TELCO PROBLEMS ARE NOT RAISING COMPLAINTS

Australians are experiencing multiple telco issues, some they complain about, others they do not. Close to half of Australians who experienced a telco challenge in the past 12 months did not lodge a complaint (46%). Fewer than 50% of consumers who experienced the more common challenges made a complaint or raised it with their telco provider. Instead, they opted to do nothing, talk to friends or family, or post on social media.

"I would have complained if I knew they [the telco] would do something to fix the problem."
– CPRC research participant



"I have problems most evenings with my internet, where it will cut out for probably five minutes or so, and it comes back on. The time taken to make a complaint would take longer than waiting for the problem to fix itself."
– CPRC research participant

"I have no idea how to make a complaint. Even when I have asked to speak to a manager I usually get hung up on."
– CPRC research participant

People who complain are frustrated about the quality of responses from telcos

Overall, less than half of Australians who complain to their telco provider are satisfied with the process (**42%**). Specifically, Australians are frustrated by a lack of timeliness, responsiveness, communication and transparency on the part of their telco provider. Only **30%** of people agreed that their telco provider helped them to understand their rights.

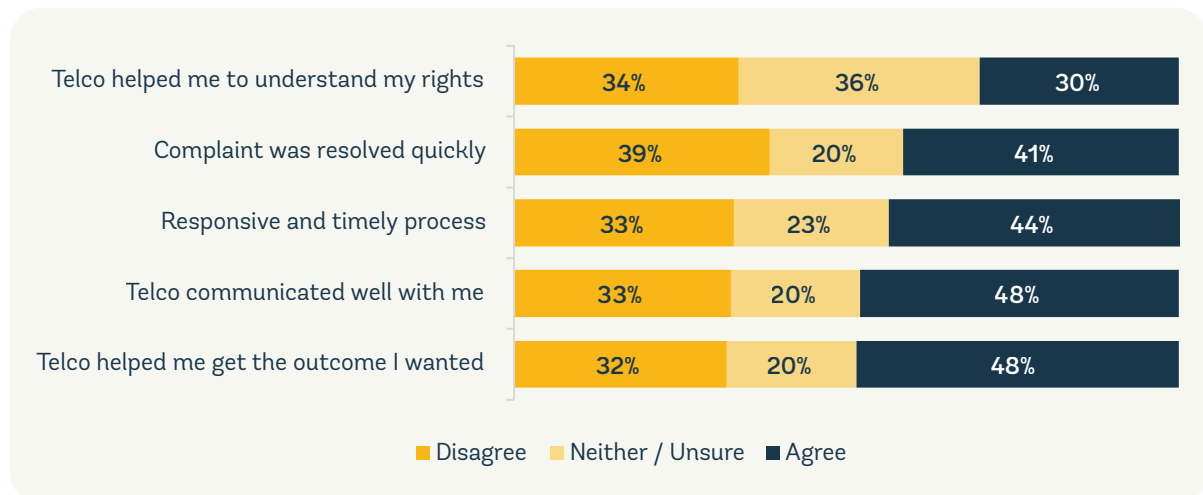


Figure 9. Telco complaint processes receiving the lowest ratings from consumers

"I feel like it would fall on deaf ears. I cannot talk to my telco provider over the phone and it takes approximately two hours of back and forth communication on the app to discuss simple matters." – CPRC research participant

People with long running complaints experienced disproportionately higher levels of process dissatisfaction

Close to a third of people who made a complaint said their telco took longer than a week. More than a fifth experienced unresolved or lengthy resolution times of more than 30 days (**23%**) – some up to 260 days at the time of survey.

Compared to general satisfaction with telco complaint processes (**42%**), not surprisingly, satisfaction among complainants in a lengthy process was much lower; only **16%** were satisfied with the process.

"There was almost three months of trying to sort out issues over the phone with no result."

– CPRC research participant

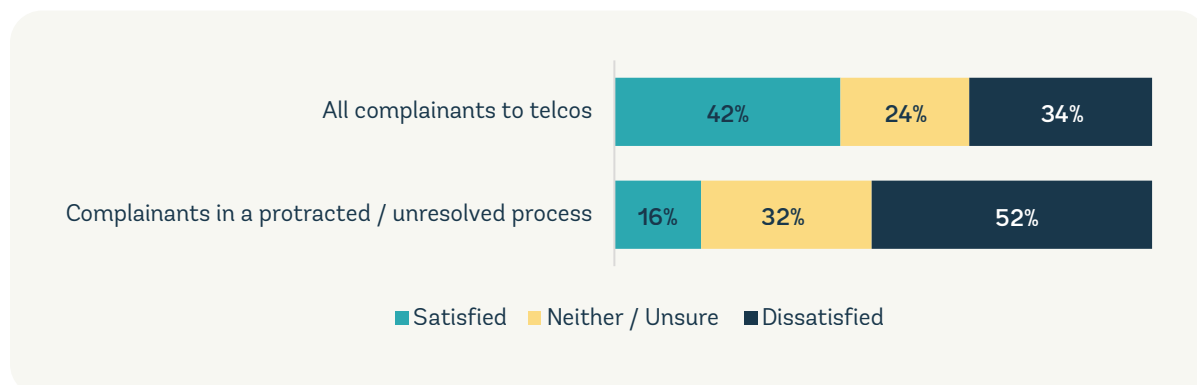


Figure 10. Satisfaction with telco complaints process – all complainants vs those in protracted unresolved processes

“My provider is hopeless with this sort of thing, they just keep passing the buck and never resolve anything.”
– CPRC research participant

“They had no interest in resolving my issue and we went in circles.”
– CPRC research participant

What does a positive experience making a complaint look like?

When people were satisfied with their telco provider’s complaint process, it was related to speed of response and quality of communications.

“They are quite responsive and keep me updated on my problems progress, although they failed to fix it the first time, this time has been much better.”

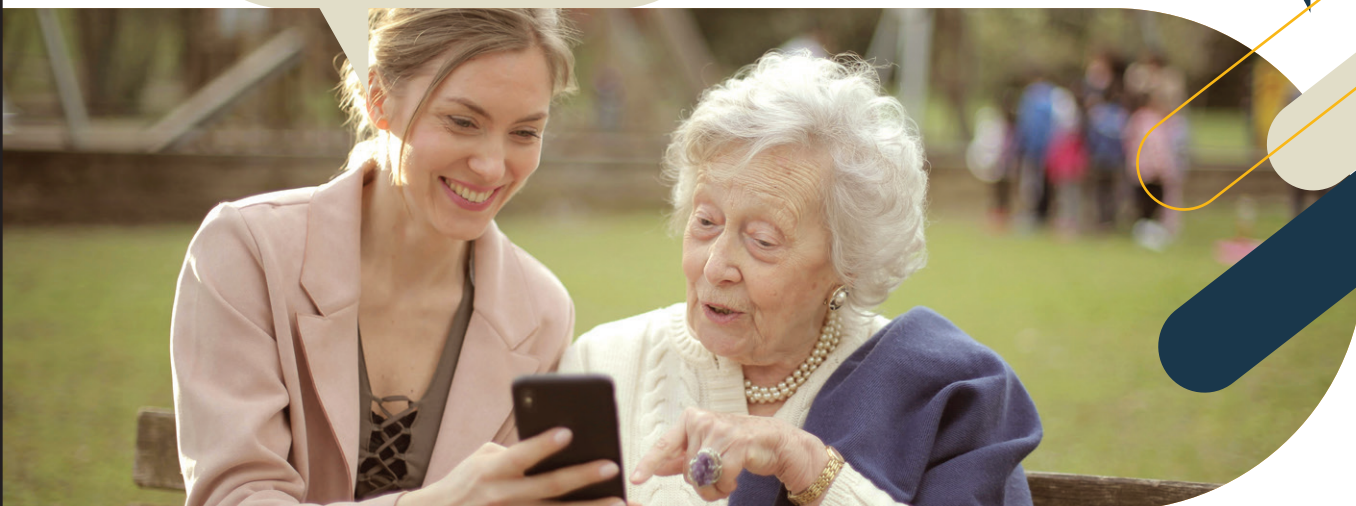
– CPRC research participant who complained to telco

“Their communication was good and the problem was resolved.”

– CPRC research participant who complained to telco

“I thought two hours was a good time frame to get an issue resolved.”

– CPRC research participant who complained to telco



MANY PEOPLE DO NOT RAISE THEIR COMPLAINT WITH THE TIO

The majority of consumers who made a telco complaint approached their telco provider (**91%**), whereas only **10%** escalated it to the TIO. Even when someone has a long-running complaint (over 30 days), they typically still deal exclusively with their telco.

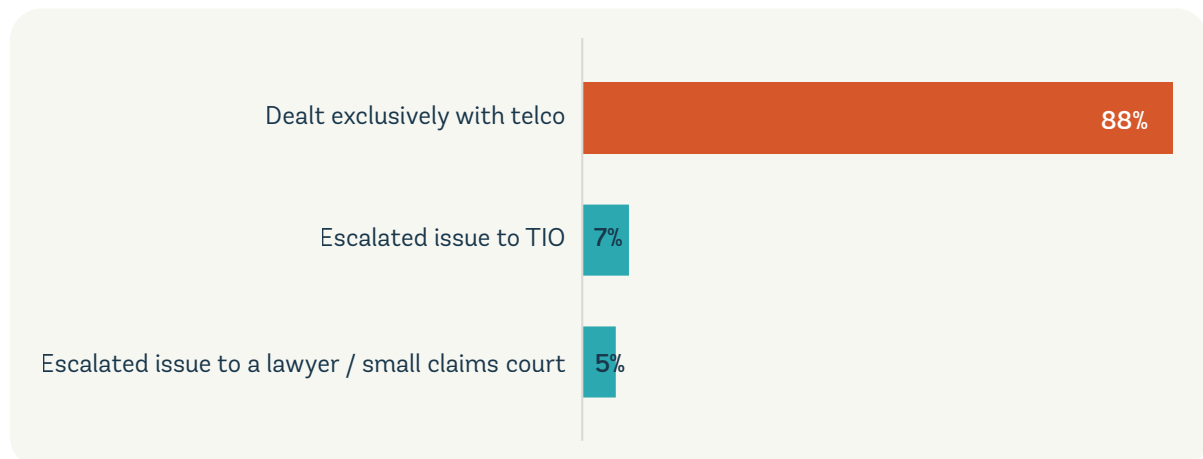


Figure 11. Actions of consumers with outstanding or lengthy complaints (>30 days)

The TIO faces an awareness challenge

Looking across the general population, the TIO appears to have falling levels of awareness. Unprompted awareness of an Ombudsman as an avenue for telco complaints was low (**21%**), with **9%** correctly identifying the TIO / “Telco Ombudsman” spontaneously by name. After prompting, more than two in five were aware of the TIO by name (**43%**); a statistically significant decline from **52%** in 2021.²

Concerningly, awareness of the TIO is not any higher among people with a recent telco challenge, presenting a possible barrier to effective dispute resolution.

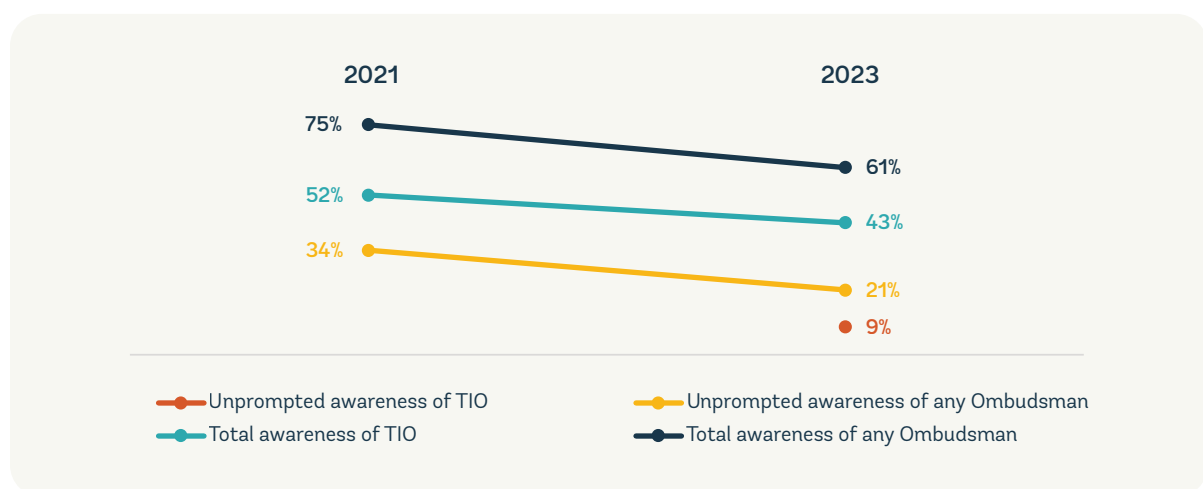


Figure 12. Actions of consumers with outstanding or lengthy

Only a small number of people in our survey, 60 respondents, had experience using TIO services. Noting that this is a relatively small sample, we observed that people who used the TIO services were largely satisfied with their experience. People found that their complaint was treated seriously, that the service was largely easy to use, and communications was good. There were some challenges people faced with timeliness of resolution.



"They [the TIO] have great communication and customer service."

– CPRC research participant

"Around two or three weeks before, the Ombudsman contacted me but after that it went quickly with them contacting the Telco to take the complaint further up the chain."

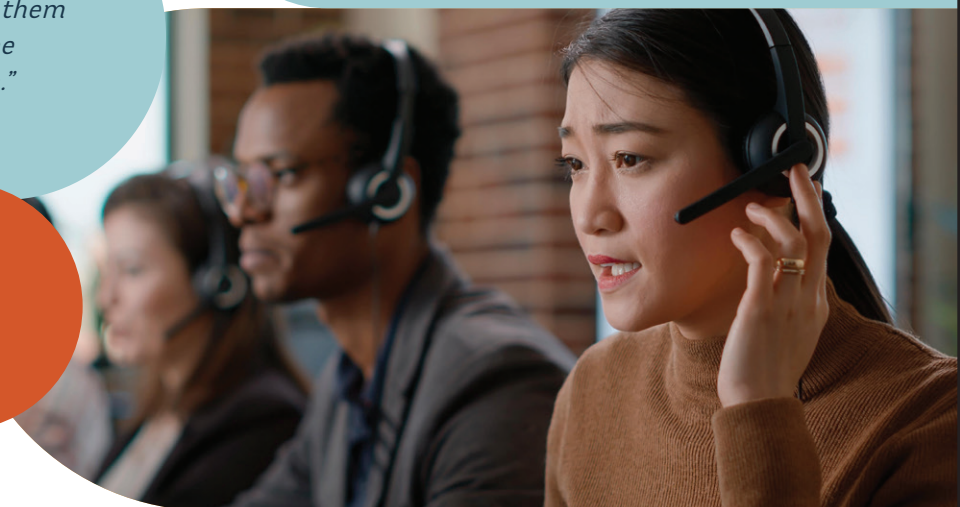
– CPRC research participant

"I got a very quick resolution from the TIO, because it exists to put a rocket under the telcos."

– CPRC research participant

"They [the TIO] were able to resolve the issue however it took them quite long to look at it."

– CPRC research participant



Endnotes

¹ TIO (2021), Awareness Survey 2021. Prepared by Kantar.

² *Ibid.*



**Telecommunications
Industry
Ombudsman**

 **CPRC**
Fairer markets for Australians