

# Customer Impact Scheme

## Halifax Life Annual Report 2009

### **Our commitment to our customers**

Last year was undoubtedly the most challenging year in decades for us and for our customers. We know that providing our customers with the best possible experience right now is more important than ever. This means developing the products they want, explaining them clearly and making our information relevant to them. It means looking after them, making sure their interests are at the heart of everything we do.

We do a lot of research to get customer feedback, to see how we're doing and what we can do better to serve our customers. To this end, three years ago the board of Halifax Life signed up to the Association of British Insurers' (ABI's) Customer Impact Scheme. This scheme helps pension and investment companies like us to improve the experience of our customers and holds us accountable for our performance. We've adopted the scheme's three important commitments:

- To develop and promote products and services which meet the needs of our customers
- To provide our customers with clear information and good service when they buy our products
- To maintain appropriate and effective relationships with our customers, providing them with a good service after they have bought our product.

We're proud to be part of this scheme and we'd like to share with you some of the things it's helped us to achieve over the last year.

### **Developing and promoting products and services which meet the needs of our customers**

We take the design of our products very seriously, because we want to develop pension and investment products that are tailored to the needs of our customers. So last year, we:

- launched our new Hybrid Offer, offering customers a longer term investment plan combined with a shorter term, more accessible bond. This market leading proposition linked our Guaranteed Investment Plan to a high rate 12 month bond.
- provided extra training and information for our Personal Financial Advisers to communicate the benefits of a Guaranteed Investment Plan for customers concerned about the safety of their money. This policy is very secure with customers' investment fully protected and itemised on our balance sheet.

- continued to carry out regular product reviews and monthly checks on performance measures to give us an ongoing picture of how well our products are meeting our customers' needs.

The information we gathered identified a number of areas where we could improve our design process. This has had a direct impact on the products we offer. The developments mentioned above are good examples of how customer feedback is making a difference to the design of our products.

## **Providing our customers with clear information and good service when they buy our products**

Buying one of our products is a long-term commitment for customers and this needs even more consideration when times are hard. So we need to make sure that customers have clear and reasonable expectations when they buy them. We work hard to ensure that our communications are as good as they can be, to make them clearer for customers and easy to understand. Therefore, last year we:

- produced a series of guides called 'Investing in uncertain times', to help customers considering long-term investments in the current climate.
- reviewed our product guides to assess their clarity for customers. This resulted in a complete rewrite of all guides, in plain English making them easier to understand and more user-friendly for customers. We applied the ABI guidelines on clear language and layout.
- revised our sales processes to help customers make the right investment decision. For example, we reviewed and rewrote the 'cooling-off' letter for our Guaranteed Investment Plan.
- provided extra training for our Personal Financial Advisers so that they are even better equipped to help customers make an informed decision about longer term investments.
- redesigned our 'key features' documents to make them simpler, easier to read with clear next steps. This was a direct result of feedback from our monthly customer panels that we are to review our literature to see if it can be improved.
- introduced a new brand identity, design standards, tone of voice and templates for Halifax. One of the main motivations for this was to help make the literature we produce clearer and easier to read.

## **Maintaining appropriate and effective relationships with our customers, providing them with a good service after they have bought our product**

Due to the nature of our products, the relationships we have with customers can be several years or even decades long. We appreciate that we have responsibilities towards our customers for many years and we believe in working hard to maintain them. We do listen to our customers so that we can improve the service we offer and we're proactive when it comes to providing information. This was particularly vital in what proved to be a testing year for banks and financial services. So last year we:

- provided packs to customers who were considering surrendering their policy, ensuring that they had all the information they need readily to hand. For example, we explained to bond customers how they could get the money they need now but still retain their longer term investment, which was good news for many.
- gave our customer service staff extra training to make sure they had the right skills to help customers in the worsening economic climate.

- launched a new team to assist customers who enquire about cashing in their policy or plan, ensuring that they were fully aware of the various options open to them.
- recruited Personal Financial Advisers to our customer service centres in Aylesbury, York and Bristol. We did this to help customers in a very difficult year, so they could get financial advice over the phone immediately and didn't always need to visit their local branch.
- produced a new leaflet with the annual statements to provide customers with valuable information about investing for the longer term. It had a marked impact and was clearly reassuring for many customers.

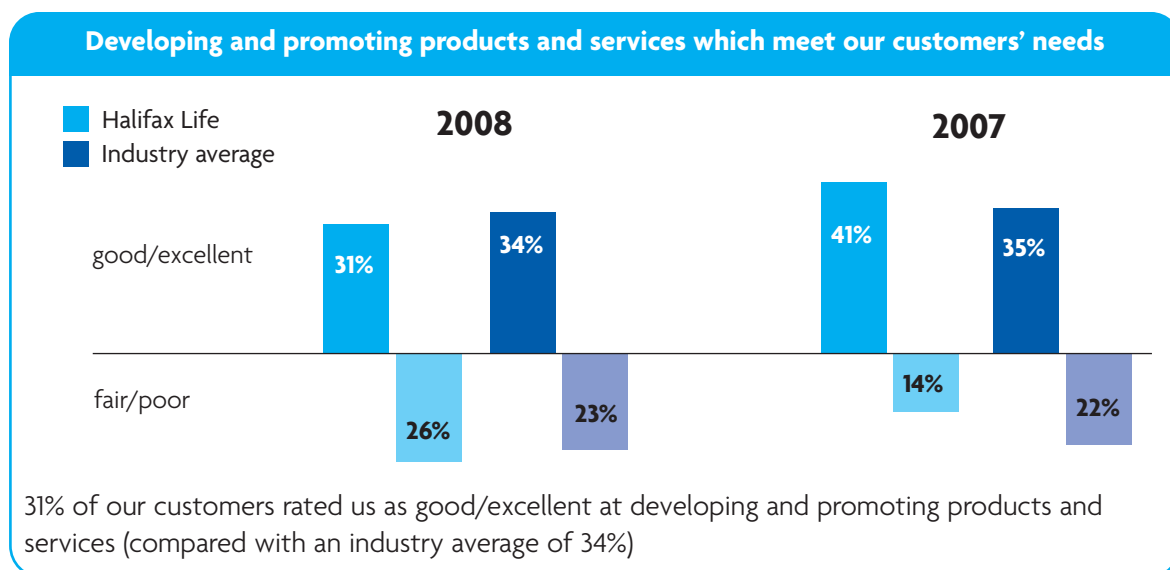
## The 2008 Customer Impact Survey

A major part of the Customer Impact Scheme is an in-depth customer survey which we carry out every year. It's our chance to find out how well we're doing and where we could improve our service.

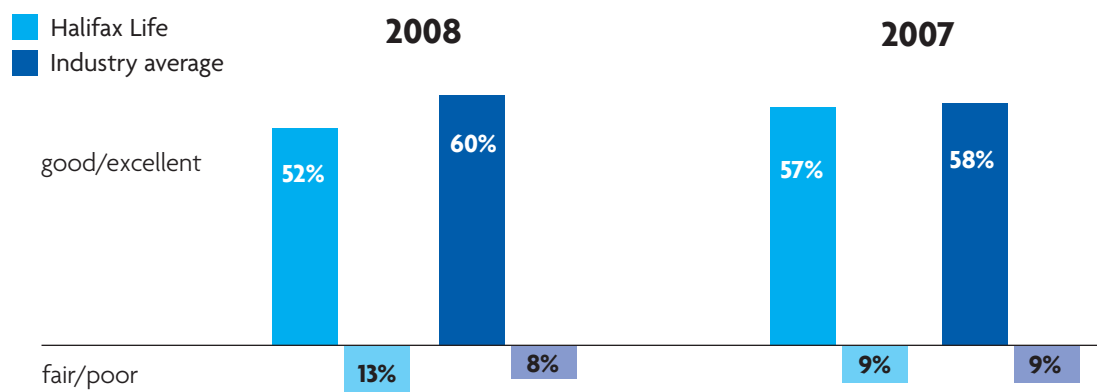
The survey results showed that customer perceptions of Halifax Life went down in 2008, which is disappointing. Inevitably, the downturn, the poor performance of savings and investment products in general and the unprecedented economic events of last year have had an impact.

Moreover, customers exposed to the stockmarket, with regular and single premium products like pensions, collective investments and bonds, had a difficult year. This was particularly significant for Halifax Life where in comparison to other companies we have a high number of single premium bond and collective investment customers, products that were particularly affected by the economic downturn.

Consequently, we had many more enquiries from concerned customers requesting information about their policy or plan. Whilst we worked very hard to maintain our service, and we did manage to hit our service performance levels, our customers would not always have experienced the consistently high responsiveness we would expect to provide. We're sorry for any inconvenience this may have caused.

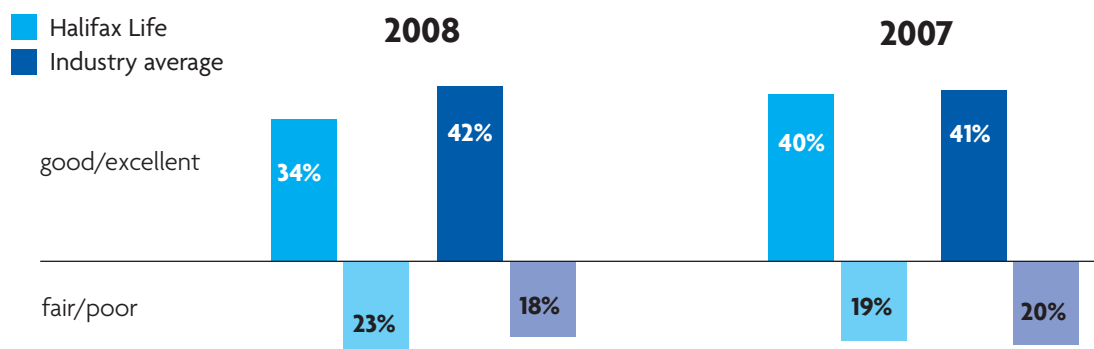


### Providing clear information and good service at the point of sale



52% of our customers rated us as good/excellent at providing clear information and good service when they buy our products, below the industry average of 60%.

### Maintaining appropriate and effective relationships after sale



34% of our customers rated us as good/excellent at maintaining appropriate and effective relationships and providing a good service after they have bought our product, below the industry average of 42%.

It's important to us that we're level with or even ahead of industry averages on our key commitments. We believe that, as the market starts to recover and all the good work we did during 2008 takes root, we will form a solid foundation for improvements in 2009 and help to rebuild customer confidence.

Last year's results also show that:

- 86% of our customers agree that we 'treat our customers fairly', in line with an industry average of 86%
- 92% of our customers agree that we're 'easy to do business with', ahead of the industry average of 86%
- 74% of our customers agree that we 'really care about our customers', just below the industry average of 76%
- 43% of our customers were 'satisfied with our customer service', below the industry average of 51%
- 44% of our customers would 'recommend us to someone else', compared with an industry average of 53%

- 47% of our customers were satisfied with the 'overall quality of our product or service', a little below the industry average of 50%
- 35% of our customers were 'satisfied overall with the product they purchased', compared with an industry average of 42%.

We're always looking to see how we can make our products and services better for our customers. Listening to our customers tells us what we are doing well, what we can do better, and where we need to focus our efforts. We recognise that we need to do better in some areas and that the downturn creates fresh problems for our customers, which we need to address. So this year, amongst a whole range of initiatives, we're going to:

- review the information we send to customers with their statements and provide more detail on investment fund performance, plus we'll look at more regular updates.
- offer a Capital Protected Option for our ISA product. This means that customers can benefit from tax-efficient growth and their investment is protected from any stock market falls at maturity.
- provide surrender packs for more customers on more products who are considering cashing in their policy to help them in making an informed decision. The feedback we've received to date demonstrates that they're helpful.
- introduce exit fees as a fairer and more transparent way of recovering the costs of customers deciding to pull out of a policy or plan early. So, rather than charging everyone a small fee upfront to cover these costs, we'll just charge those who do actually withdraw early. This will only be on new policies and certain products. Naturally we'll make it very clear what these costs would be at the outset.

If you would like any more information about the results of our 2008 Customer Impact Survey, please contact us at [customerimpact@halifax.com](mailto:customerimpact@halifax.com)



A handwritten signature in black ink, appearing to read 'John Van Der Wielen'.

**John Van Der Wielen**  
*Managing Director, Halifax Life*  
June 2009

