Benchmarking your Quality Assurance

Key Success Criteria for assuring Suitable Customer Outcomes

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Key success criteria

This guide provides a practical overview of key success criteria for effective quality assurance. It offers good and poor practices to aid firms' in assessing the effectiveness of their own QA approach and framework, within the context of regulated financial services. The principles included are applicable across the full spectrum of the financial services sector; e.g. from the provision of non-advised, general insurance telephone sales to the more complex wealth management face-to-face advisory services. To this end, please note that where 'adviser' is referred to, this encompasses all those who interact with the customer, e.g. financial advisers, call centre agents etc.

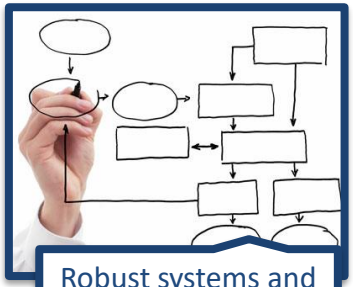
Customer focused culture

Customer outcome focused assessment

Risk based Quality Assurance

Granular case grading

Clear principles and standards



Robust systems and processes

Effective monitoring and reporting

Constructive feedback & coaching

Practical training & competence

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Customer focused culture

Good practice

- ✓ The importance of ensuring customers receive suitable outcomes, and are treated fairly, is at the heart of strategy and leadership behaviour.
- ✓ Reward supports the drive for suitable customer outcomes, and the impact of reward on behaviours, consequences and outcomes is thoroughly considered.
- ✓ Management prioritise the expertise of customer facing staff and promote training and development for all levels which supports this.
- ✓ Continuous improvement is demonstrated as important, with a focus on learning lessons and making changes to support quality of outcomes.
- ✓ Opportunities are found to regularly clarify and communicate the purpose and vision of QA and emphasise the primary focus on suitable customer outcomes.

Poor practice

- x Leadership demonstrates an inappropriate and aggressive focus on sales, targets and rewards.
- x Senior management does not support back office or control functions in adhering to standards or requiring improvements.
- x Senior management does not have a strong understanding of regulatory expectations.
- x Training is seen as a minimalist, compliance requirement.
- x Reward systems prioritise sales rather than the customer outcome.
- x Lack of recognition that QA is the responsibility of all, rather than just the QA function.

My Score = ☐

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Customer outcome focused assessment

Good practice

- ✓ QA assessments are focused on ensuring a suitable customer outcome.
- ✓ The assessment is holistic, in that it considers all aspects of the customer interaction that could impact the customer outcome – including customer experience and feedback, as well as the regulatory aspects.
- ✓ 'Pass rates' are determined by the proportionality of the errors noticed. One instance of an error, which causes a poor customer outcome, leads to a fail; although a number of other errors might not be judged a failure, as there is not impact on the customer outcome or any customer detriment.
- ✓ One version of the QA assessment tool (e.g. checklist) is used by all parties involved in formal QA or when observing the customer interaction for developmental purposes.

Poor practice

- X Different checklists focusing on different aspects of a customer conversation – e.g. compliance only or customer experience only.
- X Checklist is so detailed that it becomes a 'tick box' driven process, rather than considering the relevant activity as a whole and the overall customer experience and outcome.
- X Lack of understanding/definition of what represents a poor customer outcome for differing activities.
- X Failure(s) in regulated processes, or business processes being reported as poor customer outcomes when there is no risk of detriment.
- X Judging a requirement to have been met when there is conflicting evidence from the customer (e.g. 'adviser' says a specific phrase from the script, such as confirming this is a non-advised sale, but there is clear evidence that the customer does not understand this and the 'adviser' does not recognise the issue and provide additional clarity).

My Score = ☐

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Risk based Quality Assurance

Good practice

- ✓ QA samples are selected via a risk-based analysis of cases and 'advisers', which is regularly reviewed in light of relevant inputs, e.g. QA findings, T&C competence updates, product risk, distribution channel risk, customer group risk etc.
- ✓ QA is focused on the products and customer groups with most potential risk and the 'advisers' where quality is most poor (e.g. recent joiners).
- ✓ QA sampling includes all 'advisers', however the volume and quantity varies according to the risk posed.
- ✓ Consideration is given to different approaches, e.g. statistical sampling, thematic reviews, inspection of controls, in order to drive a fully rounded approach to QA.
- ✓ Risk based approach is reviewed regularly to take into account emerging risks, e.g. complaints MI, Regulatory updates, Final Notices, Dear CEO letters etc.

Poor practice

- x Case selection centres on simplistic volume based approach without adequate risk based focus.
- x Chosen approach means not all 'advisers' have cases sampled regularly.
- x Outcomes of previous QA are not used to refine and evolve the approach in an iterative way.
- x QA is limited to review of cases, without recognising other risks to quality outcomes and how these could be assessed.
- x All sources of information that would inform risk identification are not considered or used.

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Granular case grading

Good practice

- ✓ QA grades identify outcomes with sufficient granularity to distinguish between unsuitable outcomes, cases lacking clarity and those with documentation/procedural errors.
- ✓ Use of a 'holding/temporary' category where any cases, where the final outcome is unclear, can be held whilst investigations to arrive at a final outcome are undertaken.
- ✓ Definitions exist for the different grades that are clearly understood by those applying them, as well as 'advisers' and Team Managers.
- ✓ Unsuitable customer outcome grade is only used where the outcome is confirmed as unsuitable, as evidenced by the need to unwind/amend a policy, refund premiums etc.
- ✓ Importance of failed regulatory processes is recognised and reported on, even when the final customer outcome is deemed suitable.

Poor practice

- X QA grades lack clarity, making it difficult to differentiate between regulatory procedural failures where there is no customer detriment/re-work and unsuitable customer outcomes.
- X Circumstances when specific grades should be applied are too prescriptive and do not allow for application of judgement by the QA assessor.
- X Grading is insufficiently granular to allow for separate identification, and subsequent reporting, of business process failure(s) and regulated process failure(s).
- X Potentially unsuitable customer outcomes are not re-categorised, following investigation, into a final grade
- X Customer Experience grade is the priority reporting category, leading to a lack of focus on customer outcome/regulatory processes – even in the event of a failure in these areas.

My Score = ☐

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Clear policies, standards and guidance

Good practice

- ✓ Policies and standards are clear, with specific guidance on how to apply them (e.g. Conversation Guides, Suitable Advice Guides), focused on the customer outcome.
- ✓ They are concise and written in language that is easy to understand and the format is user-friendly.
- ✓ They are provided to all involved in the relevant activity, e.g. 'advisers', Team Managers and QA assessors etc, to ensure that all parties are working to the same standards and requirements.
- ✓ The QA assessment tool provides the framework to ensure that QA is completed consistently (against these standards), however it is sufficiently flexible that it allows judgement to be applied to consider the relevant activity holistically.
- ✓ Changes to suitable outcome standards are implemented and communicated in an appropriate way, proportionate to the importance and impact of the change, maximising understanding and maintaining levels of quality outcomes.

Poor practice

- x QA is centred on a set of prescribed, inflexible, rules and requirements, driving a 'tick box' approach rather than focusing on the customer outcome and holistic consideration of the relevant activity.
- x QA carried out without a formal checklist, resulting in a lack of consistency.
- x QA carried out against a separate set of standards, which is not shared with the Operation.
- x Lack of change control procedures, which allows haphazard changes to standards or guidance without consideration and authorisation.

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Robust systems and processes

Good practice

- ✓ QA systems are bespoke to the Firm's procedures and required outputs/MI, enabling an effective, streamlined QA process to be executed .
- ✓ A clearly defined QA process exists and is robust and well documented.
- ✓ Roles and responsibilities within the QA process are clearly articulated and understood by all parties.
- ✓ The QA process is supported by efficient and intuitive systems, leading to a streamlined approach and robust record keeping.
- ✓ There is clear guidance on how systems should be used to ensure consistency of approach and record keeping/MI.

Poor practice

- x No standard QA process exists.
- x Multiple channels within one organisation have widely varying processes, without any apparent justification.
- x Lack of clarity regarding roles and responsibilities, leading to gaps in the process and/or a lack of ownership.
- x Manual process with insufficient controls to drive consistency and adherence to QA standards.
- x QA systems are semi-manual with 'home grown' spreadsheet solutions used in lieu of bespoke systems and databases.
- x Automated QA system that is not clearly understood by users, or supported by user guidance, and leads to inconsistent use and potentially inconsistent records/MI.

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Effective monitoring and reporting

Good practice

- ✓ Regular and frequent monitoring and audit of live QA assessments across all those performing QA to ensure consistency.
- ✓ Regular and frequent calibration sessions to maintain and develop group understanding and flush out specific issues / grey areas.
- ✓ Tolerance levels for cases at each grading are clearly articulated and appropriate action taken when exceeded.
- ✓ Major risks are identified and appropriate systems are in place to ensure these are monitored and managed.
- ✓ Root cause analysis of QA findings and other relevant data is done and leads to changes in policy or procedures where necessary.
- ✓ Regular review of customer outcomes, using appropriate MI, allows senior management to identify and act on areas of concern.

Poor practice

- x MI is not effectively used by Team Managers in supervising 'advisers'.
- x MI is achieved through a number of labour intensive manual processes which have the potential for high degree of human error.
- x MI is distributed but recipients do not use it or do not understand when they should take action/ what action to take.
- x Risk Function assuming that because MI is available, the operational/sales side of the business is capable of using this data to identify risks and mitigate them successfully.

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Constructive feedback and coaching

Good practice

- ✓ QA feedback clearly provides the rationale supporting the assessment made. For example:
  - ✓ What was done well
  - ✓ What needs to be improved
  - ✓ Why it's important (e.g. impact on customer, regulatory context etc)
  - ✓ How it should be done to meet the standard required.
- ✓ A robust feedback process exists, which is applied consistently across all business areas. Positive feedback is provided to affirm the good practices and behaviours.
- ✓ QA feedback is provided as soon as possible to limit risk of any poor behaviours feeding into other customer conversations.
- ✓ The 'adviser' listens to the call/reviews the relevant documentation, to provide context for the feedback.
- ✓ The feedback environment is conducive for development, e.g. held away from desk and phones, on a 121 basis, scheduled in to diaries etc. Recipients feel able to discuss and challenge the QA assessment.
- ✓ Coaching is provided to develop 'advisers' in areas requiring improvement, including demonstrations of good practice (e.g. role plays, listening to other calls, observing other customer interactions etc).

Poor practice

- x QA feedback simply provides a score, or outcome, with limited notes to explain why or what's required to improve.
- x 'Adviser' receives QA feedback only by email.
- x 'Adviser' receives oral feedback only when has 'failed' a QA assessment.
- x 'Adviser' receives negative feedback only, which feels like a 'telling off'.
- x 'Adviser' doesn't have the opportunity to listen to the call or review the relevant documentation.
- x 'Adviser' doesn't have the opportunity to discuss or challenge the QA outcome, or doesn't feel sufficiently comfortable/able to do so.
- x Feedback is provided on an ad-hoc basis.
- x Feedback meetings are cancelled or postponed due to other priorities.

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My Score = ☐

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Practical training & competence

Good practice

- ✓ Clear and comprehensive T&C scheme detailing the supervisory model and activities required to monitor and supervise 'adviser' (e.g. QA, 121s, Personal Development Plans etc).
- ✓ Comprehensive and clearly defined KPIs, which are relevant to business needs. They are regularly reviewed and evaluated to ensure they continue to meet the Firm's on-going needs.
- ✓ Training is well structured and based on a clearly defined syllabus. It is consistently conducted and regularly reviewed and evaluated.
- ✓ Training provides a consistent understanding of how the QA standards should be applied, via the use of case study examples.
- ✓ Both positive and negative quality results are taken into account when considering competence and the action taken in response to quality fails is proportional to the risks identified.
- ✓ Training equips individuals, where relevant, with the necessary feedback and coaching skills.
- ✓ Competence assessments, which are case study based, ensure that all those who perform QA are able to apply the standards as required.
- ✓ Clearly defined learning programmes exist for the development of all roles, which are closely linked to identified needs.
- ✓ Effective, consistently applied processes are in place to ensure learning is embedded in working practices.
- ✓ Robust systems and controls are in place to ensure that training needs can be identified and acted upon.
- ✓ Competence status and CPD is monitored and recorded.

Poor practice

- X KPIs are in place but lack clarity and as a result are inconsistently applied.
- X Training is minimal and mainly focused on compliance, technical or process aspects.
- X Assessments are multiple choice tests designed to assess knowledge, with limited or no assessment of application skills.
- X CPD is not linked to identified training needs specific to the individual.
- X No evidence of continuous, planned development programmes.
- X No evidence of controls in place to ensure individuals are implementing learning after completing training.
- X Competence is not linked to quality assessment outputs or is only linked to the negative or failed QA assessments.

My Score = ☐

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