

# Customer Impact report



**customer  
impact**

Meeting the customers'  
needs by putting them at  
the heart of our industry

# Customer Impact

At Guardian Financial Services, we're committed to the Association of British Insurers' (ABI's) Customer Impact scheme. This is a voluntary scheme which aims to improve customers' experience of the life, pensions and investments industry. It's overseen by an independent Customer Impact panel.

## Customer Impact commitments

As a member of Customer Impact, we commit to:

- providing clear information and good service
- maintaining an appropriate and effective relationship with you

We see these commitments as the absolute minimum we should be doing for our customers and it's our ambition to do much more than this.

## Yearly report

Every year, we produce a report to tell you how Guardian is performing, what we've been doing and what we'll do in future to help put customers at the core of our business. As part of this, we share the findings of Customer Impact's independent survey, which asks customers how well companies are performing against their commitments.



Meeting the customers' needs by putting them at the heart of our industry

Find out more about the scheme on the Customer Impact website at [www.customerimpact.org](http://www.customerimpact.org)

## Contents

Our commitment to our customers	3
Our performance against our customer priorities	4
2007 customer highlights	17
Our thoughts for the year ahead	18
About Guardian Financial Services	19

# Our commitment to our customers

At AEGON, we're committed to delivering a better financial future for our customers. That includes everything from the products we offer to delivering a friendly and efficient service during every phone call. As part of AEGON, Guardian Financial Services has a key role to play in this.

We're a strong supporter of Customer Impact and its goal of improving customer experience in our industry. We played an active role in developing the scheme and were one of the first companies to sign up, making a public commitment to put you, our customers, at the centre of our business.

## Our report for 2007

Every year, we produce an open and honest report to keep you informed of our progress. This is our second report for Guardian Financial Services – in it, you'll find details of:

- our performance against our customer priorities
- 2007 customer highlights
- our thoughts on the year ahead

I hope you'll find the report clear and open about where we've improved and where we've still got work to do. We were able to change some things quite quickly while others will take longer to complete – but because we'll be reporting every year, you'll be able to hold us to account for our progress.

Looking ahead, it's clear that your needs will change and your expectations will continue to rise, and we know we need to keep getting better. So I've appointed a new Director with specific responsibility for improving AEGON's customer experience.

In my introduction to the first Customer Impact report last year, I said that successful companies are those that truly understand their customers and respond to their needs. We're taking steps to make this a reality in AEGON, and Customer Impact is a valuable way for us to share our progress with you as we move forward.

As always, we're keen to hear your views. If you have any thoughts on this report, or on AEGON in general, please get in touch at [customer@aegon.co.uk](mailto:customer@aegon.co.uk)



Otto Thoresen  
Chief Executive, AEGON UK  
June 2008

# Our performance against our customer priorities

## AEGON's customer approach

We recognise that customer satisfaction is absolutely vital to running a successful business. So we work hard to keep you at the centre of our thinking right across our organisation, from the processes we follow, to the recruitment and training of our people and the clarity of our communications.

AEGON has many different customers. At one end of the spectrum might be individuals seeking financial security for their families, and at the other, very large companies with complex pension arrangements for their employees. But our core commitments under Customer Impact apply to everyone.

Last year we set some priorities, to help meet these commitments:

- fair treatment in all of our dealings with you
- the right products and services for you
- high-quality service
- ease of doing business with us
- clear and meaningful communication

## Guardian's performance

To help you compare our performance year on year, we're reporting against these priorities again for 2007.

For each priority, we'll explain:

- what we're aiming to achieve
- how we're doing, including findings from the Customer Impact survey
- the progress we've made since last year, including the specific commitments we made in our report for 2006
- what you can expect to see over the next year

### Customer Impact survey

Each year, an independent survey is carried out on behalf of Customer Impact, to assess how well member companies are doing against their commitments. The survey includes people who have recently bought a product, some who have recently made a claim and others who have held a product for some time. It helps us to understand how our industry is performing in general, and how Guardian Financial Services is faring within this.

Because Guardian doesn't aim to attract new customers, we weren't included in the survey of those who had recently purchased a product.

In 2007, the survey asked the views of over 18,000 people, including 500 Guardian Financial Services customers.

## Fair treatment in all of our dealings with you

It's a fundamental requirement that we always treat you fairly. This includes making sure our products perform as we've led you to expect, and that you have all the information you need throughout your time with us.

We also make sure we act in the spirit of the Financial Services Authority's (FSA's) guidance on treating customers fairly.

### Treating customers fairly

The FSA has defined six outcomes for customers which it wants firms to deliver. Read more on the FSA's website at [www.fsa.gov.uk/tcf](http://www.fsa.gov.uk/tcf)

The number of complaints we receive and how satisfied customers are with our handling of these can be a measure of how fairly we're treating them.

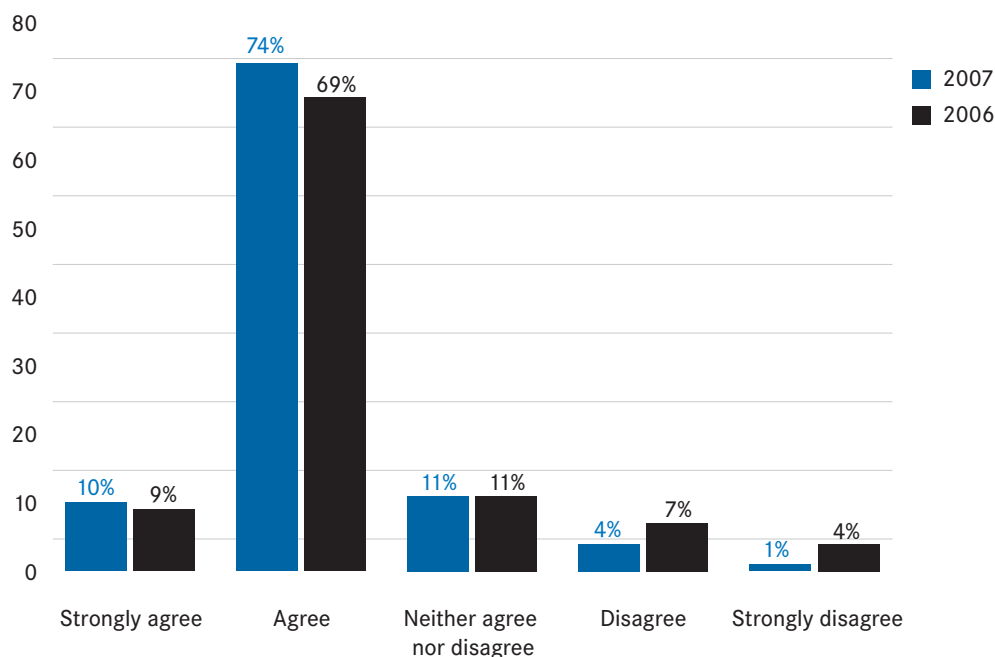
Our ideal would be that none of our customers would ever have a reason to complain. But we encourage our employees to consider every complaint we do receive as an opportunity to learn from your feedback and improve our performance in future.

We aim to respond to all complaints quickly and fairly and to explain our actions or decisions. We also make sure that all of our customers who complain know they can challenge our decision by writing to the Financial Ombudsman Service (FOS).

### How we're doing

In the Customer Impact survey, 84% of our customers agreed or strongly agreed that we treat them fairly, up from 78% last year.

### Level of agreement with statement 'Guardian Financial Services treats customers fairly':



We're pleased to see an overall improvement in our scores from 2006, but we'd like to continue to improve the numbers of people agreeing with this statement.

## Complaints

- In 2007, the number of complaints received about our service, excluding mortgage endowments, fell significantly to 453. We believe this is due to the improved investment performance of our funds, faster, more effective handling of telephone enquiries and fine-tuning of processes to speed up service delivery.
- Of these complaints about our service, 14 customers asked the FOS to review our decision. In two of these cases, the FOS agreed that we hadn't dealt fairly with the complaint. In 2006, 13 customers took their case to the FOS, who agreed that we'd dealt fairly with all those it ruled on that year.

## Mortgage endowments

We know that mortgage endowment policies have been the main source of concern for customers. This is because lower than expected investment returns over the life of their policy mean the endowment sum isn't high enough to repay their interest-only mortgage loan. Many more customers have complained about endowments than anything else. So, to get a fair measure of how we're doing across our business, we analyse mortgage endowment complaints separately.

- In 2007, we received 1,046 new complaints about endowments which qualified for review.
- We reached decisions on 1,219 endowment complaints in 2007 (some of which we received in 2006). In 238 cases, we didn't find any evidence that customers' endowments had been mis-sold. In 174 cases, the customer hadn't suffered financial loss because their endowment was worth more than they would have repaid under a traditional capital and interest loan. We paid compensation to the remaining 807 people.
- The FOS returned decisions on 250 complaints referred by our customers. They upheld our decision in 168 cases or 67%. This is an improvement on 52% of cases upheld last year but we still need to do better.

## Progress since the 2006 report

- We said we'd get better at explaining our decisions to people who complain. The feedback we get from our own surveys suggests that customers find our complaints letters clear and easy to understand, although we recognise these surveys can't give us a complete picture.
- We promised to continue analysing complaints and we've identified process improvements as a direct result of feedback. We analyse the information in considerable detail, looking at our systems, products and people to see where lessons can be learnt. For example, we've made changes to our telephone queuing system to make it easier for customers to get through to us.
- Our company-wide group set up to analyse the root cause of problems continues to meet regularly. By understanding what causes things to go wrong, we can identify changes to prevent the problem reoccurring.
- We were very pleased to be in the top 25% of firms in an ABI survey into complaint handling across our industry. This suggests we perform well compared with our peers but we know there's still more we can do.
- We've improved our speed of handling complaints about our service from an average of 7 working days to 5 working days.
- We've continued to embed our guidelines for employees on the behaviours we expect, including 'think customer', 'encourage excellence' and 'act with integrity'. How we perform against these behaviours is now an integral part of how we're managed and rewarded – not just in Customer Services but throughout the business.

### What you can expect next year

- We'll keep reviewing and improving the way we deal with complaints, taking into account Customer Impact guidelines, ABI benchmarking and wider industry trends, to make sure we're treating you fairly.
- We'll regularly attend industry forums to share ideas and experiences on complaint handling and root cause analysis.
- We've made good progress with training employees on the behaviours we'd like to see in our organisation, including linking them to recruitment, pay and performance. But we know this is only the first step: ultimately, we'd like these behaviours to become second nature, part of the culture of working at AEGON and Guardian. So we'll be continuing to communicate regularly and to recognise employees who demonstrate the behaviours, through our yearly AEGON Recognition Event.
- We're collating all the information and data we have on how we're treating customers fairly, so we can prove to ourselves and the regulator that we're doing this consistently.

## The right products and services for you

Since we no longer sell new products, the challenge for Guardian is to deliver a good service to our existing customers.

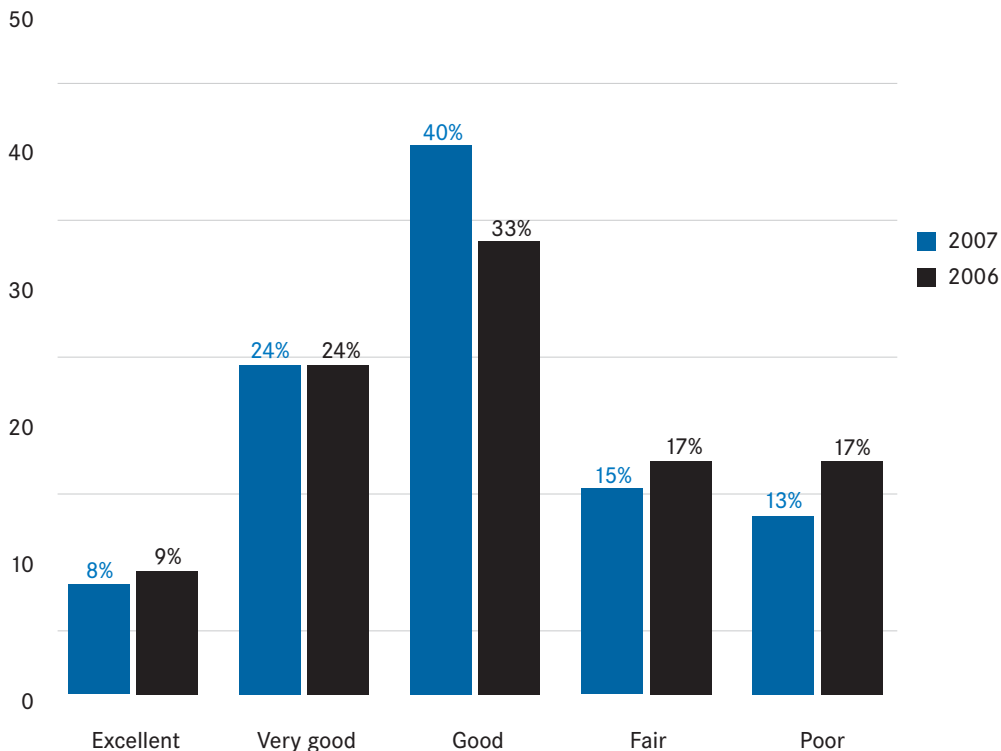
Most of the products we offer are long term, designed to meet your needs over many years. So it's important that we're able to respond to your needs as they change.

We know it's important to help you understand what return you might realistically expect on your investment. The Customer Impact survey identified this as the biggest factor influencing how customers score products. It's also important to clearly explain the risks involved. Of course, we can't control how markets perform, but we do offer a wide range of investment funds to suit different attitudes towards risk. And we keep you informed about how your product is performing.

### How we're doing

In the Customer Impact survey, 72% of customers ranked our products 'good', 'very good' or 'excellent', up from 66% last year.

### Overall, how would you rate the life and pensions or savings products that you purchased from Guardian Financial Services?



Source: ORC International, February 2008

Overall, we're pleased to see an improvement in these scores. For the reasons given in the previous section of this report, we know that mortgage planholders are less likely to score us highly on this. We also know that investment returns are very important, so recent stock market turbulence will have affected customers' views.

- 20% of Guardian Financial Services customers responding to the Customer Impact survey rated our investment returns 'poor'. A further 19% described them as 'fair'. Both these figures represent a small improvement on last year.

### Progress since the 2006 report

- As in recent years, our with-profits performance has compared well against our competitors. This is partly due to our investment decisions in recent years which have resulted in comparatively higher returns. Also, we're not looking to attract new customers so the assets in the fund will be available to be distributed to existing customers.
- Guardian's unit-linked funds performance has also improved, alongside our strong with-profits performance.
- We're carrying out more research with customers, to make sure we understand your expectations and deliver the right level of service. We also now regularly conduct research to monitor the quality of our marketing literature and communications.

### What you can expect next year

- We'll continue to focus on delivering good service, maintaining and building on the foundations we've laid over the last few years.

## High-quality service

Guardian isn't looking to attract new customers. So we can concentrate on meeting the needs of our long-standing customers.

If our costs rise, this can have a detrimental effect on our customers' plans. This is particularly true for people who have investments in our with-profits fund, which is ring-fenced so that only those who are invested in it can profit from it. So our priority is to be as cost-effective as possible. We concentrate on delivering a consistently good level of service that's acceptable to the vast majority of our customers.

It's important to get the basics right. So we set ourselves service standards for handling enquiries, collecting contributions and premiums, and paying claims. As well as keeping track of the time we take to respond to you, we also monitor our accuracy rate.

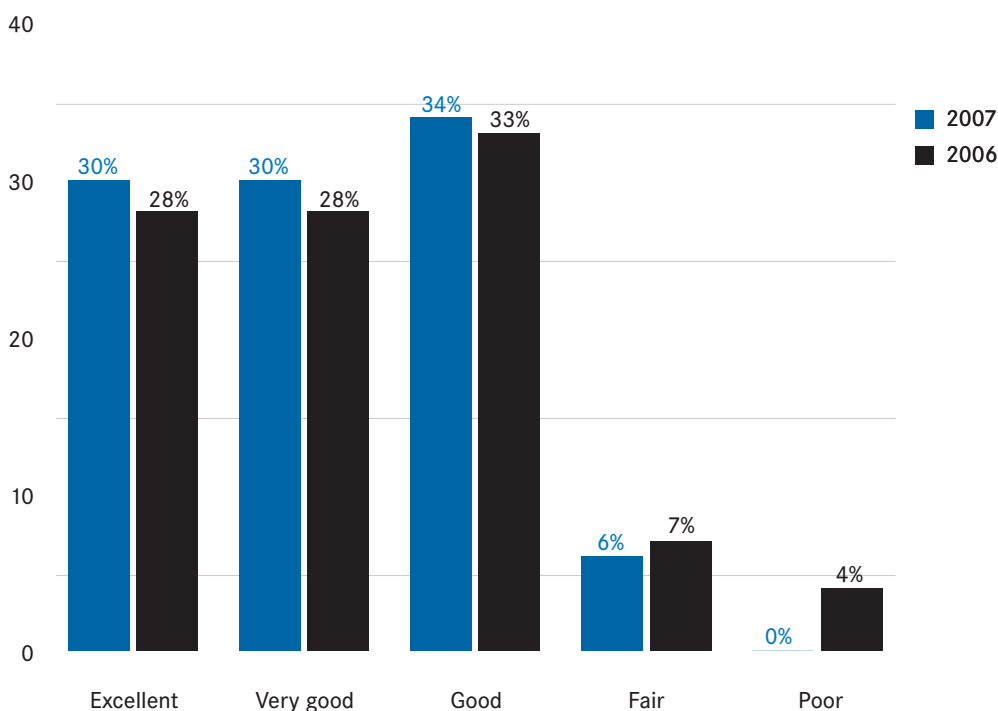
If we could sum up our service ambition in a sentence, it would be this: you always know where you are with us. We want to make sure that we deliver a clear, accurate and prompt service and that we tell you when and how we'll do things, so you're never in the dark about what happens next.

### How we're doing

- In 2007, we met our turnaround standards for the services we provide in 99% of cases, up from 98% on last year.
- We also maintained our high standards of quality control, with 98% of documents issued being fully accurate.
- Claims handling is an important aspect of our service:

In the Customer Impact survey, 94% of customers considered the speed of our claims and payment handling to be 'good', 'very good' or 'excellent', up from 89% last year.

### How would you rate Guardian Financial Services' claims and payment handling on speed of payment?



Source: ORC International, February 2008

### Progress since the 2006 report

- We want every single AEGON employee, not just those in customer-facing roles, to receive specific customer training. We've developed a computer-based training module which 76% of our employees have so far completed.
- We've continued to roll out the development programme for our managers in association with Henley Management College – customer focus is included at every level.
- We've carried out sample surveys of our customers to make sure they're happy with the standard of service they received.

### What you can expect next year

- We'll make sure we consistently achieve our service standards so you always receive a good, reliable service.

## Ease of doing business with us

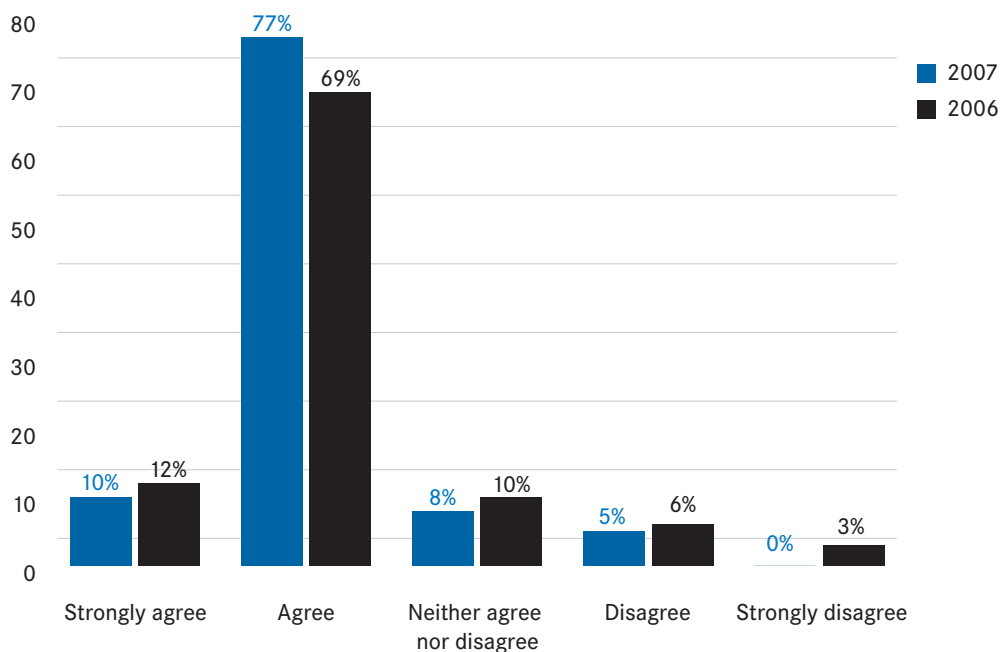
We want to make it easy for you to do business with us in whatever way suits you best. That might be by sending us a letter or email, or picking up the phone to call us.

If you do call us, we'd ideally like to be able to deal with your request there and then. When ranking companies' customer service centres, the survey found that for most people, ability to resolve queries in a single call is the most important factor. Since financial matters are often complex, not all of them can be resolved in a single call, but we always aim to deal with every query as quickly as possible.

### How we're doing

The Customer Impact survey showed that 87% of our customers agreed or strongly agreed that we're easy to do business with, up from 81% last year.

### Level of agreement with statement 'Guardian Financial Services is easy to do business with':



Source: ORC International, February 2008

Of customers who have recently made a claim, 93% found the ease of doing business with us 'excellent', 'very good' or 'good'. For general enquiries, this was 74% – both these figures represent strong improvements on last year when we scored 81% and 57% respectively. We hope to continue this positive trend.

### Progress since the 2006 report

- We've written to all our pension customers aged over 43 who chose to contract out of the State Second Pension with information to help them make an informed decision about whether to stay out or contract back in. This is a complex and personal decision, often with no easy answer. While we can't give advice, we can make customers aware of the potential risks.

### What you can expect next year

- We've improved our telephone helpdesk's access to relevant information so we can answer your enquiries faster. We've also increased the call-handling capacity of our telephone systems so it's easier to get through to us.

## Clear and meaningful communication

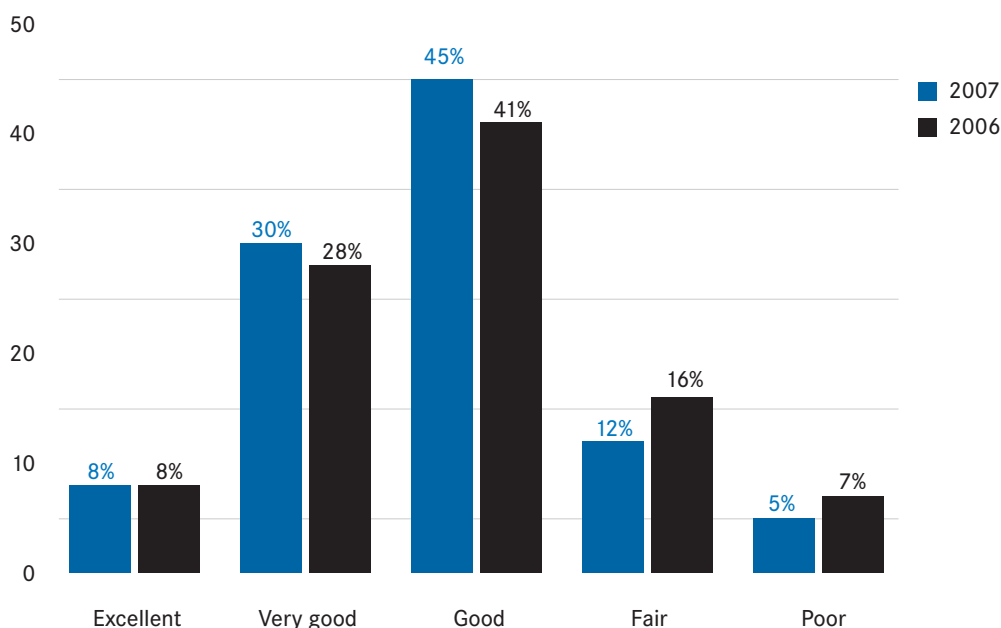
It's vitally important that you receive clear, relevant and prompt information from us, throughout the life of your plan. This includes how we keep you informed on how it's doing and the way we communicate with you when it matures.

Our aim is to use a helpful layout, everyday language (not jargon) and a straightforward, open style of writing to make our documents easy to read and understand. We can't always make complex issues seem simple but we can make them clear.

### How we're doing

In the 2007 Customer Impact survey, 82% of our customers considered our written communications to be 'good', 'very good' or 'excellent', up from 77% last year.

### Thinking about the statements and personalised letters you might have received from Guardian Financial Services over the past 12 months, how would you rate them?



Source: ORC International, February 2008

We're really pleased with the improvement in our scores across the board.

### **Progress since the 2006 report**

- We've completed a detailed review of all our communications with customers. In particular, we identified the times when you need a lot of information about your policy, for example, because you have to make a decision which will affect your financial situation. This is when it's most important to make sure the communications we send are clear and precise, with the right level of detail.

### **What you can expect next year**

- Building on the review, we'll start to make changes to the letters, forms and other documents we send, to make them clearer and more understandable. We want to make sure they tell you everything you need to know about your policy, whatever action you're considering taking.
- Our regulators have started to move away from setting out detailed rules for processes and literature, instead challenging us to deliver good outcomes for our customers based on high-level principles. We're looking carefully at the opportunities here to improve the quality and accessibility of our key processes and documents.

## Our Customer Impact commitments

So far, we've outlined our performance against the key priorities we set ourselves to help us meet the commitments we made as part of Customer Impact. We set these priorities because we feel they're the most important areas for our type of business and our customers, and we've included relevant results from the Customer Impact survey.

The survey also gives us a score against each of the customer commitments. This is based on an average of several different ratings: some of these are more relevant to our business than others due to the fact we no longer sell new products and tend to maintain relationships with our customers over many years.

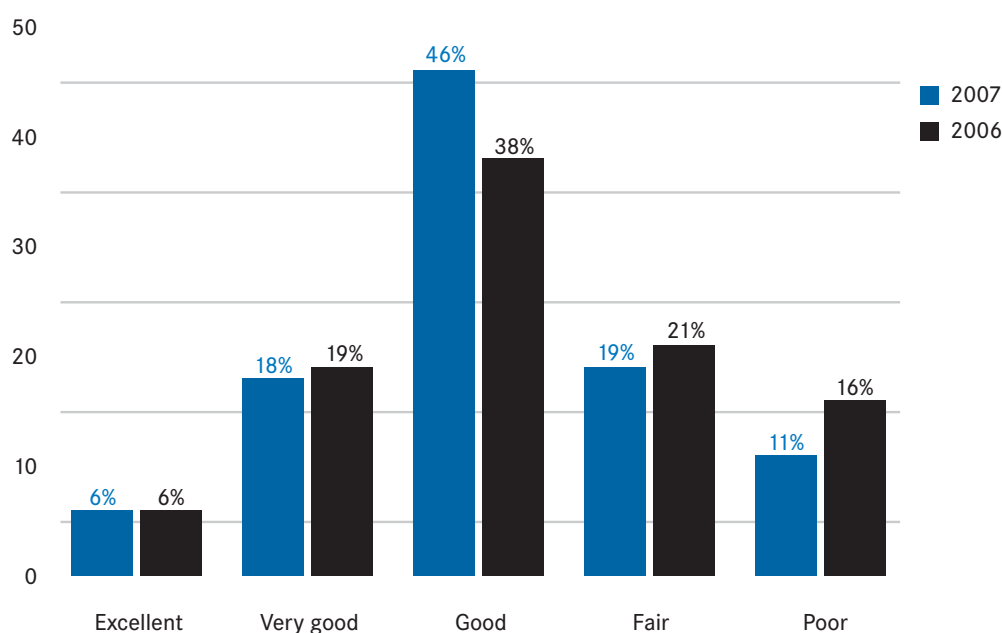
### Customer commitment: to give clear information and good service

As well as an overall rating, customers give their views on:

- whether the product offers a tailored solution
- how easy it is to understand
- the choice available
- how fairly we managed their expectations about return on investment
- the product's flexibility

### How we're doing

We scored 70% 'excellent', 'very good' or 'good' against this commitment in 2007, up from 63% in 2006.



Source: ORC International, February 2008

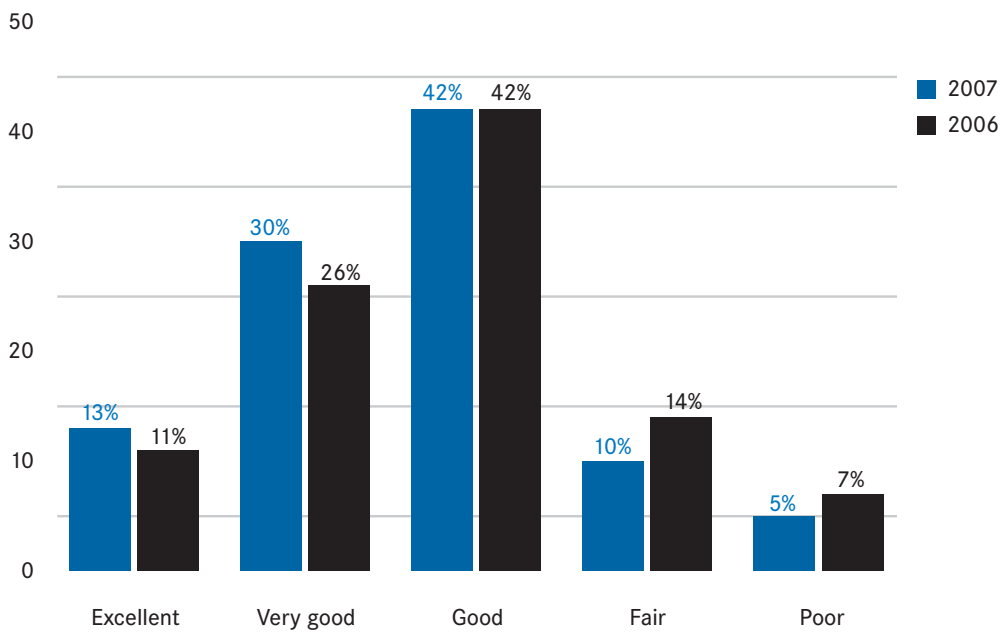
## Customer commitment: to maintain an appropriate and effective relationship with you

In the Customer Impact survey, customers rated us against four key elements of our service:

- written communications
- service centres
- claims and payment processes
- complaints handling

### How we're doing

We scored 85% 'excellent', 'very good' or 'good' against this commitment in 2007, up from 79% in 2006.



Source: ORC International, February 2008

# 2007 customer highlights

We'll publish a Customer Impact report every year. As part of this, we'll keep you up to date with developments from the previous year.

Here are some of our main achievements in 2007.

## **Maintaining consistent service**

We're pleased to have maintained very high quality control and service standards, at 98% and 99% in each case. We can achieve these standards because we concentrate our efforts on providing a very consistent, reliable service that's acceptable to the customers we look after.

## **Reducing complaints**

We've seen the number of complaints we receive reduce significantly, both for mortgage endowment and general issues. We hope this reflects both the improvements we've made to our decision-making process and the efforts we've made to explain those decisions to our customers.

We're continuing to identify areas for training and process improvements, through analysing the root cause of complaints.

## **Developing our customer experience**

At AEGON, we're determined to improve our customers' experience in all their dealings with us, right across the board. To achieve this, we recognised that we needed people at all levels to 'think customer' and we've put in place specific training and development frameworks to encourage this. But we also need key people to lead and champion the work we're doing across the business.

As well as recruiting a new Director of Marketing and Customer Strategy, we also established a dedicated team to co-ordinate our efforts. It's their job to look at things from your perspective and make sure the changes we make are the things you want to happen. We're actively looking at the kind of experience you want us to offer and how we can deliver it.

# Our thoughts for the year ahead

This report aims to give you a balanced view of how we're performing against our commitments to our customers. We've tried to highlight areas where we're doing quite well, while being open about where we need to improve.

We want you to receive a better-quality service, and hope the initiatives described in this report will make a real difference. We're impatient to do better but, at the same time, we know that some of what we're doing will require long-term investment and commitment.

To summarise, here are some of the most important things we'll be focusing on in 2008:

- We'll keep making sure we consistently achieve our service standards so you always receive a good, reliable service.
- We'll continue analysing the root cause of the complaints we receive to identify whether we need to make any changes to our products or the way we interact with you.
- We'll keep monitoring how we deal with complaints to make sure we're treating you fairly.
- We'll keep focusing on how we do things, as well as what we do, by recruiting, rewarding and developing employees who are truly helpful to customers.
- We'll start to make changes to the letters, forms and other documents that we send you, to make them clearer and more understandable.

We'll update you on our progress with all of these in future years' reports.

# About Guardian Financial Services

Guardian Financial Services was a well-known provider of life and pensions products for over 180 years. Although we stopped selling products in 2001, more than half a million people still have insurance, protection and pensions with us. We're determined to continue delivering a good service for all these customers.

Guardian Financial Services is now part of the AEGON Group, one of the world's largest listed life insurance companies with £272 billion assets under management and administration\*.

## **AEGON in the UK**

In the UK, AEGON owns life and pensions, asset management and advice businesses – including Guardian. We use our financial strength, global insight and deep-rooted expertise to deliver better financial futures for our two million UK customers.

\*Source: AEGON Annual Report, 2007

