Treating Customers Fairly: What is Fair in the Consumer's Eye?

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Mirror, mirror on the wall, who is the fairest of them all?
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When asked who we consider 'fair' amongst professionals and organisations* pension companies (7%) and investment managers (4%) languish at the bottom of the pile in the company of traffic wardens (7%), estate agents (5%) and politicians (4%). What is more, both financial advisers (12%) and insurance companies (10%) were ranked only marginally higher but still below accountants (14%) and lawyers (14%) in the fairness league table.

At the other end of the spectrum, doctors are seen in the most positive light and in fact the only profession where over half the population hold them in high regard. Nonetheless, even here at the top of the list fewer than two-thirds of adults (64%) see them as fair, showing just what a nation of sceptics the British really are.

Teachers (42%), the police (36%), charities (35%) and supermarkets (30%) make up the remaining top five, with banks (29%) and building societies (24%) following closely behind.

"When it comes to financial professions consumer perceptions regarding the fairness of pension companies and investment managers are exceptionally poor. And while banks and building societies seem to have a much fairer reputation the research would appear to be disappointing for the building society sector. Conventional wisdom has long suggested that building societies are perceived in a more positive light than their hard-nosed banking competitors. This is mainly due to the absence of external shareholders, which means that mutuals are owned by and run solely for the benefit of their members. However, the research shows that a greater proportion of consumers now regard banks as being fair and this may imply that building societies will no longer be able to rely on their friendly image to win business," explains Paul Davies, senior finance analyst at MINTEL.

Early repayment fees on loans - consumers' number one financial bugbear
Worryingly, only 21% of consumers agree with the statement that 'financial companies are fair all of the time'. While these findings do not prove that financial companies are treating their customers unfairly, they do highlight the fact that many consumers believe this to be the case.

The research also found that the activity most commonly cited as being particularly unfair was charging a redemption fee when a customer pays back a personal loan ahead of schedule. Indeed, almost four in ten (39%) adults said that having to pay such a penalty was an unfair practice adopted by financial services organisations.

"This finding would appear to suggest that allowing borrowers to repay a personal loan at any point without penalty should be a potentially strong marketing message," comments Paul Davies.

More than a third (36%) of consumers criticised offering new customers better rates or conditions than existing ones as an unfair practice, making this the second most commonly mentioned activity. Meanwhile, almost one in three (32%) adults said that having to wait so long for cheques to clear proved to be the third most unpopular practice.

Charging current account holders if they overdrawn (31%) and imposing penalties for not paying a credit card bill on time (15%) were also deemed unfair.

* Doctors, teachers, the police, charities, supermarkets, banks, building societies, trade unions, accountants, lawyers, financial advisers, insurance companies, travel agents, newspapers, television stations, traffic wardens, pension companies, estate agents, investment managers and politicians.
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