Follow the Golden Thread

Elevating Complaints Root Cause Analysis

About Simplify Consulting:

At Simplify Consulting, we operate across the Wealth Management industry, supporting our clients across their products and services, technology and change management. We work with clients of all shapes and sizes in the UK and Europe offering a diverse set of consultancy services that enables us to bring unparalleled insight to our engagements and a 'whole of market' perspective.

Our consultancy services, cover Strategy & Operating Model, Operational Excellence, Project Delivery, Analysis & Testing and Risk & Regulation; all of which are underpinned by our tools, frameworks and methodologies.

At the heart of our business is a passionate, high performing, client-focused team who go the extra mile in everything they do.

About CourtCorrect:

CourtCorrect is the leading AI company for complaints resolution in regulated industries. Founded as a research project at the University of Cambridge, CourtCorrect spearheaded the use of AI in complaints resolution as early as 2017, showing that AI could outperform top lawyers in predicting decisions of the Financial Ombudsman Service (as reported by the BBC).

Since then, the business has grown significantly, having raised over £3m in investment from leading venture capital firms like 20VC (the most successful venture fund in Europe by number of portfolio companies reaching >£1bn valuation) and seasoned executives like Alain Dehaze (former CEO of Fortune 500, The Adecco Group). CourtCorrect works with large UK banks, insurers, wealth managers and FinTechs. Current clients include the RAC, NFU Mutual, ERGO Total Insurance Solutions, Kroo Bank, Europa Group, and the Co-Operative Bank plc.

Artificial Intelligence & Root Cause Analysis:

Over the last few years, Artificial Intelligence (AI) has been a hot topic across the financial services industry. As we move into 2025, the practical applications of how and when it should be used are becoming much clearer. AI is becoming essential when looking at the use of technology, with more and more native AI solutions becoming available to help product and service providers deliver better and faster services to their customers.

Delivering benefits through AI means finding tools and solutions that do tasks better than people could do, whether that is in completing tasks more quickly, or analysing large data sets.

In partnership with CourtCorrect, we wanted to explore Complaints, and specifically Root Cause Analysis (RCA) as an area where AI can be a gamechanger in how firms understand the complaints they receive and update their products and services to improve customer experience, and reduce new complaints being received,

In this paper, we will explore the key use cases and solutions around this topic, as well as explore how technology can support people to deliver a world class complaints proposition.

Introduction:

How can Artificial Intelligence (AI) help firms transform how they deal with complaints and Root Cause Analysis (RCA), to understand why complaints occur, and crucially, how they can be prevented in the future?

Last year, we released our Complaints: Going for Gold White Paper which looked at how firms in the Wealth Management sector can create a world-class complaints proposition.

The White Paper looked at the holistic framework for complaints, ranging from a comprehensive strategy to culture to process. In addition, two of the main areas of focus were on technology, and specifically how Artificial Intelligence (AI) could help firms transform how they see and deal with complaints, and Root Cause Analysis (RCA) to understand why complaints occur, and crucially, how they can be prevented in the future.

We wanted to explore in more detail how technology, including AI can help firms deliver on their RCA requirements by providing a deeper understanding of the complaints they receive over a much broader set of information than would be possible by humans. In particular, we considered CourtCorrect's RCA module, released in Q3 2024.

FCA Volume of complaints opened relating to Decumulation & Pensions and Investments
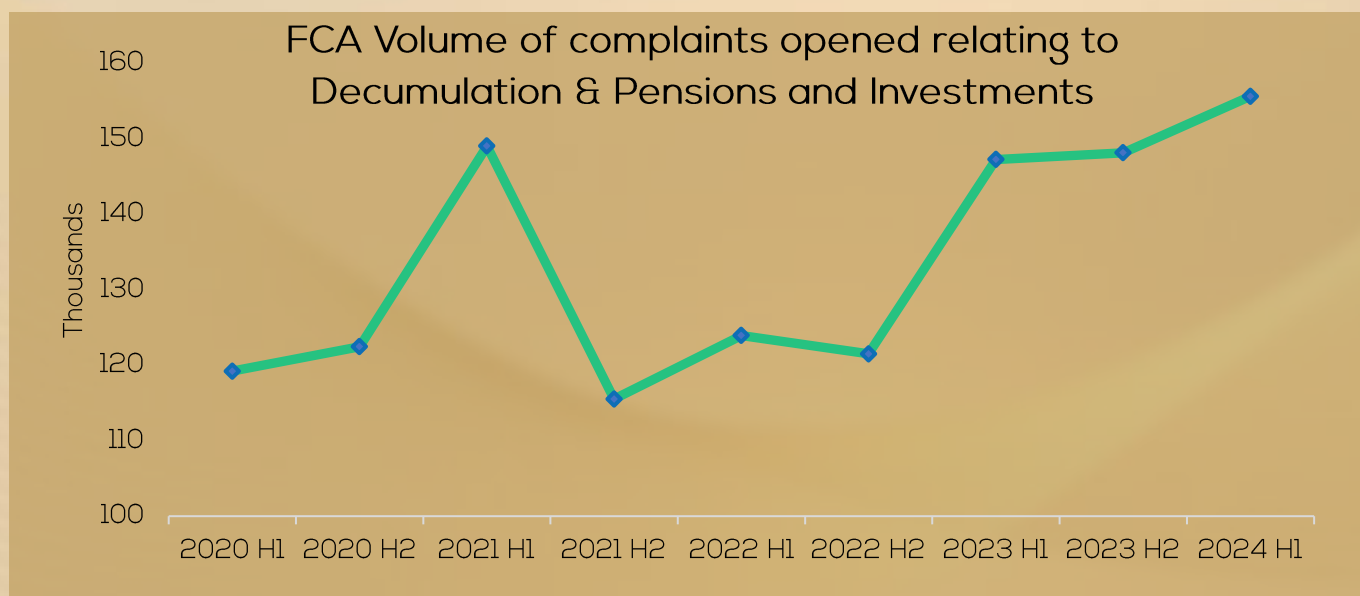
FCA complaints data over the last decade for the whole of the Financial Services industry, shows that the number of complaints remains high. Investments and Pensions, have both seen complaints increase by over 20% in the last 10 years. All this in an era of increased digitisation and automation.

'Firms should have appropriate management controls in place to analyse individual complaints and identify the root causes of systemic or recurring problems. Firms should take appropriate action where they find failings as per PRIN 2A.9.9R.'*

A recent FCA survey of a sample of firms found that most had a framework for carrying out RCA, and this was set out clearly in policy/process documents. However, they also noted areas for improvement.

'It appeared that some firms saw the completion of RCA as the goal, rather than whether they needed to take further action to deliver good customer outcomes. Firms with good practice had monitoring systems in place and could evidence the changes made as a result of identifying harms through RCAs.'*

The ability to harness technology to support complaints is becoming increasingly important for firms as they seek to deliver better customer outcomes. Getting the right intelligence about their products, services and how they communicate with customers better is fundamental for firms. The right solutions are part of the picture, but they don't provide a panacea. Technology needs to support the people, processes and culture of the firm, without these in place then the benefits will not be maximised. Crucially, when looking at AI, only once the inputs and data are sufficient will the right analysis and outputs be delivered back into the business.

Many companies across the Wealth Management sector, and Financial Services industry in general are looking for opportunities to harness the power of AI in their businesses. The benefits of utilising new technology developments are maximised when it can be focussed on tasks and activities where it can perform the function better than humans, whether that is in speed, accuracy, consistency or objectivity.

It is still vital that firms have the correct controls and guardrails in place when adopting AI into their business, and we believe firmly that AI should support, rather than replace human led activity. But when done in the right way, firms can place AI within their complaints function and process to maximise the benefits, not only for them, but also for their customers.

* Complaints and root cause analysis: good practice and areas for improvement | FCA

Challenges of RCA

So why the focus on RCA?

Our research from the Complaints: Going for Gold White Paper indicated that firms have a variety of challenges in this area:

Scalability The volume of complaints received means firms have to devote significant resource to RCA, however, even with this resource available, will only be able to scratch the surface across their whole book. Whilst RCA is recorded against all complaints, deep dives are often only completed on a sub-set of complaints.

The challenges around confirmation bias can happen when individuals focus on what they perceive the problem to be, without understanding if this should be the main focus of RCA activity.

Objectivity Individuals will often select the prima facie reason for a complaint. We find that RCA is often heavily skewed towards a small number of reasons, such as 'Delay' or 'Human Error'. This is often not the true root cause and does not provide sufficient 'so what' questioning that facilitates effective preventative action.

Equally, there is a lack of incentives for complaint handlers to complete RCA. If it becomes a 'tick box' exercise as part of the closure of the complaint, that feedback that has just been provided, and the opportunity to do better has been lost.

RCA habits across complaints teams can be inconsistent. Even when done diligently, there is inherent subjectivity in the completion of RCA, so that given the same complaint, experienced and high performing complaint handlers may differ in what they note as the root cause.

Timing Firms need to understand the reason for complaints as soon as possible so that they can look at implementing changes. However, as complaint resolution is often the primary target of complaints teams, this means RCA is back-ended within the process.

This may mean that RCA isn't understood until many weeks after the complaint has been received, restricting the firm's ability to prevent more complaints received for the same issue.

Identifying Trends Trend analysis is vital for RCA. Not only will it show where new issues are arising, but also whether there are certain reasons for complaints which repeat based on activities completed by the firm, such as mass communications, or Tax Year End.

Not only does trend analysis help to map this more effectively, it can also help in assessing the success of previous actions. If a preventative action has been implemented, has this played out in decreasing this reason from re-occurring, or is there more to do?

Taking Preventative Actions A lot of effort is devoted within firms to developing the necessary MI and Reporting to show RCA to the forums and committees that can take the action necessary to prevent future complaints.

However, often the focus is on 'bucketing' up the RCA reasons and associated numbers, and not enough time is spent on identifying what needs to be done to implement changes and 'turn off the tap'.

'Blame Culture' Complaints, and preventative action can be a thorny issue if not handled properly. Where individuals or business areas feel that blame is being attributed, they can feel under attack, and potentially disengage from the process.

This hampers the ability for effective change to take place, even if the underlying issues and preventative action has been identified correctly. Taking the emotion out of the process where possible can make it feel more collaborative and foster continuous improvement.

If RCA becomes a 'tick box' exercise as part of the closure of the complaint, that feedback that has just been provided, and the opportunity to do better, has been lost.

Simplify's Complaints Framework

Delivering a best-in-class complaints capability means bringing multiple elements together across the whole business to focus on customer outcomes

Simplify Consulting
World Class Complaints Handling
How are you doing?

Simplify's Complaints Framework has been developed by bringing together the key elements of complaints under a single framework. We use this when working with firms across Wealth Management to understand how they can develop their existing capabilities into a holistic, comprehensive capability.

The following elements make up the Complaints Framework:

Complaints Strategy

Each organisation should develop a comprehensive strategy to cover how complaints are handled, direct how resources should be deployed and how the organisation should be structured to deliver its priorities. This should also prioritise a focus on prevention rather than cure.

Technology & AI

Firms should be using purpose built or 'off the shelf' technology, which can be integrated into its wider IT Architecture. Priorities should be ensuring the technology supports its people, enables effective analysis and reporting. Technology which is AI enabled is becoming increasingly important for firms.

MI & Reporting

Providing effective data into the business is fundamental to understanding trends, and ensuring the right intervention is made as early as possible.

People & Performance

Creating a high-performing team means ensuring diversified skills sets, including data analysis and problem solving. Performance should be tracked and measured against the strategy of the organisation.

Culture

The organisation needs to ensure that resolving and reducing complaints from customers has cross-business accountability, with a focus on continuous improvement

Customer Proposition

Ensuring that customer complaints can be received through multiple channels, and delivers value to all customer segments, including vulnerable customers

Process

The complaints process should be efficient, reducing handoffs and unnecessary administration. Processes should be customer focussed and aligned with the technology in place.
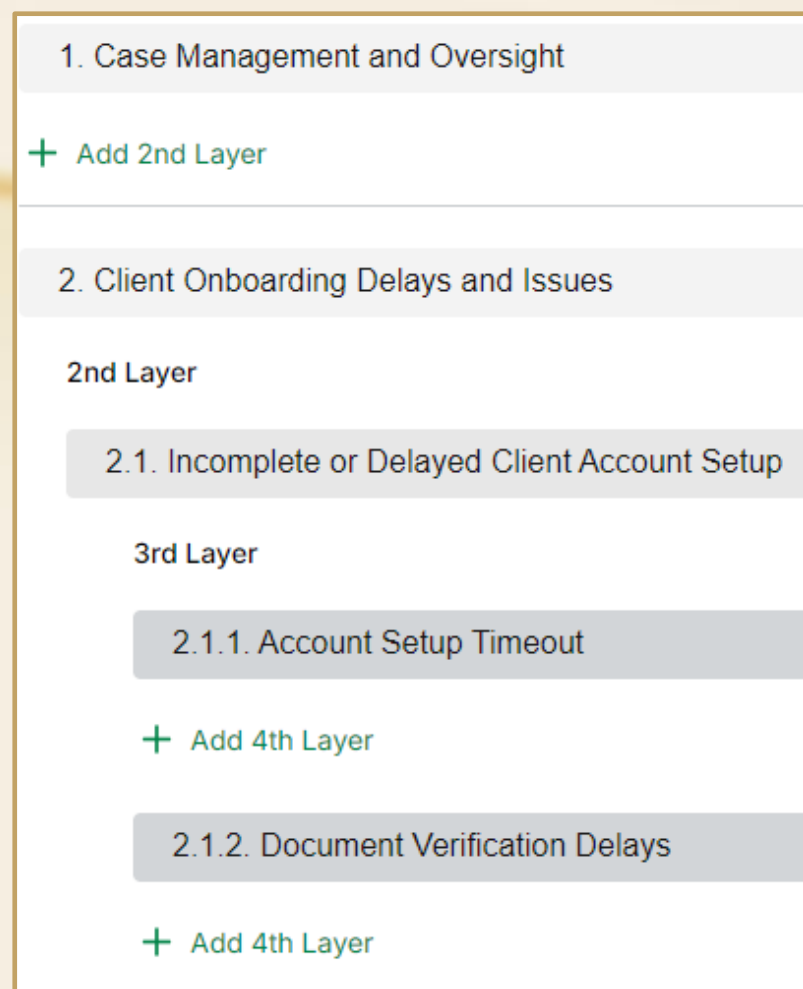
Root Cause

Understanding why and when complaints are received is fundamental if firms wish to improve their service and reduce new complaint receipts. Root Cause has never been so important following the introduction of Consumer Duty.
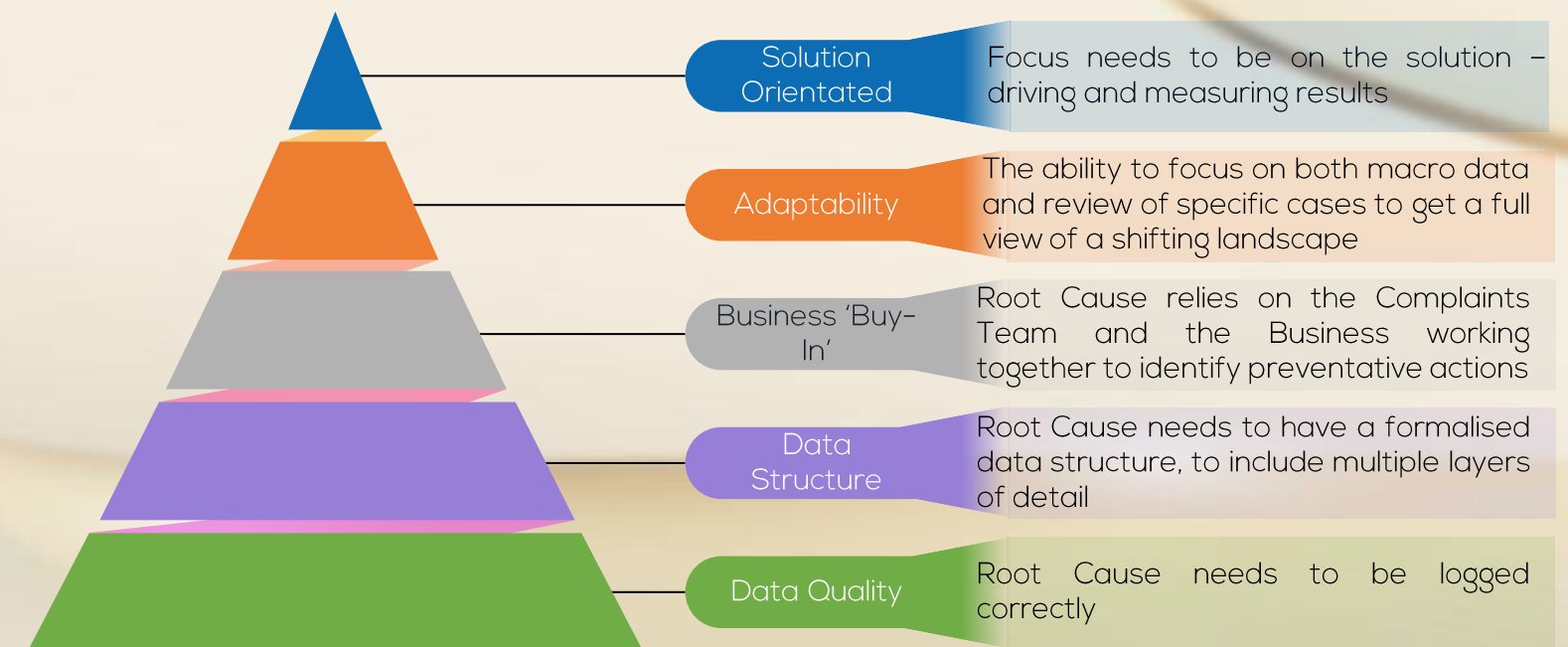
Defining the model:

The first thing that firms need to consider for RCA is developing their model for complaint classification. This should be hierarchical so it can be captured at the top level and down to more granular sub-levels.

We often find when working with our clients that one of the challenges presented by RCA is that users will often select the closest match available, even if it's not the right one, rather than going through the process of amending the model. Therefore, the model must be flexible and easily configurable to adapt to changing business conditions, as well as to evolve as the business develops a greater understanding of their complaints ecosystem. Looking at the CourtCorrect system, we found it to be easily configurable across multiple layers as per the example below.

1. Case Management and Oversight

+ Add 2nd Layer

2. Client Onboarding Delays and Issues

2nd Layer

   2.1. Incomplete or Delayed Client Account Setup

   3rd Layer

      2.1.1. Account Setup Timeout

      + Add 4th Layer

      2.1.2. Document Verification Delays

   + Add 4th Layer

Completing Root Cause to the same level of detail, consistently against the model is one of the largest challenges that face firms.

What makes a good root cause model?

Solution Orientated	Focus needs to be on the solution – driving and measuring results
Adaptability	The ability to focus on both macro data and review of specific cases to get a full view of a shifting landscape
Business 'Buy-In'	Root Cause relies on the Complaints Team and the Business working together to identify preventative actions
Data Structure	Root Cause needs to have a formalised data structure, to include multiple layers of detail
Data Quality	Root Cause needs to be logged correctly

The root cause model is a fundamental building block of ensuring that the focus is on delivering improvements across business lines. The starting point should be to make sure that there is a consistent data structure that root cause can feed into. This is where the technology used, and the benefits of AI can be realised.

However, it is also key to ensure that there is business 'buy-in' to the root cause. Root cause needs to have cross-organisation accountability, with the business taking responsibility for defining and implementing changes, they need to be involved in defining the root cause that will be recorded so that the results of root cause are clearly understood.

We also know that over time the reasons for complaints will change as the product and service changes, and customer needs and demands adapt. The root cause model cannot be static as it will only ever answer the questions that were posed when it was defined. It must be flexible enough to accommodate shifting trends in complaint causes. AI can assist in evolving the model over time as new issues become apparent and drive changes in the model, providing the right level of flexibility without requiring an unwieldy or overcomplicated number of root cause categories.

Lastly, it should be noted that root cause is a means to an end. It can only be effective if it is used to identify and resolve issues, and therefore the root cause model needs to be solution orientated. If the data being recorded is too high level, or ambiguous then it will be difficult to define the right corrective action. For example, we often see 'Delay' as a root cause reason, but without further details that understand the reason for the delay, such as poor work management and prioritisation, or resource and capacity issues, then on its own, 'Delay' doesn't allow the solution to be known.

Completing the Analysis:

Completing Root Cause to the same level of detail, consistently against the model is one of the largest challenges that face firms. Utilising AI to do this, not only saves a considerable amount of time, it can also be completed uniformly across all complaints received.

CourtCorrect's RCA module sits within a broader complaints management tool that facilitates the easy capture of case details, investigation, outcome and resolution, and customer response. Additionally, the complaints management tool has the benefit of vulnerable customer identification.

Users are able to ask the AI to complete the Root Cause Identification, which then presents them with suggested potential root causes based upon similar complaints historically and keywords in the complaint itself, flagging multiple points of failure and issues so that all can be addressed. It also highlights which of these is the most likely root cause.

As this is completed on every case, to the same standard and level of detail, firms have a higher level of confidence in the root cause defined. There are no cases which are just logged against the most common root cause due to insufficient time spent by the user.

BETA

Root Cause Identification

Identify the root cause of the case with AI.

↻ Regenerate

Complaint Overview

- **Issue**: The customer experienced an incorrect transfer amount during a partial funds transfer request, which resulted in a full transfer instead. This error has led to inconvenience and potential financial issues for the customer.
- **Timeline**:
  - **Request for Partial Transfer**: The customer initiates a request for a partial transfer of funds.
  - **Incorrect Full Transfer Processed**: The firm processes a full transfer of funds instead of the partial amount requested.
  - **Customer Complaint**: The customer files a complaint upon noticing the error.
  - **Complaint Upheld**: The firm acknowledges the error in processing the transfer and the failure of internal checks.
  - **Reportable Incident**: The complaint is deemed reportable due to the alleged financial impact caused by the need to sell assets to return the excess funds.
  - **Resolution Offered**: The firm offers a gesture of goodwill and a loss assessment to the customer.

Potential Root Causes

- **Process Failure**: Inadequate procedures or failure to follow existing procedures for processing partial fund transfers.
- **Human Error**: Mistakes made by individuals handling the transfer, possibly due to oversight or misunderstanding.
- **System Error**: Potential flaws in the IT systems that may have led to the processing of a full transfer instead of a partial one.
- **Ineffective Controls**: The '4eye checks' (double-checking by another individual) were not effective in identifying and preventing the error.
- **Communication Breakdown**: Miscommunication between the IFA (Independent Financial Advisor), the client, and the firm could have led to the incorrect processing of the transfer.

Likely Root Cause

The most likely root cause of the complaint appears to be a combination of **Process Failure** and **Ineffective Controls**. The firm's admission that they "failed to process the transfer according to the IFA and clients instruction" suggests that the procedures in place were either not robust enough to handle the specific instructions or were not followed correctly. Additionally, the failure of the '4eye checks' to catch the mistake indicates that the internal controls designed to prevent such errors were ineffective. Human error may have contributed to the issue, but the systemic nature of the failure points to broader issues with the firm's processes and controls.

Example of CourtCorrect's AI generated root cause analysis

The benefits of using AI to complete the RCA:

AI-driven RCA tools offer transformative benefits to complaints teams by streamlining operations and enabling deeper insights.

Enhanced Data Accuracy:

AI reduces human error in categorising and analysing complaints. For example, CourtCorrect's models achieve over 90% accuracy in predictive categorisation, ensuring management intelligence reflects true root causes.

Efficiency Gains:

Traditional RCA processes often involve manual review of voluminous case files, limiting scalability. CourtCorrect automates data clustering and root cause suggestion, enabling comprehensive analysis in a fraction of the time. CourtCorrect users have reported a 67% reduction in case processing time for end-to-end resolution of high-complexity cases.

Novel Insights:

Beyond confirming known issues, AI reveals emerging trends and outliers. Visualisations of these patterns through clustering algorithms help firms proactively address systemic challenges.

Customer-Centric Solutions:

The ability to analyse RCA data in the context of complainants' specific pain points ensures solutions are tailored to diverse customer needs, including vulnerable groups.

AI tooling is valuable but should not be assumed correct

AI tooling is valuable but should not be assumed correct. Empowering complaint handlers to identify where they believe the root cause has not been defined correctly by the system is important. The process needs to support people to review and challenge any outputs created by the technology.

Incorrect or incomplete root cause is a huge challenge, especially as the business becomes more data led. Its causes need to be understood, it may be due to insufficient data on the system – something that wider integration with workflow and communication tools can help solve – or because the AI has not been sufficiently trained to identify a particular reason. The business must resource and train their people to understand how the AI works, its limitations and challenges, and how to use it effectively.

For example, by not recognising and correcting an incorrect RCA on a case, this could cause downstream implications if the AI is trained to refer to similar cases and assign the same RCA. Complaint teams, traditionally resourced by high quality customer facing staff, with knowledge of product services need to be complemented with people who are more data and solution orientated. Creating this high-performing team is a pre-requisite for effective delivery of AI solutions.

However, time spent on training users to adopt AI tooling for Root Cause Analysis is subsequently saved through a more efficient and effective RCA process.

The risks of using AI to complete the RCA:

While this is not an exhaustive list, here are some of the key risks to consider.

Over-reliance on AI Decisions:

If organisations overly depend on AI for RCA without human oversight, the AI may miss nuances that a human expert could catch. AI is best used as a tool for assisting rather than replacing critical thinking.

Lack of Transparency:

AI models, particularly deep learning algorithms, can be difficult to interpret. If the AI identifies a root cause, it may not always be clear how or why it arrived at that conclusion, making it harder for humans to trust or challenge the result.

Bias in Data and Outcomes:

AI systems learn from data, so if the data used to train the model contains biases, the AI may produce biased conclusions. This could lead to overlooking certain root causes or unfairly prioritising others.

False Positives/Negatives:

AI might incorrectly identify a root cause that isn't the real issue (false positive) or fail to detect the real cause (false negative). This can happen if the AI doesn't have a sufficiently broad or diverse training set, or if the input data is noisy or incomplete.

Building the data set:

RCA is never static; however, many firms fall into the trap of building the reporting model and sticking to it through thick and thin. This inevitably means that any 'RCA Pack' answers the same question time and again. Even if it has benefits, such as viewing reasons against processes or trend analysis, it can fail to be adaptable to questions that should be asked, which can be different each time. Moreover, it also becomes a numbers game. The question of where complaints are coming from is valid, but it needs to be sophisticated to explain this against a wider variety of factors, including periodic cycles of activity, ad hoc events, service levels and volumes, as well as actions taken as a result of RCA.

RCA is both quantitative and qualitative in nature. The numbers alone will never tell the whole story

AI provides new and more sophisticated ways to analyse and interpret complaints data. For example, the CourtCorrect query tool, based on a large language model AI, allows for users to ask specific queries as per the example opposite.

This might be to ask why there has been an increase in a certain area, or potentially, what actions are available to prevent a certain type of complaint from re-occurring. This again has all the advantages of using AI to look in detail at a larger number of cases and provide a near instant response. The user can then take time to review, investigate and follow up on those areas or suggestions that warrant further attention, building this into the engagement with the wider business to identify the highest priority actions that they should progress.

Furthermore, this process of active review, facilitated through AI chatbot interaction, can help handlers interrogate the quality of AI output. Perceived mistakes/mis-categorisations can then be addressed and rectified through active engagement with AI.
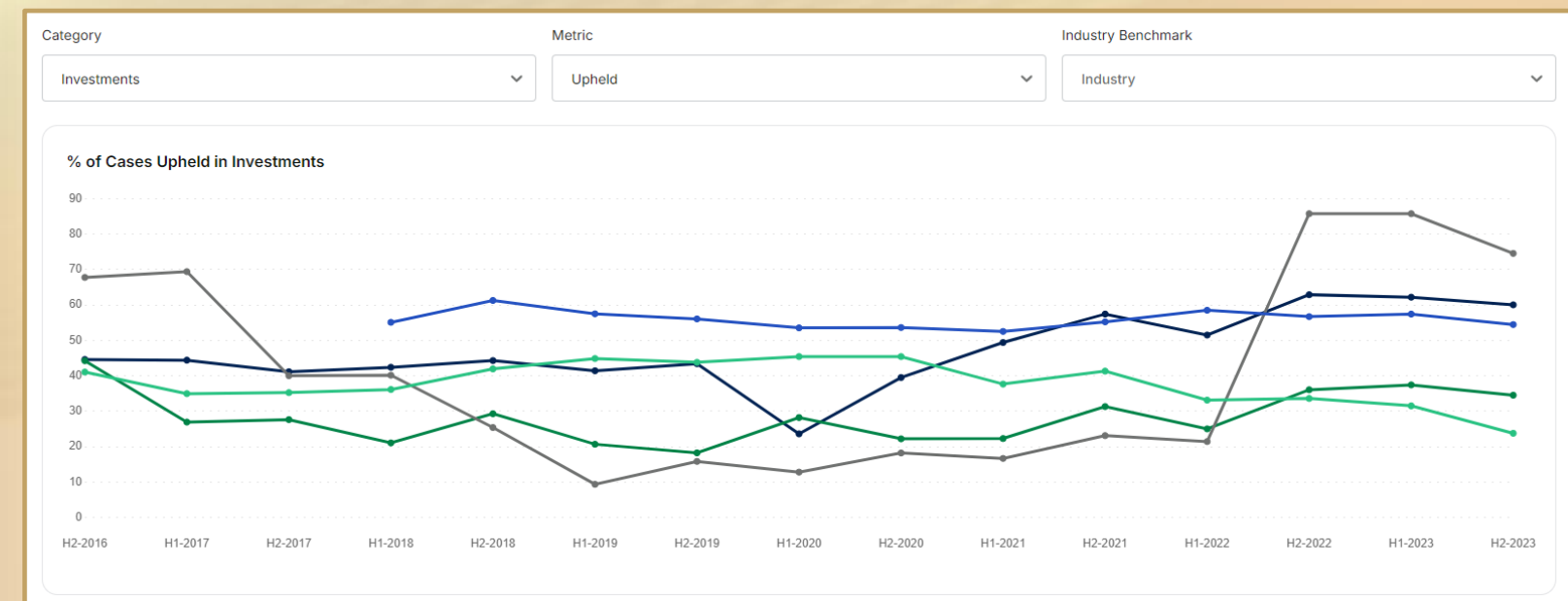

Root Cause
- Charges + Interest
- Customer Error
- Payment Errors
- Wait Times

Specific cases can be selected to allow for targeted AI analysis via text-based prompts

How can we amend our processes to prevent these types of complaints in the future?

1. Ensure that all terms and conditions, including fees and charges, are clearly communicated to customers during the application process.
2. Consider providing additional support or guidance for customers who may struggle with online banking security processes, such as offering alternative options like telephony or branch banking.
3. Implement a system to prompt customers to update their contact details regularly to avoid issues with undelivered replacement cards.
4. Review the design and readability of standard bank card designs to ensure they are clear and appropriate for all customers.
5. Consider the impact on vulnerable or elderly customers when making changes to services, such as charging for paper statements, and explore alternative solutions to support their needs.

Additionally, the CourtCorrect tool can also bring in a wider view of the market to provide additional context, for example, are your competitors receiving a similar uptick at the same point in time, or is this something that needs to be looked at?

Example of CourtCorrect's two-dimensional representation of case similarity

Consuming Root Cause:

The ability of firms to turn RCA data points into meaningful actions presents a wider challenge

It is vital that the root cause is presented in a way that allows a wide section of stakeholders within a firm to understand why complaints are occurring. These stakeholders may be coming from different perspectives, some from operational areas, others from product, compliance, and executives. There is no 'one size fits all' approach that will deliver for all.

Creating different viewpoints for different audiences may be the answer, as well as creating multiple layers of views so that an understanding can be gained across the full picture before delving further into specific areas. Providing comparisons of complaints between different time periods e.g. year on year, as well as heatmaps to highlight key areas of focus, can be useful.

Below shows an example of a pie chart tree that we put together for a client, to show the volume of complaints per RCA area with decomposing levels to match the RCA hierarchy.
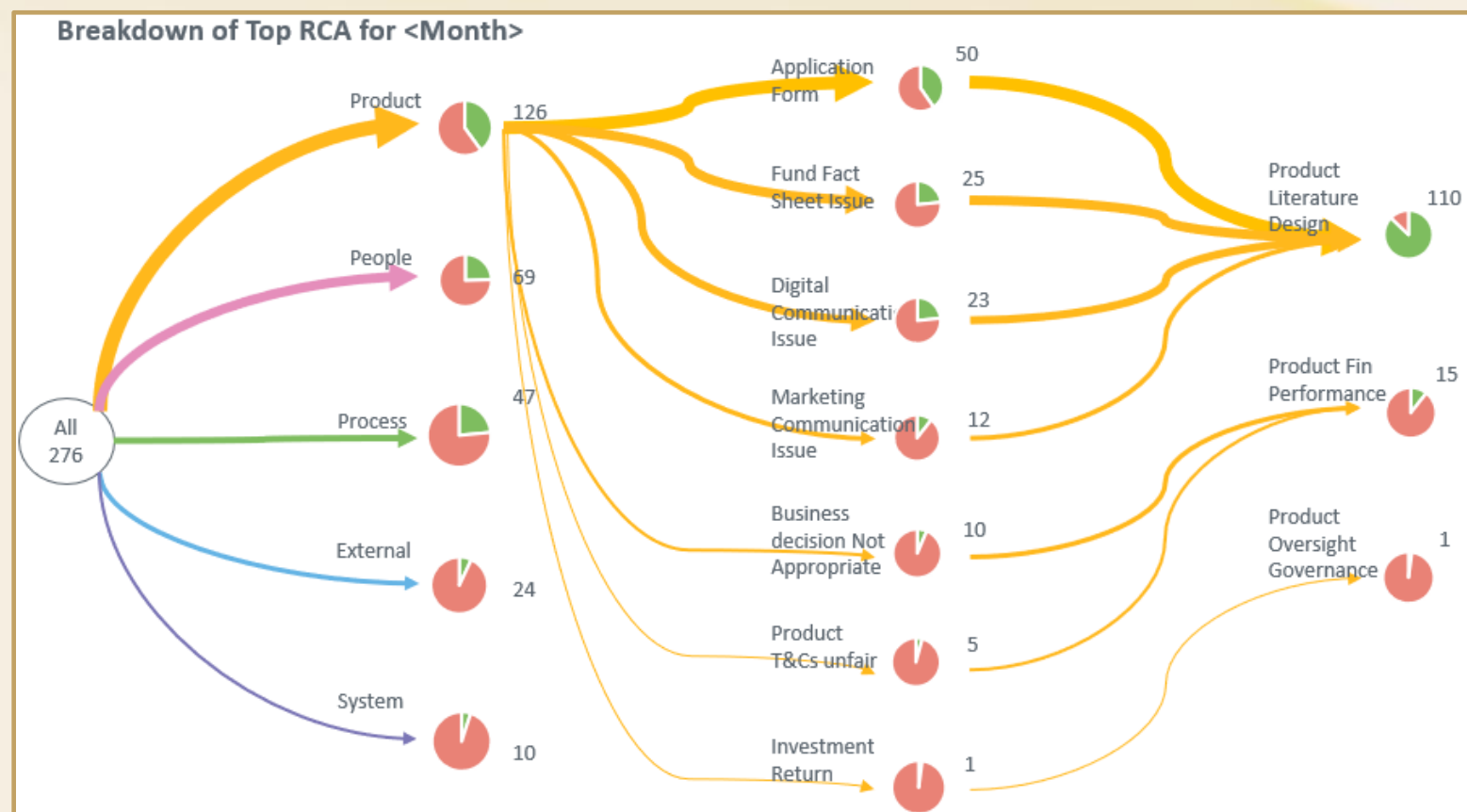
These views add value, however when we work with complaints teams, and the wider business, we find that the ability of firms to turn RCA data points into meaningful actions presents a wider challenge. Firms need to consider how the information can be best understood by the business. Once actions are agreed with the appropriate governance and working groups, tracking of actions, and their impact becomes vitally important so that the benefits of the enhanced data is understood.

In addition, firms will likely want the ability to merge complaints data with other intelligence they are gathering from within the business or their customer base, this could be:

- Service levels
- Customer satisfaction responses
- Behavioural analytics
- Risk Events
- Fair Value Assessments

As firms evolve this, especially in line with Consumer Duty best practice, we would expect them to create increasingly sophisticated views of how they are delivering good outcomes, or where they are not meeting customer expectations. For example, giving more insight into how vulnerable customers experience services in different ways, and therefore, may initiate complaints at different times, or during different processes. As we know, vulnerable customers are not a homogenous group, so the ability to analyse customer segments, whether vulnerable or not, provides far greater insight for businesses, if done in the right way.

Ultimately, the reporting element of RCA is about giving stakeholders the right information at the right time to allow for effective understanding of complaints, providing the inputs required to take the necessary action and improve the products and services on offer to the customer.

The data and presentation supports the business, with the aim of creating an inclusive culture of continuous improvement, avoiding a 'blame culture', or focussing on the wrong areas because of the biases of the presenter, or their audience.

Conclusion

As we explored in our Complaints: Going for Gold, the technology available for managing complaints is a central part of a firm's complaint strategy. Integration between complaints and the wider firm's infrastructure is becoming increasingly important. When this is combined with the power of AI to support complaints handlers in managing the end-to-end complaint journey, this not only provides a better experience for the user but also improves the speed and validity of the outcome from the customer's perspective.

Tools such as the RCA module available from CourtCorrect allow firms to add AI driven root cause to their capabilities, which presents a huge opportunity to understand their complaints to a much greater level of detail.

The objectivity and flexibility of AI provides a distinct advantage to human-led root cause above and beyond the speed and volume of data analysis that can be completed.

Integrating this technology into the complaints handling process, empowering people to use the tools at their disposal, such as the ability to query and present the data in a variety of ways will allow firms to have the best of both.

There is a huge opportunity for firms to adapt their complaint handling capabilities using AI, which will ultimately deliver better outcomes for customers, not only in complaint resolution, but also in the products and services which are provided. A smooth, effective complaints resolution process is the last opportunity for firm/brand buy-back by the customer.

With thanks to CourtCorrect for allowing us to explore their new RCA AI module.

Simplify Consulting

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courtcorrect

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