

## A REMINDER ABOUT CUSTOMER SERVICE

by [Steve Brown](#)

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We were recently checking out customer complaints posted on the internet. People had written in about their banks and one story caught our eye. In it, a customer deposited their paycheck and then wrote checks against the account to pay some bills.

As you can probably guess, the story began with an overdraft, followed by multiple NSF fees in the days that followed. After spending 3 hours on the phone, the customer became agitated enough to decide to take the next day off from work and trek into the bank to see what happened to the check they deposited.

At the bank, the story took another turn. The customer was told that they never made a deposit. Sure that they were not losing their marbles, the customer assured bank employees that they had. After much back and forth, the customer finally cajoled and insisted that bank employees conduct a manual search for the check. Lo and behold, the employees found the check. The customer was told the automatic printer had garbled most of the information, so all that was printed on the envelope was their name. So far, the customer had still not received an apology.

The story then took another turn. Apparently, in an effort to get home for the day, the teller made a big mistake when the check was originally deposited. Instead of taking the extra step to call the employer clearly listed on the paycheck and asking to be connected to the customer (to verify the account number at the bank), the teller decided to shortcut the process. They deposited the check into the first customer account on the system that matched the name. Unfortunately for the bank, there was more than one customer in the system with the same name. That meant one customer received unexpected money, while another was destined to be charged overdraft fees.

The story then took another sharp turn. After showing multiple pieces of ID and standing in the branch for almost 2 hours, bank employees finally agreed to put the money back into the account and reverse the NSF charges. You would think that would have ended the story, as the customer at this point is exhausted, but elated that their grueling day is coming to an end.

Unfortunately, as the customer packed up their information, the teller made a crucial error. Instead of leaving well enough alone, the teller misjudged the situation and decided to try to cross-sell the customer overdraft protection.

Perhaps it was the amount of the fee for the coverage, the goofy smile on the teller's face as they pitched it, the lack of an apology for causing the original problem, the fact that the customer had taken a day off from work to solve the problem or the 3 hours of phone time and 2 hours of branch time they had already spent to solve the problem. No one will ever know for sure, but the result was immediate - the customer slowly turned back around, faced the teller and in a quiet voice, asked to close their account.

That isn't the end of the story, however. The teller that closed the account did not think it meant very much (since the customer did not leave very much in the way of deposits). Unfortunately for the bank, the repercussions were much more deeply felt in the days that followed. You see, this customer was also the favorite nephew of a prominent person in town. Once the uncle heard the story, he was

so incensed at the way his nephew was treated, that he came into the bank and closed out his 8 deposit accounts and paid off both of his loans. When employees asked this great customer what they had done to cause him to do this, he simply replied "poor customer service."

The morale of the story: apologize immediately for mistakes; be cordial and helpful when customers seek assistance with a problem; understand there is a time and place to pitch a product; don't just say you provide customer service, but live and breathe it every day; think outside the box and don't be afraid to ask managers for help. You never really know which customer is related to which in any given town, so treat all customers as if they were the most important one. While community banks are generally very good at customer service, a little reminder now and again never hurts.

## **BANK NEWS**

### **Write Down**

Muni bond insurer Ambac reported a much larger than expected 1Q net loss following \$3.1B in charges for subprime mortgage securities (follows \$3.3B in 4Q). The 2nd largest bond insurer has now lost 93% of its market value over the past year.

### **Default Risk**

A new report from credit rating company Fitch indicates a surge in expected bankruptcies by high-yield leveraged companies may leave owners with no more than 10 cents on the dollar. This compares to an historical average of 42 cents on the dollar in a default and is a direct result of extreme leverage and light covenants in some loans.

### **Drop**

Robert Shiller (of the famous Case/Shiller Housing Index) predicts that housing values will fall 30% from their 2006 levels. This percentage drop is equal to what the U.S. experienced in the Great Depression.

### **BofA**

The bank announced that when it acquires Countrywide it plans to discontinue certain "exotic" mortgages (such as subprime and option ARMs). In addition, it looks to seriously curtail low doc loans.

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