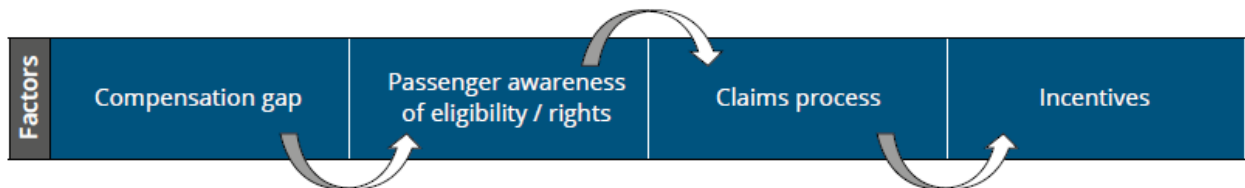


Annex C – Compensation Evidence and Analysis

Introduction

1. This annex presents additional evidence to support the analysis contained in the main section of the report. It is structured to reflect the sequence of issues that present themselves as barriers to enabling passengers to access and claim delay compensation

Figure 1 - Mapping the passenger experience of delay compensation



Delay compensation schemes

2. Delay compensation schemes are designed to benefit both passengers and train operators by providing a quick and straightforward means of delivering redress to passengers affected by delays to their train services. Passengers are subject to different compensation rights and obligations according to the nature of the delay compensation scheme which applies to the train operator they are travelling with. These schemes are typically specified in operator franchise contracts.

Delay Repay schemes

'Delay Repay' is the delay compensation scheme operated by most train companies. This is a national scheme used by operators to compensate passengers for delays. All ticket types are covered by Delay Repay, and passengers can make a claim to the operator for delay compensation whatever the cause of disruption. There are two types of Delay Repay schemes currently in use:

Delay Repay 30 (DR30)

Passengers can claim compensation if the train's arrival is delayed by 30 minutes or more. Passengers delayed by between 30 and 59 minutes are entitled to 50% of the cost of a single ticket, and if the passenger is delayed by 60 minutes or more, the passenger is entitled to a 100% refund of a single ticket. If delayed 120 minutes or more the passenger can claim the cost of a return journey (if they have a return ticket). Nine TOCs currently use DR30.

Delay Repay 15 (DR 15)

Further to their rights under DR30, under DR15 passengers can additionally claim compensation if the train is delayed by 15 minutes or more. DR 15 allows a passenger to claim 25% of the cost of a single ticket if they are delayed between 15 and 29 minutes. A limited number of TOCs currently operate DR 15, including c2c, GTR, Northern, South Western Railway and West Midlands Trains. Southeastern are due to introduce DR15 from Autumn 2019.

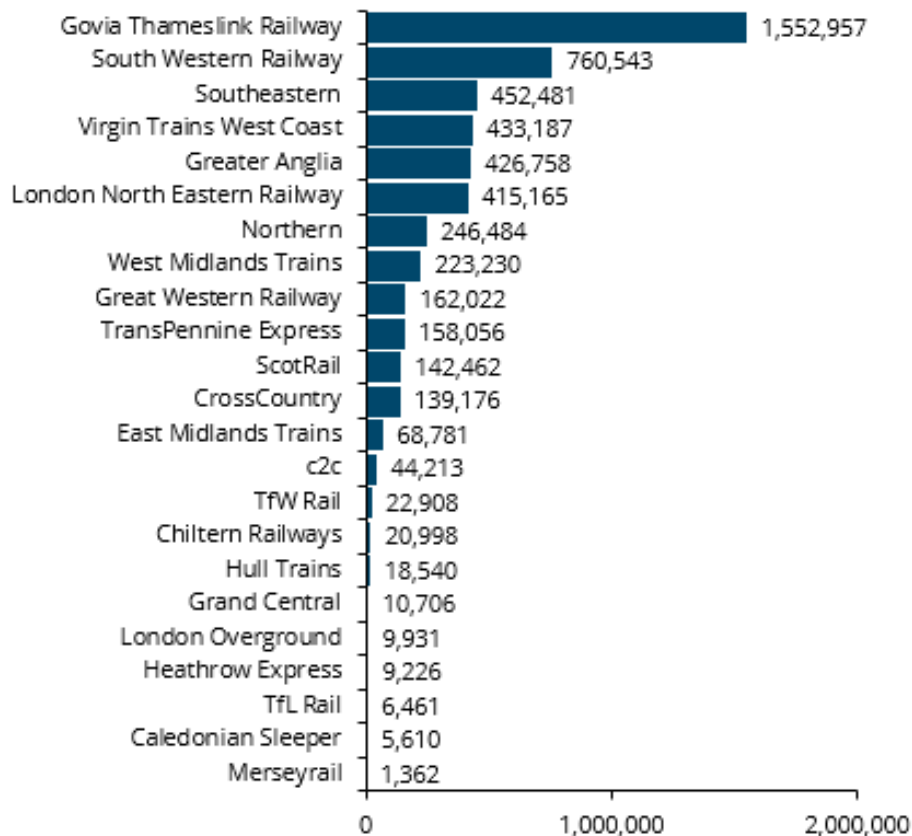
Other schemes (traditional schemes):

Some other operators (including 3 open access operators, and 5 franchise operators) currently operate other delay compensation schemes which are different to Delay Repay. Often these schemes have different timeframes to be eligible, and compensation can vary between each schemes Compensation may not be available if the delay is caused by an event outside the operator’s control. In addition, season ticket holders may not be entitled to claim compensation for individual delays, but instead may receive a discount if performance falls below a certain threshold.

Delay compensation claim volumes by train operator

3. Delay compensation claim volumes vary significantly by train operating company which broadly reflect the differences in the number of journeys undertaken on each operator’s services.

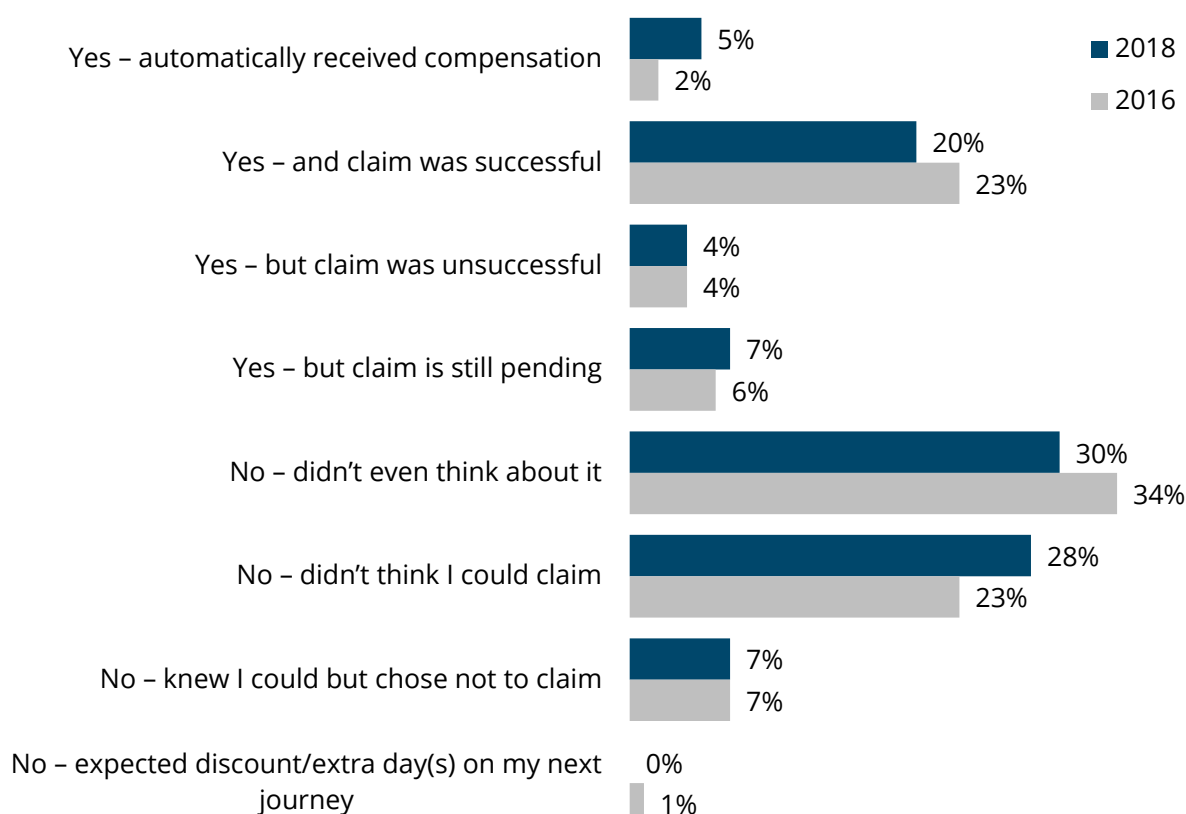
Figure 12: Volume of delay compensation claims closed, Great Britain, 2018-19



The compensation gap

- A key area of concern for ORR is that only a minority passengers who experience a qualifying delay go on to claim for the compensation they are entitled to. The 'compensation gap' is the main metric ORR uses to assess progress in this area and is defined as the difference between the percentage of passengers eligible for delay compensation relative to the percentage who actually claim/receive compensation. ORR developed this metric following the super-complaint from Which? in 2015¹.
- Research from DfT/Transport Focus² indicates that only around a third (35%) of those passengers who experience a qualifying delay actively claimed for compensation, or received it automatically if this is offered by the train operator they travelled with. The chart below illustrates how the claim rate has remained unchanged overall between 2016 and 2018 (although claims for DR30 increased by 4 percentage points between 2016 and 2018).

Figure 2 – Proportion of eligible delays which were claimed for



The overall claim rate remained unchanged at 35% between 2016 and 2018

- ORR's main areas of focus since the super-complaint have principally concerned the removal of barriers to passengers claiming delay compensation to narrow the compensation gap and deliver material passengers benefits as quickly as possible.

¹ <https://orr.gov.uk/rail/protecting-consumers-test/complaints-and-compensation/rail-compensation>

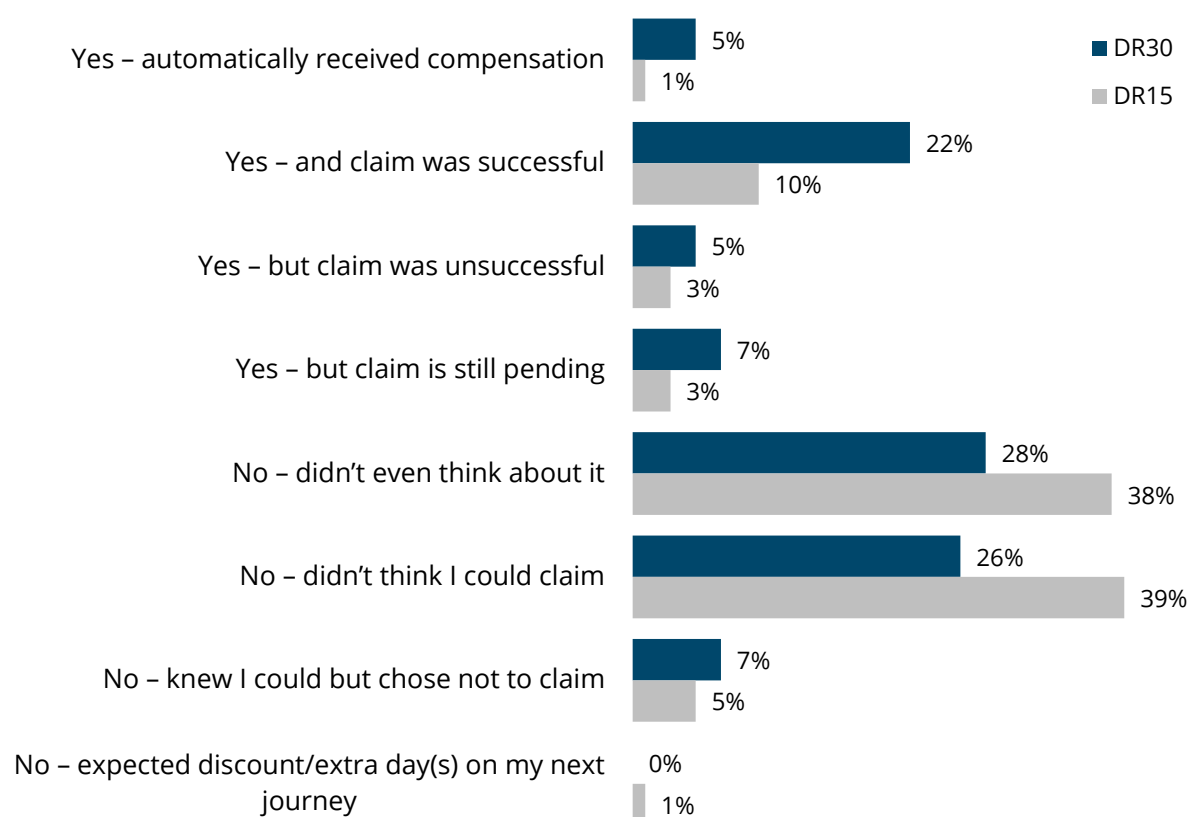
² <http://d3cez36w5wymxi.cloudfront.net/wp-content/uploads/2018/10/09181728/Rail-delays-and-compensation.pdf>

Awareness of eligibility and rights

7. As figure 2 illustrates, perhaps the most significant barrier to increasing the claim rate is the relative low awareness amongst passengers that they are eligible for compensation, and how to go about claiming it. In 2016 more than half (57%) of those eligible to claim did not do so because they were unaware of their eligibility to claim. The percentage of passengers unaware of their eligibility to claim after experiencing a qualifying delay actually increased to 58% in 2018, with the increase perhaps explained by the transition of some train operators to DR15.

Figure 3 – Proportion of passengers claiming under DR30 and DR 15 (2018)

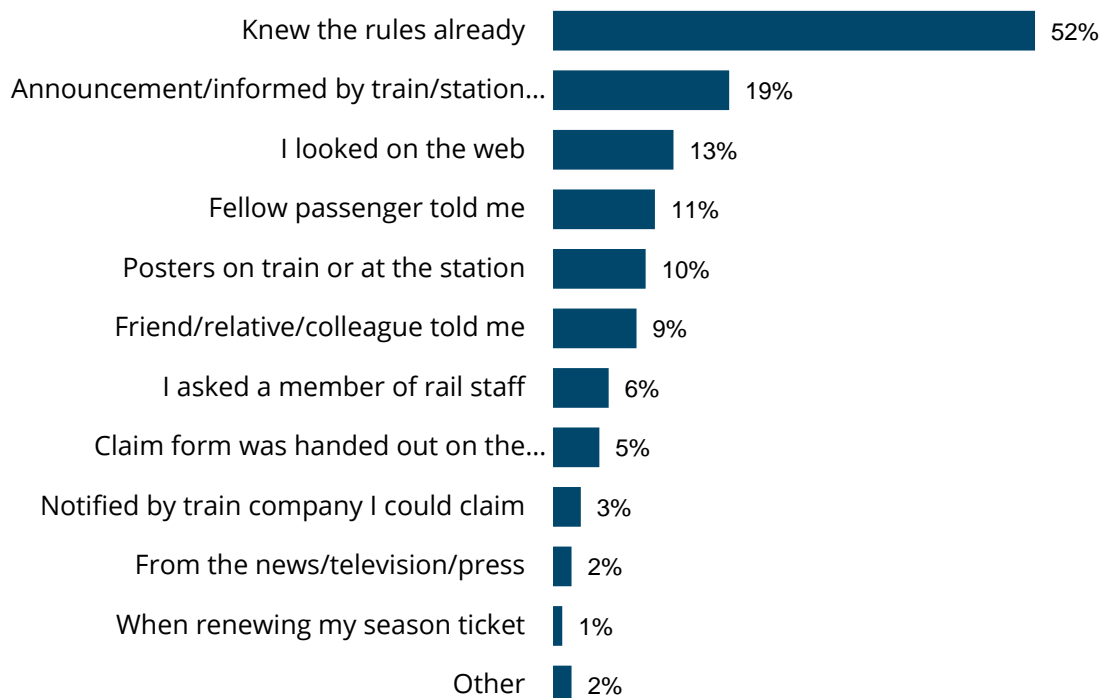
Overall claim rate under DR30 is 39%, for DR15 it is 18%



8. It is therefore possible that during this period of some train operators migrating onto the new DR15 scheme it has exacerbated some passengers' confusion about when they have experienced a qualifying delay and what their entitlement is.
9. Raising passengers' awareness of their entitlement to claim when they have experienced a qualifying delay is therefore central to increasing the claim rate. To that end, evidence shows that proactive steps taken on the part of train operators to inform passengers of their eligibility to claim is a key driver for increasing awareness. Almost four-in-ten (37%) of those aware of their

entitlement to claim cited some form of train operator action³ as the prompt for knowing they were eligible to claim for their most recent delay.

Figure 4 – How passengers became aware of the eligibility to claim



10. The data further shows that more than half (52%) of those aware of their entitlement to claim stated they 'already knew the rules', and so it could be inferred that these individuals have perhaps previously claimed. This is because once a passenger has claimed they are likely to claim consistently in the future.

³ Comprised of: 19% *announcement/informed by train/station staff*; 10% *posters at the station*; 5% *claim form was handed out on the train/at station*; 3% *notified by train company I could claim*.

Figure 5 – Passenger attitudes to claiming

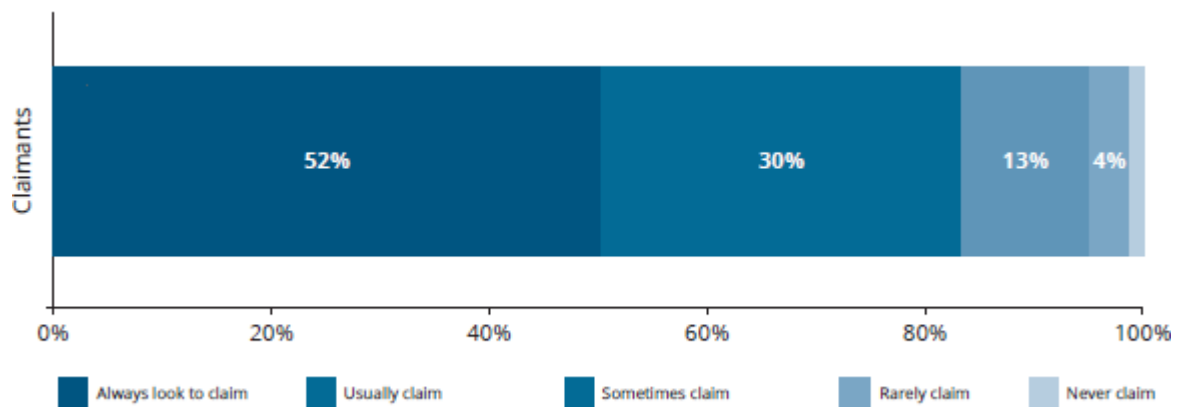
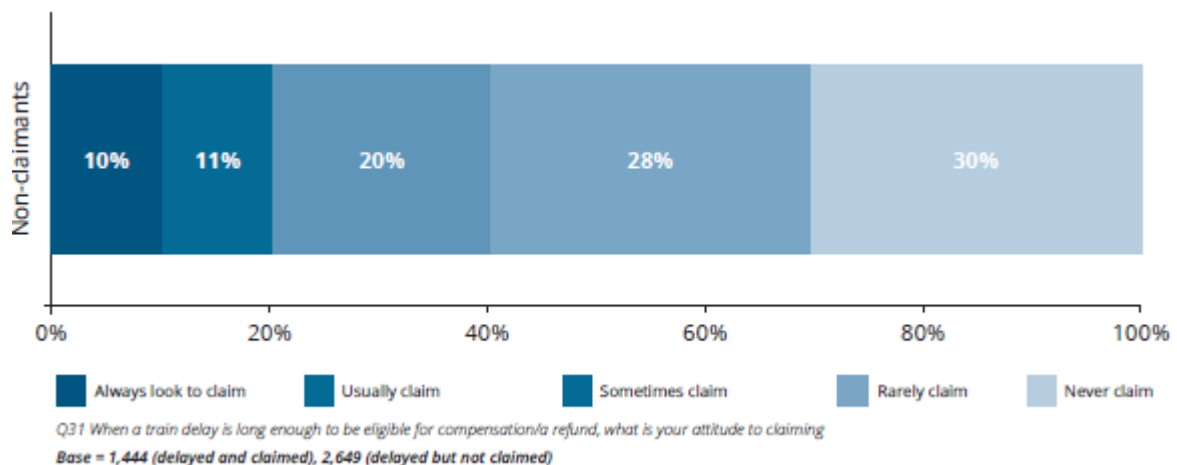


Figure 5 (cont) – Passenger attitudes to claiming



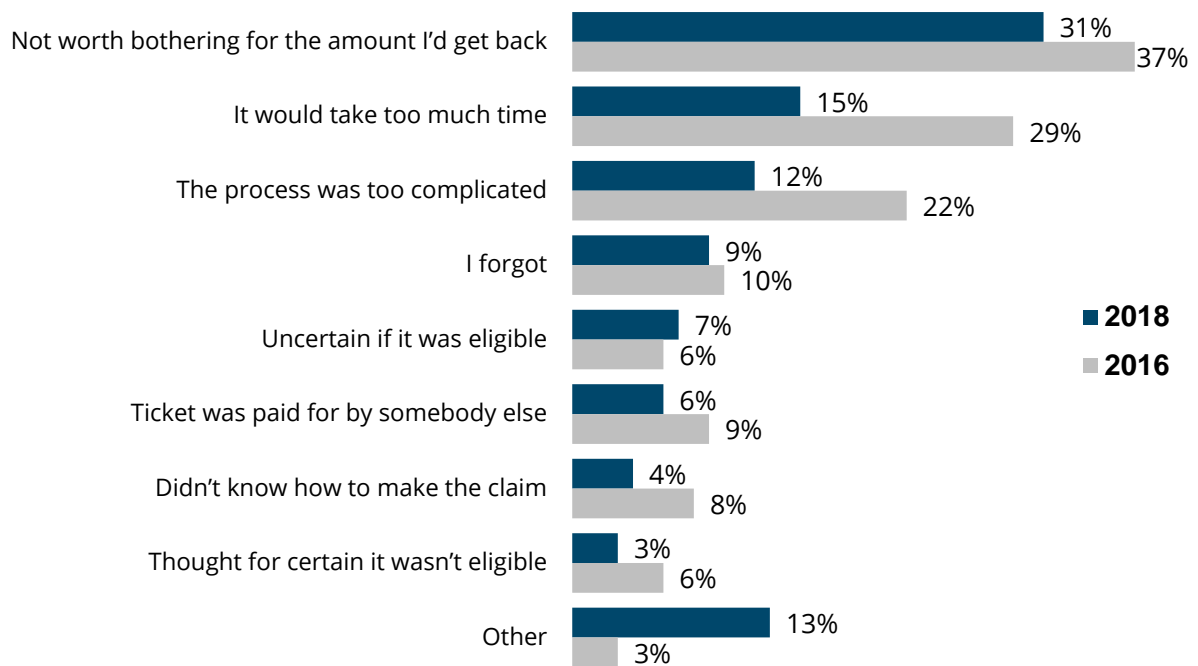
- This therefore suggests that if steps are taken to make passengers aware of their eligibility to claim and how to claim, they retain that knowledge and it increases the probability they will become a repeat claimant going forward.

Claims Process

- The delay compensation claims processes represent another area where improvements could encourage more passengers to claim. Profiling claimants and non-claimants reveals key factors which motivate passengers to claim and point to areas where improvements to the claims processes should be best targeted.
- Almost one third (31%) of those aware of their eligibility to claim but chose not to, stated this was because it was 'not worth bothering for the amount of money I'd get back'. Perceptions about the amount of time it takes to make the claim (15%) and the complexity of the process (12%) were also significant factors. This indicates the passenger considers the level of compensation expected relative to the perceived time and effort required to make the claim.

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Figure 6 – Reasons for choosing not to claim



14. Related to this, when profiling the motivations of claimants this shows that delay length, ticket cost and ticket type all contribute to a passenger's individual cost-benefit analysis as to whether or not it is worth claiming.

Figure 7 – Propensity to claim by ticket value

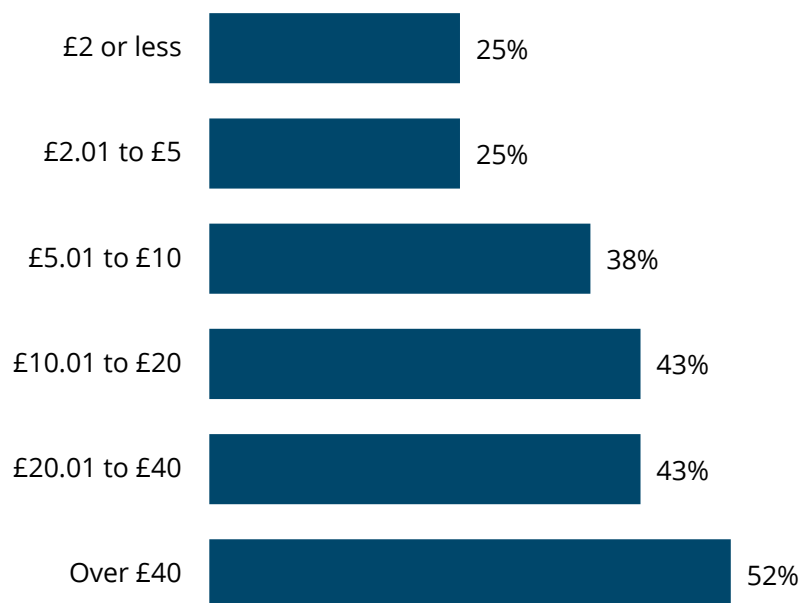
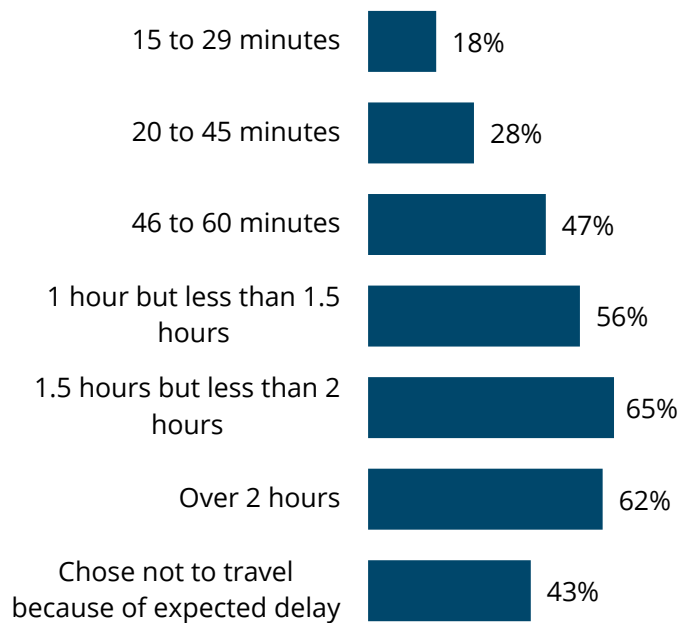


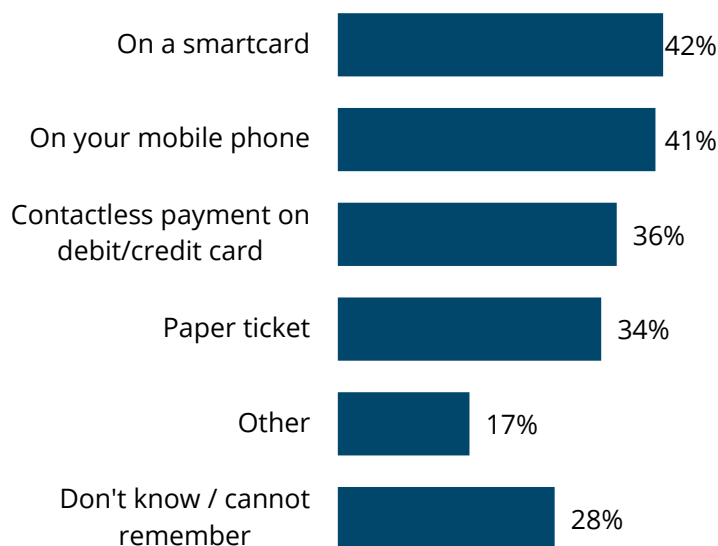
Figure 8 – Propensity to claim by delay length



15. The average GB rail fare is just under £6 which means that for a 31 minute delay a passenger could expect £3 in compensation under DR 30 for a single journey. For a 17 min delay under DR15 the passenger could expect to receive £1.50 in compensation for a single journey⁴. The data indicates that for some passengers the current level of effort it takes to claim for these levels of compensation disincentivises them to claim.
16. This is further illustrated when analysing claim rates by ticket type. Propensity to claim is notably higher for smartcards (42%) users relative to passengers travelling on paper tickets (34%). This is possibly explained by the fact that for some smartcard users delay compensation is sometimes automated (to varying degrees depending on the operator) which means there is less effort required to claim.

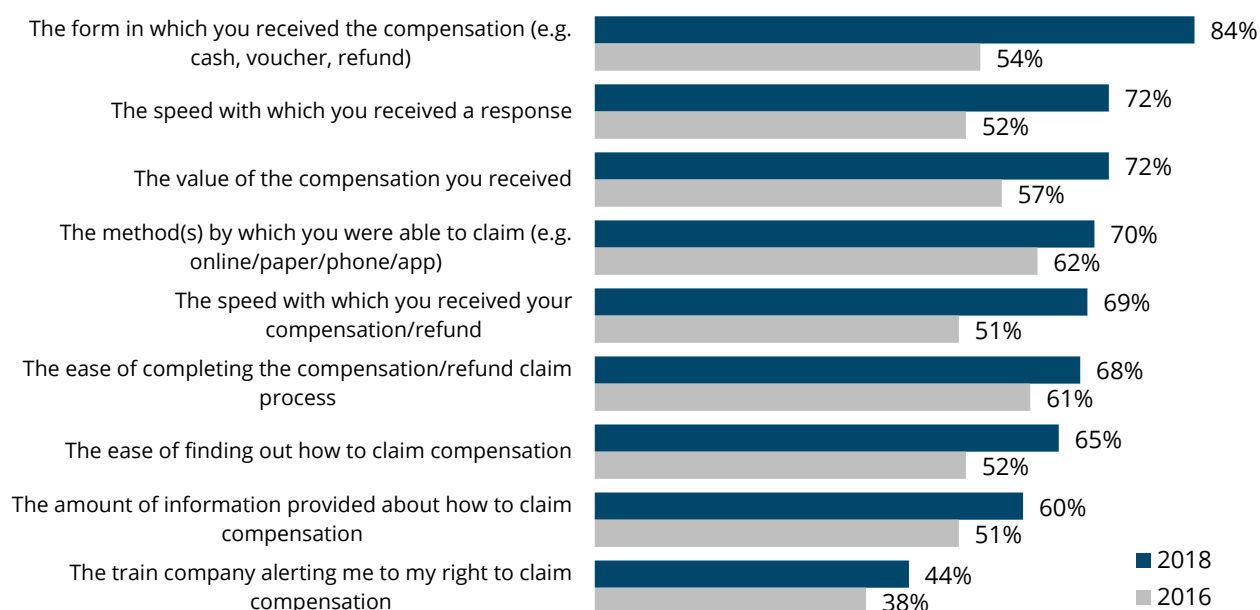
⁴ Average fare during 2017-18 was £5.65, based on ORR analysis within UK rail industry financial information 2017-18: https://orr.gov.uk/_data/assets/pdf_file/0013/40351/uk-rail-industry-financial-information-2017-18.pdf

Figure 9 – Propensity to claim by ticket type



17. Consideration of these factors is important because it indicates that if the process for claiming was made easier, in other words required less time and effort, it could incentivise more passengers to claim.
18. Nevertheless, it is important to note that clear progress has been made between 2016 and 2018 to improve claims processes. As the chart below illustrates there has been an increase in claimant satisfaction with almost every aspect of the claims process, although operator notification remains an area of poor satisfaction.

Figure 10 – Claimant satisfaction with different elements of the claims process



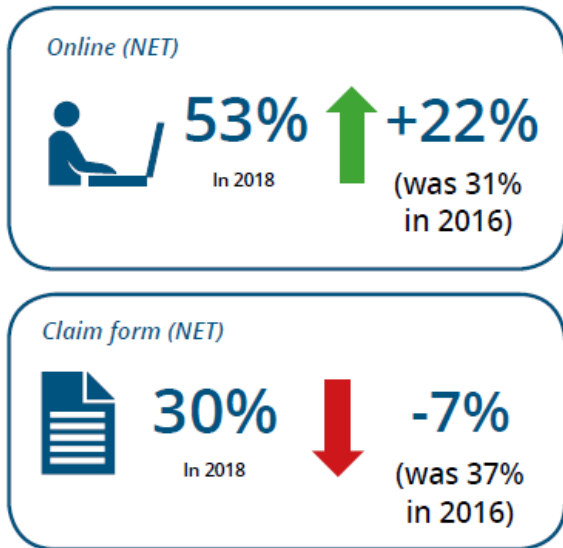
19. Another notable trend is that passengers are also increasingly claiming online, more than half of claims (53%) are now made via operator websites or webform – which represents a 22 percentage point increase in two years. This is reflective of the efforts made by operators over the last few

ANNEX C: Compensation Evidence and analysis

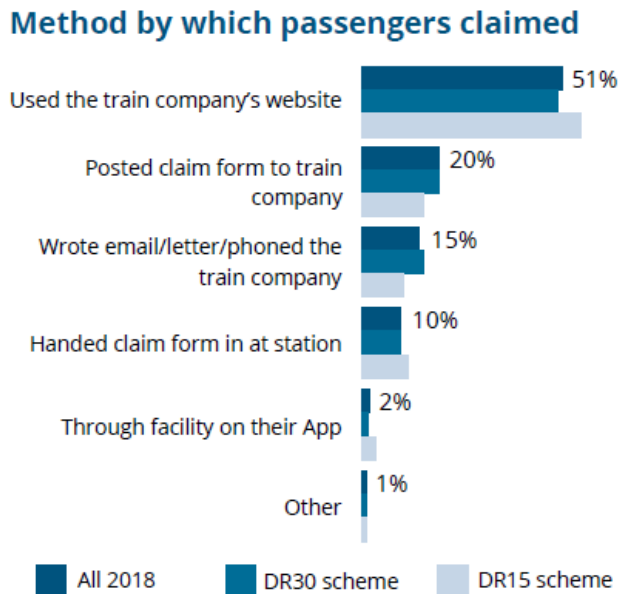
years to increasingly steer claimants to use webforms as it can be more efficient to process these claims relative to paper claim forms which often need to be processed manually.

- 20. Nonetheless it is important to recognise that many (30%) passengers still favour a paper claim form, especially some older passengers. It is therefore important that this claim channel remains open to ensure these passengers are not presented with a barrier to claiming.

Figure 11 – percentage of claims by claims channel



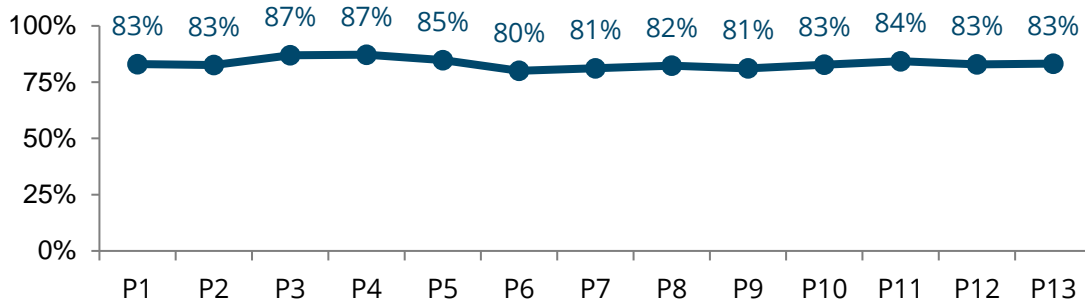
Q27 How did you apply for compensation/refund?
 Base = 1,260 had eligible delay and made a claim (Q18) in 2018, 1,263 in 2016



- 21. In terms of outcomes from the claims process, the vast majority of delay compensation claims submitted by passengers are successful (83.6%).

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Figure 12 – percentage of delay compensation claims approved (national average)



Main reasons for rejection of claims:

- Inadequate information provided (e.g. proof of ticket)
- Ineligible for compensation (e.g. not over 15 minute threshold)

22. However, the percentage of claims approved does vary significantly by train operator as illustrated in the chart below.

Figure 13 - percentage of delay compensation claims approved by train operator

