



## Intelligent Advisory

### The role of AI in enhancing complaint management

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**Rajesh M**

Senior Vice President - Director of Products, Delivery and Technology Practices, IntellectAI

*The financial services industry today is grappling with an overwhelming number of remediation issues, creating a tsunami of challenges that require significant budget allocations. In the UK alone, financial institutions have set aside nearly 50 billion GBP to address mis-selling cases, with the introduction of Consumer Duty further highlighting the scale of the issue.*

**When analysing the root causes of common complaints today, they typically fall into three key categories:**

- Poor advice or wrong product recommendations given to customers
- Not adhering to agreed servicing intervals as mandated by regulations
- Quality of service or advice not meeting expected standards

**Given the volume of these complaints, the traditional approach to complaint management is proving highly inefficient.**

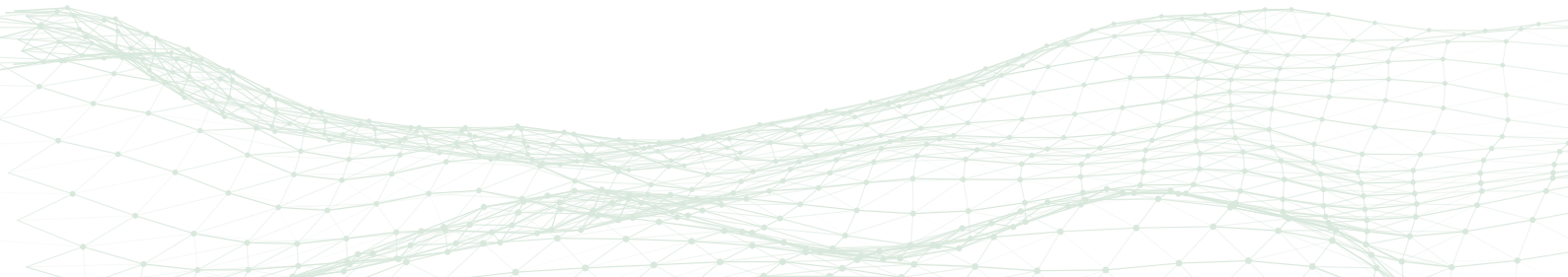
**Financial institutions often struggle with:**

- Multiple systems that do not seamlessly interact
- No single version of truth for investigations
- Lack of standardised processes for complaint resolution
- Complexity in navigating different regulatory frameworks
- Time-consuming complaint reporting mechanisms

Despite the massive budget set aside for remediation, 10 – 20% of this remediation amount is earmarked for the operations, amounting to billions of pounds. These operations, in addition to having manual heavy processes, are riddled with operational inefficiencies. Within this challenge, two primary sources of inefficiencies emerge:

- Technology-related challenges
- Resourcing/FTE challenges, which account for 70 – 80% of costs

**This highlights a critical opportunity: leveraging Artificial Intelligence (AI) to drive operational efficiencies, potentially improving processes by 40 – 80%.**



# The role of AI in enhancing complaint management

To address these inefficiencies, financial institutions must deconstruct the problem and explore how Generative AI (Gen AI) and Agentic AI can streamline complaint management. The process follows a structured approach:



## Complaints are raised:

These are verified and logged into a central system

## Centralised orchestration:

- AI helps extract the contextual data required for the complaints investigation
- AI helps categorise and organise data efficiently



## Intelligent Investigation

AI helps investigate complaints grounded to organisational truth

## Report generation:

AI facilitates automated reporting, enhancing clarity and categorisation.



Importantly, AI does not replace human decision-making. Instead, it augments and accelerates the process by reducing the manual effort involved in tracking, investigating, and reporting complaints.

# Introducing IntellectAI's complaints investigation solution

A pioneering multi-agent solution, Complaints Investigation, powered by Purple Fabric from IntellectAI, offers an automated and streamlined approach to handling financial complaints. The solution follows a structured workflow:

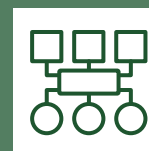
## Tracks incoming complaints:

AI ensures every complaint is verified, logged and categorised in real-time.



## Understands and classifies complaints:

Advanced AI models analyse complaints based on historical data and regulatory requirements.



## Creates a case dossier:

A structured repository is created for each case, maintaining a comprehensive history.



## Runs an investigation:

AI processes relevant documentation, regulatory policies, and historical data to assess the case.



## Adjudicates a decision (with a human in the loop):

While AI provides analysis, final decisions remain with human experts to ensure fairness and regulatory compliance.



At IntellectAI, the solution was developed using the Enterprise AI platform - Purple Fabric. The platform enables financial institutions to build and deploy AI solutions at scale and with speed, generating both immediate and long-term benefits.

## Key business outcomes of AI-powered complaints investigation

The implementation of AI-driven forensic intelligence in complaints management yields substantial business benefits:

### Amplified output

By automating various aspects of complaint handling, institutions have achieved an 80% reduction in average case handling time, allowing them to process and resolve complaints more efficiently.

### Financial fortitude

The solution has led to 50% reduction in cost per case resolution, significantly cutting operational expenses while improving service levels.

### Reusable intelligence

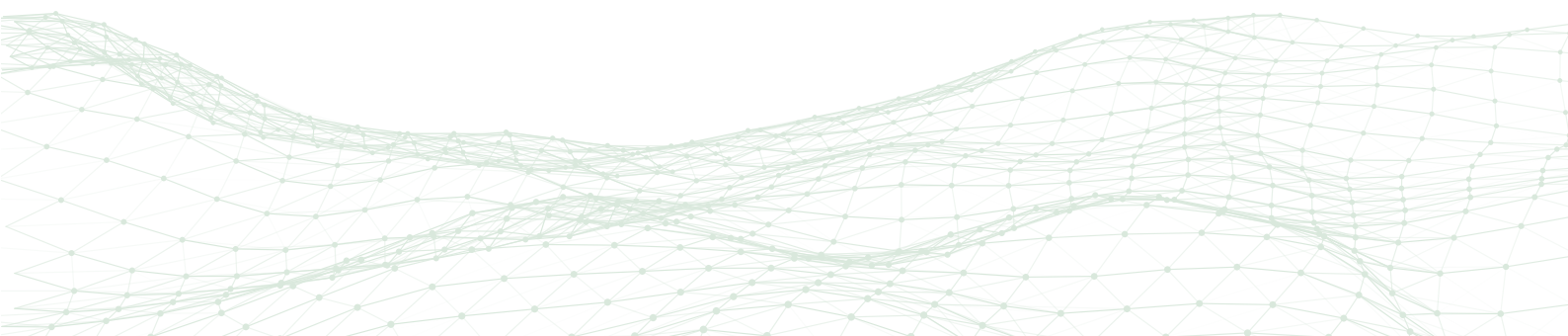
One of the most transformative aspects of this AI-driven solution is its ability to proactively use forensic intelligence to mitigate future complaints. By analysing historical complaints, the system provides insights into recurring issues and helps financial institutions take preventive measures, thereby reducing future liabilities.

## From reactive to proactive: the broader potential of AI in financial services

While AI-driven complaint investigation offers an effective reactive solution, its true value lies in its ability to provide proactive insights. By leveraging AI-powered forensic intelligence, financial institutions can:

- Gain a 360-degree view of complaints and customer interactions
- Generate contextual insights to identify early warning signs
- Prevent small issues from escalating into major regulatory challenges

For example, financial institutions can apply forensic intelligence to past business reviews. By identifying patterns in historical complaints, AI-driven solutions can recommend corrective actions before minor issues become significant liabilities.



## Beyond complaints: AI's role in compliance and customer remediation

The proactive application of AI-driven forensic intelligence extends beyond complaints management to address broader financial industry concerns:



### Regulatory compliance:

AI can continuously monitor regulatory changes, ensuring compliance frameworks remain up-to-date.



### Customer remediation:

Institutions can use AI insights to proactively address customer concerns before they escalate.



### Operational efficiency:

AI-driven automation streamlines processes, reducing the need for manual intervention.

## Tangible and intangible benefits of AI implementation

### AI-powered complaint investigation delivers both short-term and long-term advantages:

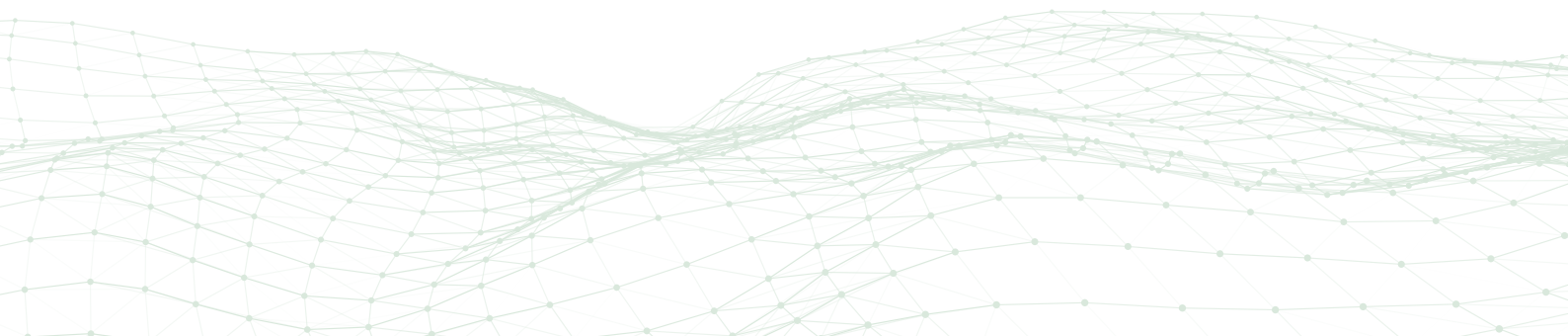
Short-term gains: faster complaint resolution, reduced costs, and improved operational efficiency

Long-term strategic benefits: enhanced compliance, improved customer trust, and greater institutional resilience.

The financial services sector can draw parallels from other industries. For instance, the wealth management sector is now facing similar regulatory scrutiny that the insurance industry previously experienced. By implementing AI-driven forensic intelligence early, financial institutions can stay ahead of compliance risks and operational inefficiencies.

## Peripheral benefits: OPEX avoidance and enhanced customer experience

**Another key advantage of AI-driven forensic intelligence is OPEX avoidance. By leveraging AI to improve complaint management, institutions can reallocate resources that would have otherwise been spent on remediation costs. This enables financial firms to:**



- Invest in customer experience enhancements
- Allocate funds to business expansion and digital transformation
- Improve overall financial stability

## Conclusion: the future of AI-driven complaint management

Financial services firms are at a crossroads. The industry's reliance on traditional, inefficient complaint management processes is no longer sustainable in an era of increasing regulatory scrutiny and consumer expectations.

The integration of AI-powered forensic intelligence presents a transformational opportunity to move from a reactive approach to a proactive strategy, delivering:

- **Operational efficiency through automation**
- **Cost reduction by streamlining complaints investigations**
- **Enhanced compliance by identifying issues early**
- **Improved customer trust through faster and fairer resolutions**

By leveraging AI, financial institutions can mitigate the impact of customer complaints, reduce regulatory risks, and drive greater business resilience. The future of financial services is not just about managing complaints – but preventing them altogether.

**We would be happy to schedule a call with you and your team.**

To know more contact  
**Rajesh M**



Rajesh M



+91 9176237026



intellectwealth@intellectdesign.com