

Changes to consumer representation

The government will be introducing new arrangements for consumer representation in the energy sector from 1 October 2008. The new arrangements replace energywatch and create a package of support and protection for consumers who have complaints against their energy supplier. The arrangements also build on existing customer protection measures including the Energy Ombudsman.

19.09.08

What customers should do if they have a complaint about energy supply?

As with the current arrangements consumers who have a complaint should contact their supplier first. Under the new arrangements energy suppliers have committed to keep to a new and stringent set of **complaints handling standards** set by energy regulator Ofgem. If they fail to do so they face the prospect of heavy fines. Suppliers have a set time limit during which in most cases they will resolve the complaint. The time limit is currently eight weeks for the six major suppliers and 12 weeks for smaller suppliers.

If a point is reached where the supplier says it can do no more to resolve the complaint and the consumer is still not satisfied or the time limit has expired, the consumer can move on to seek redress through the **Energy Ombudsman**. Smaller energy suppliers are now required to be part of the ombudsman scheme.

Consumer advice

Consumer Direct is the Government's helpline providing advice and information for consumers by telephone and online. As well as being able to offer practical, impartial advice, it can refer consumers to bodies that are better able to assist.

Although primarily a service for domestic consumers, Consumer Direct will offer basic advice to business consumers.

Consumers can contact Consumer Direct on 08454 04 05 06 or via its website - www.consumerdirect.gov.uk. Consumers will find contact details for Consumer Direct on the back of their energy bills.

Consumer Direct will refer all consumers it identifies as being vulnerable or potentially vulnerable, threatened with disconnection, or who have been disconnected, to the extra help unit in **Consumer Focus**.

Consumer Focus

Consumer Focus is the name for the new National Consumer Council. It will have a duty to investigate complaints about actual or threatened disconnection, and power to investigate complaints from vulnerable consumers only.

Where Consumer Focus identifies policy issues of wider concern it will raise them with the regulator or Government as appropriate.

Consumer Focus has consulted on a forward work programme. It is engaged in a dialogue with stakeholders, including energy companies and representatives of consumers and small businesses, to set the focus for the new organisation over its first eighteen months. This programme will be published when the new organisation launches on 1 October 2008.

Pricing information

Customers need to have access to information comparing prices suppliers charge for energy, so they can check they are on the best deal. Consumer Focus will provide price

comparisons on its website www.consumerfocus.org.uk. The website will also include a list of approved switching sites.



The Energy Ombudsman

Ofgem has appointed the current Ombudsman Service Limited to become the new independent ombudsman for gas and electricity consumers. The new arrangements formally extend the scope of the existing voluntary ombudsman scheme to all energy suppliers and network companies.

The **Energy Ombudsman** will settle disputes between energy companies and consumers and has the power to award

consumers up to £5,000 in compensation. The scheme extends to micro businesses as well as domestic consumers. The Ombudsman will also be able to investigate complaints customers make about energy network companies – which transport gas and power to their homes.

New complaints standards – checks and balances

Ofgem has introduced tough new complaints handling rules for energy companies. The **complaints handling standards** will come into force on 1 October 2008 and apply to all complaints from domestic and micro business consumers made to suppliers and energy network businesses. The Government defines a micro business as one with:

- I. an annual consumption of electricity of not more than 55,000kWh; or
- II. an annual consumption of gas of not more than 200,000kWh; or
- III. fewer than the equivalent of ten full time employees and an annual turnover or annual balance sheet total not exceeding €2 million.

The new standards provide an improved level of service for consumers. For example:

- consumers will no longer have to repeat all the details of the complaint if they need to contact the supplier again;
- suppliers will no longer insist that complaints are put in writing before they can be considered; and
- companies will publish information on the number of complaints they receive. This will enable consumers to judge which companies provide the best service.

Companies will be audited on how they handle complaints and comply with the new standards. They could be fined up to 10 per cent of turnover if they do not meet the standards. Ofgem will carry out the first audit at the end of 2008 to ensure companies are meeting the new obligations and to help promote best practice.

Small Businesses

The Consumer, Estate Agents and Redress Act (2007) brings into force the new arrangements for consumer representation and in it there is no distinction between domestic energy customers and small businesses. This means that small businesses will benefit from the new complaint handling

standards set by Ofgem, the redress scheme run through the Energy Ombudsman and, as a backup, Consumer Focus' Extra Help Unit for vulnerable small businesses threatened with disconnection.