

Energy

Sector report January - December 2016

For more information about what we do and examples of how we handle complaints, please visit our website www.ombudsman-services.org/energy

Energy complaints

The total number of complaints by domestic energy consumers fell by 32 per cent last year.

The total number of complaints dropped from around 5 million in 2015 to 3.5 million complaints in 2016 - the lowest point in three years. Most large and medium suppliers solved on average at least 90 per cent of complaints within 8 weeks, the deadline after which complaints may be referred by individuals to the Energy Ombudsman.

New ways of working

In 2016, following an independent Ofgem review of our service, we welcomed the opportunity to adopt a new approach to improving standards and performance across the energy market. Working collaboratively with Ofgem and Citizens Advice we have made significant progress in the three roles identified in the review: to resolve individual complaints; to identify issues in individual companies and make recommendations to improve complaint handling, and to identify systemic industry wide issues. The following are all examples of how we have made steps towards an improved way of working.

Data publication

In 2015 we started to publish data which details complaints received and resolved for the ten largest suppliers. The data provided consumers with a glimpse into the way suppliers handled complaints but didn't capture the full picture. We now publish our data on the same date as Ofgem and Citizens Advice, each making direct links to the others data, which provides a fuller picture of the energy customer's journey. This coordinated publication allows consumers to identify supplier performance in the area most important to them and in turn allows the consumer to make informed choices.

Remedies

We introduced a remedy implementation policy in 2015 to address the growing issue of delays by suppliers to complete the actions we required to resolve individual complaints. The response by suppliers was overwhelmingly positive and 2016 saw a significant improvement in speed and accuracy of remedy implementation. By working with suppliers to understand the practicalities and limitations of the industry, the Energy Ombudsman has been able to ensure remedies required are the best possible for the individual consumer and that the suppliers are able to complete the remedies to bring the complaint to a swift, appropriate resolution.

The success of the remedy policy in improving the customer journey, and processes in both industry and the Energy Ombudsman, is such that we are now considering whether there is an ongoing need for the policy in its current format.

Smart meters

Smart meters are a key focus of the energy industry and the Energy Ombudsman has adopted new methods of working to raise customer service and complaint handling standards during the rollout process. The introduction of new complaint categories in August 2016 enabled us to gather data specific to smart meter complaints. We engaged with many suppliers and network operators to understand the pinch points of the smart meter rollout, and we have started to analyse the data to understand what issues the consumers experience as a direct result of having a smart meter. By doing this the Energy Ombudsman aims to influence appropriate change in the industry and help promote fair and transparent actions during the smart meter rollout to minimise consumer detriment.

Customer satisfaction

We recognise that one of the best ways to improve our service is to listen to what our stakeholders have to say. The Energy Ombudsman engaged with key stakeholders and established a 360° feedback framework to measure satisfaction and where we add value. The feedback surveys will start in January 2017 and improvements will be made to our service based on the results.

Billing and switching

Late billing continues to be an issue for many of the consumers who use the Energy Ombudsman. We contribute complaints insights as the voluntary billing code evolves and focus on raising supplier standards, particularly for those which are new to the market or experiencing more complex complaints.

Since the outcome of the Competition and Markets Authority investigation into the energy industry, focus has moved away from the billing code to switching. During 2016 we started to monitor switching complaints more closely and we introduced a more robust data category to enable us to capture more detail. We have started to work with suppliers if we see unusual levels of switching complaints.

Working with the industry

In response to the independent Ofgem review of our service, the Energy Ombudsman introduced a High Impact Events process. Although not yet finalised, we have already used it to the benefit of consumers and industry. We identified a lack of consistent messaging across trusted organisations after it was revealed that there had been a mix up of industry records. Metric and imperial meters were incorrectly recorded for a number of customer accounts, resulting in incorrect

charges. While the messages were not inaccurate, consumers were having difficulty identifying which category they fell into, leading them to believe they had been overcharged. Through discussion with suppliers, the regulator and industry bodies, and using analysis of a relatively few complaints, we ensured that accurate information was made available and suppliers were better able to manage customer expectations.

One supplier stated: "Thank you so much for the invaluable support, advice and guidance you gave us relating to an error in incorrectly charging a gas customer. You reassured us that we had considered the customer impact of this error along with suggesting to sign post the customer to the Energy Ombudsman's website for independence and to show what's expected from energy suppliers."

[On a second issue] we shared another case showing where we had recognised the differences of customer impact/detriment and applied a fair outcome for the error caused. We would welcome more of this type of interaction and learning from the Ombudsman."

Energy at a glance (January – December 2016)

Total initial contacts

88,255



How these contacts got in touch

44,966

51% Telephone



43,289

49% Written



Of those written contacts

67%

28,947 were emails



Terms of reference

54%

Percentage of initial contacts inside terms of reference (ITOR)

46%

Percentage of initial contacts outside terms of reference (OTOR)

41,622
Complaints resolved

Awards and remedies



Financial
0%



Non-financial
10%



Both
87%



No action
3%

12%

5,268 were letters



21%

8,975 were web forms



<1%

11 were faxes



Contacts outside terms of reference

55% More information was required

26% Were premature complaints

10% Were over 9 months old

9% Other

Of the complaints resolved

51% Upheld

7% Not upheld

12% Settled

30% Maintained

Key performance indicators (KPIs)

65% of calls answered in less than 2 minutes

86% of calls answered in less than 5 minutes

72% Of correspondence actioned within 10 days

59% Resolved in under 6 weeks

89% Resolved in under 8 weeks

Top three complaint types

1 Billing 74%

2 Transfers 7%

3 Customer service 4%

£3.3m the total amount paid by companies to consumers as a result of our intervention.
The most common financial award was £100