

The logo for Ombudsman Services features a stylized 'O' composed of four colored segments: blue, green, purple, and orange. 

# Ombudsman Services

Good for consumers – Good for business

## Annual Activity Report for Ombudsman Services: Energy

July 2015 – June 2016

## Introduction

In June 2015 Ombudsman Services: Energy (OS: Energy) was approved by Ofgem to provide alternative dispute resolution services regarding energy supply to domestic and small business consumers under the Alternative Dispute Resolution for Consumer Disputes (Competent Authorities and Information) Regulations 2015 (the Regulations).

As part of that approval, under Schedule 5 of the Regulations, OS: Energy is required to produce an annual activity report which contains the information below:

**a) The number of domestic disputes and cross-border disputes the ADR entity has received.**

OS: Energy received 103,859 disputes during the reporting period. A dispute is defined as a request from a complainant notifying OS: Energy of an unresolved complaint for investigation. Of these cases 56,064 fell within scope of what OS: Energy can deal with. 143 of the total cases received were Cross Border complaints. Of these cases 39 fell within the scope of what OS: Energy can deal with.

**b) The types of complaints to which the domestic disputes and cross-border disputes relate.**

The following tables set out the types of domestic and cross-border disputes that were referred to OS: Energy within the reporting period which came within the scope of what OS: Energy can deal with:

Non Cross Border Complaints	
Complaint Types	Number of Cases
Backbilling (non-smart meters)	528
Backbilling (smart meters)	72
Billing	39368
Billing (non-smart meters)	5924
Billing (smart meters)	285
Customer Service	536
Feed in Tariff	390
Incorrect Account Details	1
Meters (non-smart meters)	162
Non-recorded	678
Payments (non-smart meters)	168
Payments (smart meters)	11
Prepayment Charges	1
Remedy failed	2685
Sales	1079
Service	3
Smart Meters	60
Transfer	3467
Transfer (non-smart meters)	583
Transfer (smart meters)	24
<b>Grand Total</b>	<b>56025</b>

Cross Border Complaints	
Complaint Types	Number of Cases
Backbilling (non-smart meters)	1
Billing	102
Billing (non-smart meters)	9
Meters (non-smart meters)	1
Non-recorded	12
Request not Actioned	1
Sales	4
TRANSFER	11
Transfer (non-smart meters)	1
Transfer (smart meters)	1
<b>Grand Total</b>	<b>143</b>

- c) A description of any systematic or significant problems that occur frequently and lead to disputes between consumers and traders of which the ADR entity has become aware due to its operations as an ADR entity.**

Some traders have encountered significant difficulties with their billing systems. The systems, in certain circumstances, have proven unreliable in producing bills in addition to inaccuracies with bill calculations. This has resulted in consumer disputes regarding failure to provide billing information in a timely fashion as well as disputes over the accuracy of the charges raised.

Inaccuracies are apparent with industry records with regards to metering details. Specifically, the incorrect recording of metric as opposed to imperial and vice versa. This has resulted in disputes surrounding incorrect charges.

Cross metering issues associated with new build properties are common and lead to disputes. This happens on an individual basis as well as incidents involving entire housing estates.

Disputes arise as a result of the incorrect rounding of tariff prices after the decimal point. This leads to a lack of consistency in published versus billed tariff unit price and standing charges.

- d) Any recommendations the ADR entity may have as to how the problems referred to in paragraph (c) could be avoided or resolved in future, in order to raise traders' standards and to facilitate the exchange of information and best practices.**

The impact on consumers where a trader is unable to provide accurate billing is significant and impacts heavily on the number of disputes raised. The importance of ensuring that the systems in place, or those being considered for use, are robust and capable should not be underestimated.

Linking meter reader visits with checks of industry records, where the human intervention can be trusted to accurately facilitate industry record updates, will work to avoid incorrect charging and the potential for disputes.

Improvements to the industry process, regarding the installation of meters to new build properties, will work to reduce disputes. This must be approached with a view to greater collaboration between the energy network, energy supplier and the property developer.

The industry would benefit from greater clarity on the rounding of prices, along with the publishing of examples for consumer awareness.

**e) The number of disputes which the ADR entity has refused to deal with and upon what grounds.**

The number of disputes which OS has refused to deal with during the reporting period was 20,227. The percentage breakdown of the reasons for refusal is given below:

Reason for Refusal	
(a) Prior to submitting the complaint to you, the consumer has not attempted to contact the trader concerned in order to discuss the consumer's complaint and sought, as a first step, to resolve the matter directly with the trader	68.3%
(b) The dispute is frivolous or vexatious.	0.1%
(c) The dispute is being, or has been previously, considered by another certified ADR provider or by a court;	0.0%
(d) The value of the claim falls below or above the monetary thresholds you have set.	0.0%
(e) The consumer has not submitted a complaint to you within the time period specified by you for dealing with complaints, provided that such time period is not less than 12 Months from the date upon which the trader has given notice to the consumer that the trader is unable to resolve the complaint with the consumer.	31.0%
(f) <i>Dealing with such a type of dispute would seriously impair the effective operation of your ADR operation.</i>	0.6%

**f) The percentage of alternative dispute resolution procedures which were discontinued for operational reasons and, if known, the reasons for the discontinuation.**

The number of complaints that were discontinued by OS during the reporting period for operational reasons was 27,568. Below is the percentage breakdown of the reasons for the discontinuation:

Reason for Discontinuation	
The subject matter of the dispute did not fall within the scope of what OS: Energy can consider under its scheme rules.	10.6%
The consumer submitted incomplete information to OS: Energy preventing the dispute from being taken forward.	88.3%
The trader that the consumer is complaining about was not registered with OS: Energy as its ADR entity	0.7%
The consumer did not fall within the OS: Energy definition of a customer	0.4%

**g) The average time taken to resolve domestic disputes and cross-border disputes.**

The average time taken to resolve a domestic dispute is 33 days and for a cross-border dispute is 40 days.

**h) The rate of compliance, if known, with the outcomes of the alternative dispute resolution procedures.**

In the reporting period there have been 38,552 remedies confirmed, of which 32,473 or 84.2% were implemented within 28 days and 5,485 or 14.2% implemented outside of 28 days. Of the total confirmed remedies 594 or 1.5% remain unimplemented after 28 days.

OS: Energy follows a process to pursue traders who fail to implement a binding decision within the required timeframe. OS: Energy will report a trader to the regulator for sustained failure to implement binding decision within the required timeframes. OS: Energy will also consider the membership status of participating companies who fail to comply with binding decisions, with a view to terminating that membership.

**i) The co-operation if any, of the ADR entity within any network of ADR entities which facilitates the resolution of cross-border disputes.**

OS: Energy is a member of the National Energy Ombudsman Network (NEON). NEON acts to promote alternative dispute resolution in Europe, facilitating cooperation between ADR entities that handle consumer and small business disputes about energy suppliers.