

Ofgem response to Citizens Advice consultation on their energy supplier comparison tool

1. Do you agree that the combination of the 5 metrics proposed for the first release will provide consumers with an overall view of suppliers' customer service performance? Please provide any supporting evidence for your answer.

General view

We believe that a composite customer service metric that enables consumers to compare suppliers on the quality of service they offer will be valuable, both to help consumers make better switching decisions and to encourage suppliers to compete harder on service quality. We therefore support Citizens Advice's broad approach to developing this tool, and in our response below we indicate where we think the proposed methodology could be strengthened further.

In particular, we welcome that the tool:

- aims to give consumers an 'at a glance' view of supplier service quality, at the point of comparison/switching. This is consistent with our own consumer research into how consumers wish to access this kind of information.
- reports on service quality only and excludes information on price. We agree it is important that these remain separate and that consumers consider service quality information alongside personalised price information where possible.
- has been informed by user research and stakeholder engagement. Once launched we think it will be important to evaluate the tool's effectiveness, respond to user feedback, and incorporate newly available data where this adds value.

As part of ongoing assurance of the tool we suggest that it is assessed through a framework to ensure it is as effective as possible. We think that such a framework could include the following the criteria:

- **Robust** – the data included cannot, as far as possible, be gamed by suppliers
- **Meaningful** – the data is valuable to consumers
- **Accurate** – the data returned is recorded and reported correctly

We also suggest that after the tool has been live and updated with new data, it is reviewed for how suppliers' scores are developing to monitor any potential gaming of data. This will be important for metrics based, either fully or in part, on self-reported data, such as switching (see below).

For the tool to be useful to consumers comparing across the market, we think it is important that its market coverage is as wide as possible. Therefore we are pleased that metrics based on GfK energy satisfaction survey data have been expanded to cover 17 suppliers. Providing this returns statistically robust results for all 17 suppliers we think the extended survey should be conducted for further releases of the tool to maintain this level of market coverage.

Customer service metric

The proposed metric for the first iteration of the tool is *customer satisfaction with ease of contacting supplier* and you have indicated that two more general measures (*satisfaction*

with service of supplier and would recommend to a friend) are out of scope initially, but proposed for future releases. We recognise that these general satisfaction measures are potentially problematic as respondents may be taking into account a range of factors outside of customer service performance, such as price or having an uninterrupted energy supply. However, on balance, we think they provide a useful indication of overall satisfaction, and avoid an overly narrow focus on ease of contact. Therefore if the data is available we would suggest including at least one of these general indicators from the outset.

Switching metric

Ofgem currently collects and publishes the average switching time based on data from Distribution Network Operators, which focuses on the time between a supplier switching request and the transfer taking place. This provides an overall system view of the switching time. Additionally, we collect two switching metrics from eight suppliers for internal monitoring purposes:

1. The number of switches taking more than 21 days, broken down by those that have taken longer for valid reasons (such as the customer requesting a delay) vs. invalid reasons (such as supplier error)
2. The average length of time it takes to complete a switch.

The first of these shows whether a supplier is compliant with the licence obligation to switch consumers within 21 days of the relevant date.¹ As the relevant date can be at any point during the 14 day cooling-off period this may only show whether a supplier is switching consumers within 5 weeks.

The second gives insight into how quickly a supplier is able to switch consumers on average and whether they are using the faster switching process.² However, as suppliers currently have some flexibility as to how they measure average length of switch, the data reported by suppliers is not comparable without first normalising the data using additional information from each supplier. We currently do this every quarter for the six larger suppliers, but this is a resource intensive process and we do not recommend extending it to cover medium sized suppliers to feed into this tool. Therefore we intend to review how we request average switch time data in the coming months to make it simpler and more immediately comparable.

While this work is going on we advise Citizens Advice to use *number of switches taking more than 21 days for invalid reasons as a proportion of all switches* for the first iteration of the tool. Longer term, and once comparability issues have been resolved, we think Citizens Advice should use *average length of time to complete a switch* as the switching metric as this will be more effective in differentiating high-performing suppliers (e.g. who have adopted the faster switching process).

Complaints

You have proposed that the Citizens Advice supplier performance league table ratio is the metric used for complaints. This is a valuable indicator of how well a supplier handles complaints. However, it is comprised of data from consumers who have escalated their complaint to another organisation, which we know many consumers do not do. Therefore

¹ The relevant date can occur at any point from the point of sale until the end of the fourteen day cooling-off period. Therefore, from a consumer's perspective this could take up to 5 weeks from the initial point of sale.

² The faster switching process is switching consumers in fourteen calendar plus three working days. We approved modifications to industry codes in 2014 to enable this to occur. In this process the switch and cooling off period occur concurrently, with the switch being completed 3 working days after the end of the cooling off period.

we recommend Citizens Advice considers complementing the ratio with data on number of complaints made directly to suppliers per 100,000 customers (a metric of volume) to show which suppliers are performing best at avoiding complaints in the first instance due to the quality of their service.

We recognise that this data relies on suppliers accurately recording “expressions of dissatisfaction”, which can be subjective, however suppliers have legal obligations as to the accuracy of the data they provide us. Moving forward, we are committed to working with you and the Ombudsman to ensure this data is as useful as possible, particularly by moving towards using uniform categories to define complaints.

We would also recommend that Citizens Advice considers incorporating data on the Ombudsman cases upheld in favour of consumers.

By using all these data sources in the complaints metric we believe that the comparison tool will be more representative of suppliers’ performance across the complaints journey, therefore providing a comprehensive picture of each individual supplier’s performance.

Consumers in vulnerable situations

Consumers in vulnerable situations (e.g. due to financial difficulties, ill health or old age) are likely to suffer worse outcomes than other consumers as a result of poor service. They can also benefit significantly from receiving appropriate support services, such as help reading meters, alternative format bills or affordable debt repayment plans. Given any consumer can find themselves in a vulnerable situation at some point in their lives, this is an aspect of service quality that could be relevant to all users. Therefore we consider it would be valuable to include a metric on how well suppliers support consumers in vulnerable situations.

All suppliers are obliged to send us information on how they support consumers in vulnerable situations through Social Obligations Reporting (SOR). We currently share SOR data with Citizens Advice and we would be keen to work with you to develop a metric (for future releases of the tool) based on a subset of SOR data points which would be a robust indicator of supplier performance. Alternatively we are also aware of some suppliers pursuing a BSI standard for Inclusive Service, which could potentially be used as an indicator of good practice in this area.

Customer commitments

We welcome the inclusion of standardised and independently audited customer commitments in the tool, and consider these a helpful counterbalance to perception-based data from consumers (e.g. via the GfK energy satisfaction survey).

One point to note is that the Billing Code gives suppliers a score – gold to bronze depending on the performance of the supplier. We would suggest the difference in performance should be reflected in the tool in some way.

2. Do you agree that the indicative weightings are an accurate representation of the importance of each metric? If you suggest any changes, please provide an explanation and any supporting evidence

We broadly agree with the weightings given to each category of metric.

3. Do you agree with the decision to limit the metrics and overall rating in the first release of the tool to the 17 largest suppliers from which we are able to collect representative data?

Yes, it is vital that the tool is based on statistically reliable data, and therefore not misleading to consumers. For example, the robustness of the tool must not be compromised by an ambition to include all suppliers if reliable data from customers of smaller suppliers is not currently available. However, to ensure the tool helps support fair and vigorous competition in the market going forward, you should explore practical ways to gather robust data on smaller suppliers who are currently excluded, e.g. through commissioning further 'booster samples' with customers of small suppliers where survey data is used.

GfK data

We note that for the billing and customer service metrics you intend to extend the GfK survey to include a sufficient number of customers from companies not currently separately reported on. We support this but would be keen to see more information on how the GfK methodology will be adapted to ensure that the achieved sample size for the smaller/mid-tier suppliers is sufficient to return statistically robust samples at the supplier level. In particular if, to obtain statistically reliable results, you intend to aggregate more than one quarter's data for medium and smaller suppliers how will you ensure compatibility across suppliers.

4. Do you agree that a future release of the tool would benefit from the inclusion of a performance metric about the average speed to answer telephone calls? Do you agree that the suggested scope of calls between '9am 5pm, Monday Sunday' is the appropriate timescale to capture this information? Please provide any supporting evidence for your answer

In 2015 we published our expectations of telephone services of domestic suppliers.³ In this we set out, amongst other things, that we want consumers to have easy access to telephone services. Where consumers have easy access to telephone services they can more easily raise concerns, seek clarity, access advice and generally manage their energy account. In addition where suppliers have not offered accessible telephone services we have taken enforcement action.

However, it is challenging to capture whether a consumer has easy access to telephone services in a metric purely measuring speed of answering calls. This could incentivise suppliers to get off the phone as quickly as possible so that they can answer more calls, rather than focusing on providing a good service on each call. Suppliers may also have a longer call waiting time but will perform well in answering other customer contacts – for instance having a high quality online chat function that works well for much of their customer base.

Furthermore the metric suggested could be susceptible to gaming, for instance if a call was logged as answered when a machine answered it rather than a person. To avoid this, the metric would need to be closely defined. With these points in mind a range of metrics may be required to give an accurate picture of customer service. In addition to speed to answer calls, the metric could also take into account:

- abandonment rate

³Ofgem, *Telephone services – our expectations of suppliers operating in the domestic energy market*, 2015, can be viewed at https://www.ofgem.gov.uk/sites/default/files/docs/2015/04/telephone_services_open_letter_v7.pdf

- number of dropped calls
- the range of contact channels offered by each supplier and the opening times of their call centres.

Incorporating these would ensure a supplier's score more accurately reflects the ease of contacting the supplier.

5. Do you agree that a future release of the tool would benefit from the inclusion of a performance metric about the accuracy of switching, based on the number of erroneous transfers? Please provide any supporting evidence for your answer.

Erroneous transfers (ETs) cause consumers hassle and stress, and give them a poor experience of the energy market. We therefore think it is important that suppliers who are better at avoiding ETs receive a higher score in the supplier comparison tool.

While switching errors can occur for a range of reasons, including when a customer provides the wrong data, in general they are avoidable and within the gift of suppliers to control. In the past when we have observed that a particular supplier's ET rate has risen and met with the supplier to discuss this, we have then seen their rate come down indicating the control they have over this metric.

We consider that the ET rate is a robust indicator of the care suppliers take over transfers and should be included in the tool. We would be happy to work with Citizens Advice to develop the metric and particularly the scoring bands.

6. Are there any additional qualitative indicators we should be considering for future development of the tool, in order to provide the best possible information for consumers?

As noted above in our answer to question 1 we would support the inclusion of a metric on how well suppliers support consumers in vulnerable situations. In addition we think that Citizens Advice should consider including the following metrics in future releases of the tool:

- **Service consumers with smart meters** – in terms of the specific data to use we would suggest percentage of bills based on estimated vs actual reads. Having bills based on actual meter readings is a minimum expectation of smart consumers and so suppliers should be assessed on how well they meet this. Earlier this year we set out our plans to publish billing performance data, focusing in particular on back-billing and estimated bills.⁴ We are exploring the best time to request this information from suppliers on a more regular basis than we currently do. We will keep Citizens Advice updated on progress and the best time to incorporate this into the tool.
- **Guaranteed standards of service** – we changed the service requirements placed on suppliers in 2015 now there is a revised guaranteed standards regime providing clear, strong performance standards on:
 - 1) Reconnection after disconnection for unpaid charges
 - 2) Fixing faulty prepayment meters
 - 3) Making and keeping appointments

⁴ Ofgem, *Smart billing for a smarter market*, 2016, can be viewed at https://www.ofgem.gov.uk/system/files/docs/2016/03/smart_billing_for_a_smarter_market_-_final.pdf

- 4) Fixing faulty metering (metering operating outside the margins of error)

Supplier performance in these areas is a good indicator of the service they provide. We have collected two quarters of data on this so far. We consider that it would be appropriate for Citizens Advice to include it in the composite metric for the second release. By this point we will have a further quarter of data and so it will be possible to robustly determine an appropriate approach to scoring.

- **Consumers in vulnerable situations** – as stated above in answer to question 1 we consider it important that the supplier comparison tool includes information that helps consumers in vulnerable consumers make switching decisions and we want to work with Citizens Advice to identify the best metric to measure this aspect of performance.

7. Do you agree that the scoring definitions and scoring criteria proposed are appropriate to use for the comparison tool? Please provide any supporting evidence with your response.

Adjusting for outliers

We broadly agree with the methodology of extrapolating scores for each metric from the average but would recommend that adjustments are made when the average is skewed by outliers. For instance with complaints the metric suggested is the Citizen's Advice complaints ratio. The latest results show that the bottom three performers have at least close to double the ratio of the next worst performing supplier; this pushes the average down significantly.

Benchmarking scoring criteria

If the scoring criteria are based on industry data from this quarter then suppliers' scores can only reflect how they are performing relative to the current overall performance of industry. However we know that a number of suppliers have just completed or are going through large system changes which has and continues to affect the service they offer customers. Therefore what constitutes "average" performance will be skewed downwards and so suppliers' scores will not be a true reflection of their performance. To avoid this we would advise that the scores are benchmarked through analysing historic results.

Switching

If you agree to change the switching metric to switches taking more than 21 days for invalid reasons as a proportion of total switches then the scoring for this will need to change to be relevant for this new metric.

GfK data

GfK data is split out by fuel type it would be helpful if further information was provided on how the scores for the different fuels will be combined, particularly if a supplier's scores for gas and electricity in a metric do not match.

8. Do you agree that rounding supplier scores to the nearest quarter score will show sufficient granularity, while remaining clear enough for consumers to understand

At this point, without seeing the score distribution, we are unable to give a view on whether scoring to the nearest quarter is optimal. In deciding how to present the scores

we recommend you undertake user testing of different options based on real data. This will help you assess the likely trade-off between users wanting a simple approach and the need for the scoring to sufficiently differentiate between suppliers and be a fair reflection of their performance. For example, if scoring to the nearest quarter looks overly complex to consumers and does not add value in helping differentiate suppliers then whole numbers are likely to be preferable. Conversely, if suppliers' scores congregate around the same number then score of +/- 0.25 would represent a meaningful difference in service. User testing will allow you to make an evidence based decision on how to best to balance these considerations.

9. Do you prefer the alternative scoring criteria over the initial scoring criteria set out in Section 4.1? If so, why

We support the initial scoring criteria as it can ensure that suppliers are judged against an objective view of what excellent service looks like.

An issue with a ranking system is that if the scenario arises where there is little difference between a number of suppliers the scoring system will not reflect this. Instead one supplier who is slightly better than another could appear many places higher, falsely indicating they offer a significantly better service. We feel this could be misleading for consumers.

Giving suppliers an overall rating from 1-5, and basing the scores that comprise the overall rating on a benchmarked view of performance, will ensure the scoring is robust and an accurate reflection of suppliers' customer service.

10. Do you agree that the proposed tool will make improvements to the experience consumers currently have when accessing Citizens Advice performance information?

Yes. To access Citizens Advice data on supplier performance consumers currently need to download an excel file and select a supplier from a drop down menu. Therefore we believe the comparison tool will represent a significant improvement in consumers' experience, as it will place the data in much more intuitive location and allow consumers to compare suppliers "side by side".

For the tool's effectiveness to be maximised, the data must be accessible to consumers at the point of decision in the switching journey. To this end we endorse your plan to work with price comparison sites to embed suppliers' scores alongside personalised pricing information on the results page.