

Response to Citizens Advice consultation on Improving energy supplier performance information

9 September 2016

Citizens Advice - Consultation on Improving energy supplier performance information

Ombudsman Services' (OS) response

OS welcomes the opportunity to respond to the consultation. The consultation sets out a number of questions and OS intends to respond to questions 1, 2, 3, 4, 5, 8 & 10:

Proposed new performance information

Question 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.

OS agrees that the five metrics proposed in the consultation document should, combined, provide consumers with reasonable indication of supplier performance in respect of customer service.

The complaints metric for example, which comprises of data on the number of complaints received by each supplier, should be useful in giving consumers an indication of how likely they would be to experience issues giving rise to a complaint with each of the respective suppliers.

To develop this concept further, however, OS would suggest that in future iterations of the tool a metric is incorporated which also gives an indication of supplier performance in respect of *resolving* the complaints they receive. For example, Ofgem currently publishes data showing the percentage of cases that the six largest suppliers resolve by the end of the next working day, and within 8 weeks.

A metric which simply shows the number of complaints received by each company, while useful, could risk driving the wrong behaviours amongst suppliers. We would suggest that the addition of a metric which shows how well suppliers are resolving

complaints could help encourage energy companies to log complaints appropriately and resolve these effectively.

Furthermore, we feel that this additional metric could compliment the complaint number metric and give a more rounded picture of customer service performance. For example, supplier X might receive 1000 complaints per 100K customers each month, while supplier Y might only receive 500. However, supplier X may deal with its 1000 complaints quickly and effectively whereas supplier Y might fail to resolve many of its 500 complaints within a reasonable timeframe. From a consumer perspective, supplier X might actually be the more appealing company as, while it receives a greater proportion of complaints per customer, those customers can be more confident that if a complaint situation arises, this is more likely to be dealt with quickly and effectively.

The accords with Citizen's Advice's June 2016 research 'Understanding Consumer Experiences of Complaint Handling', which concludes that the ideal complaints process from a consumer perspective is one in which staff are empowered to offer an immediate solution to the problems. We therefore feel that complaint resolution performance is a very important consideration which Citizens Advice may wish to factor in as it further develops this tool.

Question 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.

The proposed weightings are sensible and we agree with Citizen's Advice's decision to give Switching a lower weighting than Complaints, Customer Service and Billing. Without wishing to diminish the importance of smooth switching for consumers, this is obviously a one-off occurrence at the beginning of the consumer/supplier relationship, while the other three metrics are more likely to be relevant during the entire lifespan of the relationship. As such we agree these metrics should receive a greater weighting.

In respect of the Customer Commitment metric, we would suggest that Citizens Advice may wish to consider increasing the weighting of this metric from the proposed 10% as, in our experience, self-regulatory initiatives can actually have a significant impact for consumers. We therefore feel that suppliers who voluntarily sign up to these types of initiatives in order to provide a better service for their customers should receive

appropriate recognition for this. A greater weighing for this metric might also prompt more consumers to switch to suppliers offering these initiatives – not only would a greater number of consumers then benefit from these voluntary commitments, but suppliers not offering these initiatives might also feel more compelled to begin doing so.

One final point that we would like to make in respect of the Customer Commitment metric is that some suppliers who are not necessarily signed up to recognised industry codes often still work to the spirit of these codes and apply their principles. For example, we are aware of several suppliers who are not signatories of the Energy UK Billing Code but either have their own comparable back-billing commitments in place or work to the principles of the Code when back-billing situations arise. It can be argued that these suppliers should not be scored less in this metric just because they have chosen not to sign up to a recognised code. Of course, the argument can also be made that those who have signed up to an industry code are making a more definite commitment to their customers. This is a point that we would ask Citizens Advice to consider in respect of this particular metric.

Question 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?

While we agree that Citizens Advice should not delay the launch of the tool, we would caution that a tool which does not include full market coverage risks being misinterpreted by consumers. For example, customers might incorrectly assume that the 27 smaller suppliers rank lower than the 17 companies displayed, or that they do not meet minimum performance requirements to be included. We would therefore strongly recommend that the first release of the tool makes it absolutely clear and prominently displays the fact that not all companies are included to help avoid such confusion.

Question 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.

We agree that this is a very important metric to include. Anecdotally, through our case work we frequently hear from frustrated customers whose issues have been exacerbated by difficulties getting through to the supplier over the telephone with long periods left on hold.

As suppliers commonly have multiple telephone numbers, we would recommend that the phone line used for this metric is the customer services telephone number rather than, for example, the sales number as this should give a better indication of how quickly existing customers can contact the supplier should issues arise, rather than how fast the company is in answering the telephone to prospective customers for instance.

Question 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.

Based on our extensive experience of dealing with complaints in the energy sector, we have seen that erroneous transfers can take place for numerous reasons, and are not always necessarily the fault of the gaining provider. For example, there may be historic issues which have not been identified or addressed by previous suppliers, such incorrect meter or supply point numbers on the national database. The gaining supplier would only become aware of such issues after they have tried to take over a new customer's supply and discovered that the details on the national database are incorrect. It therefore seems slightly unreasonable to measure a company on how accurate it is in taking over new customers' supplies, when this is not entirely within its control.

We would therefore suggest that average speed of switching would be a more suitable metric. This would show, regardless of where the problems giving rise to erroneous transfers have originally stemmed from, how quick the supplier is in resolving the problem and successfully completing the switch. Anecdotally, we have found through our casework that customers are less concerned about how switching problems have come about and are more interested in how fast they are resolved by their new supplier.

Energy supplier comparison tool design

Question 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?

We agree that this appears a sensible approach for the first iteration of the tool, but we would recommend that Citizens Advice allows scope in the project for this to be reviewed after a period of time.

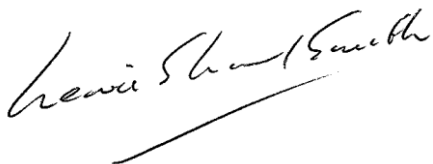
Question 10: Do you agree that the proposed tool will make improvements to the experience consumers currently have when accessing Citizens Advice performance information?

Broadly yes, but as you have highlighted in Section 1 of the consultation document, one of the challenges of enabling consumers to utilise supplier performance information is a general lack of awareness and uncertainty of where to find this. While the development of the supplier comparison tool will undoubtedly be helpful in making useful information available for consumers, the consultation document does not outline how Citizens Advice intends to bring consumers to its website so that they actually utilise this resource.

OS would suggest that a proactive awareness-raising strategy is crucial to ensuring that consumers are aware of the information available to them and can take full advantage of the positive work that Citizens Advice is doing in this area.

OS is happy to discuss our comments in more detail.

Yours sincerely



Lewis Shand Smith
Chief Ombudsman & Chief Executive

9 September 2016

Annex A - About Ombudsman Services

Established in 2002, The Ombudsman Service Ltd (TOSL) is a not for profit private limited company which runs a number of discrete national ombudsman schemes across a wide range of sectors including energy, communications, and property.

We are an independent organisation and help our members to provide independent dispute resolution to their customers. Each scheme is funded by the participating companies under our jurisdiction. Our service is free to consumers and, with the exception of an annual subscription from Department of Energy and Climate Change (DECC) for the Green Deal, we operate at no expense to the public purse. OS governance ensures that we are independent from the companies that fall under our jurisdiction and participating companies do not exercise any financial or other control over us.

We have in the region of 10,000 participating companies. Last year we received 220,111 initial contacts from complainants and resolved 71,765 complaints. We saw a year on year increase in complaints of 118% between 2013 and 2014 and a further 35% increase between 2014 to 2015. In the energy industry alone we have witnessed a 336% increase in complaint volumes between 2013 and 2015. The company currently employs more than 600 people in Warrington and has a turnover in excess of £27 million.

In July 2015 the EU Alternative Dispute Resolution Directive (the ADR Directive) came into force requiring all member states to ensure that ombudsman or ADR schemes are available in every consumer sector. The Department for Business Innovation and Skills, the government department responsible for implementing the ADR Directive in the UK, called upon the market to plug the gaps where no ADR provision existed and to coincide with this in August 2015 we formally launched our new portal (<http://www.consumer-ombudsman.org>). The launch of this website was welcomed by BIS and means that consumers can raise a complaint about a product or service in any sector where there is no existing redress provision - including retail, travel and home improvement.

Our complaints resolution service operates once a company's own complaints handling system has been exhausted, and we have the authority to determine a final resolution to each complaint. Our enquiries department handles primary contacts and makes decisions on eligibility. If a complaint is not for us, or has been brought to us too early, we signpost the consumer and offer assistance. Eligible complaints are then triaged. The simplest can be resolved quickly, usually by phone in two or three hours. Around 10% are dealt with in this way. For the majority of complaints we collect and consider the evidence from both parties, reach a determination and seek agreement; about 55% are settled like this. The most complex cases require a more intensive investigation; they may require more information and lead to further discussion with the complainant and the company to achieve clarification. The outcome will be a formal and binding decision.

We are 'Good for Consumers and Good for Business'.

For consumers, we offer a free, fast and accessible form of civil justice with no requirement for legal representation or specialist knowledge, and with a particular focus on access for vulnerable consumers. We ensure that complaints are dealt with swiftly in an impartial manner, and we make decisions based on what is fair and reasonable rather than narrow remit of the law.

For businesses, we offer a fast and low-cost alternative to the courts, and make decisions based on expertise in industries. By looking to resolve disputes, we promote brand loyalty and repeat purchasing as well as building reputation and trust. We offer guidance on improving standards of service hence sharpening competitiveness. We go beyond individual complaints to find broader trends which can be a source of innovation.

More broadly, we provide an efficient and effective means of addressing consumer detriment and building business capability without recourse to the public purse. We take pressure and cost away from small claims court and legal system and help to build consumer confidence which bolsters the economy.