

Consumer and Competition Policy Directorate
Department for Business, Energy and Industrial Strategy
4th Floor
1 Victoria Street
London
SW1H 0ET

1 October 2021

Dear Team,

REFORMING COMPETITION AND CONSUMER POLICY: CONSULTATION

We welcome the opportunity to respond to the above consultation.

ScottishPower is a major UK energy company with renewable generation, retail supply and network interests. We are a leading developer of wind power in the UK, and part of the Iberdrola Group, the world's leading renewables developer. Our parent company, Iberdrola, is a global leader in tackling climate change with a commitment to reaching carbon neutrality by 2050.

We are responding by way of this short letter, focusing on BEIS's proposals to reform Alternative Dispute Resolution (ADR) services across consumer markets, and the potential impact of those proposals on the energy retail market.

We fully support BEIS's commitment to improving ADR services across consumer markets, and we would note that the energy retail sector already has an effective and established Ombudsman in place. We believe that many elements of the existing energy Ombudsman services and associated supplier requirements can be considered by BEIS as best practice in the context of its proposed reforms, in particular, in relation to signposting and ensuring support and awareness for vulnerable customers. We do, however, have concerns in relation to BEIS's proposals to shorten the period after which a complaint can be escalated to ADR in markets where ADR is mandatory from eight weeks to four, and have set out below some specific points in relation to this and other elements of the ADR proposals in the consultation document.

Speeding up access to ADR

We fully support the aim to speed up complaint resolution times for customers, and, as part of this, we believe that in appropriate circumstances there is the potential to signpost customers to ADR at an earlier stage in the process. However, as is recognised in the consultation document, there are some complaints that are complex and may take businesses longer to resolve than many others.

This is particularly true in the energy retail sector, where complaint resolution can often rely on actions by other suppliers or industry bodies, such as those related to erroneous transfers, ECOES and Xoserve updates, poor WAN signal and misdirected payments. In such circumstances, individual suppliers are not directly responsible for or in complete control of the resolution of the complaint. For example, the service level agreement for the DCC to respond to “No WAN” complaints is 90 days, meaning that suppliers are unable to resolve these even within the current eight weeks timescale. Although there may be opportunities to improve some of these industry-wide processes to support quicker complaint resolution times, any change to the timescale for escalation should come after these improvements have been made.

Additionally, complaints requiring a visit to a customer’s property can in some cases take longer than four weeks to resolve, due to the dependency on the availability of both the customer and our staff (with the necessary skills and/or the correct metering equipment). Such complaints include crossed meter complaints (i.e. customers whose meter details or readings have become mixed with neighbouring properties), complaints requiring a meter installation or other type of metering appointment or complaints requiring a visit from our Customer Liaison Officers. In these operationally complex cases, there can be delays in resolution, for example, cross meter complaints rely on the availability of not just one, but multiple customers. Likewise, metering appointment complaints can often be further delayed by the subsequent industry update process, such as updating meter technical details.

In these scenarios, there is a risk that referring such complaints to the Ombudsman prematurely (i.e. before both suppliers and industry have had sufficient time to take the action required to resolve the complaint), could lead to less satisfactory outcomes for consumers and risk delaying the complaint resolution rather than expediting it.

We would, therefore, encourage BEIS to engage further with energy retail stakeholders to fully impact assess its proposals before proceeding further. Given the proposed introduction of a broker ADR scheme as part of Ofgem’s Strategic Review of the Microbusiness Market, which will likely be administered via the Energy Ombudsman, we believe it is particularly important that the Ombudsman is fully engaged in this impact assessment process. In turn, this process should enable the energy retail industry to fully assess the potential time, resource and cost implications of a change in escalation timescales alongside ongoing activities. Such further engagement should also include more detailed consideration of the question flagged by BEIS in the consultation document, namely, whether exceptions could be made to allow more time to resolve these kind of complex complaints.

Quality and oversight of ADR services

We have no concerns with the proposals to improve the quality and oversight of ADR services by strengthening the accreditation process for new providers and the minimum service expectations for existing providers. To this extent, we note that the Energy Ombudsman currently adheres to a set of Key Performance Indicators (KPIs), however, these KPIs are not readily available for suppliers or consumers to access. There may, therefore, be benefit in BEIS working with Ofgem and the Energy Ombudsman to review these KPIs and consider whether greater visibility of the Ombudsman’s performance against them is desirable.

Improving take up of ADR by businesses in non-regulated markets

Whilst we have no objections to the proposals to improve the take-up of ADR by businesses in non-regulated markets, in particular, the motor vehicle and home improvements sector, we believe that the following areas may require additional clarity or engagement with the energy sector:

- The interaction between any new requirements in the home improvements sectors and delivery of the Government's Energy Company Obligation (ECO) scheme; and
- Whether energy services such as the installation of electric vehicle chargers and heat pumps would be considered under the home services scheme, and if so, the interaction between any such scheme and the Energy Ombudsman, depending on whether an energy supplier or other company carried out the installation.

Finally, we believe that BEIS should also consider ADR more fully in the context of its ongoing review into third party intermediaries (TPIs) in the energy retail market, where the potential for consumer detriment is high.

Please do not hesitate to contact me if you would like to discuss any aspect of our response further.

Yours sincerely,

