

Collective Purchasing and Switching: What consumers need to know

Helping consumers with their gas and electricity bills is a priority for DECC. Collective purchasing and switching have the potential to empower consumers to get a better deal on their gas and electricity bills and save individual consumers having to shop around and compare tariffs themselves.

We want to give you some guidance on what to think about if you are considering joining a scheme.

This publication is focused on collective schemes in gas and electricity markets. It is not intended to provide legal advice and should only be treated as an introductory guide.

For further advice on collective schemes in other markets you might like to look at the **collective purchasing tool-kit** published by the Department for Business Innovation and Skills.



What is collective purchasing and switching?

Collective purchasing and switching occur when a group of likeminded consumers band together to negotiate a better deal with their gas and electricity suppliers. There is no set model for how individual schemes will operate, however this kind of activity will usually be facilitated by a third party who works on your behalf.

In general, collective switching is where a third party actively negotiates a better tariff on behalf of the consumers they represent. Collective purchasing is where the third party / collective is directly purchasing a commodity (perhaps energy efficiency solutions) from the gas or electricity supplier.

What is in it for me?

There could be a variety of benefits from being part of a collective switch or purchase, depending on the scheme. The benefits could include a better price, a commitment to choose green energy¹, or a deal on energy saving products; and someone else can shop around for the best deal for you.

The organisers of the scheme should be clear about what the offer is, how you will benefit from joining the scheme, and how it will work for you.

You may still want to shop around (for example using a switching site) in order to check that the deal being offered is the best one for you.

What information do I need to provide?

The exact information required will depend upon the collective scheme. Initially you may be asked to register your interest in joining a scheme.

The organisation should be clear about what information they need and why they need it, and when they need it by.

An organisation will in most cases need to build up a picture of your current energy use and preferences in order to negotiate on your behalf. It is likely that you will be asked for the following information:

- Your name, address and contact details.
- Details of your current tariff and energy supplier.
- If you are on a fixed term contract and whether this is subject to a termination fee.
- How much energy you use per year.
- How you pay your bill (direct debit, cash or cheque, pre-payment).

1. **The Green Energy Supply Certification Scheme** is an independent scheme that verifies the claims made by energy suppliers against their Green Energy tariffs. Similar to a kite mark, the scheme awards a 'Green label' to renewable energy products that will deliver a real, measurable environmental difference. www.greenenergyscheme.org/index.php

- Your preferences, for example, if you would be happy to change the way you manage your account in order to save money, or whether you would prefer your energy to come from renewable resources.

This information should be available on the energy bills you have received over the past year, or the annual energy statement from your energy supplier.

If you do not have these bills to hand then your current energy supplier will be able to provide you with the information.

Will they keep my information safe?

It is important that any organisation facilitating a collective purchase / switch is clear about how they will use your information. You might want to ask the organisation for details about their commitment on data protection.

The Data Protection Act 1998 gives you the right to know what information about you is held by companies. It also sets down rules for companies about how they handle your personal information. You can find out further details about your rights through the **Information Commissioner's Office**.

Questions to ask the provider

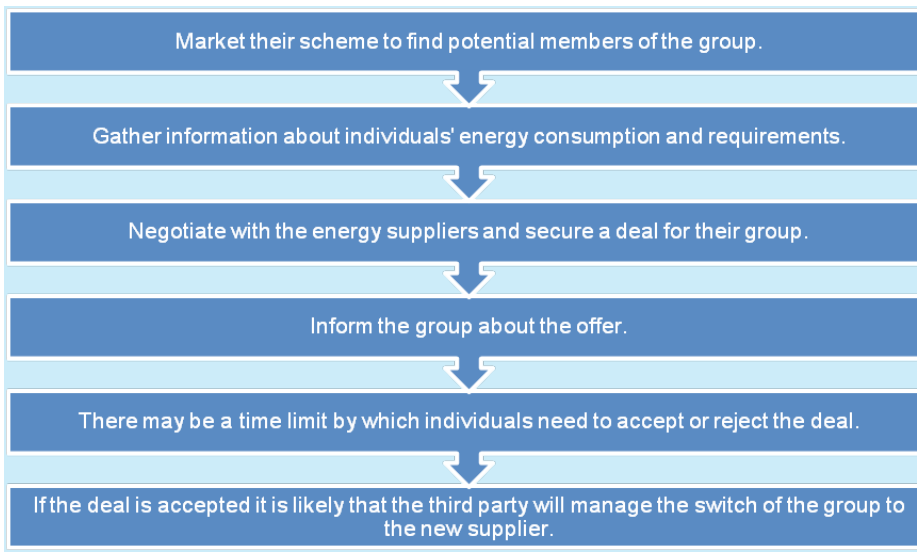
In order for you to make a judgement about whether you are interested in a scheme there are a number of things that you may want to know from the provider.

The following are some examples of questions that you could ask:

- Is this service free for me to use?
- How long will the process take?
- When do I need to sign up?
- When will you get back to me?
- What benefit does the scheme hope to secure for me?
- How will I know if your offer is better than my current one?
- Will I receive a personalised quote?
- I am already on a fixed term contract, will I need to pay a termination fee?
- I am in debt to my current supplier – am I still able to join the scheme?
- How will I find out the terms and conditions of the offer?
- What companies will you be approaching on my behalf?
- Is there anyone that I can contact during the process?
- Will you receive a commission or fee from the supplier if I take up the offer?
- Will my information be shared, sold or used in any other ways?
- I do not want to change my payment method – will this work for me?
- Do I have to go through with the switch if I sign up?

How will the process work in practice?

This will depend very much on the scheme but we would envisage that there will be several stages to the process. The organisation will need to:



Useful websites:

- Department for Business Innovation and Skills**
www.bis.gov.uk
- Information Commissioner's Office**
www.ico.gov.uk
- Citizens Advice consumer service**
www.citizensadvice.org.uk

Where to go for extra advice:

Citizens Advice consumer service

PO Box 833

Moulton Park

Northampton NN3 0AN

Tel: 08454 04 05 06

www.citizensadvice.org.uk/index/getadvice/consumer_service.htm