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21st March 2016

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Additional Considerations

Energy Market Investigation, Provisional Decision on Remedies

CSID, is a company focused on helping consumers and organisations protect personal information from being exploited for criminal activity including identity fraud and theft. As a result of reviewing the provisional decision for energy market remedies announced on 10th March 2016, we have a number of concerns around consumer protection and the default tariff database. As a result, we would recommend some changes be made.

The default tariff database will contain a large number of vulnerable and elderly customers, all of whom must be protected against the legitimate increase in phone and mail marketing, and the illegitimate increase in targeted fraud that will be the inevitable consequence of the proposed CMA energy firm remedy. As recently reported by Action Fraud & Cifas phishing scams rose by 21% last year, but more interestingly the reported incidents peaked on 21st October, the date of the TalkTalk attacks. This highlights the correlation between media coverage and attempted scams.

Cifas said: "Interestingly, the research from Action Fraud found that the reported incidents of phishing scams peaked on 21st October – the day of the TalkTalk data breach. This highlights people's increasing fear surrounding these kinds of attacks, particularly in light of this and the other high profile breaches that took place last year."

In addition, Financial Fraud Action UK (<http://www.financialfraudaction.org.uk/>) has recently reported that remote banking fraud losses rose by 72% in 2015 largely driven by a huge rise in impersonation and deception scams. To quote from the Financial Fraud Action UK report;

*"In an impersonation and deception scam, a criminal approaches a customer purporting to be a legitimate organisation. These scams typically involve a phone call, text message or email, in which the criminal claims to be from a trusted organisation such as a bank, the police, **a utility company** or a government department."*

A simple opt-out from the default tariff database is insufficient protection, especially as no detail has been given as to how this will work and what consent customers will be assumed to be giving if they do not opt-out. What makes the CMA believe that customers who are already "disengaged" from their energy supplier will be any more engaged with a normal paper-based opt-out process?

CSID believes changes are needed to the remedies to make them more effective and protect consumers. CSID would recommend:

1. That OFGEM makes the default tariff database available online at all times. Customers, their guardians or close family should be able to simply check whether their data (or that of their dependents etc.) is on this database and be able to “opt-out” completely or tightly control the contact permissions associated with it. A blanket “opt-in” is insufficient; more options are needed such as choosing physical mail or phone calls.
2. OFGEM MUST be compelled to run a UK public awareness campaign covering;
 - a. The existence of this database and how individuals can check their presence in this data and the marketing permissions they have given;
 - b. The increased risk of impersonation and deception fraud that individuals will face and how they can avoid falling for these scams.
3. In the case of vulnerable or elderly customers OFGEM must also give the option to nominate a third party to receive all communication on the customers behalf. The original customer’s data will then be opted out of the database and their nominated third party will replace it. This will increase the protection against phone based fraud, and ‘vishing’ for the vulnerable and elderly members of this database.

We argue that the very process of putting these checks in place, the media attention that such a “good news” story will generate and the inevitable public interest in such a personal data story will have a beneficial impact for the whole campaign, and the aim to get disengaged customers active in the energy market but safely.

Yours faithfully,

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