

# **Evidence by Ombudsman Services on the Smart Metering Implementation Programme:**

Smart Energy Code URN 12D/034

## Evidence by Ombudsman Services on the Smart Metering Implementation Programme: Smart Energy Code (URN 12D/034)

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### Evidence from The Ombudsman Service Ltd (Ombudsman Services)

#### Summary

1. The Ombudsman Service Ltd is a company limited by guarantee (not-for-profit) that provides ombudsman services for the energy, telecommunications and property sectors, by appointment or approval from the relevant regulators. We provide dispute resolution and redress to domestic consumers and micro businesses.
2. Many of the questions raised as part of the consultation are technical questions and relate to company to company contacts and are therefore not of specific concern to Ombudsman Services. This consultation focuses on a small number of questions that have a direct bearing on the proposed dispute resolution element of the smart metering implementation programme: smart energy code.
3. Ombudsman Services would reiterate that whatever arrangements are put in place to ensure the interoperability of smart meters it is essential that the redress scheme should conform to the principles of good governance, as set out in the Ombudsman Association guidance.

#### The Ombudsman Service Ltd



4. The Ombudsman Service Ltd is a company limited by guarantee (not-for-profit) that provides ombudsman services for the energy, telecommunications and property sectors, by appointment or approval from the relevant regulators. We provide dispute resolution and redress to domestic consumers and micro businesses.
5. The service has 8,512 participating companies and last year we sent out over 20,300 complaint forms. The company employs over 170 people and has a turnover in the region of £6.4 million.
6. In the energy sector we have recently taken on the responsibility for complaints about feed-in tariffs, in addition to our existing role providing the alternative dispute resolution scheme for both energy suppliers and networks. The redress service we provide in property developed from appointment by the Royal Institution of Chartered Surveyors, followed by approval from the UK Office of Fair Trading to provide alternative dispute resolution services for estate agents. This scheme now covers the range of property professionals. We have recently started a pilot project to provide alternative dispute resolution for Royal Institution of Chartered Surveyors registered firms throughout Europe. The most recent sector the service provides alternative dispute resolution for is copyright licensing.
7. To help improve accessibility, we have a contact centre which provides information and assists those who have difficulty in making a complaint. We achieve proportionality by providing alternative dispute resolution through different processes, from informal resolution and telephone mediation to in depth investigation. Our decisions are legally enforceable through the courts.
8. Our service is free to the consumer and paid for by the participating companies under our jurisdiction by a combination of subscription and case fee. While we consult with the sectors on our annual budget and business plan, the participating companies do not and should not exercise financial control. Our governance ensures that we are entirely independent from the industries that fall under our jurisdiction.

9. Ombudsman Services welcomes the Department of Energy and Climate Change's and Ofgem's call for written evidence on the smart metering implementation programme: smart energy code.

## Specific responses to the consultation

10. Many of the questions raised as part of the consultation are technical questions and relate to company to company contacts and are therefore not of specific concern to Ombudsman Services. This consultation focuses on a small number of questions that are directly related to the proposed dispute resolution element of the smart metering implementation programme: smart energy code. Ombudsman Services comments are prefaced by two important requirements;
- That whatever the consultation document requires of the Smart Energy Code it should not undermine or be detrimental to the consumer
  - Companies should continue to have a duty to signpost consumers who have an energy complaint to Ombudsman Services so that their problem can be considered.

**Question 3: Do you support the Government's preferred solution to implement a simple variant of Option B whereby the registration of a meter operator in the existing electricity and gas registration systems would be deemed to constitute a nomination by the supplier of that meter operator to act as its agent to perform a specific set of commands?**

Ombudsman Services supports Option B outlined in the consultation document. This option broadly reflects the current arrangement and as such is well understood by the energy companies.

**Question 5: Would you support the tracking of assets being included within the future system requirements for the new registration systems, which are proposed to be provided by the DCC?**

Yes. Ombudsman Services believes that the tracking of assets is currently inadequate and any requirement to improve the system should be welcomed. It



is important that in order to ensure transparency and help us provide effective redress we should be allowed read only access to the register.

**Question 51. In your view, do any of the potential matters between parties described in this chapter (or any other such matters that you are aware of) merit the inclusion of obligations or liabilities that are directly enforceable between parties under the SEC?**

It is clear that there could be the potential for protracted disputes between the Smart Energy Code parties which could adversely affect the consumer because of the delay in resolving the problem. To prevent this happening, Ombudsman Services suggest that arrangements are put in place similar to the Erroneous Transfer Charter. The charter requires whichever company the consumer contacts first should take responsibility for helping them get their problem resolved, even if it subsequently transpires that it was not their fault. Such an arrangement would not disadvantage the consumer providing the necessary signposting arrangements are in place.

**Question 52. Do you agree that it would generally be preferable to enforce party obligations "centrally", for example through an appropriate compliance or assurance framework under the SEC?**

In order to ensure a consistent approach to customer redress, Ombudsman Services would want to see the enforcement of party obligations centrally and that we have sight of them in order to have the potential to identify the cause of a problem. The obligations should also restate that any consumer disputes should be referred to the Energy Ombudsman for consideration.

## Principles of good governance

11. Ombudsman Services would reiterate that whatever arrangements are put in place to ensure the interoperability of smart meters it is essential that the redress scheme should conform to the principles of good governance, as set out in the Ombudsman Association guidance, including:

- Independence
- Effective
- Open and transparent
- Accountable
- Operate with integrity
- Clarity of purpose

12. We would also advocate the government include the following elements in an alternative dispute resolution scheme for smart metering:

- a. A single alternative dispute resolution process that ensures that there is no duplication between its different elements with regulatory approval and accountability
- b. Demonstrable independence from the companies under jurisdiction
- c. Prior provision of an opportunity for the company and the complainant to resolve the issue before an alternative dispute resolution provider gets involved
- d. An easy to use and informative website which provides access to all necessary documents and an easy to use step-by-step guide on how to complain
- e. Clear advice on what the alternative dispute resolution scheme can and cannot be deal with
- f. Clarity of process and timescales
- g. A guide to the level of potential awards, in order to manage complainants' expectations
- h. Clear and approved Key Performance Indicators to allow consumers, the regulator and participating companies to assess performance;
- i. An effective and efficient front-of-house contact centre/enquiries service which is able to collect relevant information effectively and efficiently and/or to re-direct complaints that we cannot deal with to an appropriate resource
- j. The effective use of information and communication technology;



- k. A long term, sustainable funding mechanism paid for by, but independent of (i.e. not controllable by), the participating companies which allows for a free dispute resolution service, at point of delivery
  - l. The ability to recommend areas of service improvement with participating companies, on a regular basis
  - m. Consistent, robust decisions that, when accepted by complainants, are binding on the participating companies;
  - n. Decisions that are enforceable through the courts if necessary; and
  - o. The ability of the alternative dispute resolution scheme to pursue the complaint through the supply chain providers including previous energy companies that may have installed the meter.
13. Ombudsman Services has considerable experience in the field of dispute resolution in the energy sector. We would be happy to provide clarification on any point in this evidence or if there is any other way we can assist Department of Energy and Climate Change please contact me.

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