Consumer and Competition Policy Directorate Department
Business, Energy, and Industrial Strategy
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BEIS ref: Reforming Competition and Consumer Policy
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For the attention of Consumer and Competition Policy Directorate Department

E (Gas and Electricity) Ltd is a medium challenger UK energy retailer focussing on serving prepayment customers through our UK base call centre. We are currently ranked 5th on the Citizen's Advice Supplier (rating for April – June 2021[1]), which is the highest ranked prepayment specialist supplier in the market which we have achieved through great customer service resulting in low customer complaint volumes.

Q65. What more can be done to help vulnerable consumers access and benefit from Alternative Dispute Resolution?

Purely speaking from an Energy industry perspective, it's not clear from the paper what assessment has been carried out at an industry level to understand if particular industries are performing better than others for signposting consumers to ADR services.

2021 has seen the energy industry undergo considerable licence and voluntary changes to support vulnerable customers, this includes the voluntary coronavirus support measures put in place with BEIS, the energy licence changes for retailers to provide additional financial and non-financial support to prepayment customers, in particularly those customers at risk of self disconnection and self-rationing, the Energy UK Vulnerability Commitments and the Ofgem winter 2021 voluntary commitments.

In addition to these requirements, licenced energy retailers already have licence obligations in place that require them to signpost Citizen's Advice 'Know your rights' and company complaints handling standards on an annual basis as well as signpost additional support on bills and communications to customers.

Therefore the energy industry is already market leading in the level of consumer support it provides in comparison to other regulated and non-regulated markets and should be used as a bench mark to regulate other markets to the levels seen within retail energy.

Q66. How can regulators and government balance the need to ensure timely redress for the consumer whilst allowing businesses the time to investigate complex complaints?

[1] https://www.citizensadvice.org.uk/consumer/energy/energy-supply/get-a-better-energy-deal/compare-domestic-energy-suppliers-customer-service1/

From a retail energy perspective, it is E Gas and Electricity's opinion that the current 56 days (8 weeks) is the correct timescales to allow energy suppliers to investigate in detail consumer complaints and that this timeframe should not be reduced within energy. Whilst there will always be instances whereby some complaint cases are easier to close, it is in our interest to utilise the current timeframe to investigate and negotiate a suitable resolution with the customer as quickly as possible. Failure to do so generally results in a dissatisfied customer who switches to another energy provider and disproportionately increased higher cost per claim due to the individual claim management costs incurred through utilising the Energy Ombudsman service. (£420 inc VAT)

If the upper threshold level is halved from the current 8 weeks, this will undoubtedly result in increased time required for the ADR to investigate complex complaints as the supplier will have less time to sufficiently investigate prior to signposting. We therefore forecast an increase in costs on suppliers as a result and predict that this change will result in little improvement in consumer benefit from a financial perspective with the main beneficiary will be the ADR service providers.

Irrespective if the current signposting period is halved or not, E Gas and Electricity would like to see the introduction of an upper cap on all ADR service providers' charges that they are able to apply to ensure that these service charges remain in proportion of the consumer detriment. Any increase in operational costs incurred as a result of this change will need to be reflective within the Governments Price Cap allowances, as suppliers currently are all making a loss with regards to the current methodology, which is not sustainable for a prolonged period.

Q67. What changes could be made to the role of the 'Competent Authority' to improve overall ADR standards and provide sufficient oversight of ADR bodies?

From a consumers perspective it would be better if there was a singular Authority in which to contact to make a complaint, regardless of industry / sector. This Authority service would then distribute cases to relevant ADR providers and would be the single point of contact for both the consumer and the business whom the complaint was filed against.

E Gas and Electricity agree that there does need to be standardisation amongst ADR providers to improve consumer trust in the market and transparency. This change would also drive competition within the ADR market based on performance and operating costs per complaint and with standardisation markets / businesses should be able to choose which ADR service to work with, which would remove the monopoly situation we find ourselves in with the energy Ombudsman.

If there was improved competition with the ADR providers, this would reduce case handling charges overall which ultimately are passed back onto the consumer through increased bills.

Q68. What further changes could government make to the ADR Regulations to raise consumer and business confidence in ADR providers?

If all ADR performances were managed via a centralised ADR provider and all ADR's were standardised, then all the ADR performances could be compared and published in a transparent manner to improve the consumer and business trust in the service. This will inevitably encourage non-regulated industries

and businesses to participate in the service, which will in turn encouraging consumers to use non-regulated organisations who participate in the scheme. (Similar to the Switch Guarantee service)

E Gas and Electricity support the need for there to be a lower limit within energy for claims against suppliers that is relative to the cost of an ADR claim investigation cost. Often we have consumers who are aware of the ADR processes and cost on the business and request frivolous compensation claims that are below ADR costs in order for early settlement. As the Energy Ombudsman still does not have a documented Disputes Process, energy suppliers are left at the mercy of the Energy Ombudsman charges for cases that should not have been allocated against us.

Please contact me in the first instance should you require any further information.

Yours sincerely

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