

## Complaint handling standards

**Document type:** Consultation

**Ref:** 272/07

**Date of publication:** 9 November 2007

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**Deadline for response:** 21 December 2007

**Target audience:** Gas and electricity suppliers and potential new entrants, network operators, consumer representatives and consumers.

### Overview:

This document sets out Ofgem's initial view on the standards that should apply for handling complaints in the energy sector under the Consumers, Estate Agents and Redress Act 2007.

Our proposals are designed to ensure that obligations placed on gas and electricity companies are targeted and proportionate whilst ensuring that consumers are adequately protected. We have set out the key elements of an effective complaint handling standard in the energy sector. These have been informed by the responses to our open letter and our consumer research.

We propose that the key elements of a complaint handling standard should be for companies to: adopt common definition of a complaint; record complaints on receipt; signpost the redress scheme; provide escalation points for new National Consumer Council referrals; and provide information on performance. We further propose that standards should apply to complaints from micro business consumers and complaints to network businesses, and seek views on what those standards should be.

We believe that in setting complaints handling standards we must reflect the views of consumer groups as well as the industry. Therefore, we would particularly welcome the views of the consumers and consumer groups on these proposals.

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## Context

The Consumers, Estate Agents and Redress (CEAR) Act will see energywatch - the current energy consumer body - replaced with a single point of contact for consumers covering all markets for information and advice (Consumer Direct), the extension of redress schemes to potentially cover all energy complaints, and a new consumer advocacy body (the new NCC). The CEAR Act also provides for the same changes to apply to postwatch, energywatch's equivalent in the postal market.

The CEAR Act places a statutory requirement on Ofgem to make regulations which set standards of performance for complaint handling for gas and electricity consumers. The categories of complaint may be defined in terms of the subject matter of the complaint or the description of the person making the complaint. Before making regulations which set complaint handling standards Ofgem must conduct consumer research.

The purpose of this consultation is to set out our proposed standards for complaint handling and to seek your views. We will publish our conclusions and draft regulations in February and expect the new standards to be in operation from 1 June 2008.

Ofgem is currently working on a number of areas which also relate to the CEAR Act and which therefore are important elements in our consideration of complaint handling standards. These include the review of the Energy Supply Ombudsman and the consultation on Ofgem's proposed criteria for approving energy redress schemes.

## Associated Documents

- The Consumers, Estate Agents and Redress Act  
[http://www.opsi.gov.uk/acts/acts2007/ukpga\\_20070017\\_en.pdf](http://www.opsi.gov.uk/acts/acts2007/ukpga_20070017_en.pdf)
- Open letter on complaint handling standards  
<http://www.ofgem.gov.uk/Markets/RetMkts/Compet/Documents1/Complaints%20Handling%20Standards%20Open%20Letter.pdf>
- Terms of reference for research on complaint handling standards  
<http://www.ofgem.gov.uk/Markets/RetMkts/Compet/Documents1/Complaint%20handling%20research%20ToR.pdf>
- Research report on complaint handling standards  
<http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=21&refer=MARKETS/RETMKTS/COMPL/CONSREP>
- Approval of redress schemes in the energy sector  
<http://www.ofgem.gov.uk/Markets/RetMkts/Compl/ConsRep/Documents1/Consultation%20criteria%20for%20approval%20of%20redress%20schemes%2024707.pdf>

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## Summary

The CEAR Act placed a new requirement on Ofgem to set complaint handling standards. This document sets out proposals for how we will meet that requirement.

Ofgem's principle objective is to protect the interests of gas and electricity consumers. Our objective in setting these standards is to ensure that they support the new arrangements for consumer representation under the CEAR Act and hence provide effective protection for consumers.

The energy market is highly competitive which places pressure on suppliers to maintain and improve customer service or risk losing customers. Suppliers have introduced a number of self regulatory initiatives and consumers can seek redress through the Energy Supply Ombudsman established last year. However, we recognise that this is not the whole answer, particularly for those who for whatever reason cannot switch.

The position for network companies is different with a strong framework of regulatory obligations and incentives. Nonetheless, effective complaint handling under the new arrangements is still a key concern. In developing these proposals we have been concerned not to impose undue administrative burdens on companies, particularly small suppliers and new entrants. We do not want to undermine the strong incentives that the competitive market creates for suppliers to improve their performance or add unnecessarily to costs. We want to provide licensees with the opportunity to innovate, and use evidence of good performance to gain consumers. We have noted the changes in requirements for complaint handling which have resulted from the supply licence review, and the increasing opportunity for companies to drive improvements through competition and self-regulation.

In July we published our open letter setting out a number of broad options for the complaint handling standards. This letter also sought views on the scope of the standards and whether they should apply to complaints from business consumers and complaints to network companies.

In August we commissioned consumer research from MORI. This qualitative research provided us with an insight into the views and experiences of consumers in relation to complaint handling. These views together with the responses to the open letter, have shaped our proposals for the complaint handling standards.

Based on the responses to the open letter and the consumer research our view is that the standards should provide:

- i. a clear and signposted path for consumers through the process to pursue a complaint and seek redress where appropriate; and
- ii. comparative information to enhance consumers' ability to make choices between competing suppliers.

The specific elements of our proposals for the complaint handling standards are:

***a common definition of a complaint*** - if adopted, this proposal will provide consistency across companies and a sound basis on which performance can be

compared. As part of this consultation we are seeking views on what that common definition should be.

***a requirement to record complaints at the first point of contact*** - this proposal will again give both consumers and companies confidence that practices across the industry are consistent and allow fair comparisons to be made. It also provides a clear start point for calculating timescales for access to the redress scheme and improving the consumer experience.

***a requirement to clearly signpost the redress scheme*** - we propose that consumers be given information about the redress scheme. This supports a key element of the new arrangements under the CEAR Act and will ensure that consumers have a route through the complaints process to redress. We are seeking views on the most appropriate stage in the process for this signposting to take place.

***a requirement to make arrangements for referrals from the new NCC/ Consumer Direct*** - we propose that suppliers provide dedicated points of contact within the businesses for the referral of vulnerable consumers by the new NCC. This will provide an extra layer of protection for this group. We also propose that arrangements be put in place to deal with referrals from Consumer Direct and seek views on whether similar arrangements should be required for other agencies.

***information on performance*** - we propose that suppliers should provide information on the number of complaints they receive. We also seek views on what other information, for example on speed of resolution or customer satisfaction, might be useful to consumers to enable them to compare performance when making decisions on switching supplier.

In terms of the scope of the standards, we invite views on the inclusion of:

***business consumers*** - we propose that complaints from micro business consumers be included in the scope of the standards. We seek views on whether all or a subset of the key elements - common definition, recording on receipt, and signposting the redress scheme - should apply to this group.

***network complaints*** - we propose that complaints from consumers to network businesses be included in the scope of the standards, noting that there are already particular incentives on these companies as part of the price controls. We seek views on whether all or a subset of the key elements - common definition, recording on receipt, and signposting the redress scheme - should apply to this group and on the interactions with existing obligations.

The requirement to have a complaints procedure and publish it is currently in the supply licence, and is the subject of review in the electricity distribution and gas transportation licences. We invite views on whether the requirement to produce and publish a complaints procedure in plain and intelligible language should be removed from the licence and placed within the complaint handling regulations to aid transparency.

We would welcome views on these proposals.

## 1. Introduction

### Chapter Summary

This chapter sets out the background and structure of the document.

### Question Box

There are no specific questions in this chapter.

## Background

1.1. Ofgem is required under the CEAR Act to set standards for complaint handling. We commenced this work in July through an open letter seeking initial views on the broad approach which we should adopt. The CEAR Act obliges Ofgem to undertake consumer research on complaint handling standards prior to setting those standards. This was completed in August.

1.2. The responses to the July open letter and the results of the consumer research have been taken into account in the proposals for setting complaint handling standards contained in this document. These are available on the Ofgem website.

1.3. We have recently published our consultation document on the criteria for the approval of redress schemes in the energy sector. We will also shortly publish the results of our review of the Energy Supply Ombudsman. Respondents may wish to consider both these documents before responding to this consultation.

## Structure of this document

1.4. This consultation document is organised as follows:

- Chapter 2 sets out the legal framework under the CEAR Act for setting complaint handling standards.
- Chapter 3 summarises the responses to the options and questions the scope of the standards outlined in Ofgem's July open letter and our view on those broad options.
- Chapter 4 sets out our proposals for complaint handling standards.
- Chapter 5 sets out our proposals for the scope of the standards, in particular its application to complaints by small businesses and complaints about network companies.
- Chapter 6 sets out the related licensing issues.

## Working Group

1.5. In preparation for the introduction of complaint handling standards and redress arrangements, we have recently established a working group comprising representatives of suppliers for domestic and business consumers, distribution companies, energywatch and other customer representatives and the Department for Business Enterprise and Regulatory Reform (BERR).

1.6. The working group provides a forum to:

- help identify issues relating to complaint handling standards and redress and discuss recommendations for resolution;
- identify issues not related to these but which may nevertheless arise once the new arrangements take effect;
- discuss progress in meeting the new requirements; and
- identify risks which may prevent the successful implementation of complaint handling standards and redress schemes.

The working group is not a decision making body, nor will its discussions replace the standard consultation arrangements that Ofgem employs when taking decisions.

### Next steps

We expect to publish our decision on the content and scope of the complaint handling standards in February 2008, having considered carefully any feedback received in response to these proposals. This will include draft standards on which we will be consulting in line with the requirements of the CEAR Act.

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## 2. Legal framework

### Chapter summary

This chapter sets out the legal framework and the provisions of the CEAR Act relating to the setting of complaints handling standards, and the enforcement of those standards.

2.1. The CEAR Act sets out a new framework for consumer representation based around two main components: first, the creation of a new National Consumer Council (NCC) (CEAR Act Part 1); and second, the establishment of standards for handling complaints, and requirements related to redress schemes (CEAR Act Part 2). The CEAR Act also provides for Consumer Direct to provide front line advice to gas and electricity consumers.

2.2. Part 1 of the CEAR Act provides that the new NCC will take on the consumer advocacy responsibilities of energywatch and Postwatch in the energy and postal services sectors. It will not have a general complaint handling function but it will be required investigate complaints from consumers in certain circumstances. These circumstances include where the complaint relates to a disconnection or a threat of disconnection and there are no other circumstances which would cause the new NCC to refuse to investigate the complaint (such as where it considers the complaint to be vexatious). The purpose of such an investigation will be to determine whether it would be appropriate for the new NCC to provide assistance to the relevant complainant and/or to make representations on behalf of that complainant. The new NCC also has the power to investigate complaints made by or on behalf of vulnerable consumers. For these purposes a consumer is "vulnerable" if the new NCC is satisfied that it is not reasonable to expect that person to pursue the complaint on that person's own behalf. Where the new NCC does investigate such complaints, the purpose will again be to determine whether it would be appropriate for it to provide advice and/or make representations on behalf of the vulnerable complainant.

2.3. Part 2 of the CEAR Act requires the Authority to set complaint handling standards that are binding upon service providers and gives it a formal role in approving redress schemes for the energy sector. This part of the CEAR Act also gives the Secretary of State the ability to require regulated providers in the energy sector to become members of an approved redress scheme.

2.4. In setting complaint handling standards the Authority can specify that they should cover all consumer complaints or certain kinds of complaints by subject or by description of the complainant. Regulations may only be made with the consent of the Secretary of State.

2.5. The CEAR Act also allows the Secretary of State to make an order prescribing a date on which the duty on the Authority to prescribe complaint handling standards changes to a power. This is a sunset provision which acknowledges complaint handling standards may cease to be required at some stage in the future. Before making such an order the Secretary of State must consult.

2.6. Prior to prescribing standards, the Authority is required to conduct consumer research and consult on its proposals. The proposals notice must set out the proposed standards, give reasons why those standards have been proposed, explain how they will be enforced, and specify the latest date for representations. The research and consultation can be undertaken before the duty to issue complaints handling standards is commenced.

2.7. The new NCC is required to publish information on levels of compliance with the standards by regulated providers. The new NCC has discretion regarding the form, manner and frequency with which this information can be published.

2.8. The Authority may make regulations requiring regulated providers to provide their relevant consumers with information about the standards and the levels of compliance achieved by that provider. It can specify the form, manner, and frequency with which this information is to be given.

2.9. Schedule 5 to the CEAR Act requires the Authority to collect information from licence holders (or some of them, as provided for in the legislation) in respect of compliance with the complaints handling standards it sets.

### **Enforcement**

2.10. Section 52 of the CEAR Act deals with enforcement of the requirements imposed by Part 2 of that Act. It provides that section 28 of the Gas Act 1986 and section 25 of the Electricity Act 1989 are amended so that the definition of "relevant requirement" contained in each of those sections is extended to include any duty or other requirement imposed by sections 43 (Standards for complaint handling), 46 (Supply of information to consumers) and 47 (Membership of redress scheme) of the CEAR Act.

2.11. Further, any duty or other requirement imposed by the new section 33DB of the Gas Act 1986 and the new section 42AB of the Electricity Act 1989 (both of which have been inserted by Schedule 5 of the CEAR Act) are included in the definition of "relevant requirement" contained in the Gas Act 1986 and the Electricity Act 1989. The new sections 33DB and 42AB provide that the Authority must from time to time collect information from licensees in respect of their compliance with the complaints handling standards.

2.12. The Gas Act 1986 and the Electricity Act 1989 require the Authority to take enforcement action in certain circumstances where it is satisfied that there is a contravention or there is likely to be a contravention of a relevant requirement by a licence holder. Further, where the Authority is satisfied that a licence holder has contravened or is contravening any relevant requirement, it may impose a penalty of such amount as is reasonable in all the circumstances.

2.13. We recognise that Consumer Direct and the new NCC will replace energywatch as major sources of information about consumers' experience of the energy market including information about company complaint handling. We intend to establish

protocols with both bodies for the exchange of information to ensure that we are aware of the nature of their contacts with consumers. We will also agree procedures for the referral of enforcement matters with the new NCC. Any referral will be treated in accordance with our enforcement guidelines.

2.14. Our consideration of what information and with what frequency it should be collected will be informed by the responses to this consultation and the final form of the complaint handling standards.

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## 3. Responses to Ofgem's open letter

### Chapter Summary

This chapter summarises responses on the five broad options identified in Ofgem's July open letter on complaint handling standards, and on whether the scope of the standard should include business consumers and complaints to network operators. Respondents favoured an approach which combined two of the options to setting standards: prescribing procedures, and providing information on performance. There was also support for setting standards for micro business consumers, and for including complaints to network operators. This chapter explains Ofgem's views on those responses and the elements that are being taken forward in this consultation. These views have also been informed by Ofgem's recent consumer research.

### Question box

There are no specific questions in this chapter.

### Open letter

3.1. Ofgem started the process for setting complaint handling standards by publishing an open letter on 3 July 2007. This letter outlined a number of broad options as to the form the standards might take. These options were:

- to *prescribe the procedures* that companies would have to put in place to provide consumers with a recognisable pathway through the complaints process to redress;
- to set *conventional standards* such as standards of performance which would specify the timescales within which a set percentage of complaints should be dealt with;
- to set standards which facilitated the *provision of meaningful information* to help consumers compare performance and exercise choice in a competitive market;
- to require companies to put in place complaint handling arrangements which complied with a *recognised standard* such as BS ISO 10002:2004; and
- to require companies to adhere to a *code of practice*, approved by Ofgem, in which their complaint handling arrangements would be set out.

3.2. The open letter also asked for views on the appropriate scope of the complaint handling standards. In particular, it asked whether the standards should apply to business consumers, and whether they should apply to complaints made by consumers about their network operator.

3.3. A summary of responses to the open letter follows from 3.6 onwards. Responses have been grouped into supply companies, network companies, and consumer

groups/non-industry respondents. A list of respondents can be found at appendix 2 and all the non-confidential responses have been published on Ofgem's website alongside this document.

## Consumer research

3.4. The CEAR Act requires Ofgem to undertake consumer research before setting standards. Six research events involving a small group of consumers were held in various locations across England, Scotland, and Wales. The objectives of this research were to:

- understand consumers' experience of gas and electricity companies' complaint handling procedures – good and bad practice - including where relevant, examples from other sectors;
- seek their informed opinions on what elements of a complaint handling process are considered to be important or valued;
- ascertain how far consumers expect regulatory protection in this area; and
- examine to what extent poor customer service would prompt consumers to switch energy provider.

3.5. The main findings from the consumer research were:

- in considering complaint handling standards consumers were concerned about a wide range of aspects from ease of access, helpfulness of staff, proactivity in keeping them updated, as well as timeliness and the end outcome in terms of getting their problem resolved including an apology;
- speed of response is important, but the quality of the response is key and should not be sacrificed for the sake of speed;
- there is an important role for Ofgem to play in setting standards for complaint handling, since participants did not think that competition alone ensures it;
- areas where Ofgem could feasibly have a role in setting performance standards included transparency of the process and timelines for complaint handling (although complainants were mindful that this would not necessarily improve the quality of complaint handling);
- although participants believed that ultimately, price and overall quality of service are more important than complaint handling when it comes to choosing their of energy supplier, participants' experiences of the way their complaint was handled does seem to contribute to the context in which they make decisions about suppliers;

- there could be benefits to consumers in Ofgem or another independent body publishing complaints performance data so that consumers can make informed decisions on their choice of supplier; and
- some participants were cynical about a requirement to comply with an ISO standard on complaint handling as it would create wasteful bureaucracy and few additional benefits.

## Options for complaint handling

### Question 1

**What is your assessment of the different approaches we have identified? Are there any other approaches worth investigating?**

#### **3.6. Prescribe procedures to provide a clear pathway**

##### ***Supply companies***

3.7. This was the option favoured by most suppliers, with some suggesting it should be combined with information on performance, but all cautioned against an overly prescriptive approach. The procedures should not limit flexibility or restrict the ability of suppliers to differentiate through innovation. Administrative burdens and the costs to consumers should be kept to a minimum. It was suggested that an overly prescriptive approach would conflict with the principles of better regulation and the supply licence review, and that the competitive market provided the best sanction against poor performers.

3.8. Respondents were divided about the need to define a complaint: some suggested it was needed to ensure consistency and enable comparison, while others believed the focus would be better placed on measuring consumer satisfaction. One supplier believed best practice is for complaints to be recorded at point of contact. Another suggested that there should be a defined point of contact for complaints referred back from Consumer Direct.

##### ***Network companies***

3.9. There was a general desire to minimise prescription and keep admin burdens to a minimum, particularly as the licence currently requires network companies to have in place codes of practice for complaint handling. Nearly all network companies believed that a well designed and publicised redress scheme which embraced the whole complaints process was the best way to ensure complaints were dealt with effectively and efficiently. Many suggested that Ofgem should set out the procedures it expects to see within each company's complaint handling code of practice but this should not fall within a formal standard. Instead, these requirements should be addressed in the arrangements for the approved redress scheme.

***Consumer(s) groups / non-industry respondents***

3.10. All other respondents saw merits in setting procedures either as a stand alone or combined with other options. Most highlighted the need to have a common definition of a complaint. The majority cited the recording of complaints on receipt, escalation points for referrals back from Consumer Direct, and informing consumers about their rights to redress as basic meaningful information for consumers.

3.11. One respondent supported minimum procedures which were simple, relevant, and effective in resolving queries with an emphasis on communication with consumers. There was a need to consider not only the cost to a company of meeting a standard but the cost to the consumer in having to make a complaint. Another acknowledged the balance to be achieved between ensuring protection without undermining incentives and innovation. It was suggested that Ofgem should consider a series of outcome targets for each standard which would trigger their removal.

**Ofgem's view**

3.12. We note that there was considerable support for prescribing procedures to provide a clear pathway through the new arrangements, with many suggesting that this be combined with other options particularly the provision of information. There was also recognition of the need to strike a balance between protecting consumers whilst providing companies with the flexibility to innovate - a principle which we support. We consider that there is considerable merit in Ofgem prescribing a number of key procedures which companies must have in place which would guide consumers through from the making of the initial complaint to redress. In chapter four we explore what these key elements might be.

3.13. We recognise that the position of network companies is different but are not persuaded that the current code of practice arrangements, which are anyway under review, are adequate. We explore the issues around network companies further in chapter five.

**3.14. Set conventional standards*****Supply companies***

3.15. There was no support amongst suppliers for the setting of conventional standards. Most were concerned that a standard promoted clearance of volumes in order to meet targets rather than investigation and root cause analysis. They believed that this focus was unlikely to drive improvements in customer service, and would discourage innovation. This approach would go against the intention of the new arrangements to put the consumer at the heart of the process, and the uniqueness of a complaint would not lend itself to an arbitrary standard. The incentives on suppliers to offer good service in a competitive market meant standards in supply were unnecessary.

***Network companies***

3.16. Network companies did not consider it appropriate to duplicate existing standards.

***Consumer(s) groups / non-industry respondents***

3.17. There was a mixed response to the question of whether conventional standards should be set, with some suggesting that standards be used as part of wider complaint handling obligations. One respondent considered that the CEAR Act required Ofgem to set such standards.

3.18. Some saw merit in setting time limits and benchmarks for different types of complaints, whilst another favoured compensation for failure noting the standards applying in the water industry. However, another respondent considered that whilst targets could be useful where an organisation was not performing, it could lead to a desire to meet a target rather than address a problem: consumers may prefer to wait longer for resolution than be placated by compensation.

3.19. One respondent highlighted the prescriptive nature of such standards and the difficulty in setting a meaningful target: set too high it suggests suppliers are failing, set too low there is no incentive to improve.

**Ofgem's view**

3.20. Support for setting conventional standards, whether an overall or guaranteed standard, was limited. We note that standards of performance are more prevalent where there are monopolies such as rail and water, and indeed shortly in gas distribution, where consumers have no choice of provider. Their place in a competitive market is more questionable. Standards of performance may lead to a desire to hit a timescale target rather than provide a quality service and a focus on understanding the root causes of problems. We consider that the market rather than standards of performance is best placed to encourage suppliers to differentiate their service and provide a driver to improve. While our consumer research showed that consumers liked the idea of performance standards, they were more interested in quality than speed and resolution of the problem was seen as being as important as compensation.

3.21. Our current view is therefore that conventional standards of performance for suppliers, such as standards which would specify the timescales within which a set percentage of complaints should be dealt with, would not be in consumers' interests. We recognise that the position of network companies is different and our focus here is on ensuring that the standards imposed under the CEAR Act are properly integrated with the standards imposed under existing regulation.

**3.22. Facilitate the provision of meaningful information**

***Supply companies***

3.23. Most suppliers could see merit in publishing comparative data, with some noting the requirement on the new NCC to publish information on levels of compliance with the standards. The need to ensure information was presented on a consistent basis was raised, with two suppliers suggesting that a common definition of a complaint was required. Publishing complaints information would assist consumers in their switching decisions and provide an incentive for suppliers to improve their performance.

3.24. Suppliers also suggested that the most relevant information to present to consumers was on consumer satisfaction with complaint handling more generally. The data would need to be audited and validated but with costs kept to a minimum to reduce the impact on consumers.

3.25. The transition to the new consumer arrangements needed to address where consumers could go to get information, a function carried out to an extent by switching sites and the media. The scope of the information provided by the redress scheme also needed to be considered.

***Network companies***

3.26. Network companies suggested that consideration be given to whether the redress scheme would be best placed to collate and make available meaningful information. They did not support the recording of complaints at the initial point of contact considering it to be overly bureaucratic.

***Consumer(s) groups / non-industry respondents***

3.27. Other respondents considered the provision of information on performance to be an essential part of any complaint handling procedure. They recognised that regular information, published by Ofgem or the new NCC, on matters of importance to consumers would help them compare performance and exercise choice. Suggestions included complaint volumes, compliance with complaint handling standards, timescales and compensation, to be published alongside price information.

3.28. The need to put complaints data in context was highlighted, with one respondent recognising that those companies with a good accessible complaints process may record a comparatively high number of complaints. One respondent suggested poor performers be named and shamed whilst another believed publication would be an incentive to improve. Concern was expressed that experience from standards of performance and self-regulatory initiatives showed that different reporting interpretations hampered the ability to publish comparative data.

3.29. Many recommended an independent audit of complaints processes, supported with independent surveys of consumer experiences and research.

### **Ofgem's view**

3.30. The majority of correspondents favoured the publication of comparative information. This was supported by the results of the consumer research where participants expressed the desire to be given data to support their switching decisions. Consumers were also keen that the data should not be open to manipulation. We concur with the view held by the majority of respondents that the provision of comparative information should be a key element of any complaint handling standard. Consumers should be provided with meaningful information which would assist them in participating in the competitive market and which will provide benchmarking information against which suppliers can seek to improve performance. We consider what information would be of most use to consumers in chapter four recognising the value of customer satisfaction information but highlighting some of the practicalities. Again the position of network companies is different as the need for information to support switching decisions is not a consideration.

### **3.31. Comply with a recognised standard**

#### ***Supply companies***

3.32. With the exception of one supplier, there was no support for this option. A requirement to comply with a recognised standard (such as ISO 10002) was considered too prescriptive, unresponsive to changes in the competitive market, and could be costly. It would also be too restrictive and overly burdensome on small suppliers and new entrants. Three suppliers argued that the decision to adopt this approach should be up to the individual supplier.

#### ***Network companies***

3.33. Network companies considered that the low number of complaints did not justify compliance with a recognised standard such as ISO, although individual companies could choose to introduce it as part of their own arrangements.

#### ***Consumer(s) groups / non-industry respondents***

3.34. A majority of other respondents to this question considered the adoption of a standard such as ISO 10002 to be the best option for consumers. Two respondents commented that it would be wrong to deprive the majority of consumers of protection because small companies might struggle to meet the standard.

3.35. Some considered that the costs of complying with the standard was not disproportionate as it could be developed with industry input, and was flexible and adaptable to enable it to be customised to meet the needs of both consumers and providers. However, another respondent considered that the standard would force those with good existing complaints handling to incur unnecessary costs which would be passed on to consumers.

**Ofgem's view**

3.36. There was no clear majority view across respondents either in support of or against this option. There was also a mixed response to this option in the consumer research with some concerned about the costs of compliance and bureaucracy, whilst others considered that it may be useful in the absence of effective market pressure. In our view the competitive market does provide the necessary impetus to deliver benefits to consumers and those who perform poorly will lose market share, as indicated in the research where consumers say that they are more likely to switch if they have a problem.

3.37. In our consideration of the form of the complaint handling standards, we have been keen to strike a balance between providing protection to consumers through effective and swift complaint handling measures, and ensuring that burdens on new entrants and existing suppliers' particularly small suppliers, are minimised to allow them to differentiate their service as a means to increase market share. Whilst we see merit in a recognised standard such as ISO, we believe that in a competitive market the decision whether to attain this standard should be left to the individual supplier.

**3.38. Adhere to a code of practice*****Supply companies***

3.39. None of the suppliers supported the option of a code of practice, believing it to be a retrograde step noting its recent removal as part of the supply licence review. Suppliers commented that in a competitive market the code would be a deterrent to differentiate and would stifle innovation.

***Network companies***

3.40. None of the network companies saw merit in this option.

***Consumer(s) groups / non-industry respondents***

3.41. There was little support for a code of practice, with one respondent noting that the incentive to improve is removed when the standard is met. Another believed that codes have an uncertain status in consumers' rights and obligations should be set in licences, where there should also be a requirement for consumer information to be produced in a clear and understandable form, in a wide range of accessible formats.

**Ofgem's view**

3.42. We concur with the view expressed by the overwhelming majority of respondents that there is no merit in pursuing this option further. The requirement to have a code of practice approved by Ofgem creates a disincentive on suppliers to be

ambitious. The recent Supply Licence Review recognised this and removed the requirement to have a code of practice approved by Ofgem. We consider that requiring suppliers to produce a code of practice would be a backward step. The obligation to produce and adhere to a code of practice currently remains in the network companies' licences but will be considered as part of this review.

## **Conclusion**

3.43. The results of the open letter and the consumer research provide a basis on which to propose complaint handling standards that meet the objectives of balancing the protection of consumers with the need to allow suppliers to differentiate their service in a competitive market. It is clear that no one option provides the ideal solution to setting complaint handling standards. We consider that prescribing a number of key elements, together with the provision of information for consumers, would provide complaint handling standards which achieve the above objectives. Our current proposals for the standards are detailed in chapter four.

## **Scope of complaint handling**

### **Question 1**

#### **3.44. Should the scope of the regulations include complaint handling standards for network companies?**

##### ***Supply companies***

3.45. Many suppliers did not favour the inclusion of network operators in the standard suggesting that consumers were already adequately protected. All noted that complaints to energywatch about network companies were very low and that an extra standard would be an unnecessary duplication of existing measures. They highlighted the obligations in the Gas and Electricity Acts, standards of performance, financial incentives in the price control, and the requirement for a code of practice.

3.46. Two considered that network companies should be included to increase the accountability and visibility of performance as consumers had no choice of provider.

##### ***Network companies***

3.47. Nearly all network companies considered complaint handling standards to be unnecessary. Complaints to energywatch were low, and companies were already subject to other measures such as the incentives regime where companies risked being considered inefficient at price reviews if complaints performance was poor, licence conditions, extended customer satisfaction surveys, and standards of performance. Some respondents considered it premature to consider a possible new standard of performance prior to the price control. One company suggested that network companies should be included as some consumers were unable to

distinguish between supply and distribution, and network companies were likely to be required to be members of a redress scheme. Another company was in favour of standards suggesting they be set for complaints not related to loss of supply.

### ***Consumer(s) groups / non-industry respondents***

3.48. All respondents agreed that complaint handling standards should apply to network companies, noting that their policies and practices directly affected consumers.

### **Ofgem's view**

3.49. It was clear from the responses that there was no uniform view regarding the inclusion of network companies in the complaint handling standards. We recognise the arguments that there are already measures in place to protect consumers, and financial incentives rather than the competitive market drive performance. We also note it has been proposed that redress schemes will apply to network companies. Therefore, it would appear appropriate to provide consumers with a route through the complaints process to redress. However, it is not clear to us whether the standards we propose apply to suppliers would be appropriate to apply to network companies. We have explored this further in chapter five.

### **Question 2**

**3.50. Do you have a view on whether complaint handling standards should be set for business consumers?**

### ***Supply companies***

3.51. The majority of suppliers supported the inclusion of small businesses in the complaint handling standards. Some recognised that they experienced similar problems to domestic consumers and one noted that as the redress scheme was likely to include small businesses the complaint handling standards should also.

3.52. Of those suppliers who agreed that small businesses should be included, all highlighted the need to agree a common definition. They did not consider BERR's proposed definition of micro business, as set out in their redress scheme criteria consultation, to be workable as they did not have information on the size of the business or balance sheet. Many suggested using industry definitions of consumption as an identifier.

3.53. No suppliers considered it necessary to include large businesses in the scope of the standards, citing these consumers ability to resolve their own problems, and the provision of tailored service and account management as reasons for their exclusion.

3.54. Two suppliers did not agree that small businesses should be included. They noted that business consumers could negotiate their terms to address service and performance levels. One suggested that its one to one relationships with consumers provided accountability and transparency, which demonstrated how the competitive market drove up standards. It supported clear and transparent escalation processes but not prescribed standards.

#### ***Network companies***

3.55. All network companies agreed that small businesses should be included, noting their similarity to domestic consumers. It could not be assumed they were better able to negotiate their contractual terms.

#### ***Consumer(s) groups / non-industry respondents***

3.56. There was agreement from other respondents that standards should apply to small business consumers. It was noted that this group lacked the power of large and medium size enterprises to negotiate terms, and did not have access to quality of service information to allow an informed choice of supplier to be made. energywatch research had highlighted low levels of satisfaction amongst business consumers.

#### **Ofgem's view**

3.57. The overwhelming view of respondents was that large businesses should not be covered by the complaint handling standards but that there was a case for including micro businesses. We agree with this view. Whilst large and medium sized consumers in the business sector are in a better position to negotiate their own contractual terms this can be more difficult for micro businesses. However, we are keen to ensure that there is a balance between protection for micro business consumers and the impact that the imposition of standards for this group may have on small suppliers and new entrants who are more prevalent in this sector of the market. It is not clear to us whether the standards we propose apply to domestic consumers would all be appropriate to apply to complaints from micro businesses. In chapter five we explore what elements may be required in a standard for micro business consumers. We share the concerns of suppliers about BERR's proposed definition of micro businesses.

## 4. Complaint handling standard

### Chapter Summary

This chapter proposes five key elements we have identified so far that should form the complaint handling standards: a common definition of a complaint; a requirement to record complaints at the first point of contact; a requirement to signpost the redress scheme; a requirement to handle referrals from the new NCC and potentially other agencies; and a requirement to provide information on performance. We examine the pros and cons of each proposal, seek views on their respective merits, and ask whether there are any other elements which should be included in the standards.

#### Question 1:

Do you agree that there should be a common definition of a complaint? If so, is the definition of a complaint in BS ISO 10002:2004 the most appropriate or is there another definition which would be better?

#### Question 2:

Do you agree that all complaints should be recorded upon receipt?

#### Question 3:

Do you agree that consumers should be given information about the redress scheme at the point that the complaint is made or is there another point at which this information should be given?

#### Question 4:

Do you agree that companies should have a dedicated point for referrals from the new NCC? Should they also make arrangements for referrals from Consumer Direct and other agencies?

#### Question 5:

Should information about the number of complaints received be collected? Would information on complaints by category be useful for consumers? How might the difficulties of consistency be resolved?

#### Question 6:

Should information on the speed of resolution of complaints be collected?

#### Question 7:

Is action required to verify data submitted by suppliers? If so, what?

#### Question 8:

Would a survey of consumer satisfaction be useful? If so, what should it comprise and who should do it?

#### Question 9:

Are there any other requirements that we should consider including in the standards?

## Introduction

4.1. In chapter three we summarised the responses to the five options for setting complaint handling standards outlined in our open letter. Based upon the responses to the open letter and the results of our consumer research, we have proposed five key elements which could make up the standards for the handling of complaints from

domestic consumers by their regulated energy supplier. These elements would provide the consumer with a clear pathway through from the making of a complaint to redress and provide consumers with comparative performance information. We discuss each of the elements below, setting out the case for and against each. We would welcome views on whether these elements are the right ones and whether there are any others we should consider.

### **Requirement to have a common definition of a complaint**

4.2. The majority of respondents to the open letter indicated a clear wish to put in place a common definition of a complaint. It appears to us that a basic tenet of any complaint handling standards should be the inclusion of a clear definition of a complaint.

4.3. To date energywatch has collected information on the complaints it has received from consumers about energy companies. However, this information is limited in its usefulness as it provides information only on those complaints which have not been resolved to the consumer's satisfaction, and there is no way of knowing how many complaints each company has actually received and resolved. When Ofgem undertook its investigation into the billing practices of suppliers in 2005<sup>1</sup> it discovered that there was no commonly-used standard for what constituted a complaint, which created problems in comparing and collecting complaint information.

4.4. A common definition of a complaint would provide both consumers and companies with a meaningful basis on which to compare performance (this is explored in detail later in this chapter).

4.5. Establishing a common definition of a complaint would also be consistent with the practice of other regulatory bodies including the Financial Services Authority, Ofcom, Ofwat, and the Office of the Rail Regulator. All have an agreed definition of a complaint, tailored to the needs of the individual industry.

4.6. Some respondents to the open letter suggested that it was unnecessary to define a complaint. Indeed, concern was expressed that it prevented companies from focusing on issues and hindered innovative approaches to resolution at the point of contact. There were also suggestions that the focus should be on consumer satisfaction rather than defining and collecting complaints information. We do consider that there is merit in considering how consumers' satisfaction with the quality of complaints handling should be measured and explore further how this might be done later in this chapter. However, it is not clear to us why defining a complaint would detract from a supplier's ability to resolve consumer complaints.

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<sup>1</sup> Ofgem's response to the super-complaint on billing processes made by the Gas and Electricity Consumer Council (energywatch) - 163/05 - 05/07/2005

*We would welcome views on our proposal that there should be a common definition of a complaint.*

4.7. Responses to the open letter included a number of suggestions regarding the form the definition should take. The most common definition put forward was that employed in the BS ISO 10002:2004. This defines a complaint as an *'expression of dissatisfaction made to an organisation, related to its products, or the complaints-handling process itself, where a response or resolution is explicitly or implicitly expected'*. This definition would appear to be applicable to energy companies, but perhaps replacing "products" with "services". It would also have the advantage of ensuring consistency if some suppliers chose to adopt the ISO 10002:2004 standard.

4.8. We recognise that there may be other definitions. For example, the definition used by the Scottish Consumer Council, *'any expression of dissatisfaction that needs a response'*, has been highlighted as a possible alternative. We would wish to agree a definition which is simple and unambiguous.

*We would welcome views on what the definition of a complaint should be and in particular whether the ISO definition should be adopted.*

## **Requirement to record complaints at the first point of contact**

4.9. Many of the respondents to the open letter highlighted the recording of complaints at the first point of contact as a key component of any proposed complaint handling standards. We consider that it goes hand in hand with a common definition of a complaint.

4.10. Recording complaints upon receipt, including those resolved at that point would ensure that data is collected on the same basis by all companies. If information on complaint volume or performance is to be relied on by consumers it is important that it is consistent and allows fair comparisons to be made.

4.11. The arguments against recording complaints on receipt are similar to those put forward for not defining a complaint, in that it would divert attention away from complaint resolution. There may also be concerns about the additional administrative burden that the recording process may place on companies. However, we have noted that some respondents to the open letter already record complaints on receipt. It is also probable that other companies record data from contacts in some way. It does not appear to us that this proposal should be unnecessarily bureaucratic or overly burdensome on companies but we would welcome any evidence companies may be able to provide on this.

4.12. Our consumer research indicated that consumers would like to have a single point of contact who would be able to deal with their complaint throughout. In the absence of such an arrangement, they were keen that an adequate record of their complaint be kept to avoid having to repeat the same information if they had to contact the company again. We recognise that having a single point of contact for a

complainant may be difficult for some companies and could delay the resolution of the complaint. We consider that in a competitive environment it is a matter for the individual company to decide whether they wish to differentiate their service in this way. Nevertheless, compelling companies to record the complaint at the first point of contact should negate the need for consumers to repeat the details of their complaint more than once. It would also be useful where a consumer has to go back to a company some months later because the promised action has not happened, for example a promised change to the next quarter's bill is not actioned.

4.13. Finally, given the consumer has a right to take their complaint to the redress scheme if it is not satisfactorily resolved within a certain period (8 weeks for the ESO from January 2008) there is a case for requiring all complaints to be logged so it is clear at what point this entitlement has effect.

*We would welcome views on whether there should be a requirement for all complaints to be recorded at the initial point of contact.*

### **Requirement to signpost the Redress scheme**

4.14. A key element of the new consumer arrangements under the CEAR Act is the consumer's right to obtain redress where they are dissatisfied with the way in which their complaint has been dealt with. It is clear that consumers should be provided with information by their energy company about their rights to refer their complaint to a redress scheme. We note that respondents to the open letter were agreed upon this point. In our recently published consultation<sup>2</sup> on the approval of redress schemes in the energy sector we have proposed that the redress scheme should require energy providers to inform their customers about the scheme, including when a complaint is first received.

4.15. Suppliers are currently required by a licence condition to inform customers on an annual basis about how they can contact energywatch<sup>3</sup>. This is typically done by including the information on customers' bills. We note that the big six suppliers have all either put information about how to contact the Energy Supply Ombudsman on their bills or have indicated that they intend to do so. We plan to retain this licence requirement and will be consulting separately on the information which should replace energywatch's contact details as part of a package of consequential licence amendments following the CEAR Act.

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<sup>2</sup> Approval of redress schemes in the energy sector - 24/07 - 16/10/07

<sup>3</sup> Licence condition 31 of the gas and electricity supply licences.

4.16. Suppliers also have a licence obligation to tell customers annually about the complaints procedure and how to obtain a copy of it<sup>4</sup>. We would expect this statement to include reference to the redress scheme.

4.17. However, it is not clear that simply requiring companies to tell consumers about their rights to redress through means such as an annual bill insert is the best approach. Consumers would be unlikely to make much use of this information unless they happened to have a complaint at the time it was received.

4.18. Our initial view is that the most appropriate time to tell consumers about the existence of the redress scheme would be at the time the complaint is made. In the consumer research participants expressed a clear desire to be told about the redress scheme at this point. This would ensure that all consumers who make a complaint are given the information needed to take advantage of the new arrangements, and provide companies with an assurance that they are all behaving in a consistent manner. However, it would be for each company to decide the form in which this information will be given. We understand that most complaints are resolved at the point of contact. Therefore, we do not propose to prescribe the manner in which information should be given, for example in writing.

4.19. We recognise that there is an element of risk in providing consumers with information about the redress scheme when a complaint is made. There may be some consumers who attempt to bypass the complaints process by going straight to the redress scheme. However, regardless of the point at which consumers are told about the redress scheme, we would typically expect companies to provide information with sufficient clarity to avoid, as far as possible, premature contact with the redress scheme. This information would include the time limits for referral and the company's criteria for issuing deadlock letters.

4.20. The other point at which information about the redress scheme should be provided to consumers is as part of the deadlock letter or once the time limit for referral has elapsed. Again the question is whether this needs to be reflected in the complaint handling standards or can be covered through the criteria for approval of the redress scheme.

*We would welcome views on whether there should be a requirement for consumers to be given information about the redress scheme either when the complaint is made or at some other stage.*

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<sup>4</sup> Licence condition 31 of the gas and electricity supply licences.

## Requirement to make arrangements for handling referrals from the new NCC/Consumer Direct

### New NCC

4.21. As described in chapter two, the new consumer arrangements provide the new NCC with a duty to investigate certain complaints where there has been, amongst other things, a disconnection or a threat of disconnection, and a power to investigate other types of complaints from vulnerable consumers. We propose that special arrangements should be put in place for handling these contacts.

4.22. Suppliers, operating in a competitive market, will have an incentive to deal effectively with all of their consumers. Nevertheless, there will be some consumers who may be vulnerable due to their personal circumstances, or the complexity of the matter, and for whom a referral to a redress scheme may not be appropriate at that point, particularly if there is a need for urgent action. These consumers will require the assistance of a body such as the new NCC if they are unable to resolve their problem directly with their energy company.

4.23. We are keen to avoid the situation of consumers getting 'lost' in the system, being passed back and forth between different organisations. One way of addressing this would be that energy companies be required to have a dedicated point within the company to which the new NCC could refer these consumers. This would provide an extra layer of protection for this key group of consumers.

4.24. The big six suppliers do already have arrangements like this in place for dealing with complaints referred back from energywatch under the "empowerment" procedure. While smaller suppliers might not be able to justify a separate team to deal with these escalated complaints, it should be possible for them to meet this obligation through a commitment to give particular priority to any consumers referred back from the new NCC.

*We would welcome views on whether there should be a requirement for companies to have a dedicated point for the referral of vulnerable consumers from the new NCC.*

### Consumer Direct

4.25. The new consumer arrangements envisage a key role for Consumer Direct in providing advice and signposting effectively. As well as those consumers who may decide to contact Consumer Direct before they have made a complaint to their supplier, it is likely that there will be a number of consumers who will contact Consumer Direct having already been to the supplier. In these circumstances, simply referring the consumer back to the supplier's main contact centre is unlikely to be appropriate and risks creating significant consumer dissatisfaction. We note the success of energywatch's extended empowerment arrangements and believe that there is scope to build upon this process. Under these arrangements a consumer - who is not vulnerable - who has called energywatch with a straightforward supplier

complaint is referred by direct transfer to dedicated teams within the supply company. We would not propose to specify particular processes but would require energy companies to have arrangements in place with Consumer Direct for how referrals from them should be handled.

*We would welcome views on whether suppliers should be required to make arrangements for dealing with referrals from Consumer Direct.*

### **Other agencies**

4.26. Although Consumer Direct and the new NCC will be the main contact points for consumers and suppliers, there will continue to be consumers who will use the services of other agencies, for example Citizens Advice. We understand that some suppliers already have nominated contact points for such agencies. There can be consumer confidentiality issues that need to be addressed if the agency is to act on behalf of the consumer and which require particular arrangements to be put in place between the supplier and the agency. However, given that this is an existing issue and given the wide range of potential agencies involved, our initial view is that it would not be appropriate or necessary to require such arrangements to be put in place as part of the complaint handling standards.

*We would welcome views on whether the obligation to make arrangements for dealing with referrals from other agencies should be extended beyond new NCC and Consumer Direct and if so to whom.*

4.27. Suppliers have a responsibility to take ownership of their relationships with individual vulnerable consumer. Suppliers may choose to have a dedicated telephone number or freephone number for vulnerable consumers or those on their priority services register: our initial view is that it is a matter for the individual supplier to decide whether to provide this service.

4.28. Suppliers may also wish to take this opportunity to consider how they will deal with signposting or answering enquiries of a general nature, for example 'who is my supplier', or contacts from consumers who they do not supply, and whether there is scope for a self-regulatory co-ordinated approach to addressing these issues.

### **Requirement to provide information on performance**

4.29. As explained in chapter three, taking account of responses to the open letter, we see the provision of information to consumers to enable them to compare performance and make decisions on their choice of supplier as an important element of the complaint handling standards. The new NCC will be required to publish information in relation to compliance with the complaint handling standards. The question to be addressed is what information should be collected and then published, which would assist consumers in making their decisions and provide benchmarking information to motivate companies to further improve performance.

### **Number of complaints**

4.30. Information on the number of complaints received could be collected and published on a regular basis. This would give consumers a clear idea of which company received the most complaints and easy basis on which to compare performance and make switching decisions. Currently energywatch publish information on the number of complaints and enquiries they receive by supplier. This information is used by some switching sites as an indicator of performance. Clearly this information will no longer be available under the new arrangements and complaints to the company itself could be an alternative metric.

4.31. Whilst, on the face of it, this would therefore seem to be an attractive option, there are some issues with it as a measure of performance. As recognised by a number of respondents to the open letter, information about the number of complaints received would need to be put in context. For example, those companies who provide easy access to their complaints system such as a freephone number may receive more complaints than those who do not and hence simply presenting complaint volume may be misleading. One option to address this would be for suppliers to have the opportunity to provide information about such factors which may have influenced their complaint volumes when submitting the data. It would also be essential as noted above, for there to be a common definition of a complaint and for companies to be required to record all complaints.

*We would welcome views on whether information on the number of complaints received should be collected and how helpful it is as a measure of performance.*

### **Categories of complaint**

4.32. As well as collecting information on the total number of complaints, the suggestion has been made that this might be broken down by category (billing, mis-selling etc) as energywatch figures currently are. Consumers may be interested in a particular aspect of service and the new NCC may find such information helpful in identifying particular trends or issues across the industry. However, all suppliers categorise their complaints in a different way and achieving a uniform standard in this area would be very difficult. Our preliminary view is that mandating individual complaint categories would be contrary to our objective of minimising burdens on licensees and is likely to entail changes to suppliers systems. Given the difficulties in achieving consistent interpretations this would not appear to provide any real additional protection for consumers. We consider that the new NCC's powers to gather information from licensees may be a better way of approaching this issue.

*We would welcome views on whether information on complaint by category would be a useful tool for consumers and, if so, how the difficulties noted above might be overcome.*

### **Speed of resolution**

4.33. Having information on the speed at which complaints are dealt with by different companies could be a useful tool for consumers. Data on the proportion of complaints cleared within a set period, for example on receipt or within ten working days (as proposed under the new guaranteed standard applying to gas network companies) could be collected and published. This would give consumers a clear indication of how quickly they could expect their complaint (should they have one) to be resolved and another basis on which to make their choice of supplier. Having a clear standard for the time which suppliers should resolve complaints (either as part of the standard or set by the supplier themselves in their complaint handling procedure) would also provide the redress scheme with a basis for judging in individual cases whether a complaint had been dealt with on a timely basis.

4.34. However, as noted earlier in this document we are concerned about the use of this sort of measure in a competitive rather than monopoly market to which the gas standard will apply, and that it risks driving suppliers to focus on speed of clearance of complaints rather than an effective resolution and building an understanding of the problem to prevent future recurrence through root cause analysis. Our consumer research also indicated that consumers considered quality to be more important than speed. Moreover, what would be considered to be an acceptable timescale for resolution of a complaint was highly dependent on the nature of the issue and the broader context. Setting a single target timescales mitigates against the more flexible approach that consumers want.

*We would welcome views on whether information on the speed of resolution of complaints should be collected.*

### **Vulnerable consumers**

4.35. The CEAR Act makes particular reference to vulnerable consumers and the new NCC has been given powers to investigate complaints made by them. Information on complaints from, and services offered to, vulnerable consumers could provide useful intelligence on whether these consumers are being adequately served. This information could be collected on a short-term basis to ensure that these consumers are not adversely impacted by the new arrangements. However, Ofgem already collects data from domestic suppliers on a quarterly and annual basis to help it identify areas where further work may be needed and to help inform debate on important aspects of how suppliers deal with vulnerable consumers. Moreover, it is not clear how practical it would be for suppliers to collect this information given they will not always know a consumer is vulnerable and their systems will not be configured to record information in this way. We are therefore not currently minded to require the collection of any additional information on vulnerable consumers.

*We would welcome views on whether it would be useful to collect specific information on complaints by vulnerable consumers.*

**Verification of data**

4.36. We note the concerns expressed in the consumer research and replies to the open letter about the robustness of information provided by companies. Clearly, if information is to be used effectively by consumers they will need to have confidence in its accuracy. The practices in other regulatory bodies vary, for example both Topcomm in the telecommunications industry, and Consumer Council for Water, audit a minimum of 25 complaints per company looking at timeliness and process. However, we understand that neither the Financial Services Authority nor the Office of the Rail Regulator undertake audits of complaints data. It is not clear to us that an audit of complaints data by Ofgem or for example, the new NCC, would be required: data provided as a formal regulatory requirement should be accurate and Ofgem would always be able to follow up if there were reasons to be concerned about accuracy in a particular case. Nevertheless, as additional assurance, consideration could be given to sign-off the data at a senior level within the company.

*We would welcome views on whether it is necessary to take additional steps to verify data, what those steps might be, and who should take them.*

**Consumer satisfaction**

4.37. Some respondents to the open letter suggested that information about consumer satisfaction would be a more relevant measure of performance and of greater value to consumers. It may also provide a useful means of building on the incentives for suppliers in a competitive market to improve their service. Our consumer research highlighted the wide range of factors that consumers considered important in evaluating complaint handling performance - from ease of access through to how helpful and empathetic the staff were to the final resolution and whether that adequately addressed their problem. There does therefore appear to be merit in an approach which would capture consumers' satisfaction with the quality of service in the round.

4.38. The focus of any research would need to be considered carefully, for example would a survey of those consumers who had made a complaint provide a true picture of satisfaction with the complaint handling process or would it be of less value because it would not include those who had considered making a complaint but had not done so? There has been some suggestion that this research should look at consumers overall satisfaction with the products and services provided. In our view, given these are complaint handling standards, this would be too broad and the focus should be on satisfaction with complaint handling. An alternative to capturing consumer satisfaction could be research which collected evidence of good practice which could be promoted to others.

4.39. There are also some very real practical issues with how such an approach would be taken forward in terms of who would be responsible and how the research might be funded. We outline below some of the options which could be considered:

- **Suppliers' survey.** Suppliers could be required to undertake their own consumer satisfaction surveys. However, the different survey methods which might be applied could reduce their effectiveness for comparative purposes.
- **Syndicated survey.** The survey could be set up by Ofgem, who would control the contract with the chosen agency. This set-up could address concerns about costs and independence of the data. It would also overcome the issues of commonality and provide a sound basis for comparison of consumer satisfaction. The cost of the survey could be borne by Ofgem, the individual suppliers or jointly. Suppliers could also have the option of including additional questions for their own purposes.
- **Ofgem survey.** Ofgem could undertake its own survey of consumer satisfaction, in the same way as it currently undertakes surveys as part of its monitoring of electricity network company performance. However, this is a considerable financial commitment which may be justified in the context of monopoly network regulation but may not be justified in the competitive market.
- **Suppliers' self-assessment.** Ofgem could establish a framework of questions and information it required suppliers to provide (e.g. what standards do you have in place for handling complaints? How successful are you in meeting these? How and when do you provide information to consumers about your complaints process? By what methods can consumers make a complaint? What arrangements do you have for consumers with visual, hearing or other disabilities to contact you?). Whilst it would not provide information that could be used to compare performance, it could give information on services such as accessibility which consumers may find useful and which may encourage best practice amongst suppliers.
- **New NCC survey.** The new NCC could consider whether to undertake a survey of consumers' satisfaction with complaints processes, potentially as part of a wider survey of consumer attitudes on energy which might be needed anyway to underpin their advocacy work. This could also potentially be used to compare across other sectors, not just energy, and to identify best practice.

4.40. In considering the various options above it is worth noting that some switching sites such as Uswitch already commission their own research into consumer satisfaction. We would not wish to stifle or duplicate such activity.

*We would welcome views on whether information on consumer satisfaction would be useful to consumers. If so, how should consumer satisfaction be measured? Is one of the options listed above a good model or are there others that would be preferable? Who should undertake this?*

4.41. We have highlighted in the paragraphs above some of the information on performance which may be collected.

*We would welcome views on whether there are any other types of information it might be useful to obtain.*

4.42. We have also highlighted in this chapter the five key elements we propose should comprise the complaint handling standards.

*Are there any other key elements that we should consider including in the standards?*

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## 5. Scope of the complaint handling standards

### Chapter summary

This chapter seeks views on whether all of the elements of the complaint handling standards we have proposed in chapter four should apply to complaints from micro business consumers and complaints about network businesses.

#### Question 1:

Do you agree with the elements proposed for the standards for micro businesses?

#### Question 2:

Do you agree that a consumption threshold should be used to identify micro business consumers?

#### Question 3:

Do you agree with the elements proposed for the standards applying to network businesses?

### Introduction

5.1. In chapter three we summarised the responses to our open letter in which we asked whether the scope of the complaint handling standards should include complaints made by business consumers, and complaints made to network companies. Based on the responses to the open letter we are proposing that standards should apply to micro business consumers and to network companies, but that not all of the standards we are proposing for domestic consumers for complaints to suppliers should apply to them. We discuss this further below and would welcome views on whether the identified elements are the right ones or whether all of the elements we have proposed for domestic consumers should apply here.

### Micro business consumers

5.2. Some respondents to the open letter considered that very small businesses can experience problems of a similar nature to their domestic counterparts. They can be confused about how to resolve problems and are reliant on their supplier for guidance. We note that BERR's consultation on the scope of redress schemes<sup>5</sup> anticipates that schemes will apply to micro businesses.

5.3. There was broad support among respondents for complaint handling standards to be extended to micro businesses and our view is that some form of standards should apply for complaints from micro businesses. However, it is not clear to us that micro business consumers require all of the elements we are proposing in chapter four for domestic consumers.

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<sup>5</sup> Consumer redress schemes in gas, electricity and postal services consultation July 2007

5.4. We are also mindful of the need to ensure that any obligations do not place a disproportionate burden on small suppliers and new entrants who are particularly prevalent in this sector of the market.

### **Proposed elements**

5.5. We have identified three key elements which could form the complaint handling standards for micro business consumers. These elements are:

1. a common definition of a complaint;
2. a requirement to record complaints on receipt; and
3. a requirement to signpost the redress scheme.

5.6. We consider that these elements would provide micro business consumers with a clear route through the complaints process to redress. We believe that this will achieve the balance between protection for micro business and minimal burden on suppliers, allowing them to provide enhanced customer service as a means of differentiation. In chapter six we consider whether the existing licence obligation to publish a complaints procedure should be extended to micro businesses.

5.7. The requirement for a referral point from the new NCC or Consumer Direct is not relevant to business consumers. With comparative information it is much less clear that the costs involved in collecting the information would be proportionate in particular for small suppliers.

*We would welcome views on whether the three elements we have proposed for complaint handling standards for micro business consumers are the most appropriate.*

### **Definition of micro business**

5.8. We note the suppliers' concerns raised in responses to the open letter about the practical difficulty in identifying micro businesses under BERR's proposed definition. We have sympathy with these concerns. It is not clear to us that the BERR definition, which proposes that micro businesses with a turnover of up to €2million or under 10 employees, be covered is the most appropriate way of identifying this group.

5.9. We propose that for the complaint handling standards a consumption threshold be used by suppliers to identify micro businesses. The pre-Utilities Act 2000 definitions of 73,200kwh in gas to define domestic customers and 12,000kwh in electricity to define designated customers<sup>6</sup> would seem to us to be an appropriate

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<sup>6</sup> Domestic premises or premises at which the normal annual consumption of electricity will amount to no more than 12,000 kWh.

means of capturing the true micro businesses who do need the additional protection. We recognise that this may be inconsistent with the definition to be used by BERR and believe that there would be significant benefits in a definition. However, on balance our initial view is that it is more important that these consumers benefit from the easy identification and appropriate signposting that will result from a consumption definition. For suppliers to be confident they are complying with the standards in a particular case they need to be clear whether or not a consumer falls within scope which they can really only do if the definition is linked to consumption. Issues around cross-sectoral consistency approach which were a key consideration for BERR do not seem to be a relevant consideration here given that the form of the standards will vary between sectors (as indeed may the form of redress schemes). One potential complication is that network companies would not have access to consumption information and hence network companies (if included) may have difficulties in readily identifying micro businesses under this definition.

*We would welcome views on whether micro business consumers should be defined by consumption.*

## Network companies

5.10. As noted in chapter three, there was a mixed response to the question of whether network companies should be included in the scope of the complaint handling standards. We recognise the arguments that there are already measures in place to protect consumers in this area. However, we also note that it has been proposed that the requirement to be a member of a redress scheme will apply to network companies. It would therefore appear appropriate for there to be some form of complaint handling standards on network companies to provide consumers with a clear route through the complaints process to redress.

5.11. We recognise that the pressures of the competitive market are not factors in driving improvements in performance in network companies. Instead, companies are subject to financial incentives on performance through the price control arrangements. Consumers also benefit from Ofgem's determination powers in the Gas and Electricity Acts, and the proposed guaranteed standard of performance in gas for handling complaints.

5.12. We have noted that some network companies have started to prepare for their inclusion in the redress schemes, in anticipation of BERR's decision that they will be included in the scope of those schemes. In our consultation on the criteria for redress schemes we have stated that the scheme should require energy providers to have proper and effective internal complaint handling procedures. Network companies have proposed that standards are not needed as they would need to set out their procedures as part of this process. However, in our view there may well still be a case for more specific elements to be included in complaint handling standards enforceable by Ofgem as envisaged for suppliers.

5.13. Although the level of complaints received by energywatch on network issues remains low, particularly when compared to those regarding supply matters, many

consumers of electricity companies make no distinction between supply and distribution. Consumers of network companies also do not have the option of switching if they experience poor service.

5.14. Nevertheless, whilst our initial view is that standards should apply to domestic consumers of network companies, it is not clear to us that requiring network companies to adhere to all of the elements of the complaint handling standards we have proposed for supply companies would be appropriate.

### **Proposed elements**

5.15. We have identified three key elements which we consider could form a complaint handling standard for consumers of network companies. These elements are:

1. a common definition of a complaint;
2. a requirement to record complaints on receipt; and
3. a requirement to signpost the redress scheme.

5.16. We believe that this will achieve a clear pathway through the complaints process to redress for consumers without imposing a disproportionate burden on network companies.

5.17. The case for including the remaining two elements of the proposed complaint handling standards for suppliers appears less clear cut. For example, consumers are unable to make a choice of network company, so the provision of information about performance is of limited value here. Given the small number of complaints involved requiring special arrangements to be put in place with the new NCC/Consumer Direct would seem disproportionate.

*We would welcome views on whether the three elements we have proposed for complaint handling standards for network companies are the most appropriate.*

### **Related work**

5.18. We are currently undertaking a programme of consumer research as part of our work on the next electricity distribution price control. On gas we are reviewing the standards of performance and incentives as part of the gas distribution price control. Finally reviews of the transportation and electricity distribution licences are in progress, which may result in changes to the licence condition on complaint handling. The existing obligations and proposed changes in this latter area are discussed further in chapter six. These different strands of work will be considered together to ensure that the overall package proposed is coherent.

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## 6. Related licence issues

### Chapter summary

This chapter refers to the current licence requirements on complaint handling and proposes that, subject to consultation, we move the requirements to publish a complaints procedure into the complaint handling regulations.

### Question 1:

Do you agree with our proposal to move the licence requirements on publishing a complaints procedure into the complaint handling regulations?

### Question 2:

Should micro business consumers be included in the requirement which currently only applies to domestic consumers, to inform consumers at least once a year of the existence of the complaints procedure and how to obtain it?

## Licence requirements

### Supply licences

6.1. Prior to the recent supply licence review, gas and electricity supply licensees were required by a condition in their licences to prepare a code of practice detailing their procedures for handling complaints which had to be approved by Ofgem. Licensees were required to include in the code the timescales within which different descriptions of complaints would be processed and resolved. Licensees were also required to draw the attention of their customers to the existence of the code, inform them how they may inspect it, and give or send a copy free of charge on request.

6.2. From 1 August 2007 supply licences were changed<sup>7</sup> so that licensees are now required to produce a complaints procedure in plain and intelligible language. The licensee must publish this complaints procedure on its website (if it has one), send a copy free of charge to anyone who requests it, and take all reasonable steps to inform each of its domestic customers at least once a year of the procedure and how to obtain it.

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<sup>7</sup> Gas and Electricity Supply Standard Licence Conditions 31.4 and 31.5

## Network licences

6.3. The existing<sup>8</sup> gas transportation and electricity distribution licences replicate the requirements in the old supply licence for a code of practice on complaint handling (see paragraph 6.1).

6.4. Currently, both the gas transportation and electricity distribution licences are being reviewed. In respective consultation documents<sup>9</sup> on the complaint handling licence conditions we have followed a similar approach to that adopted in the standard supply licence and propose to remove the requirement to include the periods in which different descriptions of complaint will be processed and resolved. The licences have been redrafted to replicate the requirements in the new gas and electricity supply licences, so that a gas transportation or electricity distribution licensee would be required to: produce a complaints procedure in plain and intelligible language, publish it on its website (if it has one), send copies on request free of charge, and take all reasonable steps to inform each of its domestic customers at least once a year of the procedure and how to obtain it.

## Proposed way forward

6.5. As we have made clear in this document, we want to provide consumers with a clear route through the complaints system. For clarity it would appear desirable, as far as possible, to have all complaint handling requirements in one place. Therefore, we propose that the requirement in the supply licence to have and publish a complaints handling procedure, and the proposed revised condition in the transportation and distribution licences which would mirror this requirement, be removed from their respective licences and be placed within the complaint handling regulations.

6.6. The previous supply licence requirement was amended following a period of full consultation. Therefore, whilst we propose moving the requirement from the licence to the regulations, we do not propose to change the wording of the requirement itself.

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<sup>8</sup> Gas Transportation Standard Licence Condition A23 and Electricity Distribution Standard Licence Condition 21.

<sup>9</sup> Gas Price Control Review - Initial Licence Drafting consultation appendices

<http://www.ofgem.gov.uk/Networks/GasDistr/GDPCR7-13/Documents1/GDPCR%20Licence%20drafting%20Consultation%20appendices.pdf>  
Electricity Distribution Licence Review - Appendix 3 proposed standard licence conditions  
<http://www.ofgem.gov.uk/Networks/ElecDist/Policy/Documents1/DLR%20Proposals%20consultation%20-%20appendix3.pdf>

6.7. Should it be decided not to include network companies in the complaint handling regulations, then we would propose to include the requirement in the gas transportation and electricity distribution licences as outlined at 6.4 above.

*6.8. We would welcome views on whether the requirement to publish a complaints procedure should be removed from the licence and placed in the complaint handling regulations.*

6.9. The current licence requirement to take all reasonable steps to inform each domestic customer at least once a year of the complaints procedure and how to obtain it, applies only to domestic customers. In chapter five we have proposed that the scope of the complaint handling standards should include micro business consumers. Therefore, we ask whether the licence requirement should also be extended to cover micro business consumers. We recognise that, depending on how micro business consumers are defined, there may be difficulties in identifying and informing them prior to a complaint being made. One option could be that the requirement is that micro business consumers are informed about the complaint handling procedure at the time that a complaint is made.

*6.10. We would welcome views on whether micro businesses consumers should be included within this requirement.*

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## Appendices

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## Appendix 1 - Consultation Response and Questions

1.1. Ofgem would like to hear the views of interested parties in relation to any of the issues set out in this document.

1.2. We would especially welcome responses to the specific questions which we have set out at the beginning of each chapter heading and which are replicated below.

1.3. Responses should be received by 21 December 2007 and should be sent to:

Marcus Clements  
Governance, Consumer and Social Affairs  
9 Millbank, London SW1P 3GE  
020 7901 7200  
marcus.clements@ofgem.gov.uk

1.4. Unless marked confidential, all responses will be published by placing them in Ofgem's library and on its website [www.ofgem.gov.uk](http://www.ofgem.gov.uk). Respondents may request that their response is kept confidential. Ofgem shall respect this request, subject to any obligations to disclose information, for example, under the Freedom of Information Act 2000 or the Environmental Information Regulations 2004.

1.5. Respondents who wish to have their responses remain confidential should clearly mark the document/s to that effect and include the reasons for confidentiality. It would be helpful if responses could be submitted both electronically and in writing. Respondents are asked to put any confidential material in the appendices to their responses.

1.6. Having considered the responses to this consultation, Ofgem intends to publish its conclusions and draft regulations in February 2008 and expect the new standard to be in operation from 1 June 2008. Any questions on this document should, in the first instance, be directed to:

Marcus Clements  
Governance, Consumer and Social Affairs  
9 Millbank, London SW1P 3GE  
020 7901 7200  
marcus.clements@ofgem.gov.uk

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**CHAPTER: One**

There are no questions in this chapter.

**CHAPTER: Two**

There are no questions in this chapter.

**CHAPTER: Three**

There are no questions in this chapter.

**CHAPTER: Four****Question 1:**

Do you agree that there should be a common definition of a complaint? If so, is the definition of a complaint in BS ISO 10002:2004 the most appropriate or is there another definition which would be better?

**Question 2:**

Do you agree that all complaints should be recorded upon receipt?

**Question 3:**

Do you agree that consumers should be given information about the redress scheme at the point that the complaint is made or is there another point at which this information should be given?

**Question 4:**

Do you agree that companies should have a dedicated point for referrals from the new NCC? Should they also make arrangements for referrals from Consumer Direct and other agencies?

**Question 5:**

Should information about the number of complaints received be collected? Would information on complaints by category be useful for consumers? How might the difficulties of consistency be resolved?

**Question 6:**

Should information on the speed of resolution of complaints be collected?

**Question 7:**

Is action required to verify data submitted by suppliers? If so, what?

**Question 8:**

Would a survey of consumer satisfaction be useful? If so, what should it comprise and who should do it?

**Question 9:**

Are there any other requirements that we should consider including in the standards?

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**CHAPTER: Five**

**Question 1:**

Do you agree with the elements proposed for the standards for micro businesses?

**Question 2:**

Do you agree that a consumption threshold should be used to identify micro business consumers?

**Question 3:**

Do you agree with the elements proposed for the standards applying to network businesses?

**CHAPTER: Six**

**Question 1:**

Do you agree with our proposal to move the licence requirements on publishing a complaints procedure into the complaint handling regulations?

**Question 2:**

Should micro business consumers be included in the requirement which currently only applies to domestic consumers, to inform consumers at least once a year of the existence of the complaints procedure and how to obtain it?

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## Appendix 2 – List of respondents to Ofgem's open letter

Age Concern  
Ann Robinson  
British Gas  
BSi  
CE Electric UK  
Centre for Utility Consumer Law  
Citizens Advice  
E.ON UK  
EDF Energy  
Energy and Water Ombudsman (Victoria) Ltd  
Energy Networks Association  
Energy Retailers Association  
energywatch  
Gas Transportation Company  
Good Energy  
National Consumer Council  
National Energy Action  
National Grid  
Northern Gas Networks  
Scottish and Southern Energy  
Scottish Power  
United Utilities Electricity  
Utilities Intermediaries Association  
Western Power Distribution

Two responses were marked confidential

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## Appendix 3 – The Authority’s Powers and Duties

1.1. Ofgem is the Office of Gas and Electricity Markets which supports the Gas and Electricity Markets Authority (“the Authority”), the regulator of the gas and electricity industries in Great Britain. This Appendix summarises the primary powers and duties of the Authority. It is not comprehensive and is not a substitute to reference to the relevant legal instruments (including, but not limited to, those referred to below).

1.2. The Authority’s powers and duties are largely provided for in statute, principally the Gas Act 1986, the Electricity Act 1989, the Utilities Act 2000, the Competition Act 1998, the Enterprise Act 2002 and the Energy Act 2004, as well as arising from directly effective European Community legislation. References to the Gas Act and the Electricity Act in this Appendix are to Part 1 of each of those Acts.<sup>10</sup>

1.3. Duties and functions relating to gas are set out in the Gas Act and those relating to electricity are set out in the Electricity Act. This Appendix must be read accordingly<sup>11</sup>.

1.4. The Authority’s principal objective when carrying out certain of its functions under each of the Gas Act and the Electricity Act is to protect the interests of consumers, present and future, wherever appropriate by promoting effective competition between persons engaged in, or in commercial activities connected with, the shipping, transportation or supply of gas conveyed through pipes, and the generation, transmission, distribution or supply of electricity or the provision or use of electricity interconnectors.

1.5. The Authority must when carrying out those functions have regard to:

- The need to secure that, so far as it is economical to meet them, all reasonable demands in Great Britain for gas conveyed through pipes are met;
- The need to secure that all reasonable demands for electricity are met;
- The need to secure that licence holders are able to finance the activities which are the subject of obligations on them<sup>12</sup>; and
- The interests of individuals who are disabled or chronically sick, of pensionable age, with low incomes, or residing in rural areas.<sup>13</sup>

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<sup>10</sup> entitled “Gas Supply” and “Electricity Supply” respectively.

<sup>11</sup> However, in exercising a function under the Electricity Act the Authority may have regard to the interests of consumers in relation to gas conveyed through pipes and vice versa in the case of it exercising a function under the Gas Act.

<sup>12</sup> under the Gas Act and the Utilities Act, in the case of Gas Act functions, or the Electricity Act, the Utilities Act and certain parts of the Energy Act in the case of Electricity Act functions.

<sup>13</sup> The Authority may have regard to other descriptions of consumers.

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1.6. Subject to the above, the Authority is required to carry out the functions referred to in the manner which it considers is best calculated to:

- Promote efficiency and economy on the part of those licensed<sup>14</sup> under the relevant Act and the efficient use of gas conveyed through pipes and electricity conveyed by distribution systems or transmission systems;
- Protect the public from dangers arising from the conveyance of gas through pipes or the use of gas conveyed through pipes and from the generation, transmission, distribution or supply of electricity;
- Contribute to the achievement of sustainable development; and
- Secure a diverse and viable long-term energy supply.

1.7. In carrying out the functions referred to, the Authority must also have regard, to:

- The effect on the environment of activities connected with the conveyance of gas through pipes or with the generation, transmission, distribution or supply of electricity;
- The principles under which regulatory activities should be transparent, accountable, proportionate, consistent and targeted only at cases in which action is needed and any other principles that appear to it to represent the best regulatory practice; and
- Certain statutory guidance on social and environmental matters issued by the Secretary of State.

1.8. The Authority has powers under the Competition Act to investigate suspected anti-competitive activity and take action for breaches of the prohibitions in the legislation in respect of the gas and electricity sectors in Great Britain and is a designated National Competition Authority under the EC Modernisation Regulation<sup>15</sup> and therefore part of the European Competition Network. The Authority also has concurrent powers with the Office of Fair Trading in respect of market investigation references to the Competition Commission.

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<sup>14</sup> or persons authorised by exemptions to carry on any activity.

<sup>15</sup> Council Regulation (EC) 1/2003

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## Appendix 4 - Glossary

### C

#### [Consumer Direct](#)

Consumer Direct is the government-funded telephone and online service offering information and advice on consumer issues. It is funded by the Office of Fair Trading and delivered in partnership with Local Authority Trading Standards Services.

#### [CEAR Act](#)

Consumers, Estate Agents and Redress Act 2007

### D

#### [Department for Business, Enterprise and Regulatory Reform \(BERR\)](#)

BERR is the government department responsible for seeing through the changes to consumer representation as a result of the CEAR Act 2007.

### E

#### [Energy Supply Ombudsman \(ESO\)](#)

The ESO is an independent body established on a voluntary basis by the six members of the Energy Retail Association. It resolves disputes associated with billing, transfer and selling issues between customers and their energy suppliers. Further information is available from [www.energy-ombudsman.org.uk](http://www.energy-ombudsman.org.uk).

#### [energywatch](#)

energywatch is the independent gas and electricity watchdog which represents the interests of gas and electricity consumers in Great Britain.

### G

#### [Gas and Electricity Markets Authority \(the Authority\)](#)

Ofgem is governed by an Authority, consisting of non-executive and executive members and a non-executive chair. The Authority determines strategy, takes all major decisions and sets policy priorities. The Authority's powers are provided for under the Gas Act 1986, the Electricity Act 1989, the Utilities Act 2000, the Competition Act 1998 and the Enterprise Act 2002.

### M

#### [Micro-businesses](#)

In the context of BERR's consultation on the scope of redress schemes, micro-businesses are those businesses that employ less than 10 people and whose annual turnover and/or balance sheet total does not exceed €2 million.

### N

#### [National Consumer Council \(NCC\)](#)

Part 1 of the CEAR Act 2007 intends that a new National Consumer Council will take on the consumer advocacy responsibilities of energywatch and Postwatch in the

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energy and postal services sectors. It will not have a general complaint handling function but it will be required to help customers who have been disconnected or face the threat of disconnection and those who are vulnerable.

#### [Network companies](#)

Gas and electricity network companies are those that own overhead lines and underground cables that deliver power from the transmission networks to businesses and domestic consumers.

### **O**

#### [Ombudsmen](#)

Ombudsmen investigate and resolve complaints about organisations that have failed to resolve disputes to the customers' satisfaction. They are independent of customers and those they investigate and they also encourage good practice in the way complaints are handled.

### **P**

#### [Postwatch](#)

Postwatch is an independent watchdog which represents the interests of customers of the Royal Mail and other postal providers.

### **R**

#### [Redress schemes](#)

Redress schemes are services which offer alternative dispute resolution without going to court. They range in form from arbitration, mediation and adjudication to those known as Ombudsman schemes. They are also known as "Alternative Dispute Resolution" or "ADR" schemes.

### **S**

#### [Super-complaint](#)

A super-complaint is where a designated consumer body, such as energywatch, makes a complaint to the Office of Fair Trading or a relevant regulator under section 11 of the Enterprise Act 2002 that any feature or combination of features of a market in the UK for goods and services is or appears to be harming the interests of consumers.

#### [Suppliers](#)

Licensed gas and electricity suppliers.

### **V**

#### [Vulnerable customers](#)

There is no one definition of a vulnerable customer. However, in the context of the CEAR Act, a person is vulnerable if the NCC is satisfied that it is not reasonable to expect that person to pursue the complaint on that person's own behalf.

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When carrying out its functions, the Authority must have regard to the interests of individuals who are disabled or chronically sick, of pensionable age, with low incomes, or residing in rural areas.

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## Appendix 5 - Feedback Questionnaire

1.1. Ofgem considers that consultation is at the heart of good policy development. We are keen to consider any comments or complaints about the manner in which this consultation has been conducted. In any case we would be keen to get your answers to the following questions:

1. Do you have any comments about the overall process, which was adopted for this consultation?
2. Do you have any comments about the overall tone and content of the report?
3. Was the report easy to read and understand, could it have been better written?
4. To what extent did the report's conclusions provide a balanced view?
5. To what extent did the report make reasoned recommendations for improvement?
6. Please add any further comments?

1.2. Please send your comments to:

**Andrew MacFaul**  
Consultation Co-ordinator  
Ofgem  
9 Millbank  
London  
SW1P 3GE  
andrew.macfaul@ofgem.gov.uk