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**SATURDAY 1 JULY 2006**

**INDUSTRY MEETS OFGEM DEADLINE TO SET UP A "BILLING OMBUDSMAN"**

- **Ombudsman can award up to £5,000 compensation against energy suppliers for poor customer service**
- **Energy suppliers cannot charge customers for their energy use if they fail to bill them for two years**
- **Ofgem welcomes new industry code to improve billing**

Energy regulator Ofgem today (Saturday) welcomed the launch of an independent Energy Supply Ombudsman and a new billing code within the 12 month deadline it set energy suppliers to improve billing last July.

Ofgem told the industry to come up with a better way to deal with complaints over billing through self-regulation or face formal action by the regulator. This followed an investigation by the regulator, which showed that while there was no widespread failure of industry billing arrangements, when billing mistakes occur they can cause distress to customers, especially the vulnerable.

Ofgem Chief Executive, Alistair Buchanan, said: "The Energy Supply Ombudsman represents a victory for customers and self-regulation. I am very pleased that the industry has taken steps to put its own house in order and has risen to our challenge to deliver a better service for customers. Customers now have an impartial service which can award them up to £5,000 in compensation.

"The Ombudsman, new billing code and the millions of pounds which are being invested in new billing systems show that the industry is serious about improving levels of customer service. Better information on bills will help all households manage their energy costs and consumption which is vital at a time of rising energy bills and concerns about carbon emissions.

"The challenge for the industry going forward is now to work with the ombudsman to deliver an effective and well publicised service for customers. Ofgem will be closely monitoring their progress and the success of the scheme."

**ends**

## **Notes to the editor:**

### **1. Super Complaint Investigation**

Ofgem carried out an investigation into billing last year, following a Super Complaint by consumer body energywatch. Ofgem found that although there was no widespread failure of industry billing arrangements, a relatively small number of customers suffered real harm when companies made billing mistakes. Ofgem estimated that complaints run at about 0.07 complaints a month per 1000 customer accounts. Energywatch receives about 39,000 billing complaints from over 25m customers.

Ofgem ordered the industry to take action to set up an Ombudsman, end back billing and review customer contract terms to ensure compliance with consumer rights legislation. The industry has now carried out these tasks. As of today, suppliers will no longer seek to recover underpayments beyond two years where the supplier is at fault. This is a minimum standard that suppliers may choose to exceed. From July 2007, this commitment will apply to energy consumed more than one year ago. Suppliers have also introduced a code of practice on billing.

### **2. Energy Supply Ombudsman**

The ombudsman, funded by the industry, gives domestic customers a new independent body, uniquely empowered to settle disputes with energy suppliers and award customers up to £5,000 compensation.

Customers can refer their complaint to the ombudsman if their supplier says it cannot resolve the dispute or if their complaint has not been concluded within three months. The ombudsman's ruling is binding on energy suppliers. The scheme will handle both customer transfer and billing disputes. The industry has also published today a billing code setting out best practice standards for industry.

More information is available from [www.energy-ombudsman.org.uk](http://www.energy-ombudsman.org.uk).

**3.** For further information see Ofgem's response to the Super Complaint on billing processes made by the Gas and Electricity Consumer Council ("energywatch") decision document (163/05) which is available from the Ofgem website [www.ofgem.gov.uk](http://www.ofgem.gov.uk)

**4.** Ofgem is the Office of the Gas and Electricity Markets, which supports the Gas and Electricity Markets Authority, the regulator of the gas and electricity industries in Great Britain. Ofgem's aim is to bring choice and value to all gas and electricity customers by promoting competition and regulating monopolies. The Authority's powers are provided for under the Gas Act 1986 and the Electricity Act 1989, as amended by the Utilities Act 2000 as well as under the Competition Act 1998 and the Enterprise Act 2002.

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