

# Information Note

**28 September**

## **OFGEM LAUNCHES CONSULTATION ON CONSUMER VULNERABILITY STRATEGY**

- Strategy to introduce a fresh perspective on consumer vulnerability
- Ofgem plans to establish a Consumer Vulnerability Network
- Ofgem proposes review of the Priority Service Register

Ofgem has today launched a consultation on its Consumer Vulnerability Strategy which seeks to bring the energy industry and consumer groups together to help protect consumers.

Ofgem's proposals recognise that there are many different factors that might make someone vulnerable, where they might find it difficult to engage with the energy market or pay their bills. These factors might include the characteristics or capacity of the individual (such as limited numeracy or having physical health issues), their circumstances (for example having become unemployed or suffered a bereavement), or the way the services were purchased (e.g. if there is excessive pricing complexity). In considering a broader range of contributing factors and how to identify these, it will mean that help could be offered to these consumers at an earlier stage and regulatory interventions could be targeted more effectively. This improved understanding would help inform all of Ofgem's work.

This proposed new strategy builds on Ofgem's longstanding Social Action Strategy and ties in with the ongoing Retail Market Review, which aims to make the energy market simpler for all consumers.

The consultation also sets out the proposed 2013 workplan, which includes work in a number of key areas including:

- How the potential benefits of collective switching can be extended to cover vulnerable consumers. This will complement work on new ways to access advice and support on energy issues. Ofgem already works with Citizen's Advice on 'Energy Best Deal' to offer practical guidance.
- A review of the Priority Services Register (PSR). This register is compiled by each supplier and distribution company and includes details of customers that have asked to be added who are of pensionable age, disabled or chronically sick. These customers are eligible for certain specified free services such as the relocation of a prepayment meter to ensure it is accessible. The review will look to improve the effectiveness of the registers and consider how the information can be better used and shared across the industry. As part of the review we will be ask consumers about their views and experiences in relation to the PSR.
- The establishment of a Consumer Vulnerability Network, to help identify issues at an early stage. This group will be made up of grassroots organisations that have direct contact with consumers in vulnerable positions. The group will input to policy development, help create new ways of engaging consumers and ensure that Ofgem

remains connected to the real experience of the consumers we are trying to help through this strategy.

The strategy aims to build on the work Ofgem has undertaken to improve protections for vulnerable people. Within Ofgem's regulatory role we have introduced improvements to extend the gas network to enable more people access to cheaper fuel, worked closely with industry to significantly improve behaviour towards customers in debt and increased the threshold at which prepayment meter customers in debt can switch.

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#### **Notes to editors**

1. Consumer Vulnerability Strategy can be read here:

<http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=73&refer=SUSTAINABILITY/SOCIALACTION>

2. 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. 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, the Energy Act 2004 as well as arising from directly effective European Community legislation.

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