

**R/29**

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## **OFGEM TELLS SUPPLIERS TO IMPROVE COMPLAINT HANDLING**

### **Most consumers unhappy with how suppliers deal with their complaints**

Energy regulator Ofgem has urged suppliers to up their game in complaint handling as consumer research found less than one in four customers were satisfied with the way gripes were dealt with.

While an independent audit commissioned by Ofgem found that suppliers had made the necessary systems investments and updated their processes in preparation for new complaint handling standards introduced last year, customers remained dissatisfied.

Research commissioned by the regulator found that consumers were particularly unhappy with the number of times they had to contact the supplier, suppliers who promised to call back but didn't, the attitude of some staff and the fact that suppliers often viewed the problem as resolved when in the customer's eyes it was not.

While there were low levels of satisfaction across all suppliers some performed better than others. Out of the big six, SSE and E.ON rated joint highest for satisfaction (29%) and npower was rated lowest (16%).

In a letter to the Chief Executives of the big six energy companies today, Ofgem Chief Executive, Alistair Buchanan, said he was disappointed with the low level of customer satisfaction in complaint handling and that he expects to see improvements when the regulator looks at the issue again next year. He advised:

"It is in suppliers' best interests to ensure that the service they provide is of a high standard. This is clearly an opportunity for them to raise the bar to retain existing customers and attract new ones.

With the systems and processes in place, the challenge now for companies was to really listen to what their customers were saying and look at how they could address their concerns."

In introducing the new standards Ofgem was also looking for suppliers to publish information on their complaint volumes to help customers in choosing supplier. An initial review of this information raised concerns as to whether EDF Energy was properly recording all complaints. Ofgem is investigating EDF Energy's compliance with the new regulations in this area.

- Ends -

## Notes to editors

1. The new standards came into force on 1 October 2008 as part of new consumer redress and representation arrangements in energy. They apply to all complaints from domestic and micro-businesses customers. Ofgem has powers to impose penalties of up to 10% of turnover for a breach of the standards. For more information see:

<http://www.ofgem.gov.uk/Media/FactSheets/Documents1/changestoconsumer.pdf>

2. Following the introduction of the new complaint handling standards, the regulator commissioned an audit of suppliers' compliance with the new standards plus separate research into customer satisfaction with the process.

### Key findings from the customer research show:

- While there are low levels of customer satisfaction across all suppliers some performed better than others. Out of the big six, SSE and E.ON rated joint highest for satisfaction (29 cent of customers satisfied) and npower was rated lowest (16 per cent).

*% Domestic customers either "quite satisfied" or "very satisfied" with the overall complaint handling process (based on a sample of 2,708 customers)*

|          |     |
|----------|-----|
| SSE      | 29% |
| EON      | 29% |
| SP       | 24% |
| Centrica | 20% |
| EDF      | 20% |
| Npower   | 16% |

- Billing and prices are the most common cause of complaint among all customers with price-related complaints the most likely to be resolved on initial contact.
- Suppliers' complaint handling is a crucial factor in retaining customers - 15 per cent of domestic customers who complained had either changed or were going to change their supplier.

3. Ofgem has today published the results of an independent audit of suppliers' compliance with the complaints handling standards, together with a report on consumer research into customers' satisfaction with suppliers' complaints handling carried out in December 2008:

<http://www.ofgem.gov.uk/MARKETS/RETMKTS/COMPL/CONSREP/Pages/ConsRep.aspx>

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. 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, and the Energy Act 2008 as well as arising from directly effective European Community legislation.

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