

R/04

Friday 25 January 2008

NPOWER NEEDS TO DO MORE TO HELP CUSTOMERS IN DEBT

- **Ofgem debt and disconnection review shows npower needs to do more to match other suppliers' practices**
- **Disconnection rates have fallen from 17,000 in 2003 to about 5,000 in 2006**
- **Ofgem emphasises need for all suppliers to keep sharp focus on helping customers at risk at time of rising household energy costs**
- **Energy suppliers across the board have improved practices to help customers facing risk of debt and disconnection**

Energy regulator Ofgem today (Friday) identified npower as the supplier with the most work to do in improving the way it helps customers who risk falling into debt with their energy bills.

Ofgem's review of energy suppliers' debt and disconnection procedures highlights best practice and identifies areas where all suppliers can make further improvements. The review, part of which was done in collaboration with energywatch, concludes that since Ofgem's last review in 2005 there has been an increased focus by suppliers on debt and disconnection issues.

The report identified that npower was the supplier that disconnected the most customers and whose procedures for dealing with customers in debt needed to be improved to bring them into line with best practice.

Ofgem chief executive Alistair Buchanan said:

"At a time when some energy suppliers have announced double-digit price rises it is vital that suppliers ensure they are offering the best support to people in debt or danger of falling into debt. This is why npower must do more to match the best practice set by the leaders in this field.

"Disconnections are down significantly from the record levels seen in 2001. It is reassuring to see supplier's progress in improving debt and disconnection procedures overall since Ofgem's last industry-wide review in 2005. But there are no grounds for complacency and the report highlights some key areas that need further attention by all suppliers."

Ofgem sets the industry rules for debt and disconnection and has prohibited the disconnection of vulnerable customers during the winter months. Today's report is in addition to Ofgem's regular monitoring of debt and disconnection practices and highlights best practice with a message to all suppliers to continue to improve in this area.

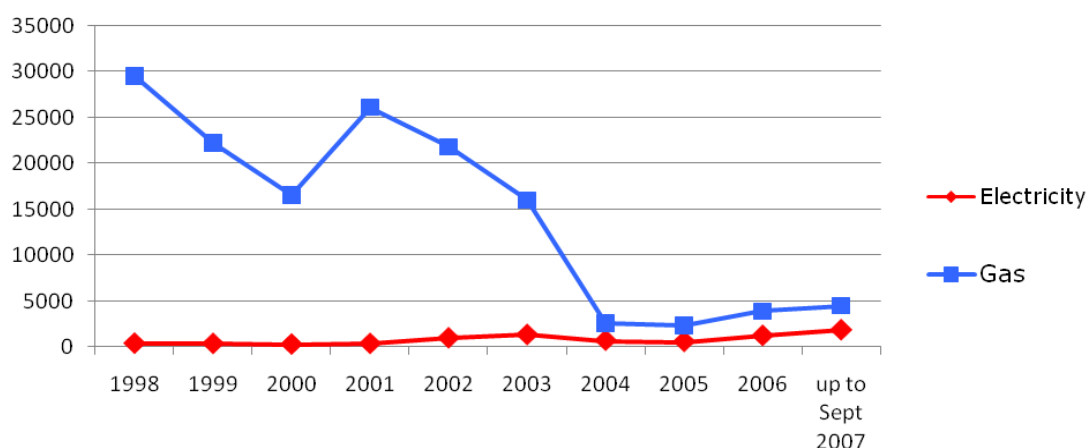
- ends -

Notes to editors

1. Disconnection rates

From 2001 until 2005, the total number of customers disconnected for non-payment of their energy bill decreased sharply, as highlighted in the chart below. There are a number of factors behind this trend including the introduction of the Safety Net for Vulnerable Customers, which

was introduced in 2004 by the Energy Retail Association. This ensures that no vulnerable customer is knowingly disconnected from their energy supply.



2. Ofgem Consumer First – Key Findings

Consumer research carried out as part of the review and Ofgem's **Consumer First** initiative shows that despite the real improvements in suppliers' processes some vulnerable customers are not receiving adequate assistance.

Contacting suppliers

The research also found that one particular barrier for vulnerable customers in contacting their supplier was the concern that they would be left waiting for a long time before they could speak to someone.

For low-income customers who use pay-as-you-go mobile phones being left on hold for a long time is of particular concern because of the cost involved.

Better communication

An assessment of suppliers' written correspondence to customers in debt was undertaken as part of this review. This highlighted that there are a number of aspects of good practice already incorporated in suppliers' letters however there remains scope for further improvement such as using more everyday words and symbols to ensure that the letters can be easily understood. Each supplier has been provided with individual feedback on their correspondence suggesting specific improvements.

3. In January 2003 Ofgem and energywatch jointly published good practice guidelines for suppliers on preventing debt and disconnection. In March 2005 Ofgem and energywatch commissioned a report on the progress made by the six main energy suppliers in implementing the guidelines. The guidelines and the report can be found at 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, the Electricity Act 1989 and the Utilities Act 2000. In this information note, the functions of the Authority under the relevant Acts are, for simplicity, described as the functions of Ofgem.

For further press information contact:

Mark Wiltsher: 020 7901 7006

Rebecca Hill: 020 7901 7217

Out of hours contact: 07774 728971