

# Information Note

Wednesday 4 April 2012

## **OFGEM LAUNCHES INVESTIGATION INTO ENERGY SALES BY E.ON**

Ofgem has today opened an investigation to establish whether E.ON is complying with its obligations on energy sales.

The investigation is being launched following information which has come to Ofgem's attention regarding E.ON's marketing activities.

In 2009 and 2010, Ofgem strengthened suppliers' obligations relating to energy sales. The changes set out that suppliers are required to put in place robust processes to guard against misselling. These obligations include ensuring that any marketing material that suppliers use and information that they provide during telesales and face-to-face marketing are fair, accurate, easy to understand and do not relate to products that are inappropriate for the customer. In addition, suppliers are required to conduct any telesales and face-to-face marketing activities in a fair, transparent, appropriate and professional manner.

Ofgem is continuing its investigations into the energy sales practices of Scottish Power, SSE and npower and has recently concluded an investigation into EDF Energy on this issue.

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### **Notes to Editors:**

1. The investigation will examine whether E.ON is complying with standard licence condition 25, which regulates face-to-face and telephone sales activities. The fact that Ofgem has launched an investigation should not in any way be taken as implying that E.ON has breached licence conditions or otherwise broken the law. As part of the investigation process Ofgem will examine any evidence of non-compliance and consider whether there are grounds for exercising enforcement powers. Further information on the investigation process and the potential outcomes can be found in Ofgem's enforcement guidelines.

2. **Live investigations into energy sales**

Ofgem is continuing its investigations into Scottish Power, SSE, and npower. For the avoidance of doubt, the fact that Ofgem is continuing these investigations should not be taken as a conclusion that any supplier has breached licence conditions or otherwise broken the law.

3. **Cases now concluding**

Ofgem recently concluded its investigation into EDF Energy's compliance with standard licence condition 25. EDF Energy has proposed to make payments

amounting to £4.5 million, which will benefit consumers. Of the £4.5 million package, £1m will be donated to support the Energy Best Deal public awareness campaign run by Citizens Advice Bureau, aimed at helping improve the confidence of domestic energy customers across England and Wales to shop around, reduce their bills and get help if they are falling behind with energy payments. £3.5 million will be used to further reduce the bills of EDF Energy customers at risk of fuel poverty (who are eligible to receive pension credit and the Warm Home Discount).

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 as well as arising from directly effective European Community legislation.

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