



Promoting choice and value
for all gas and electricity customers

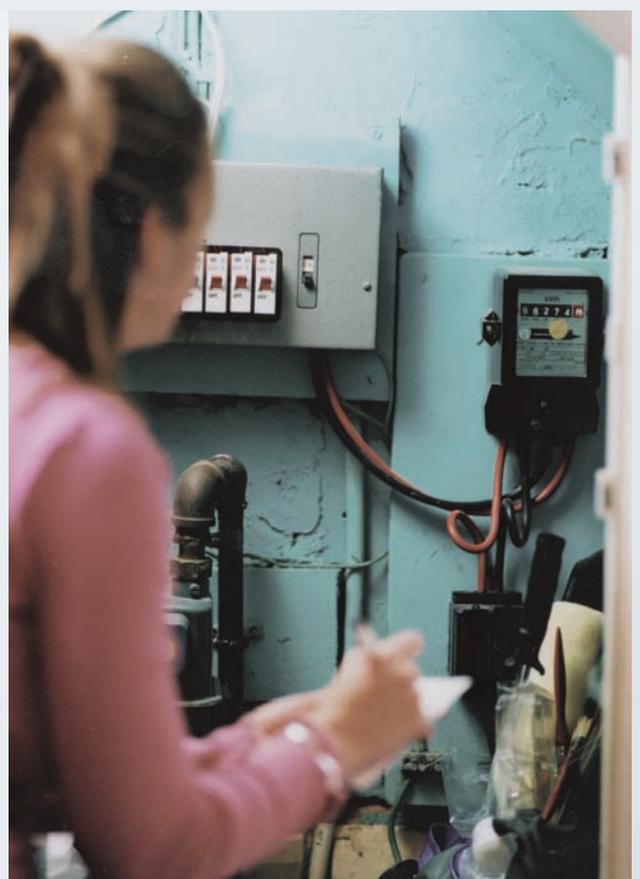
Helping domestic customers get the most out of the energy market

Ofgem is introducing a package of new rules which aim to improve domestic customers' experience of the energy market. Below is summary of these changes and answers to some frequently asked questions.

Standards of conduct

Ofgem has introduced new standards of conduct which provide a guide to customers about the level of service they can expect from an energy supplier. The standards are:

- suppliers must not sell a customer a product or service that they do not fully understand or that is inappropriate for their needs and circumstances;
- suppliers must not change anything material about a product or service without clearly explaining why;
- suppliers must not prevent a customer from switching product or supplier without good reason;
- suppliers must not offer products that are unnecessarily complex or confusing;
- suppliers must make it easy for their customers to contact them and act promptly and courteously to put things right when they make errors.





→ Better information on bills

Where a customer receives regular bills, each bill will display the following information:

- the name of the customer's current tariff;
- the customer's consumption for the past 12 months in kilowatt hours (kWh), except where the customer has been with the supplier for less than 12 months; and
- an estimated cost in pounds per year of the customer's supply for the next 12 months if the customer remains on the same tariff, if the tariff rate is unchanged, and if the customer uses the same amount of energy.

Where the customer does not receive regular bills, for example prepayment meter customers, this information must be provided at least once a year in an annual statement.

→ Annual statements

All customers will receive a clear and easy to understand annual statement that will include the information detailed above as well as:

- a reminder of the principal conditions of their contract;
- information about any premiums or discounts that may apply to the customer's tariff as compared to the supplier's standard tariff where payment is by direct debit;
- a reminder that the customer can switch, along with advice on how to do so.

→ Undue discrimination

Ofgem has introduced new rules which prohibit undue discrimination between consumers. One of these rules ensures that terms and conditions for energy supply do not treat any group of customers differently without justification. The other rule requires that any difference in price between payment methods offered by a supplier should reflect the costs they incur for providing that payment method.

To explain the second rule, depending on how you pay for your energy (eg. by direct debit, quarterly cheque or prepayment meter) you may find that you have a higher or lower bill than if you chose an alternative method. For example, prepayment meter customers are likely to pay more for their energy than direct debit customers because the suppliers pass on to customers the higher costs of providing these meters and the facilities needed to 'top up' the key/card. Under Ofgem's new rules, the premium paid by the prepayment customer should not exceed the higher costs the supplier has incurred to provide the payment method.

→ Switching for customers in debt

Being in debt to a supplier can stop a customer from switching supplier and accessing a cheaper tariff. Ofgem has introduced new rules for some customers in debt to allow them to switch supplier:

- Prepayment customers who are in debt can now switch supplier if their debt is less than £200.
- Customers in debt who have been notified of a price increase after it has come into effect or have been given less than five days notice of a price increase and wish to change supplier are now better able to do so. If the customer informs the supplier that they wish to switch, and the supplier blocks the switch due to debt, they will now have 30 working days to pay off this debt. Following payment, the customer will then be able to switch and avoid any retrospective price increase.
- Customers in debt because of an error caused by their supplier cannot be stopped from switching.

→ Sales and marketing

Switching supplier on the recommendation of a doorstep salesperson can be confusing and some customers find that they have switched to a more expensive tariff without realising. Ofgem has brought in new rules that should make it easier for customers to get a tariff they want.

Before signing up a new customer, the salesperson should provide them with an estimate of the total annual charges for the next year under the new terms they are offering. This should either be in writing or on an electronic display.

If the salesperson claims to be offering a cheaper deal than the customer currently receives or if the customer uses a prepayment meter, they must also provide that customer with a written comparison of their current energy costs and those expected under the new offer.

Customers should receive a written copy of these estimates and comparisons as well as a copy of the new terms at the time of or shortly after signing up to a new supplier. It is advisable that this information is kept for future reference by the customer.

If a customer decides to switch, they should receive additional information including details of what happens next, a reminder to check the product is suitable for them, details of where to find impartial advice, a reminder of any right to cancel the agreement and details of third party organisations, such as Consumer Direct, that can help address grievances, should they occur.

Questions and answers

→ When will these new rules come into force?

The new rules removing unfair differences between offers came into force on **1 September 2009**. The standards of conduct were introduced on **21 October 2009**. The general requirements ensuring that telephone and face-to-face sales practices are not misleading also came into force on **21 October 2009**. The requirement for written estimates during face-to-face sales visits will come into force on **18 January 2010**. Changes to the rules about switching when a customer is in debt will also come into force on **18 January 2010**. From **1 July 2010** customers will begin to see the improvements to the information printed on their bills and receive annual statements. All customers should receive their first annual statement by December 2010.

→ I want to switch supplier but don't have clear information on my current energy use. How can I be sure that I am switching to a cheaper deal?

From July 2010 onwards, all suppliers will be required to send each of their customers an annual statement. This will include information about your energy use for the previous year in kilowatt hours (kWh) as well as an estimate of your energy bill for the following year in pounds.

It is important to remember that this statement is not a bill but is for information purposes and will help you to compare prices if you decide to switch supplier. Information on your energy use will also be printed on your bill. It is advisable to keep this information for future reference.

→ I have only been with my supplier for 6 months. What information will I receive about my consumption level in my annual statement?

You will only receive consumption information for the last year if you have been with the supplier for 12 months or more. You will however receive an estimate for the cost in pounds for your supply for the next 12 months, based on your current consumption level.

→ I have received an annual statement about my energy use but will be reducing my consumption over the course of the following year. How will this information help me compare prices?

The statement provides you with an estimated cost in pounds per year on the basis that you remain on the same tariff, the tariff rate remains the same and you continue to use the same amount of energy. It cannot predict changes you may make in your energy use in the future but gives you a like-for-like figure for comparison purposes.

→ I have a prepayment meter and owe my energy supplier £150 which I am currently paying off. I have seen a cheaper deal with another supplier. Am I able to switch?

Yes - if you are a prepayment customer you can switch supplier as long as the amount you owe is less than £200. Your debt will be transferred to your new supplier for you to finish paying.

→ My supplier says I have an outstanding debt but it is a result of an error they have made. Can my supplier stop me from switching to another supplier?

No - if the debt is the fault of the original supplier they cannot prevent you from switching.

→ I am not a prepayment customer. I am currently in debt to my energy supplier and am paying this off by instalments. My supplier has recently told me that my tariff price has increased. Can I switch supplier and avoid the price increase?

Yes, you can, provided you are able to pay off your debt within 30 working days of your original supplier notifying you that the switch was blocked because of outstanding charges (debt). The following timeline applies:

(1) Your supplier must notify you of any price increase either in advance or up to 65 working days after the change takes effect. If you do not get advance notification and the new price is not acceptable to you, within 20 working days of receiving the notification you should inform your supplier that you wish to end your contract. You should then agree to another contract with a new supplier.

(2) If you are in debt the supplier will block your transfer to a new supplier. You will then have 30 working days from receiving this notification in which to clear your outstanding debt for the switch to continue and to avoid the effects of the price increase.

→ I am approached by a salesperson acting on behalf of a supplier who offers me a new tariff if I switch supplier. How do the new rules help me make sure that the new offer better meets my needs than my existing arrangements?

The salesperson is required to give you a written estimate of the price you would pay over the following year if you were to sign up to their offer. If the salesperson claims his offer is cheaper than your current supplier, they must clearly show you how they compare. Information included on your bill or annual statement can help you to compare how much you currently use and what you pay for this against the new offer. Remember, you are not obliged to accept a contract if you are uncertain or unhappy in any way.

→ I am contacted by telephone by a salesperson acting on behalf of a supplier. I have been offered a new tariff if I switch supplier. How do the new rules help me make sure that the new offer better meets my needs than my existing arrangements?

You won't receive a written estimate for a sale concluded over the phone. However, before a supplier enters into a contract with you it is required to take all reasonable steps to inform you of the principal terms of the contract. This includes details of the charges for the supply of gas/electricity, the duration of the contract and details of your cancellation rights. This information should be clear, accurate and easy to understand. If this information isn't brought to your attention during the telephone conversation you may consider contacting the supplier to make a complaint and ask for details of any right to cancel and a copy of the terms and conditions of the contract.

In any event, if you have changed your mind about entering into a new contract, you should check whether the contract provides for a right to cancel (which may be referred to as a "cooling off period") and exercise that right in accordance with the contract (i.e. by notifying the supplier in the correct manner, e.g. in writing, and within the stipulated time frame). You should also consider whether you have a statutory right to cancel the contract under the Consumer Protection (Distance Selling) Regulations 2000. Further advice on this issue may be obtained from Consumer Direct on 08454 04 05 06

→ A salesperson left me some leaflets about a supplier's energy tariffs, but it is not easy to understand. What should I do?

If you don't understand the information, don't agree to the offer. The suppliers are required to make sure their marketing information is clear, accurate and easy to understand. If you feel that these conditions have not been met, you may wish to contact the supplier who the salesperson represents to discuss the offer in more detail or to make a complaint.

→ What should I do if I think my supplier has broken one of these rules?

All licensed energy companies are obliged to deal proactively with customer complaints. If you have a complaint with an energy company you should raise your complaint with them directly. All suppliers publish their complaints process on their websites and provide them on request by post or over the telephone.

If you encounter any difficulties or require any advice, Consumer Direct, the national consumer advice agency, can offer further guidance on how to progress with the matter - Tel: 08454 040506. Or visit www.direct.gov.uk