

Press Release

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OFGEM LAUNCHES INVESTIGATIONS INTO MISSELLING AND SETS UP HOTLINE FOR CONSUMERS TO REPORT MISLEADING ENERGY SALES

- **Ofgem launches investigations into four suppliers (npower, Scottish Power, Scottish and Southern Energy and EDF Energy) to determine if they are complying with new obligations**
- **"Hotline" set up with Consumer Direct for consumers to provide any evidence of misselling**
- **Action follows tougher obligations on suppliers put in place as part of Ofgem's energy retail probe remedies**

Ofgem has begun investigations to establish whether four suppliers (npower, Scottish Power, Scottish and Southern Energy and EDF Energy) are complying with new obligations to prevent misselling, brought in following Ofgem's retail market probe.

The regulator is also urging customers to call a hotline if they are concerned about the sales approach any domestic suppliers have taken when selling energy contracts, either face-to-face or by telephone.

The hotline will be available on the standard Consumer Direct number **08454 04 05 06** (when dialing this number customers should choose option 1) and Ofgem will review any evidence of misselling of energy contracts which Consumer Direct passes on.

Andrew Wright, Ofgem's Senior Partner, Markets, said: "Suppliers have existing obligations to detect and prevent misselling and new licence conditions were brought in following our probe to further increase protection for customers. We expect all suppliers to comply with these tougher obligations but if our investigations find otherwise we will take strong action."

Last October Ofgem introduced tougher obligations meaning suppliers have to be proactive in preventing misselling to customers both face to face and over the phone. Also, if suppliers are selling contracts face to face they must provide customers with an estimate before any sales are concluded. In most circumstances customers should also receive a comparison of the supplier's offer with their current deal.

The obligations reflect the importance of these issues in the energy sector and are underpinned by tougher sanctions than those available under more general consumer protection law.

Ofgem and Consumer Focus have also published a leaflet with practical information and advice for consumers when an energy salesperson calls at their door or telephones them at home.

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Notes to Editors:

1. The investigations will examine whether the four suppliers are complying with standard licence condition 25 which regulates to face-to-face and telephone sales activities. The fact that Ofgem has launched investigations should not in any way be taken as implying that the companies involved have 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. Ofgem is committed to taking action to prevent misselling to customers and has previously fined two suppliers following investigations. Npower was fined £1.8 million in 2008 and London Electricity (now part of EDF Energy) was fined £2 million in 2002.
3. Ofgem has powers under the Gas and Electricity Acts to require that it be provided with information when it appears that there may be a breach of a licence obligation. Ultimately, if a company were found to be in breach of its obligations, Ofgem has power to impose a financial penalty of up to up to 10 per cent of its total turnover.
4. The leaflet with practical information and advice for consumers is available on Ofgem's website:http://www.ofgem.gov.uk/Media/FactSheets/Documents1/energy_salespeople.pdf
5. For any other complaints about energy issues relating to their supplier customers should continue to use the established complaints process. They can initially complain to their supplier which has eight weeks to investigate the issue. If it isn't resolved to the customer's satisfaction they can take the matter to the Energy Ombudsman, which can investigate the issue on their behalf and potentially award compensation if it finds in their favour.
6. 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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