

Decision

Decision of the Gas and Electricity Markets Authority to close its investigation into Utility Warehouse and its compliance with Standard Licence Conditions 25C, 0, 27, 28 and 32 of its Gas and Electricity Supply Licences

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This investigation was opened in May 2018 following concerns raised during an independent audit of Utility Warehouse’s (“**UW’s**”) practices and procedures relating to its treatment of customers with payment difficulties, prepayment meter installation and the assessment of customers’ ability to pay.

During the course of the investigation, UW also raised the fact that it had submitted some inaccurate Social Obligations Reporting (“**SOR**”) data to Ofgem between 1 July 2013 and 8 April 2019, so the investigation was expanded to include this.

The investigation focussed on the extent to which UW failed to consistently achieve compliance with the relevant licence requirements relating to the provision of payment services to customers in payment difficulty, reporting on performance and achieving the Standards of Conduct.

This document sets out the findings of Ofgem’s investigation, actions taken by UW to resolve the issues and our reasons for closing the investigation through the agreement of appropriate ‘alternative action’ measures.

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Investigation outcome

- 1.1 In May 2018, Ofgem opened an investigation in respect of the potential breach of the following Standard Licence Conditions (“SLCs”): 27.5 through 27.8; 28B and 25C/0. No finding of breach is now pursued in relation to SLC 27.7 and 28B.¹
- 1.2 Our investigation initially examined UW’s policies and procedures relating to its provision of payment services to customers in payment difficulty and achieving the Standards of Conduct². Customer communications were also evaluated, alongside a review of a sample of customer case files, to identify how these policies and processes translated into practice.
- 1.3 On 8 April 2019, UW raised the fact that it had submitted some inaccurate SOR data to Ofgem between 1 July 2013 and 8 April 2019. Following this admission, the case team expanded the scope of its investigation to include the potential breach of SLC 32, which relates to the requirement for licenced suppliers to submit SOR data.
- 1.4 During our investigation we identified that:
- UW failed to consistently offer services by way of debt repayment options to customers in payment difficulty, as required under SLC 27.5, between 1 July 2013 and 13 December 2019;
 - UW failed to consistently provide energy efficiency advice to customers in payment difficulty, as required by SLC 27.6(b), between 1 July 2013 and 13 May 2019;
 - UW submitted some inaccurate SOR data requested by the Authority between 1 July 2013 and 8 April 2019;
 - UW failed to consistently take all reasonable steps to achieve the Standards of Conduct and ensure that it interpreted and applied the Standards of Conduct in a manner consistent with the Customer Objective, which was to ensure that

¹ The case opening included an investigation into SLC 28B; however, there was insufficient evidence to support a finding of breach. Whilst Ofgem is not pursuing a breach of SLC 28B, it considers the circumstances in which UW proceeded to install PPMs under warrant was not “Fair” within the meaning of SLC 25C/0.

² As required by SLC 0, following its introduction on 10 October 2017 (formerly SLC 25C prior to this date).

each Domestic Customer is treated fairly, as required under SLC 25C between 26 August 2013 and 9 October 2017; and

- UW failed to consistently ensure that it and its representatives achieved the Standards of Conduct in a manner consistent with the Customer Objective, which is to ensure that each Domestic Customer, including each Domestic Customer in a Vulnerable Situation, is treated Fairly, as required under SLC 0 between 10 October 2017 and 13 December 2019.

1.5 UW has since worked to update its policies and procedures and Ofgem is satisfied that all breach behaviours identified during the investigation have ended.

1.6 UW has agreed to submit a payment of £1.5 million to be paid into the Voluntary Redress Fund.

1.7 Having considered our findings, we have decided that, whilst UW had failed in its above obligations under its gas and electricity supply licences and committed breach behaviours, this investigation was suitable for resolution via alternative action under Ofgem's Enforcement Guidelines.³ This enables Ofgem to agree remedial action to address the impact on customers that can be targeted and timely and fully address its concerns. Ofgem assessed this as appropriate because:

- UW has introduced changes to its policies and procedures, including staff training, to minimise the risk of all breaches reoccurring;
- UW has engaged with the case team during the course of the investigation, self-reported its submission of some inaccurate SOR data and rectified the issue when it was discovered; and
- UW accepts the adverse impact its breach behaviour had on some of its customers.

1.8 Our decision is subject to UW submitting payment to the Voluntary Redress Fund by no later than 24 November 2021 and confirming that the payment has been made.

³ The Enforcement Guidelines can be found at: <https://www.ofgem.gov.uk/publications-and-updates/enforcementguidelines>

Gas and Electricity Markets Authority

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