

**UK Energy Incubator Hub Limited**  
**Notice of reasons under Section 49A of the Electricity Act 1989 and Section 38A**  
**of the Gas Act 1986 for the decision to make a Provisional Order under Section**  
**25(2) of the Electricity Act 1989**

1. This Notice sets out the reasons why, on 31 May 2022, the Gas and Electricity Authority ("the Authority") made a Provisional Order in respect of likely contraventions by UK Energy Incubator Hub Limited ("UKEIH"), company number 09844783, of 20-22 Wenlock Road, London, N17GU.
2. UKEIH is the holder of an electricity supply licence issued by the Authority under section 6(1)(d) of the Electricity Act 1989 ("EA89") and a gas supply licence issued by the Authority under section 7A of the Gas Act 1986 ("GA86").
3. The Provisional Order was made as it appeared to the Authority that UKEIH was contravening, and likely to continue to contravene, relevant conditions and requirements by virtue of the following conduct:
  - a. Non-compliance with the redress scheme operated by Ombudsman Services: Energy ("OSE" or "the ombudsman service") in the form of failure to implement the ombudsman's remedies or pay the ombudsman's fees, contrary to section 37 of the *Consumers, Estate Agents and Redress Act 2007* and the regulations made thereunder, and to SLC 0.3(a) and (c);
  - b. Failure to engage fully and properly with the Extra Help Unit of the Citizen's Advice Bureau to resolve customer complaints and issues, contrary to SLC 0.3(a) and (c);
  - c. Failure to be readily contactable by telephone and/or email, and to resolve customer enquiries and complaints in a timely and efficient manner, contrary to SLC 0.3(c) and regulations 3 and 7 of the *Gas & Electricity (Consumer Complaint Handling Standards) Regulations 2008*;

4. The Authority has been made aware of the conduct outlined in paragraph 3 via intelligence received from industry bodies and online Trustpilot reviews left by UKEIH customers.<sup>1</sup> The Authority attempted to engage with UKEIH in respect of this matter on 5 May 2022, however it received no response from UKEIH.
5. The Authority is concerned that the information currently available to it suggests that customers are having billing issues with UKEIH, including some customers who are being direct debited for sums of money that they do not consider they owe. We are concerned that these customers have been unable to resolve these complaints by engagement with UKEIH.
6. The Authority considers it essential to uphold compliance with, and the authority of, the ombudsman service as the designated redress scheme for the energy sector. The ombudsman service performs an important function in adjudicating on unresolved complaints and determining appropriate consumer redress. This in turn enhances the reputation of the sector and consumer confidence to engage in the market. The Authority considers that UKEIH can have no reasonable excuse for failing to comply with its obligations as a member of the ombudsman service.
7. The Authority also considers it essential that consumers – particularly vulnerable or low income consumers – are able to communicate with their energy supplier and have their enquiry or complaint dealt with in a timely and efficient manner. Gas and electricity are essential services.
8. The Authority also notes the statutory function of the Citizen’s Advice Bureau including its Extra Help Unit and considers it essential that energy suppliers engage with that service in a constructive, respectful and responsive manner.
9. The Authority considers that the conduct described at paragraphs 3(a) to (c) above – in relation to everyday customer service, escalated complaint handling, and compliance

---

<sup>1</sup> UKEIH operates under two brands, Northumbria Energy and Neo Energy. Trustpilot reviews for each brand can found using the following links: [Neo Energy - Trustpilot](#) & [Northumbria Energy - Trustpilot](#).

with the ombudsman service, to be mutually aggravating, leading to significant consumer harm, and to require its prompt intervention as the industry regulator.

10. In particular, the Authority considers it requisite to issue a provisional order (rather than consulting on a final order) on this occasion given the time-sensitive nature of the consumer harm that appears to be occurring. The Authority requires time to further consider and investigate the information it is receiving regarding the conduct more broadly of UKEIH but is sufficiently concerned that it considers it is requisite to immediately intervene to compel compliance with the ombudsman service and ease of contact for customers.
11. The Provisional Order contains a provision requiring UKEIH to provide an independent audit report confirming UKEIH's compliance with the requirements of the Provisional Order. UKEIH must commission this audit at its own expense. The resources of the Authority do not permit continuous detailed supervision of UKEIH's operations, and the Authority requires the assurance of an independent auditor<sup>2</sup>. The Authority considers this requirement to be reasonable and proportionate in the circumstances. UKEIH is encouraged to engage with the Authority regarding the independent audit and particularly with regard to the identity of the independent auditor it proposes to appoint.
12. The Provisional Order also prohibits UKEIH from engaging in sales, marketing and customer acquisition activity until a satisfactory independent audit report is provided to the Authority. The Authority has considered this provision (commonly referred to as a 'sales ban') very carefully, mindful of its likely impact on UKEIH's business. The Authority considers it requisite on this occasion to prohibit UKEIH from acquiring new customers until it can satisfy the Authority that it can adequately service its existing customer base and comply with its regulatory obligations while so doing. The Authority considers this requirement to be reasonable and proportionate in the circumstances, noting that it applies for a relatively short period of time and will be lifted upon provision of a satisfactory audit report.

---

<sup>2</sup> The Authority would also have the power to direct UKEIH to conduct an independent audit pursuant to SLC 5B.

13. The Authority has had regard to the matters in sections 25(3), (4A), (4B), (5), and (5A) of the Act. In particular:

- a. It does not consider that it would be more appropriate to proceed under the Competition Act 1998 (that Act has no application to the present circumstances);
- b. It is satisfied that the duties imposed on the Authority by sections 3A to 3C of the Act do not preclude Authority from making the provisional order (on the contrary, it considers that its duties require it to make the provisional order);
- c. It does not consider that the contraventions are trivial.

14. For the above reasons, the Authority decided to make the Provisional Order requiring UAEIH to do the following:

- i. By no later than 4pm on Monday 6 June 2022, implement and deliver in full all outstanding remedies issued by the Ombudsman Services: Energy to date.
- ii. By no later than 4pm on Thursday 9 June 2022, pay to the Ombudsman Services: Energy the sum of £192,380, this being the outstanding fees from the Ombudsman Services: Energy's correspondence of 26 May 2022.
- iii. Ensure that UAEIH customers are able to contact UAEIH by telephone at all reasonable times, namely, as a minimum, during weekdays between 9am and 5pm. Where the customer's enquiry or complaint is not able to be resolved on the first call, UAEIH must ensure a staff member qualified and authorised to deal with the matter contacts the customer by the end of the next working day.
- iv. Ensure that all emails from UAEIH customers are acknowledged within 24 hours and substantively responded to within ten business days. If the substance of the customer's enquiry or complaint cannot be resolved within ten business days, UAEIH must (before the expiry of that timeframe) provide the customer with an explanation for the delay and a suggested pathway to, and estimated timeframe for, resolution.
- v. By no later than 4pm on Friday 24 June 2022, provide the Authority with an independent audit report (commissioned at UAEIH's own expense and prepared by an independent professional acceptable to the Authority) confirming UAEIH's compliance with paragraphs (1) to (4) above.

- vi. Until the provision of the report referred to in paragraph (5) above, refrain from all sales, marketing and customer acquisition activity, including the acquisition of any new domestic customer or upgrading of any existing domestic customer to dual fuel.
- vii. Engage fully and properly with the Extra Help Unit of the Citizen's Advice Bureau to resolve all outstanding issues and complaints in a timely and efficient manner.

15. The Provisional Order is available at <https://www.ofgem.gov.uk/publications/uk-energy-incubator-hub-ltd-provisional-order-may-2022#:~:text=On%2031%20May%202022%2C%20the,of%20the%20Gas%20Act%201986.>

16. The Authority will in due course consider whether to consult on confirming the provisional order (with or without modifications). Unless earlier confirmed or revoked by the Authority, the provisional order will lapse on 31 August 2022.

Dated: 1 June 2022

Signed:

**Charles Hargreaves**  
**Deputy Director, Enforcement**

**Duly Authorised on behalf of the Gas & Electricity Markets Authority**