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Cathryn Scott
Regulatory Director – Enforcement and Emerging Issues
Ofgem
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19 July 2022

Dear Cathryn,

STATUTORY CONSULTATION ON CREDIT BALANCES – STRENGTHENING EXISTING DIRECT DEBIT RULES

Thank you for the opportunity to comment on Ofgem’s proposals to strengthen the existing requirements within Standard Licence Condition 27.15 relating to the setting of fixed Direct Debits amounts.

Ofgem notes that it previously consulted on the same proposed licence amendments in its March 2021 policy consultation which set out two proposals relating to the protection of Customer Credit Balances (CCB). While it is now progressing protections for CCB separately via alternative proposals within the accompanying policy consultation on Strengthening Retail Financial Resilience, it considers it appropriate to proceed with the proposed amendments to SLC 27.15 to strengthen the obligations regarding the setting of fixed Direct Debit payments using *“the best and most current information available”* by:

- Removing the ability for suppliers to use terms and conditions to derogate themselves from the requirement; and
- Amending the *“all reasonable steps”* obligation to a *“must ensure”* obligation.

We agree that suppliers should not be able to create exemptions from the accurate setting of fixed Direct Debits via clauses in terms and conditions. We consider that this amendment should act to support the responsible behaviour of suppliers in their approach to management of CCB and limit the build up of surplus credit balances.

We are generally supportive of Ofgem’s proposed amendments to create an absolute obligation rather than an all reasonable steps obligation, and agree that suppliers should already be using the best and most up to date information to set customer Direct Debit amounts.

Ofgem notes that it considers the impact of these proposals to be minimal, and therefore this should not lead to significant changes to supplier processes for setting Direct Debits where they are already meeting the existing obligations of SLC 27.15 and broader obligations

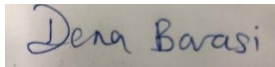
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relating to Standards of Conduct (SLC 0). In this regard we note Ofgem's recent published assessment of supplier Direct Debit processes via a Market Compliance Review.

If you have any comments or queries on any aspect of this response, please don't hesitate to contact me.

Yours sincerely

A rectangular box containing a handwritten signature in blue ink that reads "Dena Barasi".

pp Richard Sweet
Director of Regulatory Policy