

Emailed to: [RetailFinancialResilience@ofgem.gov.uk](mailto:RetailFinancialResilience@ofgem.gov.uk)

18 July 2022

**Ombudsman Services' response to Ofgem on the following:**

- **Policy consultation on Strengthening Retail Financial Resilience**
- **Statutory Consultation on Strengthening fixed direct debit rules**
- **Statutory consultation on Supplier control over material assets**

Thank you for the opportunity to respond to the Ofgem consultations on strengthening financial resilience; the statutory consultation on strengthening the fixed direct debit rules; and the statutory consultation on supplier control over material assets. We support Ofgem's ongoing work in these areas to help strengthen the retail market.

**Policy Consultation on Strengthening Retail Financial Resilience**

We support the intended outcomes of the proposals Ofgem has put forward to ensure an energy supply market that is financially resilience, bearing the appropriate level of risk so that undue costs are not passed on to consumers. (Q1). We think that minimising the extent of mutualised costs is important and that it will be sensible to keep further options under review as the market develops.

**Statutory Consultation on strengthening fixed direct debit rules**

We think that it makes sense to strengthen the fixed direct debit rules to ensure that domestic consumers have direct levels set using the best and most current information, making it an absolute obligation. We see consumers who have had their direct debit levels set in excess of what they're using and also situations where consumers have had direct debits too low, which can lead to consumers falling into debt.

**Statutory Consultation on Supplier control over material assets**

We think it makes sense to enshrining key components of the updated Operational Capability Principle (OCP) and the Financial responsibility Principle (FRP) guidance into the supply licence. It is important for suppliers to organise their businesses in such a way that minimises detriment to consumers. Where suppliers do not have sufficient control over material assets, this may affect or delay the service offered by a Supplier of Last Resort (SoLR) or administrator. We are aware of this in cases where the supplier does not own their IT system which affects access to consumer accounts and the ability to provide timely accurate billing and credit balances.

Please do not hesitate to contact us if you would like further information regarding our response. Our response is not confidential.

**For more information regarding this consultation please contact:**



David Pilling  
Head of Policy and Public Affairs  
Ombudsman Services  
3300 Daresbury Park  
Daresbury  
Warrington  
WA4 4HS

t: 07842 317974

e: [dpilling@ombudsman-services.org](mailto:dpilling@ombudsman-services.org)