

Emailed to: FWP@ofgem.gov.uk

3 February 2023

Ofgem draft Forward Work Programme 2023/2024

Thank you for the opportunity to comment on Ofgem's Forward Work Programme 2023/2024. In this response we have provided:

1. Comments on the draft Forward Work Programme.
2. Background information about Ombudsman Services – the Trust Alliance Group

1. Comments on Ofgem's Forward Work Plan 2023 to 2024

We agree with the short and longer term priorities that Ofgem has set out in their Forward Work Programme.

Consumer Interest Framework

We support the principles of the consumer interest framework that will help Ofgem provide clarity, transparency and consistency in the way it proposes to manage trade-offs between all aspects of consumer interests. Our considerations would be:

- How would the framework remain relevant in a rapidly evolving marketplace?
- How would the framework consider trade-offs that may differ for future consumers?
- Beyond purely securing trust; looking at ways to build, maintain and restore trust in the sector will attract more investment and ensure greater resilience.

Strategic Priorities

We support Ofgem's focus on proactive and robust compliance and enforcement as the remit extends, particularly the continuation of the Market Compliance Reviews as consumer needs increase. Specifically we would offer some comments on the following:

- As the sector sees shifts in demand in the future, there will be a need for a shift in protections and standards. We think there is further opportunity to look beyond compliance through only policies, processes and procedures and to understand the outcomes that consumers experience. What consideration has been given to ensuring that the role of regulator evolves to focus on capability building rather than compliance alone?
- We are happy to continue to share our data and insights to support Ofgem in this work and also support Ofgem's intention to review business consumer protections.



- It makes sense to focus on the areas where there is the greatest harm and develop a framework which allows for a strategic outcomes-based approach.
- It would be useful to think about how market enforcement can be communicated to help build consumer trust in their energy suppliers.

Projects and Programmes

Again, we support the approach of having a focus on a number of projects and programmes. However, from experience we would question whether twenty is too many for such a short period of time. Specifically we would offer some comments on the following:

- **Vulnerable Consumers:** We have undertaken a lot of work on this ourselves over the last two years and we do not underestimate the volume of work that is needed to be able to report on this effectively. Since the increase in energy prices, we have seen an increase in the volume of consumers who we could consider vulnerable and therefore we do see this as a key programme. Having clear definitions of what is meant by vulnerability and being able to identify consumers as vulnerable as they engage with a supplier is key. We welcome any opportunity to get involved with this work as we know it will add value to the sector and to the regulator.
- **Retail Market Reform:** We welcome the aim of reviewing consumer protection standards, in particular those for business customers. We believe that Market Compliance Reviews are a key tool for Ofgem to use and we would be happy to support with any ideas on how to make these as effective as possible. With the experience we have of dealing with microbusiness and more recently with business consumers using brokers, we will have some great insight on the relative harms to business consumers.
- **Consumer Price Protections:** We believe it's clear that price protection that evolves with the changing market is key. We are however concerned about the level of strategic investment in time and trust that the price cap allows for. Are there lessons that can be learnt from the implementation of the Energy Bills Support Scheme and Energy Price Guarantee? Through our continued experience of receiving complaints relating to these schemes we would be happy to work with Ofgem on what this might mean for the development of different pricing models and interventions in the future.
- **Proactive and robust compliance and enforcement:** We welcome any measures that put consumers' needs at the forefront. The critical point is how these measures will be implemented and to what extent will consumer messaging suggest a level of trust in suppliers.
- **Heat Network Regulation:** In anticipation of the forthcoming Heat Network Regulation, we will continue our work with Ofgem, the Department for Business, Energy and Industrial Strategy (BEIS), Citizens Advice, heat network suppliers and other key stakeholders to ensure that there is appropriate regulation, consumer advocacy and redress in place which works for heat network consumers and heat network suppliers.
- **Enabling Markets for Flexibility:** Supporting the move to net zero and market flexibility will be key – we therefore support any initiatives that encourage wider market participation. Our data shows that smart meter complaints have risen, which although in itself might be expected with more smart meters having been installed, however, the increase in complaints is around lack of smart meter connectivity and hardware issues. So, whilst consumers have engaged with the market to get a smart meter, their trust and confidence in the market is then reduced because the technology doesn't work. We believe there are valuable lessons to be learnt from the smart meter rollout that could help Ofgem anticipate potential issues that might be encountered with the rollout of other new technologies in the energy market. It is also worth considering how consumer protections need to be expanded to cater for these new technologies.

We will continue to share our data and insights to help Ofgem undertake its core regulatory functions. Ofgem will play a key role in shaping a market that needs to be fit for consumers, businesses and one that encourages investment. We think that early identification of potential or actual consumer and microbusiness detriment is important, particularly where sectors begin to converge as technology, new products and services such as smart appliances begin to blur traditional sector boundaries. It will become even more important to ensure that organisations work effectively together to meet this challenge, anticipate where consumer detriment may occur to help protect consumers and build their trust and confidence in the energy sector.

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

2. Background to Ombudsman Services – the Trust Alliance Group

The Trust Alliance Group was formed in 2022 and comprises a number of businesses that were previously part of Ombudsman Services. As part of our purpose of building, maintaining and restoring trust between consumers and businesses, we want to develop new capabilities to help tackle consumer detriment. We also want to explore new opportunities for consumer protection in the digital landscape. One of our key aims is to develop diverse capabilities with a connected purpose focussed on trust. This will include developing greater technological and data capabilities that will help us better support the consumer journey.

The businesses that make up the Trust Alliance Group include:

- The Energy Ombudsman, which has been handling disputes in the energy sector for over 15 years. It uses its years of experience to deliver fair and balanced resolutions to a variety of disputes. It also works with suppliers to help them improve the consumer experience they provide. It supports around 90,000 consumers a year resolve a dispute with their energy supplier.
- The Communications Ombudsman has handled disputes in the communications sector for over 15 years. It provides independent dispute resolution services, aiming to put consumers back into the position they were in before the issue occurred, whilst helping suppliers to understand their consumers and improve their experience. The Communications Ombudsman helps over 20,000 consumers each year to resolve their disputes.
- Flexible Resolution Services has provided dispute resolution support for a number of sectors including energy, telecommunications and parking. Focussing on the need for flexibility and for providing products and services that meet the needs of different sectors.
- Lumin delivers technology solutions to help build trust and provide improved dispute resolutions.
- The Internet Commission promotes ethical business practice to counter hate speech, abuse, fraud, algorithmic bias, and misinformation, whilst protecting privacy and freedom of expression.

Your sincerely,



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