

Consultation Response

Consultation on framework for consumer standards and policy options to address priority customer service issues

Office of Gas and Electricity Markets (Ofgem).

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About this consultation

Ofgem launched this consultation to seek stakeholder views on proposals for improving domestic supplier customer service standards. They aim to ensure customers can reach their supplier and receive better tailored support more quickly, with the ambition of achieving this before the onset of winter. This will be followed by a wider Consumer Standards Framework (CSF) which will build off this immediate reform.

Key points and recommendations

- Age UK welcomes Ofgem's efforts to improve supplier customer service standards in the build up to winter 2023/24 and longer term.
- These plans risk being undermined by a lack of appetite for proactive oversight and enforcement alongside Ofgem's heavy reliance on principles-based regulation.
- Ofgem should investigate setting an objective standard for customer waiting times and consider making this a prescriptive requirement within licence conditions.
- When someone reaches the customer service team it is just as important that they are directed to a well-trained advisor who can support them with complex enquiries.
- Urgent cases must be appropriately triaged and fast tracked to ensure vulnerable customers are supported as quickly as possible.
- This should include those struggling with their bills as well as those with wider vulnerabilities such as issues registering for the Priority Services Register.
- We support Ofgem's proposal for suppliers to offer a widely accessible freephone telephone service as standard – we recommend that this be mandatory.
- Reputational incentives for suppliers to improve customer services represents a promising proposal – we recommend taking this further by displaying customer wait times and satisfaction data on market touchpoints (e.g. bills, switching services).

About Age UK

Age UK is a national charity that works with a network of partners, including Age Scotland, Age Cymru, Age NI and local Age UKs across England, to help everyone make the most of later life, whatever their circumstances. In the UK, the Charity helps more than seven million older people each year by providing advice and support. It also researches and campaigns on the issues that matter most to older people. Its work focuses on ensuring that older people: have enough money; enjoy life and feel well; receive high quality health and care; are comfortable, safe and secure at home; and feel valued and able to participate.

Introduction

We welcome the opportunity to respond to this consultation¹. Age UK remains optimistic that recent Ofgem reforms will better protect consumers². The regulator's renewed focus on driving up customer service standards is a welcome addition to this work.

Ofgem's customer service Market Compliance Review (MCR), published in February 2023³, found all 17 of the major energy suppliers fell short on at least one metric, with poor training and management being flagged as major issues. Telephone access was of particular concern with up to 50% of customers reportedly hanging up when trying to get through to their supplier over the phone. Several occasions were identified where customers were also left waiting for hours to get through to an advisor⁴.

Ultimately this impacts customer satisfaction and the ability for suppliers to support consumers. From Q4 2018 to Q4 2022 satisfaction with supplier customer services decreased from 74% to 66% and the proportion of people reporting that it was difficult to contact their supplier doubled, rising from 13% to 26%⁵.

Sadly, none of Ofgem's conclusions were a surprise to us. Age UK has been fielding an increasing number of calls since 2021 from older people who are struggling to get through to their supplier. More often than not these people are in vulnerable circumstances, seeking help from their supplier to keep on top of unmanageable bills and debt, looking to sign up to the Priority Services Register (PSR), or trying to get help with a meter read or interpreting a bill. They are increasingly finding that they simply cannot get through to seek support and even when they do this help is not forthcoming.

Ofgem must address systematic supplier malpractice. We welcome the regulator's transparency in conducting its customer service MCR, but action now needs to be taken to address the issues raised. We therefore warmly welcome the regulator's commitment to improving standards.

Response

Ofgem proposes introducing a new Consumer Standards Framework (CSF). As part of this, the regulator will be undertaking immediate work to ensure customers can reach their supplier and receive tailored support if they are struggling with their bills much more quickly, with the ambition of achieving this before the onset of winter. The wider CSF work will then build off this immediate reform.

We welcome Ofgem's commitment to improving standards. However, we remain concerned that the regulator's proposals are not prescriptive enough. While Ofgem has committed to balancing a principles-based approach with a rules-based one we recommend the focus shifts towards the latter. Recent MCRs have demonstrated that Ofgem's post-2015 move to principles-based regulation⁶ has afforded suppliers too much

leeway. Combined with a lack of appetite for oversight and proactive enforcement,⁷ this approach has let down consumers. Age UK is keen to see Ofgem be more prescriptive in its implementation of improved customer service standards.

We recommend Ofgem explore options for setting an objective standard for waiting times so that supplier's forcing their customers to wait longer are penalised, with compensation provided directly to consumers. This should apply to customers getting in contact online, over the phone, and via any other method (e.g. by post). Ofgem should investigate establishing this expected wait time based on best practice examples from both the energy sector and wider industries. We would welcome the opportunity to work with Ofgem to determine an appropriate standard.

It is equally as important to ensure that when someone reaches the customer service team they are directed to a well-trained advisor who can support them with complex enquiries. Urgent cases must be appropriately triaged and fast tracked to ensure vulnerable customers are supported as quickly as possible. This should include those struggling with their bills but also customers facing wider vulnerabilities (e.g. people trying to get in touch to register for the PSR). We note that Ofgem's proposals for tailored advice are a revision of the existing principles-based guidance⁸ and are focused around the addition of repayment plans being introduced earlier in the contact process. While earlier repayment plans are welcome, we remain concerned that Ofgem's proposals for tailored support are focused on principles-based standards. We accept that tailored support requires a degree of flexibility but recommend Ofgem consider the options for a more prescriptive framework of minimum standards suppliers must meet when supporting vulnerable customers.

When it comes to contact methods existing licence conditions (e.g. SLC 31F) which outline the importance of supporting multiple methods of communication with suppliers remain far too vague. We therefore strongly support Ofgem's proposal for suppliers to offer a freephone telephone service access point as standard⁹. Ofgem should make this compulsory for suppliers, as well as making it mandatory that the freephone number is clearly displayed on bills, websites, and apps. Suppliers should not be permitted to offer solely websites, apps, online portals, live chat, or other systems which exclude the two fifths of those aged 75+ not using the internet¹⁰ and others facing digital exclusion.

Ofgem should also arm customers with the information they need to choose a supplier with better customer service standards. While we welcome the regulator's attempts to create reputational incentives to reduce the risk of malpractice, we recommend taking this further by mandating that customer bills include the suppliers' customer satisfaction scores and average call wait times. Ofgem should also work with price comparison sites, switching tools, and other key market touchpoints to display this information more widely. This will help to create a competitive market for enhanced customer service provision.

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- ² Age UK, 2023. Statutory consultation: Strengthening Financial Resilience (second stage). Age UK. [Online]. Available at: <https://www.ageuk.org.uk/globalassets/age-uk/documents/reports-and-publications/consultation-responses-and-submissions/safe-at-home/age-uk-response-to-ofgem-second-financial-resilience-consultation-may-2023.pdf>. [Accessed 23/05/23].
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- ⁴ Ofgem, 2023. Ofgem review reveals that customer service standards of energy suppliers must improve. Ofgem. [Online]. Available at: <https://www.ofgem.gov.uk/publications/ofgem-review-reveals-customer-service-standards-energy-suppliers-must-improve>. [Accessed 03/02/23].
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- ⁶ Ofgem, 2023. Consultation on a framework for consumer standards and policy options to address priority customer service issues. Ofgem. [Online]. Available at: <https://www.ofgem.gov.uk/publications/consultation-framework-consumer-standards-and-policy-options-address-priority-customer-service-issues>. [Accessed 23/05/23]. Pg50.
- ⁷ Age UK, 2023. Statutory consultation: Strengthening Financial Resilience (second stage). Age UK. [Online]. Available at: <https://www.ageuk.org.uk/globalassets/age-uk/documents/reports-and-publications/consultation-responses-and-submissions/safe-at-home/age-uk-response-to-ofgem-second-financial-resilience-consultation-may-2023.pdf>. [Accessed 23/05/23].
- ⁸ Ofgem, 2023. Consultation on a framework for consumer standards and policy options to address priority customer service issues. Ofgem. [Online]. Available at: <https://www.ofgem.gov.uk/publications/consultation-framework-consumer-standards-and-policy-options-address-priority-customer-service-issues>. [Accessed 23/05/23]. Pg22.
- ⁹ Ofgem, 2023. Consultation on a framework for consumer standards and policy options to address priority customer service issues. Ofgem. [Online]. Available at: <https://www.ofgem.gov.uk/publications/consultation-framework-consumer-standards-and-policy-options-address-priority-customer-service-issues>. [Accessed 23/05/23]. Pg28.
- ¹⁰ Age UK, 2021. *Briefing Paper: Digital inclusion and older people – how have things changed in a Covid-19 world?*. Age UK. [Online]. Available at: <https://www.ageuk.org.uk/globalassets/age-uk/documents/reports-and-publications/reports-and-briefings/active-communities/digital-inclusion-in-the-pandemic-final-march-2021.pdf>. [Accessed 05/08/21].