

(BII) British Institute of Innkeeping – response to:

Non-domestic market review: Findings and Policy consultation

Pricing and contract behaviour

Q1. We believe that all pricing transparency should be mandatory, allowing SMEs to fully understand the price they are contracting to for not only their energy usage, but also any other fees payable as part of their agreement. Plain language needs to be at the heart of any pricing and contract information.

Q2. We accept the principle of “significantly exceeds”, but the actual measure of this must be a reflection of the true cost of supply vs rates charged, preventing a significantly increased margin where no additional costs have been incurred to supply energy by the energy supplier. This consideration must include all revenue streams the customer has to pay collectively as part of their bill. i.e standing charges, management fees etc.

Q3. We believe that deemed rate contracts should be reviewed monthly, and that any deemed rates should not be significantly more onerous than contracted rates. If the cost of providing the energy doesn’t change dramatically, then there should be no need for a significant jump in rates and should not be used to strong-arm customers onto high fixed rate contracts.

Q4. Unclear

Q5. Guidance should be made mandatory and there should be a clear mechanism in place with a direct and fair correlation between deemed and fixed contract rates, removing the opportunity to exploit customers out of contract.

Q6.

- 2.15 - The reference to risk premiums is still of great concern where hospitality premiums have been applied when they are not relevant in all circumstances.
- 2.19 - Ofgem’s statement that it is unable to intervene with commercial contracts, when it is clear that there is systemic poor behaviour across the sector, is of concern. The protection of vulnerable non-domestic consumers is at the heart of Ofgem’s remit and they must have powers to intervene when there are unfair and uncompetitive practices at play across the sector.
- 2.20 - The contract option of “blend and extend” being offered by some suppliers, whilst providing an opportunity to reduce the level of ongoing payments, still embeds fundamentally unfair rates into customer bills, especially where this option has only been offered on the basis of an even longer tie in period for high rates.
- 2.31 – Where security deposits are requested, the process for assessing the level of deposit must be clear, transparent and based on the individual business risk and not just taking their status as a hospitality venue into account.

Competition in the market and customer service

Q7. We believe a standard document/letter from a registered professional (such as an accountant) who can provide confirmation of the details of the new tenant/owner, should be sufficient to prove the CoT/CoO.

Q8. We feel that the complaints escalation and general support for non-domestic consumers should be much clearer and should be made available by all suppliers to all pub businesses.

Q9. Yes. Timely resolution of disputes is critical for small, vulnerable, non-domestic consumers where cash flow is vital to their survival.

Q10. Again, suppliers should have an obligation on recording, handling and processing complaints, which should be used to track reasonable and timely action in disputes, particularly where there is a clear imbalance of power between parties. Where disputes take months to resolve, the result could be an otherwise viable small business closing its doors.

Q11. Due to the critical impact of energy bills on small pub business viability, they should receive priority treatment for swift resolution of complaints.

Q12. Access to the Energy Ombudsman should be available to all small pub businesses in the UK, with their status as verified by HMRC or their business rates classification.

Q13. All TPIs should be mandated to be part of a formal complaints process in line with the core energy suppliers.

Q14. We have no specific views on this.

Q15. No specific comments.

Q16. No specific comments.

Some customer groups need more focused support

Q17. No comment.

Q18. No comment.

Q19. We have no comments to make on the costs of expanding TPI commission disclosures, but support the proposal to expand this.

Q20. We believe that plain language should be used, in a standard format that would allow different commission rates and overall costs to be easily compared.

Q21. The disclosure of commissions should be mandatory to all small pub businesses.

Q22. No further comments.