



Consultation on the Non-Domestic gas and electricity market

Love Energy Savings.Com Limited's response

September 2023

We welcome the changes proposed by Ofgem to help improve the market for customers. We recognise these proposals are a step in the right direction at addressing some of the current concerns noted within the call for input from earlier this year. We strongly believe any changes made to the market must balance the need to protect customers from harm, whilst increasing and protecting competition in the market. It is important to ensure controls implemented seek to improve customer confidence, whilst remaining proportionate.

We have responded below to the questions posed by Ofgem where we feel we can provide valuable feedback. We look forward to the next stage of this consultation and working with Ofgem to develop the third-party intermediary market, whilst simultaneously working with RECCo on their proposed regulatory code of conduct for third party intermediaries.

Love Energy Savings

Q1. Do you agree with our proposal to agree voluntary improved pricing transparency and if so, please include comments on the particular areas you would like to see made more transparent?

We fully support the concept of improved transparency on key information, as this will educate customers and enable them to make informed decisions. Our mission is to increase price transparency in the market, and we have made great progress with online price transparency on our comparison engines. The additional transparency proposed by Ofgem further supports our aims in helping customers to have more of the right information available to make informed decisions.

However, we also recognise the need to balance this with the need to only provide transparency on relevant information. It is important to avoid overwhelming customers with too much information, as this can have the opposite effect and could unintentionally cause customers to disengage from a market which they perceive to be too complicated. To promote the right balance, it is important to gain insight from all market participants, including third-party intermediaries, to understand customer drivers, needs and considerations. Requirements should also be put in place to guarantee uniform standards right across the market.

Q2-5. Relating to proposed guidance for deemed rates

Whilst the reasons for being on deemed rates can vary, the vulnerability of those customers can also vary, with some being more susceptible to financial detriment as a result of exorbitant deemed rates. We welcome therefore any improvements Ofgem makes in this area, and we see this additional guidance as a good starting point. However, we would recommend Ofgem continue to monitor deemed rates in the market, ensure proportionate controls remain in place to avoid vulnerable



customers being treated unfairly and ensure non-compliance is managed appropriately and enforcement action taken.

Q7. Which documents, or combination of documents do you believe would provide a robust evidence base to demonstrate a genuine CoT/CoO?

Given the potential link between CoTs/CoOs and fraud, it is important controls are implemented to mitigate this. However, it is also important these controls consider valid CoTs and CoOs, remaining mindful there are legitimate customers who require the change to be actioned efficiently, to avoid remaining on deemed rates longer than is necessary.

For CoTs it is important to demonstrate the customer's connection to the meter, prior to the switch being requested, along with documentation/evidence which connects them to the business. Similarly for CoOs, there should be a paper trail which evidences the change and the customer's connection to the business. However, documentation requested should be consistent across the market, whilst not placing an unreasonable and disproportionate burden on the customer.

We welcome RECCo's involvement in driving standardisation in this area (particularly to avoid delays for customers in the process) and we look forward to working with them on this topic, helping to drive proportionate controls whilst maintaining customer faith in the switching market.

Q8. Are Micro Business Consumers aware they can contact Citizens Advice for support? Do we need to introduce a rule requiring suppliers to signpost them more specifically?

The purpose of the microbusiness definition is to identify businesses which closely resemble consumers, to enable them to be afforded the same regulatory protections. It seems reasonable that microbusiness customers may also require help from Citizen's Advice Bureau and additional signposting relating to this advice could only be more beneficial to customers.

Q9-11. Relating to proposed changes regarding complaint handling

Customer confidence increases when issues are rectified efficiently and to their satisfaction, which is why complaint handling standards play a crucial part in the service offered to customers. We believe every customer, regardless of size, should have their concerns addressed in a timely manner, with a complaint handling procedure that mandates effective communication with customers and sets out clearly the escalation options. A consistent approach would reflect market participants' commitment to putting things right. These requirements should consider what are the basic complaint handling standards a customer expects, whilst remaining mindful to avoid an overly cumbersome complaints process which focuses on administrative tasks, rather than resolving the customer concerns.

Regarding which customers are captured by the complaint handling rules set out in the Gas and Electricity (Consumer Complaints Handling Standards) Regulations 2008, it would be useful to further



analyse data from a cross-section of business customers to understand their individual challenges and ensure any changes implemented fully reflect their concerns in relation to complaint handling.

Q12-14. Relating to proposed changes regarding alternative dispute resolution

As a third-party intermediary who operates primarily in the microbusiness space, we can only provide our thoughts in relation to this proposal based on experiences with our customers. For our business, providing consistency in escalation rights to the Energy Ombudsman would help the very small minority of our customers who currently don't qualify for the scheme. It is worth noting the microbusiness definition can at times result in unfairness, as it can include those who don't resemble domestic customers but ignore those who in practice might more closely resemble consumers and require additional protection.

The concept that larger companies are better able to represent their own interests is reasonable, as they often have the means to use internal counsel or engage external counsel to help settle disputes. Claims in excess of £10k can be settled/handled reasonably and efficiently using this route. This complements the Energy Ombudsman scheme well. It is unlikely a large company with a substantial claim would use the Energy Ombudsman's services, given the £10,000 remedy cap in place. Our recommendation would be for Ofgem to mandate that claims over £10,000 from non-micro customers cannot be handled by the Energy Ombudsman. This would help ensure the Energy Ombudsman's help is targeted to the right customers and complaints, leaving the legal claim route as an option for more sophisticated businesses with larger claims.

Ensuring third party intermediaries are setup with a QDSS to sell energy is crucial in ensuring only responsible intermediaries are operating in the market. With the changes brought about last year by the microbusiness strategic review, whilst it was mandated the suppliers must ensure third party intermediary QDSS membership in relation to microbusiness customers, it's our experience that suppliers have unilaterally prevented an intermediary from selling any of their products to micro and non-micro customers if the intermediary is not set up with a QDSS.

Whilst we believe, in our experience, this proposal would require minimal changes to third party intermediaries who operate with customers of various sizes, we also acknowledge there is a lack of data which demonstrates the total number of third party intermediaries who work solely with larger businesses and therefore it is hard to speculate the impact on those intermediaries and the suppliers they work with. In addition, before such a change is implemented, it would be prudent to analyse the business market, the potential volumes of complaints from large businesses and understand the impact this change would have on the Energy Ombudsman's resources. This is to enable the Energy Ombudsman to forecast potential complaint volumes and resource required to handle the proposed change, and consequently provide an updated draft membership and fee structure.

Q15. What are your views on our proposal to expand SLC OA (non-domestic Standards of Conduct)? Do you have any views on which consumers they should or should not apply to? Please provide any views on costs and benefits of making this change.



The requirements placed upon suppliers in relation to microbusiness customers are built on the premise of good customer service. In practice, we have found more suppliers are applying some (if not all) of these microbusiness principles to non-micro customers. This is potentially due to a shift in market attitude brought about by Ofgem's microbusiness strategic review towards treating customers fairly or how often customers can tread the threshold of the microbusiness definition, meaning some suppliers choose caution when dealing with customers, by treating them as microbusinesses. We support Ofgem's proposal to offer all customers these basic protections. However, the cost and implication of mandating this change is something which suppliers are best placed to comment on.

Q19-20. Relating to proposed changes to disclosure of third-party intermediary commissions

Since the introduction of total estimated commission disclosure on 1 October 2022 for microbusinesses, we chose to implement disclosure across all customers, regardless of micro status. We felt this transparency and fairness was important to our customers in making informed decisions. We strongly believe there are no barriers to widening the disclosure to all customers on the basis that third-party intermediaries offer value for money and transparency around how we get paid, including how much, and disclosure allows us to demonstrate this to our customers. It is key to building trust with the customer.

Regarding how commissions are presented to customers, there are three key factors which customers must understand: - a) the mechanism of how the commission is paid, b) the commission calculation, c) the total estimated amount. This methodology prevents commissions disclosure being open to abuse and allows full transparency to enable the customer to make effective comparisons.

We are aware that requirements around commission disclosure are included within the scope of RECCo's third-party intermediary code of conduct (which is currently under consultation). For ease, we would suggest the current disclosure wording contained in the standard licence conditions remains the same, with RECCo addressing the potential benefits of disclosing the calculation specifics as part of their third-party intermediary code of conduct.