



Consumer Outcomes Strategic Direction

ofgem

Making a positive difference
for energy consumers

Executive summary

Energy customers have endured significant challenges in recent years. High energy costs have intensified wider cost-of-living concerns and placed severe strain on many households and businesses. When things go wrong with their energy supplier, the consequences can be profound, particularly for those who are the most vulnerable. In this context, it is important that suppliers deliver a good service to customers.

At the same time, we have introduced a variety of new prescriptive rules in recent years, to protect consumers and stabilise the market during a turbulent period. While we consider these interventions were necessary at the time, we recognise that they created new implementation costs for suppliers and increased regulatory complexity. This has constrained suppliers' ability to innovate, tailor services, and deliver improvements to the services they offer to their customers.

We have a simple vision for the energy retail market - to ensure that it works for all consumers. That means giving consumers confidence and protection, while enabling innovation and investment. We believe that getting this right is the best way to support the government's [Clean Power 2030 goals](#) and support economic growth. More information on our vision can be found in our [2030 Markets Strategy](#).

Achieving this vision requires a regulatory framework that protects consumers, while enabling suppliers to improve the services that they offer. With increasing complexity in the market as we move towards net zero, it is critical that suppliers deliver a consistently good consumer experience and that regulation supports this objective.

Why we are changing the way we regulate

Customer satisfaction has improved in recent years, but to realise our ambition for energy to become one of Great Britain's (England, Scotland, Wales) best-performing sectors for customer experience, we believe a different approach to regulation is needed:

- Consumers are not consistently receiving good outcomes: Our detailed rules have not delivered consistently good outcomes for consumers.
- The current rulebook is too complex: Stakeholders tell us that our growing list of prescriptive rules is confusing, inhibits innovation and is overly burdensome.
- The market is changing: New technologies are driving the evolution of products and services across the market. We need a regulatory model that is more future-focused, resilient to change and enables customers to engage.

Anchoring our regulation in consumer experience will unlock benefits

To make sure the market consistently delivers for consumers, we are shifting to a more outcomes-based approach to regulating the domestic and non-domestic energy retail markets. Our current approach combines prescriptive rules (i.e. specific actions suppliers must take) and principle-based rules (i.e. how suppliers should behave, such as treating customers fairly).

Outcomes-based regulation is different as it focuses on the results, rather than the actions or behaviours used to achieve these results. It provides more flexibility for industry, with stronger accountability for the end result, informed by better data on actual consumer outcomes, and effective compliance and (where necessary) enforcement action.

This approach is broader than simply changing our rules and will require similar changes to how we monitor, engage, and enforce. Collectively these functions are critical to the delivery of good outcomes for consumers.

We will track customer experience (for example, through data, complaints and feedback) to understand whether domestic and non-domestic customers are receiving good outcomes. Alongside this, we will work closely with industry to set clear expectations of what good looks like, intervene early where problems emerge, and hold suppliers to account for their performance.

Anchoring our approach in the real-world consumer experience will allow us to remain an effective and future-ready regulator that enables innovation, safeguards consumers, and supports a thriving, low-carbon economy. This change will deliver real benefits:

- **Better real-world outcomes for consumers:** A stronger focus on lived experience such as accurate, transparent billing and meaningful support for consumers in vulnerable situations, should help ensure all consumers receive consistently good outcomes.
- **Rules that keep pace with change:** By focusing on the outcomes consumers should experience, rather than prescribing how they must be delivered, our framework can adapt as technologies, products and consumer expectations evolve.
- **Enabling innovation and growth:** Giving suppliers greater flexibility in how they deliver good outcomes can unlock opportunities for innovation and cost efficiencies while maintaining strong and proportionate consumer protection.
- **Supporting net zero:** We need a more flexible regulatory framework that enables new low-carbon services to enter the market, and ensures consumers are protected as the market evolves.

The government's recent [review of Ofgem](#), published last month, reinforced our vision for a retail market that works for all consumers. The review calls for a fresh approach to regulation that encourages innovation and investment in clean energy, while ensuring strong consumer protection across the market.

Our way forward

Today we set out the core outcomes every consumer should receive. We want these outcomes to serve as the compass for what suppliers should deliver. We also outline our vision for how we will regulate to ensure that suppliers are laser-focused on these outcomes.

Alongside our Strategic Direction, we are consulting on how to implement this vision. We will work closely with industry and consumer groups to ensure that this transition is managed effectively.

Moving to a more consumer-outcomes-based approach represents a step change in how we regulate. Focusing on outcomes will help create a market that domestic and non-domestic consumers can trust to meet their needs, both now and in the future.

The outcomes we want consumers to experience

The outcomes and why they matter

In discussion with consumer groups and charities, we have identified seven key outcomes that reflect what matters most to energy consumers in their day-to-day interactions with suppliers. These outcomes apply to all consumers across the supply market, including domestic and non-domestic customers, and are designed to be relevant regardless of how people pay, engage, or use energy. We set out our current thinking on outcomes below:

1. Consumers are charged energy prices that represent fair value.
2. Consumers receive accurate, timely, accessible and understandable energy bills.
3. Consumers struggling to pay for their energy receive flexible payment options and proactive, tailored interventions.
4. Consumer concerns and complaints are addressed fairly, effectively, and promptly.
5. Consumers get clear, accurate, and timely information to help them make informed choices.
6. Consumers can switch providers and contracts without unnecessary barriers.
7. All products and services should be reliable and perform as intended.

Vulnerability is a core consideration across all seven outcomes.

These outcomes are especially important for consumers in vulnerable situations, who may face greater risk of harm when things go wrong and may need additional, tailored support. Together, the outcomes provide a clear, shared benchmark for the experience consumers should be able to expect and trust. Vulnerability is a core consideration across all seven outcomes. We expect suppliers to consider consumers' individual circumstances and needs when deciding how best to deliver these outcomes in practice.

Our work to develop Consumer Outcomes

These Consumer Outcomes have been developed through extensive stakeholder engagement and consumer research. We initially set out 24 proposed outcomes in a Call for Input (Cfi) and worked closely with stakeholders to test whether they were clear, proportionate and focused on what matters most to consumers.

While stakeholders broadly supported the move towards an outcomes-based approach, feedback consistently highlighted that the original set was too complex and would benefit from simplification. In response, we refined the outcomes from 24 to 7, creating a clearer and more coherent set that captures the outcomes consumers value most, while remaining flexible enough to apply across different consumer groups and future market developments.

As part of the development process, we removed a number of outcomes that we determined were more appropriately framed as objectives relating to the wider market. These covered outcomes such as market investability, financial resilience and the supplier failure processes. While these sit outside the current scope of our Consumer Outcomes work, they remain fundamental goals for Ofgem as part of our wider strategic ambitions in our [Markets Regulatory Vision and Strategy](#). We are pursuing these market objectives through other aspects of Ofgem's work and will report on metrics against the goals in our Annual Report & Accounts.

We will keep these outcomes under review as we turn our attention to implementation to ensure they remain clear, relevant and practical.

Scope and prioritisation

These Consumer Outcomes apply initially to energy supply across both domestic and non-domestic consumers, though we recognise that the needs and circumstance of these consumers can vary significantly. We expect suppliers to tailor their approach to deliver these outcomes accordingly. Supporting consumers in vulnerable situations is a priority and this theme is fully embedded across these Consumer Outcomes. Further detail on the meaning and expectations of each outcome will be developed as part of implementing each outcome.

Based on feedback from stakeholders, we are not identifying some outcomes as more important than others, they are all important and we expect good outcomes to be delivered across all aspects of the consumer experience.

In line with the recommendations of the Ofgem Review, in the future we will consider whether a similar outcomes-based approach to regulation could be applied more widely to other sectors that we regulate. This will be informed by the lessons learned embedding this approach across the supply market.

Outcome 1: Consumers are charged energy prices that represent fair value.

Energy prices have risen sharply in recent years, driven largely by volatile wholesale costs linked to global economic events. These increases have placed significant financial pressure on consumers, particularly those on lower incomes. While some consumers can reduce their energy usage to limit the cost increases, others have limited to no ability to do this safely.

In this context, it is more important that consumers pay prices that reflect fair value. What that looks like in practice will differ between consumers, reflecting real differences in their ability and willingness to engage with the market. However, at its core, the prices all consumers experience should be reasonable and justified, taking account of the underlying costs and risks of supplying energy.

Tariff design, pricing practices and default arrangements should be designed to deliver value to all consumers. Customers who can and want to engage should have options to maximise value through choice of appropriate payment method for their circumstances, by opting for an innovative energy tariff, or by shifting their energy use to cheaper periods of the day. And those who don't engage should be confident that their energy supplier will not take advantage of this in the tariffs they charge.

Ultimately, consumers should be able to trust they are getting a fair deal overall, based on what they pay and what they receive in return.

Outcome 2: Consumers receive accurate, timely, accessible and understandable energy bills.

For many consumers, bills or statements of account are their primary point of contact with the energy market. As a result, billing can have a significant impact on consumer satisfaction, confidence and trust.

When bills or statements are incorrect, late or confusing, consumers are more likely to fall into debt, challenge their charges, or make a complaint. In contrast, bills that are accurate, issued on time, and easy to understand can help consumers manage their spending, identify whether they could save money on a different tariff, reduce the risk of falling into debt, and build trust in their supplier.

Energy bills and statements should show the right charges, be based on the customer's actual usage, and arrive at regular intervals. They should also be easy to access and understand, using clear, simple language and numbers, presenting information in a format suitable for that customer, and communicated through their preferred contact channels. These considerations are particularly important for consumers in vulnerable situations, who may face barriers to understanding and engaging with complex information.

Effective billing is a basic expectation for all consumers and should help them to manage their energy use, budget with more confidence and avoid unexpected bill shocks. Final bills should be issued quickly, and any credit returned to customers promptly.

Outcome 3: Consumers struggling to pay for their energy receive flexible payment options and proactive, tailored interventions.

When consumers begin to struggle to pay for their energy, this can mark the start of a serious debt problem. Poor supplier practices at this early stage can increase financial stress, raise the risk of self-disconnection, damage trust, and disproportionately impact consumers in vulnerable situations. Ensuring early, fair and consistent treatment is critical to prevent and reduce harm.

Consumers struggling with their payments or debt are encouraged to seek help from their supplier, but personally they may find it hard to engage, or to understand that support is available. Early and proactive identification and intervention can make a significant difference in preventing debt from building up in the first place or reaching unmanageable levels. Collectively this can reduce the broader costs of debt for all consumers.

When consumers do fall into debt, good outcomes are more likely to be achieved when interventions are communicated clearly, with compassion, and genuinely tailored to the consumer's circumstance. This may include setting up a more suitable payment arrangement, providing more flexible ways to pay, or helping consumers access affordability support or specialist free debt advice.

Outcome 4: Consumer concerns and complaints are addressed fairly, effectively, and promptly.

While we want to minimise the risk of poor practice occurring, issues will inevitably occur from time to time. When this happens, it is important that consumers can easily raise concerns and make a complaint to their supplier if they choose to.

An effective complaints process should provide reassurance that problems will be taken seriously and dealt with fairly and promptly. Complaints are often raised when something has gone wrong and confidence has been damaged. How concerns are handled at this point can have a significant impact on whether that trust can be rebuilt.

All consumers should be able to easily raise concerns through accessible channels, with clear information on how to do so and no unnecessary barriers. Additional care and consideration should be given to consumers in vulnerable situations as poor compliant handling is likely to create or exacerbate distress. Consumers should also be aware of their right to escalate complaints if they are not resolved and to seek additional support from independent advice or support services.

Good complaint handling should lead to fair and meaningful outcomes. Where things have gone wrong, consumers should receive a clear explanation, an appropriate resolution and access to redress where appropriate.

Outcome 5: Consumers get clear, accurate, and timely information to help them make informed choices.

Information is key to enable consumers to make informed choices about their energy options. Traditionally this has focused on elements such as finding the best tariff, understanding costs, and knowing how to make a complaint etc. However, the energy system is becoming more complex. As we move through the Net Zero transition, consumers will increasingly need additional information to understand whether innovations such as dynamic tariffs, flexible energy use, or low carbon technology are right for them.

Against this backdrop, access to accurate, timely information that is easy to understand is critical to help consumers engage with the market and make good decisions. Information that is unclear, inaccessible, inaccurate, or out of date, can lead to missed opportunities, poor decisions, and avoidable harm.

Consumers should receive clear information at the right time and in the right way. It should be easy to understand, making use of using simple language and numbers, taking into account any additional consumer needs. This is particularly important for consumer in vulnerable situations, who may be more likely to experience poor outcomes if they cannot access and understand the information they need to make decisions.

Overall, the information provided to consumers should support genuine understanding, allowing them to find what they need without any unnecessary complexity or barriers. It should help consumers understand the impacts of any new developments and what options are available to them.

Outcome 6: Consumers can switch providers and contracts without unnecessary barriers.

The ability to switch supplier, contract or tariff is fundamental to consumer choice, engagement and effective competition in the energy market. Being able to switch freely allows consumers to respond to changes in price, service quality, or to take advantage of new innovative products that meet their needs.

Consumers should be able to switch easily, without experiencing any unnecessary obstacles or complexity that cause delay or puts consumers off moving to a better option. The process should be inclusive and accessible to all consumers particularly those in vulnerable situations.

Overall, the switching process should be simple, smooth, and prompt. Consumers should feel confident to choose better deals or services, knowing it's easy to make changes that are right for them.

Outcome 7: All products and services should be reliable and perform as intended.

Energy is an essential service, and consumers must be able to trust that their supply, and the products and services they rely on, are reliable and work as intended. Where faults or disruptions occur, they should be resolved promptly to restore supply, and minimise harm, inconvenience and stress. This is particularly important for consumers in vulnerable situations, especially those who are medically dependent on their energy supply, for whom any disruption or failure can have serious consequences.

Consumers should have the confidence that the products and services they use are fit for purpose and perform as described. As the energy market evolves and new, more innovative and complex offerings become more common, it is important that all consumers can rely on these offerings to perform as intended. Where products or services fail, or only partially perform as expected, issues should be identified and addressed quickly and effectively, in a way that minimises consumer harm and supports confidence in the market.

What this transition means for consumers

Moving to more outcomes-based regulation means that instead of judging suppliers on whether they have followed detailed rules, we plan to judge them on what consumers experience. This shift has very real, practical benefits for consumers:

- **Consumers get better real-world experiences:** We want all consumers, regardless of their circumstances, to have a good experience when dealing with their energy supplier. By setting expectations and designing rules that focus more on the end result, rather than the processes suppliers must follow to get there, we believe consumers will experience better outcomes. It also allows us to identify issues earlier and address issues quicker, as we are focusing on the end result for consumers.
- **Protections that consumers can trust both now and in the future:** Our Consumer Outcomes set clear, simple expectations that consumers can rely on. Basing our regulatory framework on these outcomes gives today's consumers greater confidence that rules are focused on their needs, while also protecting future consumers. Outcomes-based regulation remains effective as markets and technologies evolve, ensuring protections keep pace with new products and services (for example, smart tariffs).
- **New innovations that benefit consumers:** Instead of prescribing how suppliers must do things, outcome-based rules give suppliers freedom on how to deliver for consumers. This encourages suppliers to innovate (for example, new tariffs, better customer support and smarter services) to meet consumers' needs, while ensuring protections remain strong. We believe that this will help enable suppliers to develop more products and services that are better tailored to consumers' needs. For example, new smart apps and tariffs that help consumers reduce their energy use, manage their bills or enable net zero.

What this transition means for suppliers

The shift towards outcomes-based regulation has big implications for suppliers:

- **Clear focus to put consumers at the heart of suppliers' businesses:** We believe that moving towards outcome-based regulation can help ensure that suppliers place good consumer experiences at the heart of how they run businesses. Put simply, this means focusing on the real impact of decisions on consumers, rather than concentrating solely on following detailed rules.
- **Suppliers will need to demonstrate that they are delivering good consumer outcomes:** This approach gives suppliers greater flexibility to decide how best to serve their customers, based on their understanding of customer needs and preferences. However, this increased flexibility also brings greater responsibility and accountability. Suppliers will be expected to clearly demonstrate, to us and their customers, how their decisions are delivering good consumer outcomes in practice. We are particularly keen to learn from the [Consumer Vulnerability Strategy](#) where we have tested this approach in practice.
- **More space to innovate and compete:** Greater regulatory flexibility can also give suppliers the space to innovate, compete and develop products and service that benefit consumers. Enabling greater levels of innovation can allow suppliers to specialise, respond to changing consumer needs and differentiate themselves, helping to drive competition and growth across the sector, while improving consumer choice.
- **Less complex rules to understand and navigate:** We have heard feedback that the current regulatory framework has become increasingly complex. By shifting towards outcomes-based rules, we believe we can reduce unnecessary complexity and focus suppliers on good consumer outcomes.

What this transition means for how we will regulate

Our regulatory framework is key to our ability to protect consumers. We rely on it to set the rules that companies must follow, ensure that those rules are followed, and to act when things go wrong or our rules are not followed.

Moving towards a more outcomes-based approach means reforming and repositioning our regulatory tools so they are clearly focused on the outcomes consumers should experience, while continuing to protect consumers effectively:

- **Rule-making** - At a high-level, this will involve reviewing and re-writing some of our rules to reduce unnecessary or outdated prescription, while retaining clear protections in higher risk areas and where consistency is essential. Over time, this is likely to mean fewer focused prescriptive requirements in the licence, with a greater emphasis on suppliers delivering good outcomes. This should make our rules simpler, more future proofed and less of a barrier to innovation, without limiting our ability to prevent harm. We intend to start by focusing on our existing billing rules.
- **Monitoring** – A clear, proportionate and effective monitoring regime is essential to enabling more outcomes-focused regulation. We will work with stakeholders to shift our monitoring focus from verifying compliance with detailed rules, towards assessing whether suppliers are delivering good outcomes. This shift will require us to collect different data and evidence, and where necessary draw on a wider range of sources (for example, through consumer research, survey data, complaints data, and stakeholder data or insights). By focusing monitoring on consumer outcomes, we can better identify where suppliers are performing well and strengthen our ability to detect, prioritise, and address consumer issues quickly and effectively. We will do this in a proportionate manner by reviewing our existing data collections with a view to streamline where possible.
- **Compliance** - This shift will require a different approach to our compliance activity which we will deliver through our new Compliance Operating Principles. Given suppliers will have greater flexibility to decide the best approach to deliver good outcomes, we will leverage our revised monitoring focus to determine whether those outcomes are materialising or not. This will allow us to identify problems quickly, start conversation with suppliers earlier, and fix issues for consumers swiftly. By addressing issues earlier, we expect to reduce the likelihood of escalating problems to our enforcement function.

- **Stakeholder engagement and communication** - To enable outcomes-based regulation, we need to change how we engage and communicate with stakeholders. Our ambition is to create a clearer, more transparent regulatory framework where expectations on consumer outcomes are well understood (for example, archiving out-dated guidance documents), supplier performance is more visible (for example, we publish more supplier performance data where appropriate) and stakeholder engagement helps us identify and address issues earlier. By improving collaboration and evidence-sharing we aim to raise standards across the sector and strengthen trust and confidence in the framework.

These changes should better allow us to meet our statutory objectives (i.e. to protect consumers, enable net zero and help unlock economic growth) and align with government recommendations for how we should regulate, as set out in the Ofgem Review. These changes should allow us to better demonstrate the value of regulation for consumers. We provide more information and seek views about how we will make these practical changes in our associated Implementation Consultation.

What will we do next to implement these changes?

This work marks a decisive step in how we regulate to deliver better outcomes for energy consumers. We want to work closely with our stakeholders to ensure a successful and sustainable transition. We seek views on the required practical changes we need to make in our accompanying Implementation Consultation.

As part of that consultation, we set out our intention to reform our approach to billing, which is one of the most prominent interactions between consumers and suppliers. We are seeking views on how outcomes-based regulation can be put into practice, testing how different options could work in the real world. This includes potential reforms to our billing rules, how we monitor billing outcomes, how we communicate our expectations effectively, and what these changes may mean for our approach to compliance and enforcement.

Alongside this, we outline other changes we intend to make to support this new approach to regulating the supply market. This includes improvements to the supply licence to make it easier to navigate and the role of our Guaranteed Standards of Performance to support the delivery of good consumer outcomes.

Taken together, and informed by stakeholder input, we consider that this will move us towards a more consumer centred model of regulation. One that gives suppliers greater flexibility to innovate, while reinforcing clear accountability for the outcomes they deliver.