

Call for input

Third-Party Intermediaries market review

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This document launches our market review of Third-Party Intermediaries (TPIs) within the retail energy sector. TPIs are businesses that operate between a customer and an energy supplier to help the customer procure energy, manage their switch or provide energy contract related advice. This can include companies such as energy brokers and price comparison websites.

The government intends to appoint Ofgem as the regulator of this industry and we will use this review to gather evidence that will help set up the regulatory regime. We are seeking views on what is included within this review alongside gathering initial evidence from those with an interest in TPIs within the retail energy sector.

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Executive summary

The [UK Government](#) has set out its intention to appoint Ofgem as the regulator of Third-Party Intermediaries (TPIs) in the retail energy market. The upcoming Energy Independence Bill announced in the [King's Speech](#) will, amongst other things, set out powers in relation to TPIs for Ofgem to set rules, monitor the market and take action where harm occurs, across both homes and businesses. We want to build an effective and proportionate regime that protects consumers, while being efficient to keep the regulatory burden as low as possible. To help achieve this, we are launching a market review of TPIs.

This call for input marks the first step of that review. Its primary purpose is to gather stakeholder views and evidence on how the TPI sector currently operates, where it is delivering positive outcomes, and where there may be risks of harm to energy consumers. Alongside this call for input, we will seek data from suppliers and TPIs directly and engage directly with stakeholders. The evidence we collect will inform both our understanding of the TPI sector and the design of future regulation.

Role of TPIs in the sector

TPIs – including energy brokers, price comparison websites, and other intermediaries – play a key role in the energy retail sector. They can help consumers access a wider range of tariffs, reduce the time and complexity involved in selecting an appropriate contract and switching, and support consumers in engaging with their energy supplier. This role is likely to become increasingly important as the sector evolves and more complex products and services emerge to support the changes in the way we power our transport and industry, as well as power and heat our homes.

However, we have concerns that some aspects of the sector are not working well for all consumers. Some of our concerns include the practices of mis-selling, pressure selling, low transparency with consumers, and misaligned incentives that may not consistently support good consumer outcomes. These issues risk undermining trust in the sector and disproportionately affecting certain customer groups.

Scope and focus of the review

Through this market review, we will build a comprehensive evidence base on how TPIs function across the retail sector. We will assess market structure and competition, examine potential distortions in behaviour and incentives, and explore how outcomes vary across diverse types of consumers. We will also consider how future regulatory approaches – including an authorisation framework – can be designed to be effective and proportionate, while supporting innovation and competition. Throughout this document, we ask specific questions to support stakeholders in responding to this call for input. Appendix 1 collates the full list of these questions.

Approach, stages and timings

The review will be carried out in three main stages:

- **Stage 1: Evidence gathering (Summer 2026)** – This includes this call for input (open until **16 July 2026**), targeted information requests to suppliers and TPIs, and wider stakeholder engagement.
- **Stage 2: Analysis (Summer to Autumn 2026)** – We will analyse the evidence gathered and engage with stakeholders to test and refine our emerging findings.
- **Stage 3: Final report (Winter 2026/27)** – We intend to publish a report setting out our findings and potential next steps for policy and regulatory development.

We are seeking views from a wide range of stakeholders, including TPIs, energy suppliers, consumer groups, trade bodies and consumers. Alongside this call for input, we will continue to engage directly with stakeholders to develop our understanding of the sector.

The call for input closes on **16 July 2026**, and our findings will inform subsequent consultation on the design of a regulatory regime for TPIs. Please send your feedback to tpi@ofgem.gov.uk.

1. Introduction

In this chapter we set out the purpose of this call for input, the background leading to regulation of TPIs and other related publications.

- 1.1 The government has announced its plans to appoint Ofgem as the regulator of the industry through primary legislation which will enable us to set rules, monitor the sector and investigate TPIs in the retail energy sector.¹ It considered that regulation of the sector would be the best mechanism for addressing risks to consumers and that regulation will improve consumer outcomes and enhance protections.
- 1.2 We are therefore undertaking this review to build a clearer understanding of how the TPI sector operates, which will underpin Ofgem's development of efficient, effective, and proportionate regulation. This work will build on the information collected during the [Government's consultation](#) into TPIs.
- 1.3 For the purposes of this document, please note that we consider TPIs as companies which act on behalf of customers to find and arrange energy contracts between customers and suppliers. They use their market knowledge to provide specialist advice and secure contracts for their clients and can include companies such as energy brokers, price comparison websites, or bill splitters. TPIs play a significant role in the retail energy sector; we have estimated that there could be over 2,000 operating in the whole sector.²

Purpose of this call for input

- 1.4 The purpose of this call for input is to launch our market review to form a detailed assessment of how the TPI sector is currently structured and whether any of its features are potentially negatively affecting the interests of current and future energy consumers. This will include better understanding how participants interact with the current market framework, competition in the sector and any distributional effects.
- 1.5 The information we gather from stakeholder responses will build on our existing understanding of the sector and inform our design of future regulation. In addition to questions for stakeholders, this document sets out the background leading to regulation of the sector, the areas we will be focusing our review on, and an overview of the role of TPIs in the retail energy sector.

¹ DESNZ (2025), [Regulating Third-Party Intermediaries \(TPIs\) in the Retail Energy Market: Government Response](#), page 23.

² Ofgem (2023), [Call for input on Non-Domestic gas and electricity market](#), page 5.

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- 1.6 We encourage responses from all stakeholders. We acknowledge that some questions will not be able to be answered by all stakeholders – please do respond to the questions you are able to. Please include supporting evidence wherever possible. We have included details and questions throughout this document to prompt responses. The full list of questions is summarised in Appendix 1. We also welcome any other relevant information or views on the themes discussed in this document.
- 1.7 Alongside this call for input, we will soon be in contact with suppliers with a specific information request. We also have a short survey form for TPIs, to help inform our understanding of the sector.

TPI contact details

- 1.8 We have some TPI contact details from our TPI Forum, which is an information forum specifically for TPIs. But any TPI that has not already provided us with their contact details, or is not an existing member of our TPI Forum, we would appreciate you providing your details via this [form](#) as soon as possible. We want to ensure we are getting our insights about the sector from as wide a range of TPIs as possible, so that we can build proportionate regulation. We will send our short TPI survey form to all TPIs on our contact list to contribute to our knowledge of the sector. We will also add you to our TPI Forum contact list, which will provide you with updates on our work that will impact TPIs.

How will we conduct our market review

- 1.9 We have included indicative stages of this review below. Alongside this call for input, we will gather evidence from stakeholders, which will be followed by an analysis phase that will assess the evidence. We will then test our findings with stakeholders and publish a final report setting out our conclusions by winter 2026/27.
- 1.10 We will use our findings to inform our development of TPI regulation. It will likely be used as evidence to consult on draft regulations and set up an authorisation process. Please note that this may be subject to change.

Stages of this review

- 1.11 Stage 1: evidence gathering (Summer 2026)
- Publish this call for input to seek views and evidence across the sector;
 - Issue requests for information (“RFI”) to suppliers and TPIs to collect both quantitative and qualitative information;
 - Undertake broader stakeholder engagement including workshops, bilateral meetings, discussions with other relevant regulators and the possibility of conducting direct consumer research.

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1.12 Stage 2: analysis (Summer and Autumn 2026)

- Analyse evidence to understand market structure and how the sector could be segmented;
- Analyse existing publicly available information which will include research on TPIs and assessing intermediaries in other international or product markets;
- Engage with stakeholders on their data submissions and to quality assure our initial findings.

1.13 Stage 3: final report (Winter 2026/27)

- Publish market review report which will set out our findings on how the TPI sector operates;
- Outline potential next steps on further policy or rule development.

Ofgem's role

1.14 Last year, Ofgem published its [Markets Regulatory Vision and Strategy](#) for the energy retail market which sets out our vision on how we want to see the energy market deliver for all consumers whilst enabling innovation, investability, economic growth and supporting [Clean Power 2030](#) goals. In that, we highlighted that our new regime for TPIs will aim to deliver proportionate regulation which strikes the balance between prescriptive rules and creating space for innovation.

1.15 Our review of the sector will be used as evidence to support regulatory changes we may need to make which will support our strategy.

Background leading to regulation

1.16 In 2024, we set new rules to improve non-domestic consumers' experiences in the energy market as an outcome of our Non-Domestic Market Review. This highlighted that, whilst the majority of TPIs offered valuable and important services to their customers, the poor behaviour of some TPIs, including misleading sales and a lack of transparency, meant that some consumers felt misled or mistreated.³ We implemented rule changes which included requiring suppliers to be transparent about any TPI commissions paid via their energy bill, and that suppliers only work with TPIs that are members of a redress scheme when securing small business contracts via a TPI.⁴

1.17 We also asked the Government to consider introducing regulation of the sector, given that TPI regulation did not fall within our remit at the time.⁵

³ Ofgem (2023), [Non-domestic market review: Findings and Policy consultation](#), paragraphs 3.32 and 4.40.

⁴ Ofgem (2024), [Non-domestic market review: decision](#), page 32 and 39.

⁵ Ofgem (2023), [Non-domestic market review: Statutory consultation on licence changes](#), page 6.

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- 1.18 Following this, the [Government](#) consulted in 2024 on the regulation of TPIs in the retail energy market, with a core aim of enhancing consumer protection, improving market transparency, and ensuring that TPIs contribute positively to the sector's transition to clean energy. In 2025, the Government announced their intention to appoint Ofgem as the regulator of TPIs and grant us powers to make rules and to monitor and investigate the market, subject to parliamentary approval.⁶
- 1.19 Outside of formal regulation, there are also numerous voluntary codes of practice to which TPIs can choose to sign up. These aim to improve the standard of service and trust of TPIs for consumers and include the Retail Energy Code [Company TPI Code of Practice](#), the Utilities Intermediaries Association [Code of Practice](#), and [The Confidence Code](#) (for price comparison websites only).
- 1.20 Related publications:
- Ofgem: [Non-domestic market review: decision | Ofgem](#)
 - Ofgem: [Non-domestic market review: Findings and Policy consultation | Ofgem](#)
 - DESNZ: [Regulating Third-Party Intermediaries \(TPIs\) in the retail energy market - GOV.UK](#)

Call for input stages

Stage 1: Call for input open: 4 June 2026

Stage 2: Call for input closes. Deadline for responses: 16 July 2026

Stage 3: Further stakeholder engagement: Autumn 2026

Stage 4: Publication of review: Winter 2026/27

How to respond

We want to hear from anyone interested in this call for input. Please send your response to tpi@ofgem.gov.uk before the response deadline.

We have asked for your feedback in each of the questions throughout. Please respond to each one as fully as you can and use supporting evidence or data to aid your response.

When responding to the questions, we request stakeholders to be as specific as possible, particularly in setting out how their answers relate to different market

⁶ DESNZ (2025), [Regulating Third-Party Intermediaries \(TPIs\) in the Retail Energy Market: Government Response](#), page 17.

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segments. This is important for us to distinguish which part of the sector you are referring to if your comments do not relate to the full sector.

We also request that TPIs responding to this call for input provide a brief overview of their business, including the type of TPI they are, the services they offer, and the types of customers they work with. Similarly for businesses responding, please provide an overview of your company and the sectors you operate in.

We will publish non-confidential responses on our website, so please tell us whether your response is confidential or non-confidential.

Send us your feedback

We believe that consultation is at the heart of good policy development. We are keen to receive your comments about this call for input. We would also like to get your answers to these questions:

- Do you have any comments about the quality of this document?
- Do you have any comments about its tone and content?
- Was it easy to read and understand? Or could it have been better written?
- Are its conclusions balanced?
- Did it make reasoned recommendations?
- Do you have any further comments?

Please send your feedback to stakeholders@ofgem.gov.uk.

Your response, data, and confidentiality

You can ask us to keep your response, or parts of your response, confidential. We will respect this, subject to obligations to disclose information. For example, under the Freedom of Information Act 2000, the Environmental Information Regulations 2004, statutory directions, court orders, government regulations, or where you give us explicit permission to disclose. If you do want us to keep your response confidential, please clearly mark this on your response and explain why.

If you wish us to keep part of your response confidential, please clearly mark those parts of your response that you do wish to be kept confidential and those that you do not wish to be kept confidential. Please put the confidential material in a separate appendix to your response. If necessary, we will contact you to discuss which parts of the information in your response should be kept confidential and which can be published. We might ask for reasons why.

If the information you give in your response contains personal data under the General Data Protection Regulation (Regulation (EU) 2016/679) as retained in domestic law following the United Kingdom's withdrawal from the European Union ("UK GDPR"), the Gas and Electricity Markets Authority will be the data controller for the purposes of GDPR. Ofgem uses the information in responses in performing its statutory functions

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and in accordance with section 105 of the Utilities Act 2000. Please refer to our Privacy Notice on consultations, see Appendix 2.

If you wish to respond confidentially, we will keep your response confidential, but we will publish the number, but not the names, of confidential responses we receive. We will not link responses to respondents if we publish a summary of responses, and we will evaluate each response on its own merits without undermining your right to confidentiality.

How to track the progress of a call for input

1. Find the web page for the call for input you would like to receive updates on.
1. Click 'Get emails about this page', enter your email address and click 'Submit'.
2. You will receive an email to notify you when it has changed status.

A call for input has two stages: 'Open' and 'Closed'.

2. Review scope

We are seeking information and views on the TPI sector including the structure, distortions in the market, distributional effects and consideration of the authorisation fee setting process.

Overview

- 2.1 Our review will include TPIs in both the domestic and non-domestic energy sectors, including companies such as energy brokers and price comparison websites. We have included a more detailed overview of TPIs and how the sector operates in Chapter 3.
- 2.2 Towards the end of this chapter, we detail specific questions to collect evidence from stakeholders on the sector.
- 2.3 Stakeholder responses to this chapter will help us build a robust evidence base on how the TPI sector currently operates and how participants interact with each other. We want to understand which consumer complaints are most common and whether they are more prevalent in certain segments of the sector than others. We will use stakeholder responses to test our current understanding of market structures and behaviours and to identify the drivers of poor outcomes. This evidence will help us assess any gaps in consumer protections and inform how an authorisation regime or regulatory framework could be designed to address these issues effectively.

Themes of our market review

- 2.4 Our review will focus on gathering evidence on the role of TPIs in Great Britain's retail energy sector. It will include the following themes:
 - Market structure;
 - Distortions in the market;
 - Distributional effects;
 - Authorisation fee setting process.
- 2.5 As our regulatory remit only applies to Great Britain, we will only include TPIs that work with consumers in Great Britain within scope of this review.
- 2.6 Our primary focus will be on the activities that intermediaries provide in relation to making arrangements or providing advice specifically related to gas and electricity supply. We may be interested in other services TPIs provide if it affects outcomes for energy consumers (e.g. if other products are bundled together with energy).

Market structure

- 2.7 We want to better understand how the TPI markets are structured to help us assess the state of competition, and any consumer harm. Our focus will be on the role TPIs play in the domestic and non-domestic retail energy markets and understanding how firms compete.
- 2.8 We intend to gather information to understand:
- Market size and concentration: We want to understand the number of TPIs operating in the market and whether any hold significant market power (either overall or within specific segments).
 - Competition: We will consider the level of competition in the sector, how TPIs compete for customers and what barriers there are to enter the sector.
 - Business models: We want to understand the main characteristics of TPIs, how they specialise themselves and the range of services they offer.
 - Corporate structures: We want to understand the typical ways in which TPIs are structured, including their organisational arrangements and the extent of any vertical integration.
- 2.9 We also intend to explore segmentation within the sector, recognising that some TPIs will focus on specific segments or consumer groups and therefore do not compete directly with all other TPIs.

Distortions in the market

- 2.10 We will assess whether key distortions are present in the TPI markets, based on stakeholder evidence. This will include:
- Misrepresentation, including of contract terms such as length of contract, costs, and commission payable;
 - Transparency and disclosure of information provided by TPIs to consumers;
 - Whether misaligned incentives may be driving TPI behaviour;
 - The quality of customer service provided by TPIs, including consumers' access to a qualifying dispute settlement scheme.
- 2.11 We also want to explore the reasons why customers use TPIs to access the retail energy market, and whether they have sufficient choice over which TPI they use to access it. A lack of consumer choice could indicate dominant or unequal market power and be indicative of restrained competition.
- 2.12 Further, we intend to explore which consumer groups have a greater tendency to use TPIs to engage with the market to access retail energy suppliers. This will help us determine if certain consumer groups may be more susceptible to negative features of the market.

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- 2.13 As part of this review, we intend to analyse the consumer outcomes of any distortions we identify to determine what the causes of that detriment may be. This assessment will improve the outcomes of this review given that it will be used to help set future regulations of the sector.

Distributional effects

- 2.14 We intend to examine how harm from market distortions, as discussed above, are distributed across different consumer groups. Stakeholders have told us that some businesses may be more reliant on TPIs which could expose them to poor advice, higher fees and misaligned incentives. We will therefore explore how consumer harm varies across consumer types, including between domestic and non-domestic consumers, and between businesses of different sizes and sectors. We will consider whether the harms and benefits of the sector are concentrated among certain consumer segments.
- 2.15 There is currently more limited evidence on the nature and extent of potential harms associated with TPIs in the domestic energy market, as Ofgem's previous work on TPIs was primarily undertaken as part of our Non-Domestic Market Review, where concerns have historically been more widely reported. We are still interested in identifying any systematic harms in the domestic sector given the lack of existing evidence.
- 2.16 We will also consider how TPIs adapt their services when engaging with vulnerable consumers and whether companies provide sufficient information to support good outcomes for these consumers. This will include assessing whether consumers have adequate means to dispute resolution schemes for issues related to TPIs.

Authorisation fee setting process

- 2.17 We will explore options for designing an authorisation fee regime for TPIs that is efficient, proportionate, and does not deter efficient firms from operating in the sector. We will take into account the diversity across the sector which ranges from sole traders to large corporations and assess how different approaches to setting registration fees may pose risks to these business models.
- 2.18 We recognise that requirements to be authorised and pay an authorisation fee could raise the barrier to entry, and in some cases lead to costs being passed on to the end consumer. A poorly designed regime could reduce competition and innovation so, in considering the process, we will seek to minimise unnecessary burdens on TPIs. As part of this process, we intend to speak with other regulators who operate registration processes to assess how they suit a diverse range of business models.
- 2.19 We do not intend to design the authorisation process as part of this review. However, the evidence gathered on potential design options and their unintended

consequences will inform subsequent work to support the development of a proportionate and fair registration fee.

Chapter 2 questions

Market structure

Q1. What barriers to entry are there for new TPIs to enter the sector?

- a) How do they vary by TPI type?
- b) What effect do you think these have on the sector and consumers?

Q2. What features of the TPI sector do you think help support effective competition and good outcomes in the sector?

- a) What areas of the TPI sector do you think could be improved?

Q3. On what basis do TPIs typically compete? (e.g. price, customer service, access to suppliers, trust).

- a) Please explain how important each factor is relative to one another.

Q4. Why would a TPI exit the industry? Please share any recent examples you want to highlight and what happens to consumers/suppliers/data and payments when an exit does occur. We are interested in voluntary exits, exits due to insolvency and acquisitions.

Distortions in the market

Q5. How do customers currently assess the quality and trustworthiness of a TPI before engaging with them?

- a) Is there any information that would better help consumers identify good quality TPIs?

Q6. How effective is the current complaints handling process for consumers who use TPIs?

- a) Are any variances in the complaints handling process depending on the type of consumer (e.g. domestic, non-domestic including Small/Microbusinesses/Industrial and Commercial).

Q7. To what extent does the current sector encourage and reward high-quality, low-cost advice?

Q8. Do TPIs face any barriers in assessing tariff, data, service or product suitability for their clients?

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Q9. How do you foresee the TPI sector evolving in the future? (e.g. via Market-Wide Half-Hourly Settlement, flexible tariffs, digitalisation, artificial intelligence)

- a) What impact will these changes have on competition and market entry?

Distributional effects

Q10. Are there any consumer groups that face barriers to accessing the retail energy sector without using a TPI and what drives those barriers?

Q11. How do TPIs currently identify and support consumers in vulnerable situations?

- a) When TPIs do identify vulnerable customers, does the supplier get provided with that information?

Authorisation fee setting process

Q12. What factors should be considered when designing an authorisation process? In your response, please consider the authorisation fee, information requirements, and any potential unintended consequences.

- a) How might different approaches affect TPIs and the sector? Where appropriate, please provide examples from other sectors.

3. Sector overview

This chapter provides a summary of our current understanding of the TPI sector. This includes a description of the types of TPIs that exist in the retail energy market, the benefits of TPIs and some issues in the sector.

- 3.1 This chapter provides an overview of how TPIs operate in the retail energy sector. It is not an exhaustive download of our knowledge but describes some common attributes and issues. We welcome views on these points and any other relevant information on our understanding of TPIs, including different attributes and issues. This will support us to better understand the market structure, participant interactions and competitive dynamics.
- 3.2 As stated above, TPIs are businesses that operate between a consumer and an energy supplier to help the consumer procure energy, manage their switch, or provide other energy contract related advice. They vary significantly and will provide a range of services to their customers. They operate using a range of business models varying from sole traders to large corporations. They play an important role in ensuring a healthy and competitive retail energy sector by promoting competition and enabling consumers to navigate the sector more efficiently.
- 3.3 TPIs typically operate by receiving payment for their services from the consumer via the supplier; the consumer is charged an additional payment on their energy supply bill, known as a service fee or commission, and the supplier passes the payment onto the TPI. Sometimes TPIs will be paid directly by consumers, particularly if the TPI only provides advice rather than arranging contracts.
- 3.4 Some of the services that TPIs commonly provide (for energy but may also cover other sectors) include:
 - Energy procurement: Comparing available tariff or contract offerings, negotiating with suppliers on contract terms (e.g. prices, contract length, minimum usage) on behalf of consumers and facilitating contract agreements and switches.
 - Bill validation and contract management: Providing advice on contract structure and terms to support contract negotiation or validate previous invoices.
 - Energy efficiency advice: Providing advice on how consumers can reduce their energy usage to meet energy efficiency or net zero targets and reduce costs.

Types of TPI

- 3.5 TPIs operate under a range of business models, providing different services to different consumers. We consider the main types of TPI to include:
- **Energy brokers or consultants** who provide tailored advice on energy procurement. This can include sourcing tariffs, negotiating and explaining contract terms, and recommending products to their customers.
 - **Price comparison websites** that aggregate tariffs and present them on a digital platform. This allows consumers to compare options based on factors such as price, exit fees and service quality.
 - **Bill splitters** which consolidate multiple utility bills (e.g. gas, electricity, internet, water, and TV licence) into one payment. These are typically used by consumers sharing accommodation to manage and split costs.⁷
 - **Auto-switching platforms** which use an algorithm to automatically switch consumers to a new tariff when predetermined criteria are met, such as when a cheaper tariff becomes available.
- 3.6 Different consumer types use different TPI services which reflect their specific needs and circumstances. Price comparison websites are the most common TPI that domestic consumers use, which allow consumers to compare tariff offerings from multiple retailers at once. Some price comparison websites also offer comparisons of products from other industries (e.g. insurance or telecoms).
- 3.7 Non-domestic consumers often have more complex and varied circumstances than domestic, so require bespoke advice. As a result, non-domestic consumers are typically offered longer and more tailored contracts rather than ‘off the shelf’ tariffs. They will use energy brokers to support in sourcing quotes, explaining contract terms, managing the switching process and negotiating contracts. Some of these brokers will also provide advice on risk exposure throughout the contract term and some intermediaries will specialise in specific consumer segments.
- 3.8 TPIs are widely used to engage with the energy sector, and previous research suggests that around half of domestic consumers have used a price comparison website when switching supplier, while the Department for Energy and Net Zero (DESNZ) estimates that approximately 50% of SMEs and 80% of industrial and commercial consumers use TPIs.^{8,9}

⁷ Please note that only bill splitters who provide advice or arrange supply where the end customer forms a contract with the TPI could be considered a TPI. Bill splitters who sign energy contracts themselves would typically be classed as a reseller.

⁸ BMG (2024), [Consumer Impacts of Market Conditions Survey: wave 5 \(January to February 2024\)](#), page 60.

⁹ DESNZ (2024), [Consultation on Regulating Third-Party Intermediaries in the Retail Energy Market](#), page 4.

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3.9 While there are different models, a typical journey for a consumer engaging with a TPI such as an energy broker could be as follows:

- The consumer contacts or is contacted by the TPI for energy procurement advice and the consumer will provide details on their consumer profile, energy consumption, current contact information, tariff preferences, and give permission for the TPI to request information or act on the customer's behalf.
- The TPI assesses the consumer's needs and individual circumstances.
- The TPI engages with suppliers or runs a tender process for relevant products and then may negotiate terms on the consumer's behalf.
- The TPI presents the options to the customer. Once the consumer agrees to a contract, the TPI will then prepare the consumer for the switch.
- After this, some TPIs will provide ongoing account management or energy advice throughout the contract.

3.10 Where a TPI is involved in procurement of energy, it is typically remunerated via the energy supplier, rather than directly by the consumer. This means that, although the TPI acts on behalf of the consumer, its revenue may be linked to the contractual arrangements agreed with the supplier. This funding structure and any other financial and non-financial benefits could potentially create a misalignment of incentives, whereby TPIs have a financial interest in promoting certain products or contract terms that generate higher commission, or overall benefits, for their business rather than those that may better meet the customer's needs. Any misalignment of incentives could risk poor consumer outcomes, particularly if remuneration is not fully transparent to the consumer.

Benefits of TPIs in the energy sector

3.11 TPIs play an important role in the retail energy sector by helping consumers navigate options to make an informed decision when choosing energy contracts. They can help reduce consumers' administrative burden and costs and encourage further engagement and switching in the sector, benefitting the whole sector. Other benefits of TPIs include:

- **Market access and expert advice:** TPIs can access tariff deals which consumers would not access themselves either because of the administrative burden, or because the intermediary can access tariff rates not available on the open market. They also provide expert advice on which contract terms are best value for consumers' circumstances which can save consumers money throughout the contract.
- **Time saving and efficiency:** TPIs can compare tariff offerings for consumers, reducing the time and administrative burden of switching. This reduces the

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barriers to switching for consumers who could otherwise stay on more expensive deemed or default tariffs.

- **Sector trust and engagement:** TPIs can be the first business a consumer engages with in the energy sector and good behaviour can establish trust in the sector, encouraging consumers to switch or engage in the future.
- **Future benefits:** Towards Clean Power 2030, we expect the uptake of flexible tariffs or other net zero opportunities to increase and TPIs to help consumers navigate which products are suitable for them. Increased uptake will increase market flexibility which will support decarbonisation and economic growth.

Sector issues

3.12 Many consumers rely on TPIs to access tariffs in the energy sector and therefore need to be able to trust the advice they receive. However, evidence suggests that there may be areas where the sector is failing, undermining this trust and leading to poor outcomes for consumers.

3.13 This could include the following sector issues:

- **Mis-selling:** TPIs may present contracts that are unsuitable for consumers, including promoting inappropriate terms or failing to explain key terms and conditions, such as early termination penalties. In some cases, we have received anecdotal reports that TPIs have engaged in behaviour which could be considered fraudulent.
- **Pressure selling tactics:** TPIs may use sales practices that pressure consumers into making quick decisions, such as creating a false sense of urgency without allowing consumers sufficient time to review contract terms. In some cases, this is accompanied by repeated nuisance phone calls. This can result in consumers entering contracts they would not otherwise have chosen, potentially leading to higher costs.
- **Misaligned incentives:** Funding or ownership structures may incentivise TPIs to favour suppliers or contracts offering higher commission, rather than those which are most suitable for the consumer.
- **Lack of transparency:** Some TPIs have not clearly disclosed product terms or commission levels. Some have given the impression that they have searched the whole sector when they have only compared a small range of suppliers. This could lead to unexpected costs or unfavourable contractual conditions for consumers relative to their choice had the TPI been fully transparent.
- **Limited ability to resolve complaints:** There are existing requirements that Micro and Small Businesses must have access to a qualifying dispute settlement scheme for issues relating to a TPI once the TPI's complaints process has been exhausted. This could reduce complaint resolutions for

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other consumer types (e.g. domestic or industrial and commercial customers).

- **Lack of support for vulnerable consumers:** Some TPIs can fail to identify which consumers are vulnerable, preventing them accessing support from both the TPI and supplier and potentially leading to harm.

Chapter 3 questions

Q13. Do you agree with our description of how the TPI market typically operates and the customer journey? Please provide any additional information or evidence that would aid our understanding, and highlight where risks of poor outcomes are greatest, including any differences based on types of consumers.

Q14. To what extent do TPIs specialise by factors including consumer type, sector, or size of client?

- a) What factors motivate this specialism?

Q15. What value do TPIs bring to the energy sector and what services do consumers value from them?

Q16. How are commission and other remuneration or benefit arrangements made in the TPI sector? We are interested in understanding how TPIs are remunerated or otherwise receive a commercial benefit, who and what determines the level of remuneration/benefit, what incentives do different existing remuneration/benefit structures create, and any concerns you may have on typical remuneration/benefit structures.

Q17. To what extent do TPIs face conflicts of interest (e.g. from commission structures or supplier relationships)?

- a) How do these affect the advice or services provided to consumers?

Q18. What do you consider we should focus on when we regulate TPIs?

Q19. Is there any other information you wish to provide that is not covered in the above questions that will inform our review of the TPI sector? Please provide your additional points.

Appendix 1: List of questions

Q1. What barriers to entry are there for new TPIs to enter the sector?

- a) How do they vary by TPI type?
- b) What effect do you think these have on the sector and consumers?

Q2. What features of the TPI sector do you think help support effective competition and good outcomes in the sector?

- a) What areas of the TPI sector do you think could be improved?

Q3. On what basis do TPIs typically compete? (e.g. price, customer service, access to suppliers, trust).

- a) Please explain how important each factor is relative to one another.

Q4. Why would a TPI exit the industry? Please share any recent examples you want to highlight and what happens to consumers/suppliers/data and payments when an exit does occur. We are interested in voluntary exits, exits due to insolvency and acquisitions.

Q5. How do customers currently assess the quality and trustworthiness of a TPI before engaging with them?

- a) Is there any information that would better help consumers identify good quality TPIs?

Q6. How effective is the current complaints handling process for consumers who use TPIs?

- a) Are any variances in the complaints handling process depending on the type of consumer (e.g. domestic, non-domestic including Small/Microbusinesses/Industrial and Commercial).

Q7. To what extent does the current sector encourage and reward high-quality, low-cost advice?

Q8. Do TPIs face any barriers in assessing tariff, data, service or product suitability for their clients?

Q9. How do you foresee the TPI sector evolving in the future? (e.g. via Market-Wide Half-Hourly Settlement, flexible tariffs, digitalisation, artificial intelligence)

- a) What impact will these changes have on competition and market entry?

Q10. Are there any consumer groups that face barriers to accessing the retail energy sector without using a TPI and what drives those barriers?

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Q11. How do TPIs currently identify and support consumers in vulnerable situations?

- a) When TPIs do identify vulnerable customers, does the supplier get provided with that information?

Q12. What factors should be considered when designing an authorisation process? In your response, please consider the authorisation fee, information requirements, and any potential unintended consequences.

- a) How might different approaches affect TPIs and the sector? Where appropriate, please provide examples from other sectors.

Q13. Do you agree with our description of how the TPI market typically operates and the customer journey? Please provide any additional information or evidence that would aid our understanding, and highlight where risks of poor outcomes are greatest, including any differences based on types of consumers.

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- a) How do these affect the advice or services provided to consumers?

Q18. What do you consider we should focus on when we regulate TPIs?

Q19. Is there any other information you wish to provide that is not covered in the above questions that will inform our review of the TPI sector? Please provide your additional points.

Appendix 2: Personal data

The following explains your rights and gives you the information you are entitled to under the General Data Protection Regulation (GDPR).

Note that this section only refers to your personal data (your name address and anything that could be used to identify you personally) not the content of your response to the consultation.

1. The identity of the controller and contact details of our Data Protection Officer

The Gas and Electricity Markets Authority is the controller, (for ease of reference, “Ofgem”). The Data Protection Officer can be contacted at dpo@ofgem.gov.uk

2. Why we are collecting your personal data

Your personal data is being collected as an essential part of the consultation process, so that we can contact you regarding your response and for statistical purposes. We may also use it to contact you about related matters.

3. Our legal basis for processing your personal data

As a public authority, the GDPR makes provision for Ofgem to process personal data as necessary for the effective performance of a task carried out in the public interest. i.e. a consultation.

4. With whom we will be sharing your personal data

We may share consultation responses with officials from the Department of Energy Security and Net Zero.

5. For how long we will keep your personal data, or criteria used to determine the retention period.

Your personal data will be held for at least 1 year after the end of this of this project.

6. Your rights

The data we are collecting is your personal data, and you have considerable say over what happens to it. You have the right to:

- know how we use your personal data
- access your personal data
- have personal data corrected if it is inaccurate or incomplete
- ask us to delete personal data when we no longer need it
- ask us to restrict how we process your data
- get your data from us and re-use it across other services
- object to certain ways we use your data

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- be safeguarded against risks where decisions based on your data are taken entirely automatically
- tell us if we can share your information with 3rd parties
- tell us your preferred frequency, content and format of our communications with you
- to lodge a complaint with the independent Information Commissioner (ICO) if you think we are not handling your data fairly or in accordance with the law. You can contact the ICO at <https://ico.org.uk/>, or telephone 0303 123 1113.

7. Your personal data will not be sent overseas

8. Your personal data will not be used for any automated decision making.

9. Your personal data will be stored in a secure government IT system.

10. More information

For more information on how Ofgem processes your data, click on the link to our "[Ofgem privacy promise](#)".