



Ofgem and Energy Ombudsman Escalation Framework

Foreword

The relationship between Ofgem and the Energy Ombudsman is central to ensuring consumer protection remains at the core of the energy market. Following the DESNZ [Fairer, faster redress in the energy market - GOV.UK](#) consultation response (June 2026), we have co-authored this document to aid clarity on roles and responsibilities, data provision and the approach taken to escalate issues to aid transparency for suppliers and interested stakeholders.

The approach outlined aims to support early, proportionate and coordinated preventative action across both organisations to emerging thematic or systemic issues in order to protect and act quickly on consumer issues.

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Energy Ombudsman Appointment

The [Gas and Electricity \(Consumer Complaints Handling Standards\) Regulations 2008](#) set the baseline requirements for how energy suppliers must handle consumer complaints, including maintaining an effective complaints process and signposting customers to the approved redress scheme when a complaint remains unresolved. **Ofgem does not investigate or resolve individual complaints, but it monitors how suppliers treat customers and uses complaints intelligence to inform compliance activity and wider market oversight.**

Ofgem appointed the Energy Ombudsman as the Alternative Dispute Resolution (ADR) Service for the energy sector. Ofgem has ongoing oversight and must assess whether the Energy Ombudsman continues to meet the approval criteria and remains suitable to provide the service. The Energy Ombudsman operates independently of Ofgem and industry, with its own governance arrangements.

The Memorandum of Understanding (MoU)

The MoU¹ is between the Gas and Electricity Markets Authority (GEMA)—which operates as Ofgem—and The Energy Ombudsman. It's not a legally binding document but sets out clear expectations and is subject to periodic review to ensure it remains effective and relevant.

The MoU establishes a framework for cooperation to:

- Support Ofgem's regulatory functions.
- Help identify and address systemic issues in the energy market.
- Improve outcomes for consumers.

About the Energy Ombudsman

The Energy Ombudsman play a crucial role in resolving disputes between energy companies and their customers. But they also have a wider duty to use the insight obtained from the disputes they receive to help the sector improve the way it delivers services to consumers. In order to fulfil that role, they provide data, insight and intelligence to Ofgem to help it inform its oversight of the sector, as outlined in our Memorandum of Understanding.

Every year, the Energy Ombudsman help resolve thousands of disputes and therefore have a wealth of information that can be shared. For example, they are able to identify:

- problems and concerning patterns of behaviour from individual suppliers which are unable to be resolved successfully
- broader trends across the energy industry.

¹ [GEMA-Energy Ombudsman MoU- updated 2023 FINAL.pdf](#)

- potential breaches of licence conditions.

It's important that the information the Energy Ombudsman share with Ofgem is relevant and clear. It's also important that suppliers understand the circumstances under which information is shared.

More information about the Energy Ombudsman and the sectors they operate in can be found here [How Energy Ombudsman Can Help Resolve Your Disputes | Energy Ombudsman](#)

Ofgem and the Energy Ombudsman operate independently but work together as part of an overarching consumer protection framework. We have clear distinctions between regulatory oversight and independent dispute resolution. Ofgem works closely with the Energy Ombudsman through data sharing arrangements which enables Ofgem to use data and complaint trends to identify emerging and systemic issues across the energy market. At the same time, data provision on key performance metrics also provides Ofgem assurance that the Energy Ombudsman is operating effectively, delivering consistent, fair decisions and identifying areas of consumer detriment—supporting Ofgem's wider role in protecting consumers and ensuring the market works in the interests of consumers.

Regular Reporting Content

The Energy Ombudsman currently provides a range of data to Ofgem about energy suppliers in relation to their obligations around complaints handling, including (but not limited to):

- The volume of disputes received.
- The type of disputes received.
- The proportion of complaints resolved by Facilitated Complaint Resolution.
- The outcomes of complaints – i.e. whether they are upheld or not.
- The proportion of complaints received after the consumer has been signposted by the supplier.
- The level of financial awards made.

Data is shared at a sector level and at a supplier level. The Energy Ombudsman may provide commentary alongside the data, to highlight and explain the differences between suppliers, trends in the industry, calling out specific issues identified for suppliers etc.

Monthly Meeting

Purpose: These regular monthly meetings allow Ofgem to discuss the Energy Ombudsman's day-to-day operations and performance across a range of agreed performance metrics. They also enable discussion on supplier performance and review of data insights with accompanying commentary for domestic and non-domestic consumers.

Tripartite Quarterly Meeting

Attendees: Ofgem, Energy Ombudsman, Citizens Advice and Extra Help Unit (EHU)

Purpose: This meeting takes place quarterly and is used to discuss supplier and industry performance as indicated through data and insights. Topics include supplier case volumes and trends at both an industry and supplier specific level, vulnerable consumers, current and emerging issues, debt and affordability treatment across industry to name a few.

Senior Leadership Meetings

In addition to working level meetings, there are regular Director/CEO level meetings of Ofgem and the Energy Ombudsman to discuss matters of sustained concern, strategy and future regulatory issues, as well as any future development of the scheme that could impact the service that the Energy Ombudsman provides to consumers.

Ad-Hoc Meetings

Ofgem and the Energy Ombudsman will get together to discuss sector issues outside of the above meetings whenever the need arises.

Ofgem requests for information

Ofgem has the right, as regulator, to request information from the Energy Ombudsman to aid with ongoing work. They will share any information requested by Ofgem in line with our data sharing agreement. So as not to affect any ongoing investigations, they will not inform suppliers of any such information shared.

To ensure the continuous improvement of how we work together in the interests of consumers Ofgem's requirements in data collection and reporting may shift over time and we will work with the Energy Ombudsman to develop further performance metrics as that happens.

Supplier adherence to Energy Ombudsman Scheme Rules

The majority of data that the Energy Ombudsman collects and shares is in relation to complaints they have investigated for each supplier. However, they also sometimes experience issues with suppliers' adherence to the scheme rules.

The Energy Ombudsman is responsible for ensuring suppliers are complying with the rules of the scheme and will therefore take the lead in working with suppliers when non-compliance occurs. However, a supplier's prolonged failure to follow their rules may become a regulatory issue if it damages the reputation of the sector and its consumer protections. It can also be evidence of wider problems within the supplier. Therefore, the Energy Ombudsman will share data on non-compliance with

two aspects of their scheme in particular – the implementation of remedies and payment of fees. Where data is shared with Ofgem, the Energy Ombudsman will also share full details of their understanding of the problem and the named points of contacts they have been liaising with at the supplier, to help Ofgem with any follow up engagement.

Remedy Implementation

Remedy Implementation is a key metric in the complaints process. It's extremely important that suppliers implement the remedies the Energy Ombudsman require in a timely manner. Suppliers are expected to implement remedies within 28 days of the date a decision is finalised. Delays at this point of the complaints journey can be extremely frustrating for consumers, potentially damaging the reputation of the sector.

Ensuring suppliers comply with remedies is first and foremost the responsibility of the Energy Ombudsman and they will always be responsible for the implementation of remedies on individual cases. However, Ofgem may take action where the supplier is failing to implement remedies within a timely manner on a systemic basis.

The Energy Ombudsman will therefore share data regularly with Ofgem which shows how each of the major suppliers is implementing remedies. They may also share data about smaller suppliers, where they have specific concerns.

Payment of Energy Ombudsman Fees

Suppliers are required to pay their invoices within 30 days of receipt. A suppliers' failure to pay fees could be evidence that they are struggling financially or have poor financial procedures in place. These early warning signals could provide insight into the financial health of a supplier and if a supplier exits the market, this could have a significant impact on the sector and consumers, via the Supplier of Last Resort process.

In addition, as suppliers are members of the Energy Ombudsman ADR scheme via legislation, the Energy Ombudsman is specifically prevented from removing the supplier from the scheme. There is therefore a risk that a supplier could run up a large debt, the costs of which would then need to be mutualised across other suppliers.

The Energy Ombudsman will have effective procedures in place to pursue suppliers for unpaid debt, including potentially applying to the courts for the supplier to be wound up. Failure of suppliers to abide by EO scheme rules can indicate wider issues of complaints management performance and this can prompt further Ofgem investigation.

The Energy Ombudsman will inform Ofgem monthly via email of any supplier where fees have been outstanding for more than 30 days.

Regulatory Breaches and Systemic Insights

In the course of the Energy Ombudsman's work, they look at trends across the sector and will identify situations where a supplier could potentially be in breach of their regulatory obligations. e.g. signposting consumers to their right to redress at the appropriate time. They see other situations where a systemic issue is causing a significant number of consumers to complain.

The Energy Ombudsman receives thousands of complaints each year. It would not be desirable or practical to report every issue they identify to Ofgem. Instead, they focus on issues that in their judgement present a material risk of consumer harm, either because they may affect a significant number of consumers or because they may result in substantial detriment to those affected. This assessment is made on a case-by-case basis, considering the scale, severity and potential impact of the issue.

Often, they will lack a full understanding of the nature of an issue from their investigation into individual complaints. The Energy Ombudsman therefore think suppliers should be given the opportunity to respond to an issue before it's reported. In most cases they will raise the issue directly with the supplier first via a senior contact as soon as it is believed either of the above two points are met, setting out their initial concerns along with any relevant evidence to gain more of an understanding before considering formal referral to Ofgem.

If the Energy Ombudsman are satisfied that the issue is formally reportable to Ofgem, they will pass on all relevant information via email to Senior Leadership as soon as realistically possible, informing the supplier that they have taken such action. Where data is shared with Ofgem, the Energy Ombudsman will also share full details of their understanding of the problem and the named points of contacts they have been liaising with at the supplier, to help Ofgem with any follow up engagement. They will also continue to share any further information sourced from their work with the supplier, and provide any support required to Ofgem in their investigation.

In some cases, the supplier may choose to take action to rectify the issue as a result of the Energy Ombudsman raising it, or to report it to Ofgem themselves. This is to be encouraged, and in line with standard licence condition 5A – Principle to be open and cooperative. However, it will still be raised with Ofgem, if it has met the Energy Ombudsman threshold.

There may be occasions where a potential breach is so serious and/or is causing ongoing detriment to significant numbers of customers that the Energy Ombudsman

will decide to report the matter to Ofgem, seeking formal intervention, without first speaking to the supplier. This assessment is made on a case-by-case basis, considering the scale, severity and potential impact of the issue. In the majority of cases, concerns would be raised with the supplier and an opportunity provided to investigate and address the issue before any notification is made to Ofgem. Direct notification without prior engagement would be reserved only for exceptional circumstances where the nature, seriousness or urgency of the issue makes such an approach necessary. When they do this, they will endeavour to speak to the supplier at the earliest opportunity and inform them that they have notified Ofgem.

Raising Formal Concerns

As well as sharing data, insight and intelligence with Ofgem, there may be occasions where the Energy Ombudsman needs to raise formal concerns to Ofgem about a supplier's behaviour where they believe action needs to be taken.

This is likely to be where Energy Ombudsman has identified an industry-wide issue where no regulatory action is planned.

The Energy Ombudsman will write to Ofgem Senior Leadership to set out their concerns and will copy in the relevant Secretary of State into the correspondence to ensure visibility of the issues being experienced across the energy sector. This is not for direct government involvement, it is instead to help to raise awareness and provide broader context on emerging sector challenges, should the Secretary of State wish to engage further at a later stage

For any such concern raised, Ofgem will provide a formal response setting out its view on the issues raised and setting out what action (if any) it intends to take to address the issues raised.

Energy Ombudsman Work with Suppliers

Where emerging complaint trends suggest potential consumer detriment or other areas of concern, suppliers will be contacted directly with supporting evidence and required to take mitigating action.

The Energy Ombudsman may also share supplier performance data in periodic bilateral meetings with suppliers and at Sector Liaison Panel (SLP) events.”

How Ofgem Use Energy Ombudsman Data

The Energy Ombudsman data is not standalone. It feeds into our broader horizon scanning and market oversight which in turn supports our Compliance Operating Principles: “Find early, fix quickly, compensate fairly.”

Energy Ombudsman data and insights are part of our core intelligence inputs alongside other intel sources e.g. all tripartite data, supplier complaints reporting, internal data sources, whistle blower reports, known issues and ongoing or previous compliance

activity. We assess whether the data we receive indicates areas of high consumer detriment and systemic failure at both a supplier and industry level.

We will focus compliance engagement early to help prevent emerging trends becoming larger consumer concerns. We use this data to engage proactively with suppliers at our regular supplier meetings.

In a broad context Ofgem uses information and data to:

- Inform policy development and market monitoring.
- Identify consumer protection gaps or potential systemic issues.
- Support compliance engagement and enforcement actions, by:
 - Identifying trends, emerging risks or recurring issues
 - Informing supplier specific risk views
 - Supporting evidence-based engagement with suppliers
 - Test whether there is a pattern vs isolated issue

Share and Align

We engage relevant internal Ofgem teams as needed to align on key themes, risk level and whether escalation is required. In the first instance we will engage the supplier via their Supplier Account Management (SAM), we use the SAM relationship to:

- Validate insights with the supplier
- Test understanding and challenge inconsistencies
- Explore root causes and operational explanations

Our engagement is collaborative and focused on consumer outcomes and we use data to drive early, informal resolution where appropriate.

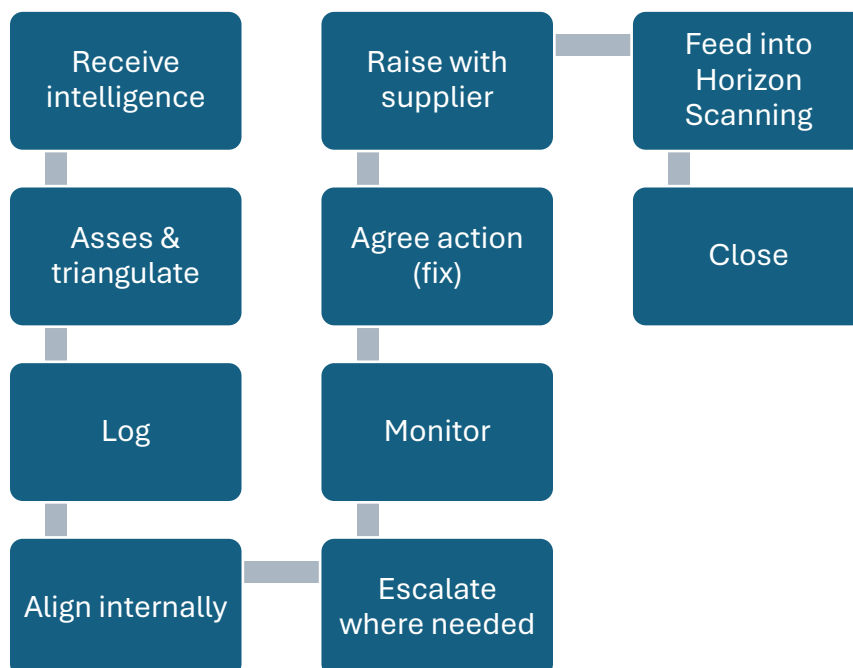
Agree Actions

Where we identify issues, we decide whether informal engagement or monitoring is sufficient and aim to agree clear actions, owners, and timelines. Our goal is always to resolve matters collaboratively with the supplier, but if further escalation is needed, where intelligence indicates material consumer harm, systemic failures, or non-compliance risks we escalate via relevant routes e.g.

- Senior Leadership
- Policy / Legal
- Compliance Case Team
- Enforcement

Typical End-to-End Flow

- **Receive intelligence:** Capture incoming information or signals about potential supplier or market wide issues or risks.
- **Assess & triangulate:** Review the information alongside other data sources to validate accuracy and understand the full picture.
- **Log:** Record the information to ensure traceability and consistency.
- **Align internally:** Engage relevant internal teams to share insights and agree a consistent position or approach.
- **Raise with supplier:** Communicate the issue or concern to the supplier for clarification or response.
- **Agree action (fix):** Define and agree the corrective actions the supplier must take to address the issue.
- **Monitor:** Track progress against agreed actions to ensure timely and effective resolution.
- **Escalate where needed:** Increase the level of intervention if issues are not resolved or risks remain high.
- **Feed into horizon scanning:** Use insights gained to inform future risk identification and proactive monitoring activities.
- **Close:** Confirm the issue is fully resolved, formally document and close the engagement/case.



Data Protection and Confidentiality

During our work together Ofgem and the Energy Ombudsman commit to:

- Complying with UK GDPR and the Data Protection Act 2018.
- Ensuring data is shared securely and used only for agreed purposes.
- Using aggregated or anonymised data where possible to protect privacy.

The regular reporting information received from the Energy Ombudsman is shared in an aggregated, anonymised or otherwise de-identified form to protect individual privacy. Use of identifiable personal data is strictly limited to circumstances where it is necessary and proportionate for regulatory oversight, or enforcement-related activity to enable respective parties to carry out their functions. Ofgem and the Energy Ombudsman ensure that any personal data shared is processed in accordance with the UK GDPR and the Data Protection Act 2018, and as agreed in the previously mentioned Memorandum of Understanding (MoU).