Making a positive difference for energy consumers

Consultation

Alternative Dispute Resolution provision in the supply and Third-Party Intermediary sectors

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Contact:	Leigh Rafferty
Team:	TPI Regulation
Email:	TPI@ofgem.gov.uk

We are consulting on proposals for an interim approach to Alternative Dispute Resolution (ADR) provision in the electricity and gas supply sector, while also gathering evidence to inform future ADR arrangements for the supply and Third-Party Intermediary (TPI) sectors. We are seeking views on the criteria and processes used to assess, approve and oversee ADR providers, and on the arrangements that will best support effective consumer redress.

We welcome responses from current and prospective ADR providers, energy suppliers, TPIs, consumers, consumer representatives, trade associations, and other interested stakeholders. Responses to this consultation will inform Ofgem's future approach to ADR provision across both the supply and TPI sectors, and may help inform government's development of future legislation.

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Executive summary

Alternative Dispute Resolution (ADR) provides an important route for consumers to resolve disputes when things go wrong and cannot be resolved directly with a business. ADR providers are independent organisations that investigate complaints and may recommend or decide how a dispute should be settled. Effective redress helps consumers secure fair and impartial outcomes, supports confidence in the energy market and can help identify recurring or systemic problems.

We want consumers to have clear, accessible and effective routes to redress, supported by proportionate approval and oversight of ADR providers. This consultation seeks views and evidence to help us establish interim arrangements for the direct supply sector and inform the development of longer-term arrangements for the direct supply and Third-Party Intermediary (TPI) sectors.[1]

Why we are consulting

The framework for consumer redress in the energy market is changing. The government is taking forward reforms intended to make consumer redress faster, more accessible and more effective. While we still have powers to approve redress schemes in the supply sector,[2] the regulations that set out how ADR providers should be assessed and overseen have been revoked.[3] We therefore need interim criteria and oversight arrangements that work within our existing powers until new legislation is in place.

Against this changing regulatory landscape, we have also received applications from prospective ADR providers in the supply sector - historically served only by a single provider. We therefore need to consider both how we assess prospective providers and the broader question of whether consumers' interests would be best served by one or multiple ADR providers.

Looking further ahead, the government plans, subject to legislation, to give Ofgem a role in approving and overseeing ADR provision in the TPI sector. We do not currently approve TPI redress schemes, however we see this as an opportunity to seek evidence now so that the future arrangements for the supply and TPI sectors can be considered in the round. Any new arrangements for the TPI sector will depend on future legislation.

[1] The government has said that it plans to give Ofgem, subject to legislation, a role in approving and overseeing ADR in the Third-Party Intermediary (TPI) sector.
[2] Consumers, Estate Agents and Redress Act 2007 grants us powers to approve redress schemes for the direct supply sector.
[3] Alternative Dispute Resolution for Consumer Disputes (Competent Authorities and Information) Regulations 2015.

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What we are consulting on

We want stakeholders' views and evidence on the arrangements that will best protect consumers and provide clear, proportionate expectations for ADR providers and regulated businesses.

We are seeking evidence on four main areas:

- **assessment criteria:** the interim criteria that ADR providers should meet to be approved. The proposed criteria cover access and awareness, capability, independence and fairness, governance and financial arrangements, and transparency.
- **the number of providers:** whether consumers' interests would be best served by one or multiple ADR providers, and whether the appropriate approach may differ between the direct supply and TPI sectors.
- **approval, reapproval and transition:** the broader approach to the duration and renewal of approvals, how potential new providers should enter the market, and the transition to future arrangements.
- **ongoing monitoring:** how approved ADR providers should be monitored and reviewed, including performance monitoring, independent reviews and audits, and wider information-sharing.

How we will use responses

For the supply sector, responses will inform the interim assessment and oversight arrangements we apply under our existing powers, our approach to assessing prospective providers, and our consideration of whether consumers are best served by one or multiple ADR providers. Responses may also be used to inform government's development of future legislation.

For the TPI sector, responses will inform future arrangements, pending future government legislation.

The question of how many providers there should be is broader than the interim assessment framework. It is about the enduring structures of ADR provision and what is most likely to protect consumers and deliver effective redress. This consultation is not seeking to decide the number or identity of future ADR providers in either sector. It is seeking views and evidence to support future decisions across both the direct supply and TPI sectors.

Detailed reapproval, application and transition processes may be developed subsequently and, where appropriate, subject to further consultation. Any decision will be dependent on the applicable legislative framework.

1. Introduction

This section sets out the purpose and context of our consultation. It describes what you can find in each section of the document and provides links to related publications and information on how to respond.

Context

1.1 The framework for consumer redress in the energy market is changing. First, changes to the regulations governing Alternative Dispute Resolution (ADR) mean that we need to consider an interim approach for the approval and oversight of ADR providers in the energy market, pending future government legislation. Second, there are wider reforms to improve how complaints are handled and resolved.[4] Third, the government has said that it plans to give Ofgem, subject to parliamentary approval, a role in approving and overseeing ADR in the Third-Party Intermediary (TPI) sector. This would be in addition to its existing role in approving and overseeing ADR provision in the direct supply sector.

1.2 ADR providers are independent organisations that help resolve customer disputes without the need to go to court. They can investigate complaints and may make recommendations or decisions on how a dispute should be settled. Most complaints are resolved directly between consumers and businesses, but independent redress can help consumers secure a fair and impartial outcome when this does not happen.

1.3 Effective redress helps consumers engage confidently with the energy market and get support when things go wrong. It also supports a well-functioning market by raising service and conduct standards, identifying and addressing recurring issues and systemic problems, and strengthening trust in businesses. We want consumers to have clear, accessible and effective routes to resolve disputes. This consultation seeks views on the arrangements that can best achieve this.

1.4 The Energy Ombudsman was approved to provide ADR in the direct supply sector by Ofgem in 2008 under powers granted under the Consumers, Estate Agents and Redress Act 2007 (CEARA).[5] Since they were approved, they have been the sole provider of ADR in the direct supply sector.

1.5 At present Ofgem has no powers to appoint or approve redress schemes for the TPI sector. Instead, suppliers must ensure that relevant TPIs are registered with a Qualifying Dispute Settlement Scheme (QDSS) on Micro Business Consumer

[4] Fairer, faster redress in the energy market: consultation response (accessible webpage) - GOV.UK
[5] Consumers, Estate Agents and Redress Act 2007.

contracts and Small Business Consumer contracts.[6] The licence conditions,[7] supported by guidance[8] published in 2023, require that a QDSS must be "independent, fair, effective and transparent". Based on information available to Ofgem, the organisations currently providing QDSS in the TPI sector include the Energy Ombudsman, the Dispute Resolution Ombudsman, and the Utilities Intermediaries Association.

1.6 Government confirmed its plans to have Ofgem appoint a dispute resolution scheme for the TPI sector as part of their "Fairer, faster redress in the energy market" consultation.[9] On 4th November 2026 the Energy Independence Bill (EIB) was introduced to parliament.[10] This bill includes provisions which, if enacted as introduced, would bring the TPI sector within the scope of CEARA and pave the way for Ofgem appointment under the same legal structure as for the supply sector.

1.7 Earlier this year we also received an application from a prospective ADR provider for the direct supply sector, which has historically only been served by one ADR provider. We must therefore clarify the criteria and processes for approval and review of ADR providers, including consideration of whether consumers' interests are best served by one or multiple ADR providers in the sector.

1.8 We are consulting now to identify an appropriate interim approach to ADR arrangements, which will enable us to assess prospective ADR applicants for the energy supply sector and ensure ongoing oversight of ADR providers remains effective. Any arrangements for the TPI sector, or other changes which depend on new legislation, will be subject to the passage and final provisions of the EIB. However, because of the close alignment between energy suppliers and TPIs, we want to consider future ADR arrangements for both these sectors in the round. Responses and evidence gathered in this consultation will also be used to help inform any future approach to establishing longer-term redress arrangements.

Purpose and content of this consultation

1.9 Given the changes set out above, we are seeking views on Ofgem's interim and future approach to the approval and oversight of ADR providers in both the direct supply and the TPI sectors, and on what stakeholders expect from ADR providers to ensure effective consumer redress.

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[6] Since 2022 and 2024 respectively.
[7] SLC 20.5D in the standard electricity licence and SLC20.6D in the standard gas supply licence.
[8] Decision on Guidance for Third Party Intermediary Alternative Dispute Resolution scheme criteria | Ofgem.
[9] Fairer, faster redress in the energy market: consultation response (accessible webpage) - GOV.UK
[10] Energy Independence Bill - Parliamentary Bills - UK Parliament

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1.10 In section 2 we discuss the government's "Fairer, faster redress in the energy market" consultation which recommended improvements in redress in the energy market.[11] We are working closely with government on how to best introduce these improvements. Some will require legislation changes led by government, while others may be implemented through Ofgem's assessment criteria or provider arrangements.

1.11 In section 3 we discuss our proposed assessment criteria for ADR providers to meet in order to be approved and operate. We are seeking views on whether these criteria are proportionate and would support effective ADR for consumers.

1.12 In section 4 we discuss potential approaches to ADR approval, including whether single or multiple providers operating in a given sector is in consumers' interests, and potential approaches to assessment and approval of ADR providers.

1.13 In section 5 we discuss reapproval and retendering of ADR providers, including considering approving ADR providers for a fixed approval period.

1.14 In section 6 we discuss approaches to reviewing ADR providers and assurance arrangements that should form part of Ofgem's monitoring framework for ADR providers.

What we've heard through our TPI sector review

1.15 As part of our wider review of the TPI sector, we published a call for input on 4 June 2026 ("June 2026 TPI call for input") that sought stakeholder views on the TPI sector.[12] One area we asked about was how effective the current complaints handling processes are for consumers who use TPIs. We have included feedback to this question throughout our consultation where relevant.

Related publications

Decision on Guidance for Third Party Intermediary Alternative Dispute Resolution scheme criteria | Ofgem

Further Guidance for providers of the Third Party Intermediary (TPI) Qualifying Dispute Settlement Scheme for Microbusinesses1685607662370.pdf

Fairer, faster redress in the energy market: consultation response (accessible webpage) - GOV.UK

Energy Independence Bill - Parliamentary Bills - UK Parliament

[11] Fairer, faster redress in the energy market: consultation response (accessible webpage) - GOV.UK
[12] Third-party intermediaries (TPIs) market review | Ofgem

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Energy Independence Bill: factsheets - GOV.UK

Consultation stages

Stage 1 Consultation open: 11 November 2026

Stage 2 Consultation closes (awaiting decision). Deadline for responses: 27 January 2027

Stage 3 Responses reviewed and published

Stage 4 Consultation outcome (decision or policy statement)

How to respond

We want to hear from anyone interested in this consultation. Please send your response to the person or team named on the front page of this document.

We have asked for your feedback in each of the questions throughout. Please respond to each one as fully as you can.

We will publish non-confidential responses on our website.

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 and in accordance with section 105 of the Utilities Act 2000. Please refer to our Privacy Notice on consultations, see Appendix 3.

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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 consultation

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

A consultation has three stages: ‘Open’, ‘Closed (awaiting decision)’, and ‘Closed (with decision)’.

2. Fairer, faster redress in the energy market

This section sets out the proposals being taken forward by government and Ofgem as a result of government's "Fairer, faster redress in the energy market" consultation. It also sets out government's intention to introduce legislation when parliamentary time allows.

2.1 Following consultation, the government confirmed reforms to shorten the time before consumer complaints can be escalated to the Energy Ombudsman, speed up complaint resolution, automatically transfer complaint information at deadlock, and strengthen oversight and accountability of redress providers.[13] Reforms to compensate consumers for late or incomplete remedies and clarify options for legal recourse were also confirmed. The reforms aim to make redress faster, more accessible and effective, increasing trust and confidence in the energy market.

2.2 The government's consultation refers to the Energy Ombudsman, which at the time of publication is the only approved ADR provider in the direct supply sector. However, the government's reform proposals would apply to any future approved ADR provider, including in the TPI sector. The future ADR arrangements for the supply and TPI sector have not yet been determined, including whether ADR will be provided by one organisation or several. Throughout this consultation, references to "ADR providers" should therefore be read as referring to any organisation that may be approved to provide ADR in either the direct supply or TPI sectors.

2.3 Government confirmed they will take the following proposals forward:[14]

- strengthening ADR providers' enforcement powers by giving them the power to levy penalties against suppliers for implementing redress late or not at all.
- clarifying and strengthening the route for consumers to pursue remedies from suppliers through the courts.
- creating regulations that will improve accountability and oversight of redress schemes.

2.4 Ofgem is taking forward the elements of government's proposed reforms which fall within Ofgem's remit, including:

[13] Fairer, faster redress in the energy market: consultation response (accessible webpage) - GOV.UK
[14] Ibid.

- shortening the escalation window for consumers to raise a complaint to an ADR provider from 8 weeks to 6 weeks.
- shortening the window for an ADR provider to provide decisions to consumers from 6 weeks to 4 weeks.
- improving signposting and automatic onboarding of consumer details that will make accessing redress easier for consumers.
- establishing an interim framework to ensure ongoing accountability and oversight for ADR schemes to ensure service levels and ongoing performance improvement.

2.5 The framework for the approval and oversight of ADR providers was previously set out in the Alternative Dispute Resolution for Consumer Disputes (Competent Authorities and Information) Regulations 2015 (ADR Regulations 2015). These were revoked by the Digital Markets, Competition and Consumers Act 2024 (DMCCA 2024) which established a new accreditation regime for ADR providers. However, gas and electricity redress schemes approved by Ofgem are exempt from the DMCCA 2024's accreditation requirements.[15] We therefore need to ensure that appropriate arrangements are in place for ADR provider approval and ongoing oversight.

2.6 The government intends to implement new regulations to address this regulatory gap, which will be taken forward as parliamentary time allows. Government intends to re-establish the key accountability, transparency and oversight provisions for ADR providers, including requirements relating to approval, reporting, information provision and ongoing review. The government may also legislate to establish criteria against which designated redress schemes should be evaluated and reviewed.

2.7 Pending future legislation, this consultation seeks views to inform an interim approach that Ofgem can operate under the existing legislative framework.[16] Responses and evidence gathered through this consultation will help inform that interim approach and may also help inform the development of longer-term arrangements. Any proposals which require new legislative powers will remain dependent on the relevant legislation being made.

2.8 We are currently working with government, the Energy Ombudsman (EO), suppliers and consumer bodies to take forward the wider redress reforms in line with the timescales outlined in the government's consultation decision

[15] DMCCA 2024, ss.291 and 295 and Sch.25 Pt.2 and 3.
[16] Section 49 of CEARA remains in place and grants Ofgem powers to approve redress schemes subject to certain factors.

document. We are progressing changes that can be taken forward under the current framework to maintain effective consumer protection, while recognising that other reforms dependent on new legislation may only be implemented once the necessary powers are in place.

2.9 We have reflected these changes that can be made now in the proposed interim assessment criteria that prospective ADR providers will need to meet to be approved by Ofgem. We discuss the assessment criteria in section 3 and ask questions seeking stakeholders' views on the criteria.

3. Proposed assessment criteria for ADR providers

This section sets out our reasons for consulting on assessment criteria for ADR providers, how the criteria were developed, and seeks stakeholder views on the assessment criteria.

3.1 Ofgem remains responsible for approving energy redress schemes under the Consumers, Estate Agents and Redress Act 2007 (CEARA). However, following the revocation of the ADR Regulations 2015, there is no longer the same detailed framework to support the assessment of new ADR applicants and overseeing ADR providers once approved.

3.2 The government intends to make new regulations to address any legislative gap, subject to the passage and commencement of the EIB. In the meantime, we need an interim approach that enables Ofgem to assess applications for approval and provides an appropriate basis for the ongoing oversight of ADR providers.

3.3 When deciding to approve a redress scheme, one of the factors Ofgem must have regard to are principles which we consider to be best practice.[17] To ensure an interim framework is in place until government makes new regulations, we are consulting on the criteria ADR providers must meet to be approved by Ofgem and retain that approval, reflecting best practice and the other factors we are required to consider under legislation.[18]

3.4 We have developed proposed assessment criteria drawing on requirements in the DMCCA 2024, where appropriate, the revoked ADR Regulations 2015, and other relevant considerations (set out below).

3.5 We have reflected relevant recommendations from the government's "Fairer, faster redress in the energy market" consultation. These include reducing the escalation window for referrals to an ADR provider to 6 weeks[19] and reducing the time for an ADR provider to provide decisions to 4 weeks.[20]

3.6 The proposed criteria also reflect issues raised by stakeholders. We note that, in response to our June 2026 TPI call for input, some respondents raised concerns about low customer awareness of redress schemes and insufficient signposting.[21]

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[17] Section 49(1)(d) of Consumers, Estate Agents and Redress Act 2007 requires Ofgem, in deciding to approve a redress scheme, to have regard to principles which we consider constitute generally accepted principles of best practice in relation of schemes providing redress to consumers, and is reasonable to regard as applicable to the scheme.
[18] Section 49 of CEARA sets out other factors Ofgem must consider in approving redress schemes.
[19] Criterion A1.36
[20] Criterion A 1.44
[21] Third-party intermediaries (TPIs) market review | Ofgem

We have proposed criteria requiring ADR providers to take steps to ensure consumer awareness of their redress scheme and to work with regulated providers to improve signposting.

3.7 We consider that the proposed criteria cover the core capabilities and safeguards necessary for an ADR provider to deliver effective redress, including:

- **access and awareness**: enables consumers to find, understand and access ADR when they need it
- **capability:** provides confidence that ADR providers have the skills and resources to resolve disputes effectively and promptly
- **independence and fairness:** supports impartial processes and fair, evidence-based outcomes
- **governance and financial arrangements:** supports effective management and sustainable service delivery
- **transparency:** enables Ofgem to monitor performance, identify issues and maintain effective oversight

3.8 The full proposed assessment criteria are set out in Appendix 1. We welcome stakeholder views on whether the proposed criteria are appropriate and sufficient to support effective redress, and whether any changes or additions are needed.

3.9 While the legislative framework for TPI ADR will be determined by parliament, this consultation provides an opportunity to consider the criteria that may be appropriate for future TPI ADR providers alongside those proposed for supplier ADR providers. We welcome views on the extent to which the same criteria could apply across both sectors, and whether there are circumstances in which different or additional requirements would be appropriate. The evidence gathered will help inform our input to government on the future framework.

Questions

Q1. What are your views on whether the proposed assessment criteria in Appendix 1 are appropriate and sufficient to ensure ADR providers deliver effective redress to consumers? What, if any, changes or additional criteria would you recommend? Please explain your reasoning.

Q2. Are any of the proposed criteria unnecessary, disproportionate or overly burdensome? Do you have suggestions on how to improve them?

Q3. What are your views on whether any of the assessment criteria should differ between providers operating in the direct supply sector and providers operating in the TPI sector? If you think there should be differences, which criteria and why?

4. Approaches to ADR approval

This section seeks views on how Ofgem should approve ADR providers in the direct supply and TPI sectors. We would like to understand stakeholder views on what is in the consumer interest. This includes whether differences in the two sectors require different approaches, how many providers should operate in each sector, and whether a maximum number of providers should be set. We also set out how Ofgem may assess and approve potential applicants.

The number of ADR providers

4.1 Currently, when deciding whether to approve an ADR provider in the supply sector, Ofgem must consider what is in consumers' interests.[22] As part of this, we must consider the number of other schemes operating, or likely to operate, in the sector.[23] The relevant legislation does not set a minimum or maximum number of ADR providers, and does not indicate a direct preference for either a single-provider or multi-provider model.

4.2 As such, the sector remains open to as many ADR providers as Ofgem considers appropriate, provided any approval decisions are supported by evidence and are demonstrably in consumers' interests. The provisions of the EIB, as introduced, would apply the same legislative framework from CEARA for approving supply ADR providers to TPI ADR providers. The final form of these provisions will be determined by parliament.

4.3 We have received an application from a prospective ADR provider for the supply sector. This, alongside the prospect of future changes to ADR arrangements in the TPI sector, makes it timely to consider the full impacts of different numbers of ADR providers operating in a given sector.

4.4 We are therefore seeking views on whether the interests of consumers in the supply and TPI sectors would be better served by a single ADR provider or by multiple ADR providers. Where respondents support a multi-provider model, we also welcome views on whether there should be a limit on the number of providers, and if so, what that limit should be.

4.5 In response to a question in our June 2026 TPI call for input about the effectiveness of the current complaint handling processes in the TPI sector, some

[22] Section 49(1)(c) of CEARA
[23] Section 49(2) of CEARA

respondents included views about the number of ADR providers.[24] Some supported a single ADR provider, highlighting the potential for greater consistency for customers and clearer accountability. Other stakeholders supported multiple providers, identifying benefits to consumers due to competition between providers. We are therefore now seeking views specifically on the number of providers to obtain a wider range of views to inform our assessment of which approach would best serve consumers.

4.6 Stakeholders may wish to consider the potential benefits and risks of a single-provider and multiple-provider model, both in the supply and TPI sectors, and whether there should be differences between the approach taken for the two sectors, which we discuss in the section below.

Differences between the direct supply and TPI sector

4.7 Whilst there are many similarities in how the direct supply and TPI sectors operate, there may be some inherent differences that may justify different numbers of ADR providers operating in each sector. We welcome views on what these differences might be, how they affect ADR provision, and how different approaches might benefit energy consumers.

4.8 For example, currently, there is a single ADR provider in the direct supply sector and multiple ADR providers in the TPI sector.[25] Stakeholders may wish to consider whether consumer interests would be best served by the same or a different configuration, including whether it would be in consumers' interests to adopt a consistent approach across both sectors; for example, a sole provider in both sectors or multiple providers in both sectors. Where stakeholders support a sole provider in both sectors, we are interested in views on whether it should be the same provider across both sectors or whether it could or should be different.

4.9 We are particularly interested in evidence on the potential benefits and drawbacks of different numbers of ADR providers. We have already heard some relevant feedback from our June 2026 TPI call for input which highlighted that consumers may find it difficult to understand whether a supplier or a TPI is responsible for resolving a complaint, particularly if more than one organisation is involved. We are seeking further evidence on how different numbers of ADR providers could affect:

[24] In response to Question 6 of our June 2026 call for input, "How effective is the current complaints handling process for consumers who use TPIs?"
[25] As stated in paragraph 4.3, we have received an application from a prospective ADR provider for the supply market.

- accessibility and the customer journey, including identifying the appropriate ADR provider, and management of complaints across sectors or if more than one ADR provider could be involved in the complaint
- consistency, effectiveness and efficiency of decision-making
- competition between ADR providers, including potential impacts on service quality, innovation and cost
- costs associated with the operation, oversight and membership of ADR schemes

Approval of multiple providers

4.10 If a multi-provider model was adopted, additional decisions about how that model would operate in practice would be needed. This includes consideration of whether regulated businesses could engage with more than one ADR provider and, if so, how complaints should be allocated between providers. Consideration would also need to be given to whether, and to what extent, ADR providers should operate on a consistent basis to ensure a level playing field and avoid differences in operation or commercial models unduly influencing provider selection. We welcome your views on how a multiple-provider model should operate, and if there are any considerations specific to this model that must be taken into account.

Assessment and approval process

4.11 We will use the responses to this consultation to inform our approach to the appropriate ADR market structure for the supply sector and, in the future, the TPI sector. Alongside the criteria against which applicants will be assessed, it will be necessary to develop an interim assessment process setting out how the criteria will be applied to prospective ADR providers to allow Ofgem to make decisions in the supply sector pending any future legislation. It is important that any such process is robust, transparent and proportionate, and supports the approval of providers in a way that serves consumer interests. We will work with government so that our interim approach can help inform the development of any future ADR regulations for the supply or TPI sectors.

4.12 We expect any approval process to be open to both existing and prospective ADR providers. Applicants would be assessed against the final assessment criteria; our proposed interim assessment criteria are set out in Appendix 1.

4.13 There are a number of ways an assessment process could be designed. One option would be to assess applications against the assessment criteria using a scoring framework to support a consistent and objective assessment. We are

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seeking views on whether this would be an appropriate approach, and if so, how it should be designed.

4.14 In particular, we welcome views on:

- whether some criteria should carry greater weight than others[26]
- whether minimum thresholds should apply to certain criteria regardless of overall score
- how applicants should be assessed where more than one provider is to be approved
- any alternative approaches we should consider

Questions

Q4. Would you support having a single provider or multiple ADR providers, across both the direct supply and TPI sector? What do you consider to be the benefits, risks, implementation challenges, or unintended consequences of either model?

Q5. If you support multiple providers in one or both sectors, is there a maximum number of providers you think should operate in each sector?

Q6. Do you consider that there are material differences between the supply sector and the TPI sector that would justify a different model in each sector (i.e. sole provider in one sector and multiple providers in the other sector)? Please provide reasons and supporting evidence for your view.

Q7. In a sole-provider model, should the direct supply sector and the TPI sector be served by the same ADR provider, or could/should they be different? Please provide reasons to support your view.

Q8. Are there any considerations Ofgem should take into account in relation to how a single or multiple-provider model would operate? Please provide any relevant reasoning and evidence to support your view.

[26] For example, stakeholders may consider factors such as independence, service quality, consumer outcomes, sector expertise, operational resilience, value for money or the ability to identify and share market insights.

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Q9. What are your views on Ofgem's proposed approach to assess and score potential ADR applicants against the assessment criteria using a scoring framework?

Q10. Are there any assessment criteria that should be given greater weighting than others when evaluating applications, or minimum thresholds for certain criteria regardless of overall score? If so, which criteria and why?

Q11. Where multiple applications are received for approval as the sole ADR provider, what approach should Ofgem take to evaluate applicants and identify the most suitable provider?

5. Reapproval of ADR providers and transition to the new framework

This section explores options for approval period duration, reapproval arrangements and, where multiple providers are permitted, whether applications should be accepted on a rolling basis or through fixed application windows. We also seek views on what a transition to the new framework may look like.

5.1 In order to ensure ADR arrangements continue to be in the best interests of consumers, we are also consulting on whether it is appropriate to have renewal or reapproval arrangements in place for ADR providers, and what these would look like.

5.2 Responses to this section will inform further policy development on the transition to a new framework. Reapproval, application and transition processes will be informed by responses and evidence provided to this consultation and, where appropriate, we will consult further or work with government before they are introduced.

Duration of approval period

5.3 One issue to consider is whether approvals should be ongoing, time limited or subject to periodic renewal. A time-limited approval could provide a defined point at which the framework and provider performance are reconsidered. An ongoing approval, supported by periodic reassessment, could provide greater continuity while maintaining accountability.

5.4 The appropriate approach will need to balance certainty and stability for consumers, providers and regulated entities, while promoting accountability and encouraging innovation and competition.

5.5 These considerations may operate differently in sole-provider and multiple-provider models.

Ongoing, time limited or periodically renewed approval

5.6 We are seeking early views on the factors that should inform whether approvals are ongoing, time limited or periodically renewed, and on the broad advantages and disadvantages of different durations. We would also welcome views on whether any fixed approval period should include a formal mid-term review or an option to extend. We are not proposing a preferred duration in this consultation.

5.7 If approval periods are used, shorter periods may limit opportunities to build operational knowledge, relationships and longer-term investment. Frequent re-

tendering could also increase administrative costs and burdens for both Ofgem and applicants, and provide insufficient time to gather meaningful performance metrics. Conversely, longer approval periods may reduce opportunities to reconsider the arrangements or for new entrants to compete, and may weaken incentives to innovate.

5.8 Where longer approval periods are used, regular review could provide assurance that ADR providers continue to meet the relevant standards throughout the approval period. We consider the frequency and approach to ongoing reviews further in section 6.

5.9 Our starting position is that five years is the shortest credible fixed approval period, given the factors above. We are seeking views on approval periods of five to ten years, including the advantages and disadvantages of five-, seven- and ten-year terms, the factors that should determine the duration, and whether a shorter or longer period would be preferable.

5.10 An alternative approach could be to approve ADR providers on an ongoing basis with formal periodic reassessment, rather than requiring reapplication and approval. We are interested in your views on what an appropriate approval period could look like, including this alternative proposal.

Factors that could impact the appropriate duration

5.11 We are also interested in whether the approach to duration and renewal should differ between sole-provider and multiple-provider models, or between the direct supply and TPI sectors. Ofgem already has powers to approve and oversee ADR providers in the direct supply sector, but any application of these arrangements to the TPI sector would be subject to the final form and commencement of the EIB.

Reapproval process

5.12 In section 4 of this consultation, we seek views on how many ADR providers should operate in each sector. As we have not yet decided whether to adopt a sole-provider or multiple-provider model, the options below consider how reapproval could work under each approach.

Sole provider model

5.13 Under a sole-provider model, ADR providers would apply to Ofgem for approval against the criteria set out in Appendix 1. Applications would be open to both incumbent and new providers.

5.14 The approved provider could be appointed for a fixed period and would be subject to ongoing monitoring and assessment to ensure they continue to meet the

assessment criteria and deliver effective outcomes for consumers and regulated entities.

5.15 At the end of the approval period, the position could be reopened and all interested parties, including the incumbent provider, would be invited to apply for approval through a new competitive assessment process against the published criteria. The incumbent provider would not have an automatic right to reapproval.

5.16 We are seeking views on whether there are any considerations needed for how this model may work in practice, in particular if the incumbent does not get reapproved at the end of the fixed approval period.

Multiple-provider model

5.17 As with the sole-provider model, under a multiple-provider model new and incumbent ADR providers would apply to Ofgem for approval against the criteria set out in Appendix 1. They could be approved for a fixed duration, during which they would undergo ongoing monitoring and assessment. At the end of the approval period, approved ADR providers would be required to reapply for approval.

5.18 A key consideration under a multiple-provider model is how and when new applicants should be able to enter the market. One option would be to allow applications on a rolling basis, enabling new providers to enter the market at any time, subject to satisfying the assessment criteria. This could encourage competition and innovation, and provide greater flexibility for the market to respond to changing circumstances. It could also reduce barriers to entry by allowing organisations to apply when they are ready rather than waiting for a specific application window. However, it could create greater uncertainty for consumers, existing providers and regulated entities if the composition of the market changes frequently. It would also place a higher cost on Ofgem.

5.19 An alternative approach would be to accept applications only during defined application windows, for example at fixed intervals aligned with provider reapproval periods. This could provide greater predictability for consumers, providers and regulated entities, while enabling Ofgem to assess all applicants against the same market conditions and evidence base. However, this approach could discourage potential entrants who are required to wait for the next application window before being considered and may reduce the market's ability to respond quickly to new providers, innovations or changes in consumer needs.

5.20 We are seeking views on whether applications should be accepted on a rolling basis or through defined application windows, and on the advantages and disadvantages of each approach.

Implementation of the new framework

TPI sector

5.21 We are aware of 3 incumbent providers operating redress schemes in the TPI sector. None of these have been approved by Ofgem as we have historically not had the power to do so. Under government plans to establish the same ADR regime for TPIs as for supply, any provider wishing to operate an ADR scheme in the TPI sector would apply for Ofgem approval in accordance with the final approval framework, once it is decided upon. This would be the case regardless of whether a sole-provider or multiple-provider model is adopted.

5.22 We are seeking stakeholder views on what transitional arrangements may be needed as we move to the new framework. Stakeholders may consider what arrangements may be needed under different scenarios, including where approval to provide ADR services is granted to one, two or more providers.

Direct supply sector

5.23 The Energy Ombudsman is the current sole ADR provider in the direct supply sector, having been approved by Ofgem under the now revoked ADR Regulations 2015. As part of the transition to a new ADR framework, we are considering what transitional arrangements may be appropriate and are seeking stakeholder views on what might be required.

5.24 Transition arrangements are likely to be different depending on whether a sole-provider or multiple-provider model is chosen, and also whether the incumbent continues to provide ADR services in the direct supply sector. Stakeholders may consider how much time may be appropriate to align with the new framework before being assessed against it.

5.25 We have not made any decisions on what a transition to the new framework might look like, and recognise further consultation on detailed process considerations may be required depending on the outcome of this consultation.

Questions

Q12. What are your views on approving ADR providers for a fixed term after which they must apply for reapproval?

Q13. For how long should an ADR provider's approval last under a sole-provider model?

Q14. For how long should an ADR provider's approval last under a multiple-provider model?

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Q15. Under a multiple-provider model, is it preferable for applicants to apply on a rolling basis or during a set application window?

Q16. Are there any additional assessment criteria which would be needed to address handover from an incumbent ADR provider to a new ADR provider?

Q17. What transition arrangements may be needed for ADR provision in the TPI sector?

Q18. What transition arrangements may be needed for ADR provision in the direct supply sector?

6. Ongoing monitoring of ADR providers

This section explores how Ofgem should oversee ADR providers to ensure they continue to deliver effective redress for consumers. We are seeking views on the information ADR providers should share with Ofgem, the role of ongoing performance monitoring, and how market insights can support regulatory oversight and consumer protection.

Ongoing performance monitoring requirements

6.1 At present we carry out a review of the Energy Ombudsman every two years for its ADR scheme in the direct supply sector. These reviews assess how effectively the Energy Ombudsman is performing its role, and how it has responded to previously indicated areas of improvement found since our last review. We also monitor performance monthly and quarterly against agreed Key Performance Indicators (KPIs) which have been agreed by Memorandum of Understanding with the Energy Ombudsman. The most recent biennial review was published on 11 November 2026 and can be found on Ofgem's website.

6.2 The requirement for Ofgem to conduct these biennial reviews was introduced through the ADR Regulations 2015 which have since been revoked. However, Ofgem retains responsibilities in relation to the approval of redress schemes, including consideration of principles of best practice.[27] Pending the introduction of the government's future regulatory framework, we therefore propose to continue proportionate ongoing monitoring and review of ADR providers as part of our interim arrangements. This would allow us to assess whether ADR providers continue to meet the relevant assessment criteria against which they were approved and maintain the standards expected throughout the approval period.

6.3 As discussed in section 5, the length of an ADR provider's approval period may be relevant when determining the timing and frequency of regular reviews. We are interested in stakeholders' views on how to approach regular reviews of ADR providers in the future. In particular, we welcome views on:

- how often reviews should take place, for example, annually, every 2 years, aligned with the mid-point of any approval period, or another duration
- how reviews should be carried out
- how any improvements identified should be implemented

[27] In accordance with Section 49 of CEARA.

6.4 As part of an ongoing monitoring framework, ADR providers will be expected to share relevant information about their performance with Ofgem.[28] This information will support our ongoing oversight of ADR providers, help us assess how effectively ADR arrangements are operating and identify any issues that may affect consumers.

6.5 Monitoring activities may include reviewing performance data and key metrics, assessing compliance with approval requirements, evaluating case outcomes and consumer feedback, reviewing governance and operational arrangements, and engaging with providers through periodic reporting and assurance processes. We may also request information or evidence where necessary to demonstrate continued compliance.

6.6 Where monitoring identifies concerns regarding an ADR provider's performance or compliance with the assessment criteria, we will take appropriate action. This could include requiring remedial measures until the provider is compliant with the assessment criteria, or reconsidering a provider's approved status.

6.7 We consider that ongoing oversight is important to support consumer confidence and to ensure that ADR providers remain effective in delivering the outcomes intended by this framework. The monitoring and review arrangements Ofgem adopts on an interim basis will be informed by responses to this consultation, which may also help inform government's development of the future legislative framework.

Independent reviews and audits

6.8 In addition to Ofgem's ongoing performance monitoring activities, independent reviews or audits may provide additional assurance that approved ADR providers continue to meet the required operational, financial and corporate accountability standards that help deliver positive outcomes for consumers.

6.9 We are seeking views on whether independent reviews or audits should form part of the ongoing monitoring framework. In particular, we welcome feedback on how such reviews should operate, how frequently they should take place or what should trigger a review, who should carry them out, and how any findings or recommendations should be reported and acted upon.

[28] Section 49(3)(d) and 49(7) of the Consumers, Estate Agents and Redress Act 2007 requires, amongst other things, ADR providers to be able to provide information to the regulator as a condition of approval. The approval criteria sets this out in criterion A1.59.

Wider Market Monitoring and information-sharing

6.10 To support effective regulation and oversight of the direct supply and TPI sectors, we propose to require all ADR providers to provide Ofgem with relevant market information on a regular basis. We have added a requirement to this effect in the assessment criteria outlined in Appendix 1.[29] This may include information on market trends, such as case volumes, outcomes and complaint types, as well as information about the types of entities registered with the ADR scheme.

6.11 This builds on the information already provided to Ofgem by the Energy Ombudsman, which provides valuable insight into emerging trends and issues across the market and can help identify where additional regulatory oversight may be appropriate. Extending this approach to all approved ADR providers would give Ofgem a broader evidence base, supporting an effective and risk-based approach to regulation and continuous improvement across the direct supply and TPI sectors. We propose to continue to use this approach on an interim basis, pending the development of the future legislative framework by government.

6.12 Additionally, we expect the ADR schemes to make relevant market data available to consumers, to improve transparency, accountability, and enable consumers to make informed decisions on their chosen TPI or energy supplier. This aligns with the outcome of the government's "Fairer, faster redress in the energy market" remedies. The proposed assessment criteria contain the requirement for ADR providers to make this information available to consumers, and we welcome views on these measures.[30]

Questions

Q19. What metrics or information should Ofgem use to monitor ADR providers' performance?

Q20. How frequently should Ofgem review an ADR provider's performance? Do you have views on whether this should change depending on whether there is a sole provider or multiple providers?

Q21. What are your views on performance monitoring arrangements alongside a formal review period, for example receiving periodic performance updates? Do you have any views on how frequently these updates should be provided to Ofgem?

[29] Criterion A1.61.
[30] Criteria A1.61 and A1.62.

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Q22. What are your views on how independent audits and reviews could form part of the performance monitoring framework?

Q23. What information should ADR providers be required to provide to Ofgem on the wider supply and TPI sectors?

Q24. What information should ADR providers make available to consumers? Do you have views on how this information should be made available?

7. Conclusions and next steps

7.1 Your answers to the questions we ask in this consultation will shape the future provision of ADR services in the direct supply and TPI sectors. We welcome responses from consumers, consumer representatives, suppliers, TPIs, ADR providers, prospective ADR applicants and other interested stakeholders. Responses to this consultation will help inform our approach to ADR oversight, and the design of our interim framework. Responses will also help inform government's future approval framework.

7.2 Following the close of this consultation, we will consider all responses and evidence received and publish non-confidential responses where appropriate. We will then publish our decision and next steps, distinguishing between measures that can be taken under the existing legislative framework and those that depend on future legislation.

ADR provision in the direct supply sector

7.3 As set out in section 2, the government intends to introduce new regulations for the accountability and oversight of redress schemes, addressing the regulatory gap left by the revocation of the ADR Regulations 2015.

7.4 In the meantime, and subject to the outcome of this consultation, we intend to establish an interim ADR framework for Ofgem to administer in the direct supply sector in accordance with our existing obligations.[31] This will include any decisions regarding the approval and ongoing monitoring of ADR providers, pending any future regulations made by government. The evidence gathered in this consultation will also help inform the development of future arrangements.

ADR provision in the TPI sector

7.5 For the TPI sector, implementation of any new ADR framework remains dependent on enactment and commencement of the EIB. If enacted as introduced, the EIB would provide Ofgem with powers to regulate TPIs, including powers relating to the approval and oversight of ADR providers operating in that sector.

7.6 We are seeking views at this stage so the evidence gathered in this consultation can inform the development of those future arrangements.

[31] Section 49 of CEARA.

7.7 Subject to the outcome of this consultation and the passage and commencement of the EIB, we expect to publish further information on the approval process for prospective ADR providers under the new TPI framework.

TPI Regulation development

7.8 Alongside this consultation, we are considering the inputs we received for our TPI sector review. This included responses to our June 2026 TPI Call for Input, our survey sent to TPIs and our information request to suppliers, along with stakeholder meetings. We will share the outputs from our TPI review and use them to develop our wider policy approach to TPI regulation, in anticipation of receiving the powers to regulate TPIs when the EIB takes effect. We will provide further updates as this work progresses.

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 consultation. 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.

Appendix 1. Assessment criteria for an ADR provider

These criteria apply both when assessing applications for approval and when assessing approved ADR providers on an ongoing basis. References to an "ADR provider" in these criteria should be read accordingly.

Services offered by approved ADR provider

Ofgem must be satisfied that:

A1.1 the ADR provider is able to consider all types of complaint falling within the scope of any relevant Order made under section 47 of CEARA, and including:

i. a complaint relating to the difficulty experienced by a consumer in making a complaint; and
ii. a complaint that has not been resolved to the satisfaction of a consumer.

A1.2 the ADR provider has in place membership rules which all participating regulated providers must agree to.

A1.3 the ADR provider ensures that the person responsible for the ADR provider has the power to decide whether or not a complaint is within the provider's jurisdiction.

A1.4 the ADR provider may refuse a dispute if prior to submitting the complaint to the ADR provider the consumer has not attempted to contact the regulated provider concerned to discuss the complaint and tried to resolve the matter directly with the regulated provider.

A1.5 the ADR provider may refuse a dispute if the dispute is frivolous or vexatious.

A1.6 the ADR provider may refuse a dispute if the dispute is being, or has been previously, considered by another ADR provider or by a court.

A1.7 the ADR provider may refuse a dispute if the consumer has not submitted the complaint to the ADR provider within the time period specified by the ADR provider, provided that time period is not less than 12 months from the date the regulated provider told the consumer they were unable to resolve the complaint. It may be appropriate to extend this time period taking into account the circumstances of the case and the consumer and not unreasonably limiting access to the ADR provider.

A1.8 the ADR provider may refuse a dispute if dealing with such a type of dispute would seriously impair the effective operation of the ADR scheme operated by the ADR provider. This ground is intended to apply only in exceptional circumstances.

A1.9 the ADR provider ensures that its policy about refusing to deal with a dispute does not significantly impair consumers' access to its ADR procedures.

A1.10 where the ADR provider refuses to handle a dispute, within three weeks of the date it received the complaint file it must inform both parties and provide a reasoned explanation of the grounds for not considering the dispute.

A1.11 if, during the ADR process, the ADR provider finds that a consumer has sought to mislead the ADR provider through either the provision or withholding of information that would have led them to refuse to handle the dispute, the ADR provider may immediately decline handling the dispute further.

A1.12 the ADR provider has the power to resolve disputes by requiring that regulated providers pay compensation, give an apology and/or explanation, or take some other form of action which is fair and proportionate in the circumstances.

A1.13 the ADR provider establishes a set of procedures for regulated providers to implement its decisions and the ADR provider's rules.

A1.14 where the ADR provider determines that fault lies with a different regulated provider than the one named in the dispute, it makes provisions to redirect the consumer to raise their complaint with the alternative regulated provider and ensures that the consumer is not left without a clear route to redress.

People and Conflict of Interest

Ofgem must be satisfied that:

A1.15 the ADR provider pays an ADR official in a way that does not depend on the outcome of the dispute resolution process, ensuring the outcome is not target driven.

A1.16 the ADR provider does not offer ADR services in relation to a dispute in circumstances where an ADR official responsible for the dispute is either employed or remunerated directly by a trader who is a party to the dispute.

A1.17 the ADR provider ensures that no ADR official goes about their duties in a way that is biased towards a party or their representative in the dispute.

A1.18 the ADR provider ensures that an ADR official, throughout the dispute process, and without delay, discloses to ADR provider a circumstance that may, or may be seen to:

i. affect the ADR official's independence or impartiality; or
ii. give rise to a conflict of interest with a party to the dispute which the ADR official is asked to resolve.

A1.19 where there is a conflict of interest the ADR official must refrain from conducting the ADR procedure, and where possible:

i. the ADR official is replaced by another ADR official to handle the particular dispute.
ii. if no alternative ADR official is available, the ADR provider must propose to the parties that they submit the dispute to another ADR entity which is competent to deal with it.

A1.20 if the dispute cannot be transferred to another ADR provider, the ADR provider:

i. must inform the parties to the dispute of the circumstances of the conflict of interest,
ii. must inform the parties to the dispute that they have the right to object to the conflicted ADR official continuing to handle the dispute, and
iii. can only continue to deal with the dispute if no party to the dispute objects.

Resourcing

Ofgem must be satisfied that:

A1.21 the ADR provider is adequately staffed and funded so disputes and complaints can be investigated and resolved effectively and promptly, while allowing the ADR provider to function impartially, efficiently, and appropriately. To support this, amongst other actions, policies, processes and best-practice forecasting methods must be used to estimate staffing and funding needs.

A1.22 the ADR provider ensures that ADR officials possess a general understanding of the law and energy regulation, and the necessary knowledge and skills relating to the out-of-court or judicial resolution of energy disputes, to be able to carry out their functions competently.

Consumer Awareness

Ofgem must be satisfied that:

A1.23 the ADR provider takes appropriate steps to ensure consumer awareness of the ADR provider, working with third parties as appropriate and accommodating consumers' varying circumstances.

A1.24 the ADR provider periodically analyses the profile of complainants to inform its work to raise awareness of the ADR provider.

A1.25 the ADR provider maintains procedures to identify poor signposting rates in regulated providers and makes recommendations to Ofgem and regulated providers to improve signposting.

A1.26 the ADR provider effectively signposts a consumer to alternative organisations or sources of advice if a dispute is outside its remit.

Access to the Redress Scheme

Ofgem must be satisfied that:

A1.27 the ADR provider maintains procedures and processes for raising a dispute with the ADR provider that are accessible, easy to understand and use, including for consumers in vulnerable situations, and are not overly bureaucratic.

A1.28 the ADR provider ensures that there is no fee for consumers to access the ADR provider, while minimising contact costs e.g. making a call.

A1.29 the ADR provider maintains a user-friendly process for consumers and regulated providers that includes:

i. convenient submission processes;
ii. clear timelines of the process; and
iii. timely status updates e.g. when a complete complaint file has been received.

A1.30 the ADR provider enables a consumer to file an initial dispute submission, including supporting documents where appropriate:

i. online via its website;
ii. by post; or
iii. alternative methods.

A1.31 the ADR provider enables the consumer to progress their dispute or exchange information between parties, or seek application support, via a range of methods:

i. online via its website;
ii. by post;
iii. by email; or
iv. by telephone.

A1.32 the ADR provider adopts processes that allow for additional help in accessing the ADR scheme to be given to those that need it, including:

i. allowing persons to act on behalf of the relevant consumer
ii. offers to complete any forms that are necessary in order for the ADR provider to investigate the dispute (excluding any signatures that are required to give staff the authority to proceed with the investigation).

A1.33 the ADR provider provides a wide range of translation services for those consumers that do not speak English as their first language, including a Welsh Language Service and additional services for those that are hearing or visually impaired.

A1.34 the ADR provider maintains an up-to-date and easy to understand website, including a step-by-step guide, which provides the parties of a dispute with information regarding the ADR procedure operated by the ADR provider including:

i. what the consumer needs to do to raise a dispute with the ADR provider
ii. what the ADR provider's processes are for investigating a dispute, and
iii. if requested, should be available in alternative and durable medium.

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A1.35 the ADR provider has included and readily accessible on its website:

i. contact details, including postal address, telephone number and e-mail address.
ii. a statement that it has been approved as an ADR provider by Ofgem once this approval has been granted.
iii. its jurisdiction, powers, the method of the board's appointment, the duration of the board's appointment and the board members.
iv. the type of disputes it is competent to deal with, including any financial thresholds which apply.
v. the procedural rules of the dispute resolution service it operates and the grounds on which it can refuse to deal with a dispute in accordance with its refusal policies.
vi. the languages in which it is prepared to receive an initial submission and in which the ADR procedure can be conducted, must include English and Welsh as a minimum.
vii. the principles the ADR provider applies, and the main considerations the ADR provider takes into account, when seeking to resolve a dispute.
viii. Any preliminary requirements a party to a dispute needs to meet before the ADR procedure can commence.
ix. a statement as to whether or not a party to the dispute can withdraw from the ADR procedure once it has commenced.
x. any costs to be paid by a party, including rules on costs awarded at the conclusion of the ADR process.
xi. the average length of each ADR procedure handled by the ADR provider.
xii. the legal effect of the outcome of the dispute resolution process, including whether the outcome is enforceable and the penalties for non-compliance with the outcome, if any.
xiii. a statement as to whether or not ADR procedures operated by it can be conducted by oral or written means (or both).
xiv. the ADR provider's annual activity report which should include information about:
    a) the ADR provider's decisions, including the nature of the dispute and the outcome; and
    b) consumers' satisfaction with the scheme.

Case Handling Processes

Ofgem must be satisfied that:

A1.36 the ADR provider allows a regulated provider a maximum of 6 weeks to attempt to resolve the complaint.

A1.37 the ADR provider ensures that any deadlines for bringing a dispute to the ADR provider must be reasonable and allow for flexibility, taking into account the

circumstances of the case and the consumer, and does not unnecessarily limit access to the ADR provider.

A1.38 the ADR provider informs the parties that they are not obliged to retain a legal advisor, but may seek independent advice or be represented/assisted by a third party at any stage of the ADR procedure.

A1.39 the ADR provider ensures additional support for consumers with complex needs, particularly those with vulnerabilities.

A1.40 the ADR provider informs consumers before the ADR procedure commences of their right to withdraw from the ADR procedure at any stage, including if they are dissatisfied with the performance or operation of the ADR procedure.

A1.41 the ADR provider ensures that during the ADR procedure the parties may, within a reasonable period of time, express their points of view.

A1.42 the ADR provider provides a party to a dispute, within a reasonable period of time and upon request, the arguments, evidence, documents and facts put forward by the other party to the dispute.

A1.43 the ADR provider ensures that the parties may, within a reasonable period of time, comment on the information and documents provided under paragraph A1.42.

A1.44 the ADR provider notifies the parties of the ADR procedure outcome within 4 weeks of receiving the complete complaint file. Except, in the case of a highly complex dispute, the ADR provider may extend this period, but must inform the parties of the extension and the expected time needed to conclude the ADR procedure.

A1.45 the ADR provider notifies the parties of the outcome of the ADR procedure on a durable medium and gives the parties a statement of the grounds on which the outcome is based.

Decision Making

Ofgem must be satisfied that:

A1.46 the ADR provider makes decisions that:

i. are based on what is fair in the circumstances, having regard to principles of law, good practice, and any unfair conduct or maladministration, while considering relevant regulatory requirements and codes of practice.

ii. are based on all evidence being documented and analysed by the ADR provider.

iii. follow natural justice and fair procedure, giving parties proper opportunity to comment on facts, conclusions, or outcomes.

iv. must be concluded based on evidence that flows clearly from the analysis.

A1.47 the ADR provider makes decisions that reflect the nature of the issue and its impact on the complainant. Any redress should take into account any

maladministration and the resulting hardship or injustice. The process and outcome must be proportionate to the dispute.

A1.48 the ADR provider informs a consumer, before agreeing to or following the proposed solution, that they are allowed a reasonable period of time to reflect before making their decision, and:

i. they can choose whether or not to accept the proposed solution, the solution is binding on the regulated provider but not the consumer;
ii. by taking part in the ADR procedure does not stop them from taking their case to court;
iii. the proposed solution may be different from an outcome determined by a court;
iv. the legal effect of agreeing to or following the proposed solution.

A1.49 the ADR provider maintains procedures to extend the remedy implementation time given to regulated providers for highly complex remedies.

A1.50 where the ADR provider determines to extend the remedy implementation time they must, within a reasonable time period, give the parties a written statement of this determination.

A1.51 the ADR provider maintains procedures to consider and resolve appeals by consumers or regulated providers about the ADR provider decision.

A1.52 The ADR provider makes decisions regarding appeals that:

i. are based on what is fair in the circumstances, having regard to principles of law, good practice, and any unfair conduct or maladministration, while considering relevant regulatory requirements and codes of practice.
ii. are based on all evidence being documented and analysed by the ADR provider.
iii. follow natural justice and fair procedure, giving parties proper opportunity to comment on facts, conclusions, or outcomes.
iv. must be concluded based on evidence that flows clearly from the analysis.

A1.53 within a reasonable time period, the ADR provider gives the parties a statement of the grounds on which the outcome of the appeal is based.

A1.54 the ADR provider establishes procedures to consider and resolve complaints by consumers or regulated providers about the service provided by the ADR provider, with the final decision being made by a person not previously involved in the complaint and with sufficient authority to direct how the issue may be resolved.

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Performance

Ofgem must be satisfied that:

A1.55 the ADR provider establishes objective targets for handling enquiries, reaching decisions, resolving disputes and ensures processes are in place to enable the ADR provider and others to assess its performance against these targets.

A1.56 the ADR provider carries out periodic quality assurance monitoring regarding:

i. dispute handling
ii. appeals handling
iii. complaints handling.

A1.57 the ADR provider publishes information about consumers' satisfaction with the ADR provider.

A1.58 the ADR provider maintains procedures to use data and insight to drive improvements in consumer experiences and outcomes and look to the future of the energy market.

A1.59 the ADR provider provides information requested by Ofgem, Citizens Advice, Citizens Advice Scotland or Consumer Scotland where the information is required to assess the performance of the ADR provider, its ongoing compliance with the criteria it has been approved against or the performance of regulated providers.

A1.60 the ADR provider maintains procedures to:

i. identify issues and make recommendations on improving complaints handling in regulated providers
ii. recommend changes to regulated providers' processes and/or policies where systemic failures are identified in order to promote improved service
iii. identify a potential breach of regulatory requirements in regulated providers or systemic problems within the industry
iv. identify overdue remedies in regulated providers and make recommendations to improve remedy implementation.

A1.61 the ADR provider regularly collects information regarding regulated providers' performance and trends and reports this information to Ofgem and other key stakeholders where required or agreed, and publishes this information on its website, including:

i. complaint handling
ii. issues or systemic failures
iii. remedy implementation.

A1.62 the ADR provider regularly collects information regarding the ADR provider's performance and trends and reports this information to Ofgem and other key stakeholders where required or agreed, and publishes this information on its website, including:

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i. dispute handling
ii. appeals
iii. complaint handling
iv. issues or systemic failures.

Governance and Independence

Ofgem must be satisfied that:

A1.63 the ADR provider reports to a body or person independent of those subject to investigation (this does not exclude their minority representation on that body). The body or person must also be responsible for safeguarding the independence of the person responsible for the ADR provider.

A1.64 the ADR provider maintains a majority of independent members on any Body or Council which appoints the person responsible for the scheme.

A1.65 the ADR provider is governed such that those appointing or terminating the appointment of the person responsible for the ADR provider must be-

i. independent of regulated providers that are subject to investigation (this does not exclude their minority representation on the body which is authorised to appoint or terminate); and
ii. employed for a limited tenure.

A1.66 the ADR provider ensures that the governance arrangements and fee structure of the ADR provider shall not have a disproportionate effect on any regulated provider.

A1.67 the ADR provider ensures that any terms of reference for a scheme, or changes to the terms of reference, are agreed by a body or person independent of those subject to investigation (this does not exclude their minority representation on that body).

A1.68 the ADR provider enters into agreements such as a Memorandum of Understanding or similar with other organisations, such as Ofgem, as appropriate.

A1.69 the ADR provider notifies Ofgem about any changes to the ADR provider, including changes to its rules or procedures, terms of reference or governance arrangements, within 14 days of the change being made. Citizens Advice, Citizens Advice Scotland and Consumer Scotland must also be informed of the changes.

Governance, Financial Controls and Consumer Protection

Ofgem must be satisfied that:

A1.70 the ADR provider has governance arrangements and financial controls in place that support the effective, efficient and independent discharge of its functions on behalf of consumers. This includes consideration of whether the ADR

provider can demonstrate that it's systems, controls and decision-making arrangements protect the interests of consumers.

A1.71 the ADR provider has mechanisms in place to oversee financial performance, expenditure and the management of financial risks.

A1.72 the ADR provider is satisfied that resources are being used efficiently, represent value for money and are directed towards protecting the interests of consumers and delivering positive consumer outcomes.

Legality

A1.73 In relation to an alternative dispute resolution procedure which aims at resolving a dispute by imposing a solution on the consumer, the ADR provider ensures that:

i. In resolving disputes, the ADR provider ensures that outcomes are consistent with applicable law and do not override or diminish consumer protections that cannot lawfully be excluded or limited.

ii. In resolving disputes, the ADR provider ensures that outcomes are consistent with applicable law and do not deprive consumers of protections afforded by mandatory provisions of consumer protection legislation.

Interpretation

A1.74 The definitions, below, apply to these Assessment Criteria:

A1.75 "ADR" means Alternative Dispute Resolution.

A1.76 "ADR official" means an individual employed, contracted or appointed by an ADR provider to oversee its alternative dispute resolution procedure, whether as a case-handler or in a management capacity.

A1.77 "ADR provider" means an organisation seeking approval from Ofgem or approved by Ofgem, to provide ADR services in accordance with CEARA. References to an "ADR provider" should be read as applying to both prospective and approved providers, where relevant.

A1.78 "Body" means any organisation involved in the ADR accreditation process.

A1.79 "CEARA" means the Consumers, Estate Agents and Redress Act 2007.

A1.80 "Complainant" means a customer who has brought a complaint to the ADR provider for resolution.

A1.81 "Complete complaint file" will comprise of information provided by the Complainant and the Regulated Provider about the complaint. It will typically consist of

i. the parties' summary of the facts and issues in dispute

ii. their opinions as to the merits of the complaint

iii. any evidence that the parties would like the ADR provider to consider.

A1.82 "Dispute" means a complaint or dispute within the jurisdiction of the ADR provider concerning contractual obligations arising from a sales contract or service contract where both parties to the complaint are resident in, or established in, the United Kingdom.

A1.83 "Durable medium" means a letter or an email delivered either by post or electronic medium.

A1.84 "Person responsible for the ADR provider" means the Chief Executive Officer of the ADR provider.

A1.85 "Regulated Provider" means a company within the scope of the applicable energy regulatory framework whose complaints may be considered by an ADR provider, including energy suppliers and, where applicable, TPIs.

A1.86 "Relevant Order" means any Order made under section 47 of CEARA that defines the regulated providers and types of complaint within the scope of the redress scheme provided by the ADR provider.

Appendix 2. List of consultation questions

A2.1 **Q1:** What are your views on whether the proposed assessment criteria in Appendix 1 are appropriate and sufficient to ensure ADR providers deliver effective redress to consumers? What, if any, changes or additional criteria would you recommend? Please explain your reasoning.

A2.2 **Q2:** Are any of the proposed criteria unnecessary, disproportionate or overly burdensome? Do you have suggestions on how to improve them?

A2.3 **Q3:** What are your views on whether any of the assessment criteria should differ between providers operating in the direct supply sector and providers operating in the TPI sector? If you think there should be differences, which criteria and why?

A2.4 **Q4:** Would you support having a single provider or multiple ADR providers, across both the supply and TPI sector? What do you consider to be the benefits, risks, implementation challenges, or unintended consequences of either model?

A2.5 **Q5:** If you support multiple providers in one or both sectors, is there a maximum number of providers you think should operate in each sector?

A2.6 **Q6:** Do you consider that there are material differences between the supply sector and the TPI sector that would justify a different model in each sector (i.e. sole provider in one sector and multiple providers in the other sector)? Please provide reasons and supporting evidence for your view.

A2.7 **Q7:** In a sole-provider model, should the direct supply sector and the TPI sector be served by the same ADR provider, or could/should they be different? Please provide reasons to support your view.

A2.8 **Q8:** Are there any considerations Ofgem should take into account in relation to how a single or multiple-provider model would operate? Please provide any relevant reasoning and evidence to support your view.

A2.9 **Q9:** What are your views on Ofgem's proposed approach to assess and score potential ADR applicants against the assessment criteria using a scoring framework?

A2.10 **Q10:** Are there any assessment criteria that should be given greater weighting than others when evaluating applications, or minimum thresholds for certain criteria regardless of overall score? If so, which criteria and why?

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A2.11 **Q11:** Where multiple applications are received for approval as the sole ADR provider, what approach should Ofgem take to evaluate applicants and identify the most suitable provider?

A2.12 **Q12:** What are your views on approving ADR providers for a fixed term after which they must apply for reapproval?

A2.13 **Q13:** For how long should an ADR provider's approval last under a sole-provider model?

A2.14 **Q14:** For how long should an ADR provider's approval last under a multiple-provider model?

A2.15 **Q15:** Under a multiple-provider model, is it preferable for applicants to apply on a rolling basis or during a set application window?

A2.16 **Q16:** Are there any additional assessment criteria which would be needed to address handover from an incumbent ADR provider to a new ADR provider?

A2.17 **Q17:** What transition arrangements may be needed for ADR provision in the TPI sector?

A2.18 **Q18:** What transition arrangements may be needed for ADR provision in the direct supply sector?

A2.19 **Q19:** What metrics or information should Ofgem use to monitor ADR providers' performance?

A2.20 **Q20:** How frequently should Ofgem review an ADR provider's performance? Do you have views on whether this should change depending on whether there is a sole provider or multiple providers?

A2.21 **Q21:** What are your views on performance monitoring arrangements alongside a formal review period, for example receiving periodic performance updates? Do you have any views on how frequently these updates should be provided to Ofgem?

A2.22 **Q22:** What are your views on how independent audits and reviews could form part of the performance monitoring framework?

A2.23 **Q23:** What information should ADR providers be required to provide to Ofgem on the wider supply and TPI sectors?

A2.24 **Q24:** What information should ADR providers make available to consumers? Do you have views on how this information should be made available?

Appendix 3. Privacy policy

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 will not share your personal data.

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 the period necessary to complete the consultation process, publish the outcome and maintain an appropriate audit record, in accordance with Ofgem's records management policies and applicable data protection requirements.

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

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- 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
- 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, view our Ofgem privacy policy.