

17 October 2003

Head of Customer Contact and Compliance

Ofgem

9 Millbank

London

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Our ref: Licence condition 48 Consultation

Dear Annette Lovell,

I am pleased to enclose our response to the consultation. We have continued to see clients who have had problems with gas and electricity suppliers since our report last October (enclosed). We greatly welcome measures to improve people's experience of being a utility customer.

'Consumers who switch supplier are able to make significant savings' but they benefit from switching only if they find it easy to discover who would be cheaper for them – so honest transparent pricing is essential and needs to be more easily accessible. Clients say they are confused by the information available and want easy access to clear, independent information. It seems many people are not aware of the availability of price comparison information on the internet and this may be because no one seems to be telling them about it! It is not on bills/correspondence from companies and I have not seen it promoted on TV. More importantly, though, not everyone has access to the internet or is computer literate enough to use the one at the local library to find this information out for themselves.

Customer Service needs to improve dramatically so that customers can more easily get problems resolved in a short period of time. It isn't just the problems of

mis-selling but getting through on the telephone, getting a response from letters, having someone understand what is going on and about disputes being solved quickly that really matters to people. If they had been transferred wrongly but then all it took to sort it out was a quick call to a friendly ear – and no more problems (i.e. thinking you've managed to sort it out 3 times already) people would not mind so much.

A proportion of the problems we have seen seemed to involve dishonesty on the part of some of the agents. We were told one company was paying £12 per signature, which may encourage forged signatures and other dishonest ways of obtaining a switch such as not telling the truth about pricing etc. 'Reasonable steps' to train staff is insufficient. Perhaps basic training should be prescribed along with i.e. fines for dishonest behaviour and misleading customers.

It is a good idea to focus on 'output'. The five requirements suggested in 7.12 (providing a copy of the contract they have signed, written details of the tariff applying to the contract, written copies of any other information relied on during sale e.g. data used in calculating any quoted saving, details of cancellation rights and how to effect cancellation, details of how to complain to supplier and energywatch) should all be included, although the first should be an offer for the client to consider, rather than a contract to sign. These appear to be the minimum basic requirements to protect consumers and would address many of the difficulties our clients have experienced. It is important to note that customers can still be misled by an agent who tells them something different from what is in writing as the customer may not notice until the agent has left.

£250 compensation in cases of proven forgery is welcomed but we would like to see automatic compensation. Where a customer wishes to revert to their former supplier this should be organised immediately. If action to reinstate takes more than 28 days, the customer should receive automatic compensation, which should increase with the time it takes to cancel the contract. There could be other minimum time periods for dispute resolution, which also included automatic compensation. When a customer has experienced stress and frustration, particularly when the company is at fault, it would be nice for them not to have to chase up their own compensation it should be automatic. This should also act as an effective deterrent to companies.

It is of concern that the Ofgem commissioned research into consumer attitudes found 36% were quite or very dissatisfied with the contract, 50% of them finding

the agent too pushy/aggressive. 30% said they did not receive a letter from the new supplier, with nearly a third having problems when trying to cancel. If 50% found the agent pushy or aggressive, it leads to questions as to whether doorstep selling should be allowed at all.

An offer given in writing, that includes clear information about price comparisons, for customers to have time to think about, would be welcomed. Particularly since the pressure is taken off and it seems that people have signed up in the past just to get rid of the agent. It is important for this to not turn into the 'welcome letter' announcing transfer that we have previously seen but should be a genuine offer, so the onus is on the client to take it up if they find it agreeable, rather than have to take the trouble to cancel an unwanted one. This is pertinent as only 2% of respondents in the survey recalled being given cancellation details on the doorstep.

The alternative is Cancellation Rights. 14 days would be ineffective for mis-sold transfers to be cancelled where people may have gone away and would not receive the mail in time to cancel. The inconvenience of having to wait a little longer for your chosen change of supply as a result of this checking process is nothing compared to the stress, aggravation and frustration of trying to revert an unwanted transfer. This is why the onus should be on the customer to take up the offer rather than the hassle of cancelling the contract.

(7.6) Vulnerable customers e.g. older people and minors. There should be specific protection for these groups. We have had several cases of transfers in the names of children. We also had cases of older people confused and worried on the doorsteps. Older people may tend to be apprehensive about unexpected callers as well.

If a customer does not readily understand s/he has entered into a contract then it should not stand. Customers should always be able to identify the licensee. Reasonable times should be changed to 10am – 4pm in the winter and possibly later in the summer. What is reasonable for a young person not home till late in the evening is not the same as for an elderly person. Many elderly clients have said they are very frightened by agents calling after dark. The companies want to catch people who work at these times but if they are genuinely offering a good deal, the customer will make the effort to enjoy it. Promotional material, showing the savings could be left through the letterbox instead.

We would like to see all the specific prohibitions suggested in 7.20 (misleading consumers about the nature of the document they were signing, forging consumers' signatures, attempting to sell to minors, bringing undue pressure to bear, particularly on vulnerable consumers, sales activity outside certain times of day and continuing an approach after a consumer has requested that it be terminated). This would be very welcome and would go a long way to address the problems experienced by many of our clients. This would work only if there was a consequence of not adhering to it for both the agent and the company s/he was working for, for it to be effective.

All the positive obligations in 7.21 would also be welcome. For the customer to be able to keep the agent's card, showing their name and company would be very useful as it should lessen the chances of fraud and dishonesty and would negate the problems our clients have had of believing the representative was from their current supplier.

The industry should also devise simple means and a central database or register in order for customers to easily discover who their supplier is. The database should include who is supplying electricity and gas and be easy to access in order to save time for advisers and clients. It would also act as a safeguard against suppliers who wrongly claim to be supplying a customer.

We agree that generally the term 'reasonable' should be avoided. It makes for uncertainty for both suppliers and consumers of their rights and obligations.

Customers must have the opportunity to object to a transfer *before* it takes place. Currently suppliers should make reasonable efforts to confirm customers wish to transfer and thoroughly commend the Companies who have voluntarily chosen to do this already. Licence Condition 48 was intended to do this, but it has been hijacked by companies into a "welcome" letter. We believe the transfer should not proceed until the company has received confirmation from consumer. This is why we would like to see an offer, for which the onus is on the consumer to activate if they believe it to be in their interest rather than cancel if it is not. The inconvenience of having to wait a little longer for your chosen change of supply as a result of this checking process is a small price to offset the stress, aggravation, frustration and time of trying to revert an erroneous switch.

This should also address the problem of transfer in the name of someone who isn't the current bill payer.

Yours faithfully

Mrs. I. Hall

Manager