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Dear Nigel,

Erroneous Transfer Customer Charter - Review Document (October 2003)

Thank you for the opportunity to comment on the above paper.

We consider it vital to provide our existing (and potential) customers with an exceptional level of customer service and we aim for continuous achievement in this area. We are therefore fully committed to the aims of the Erroneous Transfer Customer Charter. In addition, we firmly believe that the Charter is fit for purpose and is working effectively to ensure that where customers are erroneously transferred they are returned to their original supplier quickly, reliably and with the minimum of fuss.

We therefore support Ofgem's conclusion that the Charter continues to be fit for purpose and that the vast majority of suppliers are performing well under the Charter. In addition, the experience of customers who are erroneously transferred has continued to improve and this is supported by the significant fall in erroneous transfer related complaints to Energywatch. As a consequence, we strongly support Ofgem's decision to conduct a further review of the Charter in October 2004 and not to take formal regulatory action at this time.

The paper also sets out a number of recommendations from Energywatch about suppliers' performance or where consideration should be given to amending the Charter and its supporting requirements. We have commented on these below.

Energywatch propose extending the compensation scheme to other aspects of the Charter. However, we are concerned that such an approach would create inappropriate incentives

which could potentially result in a significant increase in (spurious) complaints. Rather, we believe that suppliers should focus on minimising erroneous transfers and where they do occur, resolving them quickly and smoothly. Indeed, we believe that the majority of customers would choose such an approach over and above a reliance on compensation in pre-determined circumstances. We therefore firmly believe that the compensation scheme should not be extended and that compensation in relation to other aspects of the Charter (or indeed the customer's experience) should remain at the discretion of suppliers.

We fully support the principle of keeping customers informed throughout the returning process in the interests of good customer service. However, we do not believe that the Charter requires strengthening in this respect and further communications with customers should be at suppliers' discretion depending on the circumstances of each case.

Energywatch state that some losing suppliers persuade customers to sign new contracts rather than go through the erroneous transfer process. This solves the problem and often results in the customer being returned to their original supplier as quickly as possible. However, as Energywatch state, in some cases this can result in the customer being billed for a short period by the other supplier. We therefore believe that, in the interests of good customer service and to operate fully within the spirit of the Charter, suppliers that re-register customers in this way should treat the returning customer as though they had been returned under the Charter. That is, they should bill the customer as though they had never left. As you are aware, we have already raised this issue at the last Objections / Erroneous Transfers Working Group meeting in November.

We support Energywatch's recommendation that suppliers should return customers under the Charter regardless of the time that has elapsed since the erroneous transfer and resolve any inter-supplier settlement issues behind the scenes and without involving the customer as far as possible. We also welcome Energywatch's intention to monitor individual company compliance with the Charter. We do not, however, believe that there is a requirement to extend the Charter to I&C customers.

Should you wish to discuss any of the above points, please call.

Yours sincerely,

Rob McDonald
Director of Regulation