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Energy Supply Ombudsman's progress is positive, but suppliers must do more to boost profile

- **Energy Supply Ombudsman has made sound progress in its first year**
- **Customer satisfaction high with the Ombudsman service**
- **Ombudsman scheme expanded to cover all domestic energy supply complaints**
- **Suppliers need to do more to promote Ombudsman scheme to customers**

The Energy Supply Ombudsman (ESO) is working well at helping customers to resolve complaints after only 12 months of operation, but energy suppliers need to do more to help promote the scheme, according to a report by energy regulator Ofgem.

Ofgem found that the ESO is helping a broad range of domestic customers, including vulnerable customers, to resolve their complaints. Initial research also shows that customer satisfaction with the new service is high.

More could be done to publicise the Ombudsman as not all suppliers have put its details on their bills.

Ofgem Chief Executive Alistair Buchanan said:

"The Energy Supply Ombudsman has made good progress in its first year, but suppliers must communicate more effectively the benefits of the scheme, which can award customers up to £5,000 in compensation when a complaint is upheld."

"Competition allows customers to switch their supplier if they receive poor service and this remains the ultimate sanction, but the Ombudsman is now giving customers an additional route to get their complaints resolved. It also places additional pressure on companies to do all they can to resolve complaints before they get to the Ombudsman."

The use of the Ombudsman scheme has increased steadily in its first year. To the end of June 2007 it initiated 630 investigations, while between July and September inclusive it handled another 826 cases.

Suppliers have announced that from the end of this year, the ESO will accept unresolved cases after eight weeks from the initial complaint, instead of the current 12 weeks. As of 1 September the ESO has extended its remit to cover all types of energy supply complaints.

The Ombudsman needs to improve some aspects of its handling of customer complaints and Ofgem will be working closely with the ESO over the next 12 months to help them improve some of their processes.

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Notes to editors

1. The Ombudsman is a voluntary redress scheme for customers of the six largest domestic energy suppliers. Ofgem asked energy suppliers to set up the ombudsman to offer an independent dispute resolution service after it investigated energy companies' billing practices. The ombudsman was established in July 2006 to resolve customers' billing and transfer complaints where suppliers are not able to do so.
2. The Energy Supply Ombudsman review is part of Ofgem's work to ensure there is adequate consumer protection now that Government has made the decision to replace energywatch with Consumer Direct. As part of this work, Ofgem has also published its *Approval of Redress Schemes* and *Complaint Handling Standards*, which can be found at: www.ofgem.gov.uk
3. The ESO is entirely independent from industry. It is overseen by the Ombudsman Service Limited (TOSL), an independent not-for-profit private limited company. It is governed by a non-executive Council, which consists of nine members, six of which are independent. Only one of its members represents the energy industry. The Council is responsible for appointing the Ombudsman and protecting its independence. It also oversees the Telecommunications Ombudsman (Otel) and the Surveyors' Ombudsman.
4. The ESO is intended as a backstop form of resolution, to provide resolution and redress when suppliers are unable to do so. The primary aim of the scheme is to improve the experience of customers and therefore the ESO review measures the effectiveness of the scheme by its impact on customers.
5. Ofgem will be working closely with the ESO to ensure that there is clarity on the regulatory framework and suppliers' voluntary initiatives. Ofgem will also monitor the circumstances in which customers are referred back to their supplier. Ofgem will ask that the ESO considers whether the process for investigating complaints where energywatch acts on the customer's behalf, can be sped up.
6. Ofgem is the Office of the Gas and Electricity Markets, which supports the Gas and Electricity Markets Authority, the regulator of the gas and electricity industries in Great Britain. The Authority's functions are set out mainly in the Gas Act 1986, the Electricity Act 1989, the Competition Act 1998 and the Utilities Act 2000. In this note, the functions of the Authority under all the relevant Acts are, for simplicity, described as the functions of Ofgem.

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