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Dear Neil

**Regulation of marketing to domestic customers**

Many thanks for giving us the opportunity to input our views on whether Standard Licence Condition 25, which relates to marketing activities to domestic consumers, should be retained for a further two years.

In summary, Citizens Advice strongly supports the retention of the marketing condition. In its letter of 18 February 2009 Ofgem highlights a number of recent matters in this area, such as NPower's fine of £1.8m and the fact that sales and marketing was identified as a clear source of concern in Ofgem's Energy Supply Probe. In light of such disappointing revelations we would suggest that now would be an extremely inopportune time to consider removing the relevant licence condition.

Statistics reported by Citizens Advice Bureaux over the last few years confirm that sales and marketing activities continue to be a cause for concern and represent a significant number of fuel issues dealt with. The two tables below show that cases logged as 'fuel selling methods and techniques', which include cases relating to marketing, show no sign of falling:

**Table 1: Number of sales and marketing cases dealt with by CABx in England and Wales**

Fuel issue	2005-6	2006-7	2007-8	2008-9 (estimated from data for Q1-Q3)
<b>Selling methods &amp; techniques</b>	776	833	827	853

**Table 2: Selling methods and techniques as percentage of number of total fuel cases dealt with by CABx in England and Wales**

Fuel issue	2005-6	2006-7	2007-8	2008-9 (estimated from data for Q1-Q3)
<b>Selling methods &amp; techniques</b>	2.9%	1.8%	1.8%	1.8%

In addition, individual cases reported by Citizens Advice Bureaux in the last few months reveal the detrimental impact that dubious sales and marketing activities can continue have on individual CAB clients, many of whom are vulnerable in some way:

**A CAB in Cambridgeshire** reported a case involving a client who has ongoing mental health problems and suffers from depression. The client was alone in his girlfriend's house when he was cold-called on the doorstep by a representative acting on behalf of a fuel supplier about changing the electricity supplier for the house. The client told them that it was not his house and he could not make any decisions about switching supplier without seeing examples of their charges. The sales representative then persuaded the client to sign a piece of paper so they could show him their charges. The client did not check what he was signing but now accepts he must have unwittingly signed for a change in supplier. He has now received a demand for £706.17 from a debt collection company acting on behalf of the supplier.

**A CAB in London** reported a case involving a lone parent with two children. The client does not speak or read English but changed fuel suppliers when pressurized into doing so by a sales representative on her doorstep. The client received a bill a year later from the new supplier demanding payment of £3034.45 in full.

**A CAB in Herefordshire** helped an elderly and vulnerable client who had a doorstep salesman call at her home in October suggesting she transfer supplier. The client told the salesman she didn't understand, but faced with his repeated reassurances and persistence she eventually agreed to transfer. Since then the client has become confused about who is her current provider and which payment cards she should be using. As a result she has stopped making payments since she doesn't know which cards are the correct ones to use. The client is now extremely anxious about 'getting it right', making payments to right person, and having an ongoing supply of gas and electric.

**A CAB in North Yorkshire** reported that their client received an unsolicited visit from a sales representative from a fuel supplier. The sales person gave the client misleading, possibly false, information relating to the level of charges which she would have to pay if she switched supplier. Convinced by this, the client agreed to transfer. However, subsequently the client became aware that she in fact actually had to pay a higher rate for her fuel. The client now wishes to return to her original supplier.

**A Warwickshire CAB** reported that their client received a visit from a doorstep salesman who wanted her to transfer her fuel supply. The client stated that she did not want this, did not agree with it and made a point of not signing anything. The client did not receive a bill from any supplier for twelve months, so eventually she signed up with another fuel supplier. She has now received a demand for £500 from the fuel supplier that called at her door. The letter threatens action from their solicitors if the client does not pay the outstanding amount.

**A CAB in Wiltshire** reported that their client tried to switch electricity suppliers but her old supplier used aggressive selling techniques to persuade her back against her will. Eventually the client managed to push through with the transfer but was then faced with bills from two different electricity suppliers and was too nervous to ring her old supplier as she feared she would be unable to resist being `aggressively persuaded` to return to them again.

Given that the number of issues dealt with by bureaux relating to sales and marketing has not reduced and many of the individual cases of dubious practices can cause significant consumer detriment, particularly to more vulnerable members of society, we see an extremely compelling case for the current marketing licence condition to be retained.

The need for the current marketing licence condition to be extended is even more pressing in the context of the current economic climate. Cases reported to bureaux, including some of those detailed above, often recount that following a contested transfer from a dubious marketing approach, a customer can fail to receive a bill for a substantial amount of time or can sometime be billed by two different suppliers. The result of this delay or confusion can be the build-up of a substantial debt. With many people already struggling to afford fuel bills, this is an issue that should mean that Ofgem goes ahead with their proposal to renew the marketing licence condition.

We recognise that during the two year extension there will be discussions of proposals to modify the licence condition, and we look forward to actively participating in this debate.

I trust that you find this brief response of use in considering whether to retain the current marketing licence condition for a further two years. If you would like to discuss any aspect of this submission then please do not hesitate to contact me.

Yours sincerely,

Tony Herbert  
Social Policy Officer

