



*Promoting choice and
value for all customers*

Date: 30 June 2009

Dear Colleague

Ofgem has today published the results of the independent audit into energy suppliers' compliance with the complaints handling standards, together with the consumer research report into customers' satisfaction with suppliers' complaints handling. We have also assembled the first set of complaints data since the new complaints handling standards and statutory redress scheme were introduced on 1 October.

The complaints handling standards are a key element of the new consumer representation arrangements. Therefore, I am pleased that the results of the audit show that most suppliers took steps to prepare for introduction of the complaints handling standards, training staff and revising procedures in advance of 1 October. However, there are areas of weakness that all suppliers must address, particularly in terms of the handling and resolution of complaints. Whilst some suppliers are better than others all need to improve and ensure that they are fully compliant with the standards.

Moreover, the complaints handling customer research shows that compliance with the standards is not enough. The level of customer satisfaction with suppliers' complaints handling is disappointingly low. Whilst customers may be happy with the initial service they receive, there is often a fundamental difference between a customer's view of whether a complaint has been resolved and the supplier's. This is a primary driver of dissatisfaction for consumers and one which suppliers should be most concerned to address. There were also significant concerns about the number of contacts required to resolve an issue and softer issues about "ownership" of complaints, and empowering staff to make decisions which can resolve the issue.

It is in suppliers' interests to ensure that the service they provide is of a high standard. The customer research shows that nearly 15% of domestic customers who complained had either changed or were going to change their supplier. There is clearly an opportunity for suppliers to raise the bar to retain existing, and attract new, customers. While satisfaction was low across all suppliers some performed better than others and we have sought to highlight in our report the relative performance of companies in this area – as judged by customers. We believe this is important information to help customers choosing between suppliers.

The results of the audit and research have highlighted a number of key areas common to all suppliers on which we expect you to focus in the coming months. These include, but are not limited to, the following:

- agreeing the basis of, and accurately recording, complaint resolution;
- keeping full and accurate records of complaints;
- empowering staff to take ownership of the customer and their complaint; and
- proactive management monitoring.

We trust that you will examine your individual audit report, together with the research, carefully to see where there is action you need to take. So that I can be confident that these issues are being taken seriously by the industry, I would like to hear how you plan to take account of Ofgem's audit and research findings in improvements to your complaints handling practices.

We are likely to repeat our consumer research next year and would expect to see significant progress. We will also consider whether another independent audit of suppliers' adherence to the complaints handling standards is required. This will help determine whether further action is required – either in terms of enforcement or further strengthening of the standards.

In summary, while the building blocks (in terms of systems and processes) are in place, there is clearly still much to do to provide customers with confidence that suppliers are dealing with their complaints effectively.

I look forward to receiving your reply by 10 July 2009.

Yours sincerely

ALISTAIR BUCHANAN
CHIEF EXECUTIVE