

Press Release

R/18

27 July 2011

BRITISH GAS FINED £2.5 MILLION BY OFGEM FOR FAILING CONSUMERS WHO COMPLAIN

- **Ofgem investigation leads to British Gas improving how it deals with customer complaints**
- **The fine is a warning from Ofgem that all energy companies must take complaint handling seriously and treat their customers fairly**

Ofgem has today announced a £2.5 million penalty on British Gas after an investigation by the regulator found that the company had breached regulations setting standards for the way energy companies handle customer complaints.

The investigation found that British Gas had:

- failed to re-open complaints when the customer had indicated that the complaint was not resolved
- failed to provide customers whose complaint they could not resolve with some key details about the redress service provided by the Energy Ombudsman
- failed to put in place adequate processes and practices for dealing with complaints from micro-businesses.

Sarah Harrison, Ofgem's Senior Partner for Sustainable Development, said: "Today's finding highlights basic failures in British Gas' customer service, particularly in dealing with some of its small business customers, and shows Ofgem's commitment to use its powers to ensure suppliers treat customers fairly and transparently.

"We warned the industry in March that we would be backing up our plans to reform the retail market with a tough approach to enforcement. This £2.5 million fine against British Gas, and the other £10 million of fines imposed on the energy industry so far this year, sends a clear message to energy companies that they must abide by the rules."

Since Ofgem started the investigation in June 2010, British Gas has taken action to improve its complaint handling systems and ensure it is compliant with Ofgem's regulations.

Ofgem is currently investigating Npower and EDF Energy for complaint handling; Scottish Power, Scottish and Southern Energy, EDF Energy and Npower for misselling; and is undertaking two investigations into Scottish Power for potentially misleading marketing and the difference between its Standard Credit and Direct Debit Tariffs.

The complaint handling regulations took effect from October 2008 and complement the role of the Energy Ombudsman. The regulations set out the service that domestic and micro-business energy customers should expect from energy companies if they raise a complaint.

- ends -

Notes to editors

1. Financial penalties previously levied by Ofgem:

July 2011	British Gas Business	Misreporting under the Renewables Obligation	Penalty £1 million
February 2011	SHEPD, Central Networks, Electricity North West	Failing to provide timely offers for network connections	Respective penalties of £500k, £400k and £100k
January 2011	National Grid Gas	Misreporting regulatory information on mains replacement	Penalty £8 million
July 2009	EDF Energy	Failure to provide connections within prescribed time limit	Penalty £2 million
January 2009	Npower	Misselling	Penalty £1.8 million
February 2008	National Grid Gas	Abuse of dominant position in market for provision of domestic gas meters	Penalty £41.6 million (reduced to £15 million by the Court of Appeal)

2. The complaint handling regulations set out a high level of service for energy customers. This includes (The breaches Ofgem found against British Gas in this case are in bold):

- a common definition of a complaint between energy suppliers
- **a requirement for suppliers to record complaints upon receipt and follow up contact with the customer after the initial complaint**
- a requirement for suppliers to have a complaints handling procedure and be able to explain to customers how they can make a complaint
- **a requirement to signpost customers to the Energy Ombudsman if the complaint is not resolved**
- **a requirement to deal with consumer complaints in an efficient and timely manner, and allocate sufficient resources to do this**
- a requirement to publish information on complaints

3. More information about the Energy Ombudsman is available at: <http://www.ombudsman-services.org/energy.html>

4. A link to the penalty notice for Ofgem's decision can be found at: <http://www.ofgem.gov.uk/About%20us/enforcement/Investigations/CurrentInvest/Pages/CurrentInvstgtns.aspx>. Any representations on the penalty may be made by 5 September 2011.

5. Ofgem and Citizens Advice have recently launched on-line their successful consumer advice campaign, Energy Best Deal. This series of seven short films gives advice on a range of energy issues. To view these films, including "How to make a complaint" see: <http://www.ofgem.gov.uk/consumers/smebd/pages/smebd.aspx>

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 powers and duties are largely provided for in statute, principally the Gas Act 1986, the Electricity Act 1989, the Utilities Act 2000, the Competition Act 1998, the Enterprise Act 2002, the Energy Act 2004 as well as arising from directly effective European Community legislation.

For further press information contact:

Chris Lock	020 7901 7225
Alison Wright	020 7901 7217

Out of hours media contact number 07766 511470