

# Press Notice

**31 October 2011**

## **OFGEM FINES NPOWER £2 MILLION FOR FAILING TO HANDLE COMPLAINTS PROPERLY**

- **Ofgem has fined npower £2m, following on from its announcement of a £2.5m penalty for British Gas in July**
- **This reinforces Ofgem's focus on ensuring that consumers obtain the service they expect from energy companies**
- **Energy companies must now get behind Ofgem's sweeping reforms to restore consumer trust as quickly as possible in the energy industry**
- **npower has taken action to improve how it deals with customer complaints and ensure it is compliant with the regulations**

Ofgem has today announced a £2 million penalty on npower for breach of the regulations which set standards for the way energy companies handle customer complaints. This follows a penalty of £2.5 million in July on British Gas for breach of the same regulations.

Sarah Harrison, Ofgem's Senior Partner for Sustainable Development, said: "Consumers have a right to expect that energy companies will comply with the standards. npower failed to do so and although it took remedial action, it has incurred a penalty for failing consumers.

"Energy suppliers now have a golden opportunity to convince consumers that they can be trusted, by getting behind Ofgem's sweeping reforms for the retail market. This is the quickest way of restoring consumer trust in an industry badly tarnished by poor supplier behaviour."

Ofgem's investigation followed consumer research it conducted and published in 2010. The investigation found that npower had:

- failed to record all the required details of domestic and micro-business complaints received
- failed to provide customers whose complaint it could not resolve with some key details about the redress service provide by the Energy Ombudsman
- failed in some respects to put in place adequate policies and processes for dealing with complaints in an efficient and timely manner.

npower has addressed and remedied all the breaches of the regulations which Ofgem identified.

Ofgem is currently also investigating the way in which EDF Energy handles complaints. The complaint handling regulations took effect from October 2008 and complement the role of the Energy Ombudsman. The regulations set out minimum standards that

domestic and micro-business energy customers should expect from energy companies if they raise a complaint.

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## Notes to editors

### 1. Ofgem's reforms

Ofgem is proposing sweeping away complex tariffs and breaking the stranglehold of the Big Six energy suppliers on the electricity market. This is also being backed-up with a tough approach to enforcement action. A fact sheet, Retail markets: review and remedies, is available from the Ofgem website:

[http://www.ofgem.gov.uk/Media/FactSheets/Documents1/RMRfactsheet\\_energy%20prices%20update%20FS.pdf](http://www.ofgem.gov.uk/Media/FactSheets/Documents1/RMRfactsheet_energy%20prices%20update%20FS.pdf)

### 2. Financial penalties previously levied by Ofgem:

July 2011	British Gas	Failure to comply with the Complaints Handling Regulations	Penalty £2.5 million
July 2011	British Gas Business	Misreporting under the Renewables Obligation	Penalty £1 million plus redress
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)

3. The complaint handling regulations set out a high level of service for energy customers. The breaches Ofgem found against npower in this case are:

- A requirement for suppliers to record complaints in adequate detail upon receipt
- A requirement to signpost to customers certain details about the Energy Ombudsman if the complaint is not resolved
- A requirement to receive, handle and process complaints in an efficient and timely manner.

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

5. The proposed level of penalty on npower would have been higher had npower not admitted the breaches of the regulations and co-operated with Ofgem's investigation by putting things right.

6. A link to the penalty notice for Ofgem's decision can be found at: <http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=14&refer=ABOUT%20US/ENFORCEMENT/INVESTIGATIONS/CURRENTINVEST>

7. Ofgem and Citizen's 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>

8. 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.

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