

Press Release

27 November 2012

OFGEM SECURES £1.7 MILLION FOR CONSUMERS FOLLOWING E.ON ERROR

Ofgem has secured a commitment from E.ON to pay back around £1.4 million to approximately 94,000 consumers who were incorrectly charged exit fees or overcharged following price rises.

In addition, E.ON has agreed to make an additional payment of around £300,000 as a goodwill gesture to a consumer fund which they run in partnership with Age UK.

E.ON has made these payments in recognition of failings against licence obligations. Under Ofgem obligations, suppliers have to give customers 30 days notice of a price rise; this allows customers the chance to switch before the increase takes effect. If a customer signals their intention to move supplier within this timeframe they do not incur exit fees or the higher charges, even if the switch occurs after the price rise.

Ofgem has been pursuing this issue with E.ON on customers' behalf. E.ON has assured Ofgem that all of the consumers affected have now been identified and will be contacted and sent a rebate of an average of £14.83. This includes eight percent interest on the amount they were incorrectly charged.

Sarah Harrison, Ofgem's Senior Partner in charge of enforcement said: "Ofgem has put in place protections for consumers so they can get a fair warning if their supplier puts up prices and time to shop around for a better deal. E.ON has accepted it failed to meet these protections. Today's announcement that E.ON will compensate customers is a positive step by the company to put right their mistakes and is welcome."

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Notes to editors:

1. The Engage Fund is run in partnership with Age UK Group helps fund services to:
 - Maximise incomes of older people by providing benefits advice and financial help through benefits health checks carried out either face to face or by telephone in local Age UK offices enabling some to be lifted out of fuel poverty
 - Reduce the consumption of wasted energy in older people's homes by providing energy saving advice and practical measures via the Handyman and Handyperson scheme operating in customer's homes.
2. 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:

Lisa O'Brien 020 7901 7426
Chris Lock 020 7901 7225
Felicity Beverley 020 7901 3858

Rory Edwards 020 7901 7246
Mark Wiltsher 020 7901 7006
Out of hours 07766 511470