

RMR: Third party intermediary (TPI) working group

3rd Session

Minutes for the Third Party Intermediary (TPI) RMR working group to discuss the proposal for a single Code of Practice for TPIs	From	Ofgem
	Attendees	Energy suppliers, consumer organisations, Independent TPI code administrators
	Date and time of Meeting	Monday 25 th March, 12:30pm
	Location	9 Millbank, Westminster, London, SW1P 3GE

1. Welcome and introduction

- 1.1. All working group members attended the meeting, with the exception of two organisations, Smart Change Consulting and the ACS who notified us in advance. Please find the full group list attached.

2. Key topics for discussion

Plenary discussion

- 2.1. Apologies were made by Louise van Rensburg on the late publication of the meeting notes. Resources had had to focus on finalising the Final Proposals for the Retail Market Review, which was published shortly before this meeting.
- 2.2. Update on the emails: Since the start of the working group we have received about 70 emails from external stakeholders, including members from the working group. We are and will be incorporating these views into our ongoing thinking and bringing emails to the attention of the group when necessary to further inform our views. We consider our priority is to keep the momentum and focus of the working group, so will not be discussing every email we receive, especially when it is not relevant or appropriate, as per the groups Terms of Reference.
- 2.3. Ofgem has taken on board comments that we should get a 'first cut' working version of a Code agreed as soon as possible. We have therefore taken the broad framework categories agreed at the previous meeting and begun to populate them. Today's meeting will start to discuss these, in break out groups to utilise the large working group effectively.
- 2.4. In the second plenary discussion, participants raised the following points:
- a) How shall suppliers and TPIs share responsibility for the content of the 'Principle terms'? I.e. Will the ownership change after the customer has signed a contract?
 - b) What is a TPI? This question was asked in relation to the 1st session discussions (Was one of the 1st group discussions). We will be releasing a summary document prior to the next working group session(4), this will clarify what was proposed in previous discussions regarding the above

question.

At the second session Ofgem supplied an objective¹ which indicates that it is the services of a TPI and the consumer protection aspect which are appropriate in this instance. Ofgem have agreed that these two points will be further clarified prior to the the next session (April 22nd) to ensure all interested parties are clear on Ofgem's view.

- c) The role of aggregators was also mentioned in the respect of the 'services' of a TPI, indicating that the customer should always know if there is an aggregator involved in the transaction.

Another point in relation to aggregators was raised, asking if there is inaccuracies which were created by an aggregator, who would face the penalty of not adhering to the CoP.

- d) In relation to point b), another respondent raised the suggestion that if we refer to 'services' this would cover all parties involved in the transaction; then the CoP should reference the appropriate Supply Licence Conditions or the SOC's in the CoP clause. Which in turn would cover aggregators.
- e) Following on from point d) above, existing market regulations have been mentioned in relation to the code. This was also discussed throughout some of the groups in the last 2 sessions. At the next session, Ofgem will supply clarity on existing regulations which may affect/steer the CoP.

Group discussion

The working group broke into four groups, discussing different aspects of COP content (two groups each discussing the same set content points to widen the views). This was based on the agreed framework and covered elements b, c, d, e, f, and k of the framework. All groups then reported back to the plenary.

2.5. Table 1 below summarises the points the groups made. Ofgem will take these into consideration before refining the content.

3. Next Steps

3.1. The next working group session will take place on 22 April from 10am-2pm.

4. Closing remarks

4.1. All attendees were thanked for attending and for their insightful input. It was noted and appreciated that all parties had contributed in the spirit of working towards a common goal and that it was a useful third meeting.

¹ Please see updated agenda from the 2nd session – published on 26th March 2013;
<http://www.ofgem.gov.uk/Markets/RetMkts/rmr/stakeholder-engagement/Documents1/TPI%20working%20group%20-%20Agenda%202nd%20session.pdf> .

Table 1

Discussing the content of the Code of Practice (CoP)

Bearing in mind the COP's objective: To protect the interests of business consumers and give them confidence when engaging with Third Party Intermediaries for energy related services.

General remarks from the group:

- *General agreement on including all points discussed below*
- *Diverging views on whether a more precise definition of a TPI will be necessary for the COP*
- *Clear wording in the COP: thinking about the distinction between the terms 'product' and 'service'; definition of qualitative terms can be tricky if used in a COP (ie what meaning of 'clear' do we expect? Or 'appropriate' evidence?)*
- *Question: Who are the actors between/ alongside suppliers and customers? Where do lead generators and aggregate suppliers fit in?*
- *Consider replacing 'should' with 'will' or 'must' to make the obligation stronger*
- ***Actions for Ofgem***
 - *Rephrase some of the recommendations in column two*
 - *Clarify previous discussion on TPI CoP objective*
 - *Clarify who the TPI CoP will cover and what rules apply to all parties involved. I.e. Will the code cover suppliers too*

1. Core Criteria	2. Ofgem recommendations for the CoP	3. Views from group discussions
<i>Content of the CoP</i> <i>(the sub headings below contain the detailed content)</i>	<i>The section will display measures directed at the removal or easing of consumer concerns and undesirable trade practices arising within the TPI sector.</i>	Not discussed in this session
b) Training	<i>Ensure appropriate training so all staff understand the requirement of the CoP and their own legal obligations to consumers.</i>	<ul style="list-style-type: none"> - All organisational staff must understand and implement the CoP in their business relations. - Participants agreed that the exact training procedures should be left for each member of the code to decide. - Part of the group recommended adding a reference to external agents. - The CoP must be clear on what this training should include (the CoP, also BPMMRs, etc?) - Should the CoP foresee an audit? What would the cost be for code members?

<p>c) Misleading advertising</p>	<p><i>The TPI should comply with the rules defined in the 'Business Protections from Misleading Advertising Regulations 2008. In particular, the TPI should not mislead the customer about who they work for, they should be clear about who they are and the service they are providing, and the circumstances under which they are offering them the service. The TPI should always provide clear and truthful information to the consumer. I.e. being open and honest at all times and desist from giving or advertising false or misleading information.</i></p> <p><i>The customer should not be led to believe that the 'product' will provide more than it's ability. For example;</i></p> <p><i>The TPI should refrain from using statements which cannot be supported with appropriate evidence.</i></p> <p><i>This should be tailored around what the customer is looking for.</i></p>	<ul style="list-style-type: none"> - This is a contextualisation of the BPMMRs - Structure: should this start with an overarching principle, followed by more detailed points? - SCoPe: Several participants thought that this heading was slightly misleading: needs to/meant to also cover selling, marketing, advertising. The terms should be chosen carefully and defined in more detail and reworded where appropriate. - This section should answer five points <ol style="list-style-type: none"> 1. Who the TPI is, including who they represent/who they solicit prices from (one or more suppliers). 2. The purpose of the contact independent from its format (call, online, direct, indirect,...). 3. What the customer of the TPI will be paying for, ie the service the TPI is offering and how this fits into the customer – supplier relationship. 4. Claims about the product (absolute as well as relative to the wider market) 5. Suitability of the product for the customer: The TPI should pursue the best interest of the customer. Independent of the customer's opinion.
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<p>d) Adequate and accurate pre contractual information</p> <p>i) Clear and accurate info ii) Info about the main characteristics of the product iii) Key contract terms</p>	<p><i>The customer will receive information relating to the services discussed and or agreed (This may be their prices, advice, contract terms, product selections) in a clear and easy to understand language.</i></p> <p><i>The TPI will give clear and accurate information about the main characteristics of the products , including all relevant Principal terms that may affect the customer's decision.</i></p>	<ul style="list-style-type: none"> - Be explicit on our aim: either 1, 2, or both - 1) stop rogue TPIs from representing their services poorly or 2) to stop rogue TPIs from selling a supplier's contract poorly - This section should represent 'products' - Pre-contractual information: compare all products on a high level - Principal terms: defined as all that affects the decision. How will suppliers and TPIs share the responsibility for the Principal Terms? - Will the ownership change after the customer has signed a contract? - Code members should be able to provide proof that this is the right product for the customer at the time (Bearing in mind that customers do not always listen to or read their principal terms) - Test how much information is practicable
<p>e) To make sure that consumers are protected from high pressure selling techniques</p>	<p><i>Third parties will not use 'high pressure selling' techniques to force or pressure a customer/client into agreeing to a service (Contract, prices etc)</i></p> <p><i>Third parties should always consider the customers circumstances, for example Vulnerability and or inability to understand the terms supplied to them.</i></p> <p><i>Point to note; Pressure selling can also be a form of mis selling dependant on the circumstances in which the customer has become tied too. For example ; at the point of signing the contract.</i></p>	<p>What is pressurise selling: the threat of pressure or the timescale of the sale?</p> <ul style="list-style-type: none"> - To separate this from 'misselling', this needs to be about the process used e.g. the intensity - Concerns over the use of the term 'vulnerability': Feel this relates more to domestic consumers. To avoid the connotations this raises, need to use something else that describes 'those more easily at risk of being misled' e.g. 'explain it to the standard that someone understands it.' - Should be written in plain english: market awareness, mainly treating customers fairly.
<p>f) To make sure that consumers are provided with clear and fair contractual terms and conditions</p>	<p><i>The TPI will give clear and accurate information about the main characteristics of the product , including all Principal terms that may affect the customer.</i></p>	<ul style="list-style-type: none"> - This section should represent the chosen 'product'. - Must make full Terms and Conditions available. - Make changes to d) explicit - Clarify who will have ownership of the relationship since the consumer signed the contract

<p>k) To ensure consumers receive good customer service. i) Before a contract is agreed ii) After ordering iii) After booking iv) After paying and receiving goods This is not the same as complaint handling</p>	<p><i>TPIs should supply good customer service at all times, always with the customers interests and the supplier's processes in mind.</i></p> <p><i>For example; Ensuring the customer is receiving the service they require and not harming the reputation of the supplier who is supplying the contract to the customer.</i></p> <p><i>Point to note; This is not the same as complaint handling(there should be a separate redress process). However this is not to say that if the customer service was at an unacceptable level that this may progress to a complaint.</i></p>	<ul style="list-style-type: none"> - <i>Customer service underpins all discussions, this should be considered at all levels of engagement</i> - <i>Ensure we consider existing supplier processes, but remove the specific reference and apply what is applicable to TPI services e.g TPIs should supply good customer service at all times, always with the customers interests and relevant activities within the control of the TPI.</i>
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