

RMR: Third party intermediary (TPI) working group

4th Session

Minutes for the Third Party Intermediary (TPI) RMR working group to discuss the proposal for a single Code of Practice for TPIs	From Attendees	Ofgem Energy suppliers, consumer organisations, Independent TPI code administrators
	Date and time of Meeting Location	Monday 22 nd April, 10:00am 9 Millbank, Westminster, London, SW1P 3GE

1. Welcome and introduction

- 1.1. All working group members attended the meeting, with the exception of four organisations, Smartest Energy, First Utility, Energybase UK and Smart Change Consulting¹. Please find the full group list attached.

2. Key topics for discussion

Plenary discussion

- 2.1. As a result of requests by working group members, Louise Van Rensburg made a review presentation to the group encompassing the history of and reasons for the creation of the working group, a summary of each session the key milestones that had been reached so far, and the projected timelines of the working group and its objectives. This presentation is attached.

- 2.2. During the presentation there were a number of questions raised in regard to the following:

- a) General comment: Strong need for the code to be administered by an independent body, the sooner we know who this is, would be beneficial for all involved.
- b) There was a brief discussion around the regulatory framework for TPIs. It was mentioned that a 'matrix' detailing the TPI code sections, relevant legislation and information relating to Suppliers' Standards of conduct might be useful for the group prior to the next session. Ofgem has previously mentioned this in session three and that there is an ongoing piece of work which will encompass this idea.

Meeting 1

- c) A definition was given for a non-domestic TPI, for the purposes of this Code. There were concerns over the wording of this description, around 'Energy related services'. The group discussed the possibility of changing this to 'Energy supply related services'.
- d) Objective of the Code: Members of the group felt that the objective would be more effective if the word 'fair' was added in. It was also mentioned that

¹ Smart Change Consulting has, with regret, withdrawn from the working group. Given the remaining life of this working group, we will not be bringing in a new replacement member at this time.

'Energy needs' may be more suitable as 'Energy supply needs'.

- 2.3.** The final slide of the presentation discussed the drafting of the Code of Practice and that Ofgem will circulate this for initial comments after today's elements have been incorporated.

Group discussion

2.4 The working group broke into four groups. They all discussed the same parts of the CoP content, namely Complaints and Commission and Fees, as per the framework model we are following. All groups then reported back to the plenary.

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

3. Next Steps

- 3.1. We will aim to send around a first draft of the Code, for initial comments
- 3.2. The next working group session will take place on 23 May from 12.30pm-4pm.

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 fourth meeting.

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:

- *Mixed views on granularity*
- *Needs to be an element of disclosure when discussing commission and fee’s and needs to be better than now*
- *Comments around Public Buying Organisations (PBOs) and have we considered their organisational structure and presence in the TPI market. How will this affect the Code of Practice? Will they be expected to sign up to a Code of Practice?*
- *Timescales around complaints handling, should these be detailed or not?*
- *The group will discuss monitoring and enforcement separately at the next meeting*

Actions

- We will send around a first draft of the Code, for initial reactions from the working group. This will be an opportunity for working group members to read our finalised proposals following discussion around our initial proposals in the working group sessions. The Code will be formally consulted on at a later stage.

Core Criteria	Discussion options for the CoP	Views from group discussions
Complaints	<p>Consumer Codes Approval Scheme (OFT) Guidance.</p> <ul style="list-style-type: none"> <i>i. To make sure that complaints from consumers are dealt with quickly and effectively.</i> <i>ii. To ensure code members provide the same level of co-operation to an intermediary who acts on behalf of a complainant as they would offer to the complainant him/herself.</i> <i>iii. To make sure that in the case of complaints that are not resolved by the code member's own complaints procedure, there is the opportunity to resolve them</i> 	<ul style="list-style-type: none"> - Framing/context points: Monitoring and enforcement discussion is a key factor; Complaints are an important indicator of performance - When does it become a complaint? Suppliers have a “any signs of dissatisfaction” threshold, which some TPIs felt was too low - TPI should have a complaints procedure and the customer should be aware of what this is. - Should add to (4)...“and can register a complaint easily” - Should add to a)...“and inform the customer they have done so”

	<p><i>through conciliation.</i></p> <p>iv. <i>To make sure that if a complaint has failed to be resolved by the conciliation service, an independent redress scheme is readily available for consumers to use.</i></p> <p><u>Wording for discussion</u></p> <p><i>It is each signatory's responsibility to ensure that when a complaint is raised by the consumer:</i></p> <ol style="list-style-type: none"> <i>1. If the customer expresses any signs of dissatisfaction, this should be recorded as a complaint.</i> <i>2. They are recorded and resolved as quickly and effectively as possible.</i> <i>[3. They will always record the initial consumer complaint reason and then determine the appropriate route for the complaint to be resolved effectively.]</i> <i>4. The consumer is always able to contact the signatory easily.</i> <p><i>If the consumer complaint relates to a procedure which is supplier related;</i></p> <p>a) <i>The signatory should always ensure that the complaint details are passed to the supplier in a timely manner and in plain and intelligible language.</i></p> <p><i>If the complaint relates to a procedure which is signatory related;</i></p> <p>a) <i>The signatory should have an internal complaints procedure</i> b) <i>the signatory should follow their internal complaints handling procedures to ensure the complaint is resolved to</i></p>	<ul style="list-style-type: none"> - Complaints should be dealt with quickly and effectively. - Escalation route: new route needed, i.e. variation of the Ombudsman, or Ofgem... it needs to happen - There should be some maximum timescales around resolution, similar to those of the Complaints Handling Standards. - General costs - recording and resolving complaints - Customer should always know the outcome, always be aware of what's going on throughout the complaints - Needs to be consistency through the market, customer needs to be aware of all complaints procedures available to them - Needs to be a clear complaints procedure visibility which should be posted on each TPIs website, if no website they must supply the customer with contact details – Signposting of some sort - Complaints handling standards are very relevant – Spirit of the licence – Same principles but tailored to the TPI industry. - Differences in detail of organisations should be noted - Supplier and TPI issues – needs to be resolved between the organisation – and have the customer in mind
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	<p><i>the consumer's satisfaction.</i></p> <p><i>c) If the consumer complaint is not resolved to the consumer's satisfaction by the signatory, they must supply the consumer with information to help them seek independent advice.</i></p> <p><i>d) If the complaint has failed to be resolved following the above 2 steps, the signatory must ensure that the customer is aware of the opportunity to resolve the complaint via applicable routes. For example; Small claims court.</i></p>	
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<p>Commission/Fees</p>	<p>1. <i>TPIs have to ensure customers are fully aware of the costs involved in the product or service provided.</i></p> <p>a) <i>TPIs have to clearly set out in writing the charges the customer will pay, and how the customer will pay those charges. The TPI must make clear if the customer would pay a commission, and</i></p> <p>b) <i>The TPI has to agree this prior to providing any product or service.</i></p> <p>OR:</p> <p>2. <i>TPIs have to ensure that customers are fully aware that there is a charge for TPI services prior to providing any product or service. TPIs must make customers aware that they can access this information upon request.</i></p> <p>Points for consideration</p> <ul style="list-style-type: none"> • <i>What information should the TPI disclose and why/why not?</i> • <i>When should the TPI disclose this information? I.e. at the first contact, before signature of a contract...</i> • <i>Should the TPI disclose this information without being asked? Does this apply to all information or, if not, to what parts of it?</i> 	<p>Opinions varied on the extent that commission should be disclosed up front. 3 out of 4 of the groups tended towards Option 2 as more preferable, with one group expressing a preference for option 1. The groups discussed pro's and cons of the two options and also made some general points.</p> <p>Option 1</p> <p><i>Pro's of Option 1</i></p> <ul style="list-style-type: none"> - Creates a higher standard than Option 2, because it gives more detail <p><i>Con's of Option 1</i></p> <ul style="list-style-type: none"> - Creating an unnecessary barrier for customers to work with TPIs, because customers could perceive interaction with TPIs as complex - A sudden awareness of TPI rates could mean that a bigger competitor could start squeezing a smaller competitor out of the market - Could damage competition - Could be hard to monitor (what proof to provide?) - Some suppliers insist on an additional margin, supplier should not dictate commissions - Is this going to solve the trust issue in the market? Or would this, at least initially, further undermine trust? - What if there are issues with different parts of commission related aspects - Neutralise the commission between suppliers and TPIs, this might show - The level of commission is also linked to the level of
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		<p>service. However, if the customer compares on a pure price basis, more service intensive TPIs might lose out.</p> <ul style="list-style-type: none">- How often are you in contact with the customer and how are the fees being portrayed in different scenarios? I.e. only see or speak to the customer infrequently.- End users may not be educated- Customers will always go for the cheapest deal- Implementation – how would this work in practice- Customers may react badly and stop using TPIs <p>Option 2</p> <p><i>Pro's of Option 2</i></p> <ul style="list-style-type: none">- Agree with principle of existence of fees being disclosed early- If the customer asks for more information they should have it- Think we should start with option 2 and then consider going to option 1 – 1 is a desirable ending.- Needs to promote consumer confidence and transparency <p><i>Cons of Option 2</i></p> <ul style="list-style-type: none">- Not enough upfront detail to help customers take informed decisions <p>General comments</p>
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		<ul style="list-style-type: none">- Customers needs to start asking for commission- Customers need examples of how the fees are calculated- Is it really an issue to disclose the commission or fee?- Commission always has to be declared, but not sure how this should be worded- Commission needs to be spelt out simple enough for the customer to understand.- Does the commission affect the price paid – Must take this into account as we are trying to improve conditions for the customer.- There should be an SLC for suppliers to ensure that they show the same courtesies as the TPI would while adhering to the code- Aggregators – how would this work if there was an aggregator involved and there was a 3 way fee for the customer.- Wholesale prices need to be considered, this may be a 24 hour price and the customer may wait 72 hours for their paper copy. Pay particular attention to large customers
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