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Dear Andrew,

Please find below MoneySuperMarket's submission to Ofgem's **Enforcing Three Week Switching** consultation.

Three week Switching

- MoneySuperMarket believes that the current proposal to enforce three-week switching for energy providers is an improvement on current timescales, but the industry should look to do even more to bring switching times in line with other industries. For example, in 2013, the banking industry introduced 7-day switching for current accounts and this has had a positive impact on the number of people changing their bank. 306,240 current account switches occurred in Q4 2013, an increase of 17% on the same period in 2012.¹ Introducing a 7-day switching service in the energy industry would have a significant impact on the ability to switch energy suppliers at a time when prices have risen significantly. It would give consumers confidence that changing provider is simple and help break down one of the barriers that currently puts people off from moving to a better deal.
- We believe that the energy industry, like the banking industry, should work towards introducing a 7-day switch service. The banking industry had to work through a number of technical changes in order to meet the switching deadline but ultimately it achieved its aims. We believe the energy industry should do likewise, but it would require all parties within the switching process to work towards this goal. Modification of the Standard Licence Condition (SLC) 14A to enforce 7-day switching is within Ofgem's remit and should be considered as part of this consultation.
- Delays in the switching of energy accounts is currently unacceptable and undermines the switching process. More importantly, it costs consumers money while they wait to transfer to their new provider. MoneySuperMarket's own research of households who switched energy provider using our site in 2013 shows that the current switching process is a problem

¹ http://www.paymentscouncil.org.uk/media_centre/press_releases/-/page/2798/

taking nearly twice as long as customer expectations. The main findings of our research are as follows;

- 85% of switchers expect to the switch to complete in the first 30 days.
- Only 47% actually achieve this.
- The majority (4 in 5) have to contact their old or new supplier, and while for most this is to give meter readings:
 - 1 in 5 is to resolve billing and payment issues;
 - While 1 in 10 have to simply chase progress
 - 1 in 5 regard contact with a supplier as a complaint, and this rises to 38% for those classing their contact as both an enquiry and a complaint
- 45% claim to have had some form of problem in the switching process.
- The vast majority of switches took place between 21 days and two months – 21-30 days (28%) and 1-2 months (34%) - but 19% took longer than 2 months.
- Based on MoneySuperMarket research, had the energy industry implemented a 7-day switch in 2013 the 3.5million switches which took place², would collectively have spent **£125,475,000** less on energy bills or saved around **£35.85 per household** based on today's prices.
- The switching process should make sure that customers switching to a dual fuel tariff benefit from the discounts offered from taking both fuels. In the current process, gas and electricity supplies are transferred separately – the customer only benefits from discounts once both supplies have been transferred – this can often take weeks, meaning consumers end up paying higher charges on single fuel tariffs.

Cooling Off Periods

- MoneySuperMarket would like to see the transfer process begin as soon as the customer has made an agreement with the provider, even though a cooling off period exists.
- Starting the transfer process after the cooling off period will only serve to extend the timescales taken to switch, which ultimately costs consumers money and dilutes the impact of any cap on the length of time it takes to switch. If a 30-day switch is introduced but the process does not start until day 15, it will take a month and a half for a transfer to complete. Even with a 7-day switch, it would still take three weeks for a household's supply to be switched. We believe this is too long if the industry wants to give a clear message that it is working in the best interests of customers.
- Consumers who change their mind during the cooling off period should be free to move back to their existing provider without penalty. Energy providers should have the ability to reverse the transfer if necessary.

Energy Switching Guarantee

- From our own research of people who switched energy providers in 2013, there is a significant difference in the switching experience. Many consumers have such a negative experience that it puts them off from switching again in future, even though they may save money by doing so.

² <http://www.energy-uk.org.uk/press-releases/887-switching-hits-end-of-year-high.html>

- MoneySuperMarket would like to see the introduction of an 'Energy Switching Guarantee' which protects consumers during the switch process. The guarantee would help give people the reassurance that should the process fail for whatever reason, the 'new' energy provider will be responsible for putting things right and that customers will not be left financially penalised by any errors beyond their control.
- The Current Account Switching Guarantee, introduced to underpin the current account switching scheme was fundamental in ensuring the success of the new service. We believe a similar guarantee would help the energy industry at a time when customer confidence in the industry is low.

Embedding Meter Readings into the Switching Process

- In order to effectively introduce 7-day switching for energy accounts, we propose improvements in the current process for obtaining meter readings from consumers when switching. Currently many of the delays in the process are caused by the delay in obtaining accurate readings from customers during the switch process.
- This would have several advantages from an energy provider viewpoint: It would cut the administration required to process the transfer and therefore cut costs for providers. While this would mean providers would effectively sacrifice 7-days' worth of consumption while the transfer takes place, they would benefit from switches inwards, while the customer could benefit from new prices on day one.

If you have any questions relating to our response please do not hesitate to email paul.lawler@moneysupermarket.com for clarification. We would also be willing to meet with Ofgem in order to discuss our submission in more detail.

Yours sincerely

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