



Making a positive difference
for energy consumers

Mr Ian McCaig
Chief Executive
First Utility

BY EMAIL

Date: 26 September 2014

Dear Mr McCaig

Open letter – First Utility - customer satisfaction with suppliers' complaints handling

Ofgem has today published the results of our latest consumer research report into customers' satisfaction with suppliers' complaints handling. The overall results are unacceptable. I am therefore drawing attention publicly to these findings and encourage you to act quickly to improve matters.

For the first time, four of the largest small suppliers (of which First Utility was one) have been included in the research. Although the numbers surveyed on this occasion mean that results by individual small supplier cannot be published, the collective findings have been. Our survey of the ten biggest suppliers found, with one exception, that the level of customer satisfaction with suppliers' complaints handling has dropped markedly from the last survey two years ago. There is no evidence to suggest that the size of a supplier is a factor in the results.

The research has identified a number of areas where suppliers must improve their performance in order to satisfy their customers; many of these issues are common across most suppliers. Your focus is needed on these matters to ensure that you meet customers' expectations and ensure trust in your business.

Drivers of dissatisfaction

Most suppliers have performed poorly across a range of aspects of complaints handling. There were significant concerns in some elements of complaints handling service around: being proactive; taking ownership of complaints; communicating the next steps and timings; empowering staff to take decisions there and then; and speed of resolution.

One of the most concerning findings was that almost three in five domestic customers of small suppliers do not consider that their supplier treated them fairly in the handling of their complaint. As you are aware, Standards of Conduct have been put into place via licence conditions which require suppliers to treat consumers fairly.

Resolution of complaints

One of the primary drivers of dissatisfaction in the survey and one which suppliers should be concerned to address is a lack of a resolution to the customer's complaint. In particular, there are a number of complaints that the supplier believes have been resolved but the customer does not. As you may be aware, Ofgem has undertaken enforcement action on

this area of the complaints handling regulations in the past. Therefore, we encourage you to ensure that your processes for determining whether a complaint has been resolved are robust. As part of this review you should also consider how you communicate with your customers to ensure that they have a clear understanding of the status of their complaint; in nearly all cases where the supplier thought the complaint had been resolved but the customer did not, no communication had been received by the customer to say the complaint had been resolved.

Customer switching

The research clearly illustrates the impact of the complaint experience on customer's switching decisions; more than one in two customers of a small supplier either had already switched supplier or planned to do so as a result of their experience with the complaint, a very similar number to customers of the large suppliers. It appears therefore to be very much in suppliers' interests to ensure that it improves its complaints handling.

Next steps

We intend to bring forward our next survey of customer satisfaction with suppliers' complaints handling and expect to see significant progress over the next few months. The results will help us to decide what future action may be needed. We will consider whether and how to include more small suppliers within the next survey.

Yours sincerely,



Dermot Nolan
Chief Executive