



Making a positive difference
for energy consumers

Mr Paul Massara
Chief Executive
npower

BY EMAIL

Date: 26 September 2014

Dear Mr Massara

Open letter – npower – 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 results are unacceptable. I am therefore drawing attention publicly to these findings to leave you in no doubt about the need to act quickly to improve matters. I expect you to provide a public response to the issues raised in this letter.

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. For npower the fall has been significant, from 36 per cent to 21 per cent.

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. It is clear that your urgent focus is needed on these matters to ensure that you meet customers’ expectations and restore 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. None of these issues should be a surprise to you; they have been highlighted before by consumers in previous complaints handling satisfaction surveys. I expect to hear from you how you plan to make improvements to your complaints handling to address these issues.

One of the most concerning findings was that many domestic customers do not consider that their supplier treated them fairly in the handling of their complaint; in npower’s case this amounted to almost three in five of its customers. 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 - audit

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. Therefore, we expect you to undertake an independent audit of your existing processes for determining whether a complaint has been resolved. We expect you to satisfy yourself that npower is compliant with this area of the complaints handling regulations and to confirm such to Ofgem. We also expect you to publish the results of the audit. The deadline for doing both is 28 November.

Customer switching

The research clearly illustrates the impact of the complaint experience on customers' switching decisions; more than one in two npower customers either had already switched supplier or planned to do so as a result of their experience with their complaint. It appears therefore to be very much in npower's 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 as to what further action is needed.

I look forward to receiving your response to these matters by 24 October. We expect you to publish your reply on your website, and to draw your customers' attention to its content. Ofgem also intends to put suppliers' responses to this letter on its own website.

Yours sincerely,



Dermot Nolan
Chief Executive