

Confidence Code Review – Decision

Decision

Publication date: 30 January 2015

Contact: Barry Coughlan

Team: Retail Markets

Tel: 020 7901 7000

Email: thirdpartyintermediaries@ofgem.gov.uk

Overview:

Third party intermediaries (TPIs), such as price comparison sites, play an increasingly important role in the energy market by helping consumers to make well-informed decisions. We have no direct role in regulating TPIs through licence. Nevertheless, we are keen to see TPIs innovating and providing useful services to consumers.

Recognising the important role played by price comparison sites, we took over the Confidence Code from Consumer Focus in 2013. The Code is a voluntary code of practice that governs domestic energy price comparison sites.

This document sets out our decision on the policy changes to the Code that we consulted on in August 2014. The changes we are introducing are to make sure consumers get an independent, transparent, accurate and reliable service when using an accredited site, so they can compare tariffs and suppliers with confidence.

Alongside this document, we are consulting on proposed amendments to the wording of the Code necessary to reflect these policy changes. Following consideration of responses we will make any necessary changes to the drafting and the new Code requirements will come into force at the end of March.

Context

Our principal objective is to protect the interests of existing and future energy consumers. As part of our role we aim to ensure company behaviour and consumer protections meet the high standards expected of an essential service.

In our corporate plan for 2014-15 we committed to reviewing the Confidence Code that we took over from Consumer Focus in 2013. In doing so, our aim was to improve it to make sure consumers using accredited sites get an independent, transparent, accurate and reliable service.

Our Confidence Code review links up with our Retail Market Review (RMR) reforms. These changes to the rules for energy suppliers were aimed at encouraging consumer engagement. TPIs such as comparison sites can also play an important role in helping consumers to engage with their energy supply.

Associated documents

All documents are available on the [Ofgem website](#).

Domestic Third Party Intermediaries: Confidence Code and other issues; August 2014.

Proposals for regulating non-domestic Third Party Intermediaries; February 2014.

Protecting consumers in collective switching schemes; February 2014.

Retail Market Review: Application of rules in the TPI sector; December 2013.

Open letter on Third Party Intermediaries (TPI) Programme, October 2013.

The Retail Market Review – Statutory consultation on the RMR domestic proposals, June 2013 Reference: 95a/13.

Third Party Intermediaries: Exploration of Issues and Options; June 2013.

The Retail Market Review – Final domestic proposals, March 2013, Reference: 40/13.

Confidence Code – Code Of Practice for online domestic price comparison services, March 2013.

Open letter on the Marketing of energy supply to domestic customers by Third Party Intermediaries (SLC 25), October 2012.

The Retail Market Review – Updated domestic proposals, Reference: 135/12, October 2012.

Contents

Executive Summary	4
1. Introduction	5
Background to the Confidence Code review	5
Related initiatives	7
Stakeholder engagement	8
Structure of this document	9
2. Independence	10
Commission arrangements	11
Signposting to other sources of advice	14
Further work areas	15
3. Transparency	18
Availability of whole of market comparisons	18
Supplier ratings	21
Renewable energy tariffs	23
4. Accuracy	25
Personal Projections	25
Tariff Information Labels	28
5. Reliability	29
Warm Home Discount messaging	29
Complaints handling	31
Further work areas	33
6. Code scope and administration	35
Accrediting mobile app comparison services	35
Expanding the Code to cover 'white label' sites	37
Code administration	38
Awareness of the Code among consumers	39
7. Next steps	40
Appendices	41
Appendix 1 – Implementation timeline	42
Appendix 2 - Glossary	43
Appendix 3 - Feedback Questionnaire	45

Executive Summary

People need to be able to compare and switch tariffs and suppliers if competition is to function effectively in their interest. Energy consumers can make significant savings by switching – many can currently save around £200 by switching. Through our Retail Market Review (RMR) reforms, and initiatives like our Be an Energy Shopper campaign, we have taken action to encourage and equip consumers to engage with their energy supply and get a better deal.

Third party intermediaries (TPIs) have a key role to play in providing consumers with access to the information they need to make a well-informed choice. Our vision is that consumers can engage confidently with the energy market, assisted where necessary by an innovative range of trusted, good quality intermediary services.

We have no direct role in regulating TPIs through licence. However, recognising the growing importance of TPIs in facilitating and encouraging consumer engagement, we took over the Confidence Code, a voluntary code of practice for domestic price comparison sites, from Consumer Focus in 2013. The Code insists that its members follow key principles, providing reassurance to users about the independence, accuracy, transparency and reliability of the service. Research has shown that consumers have a high level of trust in comparison sites in general.

We have reviewed the Code's requirements and in August 2014 we consulted on a package of changes to strengthen the protections it provides consumers and to reflect changes made as part of the RMR. We are now proceeding with the majority of changes proposed in our August consultation. These changes include:

- **Banning a default partial view:** Sites must show all tariffs available in the market unless consumers actively choose to see a smaller number of tariffs.
- **Ending confusing language:** The wording surrounding any choice to see a partial view must make it clear to consumers the choice they are making.
- **Ensuring transparency of commission arrangements:** Sites must explain clearly that they earn commission on tariffs that consumers can switch to directly through the site.

The changes we are making now will ensure that the Confidence Code provides a gold standard for good practice across the sector. The more sites follow this standard the better it will be for consumers. With this in mind, we intend to start accrediting mobile app comparison services where these meet the requirements of the Code.

There are some comparison sites who broadly adhere to the principles of the Code but rely on the calculator of an accredited comparison site. We remain committed to expanding the Code to cover these sites. We will conduct further work to ensure we can effectively oversee an expanded Code and make this change as soon as possible.

Alongside this document we provide an updated draft of the Code document for comment by 27 February. We will make any necessary changes to the drafting after considering responses, and the new Code requirements will come into force at the end of March.

Last August, we also sought views on a range of broader TPI issues, such as supplier-TPI information flows and face-to-face selling. We are considering responses to this part of the consultation and will set out our next steps in the spring.

1. Introduction

1.1. It is crucial that consumers are able to compare and switch tariffs and suppliers if competition is to function effectively in their interest. There are significant savings available, particularly for those who have not switched before – approximately £200. We want to make sure that consumers have the confidence and ability to compare and switch to take advantage of these savings. Through our Retail Market Review (RMR) reforms, and initiatives like our Be and Energy Shopper campaign, we have taken action to encourage and equip consumers to engage with their energy supply and get a better deal.

1.2. Third Party Intermediaries (TPIs) have a key role to play in helping consumers engage in the energy market. A TPI is an intermediary between a domestic consumer and an energy supplier, providing advice and assistance to the former in relation to their energy supply. They help consumers to access the information they need to make informed choices and get a better deal on their energy.

1.3. Price comparison websites, in particular, have become an increasingly important source of information for consumers. The proportion of consumers using a comparison site to find information about available tariffs increased from 20% to 40% between 2011 and 2014.^{1,2} Consumers' interaction with comparison sites is generally positive, with 94% considering them to be 'reliable'.³

1.4. We have no direct role in regulating TPIs through licence. Nevertheless, we recognise the growing importance of TPIs in encouraging and facilitating consumer engagement. Our vision is that consumers are empowered to engage confidently with the energy market, assisted where necessary by an innovative range of trusted, good quality intermediary services.

Background to the Confidence Code review

1.5. We took over the Confidence Code, a voluntary code of practice for domestic energy price comparison sites, from Consumer Focus in 2013. The Code aims to provide consumers with confidence that they are receiving an independent, transparent, accurate and reliable service when using an accredited site. There are currently 11 sites accredited under the Code.⁴ Based on the most recent data

¹ Ipsos Mori/Ofgem, [Customer engagement with the energy market: Tracking survey 2011](#), January 2011

² Ipsos Mori/Ofgem, [Customer engagement with the energy market: Tracking survey 2014](#), June 2014

³ RS Consulting/Consumer Futures, [Price comparison websites: Consumer perceptions and experiences](#), July 2013

⁴ A list of the 11 accredited sites can be found on the Ofgem Confidence Code webpage, and on our [Be an Energy Shopper](#) website.

available to us, these sites account for approximately half of all switches made through comparison sites.⁵

1.6. Comparison sites in the energy sector tend to outperform their counterparts in other industries across criteria such as accuracy and transparency. Our own regular audits have demonstrated that in general accredited sites score highly on the accuracy of comparison results provided, and more widely on the tariff and other information they provide. Accredited sites also tend to rate more highly than non-Code members.⁶ This indicates that the Code has played a key role in providing energy consumers with a high standard of service from accredited sites. It also suggests that the Code has driven higher standards across the sector.

1.7. In general, we consider the Code currently delivers on its objectives in providing consumers with a good-quality service when using accredited sites. In launching a review of the Code, our aim was to build on this solid foundation, make sure it remains fit-for-purpose and strengthen some of the protections the Code provides.

1.8. In August 2014, we consulted on a set of changes to the Code aimed at delivering these improvements. In particular, we want to make sure that sites are transparent about their commission arrangements with suppliers, and make consumers fully aware of the availability of whole of market comparisons, which is one of the key benefits the Code provides. We also want to bring the Code up to date with recent market changes, by reflecting comparison tools such as the Tariff Information Label and Personal Projection that were introduced as part of the RMR.

1.9. We consider that, both now and in future following the rollout of smart meters, comparison sites have a key role to play in enabling consumers to engage effectively with their energy supply. Smart meters, as well as other market developments, such as Quick Response (QR) codes⁷ and the government's midata programme⁸, have the potential to be a catalyst for innovation. We see the potential for comparison sites to play a full role in making sure consumers benefit from these developments. Throughout our policy development, we have therefore strived to make sure that the Code allows for innovation while providing appropriate protections for consumers.

⁵ GfK Energy Monitor, Q2 2008 – Q2 2014, GfK uses a panel of 12,000 households, demographically representative of the 26m households in Britain. Quarterly surveys monitor supplier switching and satisfaction.

⁶ eDigital Research/Consumer Focus, [Comparing comparison sites: Price comparison website mystery shopping report](#), February 2013

⁷ QR codes would contain key bits of information about a consumer's usage and tariff information, which could be used during the comparison process. The Department for Energy and Climate Change is consulting on proposals to require suppliers to display machine-readable images such as QR codes on consumer bills.

⁸ The government's midata programme aims to provide consumers with easy access to their consumption and tariff information. A working group was established in 2014 to look at energy data sharing. Further discussion around the implementation of the group's initial recommendations is expected this year.

1.10. This document sets out the conclusions of our review and our decision on changes to the Code. We also outline our next steps with regard to the areas we do not plan to make a decision immediately. Alongside this document we have provided an updated draft of the Code document for stakeholder comment. Following consideration of responses, we will make any necessary changes to the drafting, and the new Code requirements will come into force by the end of March. In certain cases, we have allowed a longer implementation timeframe. The implementation dates for the changes are set out in appendix 1.

1.11. In the second part of our August document, we consulted on a broader set of domestic TPI issues outside the Confidence Code review. In particular, we sought views on how best to remove obstacles to TPI development, such as difficulties accessing supplier tariff information. We also sought stakeholder views on ways in which we could facilitate face-to-face selling by TPIs, which has potential benefits for hard to reach and vulnerable consumers. We are considering stakeholder responses to this part of the consultation and will update on our planned way forward in the spring.

Related initiatives

Collective switching

1.12. Collective switching schemes run by TPIs can have considerable benefits for consumers. It has grown quickly since Which? and 38 Degrees carried out the first Great Britain collective switch in May 2012. The government⁹ and consumer groups¹⁰ have promoted collective switching as a way for consumers to engage with the market and save money on their energy bills. We have welcomed collective switching as an innovation that could benefit consumers. In February 2014 we consulted on two proposals for supporting these services:

- Expanding the Confidence Code to include accreditation of collective switching service providers, and include specific requirements for collective switching.
- Requiring suppliers to use an accredited collective switching service when using the RMR tariff cap exemption, by amending SLC 22B.38.¹¹

1.13. In the early stages of collective switching some schemes experienced problems providing good quality information and service to consumers. Since then we have noticed improvements in the overall quality of collective switching schemes. Over the coming months we expect a significant amount of collective switching activity to take place. We intend to monitor the sector closely during this time. Following this, we will provide an update in the summer on our next steps with regard to collective switching.

⁹ BIS, [Better Choices: Better Deals](#), 2011

¹⁰ Consumer Focus, [Get it, together – The case for collective switching in the age of connected consumers](#), 2012

¹¹ Ofgem, [Protecting consumers in collective switching schemes](#), February 2014

Non-domestic third party intermediaries

1.14. In February 2014, we consulted on proposals to enhance current regulations to protect the interests of existing and future business consumers engaging with TPIs. We proposed to place a licence obligation on suppliers to only work with TPIs who are accredited to an industry-governed code of practice.¹²

1.15. Having considered responses to this consultation, in August we published an open letter setting out our intention to take forward our proposals to put in place a mandatory code of practice for non-domestic TPIs.¹³ We intend to provide an update on our next steps in the spring.

Stakeholder engagement

1.16. In June 2013, we published a consultation exploring issues and options for regulating TPIs in the domestic and non-domestic retail energy market.¹⁴ We followed this up with a stakeholder event in October 2013 to discuss issues of common interest in greater depth.¹⁵ In August 2014 we published a consultation covering a range of strategic issues regarding the role of TPIs in the domestic energy market. This consultation also set out specific proposals for changes to the Confidence Code.¹⁶

1.17. In November 2014 we hosted a workshop with a wide range of stakeholders to discuss some of the issues raised in our consultation. In particular, we discussed in detail our proposals with regard to consumer awareness of whole of market comparisons, transparency of commission arrangements and display of Warm Home Discount information.¹⁷

1.18. Through the consultation and workshops, we received a large amount of input from stakeholders, which has helped to inform our work on the Code.¹⁸

1.19. In addition, we have held a series of workshops and bilateral meetings with a range of comparison sites, both accredited and non-accredited, to discuss issues relevant to the Code. These discussions have helped to shape the proposals for Code changes set out in later chapters.

¹² Ofgem, [Proposals for regulating non-domestic third party intermediaries \(TPIs\)](#), February 2014

¹³ Ofgem, [Next steps to the non-domestic TPI code of practice project](#), August 2014

¹⁴ Ofgem, [Third party intermediaries, exploration of market issues and options](#), June 2013

¹⁵ Ofgem, [Third party intermediary \(TPI\) stakeholder conference](#), October 2013

¹⁶ Ofgem, [Domestic third party intermediaries: Confidence Code and wider issues](#), August 2014

¹⁷ A note of this workshop, along with the slides discussed, will be published on the Ofgem website in due course.

¹⁸ Individual responses to our August consultation are available on the Ofgem website.

Structure of this document

1.20. This document is divided into our decisions on policy proposals as they relate to the overarching principles of good intermediation. We also set out our next steps on areas where we sought stakeholder views but are not making a decision now.

- **Chapter 2 – Independence:** To ensure consumers understand how the results they see are influenced by sites' commission arrangements, and to make sure sites direct consumers to sources of independent advice on their consumer rights, energy efficiency, and financial assistance to lower their bills.
- **Chapter 3 – Transparency:** To increase transparency around the availability of whole of market comparisons, and non-price information such as supplier ratings.
- **Chapter 4 – Accuracy:** To reflect remedies recently introduced as part of the RMR reforms so that sites provide accurate and up-to-date information.
- **Chapter 5 – Reliability:** To introduce minimum standards for complaint handling and to make sure sites provide information helpful to Warm Home Discount recipients.
- **Chapter 6 – Code expansion and administration:** To allow a greater number of comparison services to become accredited, to align Code administration processes with best practice, and for sites to cover the costs of the audit as was the case under Consumer Focus.

2. Independence

Chapter Summary

This chapter sets out our decisions to amend the Code so that sites clearly and prominently provide consumers with information about their commission arrangements with suppliers, and provide consumers with links to useful sources of independent advice about energy efficiency, consumer rights and debt management.

We also outline our next steps to explore whether more needs to be done to improve the information provided to prepayment consumers.

2.1. We consider that comparison sites should be independent of any one gas or electricity supplier so that consumers can be confident that sites are providing an impartial service focused on their needs. Sites should not reflect any bias, regardless of how they are funded.

2.2. Existing Code requirements make sure that accredited sites are, and act, independently of any gas or electricity supplier. Sites may receive commission from suppliers but they should not be a direct affiliate of a supplier. These rules mean that sites must not misrepresent the price of one supplier over another because of any commission arrangement that exists.

2.3. Survey evidence suggests consumers generally trust comparison sites across different sectors (94% feel they are reliable).¹⁹ Nevertheless our research has shown some scepticism around sites' independence, particularly where sites receive commission from suppliers.^{20,21}

2.4. In order to address the potential for commission arrangements to damage consumer trust of the information they receive from sites, we have decided to proceed with changes to strengthen the Code and provide greater transparency for consumers. We have also decided to proceed with changes for sites to provide consumers with signposting to independent sources of advice about energy efficiency, consumer rights and debt management.

¹⁹ RS Consulting/Consumer Futures, [Price comparison websites: Consumer perceptions and experiences](#), July 2013

²⁰ Ibid

²¹ Ipsos Mori/Ofgem, [Consumer engagement with the energy market, information needs and perception of Ofgem](#), August 2012

Commission arrangements

August proposal

2.5. We proposed that sites should provide a clearly identified list of suppliers with whom they have a commission arrangement, within two clicks of the energy homepage. We also proposed that sites should clearly explain how these arrangements influence the results a consumer will see, including any default or optional filtering sites have.

Summary of responses

2.6. The vast majority of stakeholders supported our objective to improve the transparency of commission arrangements that exist between suppliers and Third Party Intermediaries (TPIs).

2.7. There was, however, mixed support for requiring that such information should be displayed within two clicks of the homepage. Some stakeholders felt this did not go far enough to ensure the information was sufficiently clear and prominent, and would leave room for it to be 'hidden' from consumers. One stakeholder emphasised that the location of the information should be intuitive to the consumer.

2.8. Some stakeholders wanted sites to improve the messaging they use to describe how their commission arrangements might influence the results a consumer sees. In particular, responses highlighted that it should be made clear to the consumer why some sites do not show all tariffs as a default and how this was linked to commission.

2.9. Only a small number of respondents mentioned the display of commission amounts on sites. Of those that did, most noted that including this on sites may lead to consumer confusion as to whether the commission amount will add to the total cost they would pay on a tariff. As the cost a consumer will pay on a tariff is the same regardless of whether they switch through a comparison site or directly through the supplier, respondents felt there was no benefit to consumers in providing them with the commission amount.

2.10. Those who attended our November workshop supported the proposal that prominent messaging about sites' commission arrangements should be provided at a key point during the 'consumer journey'²² through a comparison site. It was felt that this information might be of little relevance to the majority of consumers using a site, and that many would be unlikely to want to access the information every

²² For the purposes of this document, 'consumer journey' refers to the various stages a consumer goes through when using a comparison site. Stages include the information input stage (providing current tariff and consumption information, etc.), the tariff results page, and any other steps before an agreement is made on a specific tariff.

time they visited a site. However consumers should be able to easily access this information should they want to.

Why this area is important

2.11. Although consumers have a high level of trust in comparison sites in general, more in-depth qualitative research has shown that some can have doubts about the impartiality of the information provided to them when the site receives commission from suppliers.^{23,24}

2.12. The existence of commission arrangements between sites and suppliers is not in and of itself a reason for consumers to doubt the trustworthiness of the information provided to them. The Code holds accredited sites to high standards in this regard already. However, if messaging surrounding commission arrangements is hard to access or unclear, as it is in some cases at present, consumers may believe they are being misled.

2.13. Furthermore, a significant amount of external attention has focused on the issue of commission transparency recently. We consider that action is needed to avoid damaging consumer trust in comparison sites in general.

2.14. The Code currently states that sites can receive commission from suppliers as long as this does not influence the consistency of any information or data they provide to consumers.²⁵ It also requires sites to clearly identify each supplier from which they receive commission, or from who they receive a payment, either directly or indirectly.²⁶ Sites currently fulfil these requirements in a number of different ways.

2.15. Overall, we want to make sure that sites are transparent about the commission arrangements they have with suppliers. We want consumers to understand that, where a site offers them the option to see only those tariffs to which they can switch through the site, this is because of the commission arrangements between the site and suppliers. In addition, we want consumers to understand that where a site receives commission from a supplier, this will not affect the price they will have to pay for a tariff, nor will it affect the order in which the tariff results are displayed.

²³ RS Consulting/Consumer Futures, [Price comparison websites: Consumer perceptions and experiences](#), July 2013

²⁴ Ipsos Mori/Ofgem, [Consumer engagement with the energy market, information needs and perception of Ofgem](#), August 2012

²⁵ Confidence Code requirement 1 (A).

²⁶ Confidence Code requirement 1 (B).

Our decision

2.16. After considering stakeholder responses to our consultation, and feedback received at our November workshop, we have revised our August proposal.

2.17. We share stakeholder concerns that the proposal to provide information about commission arrangements two clicks from the energy homepage may not guarantee it is presented in a sufficiently clear and prominent manner. We want to ensure consumers have access to this information during the consumer journey through the price comparison service.

2.18. Our objective is to ensure consumers understand sites' commission arrangements and the impact they do or do not have on the information presented to them on a site. To achieve this objective, we have decided that:

- Where commission arrangements exist, consumers should be made aware during the consumer journey that the site operates under a commission-based model, meaning only tariffs that the site receives commission for can be switched to through the site.
- Consumers should also be made aware during this journey where they can see a list of all the suppliers from whom the site receives commission.

2.19. Our decision reflects stakeholder comments that information about sites' commission arrangements may not be of interest to most consumers, and many are unlikely to want to see this information every time they visit a site. We consider sites should have flexibility over the exact location they present this information, and the manner in which it is displayed (eg hover-over icons, prompts, pop-ups) to fit with their site formatting. Regardless of the mechanism used, all messaging should fulfil the following principles:

- **Clarity:** Messaging should use clear and intelligible wording to ensure consumers will be able to understand the information presented to them. Information should aim to be as concise as reasonably possible.
- **Prominence:** Messaging should be displayed prominently on the site, so that consumers can easily access it should they want to. Factors relevant to the prominence of the information include the titles and descriptions used, the number of clicks a consumer has to make to access the information, the text size and the location of links or hover-over icons.

2.20. We do not propose to require sites to show the amount of commission they receive from suppliers for switches completed through their site. Our RMR requirements mean that the level of commission a site receives will not affect the price that a consumer pays, so it shouldn't be a factor in their decision-making. There is a risk that including this information may confuse consumers or lead them to make a poor decision, for example selecting a more expensive tariff because the site receives less commission for it. There is also a risk that making this information available could harm competition by enabling tacit co-ordination among suppliers and/or sites.

Signposting to other sources of advice

August proposal

2.21. We proposed that accredited sites should provide clearly identified links to the websites of the Energy Saving Trust, Energy Company Obligation, and the government's energy grants calculator. These should be no more than two clicks from the site's homepage.

Summary of responses

2.22. The majority of stakeholders supported our proposal to provide consumers with signposting to sources of independent advice, so that they can be fully informed about their energy choices. A number of stakeholders suggested alternative sources of information to which it would be useful for consumers to be directed.

2.23. A few stakeholders expressed some concerns regarding our proposal to signpost to independent advice. Some comparison sites noted that they themselves offer independent advice on energy efficiency, and wish to continue to provide their own content.

Why this area is important

2.24. The Code currently specifies that sites must either provide energy efficiency advice to consumers directly, or guide them to information elsewhere. The sources of advice listed in the Code are out of date and our audits have highlighted a range of practices among sites. For example, in a number of cases, information regarding energy efficiency advice was often difficult to access. In a few cases, no information was provided relating to financial help for consumers who may be in fuel poverty.

2.25. We consider that all consumers should be able to easily access independent information and advice about energy efficiency to help them reduce their consumption and lower their energy bills. We also want to make sure that consumers who are eligible for financial help with their energy bills are aware of all the options available to them. Furthermore, we consider that consumers should be directed to independent information if they wish to find out more about their rights or the responsibilities energy suppliers have towards them.

2.26. We recognise that some sites may wish to offer their own advice relating to energy efficiency and/or financial help to improve the quality of this service. We do not wish to prevent this practice. Sites will be able to provide their own content on energy efficiency and financial assistance, provided this is in addition to signposting to independent sources of advice. This will ensure a minimum standard is achieved among accredited sites, providing access to important information that is beneficial to consumers.

Our decision

2.27. We have decided to proceed with our proposal for accredited sites to signpost to independent sources of advice. Based on stakeholder feedback to the consultation, we have amended the sources of advice to ensure consumers have access to a wider breadth of beneficial information.

2.28. Accredited sites will be required to signpost to the following sources:

- Energy Saving Trust
- Energy Grants Calculator
- Citizens Advice²⁷

2.29. This signposting will help consumers to access independent advice about how to be more energy efficient, information on grants and schemes that could provide them with financial assistance, and reliable information about how to resolve energy related problems.

2.30. As discussed in the section above relating to messaging of commission arrangements, we share stakeholder concerns that our two-click proposal will not sufficiently address the issue of clarity and prominence regarding independent signposting. We therefore propose that this information should be displayed at an appropriate point during the consumer journey. All messaging relating to signposting to independent sources of advice should fulfil the principles of clarity and prominence as outlined in the section above.

Further work areas

Commission-based model

2.31. In our August consultation, we sought stakeholder views as to whether current Code requirements unnecessarily restrict sites' business models and, if so, how greater flexibility could be provided.

2.32. Respondents did not identify any significant restrictions to sites' business models. A small number suggested that in future the Code requirements preventing sites from advertising energy-related products or services could be lifted to open up another potential revenue stream for sites. However, other respondents argued that this is one of the core requirements of the Code and did not want to see this removed.

2.33. As a result, we do not see a need to make any changes in the near term. We welcome conversations with any existing or new services should they have views as

²⁷ This includes signposting to both the Citizens Advice service and Citizens Advice Scotland.

to whether future innovation or expansion is prevented by existing Code requirements.

Information for prepayment customers

August proposal

2.34. We asked for stakeholder views on whether there should be an independent, centralised source of information specifically for prepayment consumers and, if so, who should provide this. We also sought stakeholder views on the role sites could play in providing consumers with access to this information.

Summary of responses

2.35. Although a majority of stakeholders felt more needs to be done to provide prepayment consumers with useful information, there was only limited support for a centralised source of information for these consumers.

2.36. Some stakeholders did not believe a central source would resolve prepayment consumers' difficulties accessing relevant information. Others suggested that improved technology may lead to improvements in this area. In general, stakeholders considered that both TPIs and suppliers had a role to play in ensuring prepayment consumers have access to the information they need to engage.

2.37. Sites and other TPIs provided us with examples of some areas in which they are unable to provide accurate information to prepayment customers particularly as practice differs between suppliers, such as:

- How and when a customer will get their new key/card.
- Methods of topping up and information around emergency/friendly credit processes and amounts.
- Switching from prepayment to a credit meter: conditions around credit checks, time delays, fees to be paid.
- Debt Assignment Protocol: rules around the transfer of debt.
- Smart meter inter-operability: when smart prepayment customers switch, some suppliers physically change the meter.

Why this area is important

2.38. A significant minority of consumers (14-16%)²⁸ are prepayment customers, and this number is expected to continue to grow, especially with the rollout of smart meters. They are more likely to be on lower incomes than the average energy consumer, and are also nearly three times more likely to be in fuel poverty

²⁸ Ofgem, [Domestic Suppliers' Social Obligations: 2013 annual report](#), December 2014

than consumers paying by direct debit – 19% as compared to 7%.²⁹ For some prepayment customers, they like the ability to budget and to avoid debt that a prepayment meter offers them.³⁰

2.39. Prepayment consumers therefore have a particular need to access competitively-priced tariffs. However, they have fewer tariff choices than consumers on other payment methods, and prepayment tariffs are on average £80 more per year than their direct debit equivalent.³¹ The switching process for prepayment consumers can be more complicated than for others. When assessing their options, prepayment consumers should be able to access practical information which will help them through the switching journey.

2.40. If comparison sites cannot answer the questions of those prepayment customers who are considering switching to a cheaper option then they may be less likely to follow through with a switch and may remain on their more expensive tariff. If information access in this area can be improved, we would expect an increase in their ability to engage in the market. The rollout of smart technologies is also expected to facilitate innovation in pay-as-you-go services, making it increasingly important for consumers to be able to identify competitive differentiators between suppliers.

Our decision

2.41. We do not intend to amend the Code now, but will explore alternative options for improving the supply of information for prepayment customers. We want to better understand the information that is already in the public domain and consider whether it is fit for purpose. For example, under SLC 28, if a supplier offers a prepayment contract to a consumer, the supplier must provide the consumer with certain pieces of information prior to or upon installation of the meter. We intend to ask suppliers for copies of the guides they produce under SLC 28 to establish whether sites could usefully add value to the information that is already available. In addition, we intend to engage with the Citizens Advice service to discuss how far their 'Fair Play for Prepay' campaign goes towards filling information gaps for prepayment customers.

²⁹ DECC, [Fuel poverty report: annual report on statistics for 2014](#), June 2014

³⁰ Citizens Advice service, [Topping up or dropping out](#), October 2014

³¹ Ofgem, [Price differences between payment methods](#), May 2014

3. Transparency

Chapter Summary

This chapter sets out our decisions on changes to the Code so that consumers will see a comparison of all tariffs in the market unless they actively choose to see a smaller number of tariffs. We also set out our decision on the principles sites must adhere to when developing supplier ratings, and our decision to remove the reference to the Green Supply Certification Scheme from the Code.

3.1. We consider that sites should be transparent in the information and advice they provide, so that consumers can be confident that sites are acting in an unbiased way and that they are not being misled.

3.2. Current Code requirements ensure that sites are held to a higher standard than their peers as they make a 'whole of market' comparison available.³² Regardless of whether they have a commission arrangement with all suppliers or not, they must take steps to include all tariffs and suppliers on their sites.

3.3. We consider that the availability of a whole of market comparison is of great benefit to consumers. We want sites to be transparent when communicating its availability to them.

3.4. Sites should also be transparent when providing non-price information to consumers, such as supplier ratings and information about the environmental benefits of 'green' tariffs.

Availability of whole of market comparisons

August proposal

3.5. We proposed to strengthen requirements to help ensure consumers are aware whether they are viewing a whole of market comparison or a partial view of the market. We also proposed to strengthen requirements around messaging so that consumers are aware that a whole of market view is available. In this way, sites would continue to be allowed to display only those tariffs to which a consumer can switch through their site as a default by pre-selecting this option for them. However, we proposed that any messaging around the availability of whole of market comparisons should be prominent and informative, so that consumers understand the choices available to them.

³² We use the term 'whole of market' in this document to refer to all tariffs available in the market that meet user preferences.

Summary of responses

3.6. The majority of stakeholders agreed in principle that consumers should be made aware that a whole of market comparison is available. Most stakeholders agreed that increasing the awareness of whole of market comparisons would help build consumer trust in the energy market.

3.7. Those in favour varied in the extent to which they thought whole of market comparisons should be promoted. Some stakeholders felt that our proposals did not go far enough to ensure that a whole of market comparison is available, suggesting that sites should show whole of market comparisons as a default. This would require consumers to actively choose to see a partial market comparison. Other stakeholder views agreed with our August proposal, and emphasised that messaging around a partial market view should be clear and unambiguous. Some stakeholders believed that we should prescribe the wording of the filter.

3.8. Several Code-accredited sites and other TPIs, while supportive in principle, argued specifically against whole of market as a default. They argued that this would limit sites' ability to enter into commission arrangements with suppliers, potentially affecting their ability to continue operating. A whole of market view had previously been required as a default in an earlier version of the Code, but this had been removed by Consumer Focus. Sites had suggested that suppliers were increasingly making their cheapest deals unavailable to switch to through comparison sites, using the whole of market requirement as a means of obtaining 'free marketing' of their tariffs.³³

3.9. Some stakeholders suggested that sites should prompt the consumer to actively select an option (whole or partial market view) at the outset, rather than having a default option either way.

Why this area is important

3.10. The messaging currently used by some accredited sites to explain this could be improved. Current versions of wording used by some sites on the results page:

- Do not clearly inform the consumer that they are seeing a results page displaying a partial view of the market.
- Do not clearly inform the consumer that a whole of market comparison is available.
- May lead the consumer to believe that they are only able to switch to tariffs for a limited time only, or that the only tariffs available are those that can be switched to through the site.

³³ Consumer Focus, [A review of the Confidence Code – a Voluntary Code of Practice for Domestic Gas and Electricity Price Comparison Services](#), November 2009.

3.11. In many instances, the clarity of the filters used by sites around the choice of market view could also be improved.

3.12. Currently the Code allows sites to configure their results page to display, as a default, only those tariffs that a consumer can switch to through their site.³⁴ They can do this provided a whole of market view is quickly and easily available from the results page and that there is a clear statement explaining that only a subset of tariffs is shown on the results table.

3.13. As a general principle, we consider that consumers should know what portion of the market they are seeing when they receive results on a site, so they can make a well-informed choice about the right tariff for them. A lack of clear messaging around this may cause consumers to lose trust in the information provided to them by sites. To address this, we want to make improvements to the way sites communicate the choice of market view to consumers.

Our decision

3.14. We have decided to change the Code to require that consumers see a whole of market comparison unless they make an active and informed choice to see a smaller number of tariffs. Noting the importance of clarity in this area in maintaining confidence and trust in sites, our decision strengthens our August proposal to amend existing Code requirements.

3.15. We will introduce new rules into the Code that sites must adhere to when presenting information to consumers about the availability of partial or whole of market comparisons, and the view of the market they are seeing. Specifically, we will introduce requirements around the provision and clarity of messaging at key stages of the consumer journey, namely the user inputs and results page stages.

3.16. At the user inputs stage, where sites do not automatically show all tariffs available in the market, a partial view will no longer be allowed as a default position (eg this option cannot be pre-checked). Instead, sites must require consumers to make an active choice between a whole or partial market view. Messaging around this choice must be clear and intelligible, so that consumers understand what portion of the market they will see on the results page.

3.17. To be clear, sites that show all tariffs in the market as a default may continue to do so, either by pre-checking the whole of market option, or not offering an option at all. If a filter is offered, the messaging must be clear and intelligible, so that the consumer is aware that they will be receiving a whole of market view.

3.18. If the consumer has selected to receive a partial market view, the consumer must be able to quickly and easily access a whole of market view from the results

³⁴ Confidence Code requirement 5 (D) and (E).

page. A clear and intelligible statement must be displayed in a prominent position (for example, at the top of the results page) explaining that the consumer is seeing a partial market view, and that a whole of market view is available.

3.19. Sites will have to display all tariffs in the market unless consumers make an informed and active choice not to, and the messaging used to describe this choice is clear and intelligible. To establish this, sites will be required to test their messaging with consumers. We intend to give sites flexibility around how they conduct this testing, but sites must test any changes and make available to us the messaging and the results of their testing. This information will be used to inform our compliance monitoring.

3.20. We do not want to stop sites from being able to offer consumers a choice to see a smaller number of tariffs. Doing so may make sites more difficult for consumers to navigate, reduce the convenience they can provide, and may prove a barrier to new entrants. Sites will be able to offer consumers the choice of seeing only those tariffs that can be switched to through the site. Nevertheless, this choice must be clear and intelligible.

3.21. In addition to this change, we consider it sensible to clarify some existing requirements in the Code. One requirement in the Code requires sites to display information about a consumer's current tariff³⁵, and a second requirement allows sites to choose whether to include information about 'historic' tariffs.^{36,37} These requirements can be contradictory in certain circumstances, and have led to confusion for new entrants. In practice, sites are required to take all reasonable steps to include historic tariffs on their site. Our proposed revised Code drafting reflects the requirement that has applied in practice in order to provide clarity going forward.

Supplier ratings

August proposal

3.22. We proposed that sites should provide a clear explanation of their methodology for any supplier ratings used. We also suggested principles that should be taken into account should they choose to produce supplier ratings. We proposed that any methodology should:

- Offer comprehensive and consistent coverage of suppliers.
- Be based on robust and impartial data.
- Be refreshed on a regular basis using up-to-date data.
- Be accompanied by clear and transparent explanatory messages.

³⁵ Confidence Code requirement 7.3.

³⁶ Confidence Code requirement 2(B).

³⁷ Historic tariffs are defined in the Code as 'those tariffs that have legacy customers on them but are no longer available to new customers'.

Summary of responses

3.23. The majority of respondents agreed that sites should be allowed to compile their own ratings. They felt that prescribing uniform ratings or setting standard criteria would stifle innovation in areas which had the potential to provide valuable information to consumers. Some respondents suggested additional principles that should be taken into account when sites are formulating the ratings, including that they should:

- Be objective, and based on statistically significant, meaningful and up-to-date data.
- Not discriminate against smaller suppliers due to lack of data or smaller sample size.

3.24. Respondents also made specific suggestions regarding details to be considered as part of the ratings, such as how 'green' a supplier is, phonecall waiting times, quality of service, price competitiveness, and variety of tariffs and products.

3.25. Some stakeholders opposed our proposal to allow sites to develop their own supplier ratings. They raised concerns around sites being able to manipulate ratings to provide favourable results for those suppliers with whom they have commercial arrangements. These stakeholders also suggested that consumers may be confused if sites each developed different ratings systems, presenting an inconsistent picture to consumers of the performance of suppliers. They argued that uniform ratings, such as those being developed by Citizens Advice, would provide greater independence and consistency, which would be valued by consumers.

3.26. There were mixed views on whether methodologies should be published. Some believed it would reduce consumer confusion, while others were concerned that it would increase the risk of suppliers 'gaming' the ratings.

Why we think this area is important

3.27. Supplier ratings can be a useful way of presenting a range of information to consumers, both price and non-price related, in a simple and easy to understand way. This can be a valuable tool for those consumers who want to consider a variety of factors when engaging with the market, and sites may have direct access to consumer views or service data on which to base these ratings.

3.28. Our research has identified that two of the key barriers to consumer engagement relate to the perception that 'switching is too much hassle' and 'not worth it because suppliers are all the same'. Supplier ratings can help to reduce these barriers for some consumers by narrowing down their search (thereby reducing the 'hassle' factor) and highlighting differences between suppliers. Sites may have direct access to consumer views or service data which could be useful in developing objective ratings.

Our decision

3.29. We have decided to proceed with our August proposal. We did not receive evidence to change our view that we do not want to restrict sites' ability to innovate in the ratings they provide as long as they meet the appropriate standards.

3.30. Sites should take into account certain principles in developing their ratings methodologies. When adopting a new methodology, sites will be required to make available to us their methodology and an explanation of how they have reflected each of these principles. This information will be used as part of our compliance monitoring. If sites follow these principles, we can be confident their methodology is robust and the scope for manipulation of results is limited. The principles to be followed are:

- The methodology should be evidence-based and objective;
- It should be applied consistently across suppliers;
- The resultant ratings should offer comprehensive coverage of suppliers;
- Where a supplier is not assigned a rating (for instance where insufficient data is available), where appropriate it should be made clear that it is not necessarily an indication of poor performance;
- The data used should be comprehensive enough to draw statistically significant conclusions;
- The rating value should be refreshed on a regular basis and consumers should be made aware of when the ratings were last updated; and
- Explanatory messaging around the ratings should be clear and intelligible.

3.31. Alternatively, sites will be able to use the ratings being developed by Citizens Advice on the basis that these will meet the above principles.

3.32. If, in future, we consider that better information is available such that existing ratings could be enhanced, we may revisit this area to assess whether the above principles remain appropriate.

3.33. We will not require sites to publish their methodology, though sites are free to do so should they choose. If we receive evidence of consumer confusion around the ratings, we may revisit this issue.

Renewable energy tariffs

August proposal

3.34. We proposed to remove Code requirements relating to the Green Supply Certification Scheme. The scheme currently has no accredited tariffs. This calls into question the value of current requirements within the Code specifying that sites who provide a 'green' tariff filter must do so on the basis of the scheme. Consequently, we feel these requirements are not fit for purpose.

Summary of responses

3.35. Respondents in general agreed with our proposal to remove references to the Green Supply Certification Scheme. Some suggested potential future development of energy efficiency-style tariff ratings. Most felt that no action was required in advance of suppliers implementing the wider renewable energy tariff changes currently being consulted on.

Why this area is important

3.36. We consider that sites should be transparent when providing non-price information to consumers. This includes supplier ratings and information about the environmental benefits of renewable energy tariffs. This is in line with existing principles-based requirements within the Code for sites not to present information in a way that could be misleading for consumers.

Our decision

3.37. We intend to proceed with our proposal to remove references to the Green Supply Certification Scheme from the Confidence Code. We do not intend to take any further action in the near term, but may revisit this area in future, once the changes set out in our decision on consumer protections around renewable energy tariffs have been implemented.³⁸

³⁸ Ofgem, [Decision to modify the electricity supply standard licence conditions by inserting SLC 21D](#), December 2014

4. Accuracy

Chapter Summary

This chapter covers our decision to require sites to use the Personal Projection methodology to calculate the annual costs of current and new tariffs, and to require sites to display a Tariff Information Label for each tariff on their site.

4.1. We consider that any information that sites provide should be accurate so that consumers can be confident when comparing tariffs. Sites should have effective arrangements in place to keep this information up to date and it should be clear to consumers when the information was last updated. Where sites have used estimates or assumptions in forming their advice, they should make this clear to the consumer.

4.2. As part of the Retail Market Review (RMR), we introduced tools to help consumers to understand and compare tariffs. These tools include the Personal Projection and Tariff Information Label (TIL). Both the TIL and the Personal Projection received broad support from stakeholders during the RMR policy development process. These tools help consumers to make a well-informed choice of tariff, based on accurate and up-to-date information:

- The Personal Projection is intended to act as a standardised methodology for suppliers and their representatives to use when presenting consumers with the costs they would pay over the next 12 months should they choose not to switch in the meantime.
- The TIL, similar to a food label, contains the key information about a tariff in a standardised format, so that it is easier for consumers to compare tariff features on a like-for-like basis.

4.3. The licence conditions requiring suppliers and their representatives to provide these bits of information apply to comparison sites in certain instances. We expect that these tools will be commonly used by consumers when comparing and switching tariffs. To maximise the value of both the Personal Projection and the TIL to consumers, we consider that they should be used in a wide range of circumstances in the market, not just by suppliers.

Personal Projections

August proposal

4.4. We proposed to require sites to use the Personal Projection methodology introduced as part of the RMR to calculate the cost for consumers of both their current and potential new tariffs.

Summary of responses

4.5. We received a variety of responses to our consultation. The majority supported the principle of requiring sites to use the Personal Projection to calculate tariff costs. Some supported our proposal in full, and felt that both sites and suppliers should be free to innovate in terms of how they include seasonal consumption values in the calculation.

4.6. Other respondents wanted a standardised manner in which seasonal consumption patterns are taken into account to be implemented across the industry. This would ensure that consumers would see identical projections from all suppliers and third party intermediaries (TPIs). Others supported some standardisation, but considered that this should be focused on TPIs only, leaving suppliers free to innovate.

4.7. A minority of respondents objected to the principle of the Personal Projection, and felt that it could be confusing for consumers. They argued that a consumer on a comparison site is already at the point of switching, so is unlikely to roll onto the cheapest variable tariff, and may find it confusing or bias them towards switching.³⁹

Why this area is important

4.8. Robust projections of the cost a consumer will pay on a given tariff are at the core of comparison sites' service. We want consumers to be confident that the comparison they get from accredited sites is accurate and reflects their personal circumstances. In the past, consumers often found the cost projections they received to be confusing, as they were unsure what charges and discounts were included and excluded from the calculation.

4.9. The Personal Projection is a means of calculating the cost a consumer is likely to pay for the next 12 months on a given tariff. It sets out the manner in which the unit rate(s), standing charge, discounts and charges for bundled products should be factored into the calculation. It also requires that seasonal and intra-day consumption patterns should be taken into account, though we are not prescriptive about the way in which this should be done.

4.10. As part of our RMR policy development we considered a range of different calculation methodologies, and conducted a significant amount of consumer research. We do not consider that there is a perfect methodology that will suit all circumstances.

³⁹ The reason cited for this being the case was because of the forward-looking nature of the Personal Projection. Where a consumer is on a fixed term tariff with 3 months remaining, the Personal Projection will calculate the costs a consumer is likely to pay over the next 12 months assuming they take no action in the meantime. This means that for the purposes of the calculation one would assume they roll from the fixed term tariff onto the cheapest relevant variable tariff with no end date with their current supplier.

4.11. The Personal Projection was, on balance, considered by stakeholders to be the strongest methodology available, given that it represents a price that a consumer may actually pay. Other ways of calculating the cost of a tariff, such as by creating an annual cost based on the current price only, do not do this. They present instead a price that a consumer can never pay in practice. We do not consider this to be a valid basis on which to compare the relative price of tariffs where consumers are expecting an accurate comparison based on their individual consumption.

4.12. We consider that, over time, consumers will become increasingly familiar with the Personal Projection, and it will be seen as the common currency to be used when comparing tariffs. The methodology alone is unlikely to achieve this, so the Personal Projection will need to be explained to consumers. We have taken steps through our Be an Energy Shopper campaign to provide consumers with more information about the Personal Projection and why it is designed as it is. We consider that comparison sites have a role to play in explaining this important comparison tool to consumers.

Our decision

4.13. We intend to proceed with our August proposal to require accredited sites to use the Personal Projection methodology when calculating the cost for consumers of both current and potential new tariffs. Sites should provide a clear description of the Personal Projection in close proximity to where this is presented on the site.

4.14. We recognise the range of views expressed by stakeholders. On balance, consider the Personal Projection to be the most sensible calculation mechanism. We also consider there are benefits in maintaining the same calculation methodology across the industry, rather than designing something specific for accredited sites. As a result of this change, we also intend to remove the Code requirement specifying that sites should not include tariffs of less than 12 months duration.

4.15. We consider that, as a relatively new comparison tool, the Personal Projection needs to be clearly communicated to consumers. The description should make clear to consumers how any savings figure has been calculated and the assumptions that have been made in calculating the cost of both the current and new tariff. It should also make clear that the savings figure is an estimate only and will change if a consumer's usage or tariff changes. All messaging should be in plain and intelligible language.

4.16. We do not intend to prevent sites from providing consumers with access to alternative calculation methodologies in addition to the Personal Projection should they wish. Some consumers may prefer to see a comparison for a period other than 12 months, or may prefer to compare the relative cost of tariffs based on current prices only. Sites will be able to provide consumers with the option of alternative calculation methodologies. The default comparison, however, must be based on the Personal Projection methodology, and the difference between this and other methodologies should be explained to the consumer.

Tariff Information Labels

August proposal

4.17. In August we proposed to require sites to display a Tariff Information Label (TIL) for each tariff on their site. The TIL is similar to a food label, setting out the key facts about a tariff, including information like the tariff name, payment method, unit rate(s) and standing charge. A TIL should be provided for each variant of a tariff, eg with and without an online discount should there be one.

Summary of responses

4.18. Stakeholders were broadly supportive of our proposal. They considered that the TIL could be a useful comparison tool for consumers, and suggested that the TIL should be available on a widespread basis to maximise its value.

4.19. A small number of stakeholders noted concerns regarding the inclusion of the Tariff Comparison Rate (TCR) on the TIL. They felt that this might confuse consumers should a personal comparison suggest that one tariff is cheaper than another, when the TCR suggests otherwise.

Why this area is important

4.20. The TIL is an important tool for consumers to find out the key facts about a tariff. A consumer can use it to compare, on a like-for-like basis, the features of different tariffs to help inform what deal is right for them. As with the Personal Projection, we expect consumers to become familiar with the TIL over time.

Our decision

4.21. We intend to proceed with our August proposal to require sites to display a TIL for each tariff on their site.

4.22. We acknowledge the concerns raised about the TCR being included on the TIL. However, we consider that one of the key benefits of the TIL is the consistency of the information that it carries, and its standardised format. We consider the TIL can be an important tool for consumers to use when comparing tariffs, and do not consider it to be in consumers' interests to change its contents at this point.

5. Reliability

Chapter Summary

This chapter covers our decision to require sites to warn affected consumers that they risk losing their Warm Home Discount should they switch suppliers. It also covers our planned next steps in relation to complaints handling and site accessibility.

5.1. We want to give consumers confidence that the service provided to them by accredited sites is reliable and robust. This includes both the provision of information and having effective and efficient processes in place to provide a reliable service to consumers.

5.2. One area we want to explore further is complaints handling. The requirements in the Code are currently high level, which makes it difficult to assess whether sites are operating a suitable complaints handling procedure.

5.3. We think that a reliable service should cater for different types of consumers. There is currently no reference in the Code to the Warm Home Discount (WHD). We are concerned that consumers who receive the WHD may not be aware that when they switch they may lose this benefit, as not all suppliers are part of the scheme. This may lead to vulnerable consumers inadvertently making poor switching decisions.

Warm Home Discount messaging

August proposal

5.4. We proposed that sites should include a warning that consumers may lose the WHD when switching suppliers, and that they should provide links to the government's WHD eligibility webpage.

Summary of responses

5.5. An overwhelming majority of respondents supported our proposal to require sites to provide warning messages and links to further information about WHD to consumers. Most respondents stressed the importance of getting the positioning, tone and content of these messages right so that consumers were not confused unnecessarily and discouraged from switching.

5.6. Some respondents suggested that the warning message should be included in a prominent position on the site, such that it would be seen by all consumers, and minimise the risk that consumers inadvertently switch and lose the benefit.

Others recommended that the warning message should be presented later on in the comparison process, either in the results page or at the point at which the switch is made. These respondents highlighted that only a small proportion of all consumers receive the WHD, and displaying a warning message to all may dissuade unaffected consumers from switching.

5.7. A number of respondents recommended a targeted approach to the warning message. They suggested that consumers should be able to self-select whether they currently receive the WHD, and the message could be provided to those who were.

5.8. At our November workshop many stakeholders recommended a flexible approach to Code requirements regarding WHD. They suggested that this would enable sites to test their preferred approach with consumers. The effectiveness of different approaches could then be assessed at a later point, before any more prescriptive approaches were implemented, if necessary. Stakeholders in general highlighted the complexities of the scheme, and suggested that a wider piece of work to improve WHD information should be considered by government.

Why this area is important

5.9. The WHD provides direct help with energy costs to a large number of low income vulnerable households. For some consumers, accidentally losing the WHD as a result of switching suppliers could negate the savings made from switching or even make them worse off. Losing £140 could have a significant impact on some consumers' ability to cover their energy costs.

Our decision

5.10. We have decided to proceed with our August proposal for sites to provide consumers with a warning message that they may lose the WHD when switching supplier, and to provide consumers with links to further information. We do not intend to be prescriptive about where sites provide the message and links.

5.11. A significant number of consumers (1.8 million) currently receive this benefit.⁴⁰ As such, we consider action is warranted to ensure that these consumers do not inadvertently lose the WHD when switching.

5.12. Equally, we recognise that any WHD messages will not be relevant to the majority of consumers. We therefore agree with stakeholders' suggestion that messages targeted at affected consumers may be the most sensible way of communicating the risk of losing the WHD when switching.

⁴⁰ Ofgem, [Warm Home Discount annual report: scheme year 3](#), 2014

5.13. We are keen to work with sites to better understand the impact the messages have with consumers, and whether some approaches work better than others. We also intend to engage with the Citizens Advice service to explore whether they could play a role in consolidating WHD information.

Complaints handling

August proposal

5.14. We proposed that sites should adhere to minimum standards for their complaints handling processes. This would involve sites adopting certain principles from the energy industry's existing Complaints Handling Standards⁴¹, which were:

- Introducing a common definition of a complaint
- Requiring sites to have a complaints handling process in place
- Requiring sites to record complaints when they are received, when handled, and record which (if any) suppliers are involved in a complaint.
- Requiring sites to regularly publish information on performance, eg category of complaint, speed of resolution.

Summary of responses

5.15. Respondents were broadly supportive of our proposals to introduce principles from the Complaints Handling Standards.

5.16. Consumer groups and suppliers supported introducing these standards. They noted their concerns that sites' current complaints handling may be inadequate. They also suggested that establishing a consistent minimum standard for complaints handling among accredited sites would benefit consumers.

5.17. Responses from sites and other TPIs were mixed. The majority supported our proposal in principle, but had reservations about how these could be implemented. They noted their concerns that it can be unclear who is responsible for resolving a consumer complaint. They felt that many complaints arose from supplier issues, which were outside of their control or resolve. Examples cited included complaints about delays in receiving information regarding the status of a switch, direct debit levels being set incorrectly, and not being informed of why a switch was rejected. For similar reasons, they did not support our proposal for sites to publish information on their complaints-handling performance.

5.18. A minority of respondents opposed the introduction of minimum complaints handling standards. They suggested that competition between sites was sufficiently strong such that consumer dissatisfaction would ensure sites maintain high standards of customer service or risk losing users of their site. Others suggested

⁴¹ [The Gas and Electricity \(Consumer Complaints Handling Standards\) Regulations 2008](#)

that contracts between suppliers and sites already contained sufficient complaints resolution clauses to ensure consumers are treated fairly. Some recommended we explore alternative options such as introducing key performance indicators before implementing a prescriptive set of standards.

Why this area is important

5.19. It is important that sites handle complaints effectively and consumers have confidence in their ability to do so. Poor comparison and switching experiences can discourage consumers from engaging further.

5.20. The Code currently requires sites to establish and operate effective complaints and enquiry handling procedures. However, we have limited visibility of the number and nature of consumer complaints regarding comparison sites at present. Although consumers on occasion contact us directly when they are dissatisfied with the service provided by a site, this is likely to be a relatively small proportion of the total number of complaints. We therefore do not have robust data to indicate the scale of any issue around sites' complaints handling processes.

5.21. Competition between sites should lead consumers to use those sites with better customer service procedures. Nonetheless, we consider it inappropriate to provide the accreditation stamp to sites who are unable to deal with consumer complaints effectively. In order to identify if particular sites have insufficient complaints handling processes, we first need to ensure that a common method of recording complaints across sites is implemented.

Our decision

5.22. We remain committed to introducing minimum complaints handling standards in the Code. However, in the light of stakeholder uncertainty regarding which party is responsible for a given complaint, we think that further work is needed before implementing the principles we proposed in August.

5.23. We therefore intend to work with sites and suppliers to explore this area further. We want to better understand how sites currently define complaints for the purposes of meeting existing Code requirements, and how this compares to the definition within the Complaints Handling Standards. We will then propose a common definition of a complaint and requirements for recording these.

Further work areas

Site accessibility

August proposal

5.24. We proposed to set up a working group to discuss the web accessibility guidelines as set out in the World Wide Web consortium's technical standards.⁴²

5.25. Web accessibility means that people with disabilities can perceive, understand, navigate, and interact with the web. Web accessibility also benefits others, including older people with changing abilities due to aging.

Summary of responses

5.26. We received mixed responses to this proposal. The majority of suppliers and consumer groups were supportive, while just over half of TPIs were opposed to our proposal.

5.27. Respondents that did not support our proposal suggested that it is in sites' interest to make their service as accessible as possible to encourage site visits. As such, they felt that it is unnecessary to introduce specific accessibility requirements. Others suggested that setting standards of accessibility may stifle innovation, and may be overly burdensome for sites to implement. In addition, some suggested that this may duplicate work covered by the Web Content Accessibility Guidelines.

5.28. Those in favour were keen to explore whether more could be done to encourage site accessibility, and recommended consulting experts in the field in the first instance to inform future discussions.

Why this area is important

5.29. Our principal objective is to protect the interests of existing and future gas and electricity consumers, including having regard to the interests of those who may be vulnerable. In our 2013 Vulnerability Strategy we committed to taking account of consumer vulnerability across all of our work areas. European-level guidelines for price comparison services also recommend that due consideration is given to web accessibility.⁴³

⁴² W3C: [Introduction to web accessibility](#)

⁴³ The Council of European Energy Regulator's [Guidelines of Good Practice on Price Comparison Tools](#) includes a recommendation that 'online price comparison tools should be implemented in line with the Web Content Accessibility Guidelines, and should ensure that

5.30. We recognise there are consumers who need extra support in understanding complex information and may never feel able to use a comparison site. Nevertheless, we want to make sure that sites are, within reason, able to respond to the needs of certain groups of consumers who may need support engaging and comparing tariffs. In this way we would expect that establishing minimum accessibility standards would encourage more consumers to use accredited sites and increase engagement overall.

Our decision

5.31. This is an important area which we want to investigate further. We share respondents' view that competition between sites may drive improvements in standards of accessibility. We expect that most, if not all, accredited sites already exceed any minimum level of accessibility.

5.32. We want to explore this issue further to establish whether there is a good case for introducing standards into the Code that would provide confidence that all accredited sites cater to the needs of certain groups of consumers who need some additional support to use their service.

5.33. We intend to conduct further research ourselves and seek the opinion of experts on the issue of site accessibility. We will bring the results of our research to a working group of experts and site representatives to consider whether minimum standards should be reflected in the Code, and, if so, how. As part of this work, if we consider it appropriate to suggest introducing accessibility standards, we would ensure that these are not be overly-prescriptive or duplicate existing standards. We would also not introduce any measures that require sites to make fundamental changes, incurring excessive costs.

there are not barriers to overcome to access the comparison.'

6. Code scope and administration

Chapter Summary

This chapter covers our decision to enable mobile app comparison services to become accredited. Also covers our next steps with regard to allowing a wider range of sites to become accredited and to amend some of our Code administration processes.

6.1. Eleven sites are currently accredited under the Code.⁴⁴ This is only a small proportion of the price comparison sites in the market. The current Code requirements for how sites manage their own tariff database and price calculator prevent the majority from seeking accreditation. These sites may take data feeds from, or subcontract site management to, accredited sites.

6.2. Administering the Code currently requires a significant amount of resource. In particular, site audits can be lengthy, and the costs of the annual audit are being borne temporarily by Ofgem. This is not sustainable and needs to be addressed before we proceed with broadening the types of site that can become accredited. We want to pass through the costs of the compliance audits to sites, as was the case previously under Consumer Focus.

6.3. We also want to make sure the existing Code processes are proportionate and align with our general approach to auditing, enforcement and compliance, as well as the process of changing the Code. To enable us to make better use of our resources, and respond better to issues as they arise we will be looking at whether we should reduce the amount of auditing carried out, and increase our monitoring and use of spot checking. More clarity around these processes will benefit both sites and us.

Accrediting mobile app comparison services

August proposal

6.4. We sought views as to whether the Code should cover comparison services provided through mobile apps, in addition to traditional website-based services.

⁴⁴ A list of the 11 currently-accredited sites can be found on the Ofgem Confidence Code webpage, and on our [Be an Energy Shopper](#) website.

Summary of responses

6.5. Stakeholders were broadly in favour of accommodating mobile apps within the Code, and felt this would help the Code to keep pace with market developments. Some noted their support for extending the Code in general, as long as this did not lead to a 'watering down' of the standards expected of accredited services.

6.6. Consultation responses indicated that most Code rules could be accommodated within and mobile display. They also highlighted that creative solutions could be sought for newer information provisions such as the Tariff Information Label (TIL), which can pose challenges for the constrained displays of some mobile devices.

Why this area is important

6.7. The increasing use of mobile devices means that in future consumers may engage more with their energy supply through apps or other mobile-based platforms. Machine-readable images such as Quick Response codes, and the increasing uptake of smart phones and tablet computers means that, increasingly, comparison services are developing mobile-based platforms.

6.8. These platforms can offer consumers a convenient way to engage. This is particularly the case for those who use their phone as their primary form of web access. We want to make sure that consumers using these emerging services can do so with confidence. We also think that it is important that the Code keeps pace with developments in this space and remains relevant.

Our decision

6.9. We consider that the existing Code is broad enough to cover apps, which are a sufficiently similar form of internet-based service to traditional comparison sites. We do not, therefore, consider the Code as it stands needs any immediate tailoring to apps. We are aware that some new comparison tools, such as the TIL, may pose challenges due to the smaller amount of space available on a mobile display. However, we have not received evidence to suggest that the Code rules need to be tailored to specifically meet the needs of apps. We will continue to engage with developers of mobile-based comparison services in order to assess whether there are material issues in future that warrant further work.

6.10. In the short term we want to ensure that we have appropriate internal quality assurance processes in place, and new accreditation agreements reflect the differences between apps and websites (eg replacing URL clauses in current contracts). As such, we will begin to accept accreditation applications from the end of March, but note that initially these may take longer to process than is the case for a traditional comparison site.

6.11. We think that this decision will help the Code to stay in line with trends in the way in which consumers are engaging with internet based services.

6.12. Where an existing accredited site provides an app that is the same as their desktop comparison service (including in its branding), we intend that the app will also be covered by the accreditation. Both the website and the app will need to meet the full requirements of the Code.

6.13. We do not intend for the Code to cover follow-up prompt services at present. These typically involve a follow-up service via email flagging to consumers that there are tariffs available that fulfil the consumer's pre-defined savings threshold. The content of the prompts can differ markedly, and pose a different challenge in terms of the audit requirements to ensure they are accurate. We want to give further consideration to this issue before expanding the Code at this point. We intend to explore this issue further, and will provide an update on our way forward in the summer.

6.14. We do not want to prevent sites from providing these prompts, but, for the avoidance of doubt, the Code logo should not be displayed where a site offers a service that is outside of the Code requirements.

Expanding the Code to cover 'white label' sites

August proposal

6.15. We proposed to widen access to accreditation by removing the requirement for sites to manage and maintain their own database and calculator from the Code.

Summary of responses

6.16. The majority of stakeholders supported our proposal to enable a greater range of sites to become Code-accredited. Most felt that widening access to accreditation would enable a greater number of consumers to benefit from the protections provided by the Code.

6.17. Some sites were concerned that our proposal would undermine the efforts that currently-accredited sites have gone to, to gather information and build relationships with suppliers. This in turn could mean that an increasing number of sites opt for the 'white label' route.⁴⁵

⁴⁵ For the purposes of this consultation we use the term 'white label' to refer to those sites that do not manage their own tariff database and price calculator.

Why this area is important

6.18. We want as many consumers as possible to benefit from the protections provided by the Code, so that they can be confident they are receiving an independent, transparent, accurate and reliable service from an accredited site. There are hundreds of white label sites at present. Some of these are well-known brands operating at a national level, whereas others are smaller, regional services. Current Code rules prevent these sites from becoming accredited.

6.19. We are aware of a number of sites who operate within the spirit of the Code rules, but who are unable to become accredited at present because they do not fully manage and maintain their own tariff database and calculator. We consider that acting as a white label is a valid route to market, and access to Code-accreditation should be widened to reflect this.

6.20. We acknowledge the points raised by stakeholders that currently-accredited sites have made significant investments to ensure that their databases and calculators are of a high standard. However, we do not believe that widening the Code will undermine these efforts.

6.21. In addition, we consider that enabling more sites to become accredited could help to increase consumer awareness of the benefits and protections the Code offers. Consumers currently have little awareness of the Code. Increasing the number of services carrying the Code logo should help to improve visibility of the Code amongst consumers.

Our decision

6.22. We remain committed to removing barriers preventing more sites from becoming accredited. We will do so as soon as we have conducted further work to ensure we can effectively oversee an expanded Code.

6.23. Opening up accreditation to all white labels would significantly increase the administrative burden of running the Code, and could have cost impacts for Code members in relation to the cost of compliance audits. We intend to give these issues further consideration in order to develop a sustainable solution, and will provide an update on our way forward in the summer.

Code administration

6.24. In August, we requested stakeholder views on a range of issues related to the administration of the Code, including: annual audit charges, audit process, compliance and enforcement, and the Code change process.

6.25. We have not yet finalised our position on the Code administration processes. We will consider these issues in tandem with our further work on white label sites, and provide stakeholders with an update in the summer. In particular, we want to

develop a sustainable solution to passing through audit costs. We will also consider the frequency of the audits, and the balance between auditing and compliance checks.

6.26. At present, four audits per year are performed (one annual external audit in addition to three quarterly internal audits). We intend to review the frequency of the audits to ensure the costs remain proportionate. We consider it may be more effective to increase the use of compliance spot checks while reducing the number of regular audits. This would enable us to respond more quickly to changes in the market, and issues raised by accredited services or stakeholders.

Awareness of the Code among consumers

6.27. In August, we sought stakeholder views on ways in which we could increase consumers' awareness of the Code. We received useful feedback from respondents. Suggestions included increasing coordination of press activities, sites doing more to promote the benefits of the Code for consumers, and broadening the Code to cover more services.

6.28. In the near term, our Be an Energy Shopper campaign continues to promote the benefits of Confidence Code accredited sites. In the longer term, we will consider stakeholder suggestions to help further develop our strategy for increasing awareness of the Code.

7. Next steps

7.1. Building on responses to our August consultation, stakeholder engagement, and research, this document sets out our decision on changes to the Confidence Code. The changes we have set out are designed to make sure it fits with the principles of good intermediation we have previously identified – namely independence, transparency, accuracy and reliability.

7.2. Alongside this document, we have provided an updated draft of the Code document. We seek stakeholder views on whether the revised Code reflects the policy intent we have set out. Responses should be submitted no later than 27 February.

7.3. Following consideration of responses, we will make any necessary changes to the drafting, and issue the new Code. The new Code requirements will come into force at the end of March. In appendix 1 we set out our envisaged timetable for when each specific new requirement will come into effect.

7.4. We will provide an update on our work to expand the Code to cover white label sites and our Code administration processes in the summer. At this point we will also provide an update on our way forward in relation to collective switching and follow-up prompt services.

7.5. In the spring, we will set out our next steps with regard to wider TPI issues such as supplier-TPI information flows, face-to-face selling, and non-domestic TPIs.

Appendices

Index

Appendix	Name of Appendix	Page Number
1	Implementation timeline	42
2	Glossary	43
3	Feedback questionnaire	45

Appendix 1 – Implementation timeline

This table sets out the timeline for the changes we have decided upon today to come into effect once the new Code is live at the end of March (day 1). The implementation timelines have been set out having considered stakeholder responses to our August consultation. We want consumers to benefit from the new requirements as soon as possible, while allowing sites sufficient time to implement them correctly.

The majority of changes require relatively minor changes to sites, and will come into effect on day 1. As site changes to reflect the Personal Projection, Supplier Ratings and Warm Home Discount messaging may involve more substantive changes, we have allowed a slightly longer implementation time period.

Change to Code requirement	Implementation timeline
Commission arrangements	Day 1
Signposting to other sources of advice	Day 1
Availability of whole of market comparisons	Day 1. The results of message testing should be submitted to us at the same time.
Supplier Ratings	Day 1 + 1 month. Sites methodology should be submitted to us at the same time
Renewable energy tariffs	Day 1
Personal Projections	Day 1 + 2 months to allow changes to site algorithms as necessary.
Tariff Information Labels	Day 1
Warm Home Discount messaging	Day 1 + 1 month.
Accrediting mobile app comparison services	Day 1. As we have not accredited apps previously, we note that the accreditation process may take longer than average initially.

We have decided to give further consideration to a number of areas we consulted on in August before making our decision. These areas include complaints handling, site accessibility, expansion to cover white label sites, Code administration and awareness of the Code among consumers. We will provide an update on our way forward in relation to these areas in the summer.

Appendix 2 - Glossary

A

Authority

The Gas and Electricity Markets Authority.

C

Collective switching

Where consumers group together in a process typically facilitated by an independent organisation, which negotiates with multiple suppliers to secure a deal on the consumers' energy supply.

Consumer Complaints Handling Standards

The Gas and Electricity (Consumer Complaints Handling Standards) Regulation 2008. These are standards introduced by Ofgem for energy suppliers which outline requirements related to the recording of, and dealing with, consumer complaints.

D

Domestic consumer

A consumer that uses energy for non-commercial purposes.

Domestic energy market

Market which primarily services domestic household consumers.

E

Energy efficiency

A system for reducing energy use for a household or business.

Energy Savings Trust

A social enterprise which offers impartial advice to communities and households on how to, among other things, reduce their carbon emissions and save money on their energy bills.

G

Green Supply Certification Scheme

An independent scheme that verifies claims made by energy suppliers in relation to their green energy tariffs. To be verified, the tariff must meet key principles set out by Ofgem and deliver real and measurable environmental difference.

I

Intermediary

An organisation that intermediates between an organisation and a consumer.

P

[Personal Projection](#)

The Personal Projection sets out the costs you are likely to pay over the next 12 months should you choose not to switch in the meantime. It is based on your actual consumption, or, where this is unavailable, a best estimate of your consumption. Your Personal Projection for your current tariff will be shown as an annual cost in pounds on your energy bill and other regular communications.

[Price comparison site](#)

A website that provides its users with the ability to compare (and possibly switch) their energy supply contract.

R

[Retail Market Review \(RMR\)](#)

Ofgem launched the Retail Market Review in 2010. As a result of this we introduced a range of reforms aimed at making the retail market simpler, clearer and fairer for consumers.

S

[Standard Licence Conditions \(SLCs\)](#)

The legally binding conditions that licensed gas and electricity suppliers must meet to supply to domestic and non-domestic consumers, in accordance with the Gas Act (1986) and Electricity Act (1989).

T

[Tariff](#)

The charges for supply of electricity/gas, combined with all other terms and conditions that apply, or are in any way linked, to a particular type of contract for the supply of electricity/gas to a consumer.

[Tariff Comparison Rate \(TCR\)](#)

A single, comparable figure that takes into account any standing charges and unit rates of a particular tariff. It operates in a similar way to the annual percentage rate (APR) of financial products such as credit cards.

[Tariff Information Label \(TIL\)](#)

The Tariff Information Label is similar to a food label. It contains key facts about an energy tariff. Every tariff will have a label, which suppliers will provide on their website, or on request.

W

[Warm Home Discount \(WHD\)](#)

A scheme introduced by government in 2011 and administered by energy suppliers that provides rebates on the electricity bill of certain households.

[White label site](#)

A comparison site that does not manage its own tariff database and calculator.

Appendix 3 - Feedback Questionnaire

1.1. Ofgem considers that consultation is at the heart of good policy development. We are keen to consider any comments or complaints about the manner in which this consultation has been conducted. In any case we would be keen to get your answers to the following questions:

1. Do you have any comments about the overall process, which was adopted for this consultation?
2. Do you have any comments about the overall tone and content of the report?
3. Was the report easy to read and understand, could it have been better written?
4. To what extent did the report's conclusions provide a balanced view?
5. To what extent did the report make reasoned recommendations for improvement?
6. Please add any further comments?

1.2. Please send your comments to:

Andrew MacFaul
Consultation Co-ordinator
Ofgem
9 Millbank
London
SW1P 3GE
andrew.macfaul@ofgem.gov.uk