

Response from the Simplification Centre, University of Reading

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The Simplification Centre is a new research group, based at the University of Reading, with a multidisciplinary team investigating better consumer information. Because we are specifically focused on information, we are responding to Actions 1, 2 and 4, where information-based measures are discussed.

As a newly established group, we were not in a position to respond to Ofgem's Open Letter in May 2008, but we have been interested to see the range of responses that concerned the provision of more effective information to customers. Our overall concern is that any guidelines or regulations about the provision of extra information to the consumer pay attention to the *quality of information presentation*, and does not simply make the customer's experience more complex.

Action 1: promoting more active customer engagement.

We support the requirement for clearer information on customer bills, and propose that this should be given in a form that directly matches the input fields in typical price comparison websites: this might include, for example, a rolling annual figure for consumption that eliminates the need to find old bills and add up the figures. The proposed annual statement and annual prompt would provide an additional impetus, but would not provide the information at the time of the customer's choosing.

We suggest further investigation should be carried out into what is meant by 'clearer information'. In the absence of examples, commentators on the report will have had different ideas about what is being suggested. A number of regulatory initiatives in other sectors have suffered from the poor quality of prescribed information formats, which have not benefited from the expertise of professional information designers and writers.

We also recommend you consider requiring clarity to be demonstrated through user-testing among a range of customer groups (including the most vulnerable) to determine whether specific formats are, in fact, experienced as clear. This has been a requirement for medicines information for several years, and is being considered in the financial services sector. The testing requirement would apply equally to other proposed measures, such as the rules governing suppliers' sales and marketing activities (Action 2).

Action 2: helping consumers make well-informed choices

We support the development of an easy-to-understand price metric, although we believe this will present a challenge, given suppliers' ever more creative thinking

about tariffs, with early exit fees, loyalty card points, guaranteed discount periods, and other non-price factors through which suppliers differentiate their offer. We suggest investigating the development of a simple code that consumers could read from their bill and enter into a price comparison website, similar in principle to the Videoplus system that encodes information about TV channel and timing in order to simplify the process of recording a programme. The energy comparison code might incorporate information about the customer's current tariff and consumption pattern.

Action 4: helping small business consumers

We were pleased to see that, although small businesses are specifically addressed in Action 4, Actions 1-3 are also seen as helping them. In terms of assessing their ability to deal with complex tariff comparisons, many small business customers are in exactly the same position as domestic consumers. Because most small businesses do not have specialist purchasing departments, the same individuals deal with energy bills both at home and at work.

The proposed requirement to 'inform small business customers clearly in writing of the key terms and conditions in their contracts' is an acknowledgment that terms and conditions, although already in writing, are often not clear. This applies equally to domestic consumers, of course. Again, we suggest that expert attention is paid to the way in which key terms and conditions are made clear. We believe this must involve a risk assessment of the likelihood of any particular clause of the contract being triggered (that is, the likelihood of the event it addresses actually happening), and the potential damage to the customer should they be unaware of the clause's content.

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