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Dear Barry

**Domestic third party intermediaries: Confidence Code and wider issues**

Thank you for providing SSE with the opportunity to respond to this consultation on Domestic third party intermediaries: Confidence Code and wider issues.

SSE is encouraged that Ofgem views the increased role of TPIs as part of helping customers to make well informed decisions and developing new improved services that are responsive to market demands. Overall, this area can help rebuild trust and help customers find the best deal.

There is also an obvious commercial interest in that TPIs create an additional route to market for suppliers. Sites have stimulated customer engagement and made it easier for them to access a wide range of tariffs with minimal effort. This easier engagement facilitates customer switching and increases competition. This has also coincided with traditional sales channels no longer being used as much in the contemporary energy market.

While confidence in TPIs is perceived as high and they are considered as reliable, there is still good reason for them to be considered under the Code to ensure their users still benefit from its protection. This is on top of increasing the awareness of different comparisons and the commission arrangements which ultimately impact on the costs passed to consumers.

The main drive from TPIs can often be the opportunity for customers to save money which then influences how they choose to display search results. While this is an important aspect of switching supplier, it would be undesirable for this to reduce the incentive for suppliers to compete on qualitative matters such as service.

To continue with our value of Treating Customers Fairly, we look forward to the further proposals on facilitating face-to-face services to ensure harder to reach customers are not excluded from the innovations of TPIs. We hope for some worthwhile advice grounded in our experience providing comparable services

### **Collective Switching**

SSE realises that collective switching is indicative of how customers have recently become able to organise themselves. There is some importance consideration to be given on these types of arrangements sit with more regular tariff offerings.

If the Code is to be expanded then this is an area where it would be especially valid so this relatively new proposition still entails the same level of consumer protection.

### **Non-domestic third party intermediaries**

We have previously expressed our broad support for developing a code for non-domestic TPIs. While coherence between both domestic and non-domestic markets may be desirable, we welcome the acknowledged difference between the two.

### **Cashback**

There is no ambiguity on suppliers being prohibited on providing cashback offers unless for taking dual fuel supply or arranging online management of the accounts. While it may be commercially appealing for TPIs to make such a decision it would also present an obvious inconsistency. The long term concern could legitimately be that suppliers are either marginalised or effectively removed from selling their product directly. Given the regulatory burden they face but that does not need to be considered by TPIs, there is claim for marked competitive disadvantage.

The consultation has numerous questions (13, 17, 21 and 25) around timescales of delivery. For the most informative responses to be provided, these would realistically require further information. If these changes are based on presentation rather than something more substantial then we would recommend a timescale of 6 months with the caveat this may change as more details are presented.

Please let me know if you require any further assistance.



Yours sincerely

Josh Henderson  
Regulation

## **Domestic Third Party Intermediaries: Confidence Code and wider issues**

**Question 1: Do you agree with our summary of the current domestic TPI landscape? In light of recent developments in TPI services, are there other important factors we should be taking into account?**

Given the quickly changing environment in which TPIs are developing, there may be some question over the regulatory remit of different agencies. Energy suppliers may potentially become just one part of a more sophisticated product based on the usage of customer specific data.

With this comes an important concern on data protection and of who is responsible for customer data and how this may be used by TPIs

**Question 2: Does the definition exclude services you would expect to be covered? If so, how might it be adjusted to accommodate them?**

A parsimonious definition may be helpful to still permit further development of what they are able to provide. Nevertheless, to meet their full potential, it may be desirable for an intermediary to provide a service beyond intangible 'advice and assistance' and provide something of material benefit such as access to exclusive products or bundles.

The definition may take better shape if referring specifically to a commercial relationship. Simply offering a service based on assistance and advice would unintentionally include charitable or non-profit organisations such as Citizens Advice or local authorities. We find it unlikely that groups such as these were intended to be included in this project.

The definition would also gain better specificity by mentioning that these TPIs must also deal with multiple service providers. As such, more work with stakeholders is required to ensure that the best terms are found.

**Question 3: Would this definition include services you would not expect in light of our TPI vision? Why do you think these services should be excluded?**

In keeping with the previous answer, the definition needs further work.

**Question 4: Do you agree that domestic intermediaries should provide an independent, transparent, accurate and reliable service to their customers?**

As TPIs will be providing a service as part of the energy industry, it is reasonable to expect them to provide a service which is in keeping with its values of treating customers fairly. The principles noted above are in keeping with this and so we think they should guide their service.

However, if Ofgem is determined to ensure the standards are met, it may be necessary for the principles to be developed so it can be established what they would look like in practise. While we would want TPIs to retain independence, there should be something in place to monitor that an acceptable standard is being met.

**Question 5: Are you aware of potential challenges for particular types of TPI models in embedding any of the principles? How might these challenges be addressed?**

It could be imagined that there is strong incentive for these principles to be embedded as they are considered desirable traits by consumers. If this is so then there may already be substantial development in them being in place. Beyond this, it would be for individual TPIs to ensure these principles are well embedded but we can foresee this taking the form of close scripting and rigorous training particularly when it comes to face-to-face activity.

**Question 6: We have identified information exchange and face-to-face services as priority areas for our consideration. Are there other areas you think we should be focusing on in the near future?**

Face-to-face services may not be a priority in the sense they will be used by the multitude of customers but to this method may still have some merit in contacting people that may not have access to the internet or other emerging technologies. In this sense, they help include customers that may otherwise be hard to reach.

**Question 7: Are you aware of barriers to effective information exchange between suppliers and TPIs which impact on services to consumers? If so, how might these barriers be addressed?**

It is important that call handlers are well trained so that the Code is adhered to.

In terms of exchanges between suppliers and TPIs, it would be important that the necessary information was exhaustively collected to ensure signing the customer was signed up was able to be completed without any unnecessary delay. This could potentially create a more time consuming process but overall, it being done correctly would be more important.

**Question 8: What further steps do you think we should take to facilitate face-to-face services, particularly to support engagement with more vulnerable or harder-to-reach consumer groups?**

SSE has some development of contacting vulnerable customers so they can be informed of particular advice on how they can save money on their energy costs. This is as well as working with third parties such as Citizens Advice Bureau who are often called upon to represent such groups. Other than this, our communications are developed to be easily understood by as many people as possible.

It is unclear what Ofgem could do to facilitate face-to-face services and engagement with vulnerable or harder-to-reach groups and so this would require further consideration.

**Question 9: What are your views on our proposal to increase the transparency of sites' commission arrangements with suppliers and the impact this has on the results a consumer will see?**

If this is of valid interest to consumers, there is already an incentive to provide some overview of commission arrangements. In this sense, sites would already be responsive to this without any specific regulatory guidance.

Transparency on commission arrangements also fits as part of the wider interest in providing customers with the necessary information to make well informed decisions. Failing to acknowledge the charging of commission runs counter to our intentions of Treating Customers Fairly where making these sorts of arrangements clear and transparent would be the intent. Having a TPI promote its impartiality may reinforce the perception that the service being provided is ultimately without any cost.

Superficially, the relationship between a TPI and the supplier appears to a 'free' service for the customer when it is actually important to consider that the supplier can be charged a significant amount which is then prohibitive to passing savings on to consumers.

With that being said, TPIs have still become increasingly attractive propositions as other sales channels have been under increasing scrutiny. There is also a possibility that consumers are already familiar with commission as part of sales channels; their concern may be substantially focussed on finding the best price more than any background arrangements.

Comparison Sites could also make decisions which are more to their benefit than the customers when it comes to presenting tariff options. One such site would not display alternatives with an existing supplier. The rationale is that the customer will remain on the existing tariff and contact the supplier directly which would effectively be lost commission. However, this clearly infringes on the opportunity for a customer to make a fully informed decision.

Potentially, sales volumes created by certain suppliers may determine a TPIs priorities and so there should be some consideration to guidance provided to TPIs around prioritisation of risk rather than prioritising around commission.

**Question 10: Do you agree that sites should direct consumers to the sources of independent advice identified? Are there other sources you would suggest?**

Without naming specific sources, it may be valid for sites to explain that the best decision for the customer is likely to come from using multiple sources prior to making any commitment.

Should other specific sources be given then there are recognisable and trusted names such as the Energy Saving Trust and Citizens Advice Bureau (CAB) that could be considered reasonable recommendations for this role.

**Question 11: Do current requirements (within the Code or more widely) or supplier practices put unnecessary restrictions on sites' business models? If so, what changes could be made to allow greater flexibility?**

This is another matter that may be best answered specifically by TPIs. Beyond this, there may always be a chance that regulatory conditions could create restrictions if they over reach or produce unintended consequences.

**Question 12: Should there be a central repository of information for prepayment customers? Who should fill this role? And in what way could sites facilitate the provision of this information to consumers?**

The proposal requires some further elaboration on the substantial benefit this would provide to prepayment customers and how it would be useful.

Nevertheless, we would hope that sites acknowledge the presence of prepayment customers and aim to provide customers with the same type of information they would for other customers. This is a desirable arrangement as it continues our goal of treating customers fairly.

**Question 13: What timeframe would you propose for implementing our proposals in relation to site independence?**

Please see cover letter.

**Question 14: Do you agree with our proposal to increase consumer awareness of the availability of whole of market comparisons? Are there better alternatives?**

We want to see an environment where consumers have the widest range of information available to them.

In keeping with our response to earlier questions, the default presentation should present the customer a 'whole-of-market' comparison. Comparisons can be limited with the default display of only showing the plans that are immediately available and not necessarily those with no commercial agreement in place. As such, it does not provide a view of the whole market.

The wording of the options presently viewed is also important to consider what is being offered. Selecting an option to view all tariffs on the market is distinct from an option to view tariffs available for immediate switching; the latter signifying a commercial agreement.

SSE consists of several different supply brands yet is only represented as SSE. This could result in some initial confusion as to why their current provider is not represented to give a valid comparison. An additional complication could be when the subsequent comparison may be against a particular branded standard tariff which then leads to a misleading suggestion of potential savings.

**Question 15: Do you agree with our proposal to allow sites to compile their own supplier ratings? Are there factors other than those set out that sites should consider when formulating their ratings methodology?**

While a star rating may be used, there is chance for it to be inconsistent with the Citizens Advice Bureau (CAB) ratings. CAB has a statutory remit to publish the energy supplier performance and so would appear to be in a good position to then inform other ratings.

With that being said, there would also be scope for unnecessary confusion if there is a noticeable difference in what these ratings show. The methodologies also need to be responsive to any changes in the quality of service a supplier may provide.

The star rating is also useful to provide details of service features, and give an insight of the tariff and helps to make a decision on factors other than just the price.

**Question 16: Do you think there is benefit in exploring further the criteria for filtering or categorising green and environmental tariffs on comparison sites? Do you have suggestions for the best way to define these criteria?**

Filtering for Green Tariffs is a reasonable suggestion probably represents a concern some customers already hold. However, prior to such a filter being produced, it may be required for a particular green definition to be confirmed.



**Question 17: What timeframe would you propose for implementing our proposals in relation to site transparency?**

Please see cover letter.

**Question 18: Do you agree with our proposal for sites to use the Personal Projection methodology when calculating the cost of a tariff?**

The Personal Projection would be the preferred methodology for calculating tariff cost. A projection using specific customer based information is most likely to provide the best results based on a customer's specific circumstances. As there has been an emphasis with suppliers providing accurate reviews when possible to inform payment plans and expected on-going costs, it would be consistent for this to be continued with TPIs.

Generally, the usage information leads with the equivalent cost rather than the usage itself. This may give information in a familiar format that is easily understood (since the units involved are transferable to other products and services) but there is also an impact on accuracy. Monetary projections may be lacking other factors included with present payment rates such as debt recovery.

Specialist metering systems may not be easily integrated into a standardised form of presenting cost projections. Additional efforts to supplement this may then lead to confusion or a lack of clarity.

As a more technical concern, the use of cookies can potentially distort the information to be used when a change of circumstances has occurred that would produce another result. This old information being in the background is not necessarily a helpful starting point when the change in circumstances needs to be clearly presented.

**Question 19: Do you agree with our proposal to require sites to display a Tariff Information Label for each of the tariffs on their site?**

The inclusion of the Tariff Information Label is another means of providing some consistency in how relevant details are provided. It could viably be described as assisting with customers making well informed decisions. If this is not presented on the main results page then there should be a clear link for it to be viewed. It would be for individual sites to determine exactly how this is configured.

**Question 20: Should we seek to ensure consistency of tariff cost results across the industry? Or should we allow room for suppliers and TPIs to differentiate by adopting their own methodologies?**

Consistency on methodologies would be desirable in that it can indicate reliability and add to credibility to the site and the results it provides.

**Question 21: What timeframe would you propose for implementing our proposals in relation to site accuracy?**

Please see cover letter.

**Question 22: Do you agree that we should introduce principles from the complaints handling standards into the Code? Are these the right principles to introduce?**

If TPIs are to become integrated in the industry then it follows they should also be accountable to the prevailing standards to be met by suppliers. This could help customers find some reassurance in using their services while knowing they have the same protection should something go wrong.

This would likely necessitate the same accountability as suppliers in terms of recording instances of dissatisfaction and having reasonable arrangements in order to have these resolved.

**Question 23: Do you support our proposal to introduce messaging and links to Warm Home Discount information as a requirement of the Code? Do you have specific views regarding where and how this information should be presented to consumers?**

It has been of high importance to SSE that customers receive any assistance they are entitled to. WHD being highlighted on the sites would avoid an obvious problem of any eligible customers missing out on this contribution by minimising or removing the opportunity for them to be unaware of such help.

As to how this is presented would ultimately be the choice of the TPI. However, there may be some argument for it to only be reference after a tariff choice has been made. This would remove any opportunity for it to be perceived as particular to a specific selection as it should obviously be avoided as influencing any choice as some sort of incentive.

**Question 24: Do you agree that we should set up a working group to discuss site accessibility guidelines?**

There is likely to already be a strong incentive for sites to be accessible. Accessibility will encourage visits and commercial viability. Nevertheless, more details of this proposal would be welcome.

**Question 25: What timeframe would you propose for implementing our proposals in relation to site reliability?**

Please see cover letter.

**Question 26: Do you agree with our proposals to allow a broader range of comparison sites to become accredited under the Code?**

If sites find it advantageous to become accredited then this should be welcomed. The net result of this should then be an improvement of standards as they look to meet the accreditation criteria.

Other than this, it is especially important that the tariff calculator provider is accredited since this then determines how the information is presented elsewhere.

**Question 27: What challenges and benefits do you envisage if we were to expand the Code to cover mobile apps? And follow-up prompt services?**

The uptake in use of mobile devices for an increased range of services has been a noted trend in recent years and so in keeping with this it would mean that more portals to switching information would be aligned with the prevailing industry standards. Challenges are more probable on the side of TPIs as they try to establish useful ways of presenting the correct information in a clear format.

**Question 28: Do you have suggestions as to how best to increase awareness of the Code among consumers?**

It should be simple to have a particular logo that confirms a site is accredited. Emphasis should be focussed more on the application of the code and its details being upheld rather than necessarily increasing its profile.

**Question 29: Do you agree that we should appoint a single auditor and pass through the costs to sites? Are there better alternatives for achieving this?**

Yes, this would be in keeping with the regulatory regime of other industries.

**Question 30: Do you agree with the proposed changes to the Code audit, enforcement and compliance, and change processes?**

Yes, these appear in keeping with the current regime and this sort of familiarity does not provide much basis for objection.