



Making a positive difference  
for energy consumers

Affected domestic gas supply  
licence holders

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Dear Supplier,

### **Gas prepayment overcharging – Update on Suppliers progress in refunding current customers**

On 27 November 2014, we wrote to affected gas suppliers requesting a timetable for making all repayments to affected customers and for confirmation of their approach to meeting the principles agreed at a meeting with Rachel Fletcher, Senior Partner Markets, on 14 November.<sup>1</sup> Prepayment customers have been overcharged for many years and it is important that they receive their refund as quickly as possible. Our primary motivation has been to ensure that consumers do not lose out and are protected quickly and fairly from over-payments while the meter problems are addressed. We also want suppliers to compensate individual customers and households and meet their obligations to their customers directly, rather than through a donation to hardship funds or other support for energy consumers.

As part of their response, all suppliers committed to complete the repayment process for current customers by early February 2015. We have continued to closely monitor and scrutinise suppliers' progress against their commitments, to ensure that refunds to live accounts are delivered as soon as possible.

### **Suppliers progress against in refunding current customers**

Our assessment is that overall suppliers have treated this issue with the seriousness that it deserves. More than ninety percent (c. 1.36 million) of affected customers have received their refunds and half of all affected suppliers have issued refunds to all their customers. Many suppliers have also specifically prioritised their vulnerable customers to get their refunds as quickly as possible.

In returning customers' money, we recognise suppliers have faced a number of challenges, particularly in relation to data quality. For example, accounts have been held under "The Occupier", but in some circumstances, suppliers have needed a named individual to issue a refund for these accounts. Some suppliers have also faced constraints with the systems of third parties used to deliver refunds to consumers. However, we note that some suppliers have overcome the challenges they faced more quickly and effectively than others. Given the nature of the issue, we expect all suppliers to make every effort to ensure consumers are united with their money.

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<sup>1</sup> <https://www.ofgem.gov.uk/ofgem-publications/92188/2014-11-27gasppmrobchurchletter.pdf>

## Next steps

We are concerned that a material number of refunds are still outstanding and in particular a small number of suppliers are yet to complete the repayment process for a large number of their affected customers. These suppliers have plans in place to substantively complete the refund process in the next two weeks. We want customers affected to be repaid directly as much as possible rather than suppliers making a charitable donation, and we think it is worth extending the deadlines to suppliers to make that happen.

All affected suppliers must finish the job in reuniting current consumers with their money by **early March 2015**. If money is not reunited with customers at this point we will determine what further enforcement action to take in accordance with our enforcement guidelines.<sup>2</sup>

We will continue to monitor progress against supplier commitments to refund all customers, including historical closed accounts. Where customers cannot be reunited with their money, suppliers must make equivalent donations to organisations providing assistance to energy consumers. This remains a last resort, however, to be applied only after all efforts to identify individual customers and return money owed have been expended.

In addition, we will shortly set out in a further open letter the steps that industry needs to take to prevent a similar situation occurring again.

Yours faithfully

Rob Church  
Partner, Retail Markets

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<sup>2</sup><https://www.ofgem.gov.uk/ofgempublications/92045/enforcementguidelines12september2014publishedversion.pdf>