

Ofgem consultation: Treatment of white label providers in the domestic retail market

Response

We generally agree with Ofgem's proposals for white label arrangements, as imposing the same requirements on white labels as suppliers (eg, cheap tariff messaging) will ultimately lead to consumers being able to make informed decisions and choose the most appropriate tariff.

Every six months we ask consumers how they rate their energy supplier's customer service and we ask consumers to rate them as either "good", "OK" or "poor".

We understand from the consultation that partner suppliers are "usually" responsible for the billing of white label customers and white labels are "typically involved" in customer-facing activities. However, our current survey results do not separate these elements. We had hoped to be able to provide more detailed evidence of consumers' experiences where the white labels were distinguishable from their partner supplier, but as Ofgem was not able to answer our request for more information in good time we were left with little time to investigate this further.

We have therefore included on page two our last three survey results in respect of the three white labels we are aware of. Links to the full list of results for each survey are also provided.

We are satisfied with most of Ofgem's responses to concerns raised by stakeholders in respect of the cheap tariff message proposals (sections 3.22 and 3.23 of the consultation). We are, however, concerned that Ofgem is not taking any measures to ensure that suppliers will not restrict the price of white label tariffs. We believe Ofgem needs to reconsider the impact of the cheap tariff message proposals being implemented. It believes white labels exert less competitive pressure on existing suppliers than new suppliers because pricing decisions are dependent on their partner suppliers. However, currently there is no requirement for a partner supplier to tell its customers about cheaper tariffs offered by any other energy provider, only its own cheapest tariff. Under the cheap tariff message proposals, a supplier will be required to tell customers about its white label's tariffs, which may well be cheaper than its own. While we welcome these proposals, which will aid transparency, we believe they will result in an increase in friction between white labels and their suppliers.

This is because the new proposals leave a loophole in which a supplier can restrict the price of its white label tariffs to make sure they are not cheaper than its own tariffs, which we believe will be exploited. We don't believe Ofgem's hope that suppliers won't do this is enough and we urge Ofgem to put in place measures to properly address this issue, as there is currently nothing to stop suppliers from doing this.

We also believe that the cheap tariff messaging needs to be clear to consumers so that they understand why they are being given this information. This should not only include the relationship between the white label and the partner supplier but also an explanation that the tariff has not been selected from a whole of market review nor is it being recommended to consumers.

We agree that white labels should be required to publish information setting out the value that they deliver to customers. We believe they should be subject to the same rules as suppliers to publish their domestic complaints data on a quarterly basis and in a prescribed format (ie, the top five reasons for complaints and measures they are taking to improve how they handle them).

In general, however, we disagree that the complaints data should be made available no more than two clicks from a provider's website homepage. We think this requirement does not increase the transparency of their customer service to consumers. Energy providers which do not want to be transparent can easily hide or disguise this information so consumers never click on it, and we found this to be the case with many supplier websites at present, including half of the big six.

Data

Our poll asks users:

"Is your energy company's service any good?"

We regularly ask for your feedback on firms, and have brought this poll forward to see how big the issues are.

Please rate your current supplier's SERVICE (not price) over the last SIX MONTHS (or less if you've recently switched). If you've gas and electricity with different firms, please vote for both."

The results for August 2014 in respect of known white labels are below. The full results can be found [here](#).

Ebico (104 votes)

Great		84 votes (81%)
OK		17 votes (16%)
Poor		3 votes (3%)

M&S Energy (122 votes)

Great		56 votes (46%)
OK		50 votes (41%)
Poor		16 votes (13%)

Sainsbury's Energy (74 votes)

Great		34 votes (46%)
OK		25 votes (34%)
Poor		15 votes (20%)

April 2014:
(Full results [here](#))

Ebico (56 votes)

Good		47 votes (84%)
OK		9 votes (16%)
Poor		0 votes (0%)

M&S Energy (108 votes)

Good		69 votes (64%)
OK		32 votes (30%)
Poor		7 votes (6%)

Sainsbury's Energy (51 votes)

Good		31 votes (61%)
OK		9 votes (18%)
Poor		11 votes (22%)

October 2013:
(Full results [here](#))

Ebico (150 votes)

Good		133 votes (89%)
OK		14 votes (9%)
Poor		3 votes (2%)

M&S Energy (96 votes)

Good		68 votes (71%)
OK		22 votes (23%)
Poor		6 votes (6%)

Sainsbury's Energy (103 votes)

Good		58 votes (56%)
OK		32 votes (31%)
Poor		13 votes (13%)

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