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Sent by email to ThirdPartyIntermediaries@ofgem.gov.uk

Friday 27 February 2015

Dear Barry

Consultation on proposed drafting for the Confidence Code to reflect January 2015 policy changes

Thank you for the opportunity to comment on the revised drafting of the Confidence Code.

For the most part we support the revised drafting. We are disappointed that the draft does not address telephone activity; however, we understand that Ofgem will be consulting on face-to-face activity in the Spring, and we would hope that telephone activity will be included at this time.

We have the following comments regarding the drafting.

Requirement six - Quality of service and signposting to information

In section (D) we believe the requirement for consumers to use annual consumption information when obtaining a quote should be stated more strongly. This could be achieved by swapping the two paragraphs and making some minor revisions, as follows:

"Service Providers must emphasise to consumers the importance of entering accurate information to get the best comparison and should encourage consumers to input their annual consumption figures in order to do this, which they can find on their latest bill or annual summary.

"A Service provider can estimate a consumer's current spend if the

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consumer is unable to provide accurate information. For example, a Service Provider can estimate consumption by asking questions about the size of property, number of bedrooms, etc. In these cases it should be clear to the consumer that this information is estimated and how this will impact their quote.”

Requirement six - Energy efficiency information

We believe that it would be useful for consumers to understand how much is at risk if they switch to another supplier where they are entitled to a Warm Home Discount rebate (section (G)). By stating the value of the Warm Home Discount rebate, consumers will be able to see whether what they are saving by switching to a cheaper tariff is more than they will lose.

Requirement six and Requirement seven

The numbering format is confused in each of these two requirements. The remainder of the Code uses letters to define different sections: these two requirements use a mixture of numbering and letters and has some duplication.

Requirement six - 7.1 Calculation methodology and assumptions

As previously stated, we do not support the use of the Estimated Annual Consumption calculation as we believe it could mislead consumers. Not only will the value change over time for the same tariff, it will also differ from Service Provider to Service Provider (and supplier) due to seasonality being calculated differently. Consumers will be confused and are likely to distrust the value they see and, ultimately, the Service Providers who use it. In addition, the Estimated Annual Consumption is likely to overstate the savings a consumer can make. We support recent concerns in the press and on radio in relation to the its use.

Our preference is for Service Providers to show only the annual cost of a tariff based on the consumer’s consumption. We appreciate that paragraph 7.1.3 allows Service Providers to provide an additional alternative methodology, however more numbers just add to the confusion for consumers.

We would also like to see a consistent approach across the industry for the estimation of consumption. This is especially important where a consumer moves house and therefore no historical consumption information is available. We appreciate, however, that this would require further research and consultation.

If Ofgem determines that (under the Confidence Code) Service Providers must use the Estimated Annual Consumption, it is important that they are required to make it very clear that it is based on the assumption that at the end of their current tariff the consumer will not actively seek out a new tariff, and will therefore default to their supplier’s cheapest variable price tariff which is likely to be more expensive. We believe it is important that this information is provided without the customer having to click away from the results page in any way.

If you require any further explanation of our comments above or have any other questions, please do not hesitate to contact me.

Yours sincerely

Jill Laurie
Regulatory Executive