

## Future of retail market regulation – Consumer Group workshop

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Notes from Ofgem’s consumer group workshop on the future of retail market regulation.

From	Ofgem
Date of workshop	3 March 2016, 1.30-4.30pm
Location	9 Millbank, London

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### 1. Overview

- 1.1. On 3 March 2016 we held a workshop with consumer groups to explore some of the issues raised in our Future of Retail Market Regulation [consultation document](#). Representatives from Citizens Advice, Citizens Advice Scotland, Ombudsman Services, National Energy Action and Age UK were in attendance.
- 1.2. The workshop began with an introduction by Rachel Fletcher (Senior Partner, Consumers and Competition) and Neil Barnes (Associate Partner, Consumers and Competition). There were then brief presentations and roundtable discussions on three topics:
  1. Vulnerability
  2. Consumer information and billing
  3. Telephone and face-to-face sales and marketing case study
- 1.3. The main views that emerged from these discussions are captured below. **Please note that these are the views of workshop attendees and do not necessarily represent the views of Ofgem.**

### 2. Vulnerability

- 2.1. The first session focussed on how we should treat vulnerability in the future rulebook, including what any potential vulnerability principle could look like. Questions were raised as to how a principle would interact with the Standards of Conduct, and concerns noted that having a separate principle for vulnerability may be ‘placing vulnerability in a box’ (encouraging suppliers to consider it as an isolated issue rather than embedding consideration of vulnerability throughout their businesses). One attendee suggested enshrining the E.UK safety net protections in the licence.
- 2.2. There was discussion around the definition of vulnerability, which is currently articulated in Ofgem’s [Consumer Vulnerability Strategy](#) but is not stated in the supply licence. Some comments were made around potential inconsistencies in approaches to implementing this definition across suppliers. Questions were raised as to how this definition fits with the recent proposed changes to the Priority Services Register, and concern this could lead to having multiple definitions of vulnerability.
- 2.3. Several attendees highlighted the need to consider what support frontline advisors would need to make any principles-based protections work. They emphasised the

importance of being able to translate any rules in this area into advice for consumers, so that frontline advisors can continue to explain to consumers what their rights are.

- 2.4. A strong theme was the need for ongoing dialogue between Ofgem and suppliers to support a culture change. It was suggested that Ofgem should focus more on engagement, monitoring and compliance activities, relative to the larger enforcement cases.

### **3. Consumer information and billing**

- 3.1. We are reviewing the regulatory arrangements that apply to consumer information and billing, and we are considering the role that Ofgem-led trials could play in informing any changes in this area. Attendees generally agreed that trials could be a useful tool, particularly in this area, though some concerns were raised about key aspects of billing information (such as the cheapest tariff message) being removed.
- 3.2. There was also general agreement around the expectations that Ofgem set out for how trials should be run, which we have since published in an [open letter](#). Attendees raised a few questions around how the results from trials would be shared, and how Ofgem would use learnings from trials to inform wider policy development in the context of future retail regulation.

### **4. Telephone and face-to-face sales and marketing case study**

- 4.1. In our December consultation, we highlighted our intention to explore as a priority the potential to reform the licence obligations on suppliers relating to sales and marketing activities (SLC 25). Attendees questioned whether a widespread return to doorstep selling would be desirable, noting the trend in other markets of moving away from this method of selling. They did acknowledge that there are other forms of face-to-face selling, such as by appointment or in shopping centres, which could be a useful way to engage some customers who otherwise might not engage with the market. There were some views that there is greater scope for change in telesales rather than face-to-face sales, despite the fact that the prescriptive rules relate only to face-to-face sales.
- 4.2. There was general agreement that the principles in the objective of SLC 25 are suitable. With regard to prescriptive rules that we should retain, suggestions included the requirement for tariff comparisons to be provided to customers, and the requirement for records of face-to-face sales to be kept. One attendee suggested that suppliers or representatives selling face-to-face should use a trackable mobile device that could be updated regularly to present comparisons as a minimum, rather than pricing sheets, and could provide an audit trail of sales.
- 4.3. Discussion focussed largely around how this area could be monitored, and in particular the role that consumer groups could play in this. Suggestions made included talking to housing associations (which may be aware of any negative doorstep selling experiences their tenants have experienced) and empowering frontline advisors to flag any trends they notice, and for these to be fed through to Ofgem on a quicker, ad-hoc basis rather than waiting for the regular reporting cycle.

## 5. Next steps

- 5.1. Our Future of Retail Market Regulation consultation closed on 11 March 2016. We are currently considering views raised in the responses we received and will publish our next steps for the programme by June 2016. We will continue to engage actively with stakeholders throughout this programme. If you have any further views or questions, please get in touch at [FutureRetailRegulation@ofgem.gov.uk](mailto:FutureRetailRegulation@ofgem.gov.uk).