

## Ofgem: Cooling off research - Interim topline

*This top-line is based on early analysis of 23/25 completed interviews; overall findings may change following completion of the fieldwork and full analysis of the data.*

Achieved sample		Completed	Completed	
<b>Group</b>		<b>SEG</b>		
'Switchers'	17	AB	4	
'Considered switching'	4	C1	9	
'Didn't consider'	2	C2	4	
<b>Mode</b>		DE	6	
FTF	10	<b>Financial Literacy</b>		
Tel	13	Very confident	12	
<b>Gender</b>		Somewhat confident	7	
Male	13	A little confident	2	
Female	10	Not very confident	2	
<b>Age</b>		Not at all confident	0	
18-24	2	<b>Payment Method</b>		
25-34	3	Prepayment meter (PPM)	3	
35-44	2	Monthly direct debit	17	
45-54	1	Quarterly direct debit	1	
55-64	7	Payment card	1	
65+	8			
<b>Location</b>				
London	7			
England - other	14			
Wales	1			
Scotland	1			

### Key findings:

- Respondents were positive about several aspects of the switching journey – ultimately they were seeking simplicity, speed and cost savings. Their concerns related mainly to the relationship with the old supplier.
- Overall, respondents wished to receive greeting packs, and opening and closing bills, including clear information about their tariff and what they would be paying each month. Respondents tended to regard any additional communications beyond this as a potential burden rather than as useful.
- After the scenario testing, a preference emerged for a choice for consumers between the two routes. This was driven by (a) the *principle* of consumer choice or (b) recognition that different options may be more appropriate in different scenarios.

- **The principle of a cooling off period did not tend to encourage respondents in the sample to consider switching. There is some suggestion that introducing the idea of a 24 hour switching period – even in the context of a cooling off period – is a cause for concern. The implication is that the new arrangements may need to be carefully framed as a new opportunity to change your mind.**

### **Customer experiences of switching energy suppliers**

- Respondents tended to know their current and previous energy suppliers. However, tariffs were considered a confusing area, and individuals' **awareness of tariffs** tended to be limited to the amount paid each month.
- Respondents reported a range of switching **triggers**, commonly including recommendations from peers; direct marketing contact from energy company representatives; coming to the end of a fixed price contract; and emails from Money Saving Expert's 'Cheap Energy Club'.
- Cost was the key **motivation** for many respondents, but some were motivated by customer service (particularly older people), access to green energy, or wanting to avoid large or foreign suppliers. In some cases, these drivers trumped cost as a reason to switch.
- Respondents that had carried out **comparison activity** tended to have done this using comparison websites in which there are high levels of trust (particularly among younger people). Some older people relied on their children to conduct comparison for them. Other respondents had acted on word of mouth and recommendations (particularly older people), and representatives from Utility Warehouse. This suggests that whilst many people utilise comparison websites, some switch based on information about a single provider, and may lack wider market awareness.
- Respondents were **positive** about their switching journey in relation when it was simple, quick and they saved money. They reported positive experiences when:
  - the Cheap Energy Club carried out the comparison activity or the new supplier carried out most aspects of the process for them;
  - new suppliers organise aspects with the old supplier in particular;
  - they have a dedicated point of contact to communicate with;
  - switching takes 4 weeks or less; and
  - they found there were on a better tariff and seeing tangible cost savings.
- However, respondents reported a number of **barriers to switching** which provide an indication of their communication needs during a switching process, notably:
  - Most concerns centred around the relationship with the old supplier and having to liaise with them, such as: over billing, inexplicably high final bills or double billing; having to chase to close down the account; not being able to reclaim credit or this taking a long time and effort; or feeling scared that they might receive poor service as 'punishment' from the old supplier (particularly older people). Some of these were based on past experiences of switching.
  - The switching process taking more than a month to complete.
- Respondents had **not switched or considered** doing so due to:

- Finding they were satisfied with the terms of their current tariff (even when this was not the cheapest option where they valued factors such as renewable energy)
  - Finding that the cost saving was not enough to drive them to act (e.g. under £50)
  - Fear that the new supplier's service may be worse ('better the devil you know')
  - Reticence to move on from British Gas even when this may be more expensive (among older people) and a lack of trust in new entrants to the market
  - Negative experiences of switching in the past
  - Perception that removing a PPM would be difficult and potentially expensive
- Respondents reported that an **effective switching process** should involve:
    - Simplicity – regarding process and communications
    - As little contact with the old supplier as possible – and not having to chase them. For the old supplier to quickly provide a final bill and for credit to be reconciled efficiently. *This suggests there should be a minimum set around when the final bill should be sent and that a clear explanation should be provided.*
    - Being able to complete the entire process online (for younger people)
    - Having someone to do the process for you and a direct point of contact (particularly for older people)
    - For the process to take 4 weeks or less.
  - Respondents provided consistent feedback about **communication needs** during switching. They wanted just the key information provided, with signposts to further information.
    - Respondents wanted a simple confirmation that the switch was taking place, with a timeframe for the switch and the receipt of the first bill.
    - Respondents wanted final bills be provided quickly, and include a clear explanation of how the final amount had been calculated.
    - Some respondents wanted opening bills to reflect what they would be paying rather than averages more quickly.
      - Older people often wanted hard copies whereas younger people tended to be satisfied with online versions. Respondents wanted these to provide a clear summary of the cost of their tariff and what they would be paying each month.
    - Further communications were considered unnecessary and potentially confusing or burdensome, unless something goes wrong with the switch.

### **Expectations and preferences around cooling off periods**

- *Option 1: Customer is moved back to their previous supplier*
  - *Option 2: Customer stays with the new supplier until they switch again*
  - *Option 3: Customer can choose from either of the above options.*
- There was high **awareness** of cooling off periods generally among the respondents but a mix of views and lack of clarity about how this operates in the energy market. Whilst respondents were positive about the cooling off period, it did not tend to make them more likely to switch. Some found it reassuring but assumed if they wanted to switch then they would have made an active decision to do so did not assume they would need to use the right.

- **Overall** there was some **spontaneous** preference for option 3, before introducing scenarios. This was sometimes based on the principle of consumer choice. Preferences were only weakly influenced by the scenarios, as people tended to retain their preference throughout. However, mixed views emerged about the options within the scenarios.
- Some respondents responded positively to **Option 1: moving back** because:
  - They perceived it to be better to return to something familiar rather than the unknown;
  - There was a view that some switchers may not have conducted research or know how to find another supplier (for example if acting in response to direct marketing).
- Respondents reported the following concerns about **Option 1:**
  - That they may receive poor service and 'punishment' from the old supplier as a result of moving to leave them
  - That consumers may be put on a worse tariff or conditions after they are moved back
  - Some questioned why consumers would want to use this option given they (they assumed) had chosen to move away from the supplier for a reason (e.g. poor service, tariff price)
- Some respondents responded positively to **Option 2 remaining until switching again** because:
  - They felt there may be a good reason for leaving a supplier, and that consumers were thus unlikely going to want to return in those circumstances;
  - Consumers would be able to select their second choice supplier (particularly the more engaged as they often assumed other people would have conducted comparison activity before choosing to switch).
- Respondents reported the following concerns about **Option 2:**
  - There was a perception that this was a riskier option than option 1, and that there may be confusion with suppliers passing details on. Respondents were primarily concerned that this greater complexity would result in multiple bills from up to 3 suppliers, for very short periods. Some older respondents worried that the complexity may result in some consumers having their energy supply disconnected somehow.
  - There was a question raised about how long consumers would have to find and choose a new supplier (they suggested around a month);
  - That consumers would be forced to make another active decision about who to change to, requiring effort on their part (particularly those who were less engaged);
- **After** the scenario testing, there remained **an overall preference for option 3**. Respondents often either:
  - valued the principle of consumer choice (particularly engaged respondents), or
  - after the scenario testing wanted a choice because they understood circumstances may be different and the different options may be more appropriate. Ultimately they worried about complexity in terms of billing, and discomfort with reinstating a relationship with their previous supplier under uncertain terms.
- Though respondents prioritised simplicity of communications during a switch, they desired a choice of options for the cooling off period. The options, and implications of the choice, would thus need to be communicated as simply as possible.
- Respondents wanted to **hear about** the cooling off period via: Martin Lewis and comparison sites, at the point at which you are making a switch (i.e. from the suppliers), or on energy bills/via e-mail with current suppliers.

- Some respondents spontaneously expressed concern about **the concept of 24 hour switching**. Some respondents (older people and those who were less engaged) perceived this to be 'too quick', and found it off-putting. This seemed to be due to the fact that the current switching period (of a month or more) is longer than the cooling off period will be under new arrangements. Even though there is a less clear pathway to reconsider currently, some participants seemed to perceive the change to be a reduction to their right to change their mind. There was also some concern people might switch irresponsibly in this situation, and that they would not consider their options carefully. However younger people and those who were more engaged with the market were more often positive about this concept. This finding will require further analysis.
- This suggests that communications about 24 hour switching should make clear that the cooling off period is a new opportunity to reconsider, could encourage consumers to conduct research and make a considered decision before switching and present the cooling off period as a reassuring safety net.