

Emailed to: dennis.berg@ofgem.gov.uk

Dennis Berg
Consumers & Competition
Ofgem
107 West Regent Street
Glasgow
G2 2BA

16th September 2016

Dear Mr Berg,

Statutory Consultations on the removal of certain RMR Simpler Tariff Choices rules

I write in response to your consultation on the removal of certain RMR Simpler Tariff Choices rules.

About Ombudsman Services:

Established in 2002, The Ombudsman Service Ltd (TOSL) is a not for profit private limited company which runs a number of discrete national ombudsman schemes across a wide range of sectors including energy, communications, and property. Each scheme is funded by the participating companies under our jurisdiction and our service is free to consumers. We currently have in the region of 10,000 participating companies. Last year we received 220,111 initial contacts from complainants and resolved 71,765 complaints. The company currently employs more than 600 people in Warrington and has a turnover in excess of £27 million.

We are 'Good for Consumers and Good for Business'.

For consumers, we offer a free, fast and accessible form of civil justice with no requirement for legal representation or specialist knowledge, and with a particular focus on access for vulnerable consumers. We ensure that complaints are dealt with swiftly in an impartial manner, and we make decisions based on what is fair and reasonable rather than narrow remit of the law.

For businesses, we offer a fast and low-cost alternative to the courts, and make decisions based on expertise in industries. By looking to resolve disputes, we promote brand loyalty and repeat purchasing as well as building reputation and trust. We offer guidance on improving standards of service hence sharpening competitiveness. We go beyond individual complaints to find broader trends which can be a source of innovation.

More broadly, we provide an efficient and effective means of addressing consumer detriment and building business capability without recourse to the public purse. We take pressure and cost away from small claims court and legal system and help to build consumer confidence which bolsters the economy.

Ombudsman Services' Comments:

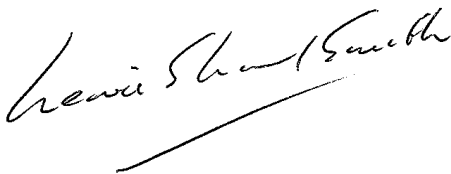
The two year study into competition in the retail energy market by the Competition and Markets Authority (CMA) clearly identified and recommended the removal of certain Simpler Tariff Choices rules to allow for effective competition. Ofgem has agreed with the CMA report and is taking appropriate action to implement this recommendation. As you have highlighted in the consultation the impact assessment covering this work has been done fully by the CMA.

We support this work and the move more generally, within Ofgem's Future Retail Regulation work, to a principles based approach to regulation. As we operate the Energy Ombudsman we have the ability to collect and analyse whole market data that allows us to take a more systemic role and work with the industry to improve its customer experience. As such we can help enable proportionate regulation. By adopting a data and insights led approach we are able to see what is happening in a market and work constructively and collaboratively with suppliers to tackle problems. This allows many issues to be addressed before they escalate or require full regulatory intervention. This role is particularly important with moves towards principles based regulation and a desire for more flexible regulation.

As you highlight in the consultation there is a balance to be struck between simplicity and innovation. We agree with this and will be responding to the consultations you are running on helping consumers make informed choices – proposed changes to rules around tariff comparability and marketing and potential changes to the Confidence Code. Clearly, this package of work as a whole is important to hit the right balance between simplicity and innovation.

I trust that this is helpful to you, but if you have any further questions please don't hesitate to get in touch again, via David Pilling in the first instance at: dpilling@ombudsman-services.org.

Yours sincerely,



Lewis Shand Smith
Chief Ombudsman and Chief Executive, Ombudsman Services