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Ofgem  
9 Millbank  
London  
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15th July 2016

Dear Sir/Madam

**Priority Services Register Review: Statutory Consultation**

We write in response to your consultation in respect of proposed changes to Priority Services Register (PSR) provisions.

**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.

## Response to consultation:

OS has the following points to put forward, which add to the comments made in our response to Ofgem's earlier December 2015 consultation:

### Eligibility and customer identification

In respect of identifying which customers should receive priority services, we note that Ofgem has retained its proposal for suppliers to take 'all reasonable steps' to identify eligible customers.

OS supports the principle of moving away from a stringent set of eligibility criteria, which should allow a greater number of vulnerable consumers receive the assistance they need, not just those who fit within a narrowly defined category. We would, however, reiterate the point made in our earlier response regarding the added responsibility this will place on customer service staff within individual suppliers to use their initiative and professional judgement to identify eligible customers. We believe that, in order to make this work effectively, it should be a key priority of all suppliers to ensure that adequate training and tools are provided to their front line staff.

We note that the consultation document acknowledges that companies will have different ways of identifying eligible customers based on their particular business models and customer needs. While we agree that suppliers should be allowed the space to innovate and develop methods which work most effectively for their individual business and customer base, we are mindful of the risk that disparities may arise in terms of the effectiveness of these methods. A situation where vulnerable customers have a varied chance of being identified as such, depending on which supplier they are with, could lead to consumer detriment. To address this we would encourage Ofgem and the industry to consider ways in which best practice can be shared across the industry, as well as some monitoring from Ofgem which we will comment on in more detail later in this response.

### Priority services

We note that Ofgem has not made any material changes to the proposals set out in its December 2015 consultation in respect of the services suppliers should provide. OS remains supportive of these proposals, which should enable energy companies to offer more innovative and bespoke services to ensure 'equal outcomes' for their customers. We would make the point, however, that offering a much broader range of customised services for customers could make the practical delivery and management of these services more challenging for suppliers. It will therefore be essential that companies have adequate processes and systems in place to deliver these effectively.

### Data recording and sharing

We note that Ofgem intends to specify the 'minimum details' that suppliers should record and share on vulnerable customers, and the proposals allow for this 'minimum details' list to be added to by Ofgem at a later date if required, without the need for further consultation. We agree that this is a sensible step and should help to avoid any unnecessary consumer detriment that may result from suppliers failing to record and share sufficient information.

In respect of cases which come to the ombudsman, we believe it would be sensible to require suppliers to pass on information about customer vulnerability and priority services to our office as part of the standard case file. This will serve 3 functions:

- 1) to allow OS to take into account the customer's needs during our own handling of the case;
- 2) to allow OS to consider whether the company provided the customer with the required priority services as part of our investigation of the issues raised; and
- 3) to allow OS to gather insights on whether individual companies are providing adequate priority services to their customers and, if necessary, work with companies to drive improvements in this area.

#### Compliance and performance monitoring

We note that suppliers are currently required to provide Ofgem with information on their PSR numbers on an annual basis through the Social Obligations Reporting (SOR) mechanisms. We would suggest that Ofgem considers obtaining PSR figures from suppliers on a quarterly, 'per 100,000 customers' basis. This would allow Ofgem a clear and regular view of the proportion of customers each supplier has identified as eligible for priority services and should assist in drawing comparisons across the industry and identifying potential issues at an early stage. If there are large disparities between different energy companies, this should flag to Ofgem that vulnerable consumers are potentially going unidentified within certain suppliers and action may be taken required to address this in order to prevent consumer detriment.

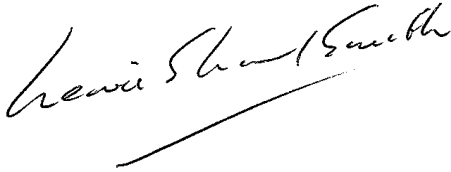
We see a prominent role for OS in assisting with this type of work as we shift from our traditional role of handling individual complaints towards identifying and tackling issues in individual companies, and working more proactively with suppliers to make recommendations for improvements. Accordingly, where Ofgem believes that a particular supplier's PSR numbers are comparatively low, we envisage a role for OS in using our knowledge and insights to work with that company to affect positive change.

#### Other comments

Research carried out by OS last year showed that nearly half (45%) of people over the age of 65 are unsure of or do not know what their consumer rights are. Our research also showed that a lack of awareness of consumer rights is one of the main barriers to complaining. To help ensure that vulnerable customers are not suffering undue consumer detriment due to a lack of awareness of their right to alternative dispute resolution, OS would suggest that priority services should include the auto-referral of complaints from vulnerable customers to the ombudsman once the complaint reaches 8 weeks or deadlock. This would ensure that vulnerable customers do not miss out on the opportunity to have their concerns reviewed by an independent third party, simply due to a lack of awareness of consumer rights which we see amongst many vulnerable groups.

I trust that this answers your queries in full, but if you have any further questions please don't hesitate to get in touch again.

Yours sincerely,



Lewis Shand Smith  
Chief Ombudsman and Chief Executive, Ombudsman Services