

16 December 2016

## **Guaranteed Standards of performance: supplier arrangements with third parties**

Earlier this year E.ON reported to us that they had failed to pay compensation, as mandated through the Guaranteed Standards<sup>1</sup> that suppliers must meet, after missing or being late for appointments. E.ON paid compensation to directly affected customers and made a payment to charity to help consumers in need, including helping service personnel through National Energy Action's 'Heat for Heroes' project.<sup>2</sup> Last week we announced that Ovo is paying funds to Step Change, a charity that helps indebted energy consumers.<sup>3</sup> This is because Ovo failed to pay compensation when its agents missed or turned up late for appointments with customers. In both cases we have worked with the companies to agree improvements to their processes and agree redress packages rather than take formal enforcement action. The redress packages in both cases are proportionate to the harm caused to consumers.

A significant cause of E.ON's and Ovo's non-compliance was having inadequate data recording and transferral arrangements in place with contracted parties (meter operators and/or meter asset managers). This meant the companies were not being informed of all instances when contractors missed or were late for appointments. As a result, the suppliers were unaware that they were liable to pay compensation to the affected customers and those customers were not paid. E.ON and Ovo agreed to improve their processes and will ensure that compensation is always paid proactively to affected customers within the statutory deadline of 10 working days after the breach. We will closely monitor E.ON's and Ovo's compliance with this requirement.

These cases related to failures under the previous set of performance standards. New standards came into force on 1 January 2016 along with a new reporting framework. As part of preparing for the implementation of the new regulations, suppliers ought to have satisfied themselves that the data recording and transfer arrangements that they had in place with contractors were fit for purpose. Suppliers should at the same time have ensured that their arrangements for compensating consumers when breaches come to light were working efficiently.

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<sup>1</sup> Ofgem's Guaranteed Standards for suppliers set specific customer service standards, in particular where suppliers need to visit a customer's premises (for example to fix a meter when a customer reports a fault). Suppliers must pay customers £30 if they fail to meet one of these standards, and must pay a further £30 if they fail to make the payment within 10 working days. The standards apply to all domestic suppliers and, in relation to appointments, also to suppliers of microbusiness customers. The standards currently in force are set out in the Electricity and Gas (Standards of Performance) (Suppliers) Regulations 2015. They superseded the previous requirements on suppliers under the Gas (Standards of Performance) Regulations 2005 and the Electricity (Standards of Performance) Regulations 2010, which were in force at the time of the failures by E.ON and Ovo.

<sup>2</sup> <https://www.ofgem.gov.uk/publications-and-updates/e-pays-3-1m-after-its-agents-missed-appointments>.

<sup>3</sup> <https://www.ofgem.gov.uk/publications-and-updates/ovo-energy-pays-54000-after-agents-missed-appointments>.

Suppliers remain responsible for the actions of third parties acting on their behalf. We strongly encourage suppliers to report any potential non-compliance with the Guaranteed Standards to us now and to take any prompt and effective remedial action that might be necessary. In this context we also remind suppliers of the significant value that the Authority attaches to the prompt self-reporting of breaches and putting right any non-compliance that suppliers have identified.

Yours faithfully

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