

**Decision of the Gas and Electricity Markets Authority to close its investigation into SSE's compliance with the requirements of conditions 25C, 27.1, 27.5, 27.6, 27.8 and 28.1 of its gas and electricity supply licences.**

We opened this investigation in July 2016 in response to concerns that SSE may not have been treating its customers fairly when switching them to pre-payment meters (PPMs). Our investigation focused on a period of SSE's operations, from August 2014 to January 2015, and concerned a relatively limited pool of some 1819 customers who had PPMs installed during that period.

Our investigation found evidence that SSE:

- advisors did not routinely offer customers, in payment difficulty, the option to pay for their energy use by way of deduction at source from social security benefits (Fuel Direct);
- advisors did not consistently assess in full customer's ability to pay when agreeing debt repayment plans with customers in payment difficulty;
- did not provide customers with clear and comprehensive written details of certain disadvantages of PPMs; and
- wrote to customers in advance of PPM installations promising access to SSE's "cheapest" tariffs. However, 337 customers began paying more (in total approximately £3,000 across all affected customers) having had a PPM installed.

In April 2017, we concluded our provisional analysis of the evidence. Having considered our findings, we decided that this investigation was suitable for alternative action under Ofgem's Enforcement Guidelines<sup>1</sup>. This enables Ofgem to agree action on the part of a supplier to implement improvement actions to address any ongoing concerns. This was considered appropriate due the short-lived nature of the conduct described above and the relatively limited degree of financial harm that was caused to SSE's customers. SSE engaged proactively with Ofgem in undertaking to resolve the concerns that had been identified.

In May 2017, SSE agreed to implement improvement actions to address the concerns we had identified. These measures included:

- retraining staff on assessing ability to pay and offering customers Fuel Direct;
- implementing enhanced monitoring arrangements of calls held with customers in payment difficulty;
- refunding customers who paid more having had a PPM installed (approximately £9 per customer) and compensated each customer £20; and
- offering customers who had switched to a PPM, where appropriate, the option to have a credit meter installed at zero cost.

In October 2017, we reviewed SSE's implementation of these measures. We were satisfied that SSE had taken appropriate remedial action to address potential non-compliant activity

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<sup>1</sup> <https://www.ofgem.gov.uk/publications-and-updates/enforcement-guidelines>

and that affected customers had been appropriately compensated. Accordingly, we decided to close the investigation.

This case highlights key lessons for suppliers when communicating with customers who are experiencing payment difficulties:

- Suppliers must ensure that they are fully compliant with the rules in relation to customers in payment difficulty and ability to pay<sup>2</sup>. Ofgem has published an open letter to all domestic suppliers setting out a number of key principles to help suppliers properly and proactively take account of customers' ability to pay<sup>3</sup>. These reflect key considerations Ofgem will look for and take into account, along with other relevant factors, when assessing compliance.
- Suppliers must ensure, where applicable, that customers are offered the option to pay for their energy by means of deduction at source from social security benefits.
- Suppliers must ensure that all communications with customers are complete, accurate and not misleading.

### **Customers in Vulnerable Situations**

As part of our ongoing monitoring Ofgem regularly collects social obligations data to understand how suppliers are meeting the needs of consumers in vulnerable situations. This includes but is not limited to, expectations of suppliers when dealing with customers in payment difficulty. The latest trends are set out in our 2017 Vulnerability Report <sup>4</sup>.

Suppliers are reminded that they must ensure that they are compliant with the most recent supply licence condition changes. Changes to the Standards of Conduct<sup>5</sup>, in particular, will be relevant for how suppliers communicate and deal with customers in vulnerable situations.

### **Gas and Electricity Markets Authority**

**17 November 2017**

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<sup>2</sup> These rules are set out under Standard Licence Condition 27 of the Gas and Electricity Supply Licences

<sup>3</sup> <https://www.ofgem.gov.uk/ofgem-publications/57399/open-letter-pdf>

<sup>4</sup> [https://www.ofgem.gov.uk/system/files/docs/2017/10/consumer\\_vulnerability\\_report\\_web.pdf](https://www.ofgem.gov.uk/system/files/docs/2017/10/consumer_vulnerability_report_web.pdf)

<sup>5</sup> [https://www.ofgem.gov.uk/system/files/docs/2017/10/standards\\_of\\_conduct.pdf](https://www.ofgem.gov.uk/system/files/docs/2017/10/standards_of_conduct.pdf)