

# Annex 3 – Stakeholder feedback on December working paper

---

This document accompanies our [policy consultation](#) on domestic supplier-customer communications rulebook reforms.

In December 2017, we published a [working paper](#) setting out our thinking on how we might amend the supply licence rules relating to customer communications. The thinking we outlined in the paper was based on extensive engagement with stakeholders. We received a small number of written responses from stakeholders to this paper. We also engaged bilaterally with a range of suppliers, consumer groups and industry bodies to discuss the early thinking set out in the paper. This annex summarises the key points that stakeholders raised during this engagement. We have taken these views on board, along with wider evidence, including consumer testing (see annex 2 – summary of evidence used to inform our proposals), in developing our policy consultation proposals.

## Overall comments

Stakeholders strongly supported our draft proposals to remove prescription from the customer communications rules and rely more on enforceable principles to ensure good consumer outcomes. Suppliers in particular welcomed the increased flexibility the new framework of rules would enable.

All stakeholders broadly agreed with the priority areas for reform we identified, though a few stakeholders (larger suppliers and an industry group) questioned why mutual variations were out of scope.

A few stakeholders noted that there could be overlap between our proposed draft narrow principles and existing principles or other regulations (eg consumer protection law). This echoes views raised by Energy UK in their recommendations report.<sup>1</sup> Some suppliers (both larger and smaller) felt that the narrow principles may be too detailed in places, which could restrict innovation.

Other stakeholders commented on how suppliers may implement changes to communications once any new rules are in place. Consumer groups highlighted the importance of monitoring how suppliers respond to any rule changes. One supplier raised concerns that suppliers may misuse the flexibility afforded by principles to reduce the overall amount of engagement they have with their customers, rather than increasing it.

## Encouraging and enabling engagement

Stakeholders share our view of the importance of encouraging and enabling consumer engagement, and generally feel that suppliers are best placed to understand what works best for their customers. Many are concerned that the length of communications can cause consumers to disengage. Some have also suggested that prescriptive formatting requirements can disrupt the “flow” of communications, making them harder for consumers to find the information they need.

Several stakeholders have emphasised that engagement does not always equate to switching tariffs or suppliers – consumers who investigate their options and decide they are happy on their current deal should not be viewed as disengaged. Certain

---

<sup>1</sup> Energy UK, [Rules of engagement: putting customers at the heart of communications](#), summer 2017.

stakeholders suggested that it is more important for consumers to know that they can switch and what they can get out of it, rather than telling them they should switch.

A few stakeholders, including consumer groups, highlighted the usefulness of the Tariff Information Label and other tools in helping frontline staff advise customers about aspects of their energy supply. They noted that any new rules should ensure that important information consumers need to understand their tariff is still grouped together, and clearly labelled, so consumers know what they can use the information for.

Stakeholders strongly supported our draft proposal to remove prescription from the rules in this area, and rely instead on new principles requiring suppliers to make sure they provide consumers with the information they need to engage effectively.

In the working paper we also set out a principle requiring suppliers to provide information to consumers about the relationship between their costs and consumption. A number of stakeholders felt the intent of this principle was not clear. They encouraged us to consider whether this was already covered by other principles or could be merged.

### **Assistance and advice**

Stakeholders recognised the importance of consumers being aware of and able to access assistance and advice when they need it, and were broadly supportive of our draft proposals to focus more on the outcomes we want to see for consumers in this area. A number of stakeholders welcomed the flexibility this would give suppliers to review their communications and ensure the messaging relating to assistance and advice does not get lost among other pieces of information.

One medium supplier thought that the placement of assistance and advice messages should be standardised, so that advice providers can point people towards certain place on a Bill. A smaller supplier noted that if we have strong expectations that certain assistance and advice messages should be on a specific communication, we should prescribe this.

A consumer group emphasised that it is important for suppliers to signpost clearly to the most appropriate sources of assistance and advice for a consumer's situation. They noted concerns that suppliers have not always done this in past, and hoped that a new principle in this area would ensure suppliers focus on delivering good outcomes for consumers rather than adopting a tick-box approach to complying with the rule.

In terms of our proposed drafting, a number of stakeholders felt that the proposed split between two principles (one focusing on assistance and advice that suppliers provide directly to consumers, and the other on third party assistance and advice that suppliers must signpost consumers to) was not particularly intuitive. They made a variety of suggestions for alternative ways the principles could be drafted.

### **Bills and billing information**

Stakeholders felt that the Bill can sometimes be seen as the default home for all information for consumers. They felt this can diminish its effectiveness, as consumers can get overwhelmed with information and important messaging can get lost. All stakeholders (consumer and industry groups, and suppliers) strongly agreed with our draft proposal to reduce the amount of information that needs to be on a Bill specifically.

The current rules do not require suppliers to regularly send consumers with prepayment meters statements of account. We proposed that a new billing principle would cover all consumers, so prepayment meter customers would get more regular information to help them manage their costs and consumption. A number of stakeholders, particularly consumer groups, strongly support this draft proposal, particularly in light of our draft proposal to remove the Annual Statement.

Certain suppliers queried the level of detail we expected them to provide to explain how charges have been calculated, noting that a full breakdown of charges could overload consumers with information they may not need or want.

Many stakeholders emphasised that the new billing principle and any remaining prescription should not restrict innovation in the way Bills are provided. They want suppliers to be able to provide Bills in electronic formats rather than just in paper or PDF forms.

All stakeholders strongly felt that frequency of billing should be led by consumer preferences, rather than by adopting a new more frequent default. One supplier suggested that the rules around frequency should distinguish between requests for payment, and informing consumers of their account balance.

### **Changes to contracts**

Stakeholders told us that they would like both the Price Increase Notification and Statement of Renewal Terms to be shorter in length – this is particularly so in the case of the latter, in large part because of the requirement to provide multiple sets of principal terms alongside the main notice. They suggest that the length of the notices can contribute to consumers being deterred from engaging with them beyond a quick glance.

Suppliers suggested that reducing some of the content and reformatting the notices would make them more effective at prompting consumer engagement. Similarly, some stakeholders have suggested that changing the window within which the notices must be sent may increase their effectiveness as prompts. They suggest that the current notice periods may be too long, and that sending them closer to the effective date of the changes may mean that they act as a more effective call to action.

Several stakeholders requested clarity about what would constitute “in good time”. Other stakeholders, particularly consumer groups, noted that this would differ for different customers. For example, older customers may wish to have a longer notice window to be able to discuss their options with family or friends.

A number of stakeholders commented that our draft principle was very detailed, and read more like prescription. Certain suppliers were also concerned that being required to notify customers of all changes to contractual terms and conditions would be going further than the current rules require.

### **Annual Statements**

The majority of stakeholders supported our draft proposal to remove the Annual Statement, and agreed that relying instead on the narrow principles around encouraging and enabling engagement would achieve our intended outcome without disadvantaging consumers. One consumer group noted that as the proportion of consumers on fixed-term tariffs increases, the relevance of the Annual Statement will diminish as these consumers will be getting Statements of Renewal Terms more frequently.

A number of suppliers said that their consumers don't engage with Annual Statements much, relative to other communications. They noted that the content of Annual Statements is largely similar to other communications, and they consider that there may be more effective ways of delivering this information than via the Annual Statement in its current form.

A few stakeholders qualified their support for our draft proposal by noting that it was contingent on the billing principle covering prepayment meter customers, to ensure they would not be worse off.

One consumer group noted that the Annual Statement can be a helpful document, but suppliers are not doing enough to make it engaging, and consumers haven't had long enough to get used to receiving it and therefore engage with it.

### **Other key points raised**

Several stakeholders commented on our draft proposal to introduce "Key Decision Points" as a new defined term, to ensure that suppliers provide information in a timely manner.

Views were mixed as to whether this definition is needed. Several suppliers supported the concept behind it, while some larger suppliers and an industry body thought that existing principles, particularly the SLC 25 informed choices principles, already covered this.

Several suppliers questioned what we would expect to see as examples of "Key Decision Points", particularly for consumers on standard variable tariffs. There were differing opinions as to whether these should be listed out to establish a consistent understanding across suppliers or not.

A smaller supplier and a consumer group highlighted the difference between information being provided in a "timely" way and "frequently". Both thought that information being timely was more important, as consumers could be inundated if information was provided on a frequent basis.

Stakeholders raised a number of other points in relation to our draft proposals, including:

- Suggestions for how we might monitor supplier performance and compliance with the new principles
- Questioning how, if at all, our draft proposals would affect non-domestic suppliers
- Noting the risk of suppliers not having standard approaches to communications, which could confuse customers.