

Microbusiness Strategic Review

Event 2: Switching Related Proposals

**Thank you for joining.
The event will begin shortly.**



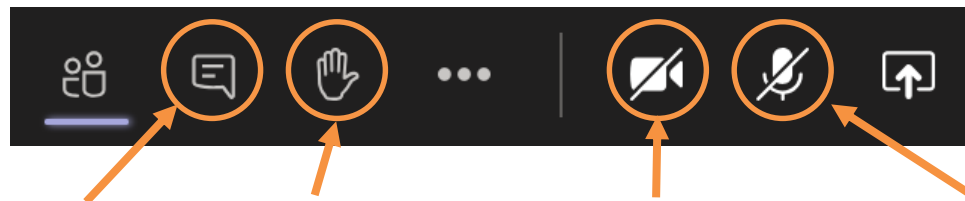
14/10/20

- 10:00 – 10:10 Introductions and house rules
- 10:10 – 10:15 Cooling-off period policy overview
- 10:15 – 10:40 Cooling-off period discussion on key topics
- 10:40 – 10:45 Contract extensions and notice period policy overview
- 10:45 – 10:55 Contract extensions and notice period discussion on key topics
- 10:55 – 11:10 Discussion on additional topics
- 11:10 – 11:15 Wrap up and close

This event is designed as an opportunity for stakeholders to provide views to help inform Ofgem's policy thinking. When providing views we ask that you adhere to the following rules:

- Please **stay on mute and turn your video off** until the moderator requests that you unmute yourself.
- During the discussion on key topics, if you would like to contribute then please **'raise your hand'** using the feature in MS Teams.
- Please **try to be concise** so that we can give as many people the opportunity to contribute as possible.
- After you have finished speaking please **mute your microphone again and 'lower you hand'**.
- Be courteous and respectful to other participants.

We will try to give everyone an opportunity to contribute but if we run out of time then please feel free to get in touch with us to arrange a bilateral.



Open chat box Raise/lower hand Video off/on Mute/unmute microphone

- Following concerns that the market is not working well for some microbusinesses we launched the review in May 2019 with the goal that:

“Microbusiness’ needs and preferences are met by the market, that they can access competitive offerings and that they are adequately protected where necessary.”

- We then took steps to better understand and assess the issues faced by microbusinesses.



- Following this we prioritised the areas of harm according to their scale and severity before developing a package of policy proposals to address these.
- We are now seeking views on these proposals via our consultation which closes on the 23rd Oct as well as during these events.

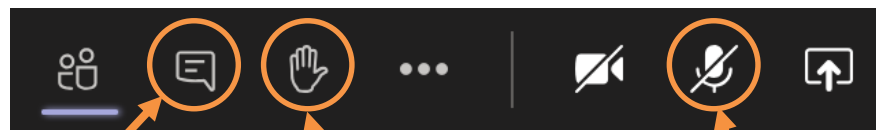
- Our review identified cases where microbusiness consumers are unwittingly signing up to deals over the phone without realising that they are signing up to a legally binding contract.
- Other cases were highlighted where on reflection microbusinesses are feeling as though they have been misinformed or not provided with complete information after having entered in to a contract.
- This issue appears to be exacerbated by the verbal contracting process and other issues with poor sales and marketing practice.

To protect consumers where this occurs we propose:

- **Introducing a 14 day cooling-off period for microbusiness customers.** We propose that this period should last for 14 days after the customer has entered in to the contract and been provided with a written copy of the Principal Terms.

- 1. Use of cooling-off period for purposes outside of policy intent**
- 2. IT system and business process changes needed to implement a cooling-off period**

- If you would like to contribute then please **'raise your hand'**. Please **stay on mute** until the moderator requests that you unmute yourself.
- After you have finished speaking please **mute your microphone again and 'lower your hand'**.



Open chat box

Raise/lower hand

Mute/unmute microphone

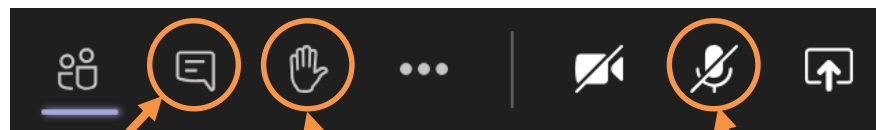
- We have received a range of evidence suggesting that poor knowledge/misunderstanding and unnecessary complexities associated with contract terminations and notice requirements is causing significant issues.
- The review also identified issues with switches being delayed due to complexities and a lack of consistency among supplier procedures to handle Letters of Authority (LoA), including the time taken to process them.
- Stakeholders have pointed to these issues resulting in microbusinesses switches being blocked with costly default contract rates being applied in the meantime.

To address these issues and protect consumers we propose:

- **Requiring suppliers to maintain existing contract rates for up to 30 days while issues with a blocked switch are being resolved.**
- **Prohibiting suppliers from requiring microbusinesses to provide notice of their intent to switch.**

1. Applicability of contract extensions to objections for any reason eg debt.

- If you would like to contribute then please **'raise your hand'**. Please **stay on mute** until the moderator requests that you unmute yourself.
- After you have finished speaking please **mute your microphone again and 'lower your hand'**.

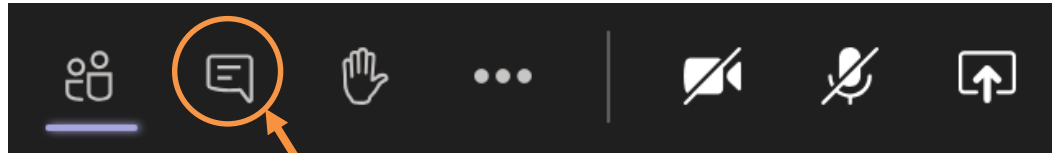


Open chat box

Raise/lower hand

Mute/unmute microphone

- We request that you contribute via the chat box, this will allow us to group comments to make best use of time.



Open chat box

We want to hear from anyone interested in our consultation and proposals and would welcome a formal response.

Please send your response to CDconsultations@ofgem.gov.uk, or via Survey Monkey, by close on **23 October 2020**.

Subject to responses we intend publishing a statutory consultation in winter 2020/21 and for changes to be implemented later in 2021.

Thank you for your participation

Ofgem is the Office of Gas and Electricity Markets. We are a non-ministerial government department and an independent National Regulatory Authority, recognised by EU Directives. Our role is to protect consumers now and in the future by working to deliver a greener, fairer energy system.

We do this by:

- **working with Government, industry and consumer groups to deliver a net zero economy at the lowest cost to consumers.**
- **stamping out sharp and bad practice, ensuring fair treatment for all consumers, especially the vulnerable.**
- **enabling competition and innovation, which drives down prices and results in new products and services for consumers.**