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### For consultation: Fair Treatment Guidance

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**Contact:** Rebecca Pickett

**Team:** RIIO Price Controls, Networks

**Email:** Rebecca.pickett@ofgem.gov.uk

**This Guidance is associated with Standard Special Condition (SSC) D21. This condition contains overarching rules aimed at ensuring licencees, and their Representatives, treat each customer fairly. This Guidance is relevant for all Gas Distribution Networks (GDNs) and their partner organisations.**

Ofgem may update this Guidance from time to time. GDNs are responsible for keeping up to date with the latest version of the Guidance.



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## 1. Introduction

### The Fair Treatment Guidance

- 1.1. The Fair Treatment Guidance is intended to help the GDNs, and their Representatives better understand the Standards of Conduct under Standard Special Condition (SSC) D21 and will:
- a) outline the purpose and scope of the Standards of Conduct; and
  - b) identify the broad principles GDNs should follow to achieve the Standards of Conduct under SSC D21. The broad principles relate to how GDNs behave, provide information, carry out customer service processes and interact with consumers in vulnerable situations.
- 1.2. This Guidance does not modify or replace the obligations under SSC D21 in the GDNs' Gas Transporter licence. Neither is it an exhaustive list of GDN obligations or of information and resources. GDNs should continue to refer to the conditions outlined in the most recent version of the Gas Transporter licence and in the event of conflict, the licence should prevail.
- 1.3. GDNs must comply with SSC D21 and have regard to the Fair Treatment Guidance in their interactions with their customers.
- 1.4. In this Guidance, references to GDNs should be read as including reference to their Representatives.<sup>1</sup>
- 1.5. In this Guidance, we use the terms 'Ofgem' and 'the Authority' as well as the terms 'we', 'us' and 'our' interchangeably. Ofgem is the Office of the Gas and Electricity Markets. The Authority is the Gas and Electricity Markets Authority and is the governing body of Ofgem, consisting of non-executive and executive members.

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<sup>1</sup> Representative has the meaning given in SSC A3 (Definitions and Interpretation): in relation to the licensee, means any person directly or indirectly authorised to represent the licensee in its dealings with Domestic Customers.

- 1.6. Ofgem may update this Guidance from time to time. GDNs are responsible for keeping up to date with the latest version of this Guidance.

### **Standard Special Condition D21**

- 1.7. SSC D21 sets the Standards of Conduct for GDNs. They are enforceable principles-based rules that apply across the GDNs' interactions with Domestic Customers. They highlight our fundamental expectations regarding how GDNs and their Representatives must ensure that each customer is treated fairly.
- 1.8. GDNs should be continually striving to adopt and embed a consumer-centric culture across the workforce, and ensure that their conduct results in all customers being treated fairly. All staff should understand how their role can affect the fair treatment of consumers in vulnerable situations. Where we need to assess whether a customer has been treated fairly, we will consider a range of factors including, importantly, the outcomes the GDN has delivered for the customer.
- 1.9. The broad principles described in Chapter 4 of this Guidance relate to how GDNs behave, provide information, carry out customer service processes and seek to identify each consumer in a vulnerable situation and respond to their needs. Adherence to those principles will assist the Licensee in achieving the Standards of Conduct under SSC D21.
- 1.10. The Standards of Conduct work alongside other rules in the Gas Transporter licences, and GDNs should bear SSC D21 in mind when considering how to comply with their other licence obligations.

## 2. Purpose

- 2.1. The purpose of the SSC D21 licence condition is to place a greater onus on the GDNs to treat their customers fairly, including customers in vulnerable situations, and to develop approaches that deliver fair outcomes for such customers. This is to be carried out as part of their business as usual (BAU) activities and we expect the Standards of Conduct to be embedded throughout each GDN's business.
- 2.2. The inclusion of SSC D21 in the licence is in line with the decision made in our RIIO-2 Sector Specific Methodology Decision (SSMD) to introduce a new principle-based condition.<sup>2</sup>
- 2.3. SSC D21 forms part of our vulnerability package, set out in our RIIO-GD2 Final Determinations, to ensure there are minimum service standards for consumers in vulnerable situations.<sup>3</sup>
- 2.4. We expect the broad principles outlined in this Guidance to be factored into the design, monitoring and revision of all the GDNs' policies and processes. This is to help ensure that GDNs have the appropriate culture in their businesses to consistently deliver fair outcomes for consumers, particularly those in vulnerable situations. We also expect GDNs and their stakeholders to consider innovative approaches to delivering fair treatment.

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<sup>2</sup> RIIO-2 SSMD GD annex [https://www.ofgem.gov.uk/system/files/docs/2019/05/riio-2\\_sector\\_specific\\_methodology\\_decision\\_-\\_gd.pdf](https://www.ofgem.gov.uk/system/files/docs/2019/05/riio-2_sector_specific_methodology_decision_-_gd.pdf)

<sup>3</sup> RIIO-2 Final Determinations GD annex [https://www.ofgem.gov.uk/system/files/docs/2020/12/final\\_determinations\\_-\\_gd\\_annex\\_.pdf](https://www.ofgem.gov.uk/system/files/docs/2020/12/final_determinations_-_gd_annex_.pdf)





### 3. Scope of the Standards of Conduct

- 3.1. The Standards of Conduct apply to all activities of the GDN and its Representatives which involve, or otherwise relate to, dealings with a domestic customer. This includes, for example, everything from the provision of services such as connections, the response to supply interruptions and emergency service call outs, to responding appropriately when a customer makes a complaint.
- 3.2. SSC D21 requires GDNs to identify consumers in vulnerable situations in an appropriate and effective manner, and to take account of any consumer vulnerability when interacting with these consumers.

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## 4. The broad principles to which GDNs must have regard

- 4.1. The broad principles discussed below relate to how GDNs behave, provide information, and carry out customer service processes. They also relate to how GDNs seek to identify each consumer in a vulnerable situation and respond to their needs.
- 4.2. The overarching Customer Objective is for the GDNs, and their Representatives, to treat each Domestic Customer fairly, including each Domestic Customer in a Vulnerable Situation. The GDNs must achieve the Standards of Conduct in a manner consistent with the Customer Objective.
- 4.3. The table below sets out the Standards of Conduct and gives some examples of what they mean in practice.

Customer objective	GDNs, and their Representatives, treat each customer fairly			
'Limbs' of the Standards	Behaviour towards consumers 	Providing customers with information 	Customer service processes 	Considering consumers in vulnerable situations 
What this means in practice	GDNs must behave and carry out any actions in a fair, inclusive, honest, transparent, appropriate and professional manner	GDNs must provide information (whether in writing, orally or visually) which, amongst other things, is complete, accurate, and not misleading and displayed in plain and, intelligible language, as well as being appropriate, accessible and fair	GDNs must make it easy for consumers to contact them, act promptly to put things right when they make a mistake, and ensure customer service arrangements are fair, flexible, inclusive and fit for purpose	GDNs must identify and understand the characteristics, individual circumstances and associated needs of consumers in vulnerable situations, including having processes to enable vulnerable consumers to disclose their needs. GDNs must satisfy themselves that their actions are resulting in all vulnerable consumers being treated fairly
Consumer outcome	Consumers have a positive experience when dealing with their GDN and are not put off future engagement	Consumers receive the right information – at the right time and in an accessible format	Consumers' expectations are met by the GDNs processes and their issues are resolved appropriately	Consumers' individual vulnerable situations are taken into account by a GDN in every interaction

## 5. How Ofgem applies the Standards of Conduct

- 5.1. There are four themes relevant to Ofgem’s application of the Standards of Conduct: the **Customer Objective**, the **broad principles set out in the Fair Treatment Guidance**, the **fairness test** and the **compliance threshold**. These components are assessed together when we apply the Standards of Conduct.
- 5.2. In the event of an investigation, we will look for instances where it appears GDNs are not meeting the Customer Objective and delivering “Fair” outcomes for consumers. Ensuring each customer is treated fairly is the **Customer Objective**. The “Customer Objective” and “Fair” are defined terms within the SSCs.
- 5.3. We will consider what the licensee has either done or not done that may be unfair, and identify which **broad principle** is relevant. The broad principles in the Guidance relate to the four ‘limbs’ outlined in Chapter 4: behaviour towards consumers, providing customers with information, customer service processes, and consideration of consumers in vulnerable situations.
- 5.4. We will also consider whether the licensee’s actions and/or omissions met our **fairness test**. The **fairness test** requires that any action or omission on the part of the licensee or its Representative should not give rise to the likelihood of consumer detriment (unless such detriment were reasonable in all the relevant circumstances). The fairness test recognises that GDNs need to carry out legitimate commercial activities (such as charging for connections services) and preserves their ability to exercise their rights under statute, as long as they do so lawfully and proportionately.
- 5.5. If a likelihood of customer detriment does arise, a GDN will have opportunities to explain the reasons why they consider the detriment to be “reasonable in all the relevant circumstances” if they think the customer has been treated fairly. This would happen as part of our ongoing **engagement and compliance** activities.
- 5.6. If we believe actions or omissions were unfair under the fairness test, we will consider how to respond. This may depend on how the GDN has engaged with us (eg by self-reporting concerns and cooperating with our enquiries) and what (if anything) the GDN has done or is proposing to do to address the risk of harm and/or offer redress to consumers. Options for responding include enhanced monitoring and engagement, negotiating a package of redress for consumers, or opening enforcement action.

- 5.7. Our [enforcement guidelines](#) set out the approach we take to enforcing against all licence conditions, including the Standards of Conduct.

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## 6. Other useful information

Below is a (non-exhaustive) list of some other documents we have published that may help you understand the requirements of SSC D21.<sup>4</sup>

Document	Date
RIIO-2 Sector Specific Methodology Decision – <a href="#">Gas Distribution</a> . Our decision to implement a principle-based licence obligation (p. 14)	May 2019
RIIO-2 Sector Specific Methodology Consultation <a href="#">Annex: Gas Distribution</a> . Our initial proposal to introduce a principle-based licence obligation (p. 15)	Dec 2018
Our <a href="#">report</a> on vulnerable consumers in the energy market. This includes examples of good and poor practice relating to how suppliers are treating consumers in vulnerable situations.	June 2018
Our <a href="#">enforcement guidelines</a> describe how we use our enforcement powers, provide redress and remedies for consumers, and punish or deter breaches or infringements. They also set out a number of actions we may take as an alternative to exercising our statutory enforcement powers.	Oct 2017
Conclusions from an <a href="#">enforcement investigation</a> into Ovo's compliance with obligations including SLC 25C (SLC 0 from October 2017) (the domestic Standards).	Apr 2020
Conclusions from an <a href="#">enforcement investigation</a> into British Gas' compliance with obligations including SLC 25C (the domestic Standards).	Aug 2018*
Conclusions from an <a href="#">enforcement investigation</a> into SSE's compliance with obligations including SLC 25C (the domestic Standards).	Jun 2018*
Conclusions from an <a href="#">enforcement investigation</a> into British Gas' compliance with obligations including SLC 7B (the non-domestic Standards).	Jun 2017*
Our 2016 Challenge Panel <a href="#">report</a> . This panel explored how well suppliers had been embedding the Standards in their approaches to sales and marketing.	Jan 2017*
Conclusions from an <a href="#">enforcement investigation</a> into Scottish Power's compliance with obligations including SLC 25C (the domestic Standards).	Jun 2016*
Conclusions from an <a href="#">enforcement investigation</a> into npower's compliance with obligations including SLC 25C (the domestic Standards).	Jan 2016*
Conclusions from an <a href="#">enforcement investigation</a> into BES' compliance with obligations including SLC 7B (the non-domestic Standards).	Dec 2015*

<sup>4</sup> To note: whilst many of these investigations relate to suppliers, the principles and behaviours are similar.

Our 2014 Challenge Panel <a href="#">report and open letter</a> . This panel explored how well suppliers had been embedding the Standards. The report contains six key themes that may be helpful for suppliers to consider.	Mar 2015*
Our <a href="#">Consumer Vulnerability Strategy</a> outlines what we expect of suppliers in embedding consideration of consumer vulnerability in designing and delivering their products and services in line with the Standards. In 2019, we will be updating the CVS to set our key priorities for the coming years in a new vulnerability strategy (CVS 2025).	Jul 2013 and 2019 update

\* These documents relate to old versions of licence conditions, as they were at the time (SLC 25C or SLC 7B). The rules may be different now, but we've included these documents in this guide because we think they could still be helpful for you to refer to.

NB our [website](#) has a full list of all enforcement investigations.