

RIIO-GD2 Fair Treatment Guidance

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Standard Special Condition (SSC) D21 is a principles-based licence obligation which contains overarching rules aimed at ensuring licencees, and their Representatives, treat each customer fairly.

This Guidance is intended to help Gas Distribution Networks (GDNs) and other stakeholders better understand the requirements in SSC D21. It is relevant for all GDNs and their Representatives.

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

- 1.1. We introduced a new licence obligation as part of our RIIO-GD2 vulnerability package to ensure Domestic Customers are treated fairly.¹
- 1.2. GDNs must comply with Standard Special Condition (SSC) D21 and have regard to the Fair Treatment Guidance (“Guidance”) in their interactions with their customers.

Standard Special Condition D21

- 1.3. SSC D21 forms part of our vulnerability package, set out in our RIIO-GD2 Final Determinations,² to ensure there are minimum service standards for consumers in Vulnerable Situations.³
- 1.4. 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.
- 1.5. SSC D21 sets the Standards of Conduct for GDNs.⁴ 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. 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.

¹ Domestic Customers has the meaning given in SSC A3 (Definitions and Interpretation). Licence conditions are subject to modification, please consult the Ofgem website for the most recent version. The definition at the time of publishing is: means a person supplied or requiring to be supplied with gas at Domestic premises (but excluding such a person in so far as he is supplied or requires to be supplied at premises other than Domestic Premises).

² RIIO-2 Final Determinations GD annex:

https://www.ofgem.gov.uk/system/files/docs/2020/12/final_determinations_-_gd_annex_.pdf

³ Vulnerable Situation has the meaning given in SSC A3 (Definitions and Interpretation). Licence conditions are subject to modification, please consult the Ofgem website for the most recent version. The definition at the time of publishing is: means a situation resulting from a combination of the personal circumstances and characteristics of a Domestic Customer with aspects of the market so that that the Domestic Customer in question is:

a) significantly less able than a typical Domestic Customer to protect or represent their interests; or significantly more likely to suffer detriment or more substantial detriment than a typical Domestic Customer.

⁴ Standards of Conduct has the meaning given in SSC A3 (Definitions and Interpretation). Licence conditions are subject to modification, please consult the Ofgem website for the most recent version. The definition at the time of publishing is: means the standards set out in paragraph 4 of Standard Special Condition D21.

- 1.6. GDNs should be continually striving to adopt and embed a consumer-centric culture across the workforce, in line with their consumer vulnerability strategy commitments, Ofgem’s Consumer Vulnerability Strategy (CVS),⁵ and with appropriate consideration of their Equality, Diversity and Inclusion (EDI) strategies. GDNs should 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.
- 1.7. 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.

The Fair Treatment Guidance

- 1.8. The Fair Treatment Guidance is intended to help the GDNs, and their Representatives, better understand the Standards of Conduct expected under SSC D21. The Guidance:
- a) outlines the purpose and scope of the Standards of Conduct; and
 - b) identifies 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. Adherence to those principles will assist the licensee in achieving the Standards of Conduct under SSC D21.
- 1.9. 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 including EDI strategies. 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.

⁵ <https://www.ofgem.gov.uk/gas/retail-market/consumer-vulnerability-strategy>

- 1.10. This Guidance does not modify or replace the obligations under SSC D21 in the GDNs' Gas Transporter licence. It is not an exhaustive list of GDN obligations, information or resources. GDNs should continue to refer to SSC D21 and in the event of conflict, the licence will prevail.
- 1.11. In this Guidance, references to GDNs should be read as including reference to their Representatives.⁶
- 1.12. 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.
- 1.13. Ofgem may update this Guidance from time to time by direction, in accordance with the licence condition. GDNs are responsible for keeping up to date with the latest version of this Guidance.

⁶ Representative has the meaning given in SSC A3 (Definitions and Interpretation). Licence conditions are subject to modification, please consult the Ofgem website for the most recent version. The definition at the time of publishing is: in relation to the licensee, means any person directly or indirectly authorised to represent the licensee in its dealings with Domestic Customers.

2. Scope of the Standards of Conduct

- 2.1. 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, but is not limited to, 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.

- 2.2. SSC D21 requires GDNs to seek 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.

3. The broad principles to which GDNs must have regard

- 3.1. The GDNs must achieve the Standards of Conduct in a manner consistent with the Customer Objective.⁷ 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.
- 3.2. The broad principles in the Guidance relate to the four 'limbs' of the Standards of Conduct, outlined in the table below: how GDNs behave, provide information, carry out customer service processes, and how they seek to identify each consumer in a Vulnerable Situation and respond to their needs.
- 3.3. 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 timely, 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, equally accessible to all customers 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

⁷ Customer Objective has the meaning given in SSC A3 (Definitions and Interpretation). Licence conditions are subject to modification, please consult the Ofgem website for the most recent version. The definition as at the time of publishing is: means the Fair treatment of each Domestic Customer, including each Domestic Customer in a Vulnerable Situation, by the licensee and any Representative.

4. How Ofgem applies the Standards of Conduct

- 4.1. 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.
- 4.2. 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 Gas Transporter Licence SSCs.⁸
- 4.3. 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 are outlined in Chapter 4: behaviour towards consumers, providing customers with information, customer service processes, and consideration of consumers in Vulnerable Situations.
- 4.4. 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.
- 4.5. If a likelihood of customer detriment does arise, a GDN will have opportunities to explain the reasons why it considers the detriment to be “reasonable in all the relevant circumstances” if it thinks the customer has been treated fairly. We will consider this information when deciding if the licensee’s actions and/or omissions meet our

⁸ Customer Objective and Fair have the meanings given in SSC A3 (Definitions and Interpretation). Licence conditions are subject to modification, please consult the Ofgem website for the most recent version. The definitions as at the time of publishing are:

- Customer Objective means the Fair treatment of each Domestic Customer, including each Domestic Customer in a Vulnerable Situation, by the Licensee and any Representative.
- Fair means The licensee or any representative would not be regarded as treating a Domestic Customer fairly if their actions or omissions give rise to a likelihood of detriment to the Domestic Customer, unless the detriment would be reasonable in all the relevant circumstances.

compliance threshold. This would happen as part of our ongoing engagement and compliance activities.

- 4.6. 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.
- 4.7. Our [enforcement guidelines](#) set out the approach we take to enforcing against all licence conditions, including the Standards of Conduct.

5. Other useful information

Below is a (non-exhaustive) list of some other documents we have published that may help stakeholders understand the requirements of SSC D21.⁹

Document	Date
RIIO-2 Sector Specific Methodology Decision – Gas Distribution . Our decision to implement a principle-based licence obligation (p. 14)	May 2019
RIIO-2 Sector Specific Methodology Consultation Annex: Gas Distribution . Our initial proposal to introduce a principle-based licence obligation (p. 15)	Dec 2018
Our report 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 enforcement guidelines 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 enforcement investigation into Ovo’s compliance with obligations including SLC 25C (SLC 0 from October 2017) (the domestic Standards).	Apr 2020
Conclusions from an enforcement investigation into British Gas’ compliance with obligations including SLC 25C (the domestic Standards).	Aug 2018*
Conclusions from an enforcement investigation into SSE’s compliance with obligations including SLC 25C (the domestic Standards).	Jun 2018*
Conclusions from an enforcement investigation into British Gas’ compliance with obligations including SLC 7B (the non-domestic Standards).	Jun 2017*
Our 2016 Challenge Panel report . This panel explored how well suppliers had been embedding the Standards in their approaches to sales and marketing.	Jan 2017*
Conclusions from an enforcement investigation into Scottish Power’s compliance with obligations including SLC 25C (the domestic Standards).	Jun 2016*
Conclusions from an enforcement investigation into npower’s compliance with obligations including SLC 25C (the domestic Standards).	Jan 2016*
Conclusions from an enforcement investigation into BES’ compliance with obligations including SLC 7B (the non-domestic Standards).	Dec 2015*

⁹ To note: whilst many of these investigations relate to suppliers, the principles and behaviours are similar.

<p>Our 2014 Challenge Panel report and open letter. 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.</p>	<p>Mar 2015*</p>
<p>Our Consumer Vulnerability Strategy 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 updated the CVS to set our key priorities for the coming years in a new vulnerability strategy (CVS 2025).</p>	<p>Jul 2013 and 2019 update</p>

* 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.