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Dear Clem Perry,

## **Helping consumers make informed choices – proposed changes to rules around tariff comparability and marketing**

I am writing to you on behalf of Christians Against Poverty (CAP) to provide feedback on the changes proposed to help consumers make informed choices. We welcome Ofgem's focus on ensuring that the energy market works well for domestic customers through work on the future of retail market regulation and looking to implement the Competition and Markets Authority's (CMA) recommendations. From our 20 years of experience helping consumers in financial difficulty, we want to share some general comments about key considerations in this area as part of the consultation.

The CMA's comprehensive investigation into the energy market came at an important time when many consumer-facing organisations, like ourselves, were, and continue to be, concerned that the energy market is not meeting the needs of a large groups of consumers. The acknowledgement of the detriment faced by consumers on prepayment meters (PPM) by the CMA and their focus on remedies for this group was extremely welcome in particular.

We do, however, remain concerned that as the CMA's investigation focused predominately on competitive issues, the opportunity to fully consider wider consumer wellbeing was missed. As a result, the recommendations continue to place the onus on consumers to switch and engage fully in the market to reap benefit. However, consumers' experience of the energy market is not only affected by the market's characteristics but their personal circumstances. Therefore, it is important to consider that no matter how competitive the market becomes, some consumers will not benefit due to their personal situations without safeguarding policies. As a result, we implore you to give careful consideration to the implementation of the recommendations to ensure all consumers benefit, especially those in vulnerable situations.

### **Changes to the RMR rules**

In light of the CMA's findings, we support the proposed changes to the RMR rules to allow for greater competition and innovation. We consider this increased flexibility particularly

important to allow energy suppliers to deliver new and more affordable tariffs that accommodate the needs of more vulnerable consumers, and those on PPMs.

However, choosing the right tariff is complicated and the approach, which led to the RMR rules being implemented originally, remains important to facilitate a user-friendly switching process and avoid creating a paralysis of choice.

While the Tariff Comparison Rate (TCR) was not widely understood or known about, it did have strength in that it could be used as a consistent benchmark across tariffs, payment methods and suppliers. The value of using personal projections (PP) to generate an estimated annual cost (EAC) to help consumers make informed choices is clear, but it is important that the information provided in the Tariff Information Label (TIL) facilitates effective comparison across suppliers as well. Consequently, the EAC needs to be calculated in a consistent enough way that it allows for accurate comparisons across suppliers.

The proposals to roll consumers onto another fixed-term tariff at the end of a fixed-term contract is also welcome, as well as including a Cheapest Tariff Message (CTM) on end of fixed term notices (EFTN). While CTMs are primarily designed to directly compare tariffs offered by the consumer's supplier, it should also contain enough information to allow for cross-supplier comparisons as well.

We would also encourage careful consideration of the benefit CTMs could bring to PPM customers who do not receive bills or communications from suppliers as regularly. This could form part of the trialling of prompts to get consumers engaging with the energy market that will be taking place. Furthermore, the actual and perceived barriers to switching that the CMA highlighted in their investigation can be overcome to ensure PPMs are equally able to benefit from the gains that come from switching supplier.

### **Informed tariff choice: principles**

A principles based approach provides flexibility for suppliers to do the right thing and reduces the risk that intended outcomes are missed because of the mis- or narrow interpretation of rules. However, it will be paramount that rules exist where suppliers lack robust incentives to do the right thing. This is similar to the approach the Financial Conduct Authority (FCA) has taken in the credit industry which broadly speaking works well.

We wish to lend our support to the introduction of the six new 'narrow' principles proposed in this document, but would again stress that where principle three states 'each Domestic Customer', it is important to recognise that consumers with PPMs may need extra attention. While other CMA remedies set out to specifically benefit PPM customers, these do not go far enough.

The proposed price cap does not satisfactorily eliminate the price difference between payment methods, considering the level of vulnerability amongst this consumer group the reliance on smart meters to solve the actual and perceived barriers to switching is misinformed, especially as the roll-out will not be completed for another four years at the earliest. For instance, CAP's *The poor pay more* research, available at [capuk.org/poorpaymore](http://capuk.org/poorpaymore), showed that 65% of CAP clients with a learning disability have a PPM. As a result, we do feel that PPM will need more information and also support to help them engage with switching, especially those unable to switch payment method due to security deposits and credit checks for instance.

Overall, we need an energy market that does not require consumers to be super savvy and to spend hours shopping around to find the best deal, but makes it easy for all consumers to make informed decisions that are in their interest, as well as protecting the interests of those who cannot fight their own corner. We welcome Ofgem’s proposals to help consumers make informed choices and recognise that they are positive steps to an energy market that works for all, but it is important to recognise that there is a minority of consumers in vulnerable situations who will need extra support and accomodation.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'D Stobart', with a long horizontal flourish extending to the right.

**Dawn Stobart**  
Director of External Affairs