

Prepayment meters installed under warrant: final proposals

Ofgem consultation

A Response by Utility Warehouse

This document sets out the views of Utility Warehouse regarding the Ofgem consultation *'Prepayment meters installed under warrant: final proposals'* published by Ofgem on 14 September 2016. The response provided is on behalf of Gas Plus Supply Limited and Electricity Plus Supply Limited, both of which are wholly owned subsidiaries of Telecom Plus PLC; Utility Warehouse is the trading name for Telecom Plus PLC.

Telecom Plus, which owns and operates the Utility Warehouse brand, is the UK's only fully integrated provider of a wide range of competitively priced utility services spanning both the Communications and Energy markets. Customers benefit from the convenience of a single monthly statement, consistently good value across all their utilities and exceptional levels of customer service. Telecom Plus does not advertise, relying instead on 'word of mouth' recommendation by existing satisfied customers and distributors in order to grow its market share.

We take our responsibilities as an energy provider very seriously and make every effort to ensure we provide such essential services to our customers with the utmost integrity; the customer is at the heart of our business model and the way in which we operate. Customer value is the cornerstone of the success we have and continue to achieve.

As a member of Energy UK, we support the views articulated in their response to this Ofgem consultation.

We are supportive of the policy intent to protect vulnerable customers and we have a range of checks in our existing debt collection path that seek to ascertain if any vulnerability exists not just with the customer in debt but also with other members of the household.

Our approach to managing vulnerability at Utility Warehouse is much broader than focusing simply on customers experiencing financial hardship. We see every touch-point we have with our customers as an opportunity to better understand any personal characteristics or circumstances that enable us to better serve them.

We seek to actively engage with all customers in debt, not only through the various stages of our debt collection path but also by using every touch-point we have with customers as an opportunity to see if there are cheaper tariffs available to them that they could benefit from, more suitable payment options available if they are experiencing difficulties with managing paying for their energy supply and referring customers to third party organisations where appropriate.

The application and execution of a warrant is not an activity that is taken lightly and on the day of the warrant itself, our representatives carry out a further vulnerability check at the premises. If vulnerability exists, we do not charge the customer for the warrant costs; if we execute a warrant and charge a customer who we subsequently identify (either as a result of contact with the customer or engagement with a third party) to be vulnerable, any charges are credited back against the customer's account. Only as a last resort alternative to the

disconnection of a supply will we install a prepayment meter during the execution of a warrant if it is safe and practicable to do so.

We would therefore be broadly supportive of the concept of an industry standard or test of 'never knowingly' charging a customer in vulnerable circumstances for the costs of installing a PPM under warrant; a concept that we believe would go a long way to achieving Ofgem's policy intent to protect such customers from increased levels of debt.

We do not support the proposal for a widespread cap on the charging of warrant costs to consumers as this would apply to customers who can afford to, but have no intention of, paying for their energy supply and simply play the system running up large debts, intentionally choosing not to engage, before absconding without making any payment.

Consumers who can pay but choose not to and wilfully exploit the system, would be protected by a cap, paid for by all consumers, including those in the most vulnerable circumstances. We do not see how this could serve the best interests of vulnerable consumers or indeed the general consumer. Such a proposal also seems contrary to treating all customers fairly.

If we were to see the introduction of a cap on warrant costs in the energy industry, we firmly believe it should as a minimum ensure that any levels within the cap are cost reflective. We do not believe that Ofgem's proposed values of £100 and £150 are close to being cost reflective, indeed with Ofgem's impact assessment we do not understand how Ofgem has arrived at such figures when considering the costs involved such as the debt agency, engineer, locksmith, dog handler and warrant application costs – all of which are on top of the internal costs suppliers face from indebted customers.

We would expect Ofgem to consider the full range of associated costs and regional cost variations when assessing what a cost reflective cap might look like.

In addition, it must be recognised that suppliers of varying size will undoubtedly face challenges with economies of scale when seeking contractual arrangements with for example companies providing the engineer service.

To summarise, we are supportive of the policy intent to protect vulnerable customers but we do not support the proposed introduction of a widespread cap on the charging of warrant costs to all consumers. If we were to see the introduction of any cap on warrant costs in the energy industry, such a cap should (a) only relate to the consumers it seeks to protect and (b) be fully cost reflective.