

Emailed to: colin.down@ofgem.gov.uk

15th February 2017

Dear Sir,

Consultation: Proposed direction pursuant to condition 44.3 of the electricity supply licence/condition 38.3 of the gas supply licence in relation to large suppliers' roll-out plans

Ombudsman Services (OS) welcomes the opportunity to comment on Ofgem's consultation on the proposed amendments to the framework for regulating large energy suppliers with respect to their smart meter roll-out plans, and the setting of annual milestones. Further information about OS can be found at Annex A attached to this letter. We have the following comments to make:

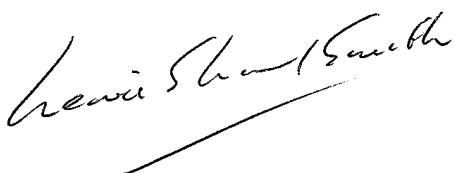
- We think that the two proposals set out in the consultation:
 - Proposal 1: Require suppliers to submit revised roll-out plans in January 2018 where new evidence exists that will or could have a material effect on previously submitted annual milestones or the assumed completion rate; and
 - Proposal 2: Clarify the link between the revised roll-out plans and the 2020 roll-out obligation.

are sensible and that the draft legal direction can deliver the policy intent described in the paper.

- In terms of thinking what factors might have a material effect on previously submitted annual smart meter roll-out plans, might one factor be significant increased consumer detriment experience because of the way in which an energy company is rolling out smart meters?
- OS works closely with all 47 energy providers, using the data and insight collected from resolving complaints about individual energy companies and also aggregate data from the whole sector to help identify and tackle issues and reduce consumer detriment. We will do this for complaints about smart meters during the roll out and beyond.

If you have any questions regarding any of the comments made please do not hesitate to get in touch with David Pilling in the first instance at: dpilling@ombudsman-services.org .

Yours sincerely,



Lewis Shand Smith
Chief Ombudsman and Chief Executive

Annex A - Summary about OS

Established in 2002, The Ombudsman Service Ltd (TOSL) is a not for profit private limited company which runs a number of discrete national ombudsman schemes across a wide range of sectors including energy, communications, and property.

We are an independent organisation and help our members to provide independent dispute resolution to their customers. Each scheme is funded by the participating companies under our jurisdiction. Our service is free to consumers and, with the exception of an annual subscription from the former Department of Energy and Climate Change (DECC) now the Department of Business, Energy and Industrial Strategy for the Green Deal, we operate at no expense to the public purse. OS governance ensures that we are independent from the companies that fall under our jurisdiction and participating companies do not exercise any financial or other control over us.

We have in the region of 10,000 participating companies. In 2015 we received 220,111 initial contacts from complainants and resolved 71,765 complaints. We saw a year on year increase in complaints of 118% between 2013 and 2014 and a further 35% increase between 2014 to 2015. In the energy industry alone we have witnessed a 336% increase in complaint volumes between 2013 and 2015. The company currently employs more than 600 people in Warrington and has a turnover in excess of £27 million.

In July 2015 the EU Alternative Dispute Resolution Directive (the ADR Directive) came into force requiring all member states to ensure that ombudsman or ADR schemes are available in every consumer sector. The former Department for Business Innovation and Skills (BIS) - now known as the Department for Business, Energy and Industrial Strategy, the government department responsible for implementing the ADR Directive in the UK, called upon the market to plug the gaps where no ADR provision existed and to coincide with this in August 2015 we formally launched our new portal (<http://www.consumer-ombudsman.org>). The launch of this website was welcomed by BIS and means that consumers can raise a complaint about a product or service in any sector where there is no existing redress provision - including retail, travel and home improvement.

Our complaints resolution service operates once a company's own complaints handling system has been exhausted, and we have the authority to determine a final resolution to each complaint. Our enquiries department handles primary contacts and makes decisions on eligibility. If a complaint is not for us, or has been brought to us too early, we signpost the consumer and offer assistance. Eligible complaints are then triaged. The simplest can be resolved quickly, usually by phone in two or three hours. Around 10% are dealt with in this way. For the majority of complaints we collect and consider the evidence from both parties, reach a determination and seek agreement; about 55% are settled like this. The most complex cases require a more intensive investigation; they may require more information and lead to further discussion with the complainant and the company to achieve clarification. The outcome will be a formal and binding decision.

Traditionally our key focus has been on handling individual complaints and ensuring that consumers, where appropriate, receive redress. In future we will take a much more proactive role. Firstly, through identifying and tackling issues in individual companies, and making recommendations to improve customer service and complaint handling. Secondly, by identifying systemic industry wide

issues and either making recommendations for improvement, or referring them to the appropriate body for action. This will allow us to make a stronger contribution to tackling consumer detriment in the sectors in which we operate, and in addressing emerging problems before they become systemic.

We are ‘Good for Consumers and Good for Business’.

For consumers, we offer a free, fast and accessible form of civil justice with no requirement for legal representation or specialist knowledge, and with a particular focus on access for vulnerable consumers. We ensure that complaints are dealt with swiftly in an impartial manner, and we make decisions based on what is fair and reasonable rather than the narrow remit of the law.

For businesses, we offer a fast and low-cost alternative to the courts, and make decisions based on expertise in industries. By looking to resolve disputes, we promote brand loyalty and repeat purchasing as well as building reputation and trust. We offer guidance on improving standards of service hence sharpening competitiveness. We go beyond individual complaints to find broader trends which can be a source of innovation.

More broadly, we provide an efficient and effective means of addressing consumer detriment and building business capability without recourse to the public purse. We take pressure and cost away from small claims court and legal system and help to build consumer confidence which bolsters the economy.