

Iresa Limited Response to Statutory Consultation of Prepayment Meters Installed Under Warrant
From: Christopher Le Quesne
Sent: 13 July 2017 10:10

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Prepayment Meters Installed Under Warrant

Hi. Below is my feedback to the recent "Prepayment Meters Installed Under Warrant
Statutory
Consultation" in which I speak on behalf of Iresa Limited.

In response to the proposed condition 28B in its entirety:

I am concerned that the condition and supplementary consultation (and similarly the
recently
proposed condition 0d, which I will review in a separate email) assumes too heavily
that
suppliers are fully capable of identifying Vulnerable Customers effectively, yet
the consultation
clearly states that it is a response to "failures to identify vulnerability during
the warrant
application", which is a contradiction. The proposed condition and consultation
offers little
guidance to suppliers on the identification process; for example, a supplementary
case studies
document included with the consultation would have been helpful. As a small
supplier, we are
generally very stretched for resources and business processes and implementing a
procedure
for identifying vulnerable customers will be difficult. As a new supplier, our
experience with
these customers is limited. I strongly feel that big suppliers do not face these
challenges and are
therefore advantaged. Since Ofgem is focusing on helping to bring sustainable
competition into
the market and is lately emphasising the importance of identifying vulnerable
customers, have
they considered offering a service to small suppliers to help them identify and
distinguish
vulnerable customers from gamers and "won't pay" customers, similar to the
Ombudsman's
authority to determine the validity of a complaint?

In the consultation, it is mentioned that "Where a supplier has taken steps to
attempt to identify
vulnerability but none has been identified, then the option to levy warrant-related
charges
remains open." - I feel this should be made clear as an exemption in the

Iresa Limited Response to Statutory Consultation of Prepayment Meters Installed Under Warrant conditions, rather than as a statement in the consultation. This means we are taking actions within reason for charges levied, provided we have taken reasonable steps to identify vulnerable customers. However, I would also argue that this contradicts the purpose of the conditions, which is to address prior failures. Clarity is needed on what is acceptable as an attempt to identify vulnerable customers and large suppliers should be held to higher standards than small suppliers, unless those small suppliers have access to the aforementioned service.

In response to proposed condition 28B.1:

I understand the importance of preventing the exacerbation of vulnerabilities, however, I would like to reiterate my request for further guidance in response to this condition. The condition and supplementary consultation puts too much emphasis on the restriction of exercising the warrant and offers little guidance on how to go about the debt collection process without exacerbating the vulnerability. For example:

* Is there, or could there be, an appropriate procedure for exercising a warrant when it is necessary to do so?

* How long do we wait to recover our debt via alternative methods and how long do we wait for a customer to recover from a vulnerable situation before we exercise a Relevant Warrant?

* What if they don't recover from this situation and alternative methods fail? We must recover this debt at some point for our business to be fair.

Ofgem argues that because the number of customers this applies to would be small, it should not impact suppliers significantly. I believe this is not a satisfactory justification from a principles point-of-view - if we do not collect debt from vulnerable customers in debt and this is recognised by other customers, it could encourage gaming and "won't pay" situations or provoke frustration from other customers who have to pay their debt. This further

Iresa Limited Response to Statutory Consultation of Prepayment Meters Installed Under Warrant highlights the need for a service or greater guidance to assist smaller suppliers in identifying vulnerable customers and taking appropriate action.

In response to proposed condition 28B.3:

The assumption is that suppliers are too quick to resort to a Relevant Warrant and the purpose is to discourage suppliers from pursuing this method. However, the consultation and proposed conditions fails to account for the necessity of such an action should all other methods be exhausted and seems to punish suppliers who have no other option. Instead of imposing a charge cap for recovering warrants, why not impose a time cap before suppliers can pursue a Relevant Warrant, i.e. "the customer must be in substantial debt for x days", which should more effectively address the issue at hand and prevent unfair costs to suppliers who have no other option?

In response to proposed condition 28B.4:

A reasonable condition in general, however, I would like to raise a concern:

* Shouldn't the issuer of the Relevant Warrant play a part in determining if the warrant is justified? Should the emphasis not be shifted towards ensuring that warrants issued are necessary, rather than warrants exercised are necessary? I raise this as a point of concern, since suppliers who receive Relevant Warrants might believe they have the right to use them and are too hasty to do so, which is why the aforementioned "failures to identify Vulnerability during the warrant application" seems to happen.

i.e. The condition should be adjusted to put an obligation on the supplier to liaise with the issuer of the Relevant Warrant by providing a case for the necessity of such a warrant before receiving it. Vulnerability of the customer should, of course, be factored into this and conditions of exercising the warrant, relating to the specific situation,

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should be well-established on issue.

Kind Regards,