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Dear Moritz

Prepayment meters installed under warrant - statutory consultation

Thank you for the further opportunity to respond to Ofgem's plans regarding prepayment meters installed under warrant. The proposals still leave SSE with concerns as detailed in our previous response too.

These concerns have been reiterated below with the view that Ofgem will consider these when proposing any future changes. The main themes of these concerns are indicated with the headings below. As well as these concerns, the timescale for implementation is not a realistic proposal. Changing practices over the next 6-12 months would require changes across a range of business processes as well as customer communications and web content.

SSE remains concerned that the proposals would effectively lead to a prohibition on warrants. If any potential emotional distress has to be avoided then this can only be achieved with absolute certainty by ending all such activity. While Ofgem have explained this is not their intent, it has not been accompanied with any clarity on how this type of impact should be assessed.



Similarly, there is a strong risk that any additional charges related to collection activity would be perceived as adding to severe financial difficulty. This would also unintentionally prohibit all warrant activity. The details below will explain why warrants must remain an option.

Cost Implications

SSE has previously given details of its charging model with the intent of influencing any consideration of a cap on warrant costs. It is disappointing that Ofgem have then sought to establish a cap it acknowledges is notably below the costs suppliers can be reasonably expected to incur.

Ofgem have also failed to appreciate that suppliers are already incentivised to minimise costs and find the most effective and efficient (i.e. cost effective) means of interacting with their customers while also providing a meaningful service.

The SSE cost model is regularly reviewed to ensure it fairly represents incurred costs and does not make a profit from the activities conducted by challenging third parties to reduce their charges whilst maintaining the quality of work completed. We actively challenge service providers to keep the costs as low as possible. Safety of our operatives, operatives acting on our behalf and the customer is also paramount and results in associated costs. This safety concern does not appear to have been considered with the proposed cap rate.

It is our understanding that the cap includes all charges that may be required in some more specialised instances. Dog handling charges are a more typical charge that could not be accommodated in the cap. This would effectively mean the associated costs were spread across the customer base. It is not clear how Ofgem would justify socialising such costs across a wider group of customers.

Vulnerability benefits of the warrants process

The efforts we make to engage with customers ensure that obtaining and executing a warrant is firmly placed as a last resort. SSE try to maximise the opportunity of constructively engaging with customers and assist where there may be any vulnerability.

Even when a warrant is carried out it is not strictly just a revenue protection/collection exercise. Warrant visits can often be the activity that highlights vulnerability and financial difficulty as some customers simply do not engage with us at all throughout the pre-warrant process despite our attempts to ensure this is not the case. It is the face-to-face interaction that assists the customer engaging with us and leads to the necessary support being provided. Effectively preventing these conversations would remove an ability to assess the customer's circumstances and have a discussion about their ability to pay.



SSE appreciates why warrant visits would be perceived as potentially causing distress. It may be undesirable for the customer to experience such a visit but this is also considered in the wider approach and previous efforts that SSE undertakes too.

We also have a process where on a case by case basis, a member of the senior management team reviews any potentially inappropriate charges applied to customer accounts. The related charges are removed if the review shows the customer could be deemed as severely vulnerable.

Effectively limiting warrant activity may also indirectly create an increased undertaking of litigation based debt collection. It is not realistic for Ofgem to expect that these sorts of undertakings would remove any measure of real or perceived distress. In reality, these undertakings are likely to cause customers concern and it could be contested whether this is better or worse than a warrant. Ofgem should be mindful of their measure of distress and how they incentivise alternative collection activity.

Service Impact

While suppliers are increasingly being asked to consider a principles based approach we are also being asked to scale back some of our activities. This is contradictory in that suppliers are permitted to carry out warrant activity but are not going to be able to cover the associated costs. These proposals aim to protect customers but can be interpreted as severely hampering the ability of a supplier to approach issues on their own merit and applying proportionality to what is best for the customer.

SSE is also concerned about artificially reducing charges and the signal that would consequently be given to customers. It is realistic that customers being less deterred by these costs would result with a greater volume of customers reaching the warrant stage. We do not expect Ofgem would consider this an intended or desirable consequence.

Yours sincerely

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