

Switching Compensation - Report

https://www.ofgem.gov.uk/system/files/docs/2018/06/policy_consultation_on_gsop_switching_compensation_for_publn_v2.pdf

Question 1: Do you agree that the aims of the Guaranteed Standards are aligned with and complementary to the industry-led operation of the Energy Switch Guarantee? We would be interested to see any proposals that you think would better support a continued combination of voluntary industry action and regulatory incentives to deliver better switching outcomes to consumers.

Flipper believe that this will provide a much better experience for customers. Customers chasing final bills or refunds make up around 8% of our total queries, with members querying their switch delays making up 5%. Once same day switching is available, this will not only enhance the customer experience further, but we believe it will encourage more people to switch.

Question 2: Do you agree with our proposed new performance standard for delayed switches?

Yes, we feel energy suppliers get away with not refunding overpayments or producing final bills too easily. We feel that the punishments for them are fair and will only encourage them to produce these within the required timescales for their customers.

Since beginning of 2018 Flipper have had 147 switches objected to, not including outstanding debt. This equates to 3% of all switches we carry out. Switches rejected due to debt equates to 5% of all flips.

Question 3: Beyond the licence definition of “valid switches”, do you believe any additional exemptions are necessary to cover scenarios whereby a switch cannot be completed within 21 calendar days?

No, we feel that that the current provision is adequate.

Question 4: Do you agree with our approach for losing suppliers compensating consumers?

Whilst we agree that losing suppliers should compensate consumers, we have concerns that they may look to blame PCWs or other third party intermediaries (TPIs) without a very clear framework. Although TPIs like Flipper provide any relevant information in a swift manner, sometimes suppliers do not process this and blame us for their failures when challenged. This may delay the customer in receiving not only their final bills/refund but also their compensation.

What will Ofgem do to mediate disputes between suppliers and PCWs and other TPIs?

Question 5: Do you agree with our proposal to revise this performance standard to align to new faster switching requirements in the future?

100% agree. Further to this, faster switching requirements should be a requisite, along with an accelerated SMETS-2 roll-out - both of which we believe will encourage more people to switch.

Question 6: Do you agree with our proposed new performance standard for failure to agree whether a switch is erroneous or not?

At Flipper we are seeking to see what we can do to help suppliers reduce their erroneous transfers. We ensure all customers advise us if they have moved properties, we also use webforms as a simple way for them to advise us. We also make use of the full tools available that when we receive customer MPAN and MPRNs that they are correct. There have been occasions where Flipper have provided suppliers with the correct information and the supplier have still gone on to take incorrect information from the national database. The tried to blame Flipper for the ET.

Again, a clear evidence-based framework to mediate disagreements between suppliers and PCWs and TPIs is necessary.

Question 7: Do you agree with our proposed new performance standard to ensure a consumer is not erroneously switched?

Yes. Less than 0.5% of our contact is made up of erroneous transfers and although this is very minimal, we are well aware of the stress and frustrations that this has on a customer. Since the beginning of the year, we have had 547 customer switches objected for one reason or another.

Question 8: Do you agree with our proposed new performance standard for sending the "20 working day letter", as currently required by the ET Customer Charter?

Agree. Similar to question 4, we have experienced suppliers trying to play a blame game as to who is responsible and feel that due to ourselves being the third party, blame will be directed to ourselves.

Question 9: Do you agree with our proposed new performance standard for sending final bills?

Yes. Although it is a stress for consumers, particularly if they know they are due a final credit, we believe suppliers take advantage of the current timescales. We believe if anything they are too long and that a 14 day timescale for both final bill and refunds would be more than enough time for suppliers to provide to customers.

Question 10: Do you believe any explicit exemptions are necessary for scenarios whereby suppliers are unable to issue a final bill within six weeks?

Only example would be if there was a dispute on meter readings within that 6 week period. We believe then there should be a stop on the clock, to allow customer to provide readings or supplier to investigate.

Question 11: Do you agree with our proposed new performance standard for refund of credit balances? Views would be welcome on whether it is reasonable to consider that a customer deciding to switch supplier should be considered to have requested any outstanding credit balance from their losing supplier, and that refunding that credit balance within two weeks of a final bill would be timely.

Yes agreed. We believe that a customer should not have to request credit; if a refund is due to a consumer due to them building up a surplus, this should be returned unless there is valid reason to not do so, e.g. incorrect payment or address information.

Question 12: Do you believe we should add any other new performance standards? Supplier Guaranteed Standards of Performance: Consultation on Switching Compensation 18

Perhaps a review on the use of estimated opening/closing reads. We received and identify regular queries or usage or estimate readings during switches by suppliers where readings have been provided within the required timescales but an estimated reading has been used instead. This can cause unnecessary delays to a switch.

Question 13: Do you agree with our approach to dual fuel switches?

Agree. This would be best practice and straight forward.

Question 14: Do you agree that where both gaining and losing suppliers are involved in the process covered by a Guaranteed Standard then both should pay compensation where the standard is breached?

Yes we agree but would like to see how this will be reviewed and mediated by Ofgem. As mentioned above, there have been many occasions where suppliers have sought to blame either ourselves or other suppliers so rules and guidance should be clear in all circumstances to ensure that the relevant supplier provides the GS payment.

A clear evidence-based framework to mediate disagreements between suppliers and PCWs and TPIs is necessary.

Question 15: Do you believe additional safeguards are needed to ensure suppliers are not liable for payments if consumers have acted in bad faith?

As above.

Question 16: Do you agree with the proposed two-thirds to one-third ratio of compensation payments between gaining and losing supplier in the cases of Guaranteed Standards A and C, and an equal share in the case of Guaranteed Standard B? Please provide any evidence you have to support your views.

Standard A and B is a fair distribution of compensation, however, we are not sure if the losing supplier should have to pay to ensure customers are not ET'd.

Question 17: Do you agree that compensation payments where both suppliers are involved should be £30 or £15 in the cases of Guaranteed Standards A and C, and £30 for both suppliers in the case of Guaranteed Standard B?

Yes, we agree, this is a suitable amount and would compensate the customers fairly.

Question 18: Do you agree with our proposals that all other proposed Guaranteed Standards (D), (E) and (F) should be subject to compensation payments of £30, in line with existing guaranteed standards?

Yes, We agree, this is a suitable amount and would compensate the customers fairly.

Question 19: Do you agree suppliers should be required to make all payments in 10 working days?

We would propose five working days if by BACS, 10 working days if payment by cheque.

Question 20: Do you agree with our proposals to require additional payments to be made for failure to compensate consumers promptly?

Yes, we agree.

Question 21: Do you agree with our proposals to require additional payments to be made by suppliers if they fail to resolve problem?

Yes, we agree

Question 22: Do you agree that the new Guaranteed Standards should be introduced for domestic suppliers only?

Should apply to domestic and business users, however, payment amounts should be reviewed for business customers.

Question 23: Do you agree that no changes are needed to requirements regarding the provision of information to consumers?

No, customers need to be made aware of this. This information could be included in the welcome pack or upon switching. We believe this will add more pressure onto the suppliers to provide the refund/bill in the required timescales.

Question 24: Do you agree that we should expressly require suppliers to keep accurate records of their Guaranteed Standards performance?

Yes, we agree.

Question 25: Do you agree that Ofgem should have the power to request an audit of individual suppliers' Guaranteed Standards performance?

Yes, we agree. How are Ofgem going to carry out these audits to ensure that suppliers are delivering GS?

Question 26: Do you agree that we should mandate quarterly Guaranteed Standards performance reporting from all suppliers?

Yes, we agree, these should also be published and publically viewable.

Question 27: Do you agree with our plans to publish individual supplier Guaranteed Standard performance?

Yes, we agree.

Question 28: Do you agree with our proposal to retain the existing dispute resolution procedure within the Regulations? Supplier Guaranteed Standards of Performance: Consultation on Switching Compensation 19

Yes, we agree.

Question 29: Do you support the option of higher compensation payments for switches that go wrong where the supplier has attempted to switch the customer faster than five working days during the Switching Programme transitional phase?

Yes, we agree, however, customers should also be made aware of this and often progress is dependent upon them providing information.

Question 30: Do you agree with our proposal to allow suppliers and other bodies a two-month implementation period to make necessary adjustments to comply with the new Guaranteed Standards after we publish our decision?

Yes. We understand that it may take suppliers time to implement this, train staff and begin recording accurately. It is likely to be achievable for some of the more sophisticated suppliers but this could be a push for some smaller ones who may already struggle to deliver adequate customer service.