

Domestic supplier-customer communications rulebook reforms

weflip submission
October 2018

About weflip

- weflip is a new tech brand built by GoCompare Group plc and powered by Energylinx. Energylinx is a GoCompare Group company that operates an Ofgem-accredited energy comparison and switching service, and has more direct supplier relationships than any other comparison or switching provider
- Ofgem has found that 61% of UK households have either never switched (34%) or only done so once (27%) – these households make up the majority of the 54% (15.1 million households) that are stuck on expensive default tariffs²
- According to Ofgem, the average difference in cost between a dual fuel default tariff and the cheapest available tariff is £352³
- weflip is GoCompare Group plc's first brand that's firmly focused on its Savings as a Service™ strategy

GoCompare has this week launched weflip, an innovative switching service designed to automatically keep households on cheap energy deals, forever. Removing the hassle of energy switching for millions of people, weflip's 'sign up once, save forever' service moves its customers onto better deals, putting an end to overly-expensive energy bills for good.

By automating the switching process, weflip takes the onerous responsibility away from customers, ensuring that poor-value standard variable tariffs (SVTs) are avoided and that households are always on fair energy deals.

weflip is the first automatic saving (auto-saving) service to have the backing of an established company with significant reach and a long history of saving people time and money. weflip combines energy industry expertise and market-leading tech capabilities to make energy switching as simple as possible.

As with all the services available through the GoCompare Group plc companies – GoCompare, MyVoucherCodes and Energylinx – weflip is completely free for consumers to use. weflip's services are paid for by the fees received from the energy suppliers that customers are switched to.

How does it work?

- Customers go to www.weflip.com
- They enter their personal details and preferences⁴ (takes minutes and it only needs to be done once)
- weflip's algorithms will match their details with the best tariff available through the service
- They choose the first deal to flip to from weflip's broad selection of suppliers
- After the initial switch, weflip will take over and scour the market, flipping them to better deals automatically, for life (when a minimum saving of £50, including exit fees, can be made)

No further manual comparisons are needed, as weflip chooses for them

¹ 10 Sept 2018 saw Bulb Energy hike bills for the third time this year, marking the 41st bill increase announced by an energy provider so far this year (**reference: The Independent**)

² Ofgem's State of the Energy Market report for 2018 confirms that 54% of GB's 28m households are on poor value default tariffs (typically with one of the Big Six energy providers)

³ Ofgem's Retail highlights September 2018, states that in August 2018, there was a £352 variance between the average Big Six SVT tariff (dual fuel / direct debit) vs. market cheapest equivalent

⁴ Address, current energy supplier and tariff, usage, payment method. All suppliers available through weflip, only popular suppliers, or existing supplier

Consultation response

weflip supports the package of proposals suggested within the consultation as a means of addressing barriers to innovation and consumer understanding. But we have concerns about the complexity of developing a robust system to monitor compliance.

Ultimately, whilst clear and timely information should lead to those who are engaged in the market getting better deals, weflip was launched with the aim of reaching those consumers who do not or cannot engage with the market. For serially disengaged consumers, there is no reason to believe that better information will cause them to switch.

Future-proofing the market's rules so that innovative providers with new solutions to consumer engagement and efficiency measures can have an even bigger impact should be welcomed. As weflip hopes to show, intermediaries will become integral to increasing competition both after the price cap is implemented, and after it is lifted. We are particularly interested to see Ofgem's conclusions on its ongoing work around the supplier hub model of the energy market and hope to work closely to develop this policy.

We believe that better information provided at a more appropriate time will help engaged consumers make better decisions. To get the best deal you should be looking to switch at least once a year, and if suppliers are free to prompt customers at the right time to consider their contract options, this is a welcome development.

Ofgem has found that 61% of UK households have either never switched (34%) or only done so once (27%) – these households make up the majority of the 54% that are stuck on expensive default tariffs. These stats make bleak reading, particularly given the prominence that energy costs have been given by the media for the past few years. To date, whilst mandating supplier communications around key prompt points has had success in other sectors such as car insurance, the same cannot be said for the energy industry. Most households remain disengaged.

weflip was created to provide an alternative option for this majority. With so many people having never – or only once – switched energy, it's clear that the current methods are not reaching this group of consumers. We believe this is because current solutions still put the onus on the consumer to continuously engage. weflip is our answer to the question: 'what can we build that would make the process easier?' Rather than just telling people they need to switch, we've built a service that does it for them.

Our only concern around the proposals are that removing prescription may lead to consumer damage in the short term in the period between removal of prescription and standardisation of the new rules. Whether intentionally or accidentally, implementing a new system always allows the opportunity for some suppliers to fail to provide the information required. Any potential opportunities to switch that are lost through lack of information damaging to consumers. Equally, as Ofgem adapts to new forms of monitoring and enforcement, there is always the opportunity to miss infractions. We trust that Ofgem will step up to this challenge.

We note Ofgem's comments concerning moving the rules around prompting engagement into a direction outside of the supply licences. We would support such a move if it were to strengthen the suppliers' obligations on prompts.

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