

# Guidance

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## Supply licence guide: Marketing and sales

**Publication****date:** 20/09/2017**Updated:** 21/02/2019**Team:** Conduct & Enforcement**Tel:** 020 7901 7000**Email:** Consumers.Directorate@ofgem.gov.uk

**This is a guide to the rules that apply to suppliers when marketing and selling tariffs to consumers. It covers rules up to and around the point of sale. It's relevant mostly for suppliers of domestic customers, but also includes some microbusiness obligations.**

Ofgem may update this guide from time to time. Suppliers are responsible for keeping up to date with the latest version of the rules.

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## KEY



Applies to electricity suppliers



Applies to gas suppliers



Applies to domestic suppliers



Applies to non-domestic suppliers\*



Some of these rules only apply to suppliers with more or fewer than a certain number of customers

\* We specifically state where rules only relate to a subset of non-domestic customers, e.g. microbusinesses.

## Overview of marketing and sales

We believe that engaged, informed consumers are essential for a well-functioning market. Over time, this should increase competitive pressure on energy suppliers to reduce prices and improve quality of service.

Suppliers should facilitate consumers being able to make informed choices by understanding which of their tariffs offer the best value to the consumer based on the customer's characteristics and preferences.

It is important that consumers can make informed decisions in response to marketing from suppliers or their representatives. This applies to all sales and marketing activities, not just those carried out face-to-face or over the telephone. We're also keen to ensure that consumers can benefit from greater tariff innovation and are not overwhelmed by complexity.

Marketing and sales is an area in which energy suppliers have historically encountered problems, resulting in a number of enforcement cases. To this end, one of the key licence conditions for this theme (SLC 25) was amended in 2017 to rely more on principles.

## Key Standard Licence Conditions (SLCs) for this theme

Below are the key licence conditions that relate to this theme (marketing and sales). We've highlighted some parts of these rules, but you should refer to the actual SLCs for the full detail. The documents listed in the 'other useful information' section may provide more context to help you understand the intent of the rules, especially our consultation documents.

### Remember:

**The Standards of Conduct contain enforceable overarching principles that are relevant across many supplier activities and licence guide themes.** (The Standards are SLC 0 for domestic / SLC 0A for non-domestic suppliers.) These are aimed at ensuring licensees (and their representatives in the case of domestic suppliers) treat each customer fairly. This includes behaving in a fair, honest, transparent, appropriate, and professional manner, and providing information that is complete, accurate and not misleading. Domestic suppliers also need to make an extra effort to identify and respond to the needs of domestic customers who are in vulnerable situations.

### SLC 0 Standards of Conduct – Treating domestic customers fairly



- The domestic Standards of Conduct include a broad principle that suppliers should provide information that is sufficient to enable domestic customers to make informed choices about their supply of gas/electricity.

### SLC 25 Informed choices



- Outlines the principles that suppliers must follow when marketing or advertising their tariffs to consumers:
  - The structure, terms and conditions of tariffs must be clear and easily comprehensible.
  - Tariffs must be easily distinguishable from one another.
  - Suppliers must put in place information, services, and/or tools to enable domestic customers to easily compare and select tariffs, taking into account their characteristics and/or preferences.
  - Suppliers and their representatives must not mislead or otherwise use inappropriate tactics, including high pressure sales techniques, when selling or marketing to domestic customers.
  - Suppliers and their representatives must only recommend tariffs to domestic customers which are appropriate to their characteristics and/or preferences.
- Also includes rules about record keeping for face-to-face sales and telesales.
- Note that some of these rules cover suppliers' representatives too.

### SLC 7A Supply to microbusiness consumers



- Includes rules about what suppliers must communicate to a microbusiness consumer<sup>1</sup> before entering into a contract (e.g. principal terms of contract).

### SLC 7D Supply to certain microbusiness consumers – additional requirements



- Rules about price information for microbusiness consumers that suppliers must disclose on their website or on one or more third party online platforms. The price information, or a link to the third party online platform(s), must be displayed clearly and prominently on a supplier's website.

### SLC 21D Tariffs with environmental claims – green tariffs



- Rules requiring suppliers to be clear to customers about the environmental claims they make about their green and renewable tariffs, including claims made in the course of marketing these tariffs.
- Suppliers need to clearly tell customers at the point of sale if a renewable tariff does not offer additional environmental benefits.

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<sup>1</sup> Electricity microbusiness customers are those with an annual consumption of not more than 100,000 kWh OR fewer than 10 employees and an annual balance sheet/turnover not exceeding €2 million. Gas microbusiness customers are those with an annual consumption of not more than 293,000 kWh OR fewer than 10 employees and an annual balance sheet/turnover not exceeding €2 million.

### SLC 23 Notification of domestic supply contract terms



- Includes rules about what suppliers must communicate to a domestic customer before entering into a contract (e.g. principal terms of contract).

### Other SLCs you should consider

#### SLC 7C Restriction on supplying Green Deal premises



- Includes rules around what suppliers that do not offer the Green Deal, and their representatives, must do before entering into a contract with a customer.

#### SLC 13 Arrangements for site access



- Includes requirements for representatives visiting a customer's premises on the behalf of a supplier.

#### SLC 20 Enquiry service, supply number and dispute settlement – non-domestic customers



- Suppliers must provide information on promotional materials sent to non-domestic customers about customers' rights relating to the means of dispute settlements available to them.

#### SLC 21 Fuel mix disclosure arrangements



- Once suppliers have been supplying electricity for a full financial year, they must include information in their promotional materials about the fuel sources and environmental impact of the electricity they supply.

#### SLC 31F Encouraging and enabling engagement



- Includes rules with additional information that suppliers must provide to domestic customers at the point of sale (e.g. tariff information label and personal projection).

#### SLC 31G Assistance and advice information



- Suppliers must provide information on promotional materials sent to domestic customers about customers' rights relating to the means of dispute settlements available to them.

### Other SLCs



- For some types of meter/metering arrangements, there may be additional SLCs (e.g. 22E, 22G, 31F) that suppliers should take into account when ensuring their customers can make informed choices about their energy supply.

### Obligations outside the supply licences

There are regulatory obligations relating to this theme that suppliers should be aware of other than those contained in the gas and electricity supply licences. This section is not intended to provide an exhaustive list and we remind suppliers they are responsible for ensuring compliance with all applicable laws and regulations. Below we note some relevant consumer protection legislation which is related to this theme and which Ofgem has powers to enforce.

- **The Consumer Rights Act 2015:** This Act sets out rules about how consumers buy, and how businesses sell to them in the UK. It covers a range of things that are relevant for energy suppliers marketing and selling to consumers. This includes unfair terms in consumer contracts and consumer notices, rules around how services should match up to what has been agreed, and what should happen when they do not, or when they are not, provided with reasonable care and skill.
- **The Consumer Protection from Unfair Trading Regulations 2008:** These regulations prohibit unfair commercial practices such as misleading actions or omissions, and aggressive practices. Certain specific behaviours are also 'blacklisted' and always unfair.
- **Consumer Contracts (Information, Cancellation and Additional Charges) Regulations 2013:** These regulations cover issues such as what pre-contractual information must be communicated for contracts depending on where they are concluded or offered, rules on unsolicited supply of goods and additional payments, the right to cancel, and cooling off periods and provisions on premium rate call centres.
- **The Business Protection from Misleading Marketing Regulations 2008:** These regulations prohibit misleading advertising (which is broadly defined) to businesses and set the conditions under which comparative advertising is permitted.

Other regulations that are relevant to this theme include:

- The UK Advertising codes – the UK Code of Broadcast Advertising and UK Code of Non-broadcast Advertising and Direct & Promotional Marketing
- The Protection from Harassment Act 1997
- The Misrepresentation Act 1967

### Other useful information

Below is a (non-exhaustive) list of some other documents we have published that may help you understand the rules for this theme better. Suppliers may wish to consult other helpful materials about good practice, for example those published by Citizens Advice.

Document	Date
Reforms to domestic supplier-customer communications licence conditions, including the introduction of five new principles-based rules: <ul style="list-style-type: none"> <li>• <a href="#">Final decision</a></li> <li>• <a href="#">Statutory consultation</a></li> <li>• <a href="#">Policy consultation</a></li> <li>• <a href="#">Working paper</a></li> <li>• <a href="#">Open letter</a></li> </ul>	Dec 2018 Sep 2018 May 2018 Dec 2017 Sep 2017
Introduction of the informed choices principles, within the enforceable Standards of Conduct: <ul style="list-style-type: none"> <li>• <a href="#">Final decision</a></li> <li>• <a href="#">Statutory consultation</a></li> <li>• <a href="#">Policy consultation</a></li> </ul>	Apr 2017 Jan 2017 Aug 2016
<a href="#">Lessons learned</a> from enforcement and compliance activity: sales and marketing	Mar 2017*
<a href="#">Findings</a> from the 2016 Challenge Panel, which focused on enabling consumers to make informed policy choices	Feb 2017*
Conclusions from an <a href="#">enforcement investigation</a> into Economy Energy’s compliance with obligations including SLC 25	Dec 2015*
Conclusions from an <a href="#">enforcement investigation</a> into E.ON’s compliance with obligations including SLC 25	Jul 2014*
Conclusions from an <a href="#">enforcement investigation</a> into npower’s compliance with obligations including SLC 25	Feb 2014*
Conclusions from an <a href="#">enforcement investigation</a> into Scottish Power’s compliance with SLC 25	Dec 2013*
Conclusions from an <a href="#">enforcement investigation</a> into SSE’s compliance with obligations including SLC 25	May 2013*
<a href="#">Open letter</a> clarifying how SLC 25 applies to certain Third Party Intermediary (TPI) activities	Oct 2012*
Conclusions from an <a href="#">enforcement investigation</a> into EDF’s compliance with obligations including SLC 25	May 2012*
Conclusions from an <a href="#">enforcement investigation</a> into npower’s compliance with SLC 25	Jan 2009*

\* These documents relate to old versions of licence conditions, as they were at the time. The rules may be different now, but we’ve included them in this guide because we think they could still be helpful for you to refer to.

NB our [website](#) has a full list of all enforcement investigations.

**We remind all suppliers** that this guide does not modify or replace the conditions in the gas and electricity supply licences. Neither is it an exhaustive list of supplier obligations or information resources. This guide is designed to introduce you to the rules, highlight relevant supply licence obligations, and signpost to key information that may help you understand these rules. Suppliers should continue to refer to the conditions outlined in the most recent versions of the [gas](#) and [electricity](#) supply licences.