

Microbusiness Strategic Review

Event 1: Broker Dispute Resolution

**Thank you for joining.
The event will begin shortly.**



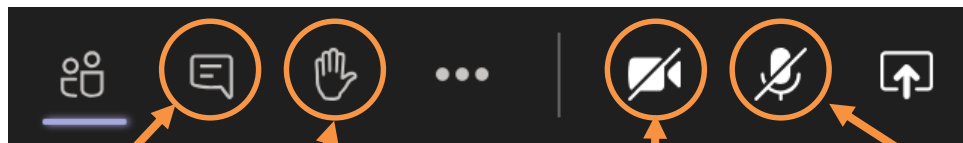
12/10/20

- 13:00 – 13:10 Introductions and house rules
- 13:10 – 13:20 Policy overview
- 13:20 – 13:30 Ombudsman Services introduction and outline of potential pilot scheme
- 13:30 – 14:10 Discussion on key interactions within the complaint journey
- 14:10 – 14:25 Discussion on additional topics
- 14:25 – 14:30 Wrap up and close

This event is designed as an opportunity for stakeholders to provide views to help inform Ofgem's policy thinking. When providing views we ask that you adhere to the following rules:

- Please **stay on mute and turn your video off** until the moderator requests that you unmute yourself.
- During the discussion on key topics, if you would like to contribute then please **'raise your hand'** using the feature in MS Teams.
- Please **try to be concise** so that we can give as many people the opportunity to contribute as possible.
- After you have finished speaking please **mute your microphone again and 'lower you hand'**.
- Be courteous and respectful to other participants.

We will try to give everyone an opportunity to contribute but if we run out of time then please feel free to get in touch with us to arrange a bilateral.



Open chat box

Raise/lower hand

Video off/on

Mute/unmute microphone

- Following concerns that the market is not working well for some microbusinesses we launched the review in May 2019 with the goal that:

“Microbusiness’ needs and preferences are met by the market, that they can access competitive offerings and that they are adequately protected where necessary.”

- We then took steps to better understand and assess the issues faced by microbusinesses.



- Following this we prioritised the areas of harm according to their scale and severity before developing a package of policy proposals to address these.
- We are now seeking views on these proposals via our consultation which closes on the 23rd Oct as well as during these events.

- Our review identified dissatisfaction with some brokerage services and poor practice by a minority of brokers causing harm to consumers.
- There is currently no mandated route available for consumers to pursue independent redress if their complaint is with the broker, something that has been cited as a clear protection gap by a wide range of stakeholders

To address this protection gap we propose:

- Introducing a supply licence condition **requiring suppliers to only work with brokers signed up to an ADR scheme**. We propose outlining high-level requirements for the scheme in the supply licence, with the scheme provider(s) setting out detailed scheme arrangements and requirements in their terms of reference.
- A requirement for suppliers to **provide microbusiness customers with information about this right to dispute settlement** on promotional materials and each bill and statement of account.

Broker ADR Pilot

12 October 2020

What we will cover

- Ombudsman Services – our background.
- Why are we involved in the pilot?
- Proposed workings of the pilot
- Why stakeholders might want to engage in the pilot?
- The Ombudsman process
- Discussion Topic A) The microbusiness complaint journey and the interaction with brokers and potentially energy suppliers
- Discussion Topic B) The interaction between broker and sub-broker on the complaint journey.

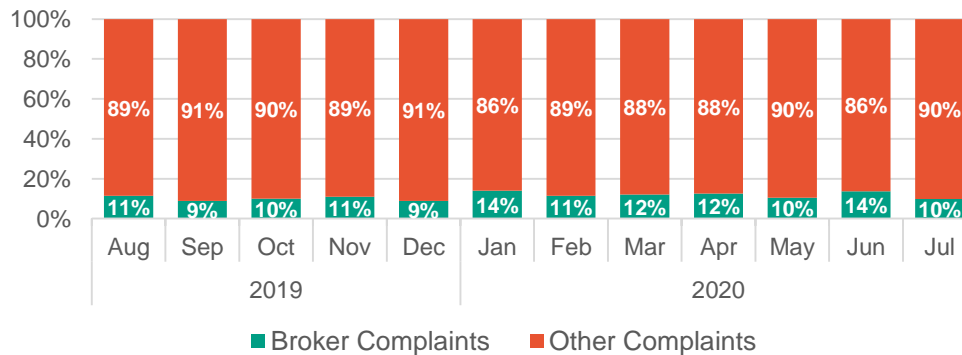
Ombudsman Services – our background

- Not-for-profit private limited company established in 2002
- Operate in energy and communications sectors as well as Parking. Each scheme is funded by the companies and our service is free to consumers.
- Sole provider of ADR in the energy sector since 2007
- In 2019, a total of 116,700 initial contacts and resolved 58,034 cases for energy.
- We handle complaints from both domestic and non-domestic consumers.
- We also work with regulator and suppliers to identify systemic issues, make improvements and recommendations.

Why are we involved in the pilot?

- The Strategic Review of Microbusinesses, involves Ofgem consulting on placing a licence condition on suppliers to the effect that they can only work with brokers who provide access to redress for microbusiness customers.
- Ofgem approached us as the sole ADR provider in the energy sector to run a pilot redress scheme.
- Dealt with 4,663 complaints during 2019/20 from microbusinesses about a range of issues including brokers.
- Complaints involving broker mis-selling currently raised against the supplier and on average account for 12% of total complaints.

Proportion of Business Complaints that Mention Brokers



Proposed workings of the pilot

Main aspects of the pilot:

- Voluntary for brokers and suppliers to engage in.
- Small in scale - ending after completion of 20 cases or by end of March 2021 at the latest.
- Will test key areas of the microbusiness customer journey.
- Allow brokers and suppliers to shape the enduring scheme and inform Ofgem policy.
- Based around current energy ombudsman model and process.
- Costs to be borne by the brokers to resource the pilot by charging individual case fees.
For the pilot - £170 plus VAT for early resolution and £340 plus VAT for full decision.

Why stakeholders might want to engage in the pilot?

Brokers and suppliers may wish to engage in order to:

- Help build and guide what the enduring scheme looks like, raising standards on complaint handling across the whole energy broker sector.
- Be ahead of the game for when the full redress scheme comes into being.
- Be provided with our help with on-boarding and on-going support during the pilot and after onto the enduring scheme.
- Be part of the publicity around the redress pilot scheme.
- Receive the review of the redress pilot analysis.

The Ombudsman process

Outline of Process:

- Complaints accepted after raised to the broker and either eight weeks has elapsed or deadlock position reached.
- Option of early resolution where broker can submit a proposal without our formal intervention
- If early resolution unsuccessful or unsuitable, case moves to our full decision process.
- Evidence about the complaint gathered from microbusiness and broker.
- Initial decision issued to the microbusiness and the energy broker and copied to supplier.
- Both parties either agree with the decision (will then be binding and remedy requires implementation) or submit further information they think would help clarify points or they think may change the decision. This information is considered and our final decision is issued.
- If microbusiness accepts the final decision it is binding on both the microbusiness and the energy broker with remedy requiring to be implemented. If microbusiness doesn't accept the decision, then is not binding and process ends.

Contact us

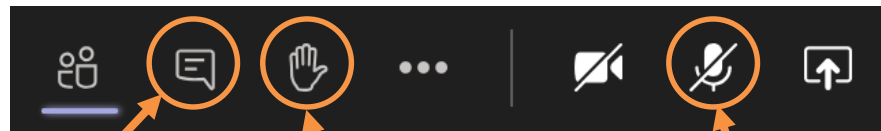
If you want to get involved in the pilot, or if you would like to speak with a member of our team to find out more, please get in touch by emailing:

OSAccountManagers@Ombudsman-Services.co.uk

Discussion Topic A) The microbusiness complaint journey and the interaction with brokers and potentially energy suppliers

Key Questions to Consider

- Who does the microbusiness complain to initially and when?
- How best do we request information from brokers and suppliers and when?
- How does the remedy implementation process work? Who is responsible for implementing remedies and over what timeframe?
- If you would like to contribute then please **'raise your hand'**. Please **stay on mute** until the moderator requests that you unmute yourself.
- After you have finished speaking please **mute your microphone again and 'lower your hand'**.



Open chat box

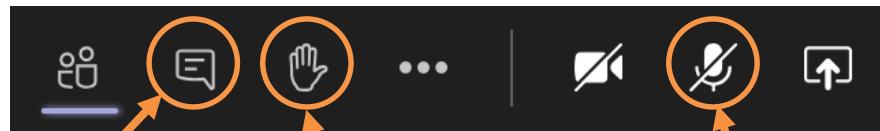
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Discussion Topic B) The interaction between broker and sub-broker on the complaint journey.

Key Questions to Consider

- Who signs up to the ADR scheme – the broker or the sub broker?
- Who is responsible to pay the case fee when sub brokers are involved?
- If you would like to contribute then please **'raise your hand'**. Please **stay on mute** until the moderator requests that you unmute yourself.
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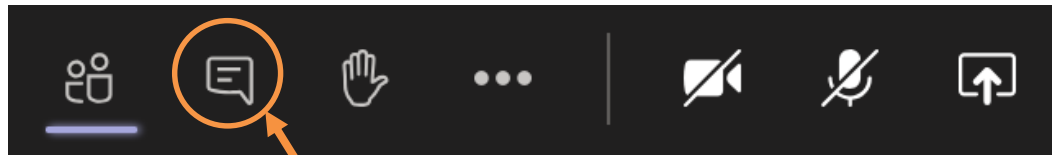


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- Please contribute via the chat box, this will allow us to group comments to make best use of time.



Open chat box

We want to hear from anyone interested in our consultation and proposals and would welcome a formal response.

Please send your response to CDconsultations@ofgem.gov.uk, or via Survey Monkey, by close on **23 October 2020**.

Subject to responses we intend publishing a statutory consultation in winter 2020/21 and for changes to be implemented later in 2021.

Thank you for your participation

Ofgem is the Office of Gas and Electricity Markets. We are a non-ministerial government department and an independent National Regulatory Authority, recognised by EU Directives. Our role is to protect consumers now and in the future by working to deliver a greener, fairer energy system.

We do this by:

- **working with Government, industry and consumer groups to deliver a net zero economy at the lowest cost to consumers.**
- **stamping out sharp and bad practice, ensuring fair treatment for all consumers, especially the vulnerable.**
- **enabling competition and innovation, which drives down prices and results in new products and services for consumers.**