

3rd Floor North 200 Aldersgate Street London EC1A 4HD

Tel: 03000 231 231

citizensadvice.org.uk

17 June 2021

Citizens Advice response to the Office for Product Safety Standards, Product Safety Review: Call for Evidence

Citizens Advice provides free, independent, confidential and impartial advice to everyone on their rights and responsibilities. We are the statutory representative for domestic and small business energy consumers across Great Britain.

We welcome the opportunity to respond to this call for evidence. This is a bundled response to reduce duplication as some of our views on the questions overlap. This document is entirely non-confidential and may be published on your website.

The evolution of the energy market is a key factor in the UK's transition to net zero. As we decarbonise how we travel, how we heat our homes and our energy generation, it's likely we'll see increasing adoption of electric vehicles, heat pumps, solar and storage and smart domestic appliances. These products might mean we need to increase how much electricity is produced, but they also offer new potential to be 'flexible' with how and when we use it. For example, using more electricity when renewable generation is high. Doing so will help us maintain energy system resilience in a cost effective way, reducing costs for energy bill payers. We expect companies will increasingly offer consumers services to help them use electricity flexibly, balancing the grid whilst using smart controls to cater to the needs of their customers.

Our vision at Citizens Advice is of a future energy market that is inclusive by design and recognises the essential nature of energy supply. The future energy market should facilitate and encourage innovation, be accessible by all and treat everybody fairly, regardless of their circumstances.

In the energy market, people currently buy energy directly from their energy supplier. They pay one bill, and the costs of the other actors in the energy system (like electricity network operators) are all factored into this bill. Technology continues to impact the way people use energy in their homes. In recent years we have seen the emergence of new companies with different business models. Often, these businesses (and the services and products they offer) are not subject to

energy regulations and there are a number of gaps in consumer protection between the activities that are regulated and those that are not.¹

In the future we anticipate seeing more collaboration in order to improve the energy efficiency of homes, install low carbon heat technologies or to install smart energy products and services in homes. This could also include instances where businesses collaborate to introduce smart home equipment for an electric car and for a new low carbon heating system. In this scenario there could be an engineer who installs and services a heating system, a builder who installs building insulation, a plumber who installs a new shower, an engineer who installs a smart car charger, a car manufacturer, or a Distribution Network Operator to name just a few. Some of these products might remain in the same property, others might be taken by the consumer when they move home.

Understanding if a product is safe

Wherever the responsibility for product safety lies, it should be made clear through effective product labelling and information. Our report, <u>Powering up or facing resistance?</u>, summarises findings from behavioural research that explored how people understand the benefits of energy smart appliances. The findings highlighted the importance of testing different ways of presenting information at a product's point of sale, to help people process information, understand any risks and benefits and weigh up whether it's right for them.

Understanding who is liable when things go wrong

We agree that while new models for selling and distributing products bring significant benefits, they have led to blurring of lines between different actors in supply chains, making it less clear where responsibility for product safety (and more generally for redress when things go wrong) lies. The sharing economy further complicates the issue of where responsibilities lie, for example in the growing electric vehicle leasing industry.

Many people initially struggle to identify who is responsible in situations where something goes wrong. Our research, <u>Current consumer attitudes to smart home technology</u>, explored what consumers think of smart home technology, the data they share and what protections they expect or want. Most participants held the "manufacturer" responsible, however this term was commonly understood to mean someone who was not them and had some professional / commercial relationship with the product. Thinking about redress, participants expected a mix of technical fail-safes (for example being able to override product settings) and personal support (such as speaking to someone on the phone). They expect some regulation, including warranties and clear T&Cs, to protect them. Redress processes should be

¹ Citizens Advice (2021) <u>Demanding attention</u>

accessible and intuitive, providing people with the confidence to engage with new technologies and make informed decisions.

Do contact us directly if you'd like to discuss this response.

Yours sincerely,

Rachel Mills

Senior Policy Researcher