

**Final proposals
for
non-domestic
energy supplier
complaint
handling
performance**



Executive summary

Citizens Advice issued a consultation on publishing non-domestic energy supplier complaint handling performance in 2015.¹ We proposed to publish a quarterly league table of suppliers that have more than 10,000 non-domestic micro-business customers, which ranks them from best to worst.

We received ten responses to the consultation. Citizens Advice have thoroughly reviewed all responses to our initial proposals and considered the issues raised by each of the respondents.

During the consultation period Citizens Advice was asked to clarify a number of issues raised by Energy UK, its members and other suppliers. These issues included a request for more information on the scoring model and how the 10,000 customer threshold for supplier inclusion was arrived at. A number of respondents were concerned about the accuracy of the data we intended to use to establish the market share of energy suppliers. In order to allow stakeholders more time to consider the latter issue in particular, we extended the consultation period to allow suppliers to gain a full understanding of what was being proposed.

There are a number of key areas where we have revised our original proposals. Further detail can be found in the main section.

Market share data

By far the most serious concern raised by respondents to the consultation was around how to best establish the market share data for suppliers. We initially proposed using customer numbers from Distribution Network Operators (DNOs) and Xoserve. Having reviewed the responses to the consultation and consulted with Ofgem, we have decided not to go ahead with using the data outlined in our original proposals document. Citizens Advice will be issuing a rotating and ongoing information request to suppliers that will allow us to obtain appropriate and consistent customer numbers.

Deadlock cases

Some suppliers, and Energy UK, had concerns about the inclusion of Ombudsman Services: Energy (OS:E) deadlock cases in the metric. Several respondents said that if these cases were included, they should, as a minimum, be subject to a lower weighting than OS:E cases that were more than eight weeks old. We have decided to exclude deadlock cases from the scoring model.

¹<https://www.citizensadvice.org.uk/about-us/policy/policy-research-topics/energy-policy-research-and-consultation-responses/energy-policy-research/non-domestic-supplier-complaint-handling-performance-consultation/>

Final methodology

Citizens Advice's consultation initially proposed that the league table would use the following methodology:

Consumer Service advice-only cases - weighting of 10;
Complaints received by the Extra Help Unit (EHU) - weighting of 25;
OS:E deadlock cases - weighting of 30;
OS:E 8 week cases - weighting of 30.

Following our review of the consultation responses, the league table will use the following methodology:

Consumer Service advice-only cases - weighting of 10;
Complaints received by the Extra Help Unit (EHU) - weighting of 25;
OS:E 8 week cases - weighting of 30.

Background

Citizens Advice issued a consultation on our plans to commence publish non-domestic energy supplier performance statistics in May 2015.

Our aim is to create a model that accurately illustrates supplier performance on complaint handling, giving micro-business consumers access to the information needed to make informed switching decisions.

A 2015 Ofgem study² showed a total of 59 companies supplying electricity and gas to business customers, and that market entry rates have increased with time, with 18 companies entering the supply market since 2012, compared to eight between 2005 and 2010.

The publication of unbiased and transparent information on performance for non-domestic suppliers will provide companies with an incentive to drive improvements in their customer service and complaint handling.

Establishing market data share

The majority of suppliers who responded to our consultation raised concerns about the supply point information we intended to use. This was meter point data provided by Ofgem, which in turn is provided by the Distribution Network Operators (DNOs) and Xoserve. It was felt that this data would not accurately calculate market share of the non-domestic suppliers for specific non-domestic customer segments.

One supplier said that using the proposed data would not provide an accurate view of customers' contract types. Furthermore the meter point information was not reflective of a business' SME status and there was no way to use this data to state conclusively which sites were larger domestic properties, SMEs or smaller sites belonging to large businesses. The fact that some suppliers treat all their smaller businesses³ as micro-businesses⁴ for regulatory ease added to the issue.

Most suppliers suggested that a better alternative would be to use the customer numbers submitted to Ofgem for monitoring suppliers' disconnection figures in the non-domestic sector. After carrying out a review of these figures as well as discussing the matter with Ofgem, we determined that these figures are based on suppliers' self definition of their customer base and there is significant variation

²Page 12 of https://www.ofgem.gov.uk/sites/default/files/docs/2015/09/retail_energy_markets_in_2015_report_0.pdf

³i.e. customers clearly not "industrial and commercial" but in excess of the 7A definition.

⁴SLC 7A defines a micro-business as such if they meet one of the following criteria:

Employs fewer than 10 employees (or their full time equivalent) and has an annual turnover or balance sheet no greater than €2 million, or

consumes not more than 100,000 kWh of electricity per year, or
consumes not more than 293,000 kWh of gas per year.

amongst the companies. We concluded that this would not produce a fair comparison.⁵

Citizens Advice will be issuing an ongoing information request to all relevant suppliers to submit their micro-business customer numbers based on Standard Licence Condition (SLC) 7A. The information will be used to calculate the market share information that sits behind the league table. This definition is consistent with the definition used by the three sources of information in the metric as to what cases they accept (i.e. they are consumer redress and advice bodies for those non-domestics covered by SLC7A⁶). This approach was suggested by several suppliers during the consultation process.

Ofgem have indicated that they will consider the results of this information request as part of their market monitoring work. This could minimise time and effort for suppliers into the medium-term.

Consumer Service advice-only cases

Several respondents said they thought the Consumer Service advice-only cases should be completely excluded from the model. Some suppliers had concerns and questioned the helpfulness of including these cases within the metric for the league table. Their stated reasons included the view that they are not an expression of customer dissatisfaction, they are “outside” the control of the supplier and that, in some cases, the customer had not previously contacted the supplier and given them an opportunity to resolve the problem.

A key concern for the majority of suppliers was the lack of any detailed information about these contacts other than the complaint code at the point of entry. This was also raised by some suppliers during the original consultation process on the domestic scorecard⁷. Suppliers’ main concern was that the lack of detail meant that they were not able to analyse the root causes of these complaints.

Access to this data could allow suppliers to improve their customer service in these areas and potentially lead to a reduction in the numbers of consumers contacting the Consumer Service for advice. For this specific reason, suppliers do receive these cases notes, from the energy policy team, when their performance is causing concerns. This is a key part of our company performance monitoring work.⁸

We also revisited the analysis carried out during 2010 for the domestic consultation and examined whether there were grounds for advice-only cases to be excluded.

⁵Based on our review of the figures, suppliers ranged from a “narrow” licence condition definition of micro-businesses to higher consumption thresholds or profile classes. Furthermore, some suppliers counted all of their accounts as “micro-business” if clearly not industrial and commercial.

⁶As for footnote 4

⁷Final decision document and explanations of model at <http://webarchive.nationalarchives.gov.uk/20130102161642/http://www.consumerfocus.org.uk/files/2012/06/Review-of-supplier-performance-model-Summary-of-findings-and-next-steps.pdf>

⁸ <https://www.citizensadvice.org.uk/Global/CitizensAdvice/Energy/CopyofPerformancemonitoring.pdf>

The analysis showed that advice-only cases represented 81 per cent of the energy cases received, of which only 13 per cent of the cases are referred to companies or to the Extra Help Unit (EHU) or OS: E⁹. This measure is therefore a vital indicator to differentiate between suppliers' performance as it involves the greatest volume of energy consumer contacts made to an independent body.

Citizens Advice does not believe that appropriate evidence has been provided to suggest that the situation has changed and Consumer Service advice-only cases will remain part of the performance model.

Consumer Service company referrals

Only one supplier has a specific non-domestic company referral pathway¹⁰ set up. Several other companies receive referrals through their domestic pathway. As the majority of suppliers are not formally part of the company referral process, we cannot include this as a metric.

Any cases logged by the Consumer Service as a company referral will be counted as an Advice Only case.

Deadlock cases

Around half of the respondents had strong concerns about the inclusion of deadlock cases in the metric. Several suppliers said that if deadlock cases were included, they would like the weighting to be changed i.e. more favourable than complaints accepted by OS:E due to being unresolved after eight weeks.

One supplier did not believe that the theory of proportionate customer detriment that was behind the domestic weightings model in 2012¹¹ had been tested or evidenced sufficiently for its applicability to micro-businesses. The supplier suggested either doing further testing or give equal weighting to all measures. We will keep this issue under consideration as the model evolves.

We note that some suppliers may make a strong effort to exhaust the complaints procedure before deadlocking compared to those whose poor performance allows the case to run over the eight week threshold and how this would influence the metric. In addition, since the reformed domestic table has been in operation, there have been no issues with the consistency of dispute recording for that metric.

⁹All energy cases received by Consumer Service from April - Oct 2012. The remaining six per cent relate to cases that are out of scope of the service or referred to the wider Consumer Service.

¹⁰Citizens Advice requires all domestic suppliers with over 50,000 customers to set up a company referral pathway. Suppliers must provide the Consumer Service with a separate freephone number and dedicated member(s) of staff to deal with any cases sent through as a referral. Company referrals are typically cases where the consumer has already contacted the Consumer Service for advice and has had to recontact the Consumer Service as the supplier did not resolve the issue. The process allows relevant cases to be dealt with as efficiently as possible and is a key aspect of the redress arrangements, especially in the domestic market.

¹¹<http://webarchive.nationalarchives.gov.uk/20130102161642/http://www.consumerfocus.org.uk/assets/1/files/2010/01/Annex-B-data-model.pdf>

After reviewing all of the responses to the consultation we have decided not to include deadlock cases within the metric at this time. OS:E now has more resource available to monitoring supplier performance in this area and will be able to identify any emerging anomalies in supplier performance. We will review this decision over time, alongside the possible inclusion of “Failed Remedy” as an additional metric if it becomes clear that would add value.

OS:E case outcomes

Several suppliers proposed that the model should include information about the outcome of OS:E complaints as this approach would give a more accurate reflection of the quality of the resolution as opposed to simply the volume of complaints received.

We discussed the detail of the proposal with OS:E. Outcome information is available but it is logged as ‘upheld’ or ‘not upheld’¹² and it can be open to interpretation as to whether or not this is in the customer’s favour. For example, it could be argued that establishing a payment plan was a good outcome for the consumer, but the supplier might think that this result is in their favour as they weren’t instructed to offer compensation, a goodwill payment or make any balance amendments. Therefore, we do not think that using OS:E case outcomes as a metric would be a suitable approach.

Signposting

Signposting to the Consumer Service and OS:E was raised, again, by some respondents. The original consultation¹³ included an explanation that previous analysis had shown there was no correlation between signposting and the prevalence of consumer contacts.

We are keen for suppliers to signpost to the two bodies because all consumers have paid for these services via their bills. We agree with Energy UK that signposting should be high quality and consistent across all suppliers, regardless of this process and outputs.

Citizens Advice requests that all suppliers voluntarily signpost to the Consumer Service and OS:E. It is Citizens Advice’s long held position that signposting should be compulsory in the non-domestic market and we have previously written to Ofgem and suppliers seeking reform. We will be including an assessment of non-domestic supplier bills and websites in our 2016-17 signposting audit.

Weightings

¹²Outcomes are only available for cases that are on the new system

¹³http://web.archive.nationalarchives.gov.uk/20130102161642/http://www.consumerfocus.org.uk/assets/1/files/2009/06/Energy-Supplier-Performance-Consultation_final.pdf

Respondents agreed, in principle, with the weightings assigned to the different categories. Some respondents wanted some more information on how we had arrived at the weightings.

The existing weightings have been subject to three previous consultations with stakeholders¹⁴. Citizens Advice believe the weightings accurately reflect the seriousness of the complaint, the time and effort spent and whether the consumer needed to contact an independent organisation to get their problem resolved. The weightings aim to place greater emphasis on situations where the consumer has had to repeatedly contact their supplier or another organisation because the company has failed to deal with their problem. The weightings also aim to reflect the relative detriment that results from the relevant problem.

Challenger brands v. incumbents

Several independent suppliers suggested that the metric created an inbuilt bias towards larger suppliers who are not pursuing an aggressive growth strategy.

We reviewed 132 cases between 1 April 2015 and 31 March 2016 and our analysis of Consumer Service cases suggests that there is no correlation. For instance there were a number of independent suppliers who experienced significant customer growth over the period and who did not receive a large number of Consumer Service transfer or customer service related contacts compared to their peers and the six largest suppliers. Where there is an uplift in contacts (regardless of the relevant supplier's market share) analysis of case notes shows that this is linked to supplier performance or customer service issues, as opposed to their sales strategy.

Our analysis found that there is also no relationship between extensive use of brokers and internal sales teams and higher contacts respectively.

In the consultation document we suggested that cases from the Consumer Service and EHU coded under "marketing" could be excluded from the model. The domestic league table does not currently include marketing cases. In this area the two markets are very different¹⁵ and given the prevalence of broker and Third Party Intermediary (TPI) issues, we have concluded that marketing cases should be included in this metric. We will keep this issue under review as the model evolves.

The league table will include all suppliers with over 10,000 micro-business customers. Where a supplier has a customer with dual fuel supply this will count as two customers. This approach was supported by the majority of respondents and we commit to reviewing supplier inclusion on an ongoing basis. The removal of a

¹⁴<http://webarchive.nationalarchives.gov.uk/20130129065030/http://www.consumerfocus.org.uk/policy-research/energy/supplier-performance>

¹⁵For example the prevalence of variable contracts and price comparison websites in the domestic market and thus the comparative lack of marketing activity compared to the non-domestic market.

supplier will be at our discretion even if that supplier falls below the 10,000 customer threshold.

In comparison, the domestic league table includes all suppliers with over 50,000 customers. The difference between the two models is due to the larger number of suppliers in the non domestic market, the lower relative market share held by incumbents and the number of customers within the market (i.e. 3 million micro-business consumers versus 53 million domestic consumers). This figure allows us to capture the broadest number of non-domestic suppliers while maintaining the reliability and validity of our data.

Proposed methodology

Case type	Definition	Weighting
Citizens Advice Consumer Service advice cases	These are cases where a consumer has sought independent advice or help (not information) from the Citizens Advice Consumer Service. Please note that due to data protection issues it is not possible for suppliers to have full visibility of these cases.	10
Complaints received by the Extra Help Unit	These are complaints from vulnerable consumers that have been referred from Citizens Advice consumer service to the EHU (Extra Help Unit) where a consumer who is vulnerable, has been disconnected or is at risk of disconnection or need support due to the complexity of the case and has previously tried to resolve their complaint with their supplier and has been unable to do so. EHU call types 'Enquiry', 'Enquiry no action' and 'Ask the advisor' are not included in the analysis.	25
Cases received by Ombudsman Services: Energy	These are cases accepted by Ombudsman Services: Energy, the industry alternative dispute resolution scheme, because the consumer has been unable to get their complaint resolved for more than eight weeks.	30
Deadlock cases received by Ombudsman Services: Energy	Deadlock cases are when a consumer has received a deadlock letter from their energy supplier stating it is final response to the complaint.	30

Final methodology

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Complaints received by the Extra Help Unit	<p>These are complaints from vulnerable consumers that have been referred from Citizens Advice consumer service to the EHU (Extra Help Unit) where a consumer who is vulnerable, has been disconnected or is at risk of disconnection or need support due to the complexity of the case and has previously tried to resolve their complaint with their supplier and has been unable to do so.</p> <p>EHU call types 'Enquiry', 'Enquiry no action' and 'Ask the advisor' are not included in the analysis.</p>	25
Cases received by Ombudsman Services: Energy	These are cases accepted by Ombudsman Services: Energy, the industry alternative dispute resolution scheme, because the consumer has been unable to get their complaint resolved for more than eight weeks.	30