

Clear connections

Improving the energy customer journey on sources of advice and redress



**citizens
advice**

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Summary

The volume of energy complaints has risen in recent years, at rates even greater than the increase in energy prices themselves. In this situation, it is critical that consumers have access to reliable, free and independent advice on resolving complaints.

Citizens Advice has a statutory duty to provide that advice, and does so through the Citizens Advice consumer service (CS). However, we were concerned that the CS was not being promoted consistently by energy suppliers or by other bodies involved in the energy complaint handling process¹.

We therefore commissioned an audit of energy suppliers' written materials and websites in the autumn of 2014, which was an update to earlier baseline research and examined the websites of all agencies involved in the energy complaint journey. During this audit, we concentrated on the extent to which information about the help available to consumers is promoted to them.

The first two sections of this paper set out the background to the research and the findings from the assessment process.

The final section presents our recommendations. Although these concentrate on the issues above, we believe it is critical that complaint handling sits within a wider, integrated framework of advice on energy issues. We are currently exploring how best to achieve this 'one-stop-shop' approach across the sector as a whole, and our recommendations should be seen within that wider setting.

¹ The energy complaints process is described on the Citizens Advice website:
http://www.adviceguide.org.uk/wales/consumer_w/consumer_energy_supply_e/consumer_complaining_about_energy_companies_e/how_to_complain_to_your_energy_supplier.htm

Background

Citizens Advice has recently considered energy billing complaints as part of our response to a Competition and Markets Authority consultation.² As part of that work we highlighted, from published data,³ the high level of complaints in the sector: the total number of direct complaints across the electricity and gas industries could be up to 20 per cent of all domestic consumers annually. Further, the recent Competition and Markets Authority investigation found that recorded complaints across the industry had risen fivefold between 2007 and 2013.⁴

Any industry which generates complaints at such a high level is clearly not serving consumers well. We are concerned that, should this situation not improve, it will further undermine trust in the energy sector as a whole. This is a particular concern, given the challenges facing the industry in providing affordable energy, reducing demand and achieving the levels of consumer engagement required to ensure the rollout of smart meters brings benefits to consumers in practice.

However, for the consumers registering and dealing with individual complaints, there is a much more pressing need: that there is a clearly described, easily accessible, integrated and effective process for handling complaints and addressing their concerns.

A central part of that process is the Citizens Advice consumer service (CS),⁵ the primary free, independent source of advice for energy consumers who require support at any point during a dispute with their supplier. The CS also offers a much wider range of support for energy consumers, covering issues from managing debt to switching supplier or accessing support for energy efficiency.

While Ombudsman Services: Energy (OS:E) has the power to settle disputes between consumers and suppliers, there are strict limitations on the circumstances in which OS:E can assist consumers.⁶ It is therefore critical that both suppliers and OS:E also make clear that support is available, at any time, from the CS.

Citizens Advice and predecessor bodies Consumer Focus/Consumer Futures have, since 2010, published a regularly updated league table comparing energy suppliers' performance on complaint handling.⁷ We were concerned that, despite other evidence that the volume of complaints was rising, the volume of calls to the

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http://www.citizensadvice.org.uk/index/policy/policy_publications/er_fuel_water_post_digital_telecoms/c_r_fuel_water_post_digital_telecoms/response-to-cma-updated-issues-statement.htm

³

<https://www.ofgem.gov.uk/about-us/how-we-work/working-consumers/supplier-performance-consumer-complaints>

⁴ <https://www.gov.uk/cma-cases/energy-market-investigation#working-papers>

⁵ http://www.adviceguide.org.uk/england/consumer_energy_supply_e

⁶ These rules are set out at <http://www.ombudsman-services.org/who-can-we-help-energy.html>

⁷ http://www.citizensadvice.org.uk/index/aboutus/consumer-work/energy_supplier_performance.htm

CS had, in contrast, fallen since its launch in April 2012. At the same time, the volume of calls to OS:E had risen considerably.

This trend was particularly concerning because of the high proportion of energy consumers who contact OS:E but whose complaints are defined as 'Outside Terms of Reference' (OTOR).⁸ While the proportion of these OTOR contacts is similar to other areas covered by Ombudsman Services, such as communications, there are a number of key issues:

- The numbers involved are greater than for any other single area of activity – 87,542 contacts were received about energy issues, of which 69 per cent, or some 60,400, were OTOR. Energy issues accounted for just over half of all contacts received by the Ombudsman Services in any sector covered. The Ombudsman Services also notes both that energy complaints were the main driver of increasing activity dealt with by the organisation overall, and that the trend was expected to continue.⁹
- Further, OS:E reports that 'Ofgem commissioned research to understand the reasons why so few energy consumers refer their complaints to us. Despite the significant growth in complaints about energy companies, only 5 per cent of the energy consumers who could refer their complaints to us actually do. The main issues include: poor standard of signposting on suppliers' communications, lack of awareness or incorrect perception of our service, and general complaints fatigue.'¹⁰
- The overwhelming majority of OTOR contacts in energy (89 per cent) were categorised as such because they were premature, meaning the consumer had sought advice from OS:E at an earlier stage in the process than that at which the organisation could respond. This clearly implies a need for clearer signposting to avoid both frustration on the part of consumers, and wasted staff time and cost on the part of OS:E.

Another reason for commissioning the audit was that some suppliers had raised the concern that improvements in the quality of information they provided meant that consumers were more likely to complain. As complaints numbers affect the rating they receive on the Citizens Advice performance league table, suppliers were worried that they might, in effect, be penalised for good practice in this area.

In order to investigate both of these issues, Citizens Advice commissioned research in the autumn of 2014 to examine the quality of the information provided by energy suppliers on their websites, bills, statements and other relevant communications. That research updated previous work carried out by Consumer Futures, now part of Citizens Advice, in Autumn 2013.

⁸ Annual reports for all Ombudsman Services are available at <http://www.ombudsman-services.org/annual-reports-os.html>

⁹ The OS:E 2013/14 annual report states that: 'During 2013/14 we handled 26,760 energy complaints, 132% more than the previous year and 67% more than we forecasted. We expect this figure to increase significantly in the next financial year.'

¹⁰ Ibid.

The 2013 research was used to produce tailored recommendations, which were sent to each supplier in February 2014. The autumn 2014 audit, therefore, provided an opportunity to assess progress as a snapshot at that time, against the earlier baseline.

Assessment of company performance

For the autumn 2013 audit, suppliers were asked to provide website links and examples of as many of the following documents as they had available:

- Bill for quarterly cash/cheque (QCC) customers
- Statement of account for direct debit (DD) customers
- Statement of account for pre-payment meter (PPM) customers
- Annual statement
- Unilateral contract variation notice
- Energy supply contract
- Complaint handling leaflet/booklet

The extent to which each of these contained appropriate signposting information was then audited against agreed, robust criteria.¹¹

Subsequently, in February 2014, each supplier received a detailed assessment of the material they had provided, including recommendations for improvements that could be made.

The autumn 2014 audit was then undertaken to assess the progress made by suppliers. The same criteria and the same contractor were used to ensure consistency of approach.

The table on the next page shows the results by supplier, ranked in order from best to worst for performance on websites and direct debit statements. Other categories can be viewed in the [main audit report](#).

¹¹ A working group was set up in autumn 2013 to agree the scope and scoring criteria for the audit. This included representation from two suppliers, Energy UK, Consumer Futures and the independent auditor

Results for website and direct debit statements

	Website
Max Score	131
SSE	124
EDF Energy	121
Scottish Power	116
First Utility	109
British Gas	108
iSupplyEnergy	103
e.on	99
Green Star	96
Ecotricity	91
Spark	89
Utility Warehouse	87
Economy Energy	84
Good Energy	84
Green Energy	84
Flow Energy	82
Npower	76
Utilita	74
Ovo	64
LoCO2	59
Co-operative Energy	54

	DD statement
Max Score	70
EDF Energy	70
British Gas	70
Ecotricity	65
LoCO2	65
SSE	65
iSupplyEnergy	63
Green Star	60
e.on	58
Scottish Power	58
npower	53
Green Energy	53
Co-operative Energy	51
Flow	50
Utilita	41
First Utility	37
Spark	25
Good Energy	17
Ovo	15

▲ Results for suppliers' website and direct debit statements

The number in each box shows the suppliers' score for each activity. The maximum possible score is at the top of each column.

Not every supplier sent every document for audit. Some suppliers do not currently

have all three types of customer (QCC, DD and PPM). Some suppliers were in the process of creating documents, or had yet to design them under the Retail Market Review (RMR).¹² For the direct debit category Economy Energy and Utility Warehouse did not supply documents so are therefore excluded from this table.

Overall, the data from the audit show the following points, as a snapshot in autumn 2014:

- Several companies scored particularly poorly with their supply contracts and unilateral contract variation notices. Scores were also poor for the PPM statements issued by some suppliers.
- There remains room for improvement in the quality of information available on supplier websites.
- The six larger energy suppliers, with the exception of npower, tended to perform better in the audit. However, some of the independent and newer entrants to the energy supply market achieved good scores in all of the areas audited, most notably iSupplyEnergy, which appears in seventh place or above for every document submitted.

The trend data also shows the following:

- While there have been improvements overall, a worryingly high number of lower scores were recorded in 2014 than was the case in the previous year. The decline in quality of signposting information on websites is particularly concerning, with 8 of the 20 reviewed scoring less well in 2014.
- Similarly, of the 14 companies that submitted annual statements for both audits, there was an even split between those that had improved and those that had got worse.

Overall, few suppliers make it consistently clear that customers should generally approach the CS before contacting OS:E if they have not yet made a complaint, or are at an early stage of the complaints process with their energy supplier.

More positively, the concerns of some suppliers that improvements in signposting were leading to higher levels of complaints are not shown to be justified by this assessment. Ofgem publishes energy supply company complaints data,¹³ which shows the following:

- British Gas has consistently been among the better performers, in terms of complaint numbers in proportion to its customer base, among the six larger suppliers, while also being assessed positively in the audit.
- While EDF Energy shows a higher level of complaints than the

¹² <https://www.ofgem.gov.uk/gas/retail-market/market-review-and-reform/retail-market-review>

¹³ Available at

<https://www.ofgem.gov.uk/about-us/how-we-work/working-consumers/supplier-performance-consumer-complaints>

majority of larger competitors, the number of complaints registered against the company does not show any upward or downward trend despite strong improvements in its signposting communications.

- In contrast, npower performed less well in terms of signposting but registered the highest level of complaints among larger suppliers over the period covered by both audits.

Signposting within and between complaint handling organisations

The 2014 audit also examined the websites of the CS and OS:E, to assess the extent to which these organisations are currently providing a consistent and joined-up service. The audit of these websites identified a number of areas where improvements were required.

Positively, it was very easy to get information about OS:E from the CS website. However, some of the text describing other services on the Citizens Advice complaints page was not consistent with the standardised information required from suppliers, and an outdated contact number was also found (and very quickly corrected).

Representation of the CS on the OS:E website was extremely poor, with no mention of the service or of its specific role in the energy complaints handling process.

More widely, Citizens Advice merely appeared on the OS:E website as one of many in a list of organisations that can be contacted for general, rather than energy-specific, advice. Similarly, the link given was to the Citizens Advice general home page rather than the energy home page.

Recommendations

1. Improving energy supplier signposting

We accept that companies may have addressed some of the issues identified above since the audit was conducted in the autumn of 2014. However, the summary above clearly shows – with a few exceptions – that there remains considerable scope to improve the clarity with which support services for energy consumers are described and promoted across the energy supply industry.

We therefore recommend that regular monitoring of supplier communications is required to ensure the quality of signposting is maintained across the industry. This should include tracking and reporting on the progress of any follow-up actions required to address the issues identified by the audit.

2. Improving the links between organisations that support consumers

It is critical that stronger links are made between agencies that exist to help consumers when they most need assistance with energy issues. The referral pathway between the CS and OS:E should be strengthened to improve the customer experience, where customers have contacted the wrong organisation.

It is also clear that improvements are required to OS:E signposting. This is particularly important, given the high levels of OTOR contacts received. It is likely that this represents an additional source of frustration for many consumers, especially so when coming from an organisation they have contacted in search of a solution. The OS:E has already committed to reviewing the signposting arrangements on its website.

We are aware that OS:E is finalising the introduction of a new case management system, which will make the recording of OTOR contacts easier and allow for better tracking of signposting and referrals between other organisations. For example, it would be useful to understand why customers have approached OS:E prematurely.

We therefore recommend that OS:E shares this information and works with relevant parties to implement the actions needed to achieve a reduction in OTOR contacts, so that improvements can be made wherever necessary.

3. Referrals in the wider context

Finally, we recognise that – even were energy complaints to decline sharply – the need for a more integrated advice service would remain, given the pressing challenges faced by the industry of providing affordable energy, reducing demand and rolling out smart meters.

We therefore recommend that referrals and signposting form a fundamental part of the consumer energy advice and redress review. Citizens Advice is currently carrying out some research that looks at strengthening and streamlining energy advice and redress for consumers. We also recommend that the Department of Energy and Climate Change should establish and lead a working group to take this forward.