



11 June 2014

Dear Stakeholder,

Small Supplier Complaint Handling Performance

One of the core functions of Citizens Advice under Section 10 of the Consumers, Estate Agents and Redress (CEAR) Act 2007¹ is the dissemination of advice and information to consumers.² energywatch, Consumer Focus and Consumer Futures published rankings of energy supplier performance to give consumers access to accurate and impartial information. This not only empowered consumers to make informed decisions choices about their energy supplier, but gave companies incentives to continually improve their performance. Up until now, this has been limited to the larger suppliers as some of the metrics used within the model have not been available for all suppliers.

Citizens Advice is inviting comment on our proposal to now begin publishing smaller energy supplier performance statistics. We aim to create a model that will accurately illustrate company performance to give consumers access to the information they need to make informed switching decisions across the entire market. We think this is particularly important because in April this year 289,000 consumers switched their energy supplier, with almost half choosing smaller suppliers.³

The publication of unbiased and transparent information on performance across the whole energy industry will also provide companies with an incentive to drive improvements and truly compete on service to consumers.

Background

In 2010 Consumer Focus conducted a lengthy and in-depth consultation on publishing energy supplier performance statistics. We received a number of replies from a variety of stakeholders with differing interests in the energy market.⁴ The consultation included questions around what performance information should be published on the smaller suppliers, and if the information should be combined with that of the larger suppliers or, as Consumer Focus favoured, shown separately.

The majority of responses concurred that the larger suppliers should be ranked as one group given the differences in size to that of the smaller suppliers. While there was a desire to produce information on the smaller suppliers, it was felt that this should be displayed separately due to the difference in respective size and the impact this would have on complaint ratios to market share. Large suppliers also enjoy large static customer bases that, it is argued, tend to generate fewer complaints.

¹ <http://www.legislation.gov.uk/ukpga/2007/17/contents>

² Citizens Advice also has a duty to publish complaints information as per the Utilities Act, 2000.

<http://www.legislation.gov.uk/ukpga/2000/27/section/20>

³ <http://utilityweek.co.uk/news/energy-supplier-switching-on-the-up-says-energy-uk/1005012>

⁴ Consultation: <http://www.consumerfocus.org.uk/policy-research/energy/supplier-performance/measuring-performance>

Decision Document: <http://www.consumerfutures.org.uk/wpfb-file/measuring-energy-supplier-performance-pdf>

We could not however take forward plans at that time to publish the stats on smaller suppliers as we did not have full access to market share data. There were also a number of new entrants who were not on the Consumer Direct cases management system. Given that data from that system was used in the performance reporting this would have resulted in inconsistent reporting.

We now have access to suppliers' market share through Supplier Direct Complaint returns, which are subject to scrutiny by Ofgem. We are also confident that all suppliers are included in the relevant systems from which we collect performance data. We are therefore seeking views on what we should publish to aid consumer choice.

In the three years from January 2011 the market share of the largest six suppliers has fallen from 99.4% to 94.6%.⁵ This growth in the popularity of smaller suppliers shows it is now more important than ever for consumers to be fully informed on the performance of all potential energy suppliers before they switch.

We have started from the basis that we should mirror, as far as possible, the information we currently produce on the large suppliers. Please find a list of proposals attached to this letter. It is our aim to begin publishing this data towards the end of 2014, and therefore we ask that you respond to this consultation by 9 July.

I look forward to hearing from you and in the meantime if you have any questions please contact graeme.maclachlan@citizensadvice.org.uk.

Regards,

Audrey Gallacher

Audrey Gallacher
Director of Energy
Citizens Advice

⁵ <http://utilityweek.co.uk/news/energy-supplier-switching-on-the-up-says-energy-uk/1005012>

Proposal for performance metric and publication

1. The basket of measures the Citizens Advice Service proposes to use to rank the smaller suppliers includes:
 - Citizens Advice Consumer Service (CAcs) 'advice' cases received (excluding a number of code categories that can be found in Annex A).
 - Complaints received by the Extra Help Unit (EHU).
 - Cases received by Ombudsman Services: Energy that are more than 8 weeks old.

In the large supplier performance statistic reporting, we also use CAcs cases referred to energy companies. Only a small number of the smaller energy suppliers have this process in place. Citizens Advice is looking to extend the referral process, but until we have this in place we will be unable to include these in the published statistics.

What is excluded:

- Following the full market consultation in 2010, it was decided that suppliers direct complaints data would be excluded; they will also be excluded from these statistics.
 - Deadlock cases for Ombudsman Services: Energy
 - CACS information only cases
 - EHU complaints categorised as Not "Distribution/Transportation", "Information", "New Policy Matter", "Post", "Price Comparison Services" and 'Meter Interference'.
2. The larger suppliers have an on-going disputes process with the Energy Ombudsman. The Ombudsman sends each supplier a list of the cases accepted monthly that fall inside their Terms of Reference (ITOR). ITOR sub-categories include:
 - Deadlock.
 - +8 weeks.
 - Ombudsman discretion.

The suppliers will dispute any cases logged as +8 weeks where a deadlock letter has been issued to the consumer and provide the Ombudsman with a list of cases and the relevant deadlock letters. Citizens Advice will then amend the number of +8 week complaints with the Ombudsman's agreement.

There will need to be discussion with the Ombudsman to determine any impact of increased disputes as a result of this process being extended to smaller suppliers.

3. Citizens Advice also proposes to use the existing weighting model for each case type (excluding CAcs case referrals). These can be found in Annex B. We feel the weightings reflect the seriousness of the complaint, the time and effort spent and whether the consumer needed to contact another agency to get their problem resolved. It places greater emphasis on situation where the consumer has had to repeatedly contact their supplier or another agency because the company has failed to deal with their problem. Please see the decision document for the 2010 consultation and the subsequent review in 2012.⁶

⁶ Decision Document: <http://www.consumerfutures.org.uk/wpfb-file/measuring-energy-supplier-performance-pdf>
Review: <http://www.consumerfocus.org.uk/files/2012/06/Review-of-supplier-performance-model-Summary-of-findings-and-next-steps.pdf>

4. When reporting on the larger suppliers, we currently have a two month lag on customer numbers to allow for any consumers going through the complaint handling process to be captured. i.e. using the market share of the company at the time the complaint originated. However, following feedback and further consultation with industry, it has been decided that it will be more appropriate to use the most up-to-date customer numbers. Customer numbers are provided to us quarterly by suppliers via the direct complaints process, which is subject to scrutiny by Ofgem.
5. We also propose that we change the complaints to market share ratio for smaller suppliers. At present, we report the large suppliers on a ratio of complaints per 100,000 customers. With smaller suppliers, we feel it would be more appropriate if we reported complaints per 10,000 customers. When the data is published, Citizens Advice will ensure that it is clearly stated the figures are worked out on different complaints ratios to ensure the data cannot be manipulated or directly compared to the larger suppliers' performance.
6. For the larger suppliers, Citizens Advice uses Ofgem customer satisfaction data and presents the information separately to ensure that the differentiation between volumes and contacts to independent bodies is visible to consumers. However, this data will not include all smaller suppliers as there are issues with sample sizes. Citizens Advice would like to ask for views on how to rectify this issue to allow for all suppliers to be appropriately represented.
7. Citizens Advice will present the smaller supplier statistics in the same way we currently present the larger supplier statistics i.e. ranked in order of best to worst performance and showing historical performance.
8. The larger suppliers have an on-going disputes process with the Energy Ombudsman. The Ombudsman sends each supplier a list of the cases accepted per month broken down by Inside Terms of Reference (ITOR):
 - Deadlock.
 - +8 weeks.
 - Ombudsman discretion.

The suppliers will dispute any cases logged as +8 weeks where a deadlock letter has been issued to the consumer and provide the Ombudsman with a list of cases and the relevant deadlock letters. Citizens Advice will then amend the number of +8 week complaints with the Ombudsman's agreement.

There has been debate over which suppliers should feature in the performance reporting given the not insignificant differences in the size of companies, and any corresponding impact this would have on the veracity of the model. We therefore propose that we will only report on suppliers that have at least 50,000 customers. This figure allows us to capture the broadest number of smaller suppliers while still ensuring the reporting is robust and fair. The materiality of any small changes to the complaints numbers of any suppliers with fewer than 50,000 customers would be unfair on any companies as small changes in complaint volumes could have a larger impact on ratios and rankings. Citizens Advice proposes to review the inclusion of all suppliers on an on-going basis. We trust that this will not present any concerns around commercial sensitivity of market share data, however if any supplier have concerns please do let us know. To be clear we will not be disclosing any market share data, but the inclusion in the reporting would identify a company as having more than 50k customer accounts.

Next steps

If you would like to discuss the proposals, or have any questions, please contact Graeme MacLachlan by email on graeme.maclachlan@citizensadvice.org.uk. We are happy to meet with suppliers individually or collectively to discuss the proposals in more detail.

Citizens Advice welcomes responses from suppliers, key stakeholders and any other interested parties on the issues raised in this document.

Citizens Advice asks for responses to this consultation to be submitted in writing before the deadline of 9 July 2014.

The preferred method of response is by email, to:
graeme.maclachlan@citizensadvice.org.uk

Responses may also be sent by post to:

Graeme MacLachlan
Citizens Advice
200 Aldersgate
London
EC1A 4HD

Citizens Advice will acknowledge all consultation responses received. Please remember to state your contact details in your response.

Citizens Advice will publish responses to this consultation on its website and may refer to their contents in subsequent publications. If you wish all or part of your response to remain confidential, or if you would like it to be published anonymously, please indicate this in the response. Similarly, if you would prefer your response to be published only once the consultation has ended, please let us know.

If your response is to remain confidential and you would prefer Citizens Advice not to reference its contents in a non-specific manner that does not breach this confidentiality such as a general summary of responses, please indicate this in your response.

Please note that information held by Citizens Advice, including the content of Consultation responses, is subject to the Freedom of Information Act (2000). For more details, please visit www.citizensadvice.org.uk.

Annex A

| Category | Code | Description |
|-------------|------|--|
| Information | AD1 | Priority Services Register |
| Information | AD2 | Energy efficiency advice |
| Information | AD3 | Pricing information |
| Information | AD4 | Supply point number information |
| Information | AD5 | Company contact details (non-complaint purposes) |
| Information | AD6 | How to change supplier |
| Information | AD7 | Maximum resale price |
| Information | AD8 | Non domestic contract issues |

Annex B

| Case type | Definition | Weighting |
|--|---|-----------|
| Citizens Advice Consumer Service Cases | These are cases where a consumer has sought independent advice or help (not information) from 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 EHU* | 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 |

*Since 1 April 2014, the EHU has now formed part of Citizens Advice Scotland (CAS)