

**Citizens Advice
response to
statutory
consultation
on Standards
of Conduct for
suppliers in
the retail
market**

This response was prepared on behalf of the Citizens Advice service. We welcome the opportunity to respond further on the statutory consultation on changes to the Standards of Conduct. This response is entirely non-confidential and can be published by Ofgem.

We strongly support the changes to the standards of conduct to place the emphasis on outcomes for consumers (including non domestic consumers) rather than process, as well as the specific introduction of a vulnerability principle.

There are a growing number of suppliers in the market and, as a result, we believe there are areas where Ofgem should provide additional guidance to help companies understand their obligations to their customers. Citizens Advice is supportive of Ofgem's new focus on compliance, as the shift to principles based regulation requires more proactive monitoring of suppliers.

The Citizens Advice service's role in providing first tier advice as well as specialist complaint handling services for consumers in vulnerable situations, will provide essential data and insight to help Ofgem understand whether suppliers are meeting the needs of their customers and delivering the right outcomes.

The fairness test

We support the changes both for domestic and non domestic consumers. It is the outcome for the consumer rather than the process which is important. We support the new focus on consumer detriment, regardless of any benefit the supplier may or may not accrue.

We support the application of the fairness principle to non domestic customers, particularly microbusinesses. These consumers have many similarities with domestic consumers but have fewer protections.

All reasonable steps

We support the removal of "all reasonable steps" as it shifts the focus towards delivering the right outcomes for consumers. We agree with the propositions put forward in the statutory consultation that the removal will lead to a shift towards a consumer focussed culture and provides opportunities for suppliers to innovate and compete in delivering good consumer outcomes.

We welcome the addition of a requirement that domestic suppliers must ensure representatives achieve the standards of conduct. When analysing contacts

made to the Citizens Advice consumer service or Extra Help Unit, it is often the actions of supplier agents and/or representatives where unfairness arises.

We are unclear why Ofgem has not included representatives within the non domestic standard given that other wording changes are proposed. Non domestic consumers already have fewer protections and there are more third parties involved in this segment of the market. There is a strong argument that the requirement to ensure representatives achieve the Standards of Conduct should also be extended to non domestic suppliers. Analysis of contacts from the Citizens Advice consumer service or Extra Help Unit show that detriment caused to non domestic consumers, especially microbusinesses, is often caused by the actions of agents and representatives such as misselling or debt recovery processes. This addition would also provide additional protection for households living in a property with a shared supply or where the main use has changed from non domestic to domestic.

A broad “informed choices” principle

We support this proposal. It is important that suppliers tailor communications appropriately to the audience so that the consumer can make a genuine informed choice. Communications must take account of different consumer characteristics and should be inclusive by design. We welcome that Ofgem have chosen to give some clarification of policy intent in the statutory consultation, as this is important for the successful delivery of the right consumer outcomes. We agree that the principle should apply even where the consumer may not face an active choice but changed circumstances mean that consumers may wish to reconsider earlier choices. Proactive compliance will continue to be important to ensure that the right consumer outcomes are delivered.

Vulnerability Principle

We support this proposal. The proposal as now phrased makes consumer outcomes more clearly the focus of the principle. We welcome the addition of the phrase “with regard to the interests of the consumer” - reflecting that vulnerability is variable and the approach to identifying (and then dealing with) vulnerability must be suited to each consumer. We have some concerns that the words “effective and appropriate” may be interpreted by some suppliers as a reasonableness test. This is an area where further guidance could help clarify suppliers’ responsibilities.

Our interactions with suppliers, through both our case handling role and wider advocacy role, demonstrate that there is significant variation in the ability of

companies to identify and then subsequently support their customers in vulnerable situations.

Treating customers fairly statement.

We agree with the proposal to remove the requirement to publish the statement. Delivery of fairness in practice is of greater importance.

Guidance on Standards of Conduct

We believe that Ofgem should publish guidance, where appropriate. We recognise the desire that prescriptive rules should not be brought back through the back door. However, there is currently wide variation in supplier practices, particularly around vulnerability.

Our introductory discussions with new suppliers have highlighted that the level of knowledge about their obligations remains mixed. Some suppliers have asked us for advice on how to meet the needs of their vulnerable consumers. In response, Citizens Advice has started publishing a suite of good practice guides but these currently cover a limited set of issues affecting vulnerable households. Ofgem guidance on the vulnerability principle, in particular, could prevent potential detriment and serve as a useful reminder for existing suppliers of their responsibilities to their customers.

We believe that there is a need for guidance for non domestic suppliers who supply mixed use premises (or premises which have changed use). This would ensure that any domestic consumers living in these properties receive adequate protection.

Amending SLC5

We support the proposal to extend Ofgem's information gathering powers.

We help people find a way forward

Citizens Advice provides free,
confidential and independent advice
to help people overcome their problems.

We advocate for our clients and consumers
on the issues that matter to them.

We value diversity, champion equality
and challenge discrimination.

We're here for everyone.



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