

Knowing who can help

The future for energy consumer advice and
redress

The logo for Citizens Advice, featuring the text "citizens advice" in white lowercase letters inside a dark blue speech bubble shape.

**citizens
advice**

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Background

An average household spends around £1400 a year¹ on electricity and gas. When things go wrong, energy consumers are often left confused, may be out of pocket, have received bad service or even left without an energy supply. The existing advice and redress framework for energy consumers have evolved over time to meet the needs of consumers: as the market continues to change, we need to step back and ensure is still fit for purpose.

In December 2014 Citizens Advice and Citizens Advice Scotland commissioned independent research from GK Consulting to give us an understanding of the advice and redress landscape for energy consumers². We were concerned that domestic consumers and micro-businesses (i.e. those with less than 10 employees), face a confusing range of potential sources of assistance when seeking advice or redress on energy issues now. We were also interested in understanding whether these advice and redress provisions are fit for the future, given current and planned changes to the markets relating to energy services (such as further delivery of energy efficiency measures, increasing deployment of low carbon forms of heating, smart meters and appliances). It is inevitable that future markets will increase both the complexity of problems faced by consumers and the need for support when things go wrong.

The research set out to identify ways in which processes and customer journeys could be strengthened, simplified and streamlined. There were significant time constraints, and the review was distinctly limited to advice and redress services which are funded by taxation, through a levy on the industry administered by a public sector organisation, or by the industry through a mechanism subject to regulation by Ofgem³.

¹ figures from ONS family spending 2013
<http://www.ons.gov.uk/ons/rel/family-spending/family-spending/2014-edition/rft-3-1-final-2013.xls>

² Given the changing nature of the market this research was undertaken between December 2014 - March 2015, and therefore provides a snapshot of arrangements between December - April 2015

³ advice and redress services included in the review are listed the appendix

About us

Citizens Advice has three main statutory responsibilities which relate to energy consumers:

- Statutory obligation to provide first tier energy advice via our consumer service helpline: As the government funded organisation delivering energy advice and education across Great Britain we can offer clients access to energy advice and information via multiple channels, online, telephone service and face to face.
- The Extra Help Unit (EHU) has a statutory duty to help vulnerable energy consumers. The Unit takes referrals from the Consumer Service, specifically supporting consumers who are facing disconnection, have already been disconnected or are vulnerable and unable to pursue their complaint directly with their supplier.
- Energy watchdog: as the statutory consumer advocate for energy consumers we have a research, policy, advocacy and campaign remit and work to represent consumers across across the full spectrum of work across the energy industry. The Consumer Futures team at Citizens Advice has a workplan that spans current and future energy consumer issues, from monitoring company performance and lobbying industry for improvements, to representing consumers on infrastructure code panels and providing the consumer voice to the plans for the smart meter rollout. We work on energy consumer issues across Great Britain, and work closely with colleagues at Citizens Advice Scotland⁴.

Citizens Advice is also involved in delivering various energy advice programmes on a non-statutory basis, which are delivered through our local Citizens Advice network at the heart of the community, distinct programmes of work funded by suppliers (e.g. the EDF Energy funded debt centre based in Plymouth CAB) or as a result of a fine levied by the regulator (e.g. energy advice champions)

⁴ Following the Scottish referendum on independence, the November 2014 Smith Commission Report sets out agreed devolution of additional powers to the Scottish Government – notably, consumer advocacy and advice will be devolved to the Scottish Parliament.

This Paper

The research report provides an overview of the the current advice and redress schemes for energy consumers: it highlights the confusion an energy consumer can face, and suggests the need for more coordination between providers to make this simpler. The report draws attention to the difficulty that arises when trying to understand the advice/redress landscape due to the array of funding streams and various commercial factors which indicate a lack of transparency in this market. It also highlights that there are often missed opportunities to identify and address systemic issues in the energy market, which could be used to improve company performance, enhance customer service and drive down complaints overall.

In April 2014, Citizens Advice took on additional responsibilities following the abolition of Consumer Futures and is now the statutory watchdog, with responsibility for advocating on behalf of all energy consumers. We provide the consumer voice on issues across the energy market, from generation, infrastructure and metering to supply, complaints and performance.

As a service provider, Citizens Advice is continually seeking to improve our services to better meet client needs, whether this be through the work we do or working in partnership with stakeholders and the wider energy landscape. We published our [energy advice strategy](#) in January 2015, the aim of which is to ensure our organisation is at the forefront of advice and support for clients affected by rising energy prices, helping to improve the experience and outcomes for clients by creating a seamless customer journey for clients through the energy landscape.

It is essential that consumers understand where they can go for help or advice, and know where they can get support to seek redress if any part of the market has let them down. Energy consumers deserve advice and redress frameworks that are easy to understand, accessible, joined up and future proof.

This paper summarises some of the research findings and begins to set out Citizens Advice's vision for the future of the energy consumer advice and redress framework. It reflects on some of the key recommendations from the research, and considers how to improve the way that energy consumers can access support, advice and redress under the following four themes:

1. **easier to navigate**, so consumers are not 'stranded' without support, and get the right support, advice or redress action that they need, first time;
2. **improve customer experience**, so companies can learn the lessons from queries and complaints to improve the way they work and reduce complaints;
3. **transparent and accountable**, so Ofgem and Government know how and where money is being spent to support consumers; and
4. **fit for the future**, so advice and redress schemes are prepared and able to support consumers in more complex future energy markets.

The rest of this paper considers these four themes, and begins to discuss why we need to revitalise the advice and redress landscape for consumers. The

Government has already begun to make changes to energy programmes and more widely is seeking efficiency savings across all departments. It is important that any potential changes to the way in which energy advice or redress services are delivered is considered in light of this research.

For more information, to discuss this paper, the research or Citizens Advice's plans in this area please contact Dhara Vyas (dhara.vyas@citizensadvice.org.uk).

1. Easier to navigate

Consumers are not 'stranded' without support, and get the right support, advice or redress action that they need, first time.

There are multiple organisations involved in the provision of advice and redress to energy consumers. When scoping the project, the researcher noted and discussed the confusion around who to contact, and when - this is indicative of the potential confusion about the system that consumers might also be faced with when seeking help or support with a problem. It is clear that all of the organisations involved in advice and redress have specialisms and expertise: however if consumers are not able to understand how to reach the right service at the right time, there is a problem.

The research reviewed the twelve taxpayer or mandated consumer-funded energy advice schemes across Great Britain that are delivered by seven key advice providers⁵ and a range of smaller providers. The research found that a streamlined advice consumer journey does not always equate to having just one provider, that multiple possible entry routes into the advice system may reduce costs. However, it also concluded that the separation of advice provision, either by funding streams, target audience, channel or provider, risks making the consumer journey more complicated, inconsistent or can prematurely break consumer journeys, or can even risk losing consumers because of these engagement barriers.

The research makes a recommendation for Governments across Great Britain to put in place a system of advice schemes with complementary remits and obligations to make two-way referrals, so that providers can proactively contact consumers with relevant support and consumers receive consistent and relevant support regardless of how they first make contact. Citizens Advice considers this key to the future of energy advice: our own energy advice strategy is focused on creating a seamless customer journey for clients across our service and we would welcome an opportunity to ensure that this is the case across the energy advice landscape.

The research reviewed four energy redress schemes⁶: it considered the numbers of consumers using the schemes, and used the organisation's policies and procedures on accessibility to evaluate whether all those who want/need to use the service can do so. Previous research by Ofgem has found that up to three-quarters of consumers are reportedly aware of the redress schemes⁷, but with around 43,000 complaints between them in 2014, this awareness may not be translating into

⁵ Citizens Advice consumer service, ESAS, Home Heat Helpline (HHH), EHU, Energy Best Deal Extra (EBDX), BESN, MCS Helpdesk

⁶ Ombudsman Services: Energy (OSE), GDO, RECC and MCS

⁷ Ofgem Complaints to Ombudsman Services: Energy – research report
https://www.ofgem.gov.uk/sites/default/files/docs/2013/12/ofgem_gfk_complaints_to_ombudsman_services_energy_report_2013_0.pdf

use and many of the contacts made with redress schemes demonstrate that they are being approached erroneously. The consistently high number of consumers contacting redress schemes that are 'outside the terms of reference' for the scheme and therefore not eligible to seek redress at that point has long been a concern for Citizens Advice⁸. It is essential that these consumers are not left 'stranded' without access to advice or support for their problem. The research found that insufficient support for vulnerable consumers may be a barrier to accessing some schemes, and that the cost: reward ratio of pursuing a complaint may not be seen as significant. It is imperative that consumers get maximum support for minimal effort in order to address this perceived ratio.

It is important poor service from energy companies does not go unchallenged: there is a statutory underpinning for consumer redress which should be accessible to *all* consumers. Citizens Advice supports the recommendation in the research that there should be one point of entry into a redress scheme, so that complaints which cross the remit of more than one redress provider can be handled in such a manner as they appear seamless to the consumer.

2. Improve customer experience

Companies can learn the lessons from queries and complaints to improve the way they work and reduce complaints.

As the consumer watchdog Citizens Advice has a key role in monitoring the market, working with advice and redress providers to identify and investigate systemic problems, either with a specific company or where we have found similar issues across the whole industry. We work directly with companies to improve performance, in partnership with Energy UK/Ofgem or other partners where appropriate and also make referrals to Ofgem for investigation/enforcement action when necessary. We use data from the Citizens Advice consumer service, the Extra Help Unit and intelligence from Local Citizens Advice to carry out this role. We also include statistics from the Energy Ombudsman in the quarterly company performance statistics. Data is key to this crucial, statutory role.

The research found that there appears to be unhelpful conservatism about data sharing from some schemes. This may result either from Government requirements not to disclose, the desire to attempt to monetise intellectual property that results from delivering a public service or other concerns about the potential commercial sensitivity of the data. The report also proposes that greater consistency in capturing needs across schemes would be highly beneficial. Citizens Advice supports this: the intention to ensure that any analysis of consumer needs is meaningful it must be accompanied by improved sharing (or access to) information, and interrogation of the data. This is an understandable challenge, particularly given the commercially sensitive nature of the data. The way in which outcomes are recorded must also be weighted carefully to ensure that appropriate comparisons are being made – for example an inbound call for consumer advice will result in significantly less information (particularly on outcomes) than the sort of information captured by a redress schemes.

⁸ Making the Connection - Consumer Focus 2011

<http://www.consumerfocus.org.uk/publications/making-the-connection-strengthening-the-advice-complaint-handling-and-redress-framework>

At present there are, arguably, missed opportunities to improve company performance (and ultimately to improve consumer experiences): Citizens Advice is keen to work with advice and redress providers to consider how we might improve the way we capture information about the issues that consumers seek advice, support and redress on. The market is changing, with new entrants and expanding energy services: it is important that we use this data to identify both bad and good practice to influence change and fundamentally improve the service customers receive.

3. Transparent and accountable

Ofgem and Government know how and where money is being spent to support consumers

The advice and redress mechanisms that were reviewed in this research are all paid for by energy consumers and taxpayers. An understanding of their performance and accountability is key to ensure that they are accountable to Government, and ultimately to the bill and tax payer.

The research found that transparency and accountability in relation to funding, remit and performance monitoring is very mixed across both the advice and redress providers. It also highlighted concerns about how difficult it was to access data and carry out a thorough evaluation. Where KPIs or service level agreements were shared, the researcher found little consistency in the approach taken, variation in terms of how probing the reporting mechanisms are, and that very few KPI's/ service level agreements are focused on consumer outcomes. It also found that one-off evaluations are more focused on consumer outcomes, but are not routinely built into scheme funding.

It is crucial that the impact these services have is captured in order to properly understand how and where consumers are being helped. The consistency and quality of oversight that Government has across all of the energy sectors is key to ensuring that advice/redress plans for the future are fit for purpose, and robust.

Citizens Advice supports the recommendation in the report for a consultation on what the future structure of energy advice and redress provision should be. Any Government consultation should be carried out by both DECC and BIS together, in order to ensure there is a cross department buy-in and to avoid duplication or confusion. The Government should also work with the Scottish Parliament and Welsh Assembly so that any new advice or redress services adhere to similar standards across Great Britain. Any changes to services as a result of this will also place an inevitable cost on advice and redress providers: a balance must be struck between placing bureaucratic burdens on providers and any changes must strive to ensure that the information is used to improve the customer experience and ultimately improve company performance. It is essential that Government and the regulator ensure that changes to the structure of advice and redress put the consumer first and bring an end to the confusion in the current system.

4. Fit for the future

Ensure advice and redress schemes are prepared and able to support consumers in more complex future energy markets.

The energy market will change quite dramatically over the next few years: smart metering, smart appliances and smart grids, as well as increased micro generation, an expanded energy services market and new Government programmes to support

the installation of home energy efficiency/low carbon measures will all fundamentally change the way in which consumers use and interact with energy. The high level of financial and technical literacy skills required by consumers, and the time needed for them to address these sector challenges, means that independent, high-quality advice is a necessity for many and redress a crucial backstop. In addition, Citizens Advice recently published research into [quality assurance in energy efficiency and low carbon schemes](#): it found that quality assurance is inconsistent way across this market, with a patchwork of badges, consumer protections and auditing requirements across different schemes and technologies. The research also found that it is difficult for consumers to understand 'what good looks like' and make decisions based on impartial advice. Arguably, this confusion is then exacerbated by a lack of clarity in the advice/redress frameworks which should simply help and support consumers if things go wrong, not add a layer of complexity.

Citizens Advice understands that the current advice and redress arrangements have developed over time as the energy market (and the consumer representation/support sector) has evolved, with services and support for consumers procured and developed in response to these changes. The research has identified some key concerns about the future of advice and redress provisions in a changing market. It also highlights a need for Government departments to more closely coordinate policy, priorities and monetary spend on advice and redress, to aim for more cohesion and a simpler journey for consumers.

With the recent change of Government, CMA enquiry into the market and developments at both the EU level and across Great Britain (including ADR changes and the devolution of consumer advice to Scotland recommended by the Smith Commission) it seems timely for the Government to consider the future direction and shape of energy advice and redress.

Next steps

The energy advice and redress landscape is evolving – Citizens Advice has an interest in the way this happens, from both a watchdog and advice provider point of view. We commissioned independent research that set out a number of general recommendations about how energy advice and redress provision could be improved, and sets out a range of options for how provision could be restructured. The aim of this research is to stimulate a debate about current provisions for energy consumers.

Ultimately, it is our view that no energy consumer should be left stranded without access to advice or redress. In this paper we have begun to discuss aspects of the research that we think are crucial to improve provision for consumers, particularly to ensure that advice and redress are accessible by all and can help consumer to navigate the changing energy market. We welcome all comments on this paper, and on the research more generally.

Citizens Advice plans to talk to Government, the regulator, energy companies, advice and redress providers and other stakeholders about this research: we will continue to develop our views on how we can improve the way that consumers can access these key support schemes.

Appendix

Advice initiative	Delivery organisation
Great Britain and England only	
Citizens Advice Consumer Service	The Citizens Advice Service (includes Citizens Advice and Citizens Advice Scotland)
Energy Saving Advice Service (ESAS)	Energy Savings Trust with HGS UK (sub-contracted to run the call centre)
Home Heat Helpline (HHH)	Energy UK sub-contract to CPM
Extra Help Unit (EHU)	Citizens Advice Scotland
Energy Best Deal Extra (EBDX)	Citizens Advice (99 bureaux)
Big Energy Saving Network (BESN)	National Energy Action & around 150 grant-funded organisations
Microgeneration Certification Scheme Helpdesk (MCS)	Microgeneration Certification Scheme
Wales	
Nest	Energy Savings Trust is a material sub-contractor to British Gas, responsible for the advice component
Resource Efficient Wales (REW)	Substantial delivery framework of specialist support via the Welsh Government
Business Wales (BW)	Welsh European Funding Office and Welsh Government
Scotland	
Home Energy Scotland (HES)	Energy Savings Trust through a network of advice centres
Resource Efficient Scotland (RES) Advice and Support Service	Zero Waste Scotland

Four energy redress schemes were reviewed	
Ombudsman Services: Energy (OSE)	Renewable Energy Consumer Code (RECC)
Green Deal Ombudsman (GDO)	MicroGeneration Certification Scheme (MCS)