



17 October 2014

Dear Stakeholder,

Independent Supplier Complaint Handling Performance Consultation Decision

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 choices about their energy supplier, but incentivised companies to continually improve their performance.

Until now published performance information has been limited to the larger suppliers as some of the metrics used within the model have not been available for all suppliers.

Consultation Background

In June 2014 Citizens Advice issued a consultation document entitled 'Small Supplier Complaint Handling Performance'. The consultation set out proposals to extend our current complaint handling performance reporting to include independent suppliers that meet certain criteria. We proposed to start reporting the performance of independent suppliers with >50,000 customers. It was suggested that this be on a separate table as one element of the performance metric - supplier referrals from the Citizens Advice consumer service - is not available for all independent suppliers. This would mean the data would not be directly comparable with the large suppliers.

We proposed the use of the same weighting figures for Citizens Advice consumer service cases, EHU cases and Ombudsman Services: Energy cases. We also proposed to report complaints data on two different ratios. We would continue to report larger suppliers on a ratio of complaints per 100,000 customers, but the new independent supplier data would be reported on complaints per 10,000 customers.

We received fifteen responses to the consultation, of which 13 are non-confidential and will be published on the Citizens Advice website.

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>

Decision

Following consideration of all responses we have decided that our initial proposals would not be the best way to report supplier complaint handling performance. The overwhelming response was that reporting on separate metrics would not be the most consumer friendly way to publish the data. It would therefore fail to empower consumers to make better informed decisions when choosing a new supplier.

The main block to a single reporting format is the inconsistency in referral processes from the Citizens Advice consumer service to suppliers, as detailed above. We have therefore decided to align the current processes within the Citizens Advice consumer service to establish company referrals to all independent suppliers with >50k customers. This will provide a better consumer experience, standardise the energy consumer redress journey and allow direct comparisons on performance across all suppliers.

Our intention is to work with the relevant suppliers in the coming weeks to introduce the referral process. We will be writing to suppliers separately on this matter with a view to starting referrals by the end of the calendar year. We will therefore not publish independent supplier complaint handling performance until the new company referral process is in place.

To produce a single results table we need to report all supplier performance on the same customer ratio. For continuity purposes we will use the weighted 'complaints per 100,000 customers' ratio.

We are mindful that we will be reporting on companies that are significantly different in size, have different business models and serve different customer segments. For example the 'green' suppliers, those with predominantly Direct Debit accounts and with business models focusing on pre-pay or smart. We will therefore look to provide relevant notes around this when we publish the performance information. We will likewise be reviewing the relative performance on the sign-posting audits against the complaint handling performance metrics for all suppliers to help ensure a level playing field.

There will be further consultation on the format and any messaging around the new performance reporting prior to its publication.

Below are the answers to the specific questions we asked in the consultation. Should you have any further comments or questions, we ask that they are sent to Graeme MacLachlan (graeme.maclachlan@citizensadvice.org.uk).

Regards,

Audrey Gallacher

Audrey Gallacher
Director of Energy
Citizens Advice

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 '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 Citizens Advice consumer service 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
- Citizens Advice consumer service information only cases
- EHU complaints categorised as Not "Distribution/Transportation", "Information", "New Policy Matter", "Post", "Price Comparison Services" and 'Meter Interference'.

Decision

Following consultation we have decided it would not be beneficial to consumers to have separate reporting models based on market share. We believe the clearest and most appropriate method to present supplier performance data is to report all suppliers on the same complaint ratio and present it in a single performance table.

For this reason, we cannot begin publishing until all suppliers are reported on using the same basket of measures. We will therefore extend the current process of supplier referrals from the consumer service to all independent suppliers with >50k customers. We will be contacting the relevant independent suppliers to provide information on the expansion of the customer referral process, including what is required of them to allow them to receive company referrals from the consumer service.

The basket of measures the Citizens Advice Service proposed to use to rank all suppliers is:

- Citizens Advice consumer service 'advice' cases received (excluding a number of code categories that can be found in Annex A).
- Citizens Advice Consumer Service cases referred to energy companies.
- Complaints received by the Extra Help Unit (EHU)
- Cases received by Ombudsman Services: Energy that are more than 8 weeks old.

Full details of these measures, including weightings, can be found in Annex C.

We will begin publishing the expanded supplier complaint handling performance model in April 2015. To allow suppliers to build up historical data we will produce the data each month for three months before publication; we will start sending this out in January 2015.

Some respondents questioned the model and its weightings. However there have been two separate exercises to establish the model and there was no new evidence presented as to why it should be changed at this time. Citizens Advice is confident in continuing with the same model as we feel it provides a fair and objective view of complaints handling for consumers using data from independent sources.

2. The larger suppliers have an on-going disputes process with the Ombudsman Services: Energy. 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.

Decision

Citizens Advice had a meeting with the Ombudsman Services: Energy in September where we discussed the potential increase in disputes and reviewed the reconciliation process as some respondents requested. The Ombudsman raised concerns over the impact this will have on their workload in the response to our consultation, particularly as they switch to a new case management system. While we recognise there will possibly be some increase, we do not anticipate the increase to be particularly drastic and we are confident this process can be put in place without having a severely detrimental impact on the work or resources of the Ombudsman. However we will keep this under review.

3. Citizens Advice also proposes to use the existing weighting model for each case type (excluding Citizens Advice consumer service 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 2012.³

Decision

No new or significant objections were presented by respondents on the existing weighting model. Therefore, we will continue to use the existing model as we feel the weightings appropriately reflect the severity of the complaint, and the effort invested by the consumer.

4. When reporting on the larger suppliers, we currently have a two month lag on customer numbers (provided by Ofgem) 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.

³ 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>

Decision

For the existing performance reporting regime we will continue to use customer numbers with a two month lag for the largest suppliers. The lag necessary for Ofgem to carry out its quality checks on the data.

However, when we move to the new model with all suppliers with >50k customers it is our intention to begin using the numbers we receive directly from suppliers in the direct complaints returns. We will be asking suppliers to take a snapshot of their customer numbers on the last day of the quarter, and to provide the Citizens Advice data unit with those figures by the 28th of the following month. Suppliers should already be supplying this to Citizens Advice and Ofgem as part of the social obligations monitoring.

As stated, we intend to use the supplier customer numbers for the expanded performance model and commit to providing all larger suppliers with clarification and sufficient notice of when Ofgem numbers on a two month lag are replaced with supplier numbers with no lag. We will continue to use the Ofgem data to verify the self-reported customer numbers

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.

Decision

Given the decision to report on a single table, we will present the information as we do currently on complaints per 100,000 customers for all suppliers. This is consistent with all suppliers' direct complaints reporting.

6. For the larger suppliers, Citizens Advice uses Ofgem customer satisfaction⁴ 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.

Decision

There remains an issue with sample sizes when using the Ofgem data to assess how accurately the performance reporting reflects customer satisfaction. Responses did not present any acceptable alternatives or solutions to this issue, but we will continue to explore how best to provide consumers with information on relative company performance across a range of indicators. We will also continue to signpost consumers to all relevant information and research.

⁴ <https://www.ofgem.gov.uk/ofgem-publications/57616/customer-complaints-research-2012.pdf>

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.

Decision

Given the decision to produce a single table we will rank all suppliers in one table in numerical order of best to worst performance. We will continue to show historical performance for the largest suppliers but smaller suppliers new to the model will only be subject to reporting from the date of their inclusion. As such, there will be no historical performance data when any new supplier is added to the model.

8. 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.

Decision

We will only report on suppliers with more than 50,000 customers. Where a supplier has a customer with dual fuel supply, this will count as two. This figure allows us to capture the broadest number of smaller suppliers while maintaining the reliability and validity of our data. We also believe that suppliers should have overcome any issues associated with start-up by the time this threshold is reached.

We commit to reviewing the inclusion of all suppliers on an on-going basis, where the removal of a supplier will be at our discretion, even if they fall below the 50,000 threshold.

Next steps

If you would like to discuss this decision or require any clarification, 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.

We will consult further on issues such as the presentation of data before the new performance metric enters the public domain.

Citizens Advice will also review the complaints handling performance metric on an ongoing basis and invite stakeholder comments.

Timetable

| Category | Date |
|--|-------------------------------|
| Decision Document published | 17 October 2014 |
| Contact small suppliers regarding company referral process | 17 October 2014 |
| Tests of company referral process by Citizens Advice consumer service | 24-28 November 2014 |
| Citizens Advice consumer service company referrals goes live for suppliers new to the metric | 1 December 2014 |
| Publish league table (suppliers only) | January, February, March 2015 |
| Release full league table into public domain | April 2015 |

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)

Annex C

| 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 |
| Citizens Advice Consumer Service cases referred to energy companies | These are more serious cases received which are referred to the supplier's dedicated complaint handling team. These include cases where after an initial contact with Citizens Advice Consumer Service the consumer has followed the advice provided and the supplier has not resolved their issue in a reasonable time period. It also includes cases where consumers who have already progressed through or part-way through the company's complaint procedures and are not getting reasonable resolution. | 25 |
| Complaints received by EHU* | <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 |

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