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Dear Grant

Response to consultation on proposed changes to The Gas and Electricity (Consumer Complaints Handling Standards) Regulations 2008¹

We welcome the chance to respond to this consultation about the proposed changes to the Consumer Complaints Handling Standards for Gas Transporters (GTs) and Distribution Network Operators (DNOs). Citizens Advice have statutory responsibilities to represent energy consumers in Great Britain. We play a key role in scrutinising energy regulation, and representing consumers in negotiations with government and industry. This document is entirely non-confidential and may be published on your website.

Overall, we support Ofgem's suggestion to remove the Complaints Handling Standard regulation 10(3), ie to relieve DNOs and GTs of the duty to annually inform all of their domestic customers of the existence of their complaints handling procedure. Though we agree with the reasoning for this change, we do have a number of concerns and suggestions, which we mention later in this letter.

Consumers are generally less aware of who their DNO or GT is, as there are fewer reasons to get in touch with them compared with their supplier. We see this in the number of inquiries we get through our national [Citizens Advice Consumer Service helpline](#). 4% of energy-related calls regard distribution, transmission or network issues such as delays in obtaining supply or network safety concerns compared to 76% regarding supplier issues such as billing or meter accuracy.² Therefore consumers may ignore or not understand the usefulness of a complaints handling procedure being sent to them from their DNO or GT on an annual basis. We do agree, however, that regulation 10(3) should stay in place for suppliers.

¹ http://www.legislation.gov.uk/ukxi/2008/1898/pdfs/ukxi_20081898_en.pdf

² Data relates to October to December 2016. In pure numbers these translate to 308 network-related versus 5,966 unique supplier-related issues dealt with by the Consumer Service.



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Importantly, the cost of sending out mail to every household will ultimately be borne by the consumer. Unlike suppliers, DNOs and GTs may not hold up-to-date address databases of all their customers, so letters may not reach their intended reader. We also recognise that, increasingly, consumers access information and advice online instead of through mail that they receive. Given these reasons, we agree that there must be more cost-effective ways of informing consumers of DNO and GT complaints handling procedures.

Finally, we welcome Ofgem's thinking around the incentives that do remain in place for DNOs and GTs to reach all of their customers, including vulnerable consumers, and inform them of their complaints handling procedures. These are social obligations which are part of the current price control framework, licence condition 10.12(b)³, and the remaining Complaints Handling Standards regulation 10(1),10(2) and 10(4)⁴.

³ "The licensee must prepare statements, in plain and intelligible language, that set out and explain its arrangements for complying with its obligations under paragraphs 10.2 to 10.10" and must "take all reasonable steps to inform Domestic Customers, at least once a year, of the existence of the statements and how to obtain them" available at <https://epr.ofgem.gov.uk/Content/Documents/Electricity%20Distribution%20Consolidated%20Standard%20Licence%20Conditions%20-%20Current%20Version.pdf>

⁴ "(1) Each regulated provider must ensure that its complaints handling procedure appears at a clear and prominent location on its website.

(2) Where a consumer complaint has not become a resolved complaint by the end of the first working day after the day the consumer complaint was first received by a regulated provider, the regulated provider must as soon as reasonably practicable (unless it has already done so in respect of the relevant consumer complaint):

(a) direct the complainant to the complaints handling procedure on its website; and
(b) offer to provide a copy of the complaints handling procedure to the complainant free of charge."

"(4) A regulated provider must provide a copy of its complaints handling procedure, free of charge, to any person who requests a copy." available at <http://www.legislation.gov.uk/uksi/2008/1898/regulation/10/made>



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Remaining concerns and the need to plan for the future

Even though we agree with the proposed change to regulation, we have concerns about the accessibility and quality of complaints handling procedures once consumers do find they need to make a complaint.

Although there are currently relatively few occasions when people may want to contact their DNO or GT, we expect the contacts between consumers and networks to increase in the future. As the smart meter rollout progresses, more consumers will have to or wish to change the position of their meter to enhance data transmission. DNOs are already connecting a growing amount of renewable energy to the grid and have been challenged by Ofgem to do more of it.⁵ Thinking further into the future, which will see DNOs expand their activities and services to become Distribution System Operators (DSOs), this may involve them dealing with customers directly more frequently on demand-side response issues.

Ultimately, once people do encounter a problem with their network, they need be able to easily find the complaints handling procedure of their DNO or GT. It cannot be taken for granted, however, that consumers even know that every network should have one as part of their licence conditions. This means consumers may not proactively look or ask for the complaints handling procedure. It is therefore vital that networks have effective signposting to the procedure in place using all remaining channels: their website, customer letters (sent outside of regulation 10(3)) and phone calls with customers who have a complaint.

We are not in a position to comment on how well DNOs and GTs signpost to their complaints handling procedure through the latter two channels. However, when comparing their websites in early January 2017 we found that:

- complaints handling procedures are not always in a “clear and prominent location” on the website, but sometimes require many clicks or the use of the search engine function to be found;

⁵ “Ofgem challenges power grid companies to connect more renewables”, Ofgem, 4 March 2016,
<https://www.ofgem.gov.uk/publications-and-updates/ofgem-challenges-power-grid-companies-connect-more-renewables>



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- Some DNOs and GTs have their full procedure (including sources of independent help and the Ombudsman Services: Energy (OS:E) redress scheme) written down on their website; others only offer the contact details of their internal complaints line and refer to the full procedure in a downloadable PDF file;
- most do refer to the OS:E; some refer to Age UK or Citizens Advice but partially the information provided is outdated. For example one DNO refers to Consumer Direct (from which Citizens Advice Consumer Service took over in 2012), another to Consumer Futures (which was renamed in 2013).⁶

These findings give rise to concerns around the accessibility of complaints handling procedures through DNO and GT websites, and the accuracy and completeness of their content.

We would also like to caution Ofgem not to overly rely on online content as a source of information for consumers. ONS data shows that over 5 million adults in the UK have never used the internet, 2.8 million of which are aged 75 years and over.⁷ 14% of UK households do not have internet access at home.⁸ Ongoing efforts need to be made to identify groups which are not computer-literate and need more support in accessing complaints and redress procedures.

Sharing our insights on effective signposting and encouraging best practice

We would like to share some of our insights on what good signposting practice looks like and how it can be encouraged from our audit of energy supplier signposting practices.

Since 2013, we have conducted three audits of suppliers' complaints signposting. These aimed to identify good and poor practice, and to provide clear and actionable advice about how signposting could be improved. Ofgem requires

⁶ All findings refer to website content in early January 2017. These findings only refer to the main DNOs and GTs and do not reflect practices employed by the eight independent DNOs and six independent GTs that operate in GB and to whom different licence conditions apply.

⁷ Internet users in the UK, ONS, 2016,

<https://www.ons.gov.uk/businessindustryandtrade/itandinternetindustry/bulletins/internetusers/2016>

⁸ The Communications Market Report, 2016, Ofcom,

<https://www.ofcom.org.uk/research-and-data/cmr/cmr16/the-communications-market-report-uk>



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domestic energy suppliers to signpost their customers to both the Citizens Advice Consumer Service and OS:E at different stages of the customer journey and in a number of different locations, including websites, bills and other customer correspondence.

Our latest [complaints signposting audit](#) published in 2016 assessed the performance of 28 domestic and 27 non-domestic suppliers. It revealed that the quality of signposting varies greatly between suppliers.⁹ Below are two examples of good and poor complaints signposting practices on supplier websites.

- Good practice among suppliers meant that they made it very easy for customers to find their complaints page by having the word 'complaint' appear on their homepage. Upon clicking on the word, customers were taken to a dedicated complaints page. On this page, the supplier outlined the steps involved in the complaints process, informing their customer of what they can expect the process and possible outcomes to look like. This included the fact that the customer can get free and independent advice from Citizens Advice Consumer Service at any point in the complaints process; in case of deadlock or after 8 weeks they could contact the OS:E (described as a free, independent investigator of complaints whose decision is binding on the supplier but not the customer). This helped prevent people from getting in touch with the OS:E prematurely and gave them confidence that independent help is available should they need it. All contact details were up to date and included functioning hyperlinks to the websites of the Consumer Service and OS:E, making it easy for people to get in touch.
- On the websites of suppliers with poor complaints signposting practices, it took customers more than 2 clicks to get to the dedicated complaints page. In some cases customers had to use the search function to find it. This is sub-optimal as behavioural science tells us that the more difficult it is or longer it takes to find desired information, the more likely it is that people give up in the process. On the complaints page, suppliers simply stated the contact details of their customer service team, not giving customers any indication of what they can

⁹ Complaints Signposting Audit, Citizens Advice, 2016



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expect when dialling that number. The full complaints handling procedure was available only as a downloadable PDF, again adding more clicks to the customer's journey to finding essential information. The PDF had not been updated for some years and referred to the OS:E as a source of advice (rather than a resolution finding body). This holds the danger that information and contact details are outdated and that people contact the OS:E for information or services they are not in a position to provide.

Our signposting audits are based on specific criteria, which were agreed with an industry working group in 2013 (see Appendix A of the 2016 report for the full list). In times where Ofgem is moving towards principles-based regulation, we are not advocating to put such specific criteria into regulation. What we are suggesting is that it is helpful for suppliers and networks to know what is considered good practice and what they can practically do to help their customers find the help and information they need. We take encouragement from the fact that suppliers have made improvements to their complaints signposting practices on the back of detailed, individual feedback we gave as part of the audits.

Secondly, we found that standardised text used in 8 Week and Deadlock letters to explain the stages of the complaints process and to signpost consumers to the OS:E, was a good way to achieve high quality signposting across suppliers. The guidance that suppliers followed was agreed by the OS:E and the [Eight Week and Deadlock Letter Working Group](#) in 2014.

When reading the complaints handling procedures from DNOs and GTs, we detected a small number of them using the same sentences to describe the OS:E. Given that many have not updated their procedures in years, however, these are likely to benefit from a review. We would therefore welcome the development of a guidance document with standardised text for networks' complaints handling procedures to ensure that all customers receive the same detailed and correct information about sources of advice and redress. This should be developed by networks in collaboration with industry stakeholders such as the Energy Networks Association and Citizens Advice.



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In summary, we are seeing this suggested change in regulation - which would be removing an obligation from DNOs and GTs - as an opportunity to review and improve networks' complaints handling procedures and improve the quality and consistency of consumer outcomes. We would welcome the opportunity to discuss our ideas around the development of a good practice signposting guide and standardised texts for complaints handling procedures further.

Yours sincerely,

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Citizens Advice