

ofgem

Making a positive difference
for energy consumers



Consumer Confidence

A step up in standards

| 2024

Foreword

Energy customers have faced hard times recently and continue to do so. High energy prices have added to the cost of living worries many people continue to experience and have put some of our most critical businesses in financial difficulty. We have seen that when things go wrong the impact can be serious, especially for the most vulnerable. In these circumstances it is only right that we set the highest of standards for our energy suppliers.

Yet customer satisfaction with energy suppliers is low, especially when compared to other sectors in the UK economy. We know that it has been a challenging period, with rising and volatile energy prices impacting consumer trust and competition.

Our Consumer Interest Framework is clear that we expect energy suppliers to be reliable, accessible, treat their consumers fairly, charge consumers for what they use accurately, and support their consumers to make greener choices.

This will become even more essential as the energy sector decarbonises and becomes more complex for consumers to navigate. We are already starting to see new technology, like electric vehicles (EV) and heat pumps, change the way consumers interact with their energy supplier. Importantly, we want to see suppliers getting it right first time, and fixing things quickly when it does go wrong to build trust.

We have worked hard with the sector to drive up standards for customers and to create a more customer-centric energy future.

Our work is starting to make a difference and there are early signs customer satisfaction is rising for some customer groups and suppliers. But this is not enough. Our goal is that all customers receive not just a good service but one that sets the highest standard for all service sectors.

We are setting ourselves and the sector the challenge of matching the banking sector, which is ranked one of the highest for its customer service.

We will be looking to understand what we can learn from this sector – including considering a move to a similar approach of the Financial Conduct Authorities recent Consumer Duty – and what energy firms can do to compete with these levels of customer satisfaction.

That is why we are launching our ‘Consumer Confidence’ programme, comprising three key strands:



Defining the outcomes we want the sector to deliver:

We appreciate the existing rules and guidance can sometimes be hard for suppliers to navigate, so we will have a robust conversation with the sector and consumer representatives to develop a cohesive, holistic and agile outcomes framework for all customers.



Redesigning the regulations and incentives to deliver those outcomes:

We will look again at how we best use regulations, incentives and monitoring – working together - to move towards a more consumer-centric culture across the whole sector.



Ensuring Ofgem has the right powers:

We are keen to work with Government to strengthen our powers and ensure they are sufficient to allow us to act to deliver the outcomes we want to see, particularly when things have gone wrong.

The energy crisis will take time to recover from. We are seeing less tariff choice for consumers compared to a few years ago and therefore less competitive pressure. Given this backdrop we will be considering whether, at least in the short term, we may need to be more directive in what customer outcomes we are looking for to drive the service levels we expect.

Every energy consumer should have the confidence that the system works in their interests, and that when things go wrong they will be fixed quickly and effectively. The steps we are setting out today will take us closer to that goal.

Tim Jarvis

Director General, Markets

We want energy customers to experience the best possible service, but we are not there yet

Against the backdrop of continuing cost of living pressures, it is more important than ever that suppliers provide their customers with the best possible service. Bad or unsatisfactory experiences add frustration and worry for people already concerned about their bills. Helping customers resolve issues quickly and effectively can significantly benefit their experience of the market and remove a serious source of worry.

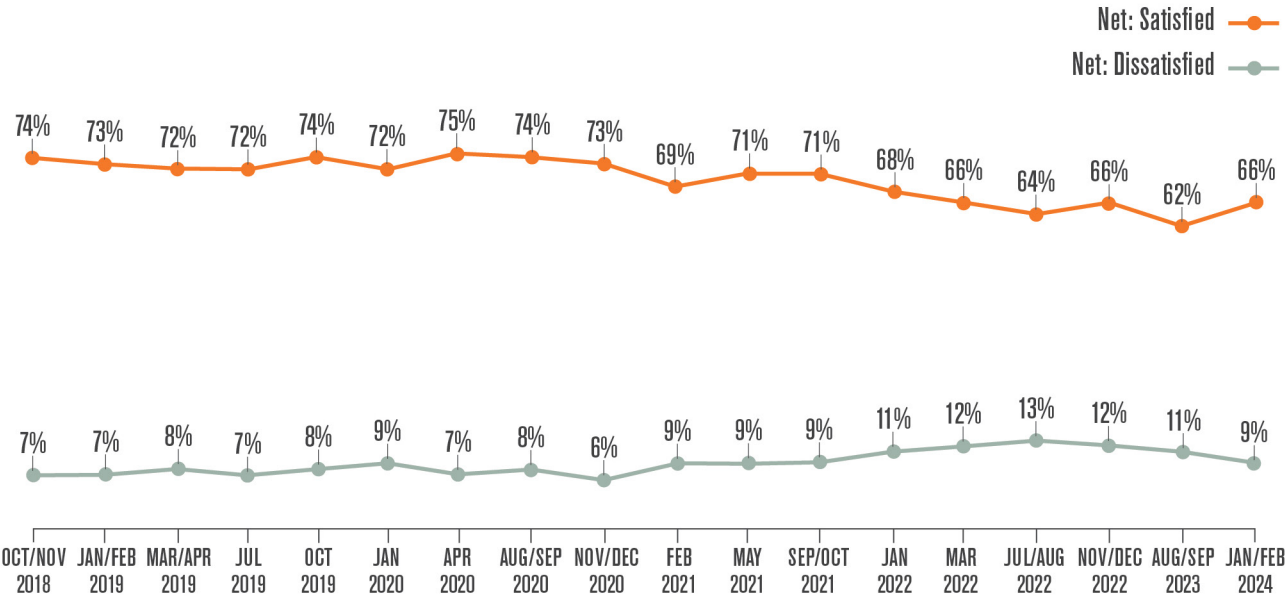
With that in mind, we want suppliers to make sure all customers – regardless of their circumstances – can access the type of service they are entitled to expect. That means enjoying reliable service that is fair, empathetic and gets it right first time, with quick fixes where this is not the case. It means building on Ofgem’s Consumer Interest Framework, which sets objectives to ensure fair prices, a high quality of service, a low cost transition to net zero and a resilient sector, to work with suppliers to drive the improvements that are necessary.

And it means ensuring all customers can:

- Understand their tariff, meter and payment options and access the information they need to make the right choice for them.
- Receive timely and accurate bills from their supplier and appropriate, tailored and proactive advice on the best way to manage payments if they are in difficulty without ever feeling they have to go off supply.
- Understand the different ways they can engage with their supplier and be able to make a choice on the best approach for them.
- Get accurate, personalised, and additional support to help them when they are in vulnerable situations.

- Access speedy, high quality, resolutions to their problems when they do get in contact, without making multiple attempts or facing long call wait times.
- Easily find out about the products on offer, level of customer service they can expect from a supplier and choose accordingly, switching without difficulty.
- Receive advice to make appropriate choices which support the net zero transition. For example, on adopting low carbon technologies or flexing their energy use.
- Trust they have a secure energy supply, their supplier is resilient to market shocks and that, if a supplier does fail, they will not be financially worse off as a result.

We are not there yet



Domestic customer service satisfaction plummeted during the energy crisis from highs of around 74% in 2020 to a low of 62% in 2023.¹

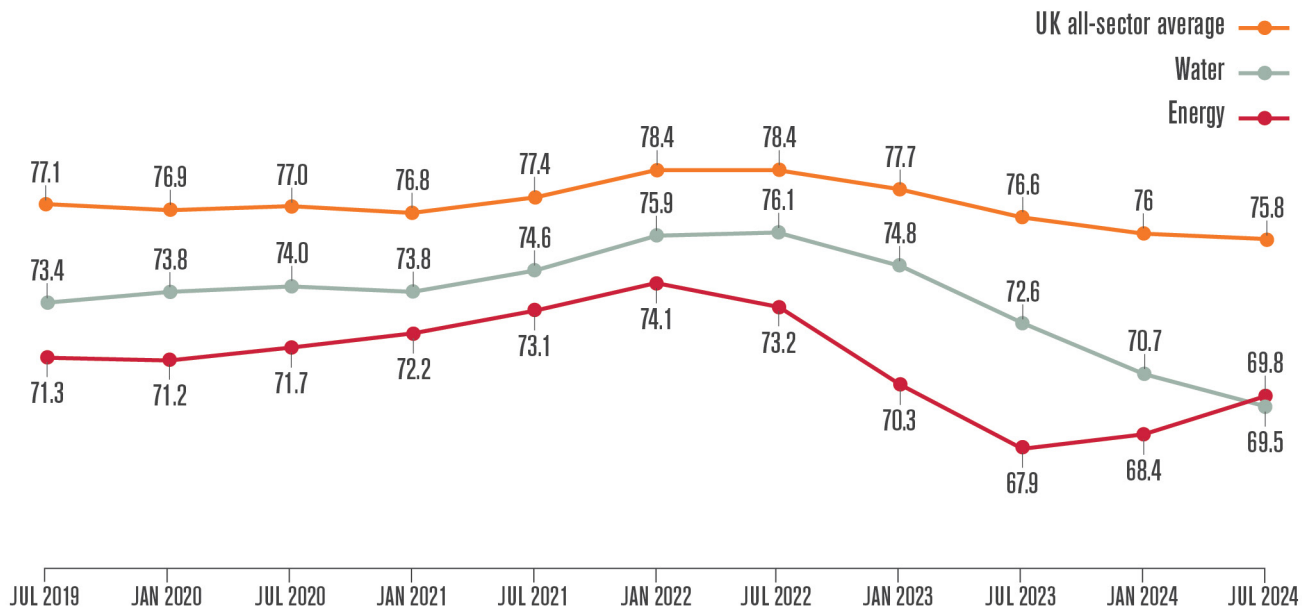
The low satisfaction rates also apply to business customers, with our latest survey suggesting only 60% are ‘satisfied’ or ‘very satisfied’ with the service delivered by their supplier.²

Our complaints data points to entrenched issues delivering against the core customer priorities outlined above, with billing, customer service and payment issues the primary concerns for both domestic and non-domestic customers.³

These key areas of concern are supported by data from the Energy Ombudsman.⁴

¹ Ofgem and Citizens Advice Energy Satisfaction survey, January and February 2024.
² [Non-domestic 2023 research report | Ofgem.](#)
³ From supplier provided-data.
⁴ Energy Ombudsman data from July 2022 to June 2023 on domestic and small business consumers shows that the highest number of disputes received related to billing (around 62,200), smart meters (around 19,100), customer service (14,200) and payments/debt (around 11,700).
[Energy-Ombudsman-Annual-Activity-Report-2023.pdf \(svcdn.com\)](#)

Signs of improvement



We are seeing early signs of improvement in domestic customer satisfaction,⁵ but it remains lower than in 2020 and markedly below other sectors. Energy companies remain amongst the lowest rated organisations across the UK Customer Satisfaction Index (UKCSI) sectors for average customer satisfaction at 69.8 in July 2024. This is up by 1.9 points from July 2023, but 6 points below the UK all-sector average at 75.8.⁶ Our own survey data shows that domestic consumers' trust in energy suppliers is lower than providers in other sectors.⁷

We know that this is not universal and that good service in the energy sector is possible.

We have seen examples of suppliers seeking to enhance their customer service, for example, developing specialist expertise to better identify and meet the complex needs of vulnerable consumers, proactively identifying consumers that are struggling to pay their bills and helping them to lower their consumption, and effectively signposting consumers that could benefit from additional support to relevant consumer groups and charities.

Against this backdrop, we have an ambitious goal. We want ourselves and the sector to match the banking sector's high ratings for customer service.

⁵ Ofgem and Citizens Advice Energy Satisfaction survey, January and February 2024. Satisfaction with customer service improved from 62% in August/September 2023 to 66% in January/February 2024.

⁶ [UK Customer Satisfaction Index \(UKCSI\) Institute of Customer Service](#). Please note we are aware that the definition of 'energy companies' in this data also includes some companies operating outside the GB retail energy sector.

⁷ Ofgem Consumer Impacts of Market Conditions survey, January 2024.

We recently took steps to drive improvements

In response to these trends, we have worked with suppliers, consumer representatives and charities to drive up standards. We strengthened our monitoring framework and built our understanding of consumers' experience, enabling us to identify issues, ensure suppliers comply with existing standards, and ensure our regulatory framework is responding to evolving consumer needs.

We have balanced principles-based regulation with, where needed, more prescriptive rules to respond to priority issues and protect those in vulnerable situations.

Key steps we have taken include:

- New rules – which came into effect in December 2023 – to make it easier for domestic consumers to contact their supplier, get help if they are struggling with their bills and compel suppliers to publish information on their customer service performance.
- Enhanced rules – which came into force in November 2023 – to strengthen protections around involuntary Prepayment Meter (PPM) installations.⁸
- Publishing guidance on the Standards of Conduct (SLC 0 and SLC 0A), setting out our expectations around how suppliers must ensure customers are treated fairly.
- New rules for suppliers following our non-domestic market review, driving improved outcomes for non-domestic customers.
- New financial resilience rules, including common minimum capital requirements, to ensure that suppliers are resilient and so better able to deliver high standards of customer service.
- Enhancing our monitoring to better understand consumer experience, such as more detailed reporting at supplier level in our [Energy Consumer Satisfaction Survey](#), and proactively assessing supplier compliance with existing customer service rules.
- Taking enforcement action against suppliers that have failed to comply with existing rules, for example our case study below on enforcement action taken in response to excessively long call wait times.

⁸ [New prepayment meter rules extend protections for vulnerable people | Ofgem](#)

Case Study: Improving contact ease and support for consumers struggling to pay their bills

In the Winter of 2022/23, our monitoring data and engagement with stakeholders identified that many consumers were finding it challenging to contact their supplier and that more consumers were struggling to pay their bills.

In response to this, we enhanced our monitoring of supplier performance and adopted a proactive approach to compliance and enforcement. For example, we conducted a deep-dive review into supplier compliance with our customer service rules.

We also took enforcement action against a supplier for excessively long call waiting times. This resulted in the supplier making a payment of ~£5m. This sent a clear message to the whole industry that long call waiting times were not acceptable. Since 2022 we have seen the industry average call waiting time improve from 7 minutes to around 2 minutes (so far in 2024).

We also engaged with stakeholders to identify any gaps in our existing rules. Through this, we identified that there were some parts of our rules that would benefit from additional clarity and direction. The new rules went live December 2023.

Specifically we created:

- New detailed rules, and associated guidance document, to ensure that all

domestic customers, regardless of which supplier they are with, can easily contact their supplier. This included new rules for suppliers to be open at times that meet customer needs.

- New detailed requirements for domestic consumers to get support if they are struggling to pay their bills. For example, we required suppliers to proactively offer debt repayment plans at the earliest opportunity (ie after two consecutively missed monthly payments or one missed quarterly payment, or when a customer has informed the supplier that they are unable to make the next scheduled payment).

Based on preliminary evidence and stakeholder feedback, we have seen some improvements in the service suppliers provide. For example, increasing the capacity of supplier enquiry services, improving staff training to ensure that supplier representatives provide excellent service to all consumers (including those struggling with their bills) and expanding self-service option (eg via apps, online services or telephone Interactive Voice Response) to meet consumer needs without needing to contact the supplier.

We are continuing to monitor the service that suppliers provide to customers and will take further action if we identify any specific issues.



Getting the right balance

It is important we get the right balance of prescriptive and principles-based rules. As the example of improving contact ease shows, different approaches are needed for different issues.

Whilst a prescriptive approach works in some instances, in others we must take a more principles-based approach.

In the shorter term, where competitive pressures are not driving excellent service and we are clear on the outcomes we want to see, we will consider whether a more directive approach is needed.

We are keen to engage with stakeholders to get the right balance of approaches to protect consumers.

But there is more to do. That is why we are launching our **‘Consumer Confidence’** programme, with specific actions to drive a change in culture across the sector

We have yet to see a step-change in the service energy customers receive. That is why we are launching our **‘Consumer Confidence’** programme. We want a framework that drives the culture change we want to see and customer service that **‘gets it right first time’**. Through this Programme we will have a robust conversation with the sector and consumer representatives about how we can ensure energy suppliers are delivering the highest consumer standards for all customers.

The Consumer Confidence programme will focus on three areas. Initially, we will look at how to better clarify our expectations around the outcomes we want consumers to receive. We will also look at how we use the existing range of tools at our disposal to deliver them. Longer term, we will work with the Government to ensure that we have the powers necessary to ensure the changes we want to see.



Defining the outcomes we want the sector to deliver

We want suppliers to make sure all customers – regardless of their circumstances – experience the level of service they are entitled to expect. First and foremost, that requires suppliers to be taking decisions that put good customer experience at the heart of their business model. It requires a culture within the supplier at all levels that understands the impact each decision they take has on customers and how that can be improved.

We also recognise that the most vulnerable consumers will have more acute and – in some cases – specific individual needs. We expect that a step change in supplier culture to focus on the needs of the individual will go a long way to creating standards of service that will also support vulnerable consumers. We will continue to prioritise our Consumer Vulnerability Strategy alongside this Programme to ensure that this is the case, and to identify where further specific intervention might be needed to support vulnerable consumers.

We know existing obligations and guidance are extensive and can be complicated. We also recognise that it can be hard for a supplier to ensure that their business is compliant with those rules at the same time as developing the culture needed to ensure that they are delivering the right outcomes for consumers. We will therefore take this opportunity to better define the outcomes we want to deliver and review how best to reflect those within our rules. We will ensure this aligns and builds upon recent updates to guidelines such as the Standards of Conduct.

We want to ensure a clear and consistent approach to defining and communicating consumer outcomes expectations and we want to be open to new and innovative ways to deliver those outcomes, rather than prescribing them ourselves.

That includes ensuring that we have a robust and proportionate monitoring framework so that we have accurate, up-to-date data on the outcomes that suppliers are delivering and are able to identify issues early. As part of this workstream, we will review how we monitor supplier outcomes to better understand consumer experience and build a culture of continuous improvement.

We will look to learn from best practice for consumer outcomes across other sectors and countries. For example, Canada's Ontario Energy Board outlines key consumer rights and responsibilities within a Consumer Charter that can easily be understood by suppliers and consumers. Additionally, we will investigate other sectors such as finance, and consider whether we should adopt a model similar to the Financial Conduct Authority's Consumer Duty.

This will include ensuring that suppliers understand what 'good' outcomes look like now and in the future, reviewing the balance between prescriptive rules, supportive guidance and cooperative monitoring and compliance, and **examining where our rules or guidance could be enhanced, strengthened or simplified or made more outcome focussed.**

Redesigning the regulations and incentives to deliver those outcomes

As part of this review we want to ensure that the regulations and incentives that are in place are the right ones to deliver the outcomes we are seeking. We will look again at how we best use the tools at our disposal – working together with suppliers and consumer representatives – to move towards a more consumer-centric culture across the whole sector. We believe we will see improved outcomes if we focus on the key areas where outcomes are currently falling below expectations and effectively coordinate our reputational regulation, financial incentives, compliance and enforcement activity, and redress.

Accurate billing is fundamental; it ensures customers can budget effectively, avoids unexpected shocks and builds trust and satisfaction. But it is also one of the most common complaints. We will therefore, and as a priority, **review the rules around billing accuracy and supplier billing practices** to understand where improvement is needed and whether compliance action is required. We are also considering new rules to improve and incentivise better billing accuracy and debt support, including default monthly bills for households and reviewing the back billing rules to reduce how far back a supplier can bill a customer where the error was the supplier's fault.

We believe that when things go wrong, suppliers should successfully resolve issues as quickly as possible. We will work with government to **review and improve the current complaint handling standards regulations** to ensure that suppliers

take ownership to manage and resolve complaints effectively and efficiently. We will also **ensure there is better automatic customer compensation for failure** to deter poor service and drive improvements. Under our guaranteed standards of performance (GSOPs), suppliers are required to make automatic compensation payments to customers if they fail to meet specific customer service standards.

In addition to our proposals to increase these payments to reflect inflation, we will carry out a broader review of the scope, whether they are driving the right outcomes and the level of compensation. This might include, for example, extending the GSOPs to introduce new standards relating to the timely installation and maintenance of smart meters. We will also work with government to look at how to make automatic compensation more effective, such as through better automation.

As well as getting the right financial incentives in place through automatic compensation for failure, we want to make sure that we are creating a market where suppliers are competing on customer service as well as price. We have already taken steps by requiring suppliers to publish information on their performance, but we want to make it even easier for consumers to compare supplier performance. With that in mind, we will **make the data we already publish easier to understand** and **consider what additional data might be useful to enable household and business consumers to make better, more informed decisions** when choosing an energy supplier.

Ensuring Ofgem has the right powers

Ofgem's powers and tools are outlined in legislation. We propose to work with Government, to strengthen our powers and ensure they are sufficient to allow us to act to deliver the outcomes we want to see, particularly when things have gone wrong.

A huge part of achieving the outcomes we want to see is about supplier culture, processes and accountability. Senior executives at energy companies are instrumental in setting the right culture: one that puts consumers first and prioritises regulatory compliance. We plan to expand our existing 'fit & proper' requirements to make sure that senior managers at energy companies are suitable. We have seen examples where incentives for senior executives did not align with good outcomes for consumers. We will therefore review what can be done to encourage behaviour that puts consumers first. We believe there should be consequences where they fall short or fail to do this. We will **continue to work with Government to consider what mechanisms are appropriate to hold senior personnel at energy companies accountable** if their actions lead to regulatory breaches or consumer harm. We will look at reporting processes to understand work companies have undertaken to improve their consumer protection objectives and we are considering how we might strengthen suppliers' governance arrangements to better enable effective decision making and positively influence the company's culture.

Alongside this, we are acutely aware that our traditional powers to protect consumers when things go wrong do not enable us to keep pace as new products and services emerge. Given that many of these products, such

as heat pumps, EV charge points and solar installations are critical to delivering the Government's net zero goals, we want to work with them to make sure there are appropriate protections for customers.

We also want to explore the scope for **expanding and harmonising our investigatory powers**. We want to work with government to unlock enforcement tools which would enable us to be more robust throughout an investigation and deliver better consumer outcomes. This could, for example, include the power to compel individuals to attend interviews or compel the production of reports relevant to an ongoing investigation or monitoring work. Greater powers to investigate when things go wrong means faster, more robust investigations that are a greater deterrent to poor behaviour.

Last but not least, it is critical that Ofgem **has the powers necessary to protect consumers from any future financial risks arising from supplier failure or other shocks to the market**. We have introduced a new financial resilience framework to prevent a repeat of the costs borne by customers as the result of supplier failure during the energy crisis. But there are limits to our powers in managing the impacts of failure. We want to work with government to consider how to protect consumers better in future. For example, there may be additional circumstances where customers could be better served if a Special Administrator took over the running of a company. Or there may be times where third parties are providing critical services or assets to a licensee and – because these third parties are unregulated – customers are not fully protected from disruption or costs that they may cause.

Delivering these improvements will require the whole sector to work together

Improving customer service – and building back trust in the energy sector – will take a collective effort from suppliers, consumer groups and charities, with direction from Ofgem and Government.

Publication of this Programme is just the first step in the process, setting out our vision for the future of customer service in the sector.

We will work closely with stakeholders over the coming months, consulting on the proposals set out in this Programme to set out our next steps.



