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LONDON ELECTRICITY FACES £2 MILLION FINANCIAL PENALTY

- **Ofgem proposes £2 million financial penalty on London Electricity**
- **Company failed to stop its sales forces, and that of its affiliate Virgin Energy, from misselling**
- **Penalty result of four month investigation into how direct selling was managed**
- **Energy companies warned of consequences of ignoring customer feedback**

Energy regulator Ofgem today (Wednesday) took the first steps to impose a £2 million financial penalty on energy supplier London Electricity for failing to stop its sales force, and that of its affiliate company Virgin Energy, misselling gas and electricity to domestic customers.

This decision follows a four month investigation into how London and Virgin manage direct selling – a move triggered by an unacceptable level of customer complaints about misselling by the two companies and their agents. The investigation found London in clear breach of its licence conditions.

This is the first time that Ofgem has used its new powers, which came into effect in April this year, to impose financial penalties.

Ofgem Chief Executive, Callum McCarthy, said: "The record of London and Virgin Energy in the misselling of gas and electricity since the beginning of the year has been completely unacceptable. They are in clear breach of the rules governing direct selling.

"Misselling causes great confusion and distress for individuals, often those who are most vulnerable. It also damages customers' confidence in switching suppliers which means that they may not be benefiting from consumer choice as they should. We have, therefore, decided to use our new powers by proposing this substantial penalty.

"This sends out a strong signal to any other companies performing badly in this area. The senior management of London and Virgin should have taken notice of the clear message from customer complaints. Energy suppliers must ensure that their houses are in order or face similar consequences."

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Notes to editors:

1. **The process** - interested parties have 21 days to submit representations or objections to the proposed penalty. LE also have a right to ask for an oral hearing of any objections they may have. This hearing will take place after the expiry of the 21 day period. Following that hearing the Authority will then decide whether to withdraw, vary or confirm the proposed penalty.
2. If the Authority decide to vary the proposed penalty, they will give notice of the revised penalty and the grounds for the variation and invite representations or objections from interested parties within a further 21 day period.
3. Ofgem is the Office of the Gas and Electricity Markets, regulating the gas and electricity industries in Great Britain. Ofgem's aim is to bring choice and value to all gas and electricity customers by promoting competition and regulating monopolies. Ofgem is governed by the Gas and Electricity Markets Authority. Its powers are provided for under the Gas Act 1986, the Electricity Act 1989 and the Utilities Act 2000.

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