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OFGEM CONFIRMS £2m PENALTY ON LONDON ELECTRICITY

- £2 million financial penalty confirmed
- Widespread support for Ofgem's approach
- Ofgem looks to new industry code to drive further improvement

A £2 million financial penalty on energy suppliers London Electricity (LE) has been confirmed by energy regulator Ofgem today (Monday).

The penalty was initially proposed in October after a four-month investigation revealed that LE and their subsidiary Virgin Home Energy had committed several serious breaches of the licence conditions relating to the marketing of their products.

Ofgem Chief Executive Callum McCarthy said: "All the representations we received strongly supported the proposed financial penalty. Ofgem has confirmed this penalty, which reflects the gravity of LE's licence breaches and sends out a clear signal to the industry that it must get its house in order.

"Ofgem will continue to develop and enforce the marketing rules to ensure companies work to get it right on the doorstep. Customers have a right to expect some compensation where things go badly wrong, and we look forward to seeing details of the new industry code and its plans for this."

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NOTES TO EDITORS

1. On 9 October 2002, Ofgem announced that it was proposing to impose a financial penalty of £2 million on London Electricity for failing to stop its sales force, and that of its subsidiary Virgin Home Energy, mis-selling gas and electricity to domestic customers.

Interested parties then had 21 days to make representations or objections to Ofgem.

2. 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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