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Protecting consumers who receive back bills

Dear Dennis

E.ON supports the proposal from Ofgem to introduce a 12 month limit on back bills for domestic consumers, where the consumer is not at fault. This ensures a consistent approach across the market.

However, we do not agree that this level of regulatory protection is required for Microbusiness consumers. Microbusiness consumers are using supply for business purposes and need to make provisions for the services they have used. It should be left to suppliers to offer this protection on a voluntary basis and as a point of differentiation, if they choose to do so. We are not aware that in any other industry are companies required by regulation to routinely write off charges for services provided.

We do not believe that prepayment consumers suffer from bill shock in the same way as credit consumers do. In most cases the consumer is aware of the outstanding balance from their final credit bill prior to agreeing to a repayment arrangement at the point of the prepayment meter being installed.

Therefore we don't agree that the back billing limit should be applied in the same way. By way of an example, Ofgem referred to a case study, (case study 3) where the supplier did not add the consumer's debt to the prepayment meter and the debt was now over twelve months. We would like to point out that if the consumer had agreed a payment arrangement with the supplier at the point the meter was installed, that it should not be

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expected that the whole debt be written off but only the portion that should have been paid off over twelve months ago.

We provide answers to your specific questions below

Question 1: Do you agree with our assessment of the consumer harm? Both for domestic and microbusiness consumers?

1. On the whole we are comfortable with the assessment of consumer harm for domestic consumers but have concerns over the portrayal of complaints cases. Ofgem has made no differentiation between complaint cases that were upheld or those that were rejected. Ofgem also referred (at paragraph 2.5) to the fact that all of the large six domestic suppliers have issued back bills for consumption over 12 months despite being signatories to the Billing Code without specifying whether the consumer should have received back billing protection under the Billing Code or not in these cases.
2. Ofgem has not provided sufficient evidence of harm to Microbusiness nor elaborated on the characteristics that Ofgem feels Microbusiness and domestic consumers have in common.

Question 2: Do you agree with the way we are proposing to implement a backbilling limit and the other effects of our proposed licence modification?

3. E.ON supports Ofgem's intention to protect consumers from bill shock. As with the current Code of Practice for Accurate Bills (Billing Code) back billing protection should not create circumstances where consumers can ignore reasonable requests for information, or repeatedly refuse requests to access meters to enable suppliers to bill them accurately. The licence as currently drafted could lead to the unintended consequence that some consumers benefit from back billing protection, where suppliers have demonstrated reasonable steps to obtain a meter reading. This may in turn increase costs for suppliers and create a material imbalance for consumers who have acted upon requests and provide the info we need.
4. We believe that "manifestly unreasonable behaviour" should not be limited to restricting physical access to the meter. For SLC 21B.4, we have to take reasonable steps to obtain meter readings from the consumer, but the current drafting of 21BA.2 seems to place a greater burden on suppliers than this.

5. For example, we believe a supplier could not use the exception under 21BA.2 where the supplier has visited a consumer's home each quarter to obtain a meter reading and left a call card asking for the consumer to provide a reading, also making clear on the bills that a reading is required and attempting to make contact with a consumer to gain a reading, and the consumer has chosen not to respond to these requests.
6. We believe for a communicating smart meter this is fair. However, where there is a classic meter and access is required the consumer must cooperate with the supplier's reasonable request to enable accurate billing or to support our investigation. Where a consumer fails to do so we consider this to be unreasonable behaviour. In this event the consumer should be ineligible for back billing protection. However, each case would be assessed on its merits as we recognise there may be some situations where consumers may have serious vulnerabilities and these cases would be considered and protected as necessary.
7. We would like Ofgem to clarify the paragraph 2.20 requirement to communicate with consumers where we have chosen to back bill for unbilled charges older than 12 months (and have evidence the consumer was at fault). We would routinely advise our consumers of the outcome of any back billing assessment. However, we do not agree that suppliers should be required to provide evidence to consumers proactively.
8. Current code signatories meet regularly to share best practice and we believe that Ofgem should commit to continue this activity including the Ombudsman as these obligations will be new to smaller suppliers and new entrants.

Question 3: Do you agree with our assessment of the costs to suppliers?

9. The lack of a policy consultation phase means that Ofgem has not had an opportunity to understand some of the issues the proposals present to suppliers not already signatories of voluntary codes and therefore cannot have made an accurate assessment of the costs to these suppliers.


Question 4: Do you agree with the proposed implementation period?

10. We have infrastructure to support current Billing Code requirements but would like the opportunity to review our systems and conduct an impact assessment against the current draft licence

conditions which would require longer than the 56 days proposed, especially for prepayment.

If you have any questions about our response please contact Clare Manning on 07812 366727, clare.manning@eonenergy.com and copy in our mailbox regcomms-external@eonenergy.com as this is regularly monitored.

Yours sincerely,

A handwritten signature in black ink that reads "Tracey Wilmot". The signature is written in a cursive, slightly slanted style.

Tracey Wilmot
Head of Regulation