

Annual Activity Report for Ombudsman Services

July 2021 - June 2022 **[Energy]**



In June 2015 Ombudsman Services: Energy (OS:E) was approved by Ofgem to provide alternative dispute resolution services regarding energy supply to domestic and small business consumers under the Alternative Dispute Resolution (ADR) for Consumer Disputes (Competent Authorities and Information) Regulations 2015 (the Regulations).

As part of that approval, under Schedule 5 of the Regulations, OS:E is required to produce an annual activity report which contains the information below:

a) The number of domestic disputes and cross-border disputes the ADR entity has received

OS:E received 147,688 disputes during the reporting period. A dispute is defined as a request from a consumer notifying OS:E of an unresolved complaint for investigation. Of these cases 87,466 fell within scope of what OS:E can deal with.

None of the total cases received related to Cross Border disputes.

b) The types of complaints to which the domestic disputes and cross-border disputes relate

The following tables set out the types of domestic disputes that were referred to OS:E within the reporting period which came within the scope of what OS:E can deal with.

Non-Cross Border Complaints

Complaint Type	Number of cases
Billing	45,742
Payments/Debt	7,464
Transfers	4,963
Meters	4,938
Customer Service	8,466
Smart Meters	9,819
Back Billing	3,171
Feed in Tariff	586
Sales	1,506
Other	811
Grand total	87,466

c) A description of any systematic or significant problems that occur frequently and lead to disputes between consumers and traders of which the ADR entity has become aware due to its operations as an ADR entity

Over the last 12 months there has been a dramatic increase in the price of energy which is putting some consumers in financial hardship. This means that more and more consumers are turning to their energy supplier for support.

At the same time, the energy sector is continuing to recover from the impact of the global Covid-19 pandemic. Energy suppliers have been clearing backlogs after considerable disruption during the lockdown periods.

So, it has been a very busy time for energy suppliers and some have found it difficult to maintain normal levels of customer service.

Financial pressures led to a large number of suppliers ceasing trading during the last quarter of 2021 and first quarter of 2022. Customers were kept on supply and had any credit balances protected by the Supplier of Last Resort process. Nevertheless, there has been considerable disruption across the sector with large numbers of consumers migrating across to new suppliers and this has led to complaints, particularly from those who needed help finalising their account with the failed supplier.

We have also seen a clear increase in complaints involving smart meters during the period – in particular, from people whose smart meter is not transmitting readings to their supplier. It seems to us that customers are finding it increasingly important to be able to monitor their usage and ensure their bills are always accurate (rather than being based on estimates) and are frustrated when their smart meter does not work properly.

d) Any recommendations the ADR entity may have as to how the problems referred to in paragraph (c) could be avoided or resolved in future, in order to raise traders' standards and to facilitate the exchange of information and best practices

Much of our focus in the last year has been on how suppliers are supporting consumers who are experiencing problems paying their bills. There is a significant amount of support available to such consumers, but they aren't always aware of it. Suppliers need to make sure that people know that if they are finding it difficult to make payments then help is available and that it is being proactively offered at the appropriate time.

Suppliers are expected to take a consumer's ability to pay into account when offering a debt repayment plan. In some of the complaints we have considered, no repayment plan was offered and in others we didn't feel the supplier considered the consumer's individual circumstances when offering a repayment plan. We feel this is an area where some suppliers can improve.

When a consumer switches to a new supplier, the new supplier will often have no record of the amount of energy used at the consumer's property, and therefore will need to estimate usage. In some cases, we found that suppliers were significantly under-estimating usage which caused the consumer to build up a debt on their account. Suppliers need to make sure that estimated usage is based on the best possible information – in some cases, it should have been clear from the outset that the consumer was likely to use more than was being estimated.

In some of the complaints we've received, the consumer received a large bill and because of this, believed their meter is faulty. However, this was rarely the case – often, the consumer had received a catch-up bill after a period of underbilling. Suppliers are sometimes too quick to investigate whether the meter is faulty without establishing how the balance accrued. Suppliers would be able to resolve more complaints if they identified the underlying cause of a large bill.

e) The number of disputes which the ADR entity has refused to deal with and upon what grounds

The number of disputes which OS:E has refused to deal with during the reporting period was 39,278. The percentage breakdown of the reasons for refusal is given below.

Reason for refusal	% of cases
(a) Prior to submitting the complaint to you, the consumer has not attempted to contact the trader concerned in order to discuss the consumer's complaint and sought, as a first step, to resolve the matter directly with the trader	99.62 %
(b) The dispute is frivolous or vexatious.	0.10 %
(c) The dispute is being, or has been previously, considered by another certified ADR provider or by a court;	0.25 %
(d) The value of the claim falls below or above the monetary thresholds you have set.	0.00 %
(e) The consumer has not submitted a complaint to you within the time period specified by you for dealing with complaints, provided that such time period is not less than 12 Months from the date upon which the trader has given notice to the consumer that the trader is unable to resolve the complaint with the consumer.	0.00 %
(f) Dealing with such a type of dispute would seriously impair the effective operation of your ADR operation.	0.02%

f) The percentage of alternative dispute resolution procedures which were discontinued for operational reasons and, if known, the reasons for the discontinuation

During the reporting period, OS:E discontinued a total of 0 cases.

g) The average time taken to resolve domestic disputes and cross-border disputes;

The average time taken to resolve a domestic dispute is 35 days. No cross-border disputes were received.

h) The rate of compliance, if known, with the outcomes of the alternative dispute resolution procedures;

In the reporting period there have been 165,719 remedies confirmed, of which 156,901 or 94.68% were implemented within 28 days and 6,177 or 3.73% implemented outside of 28 days. Of the total confirmed remedies 2,641 or 1.59% remain unimplemented.

OS:E follows a process to pursue traders who fail to implement a binding decision within the required timeframe. OS:E will report a trader to the regulator for sustained failure to implement binding decisions within the required timeframes.

i) The co-operation if any, of the ADR entity within any network of ADR entities which facilitates the resolution of cross-border disputes

OS:E is a member of the National Energy Ombudsman Network (NEON). NEON acts to promote alternative dispute resolution in Europe, facilitating cooperation between ADR entities that handle consumer and small business disputes about energy suppliers.



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