



ADR Annual Report

July 2022 – June 2023



In June 2015, the Energy Ombudsman (previously Ombudsman Services: Energy) 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).

Ofgem has subsequently re-approved the scheme in 2017, 2019 and 2021.

As part of that approval, under Schedule 5 of the Regulations, Energy Ombudsman 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

Energy Ombudsman received 213,612 disputes between July 2022 and June 2023.

A dispute is defined as a request from a consumer notifying Energy Ombudsman of an unresolved complaint for investigation.

Of these cases 126,426 fell within scope of what the Energy Ombudsman 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 the Energy Ombudsman within the reporting period which came within the scope of what the Energy Ombudsman can deal with.

Non-Cross Border Complaints

| Complaint Type | Number of cases |
|------------------|-----------------|
| Billing | 62,175 |
| Payments/Debt | 11,731 |
| Transfers | 3,596 |
| Meters | 7,667 |
| Customer Service | 14,152 |
| Smart Meters | 19,071 |
| Back Billing | 3,441 |
| Feed in Tariff | 1,506 |
| Sales | 1,564 |
| Other | 1,523 |

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

We have seen a significant increase in the number of disputes we have been asked to resolve between July 2022 and June 2023. The increase appears to have been driven by the very significant increase in energy prices and the resulting difficulties that many energy consumers have experienced in paying their bills. We think consumers are now more likely to experience problems with their energy bills and more likely to complain if the supplier can't offer a solution. As more and more energy consumers have turned to their energy supplier for support, some energy suppliers have found it difficult to offer a satisfactory level of customer service. This has led to delays in issues being addressed and, in some cases, complaints going unresolved and therefore consumers turning to us for help.

Billing continues to be by far the most common area of dispute, with many consumers challenging the accuracy of fairness of bills. We continue to see significant numbers of complaints where consumers believe they are being charged for more energy than they have used, or where they have received a catch-up bill because their usage has been estimated for a prolonged period, or where their direct debit payment has not been set at an appropriate level. We also regularly receive disputes where the consumer's day and night rates have been mixed up, or where the consumer has been billed for a neighbour's usage.

We're also regularly receiving a significant number of complaints about smart meters. Many involved smart meters that cannot transmit readings to the supplier. This in turn compounds billing issues and we have seen an increase in disputes relating to a lack of meter readings and bills being estimated for long periods. Consumers are also increasingly complaining about their in-home display unit not working –denying them the opportunity to manage their usage.

In 2023, suppliers' approaches to the forcible fitting of prepayment meters became a major source of alarm in the industry. We see from the complaints we have received that there is sometimes a lack of clarity over a supplier's intention to install a prepayment meter, a failure to pick up signs that a prepayment meter might not be suitable for a consumer and a reluctance from some suppliers to re-installing a credit meter when it becomes clear that a consumer is finding it difficult to install a prepayment meter. We welcome the action that is now being taken to address these problems.

While force fitting of prepayment meters has been identified as a problem, we know that some consumers want to pre-pay for energy. We've received some complaints from consumers who have been frustrated the supplier can't offer this option – most commonly, because their smart meter isn't transmitting readings.

We've also seen some problems with the way in which suppliers are engaging with our service. In particular, there have been problems with the time it is taking some suppliers to implement our decisions. Suppliers have 28 days in which to complete the resolutions we require. Over the last year, a significant number of suppliers have routinely failed to complete resolutions on time to an extent it became a systemic problem. This lack of timely action erodes trust with the consumer in our process, with the supplier and with the energy sector itself. Having already been through a supplier's complaint process, we do not consider it reasonable for there to be a delay at the conclusion of the complaint.

- 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**

There have been a series of major shocks to the energy sector in the last few years – Covid, energy price rises, Supplier failures etc – which have led to customer service functions becoming overwhelmed. We think suppliers need to think about how they can manage spikes in demand for their services to ensure that all customers receive a satisfactory level of service and ensure that problems can be solved.

Some billing issues will be solved, or at least made less common, once the smart meter roll out has been completed. But other billing issues will continue. We think suppliers could be more proactive in trying to identify issues relating to billing earlier in the process, before the consumer has even become aware that there is an issue. There are often signs that all is not right with an account – very high or low usage being recorded, dramatic changes in usage etc – that might help suppliers identify and then fix problems earlier.

In terms of smart meters, some of the issues being experienced fall outside of the supplier's direct control to resolve – for example, problems with smart meter firmware. Suppliers need to work with meter manufacturers to ensure that they work in the way they were intended, to ensure consumers' bills are always based on accurate meter readings. Some smart meter problems are within a supplier's gift to resolve, but some suppliers fail to diagnose the root cause accurately. We see too many suppliers, when confronted with a smart meter issue, inaccurately informing consumers they have until the roll-out deadline (2025) – to fix it.

In terms of smart meter in-home displays (IHDs), suppliers are not obligated to provide a replacement if it becomes faulty after more than a year. Suppliers should, however, consider providing a replacement in certain circumstances where the consumer would like a display to monitor usage but who cannot afford to purchase one. We would also encourage suppliers to develop alternatives – such as mobile phone apps which some suppliers can offer which can function in a similar way to an IHD.

When supporting a consumer who is struggling to pay their bills, we are of the view that suppliers need to ensure they are effectively assessing their ability to pay, signposting to other organisations and other sources of support and have the ability to flex their approach to deliver services which meet individual consumers' needs.

New rules should improve the experience of consumers who have a prepayment meter forcibly installed. Suppliers need to ensure that they are consistently applying the new rules, and more broadly ensuring employees are aware of the importance of ensuring that a prepayment is suitable for each consumer.

We also consider it essential that suppliers continue to offer prepayment as an option, and any technical problems that prevent suppliers from offering prepayment are overcome.

In view of the issues with delayed implementation of our decisions, suppliers need to ensure that they have sufficient resource in place to complete work, and effective processes which mean that actions can be carried out in a timely manner.

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

The number of disputes which the Energy Ombudsman has refused to deal with during the reporting period was 51,802. 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 | 99.55% |
| (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; | 0.31% |
| (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. | 0.04% |

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, the Energy Ombudsman 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 25 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 269,861 remedies confirmed, of which 243,305 or 90.16% were implemented within 28 days and 24,477 or 9.07% implemented outside of 28 days. Of the total confirmed remedies 2,079 or 0.77% remain unimplemented.

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

The Energy Ombudsman 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.



Getting in touch

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Additional support:

We are committed to treating everybody with fairness and respect. Our commitment includes providing additional support to consumers needing help to access our services fully.

Please see below some of the services we can help with:

- Speaking to us in a foreign language & translation services
- Visual impairments (including Braille)
- Hearing impairments (including Sign language)
- Accessibility

If you need anymore information or would like to request access to any of the services above, you can do this over the phone, online or in writing.

www.energyombudsman.org