

Evidence by Ombudsman Services Smart Metering Implementation Programme:

Consumer engagement strategy URN
12D/033

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Date last updated (and reason)	
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Evidence from The Ombudsman Service Ltd (Ombudsman Services)

The Ombudsman Service Ltd

1. The Ombudsman Service Ltd is a company limited by guarantee (not-for-profit) that provides ombudsman services for the energy, telecommunications and property sectors, by appointment or approval from the relevant regulators. We provide dispute resolution and redress to domestic consumers and micro businesses.
2. The service has 8,512 participating companies and last year we sent out over 20,300 complaint forms. The company employs over 170 people and has a turnover in the region of £6.4 million.

3. In the energy sector we have recently taken on the responsibility for complaints about feed-in tariffs, in addition to our existing role providing the alternative dispute resolution scheme for both energy suppliers and networks. The redress service we provide in property developed from appointment by the Royal Institution of Chartered Surveyors, followed by approval from the UK Office of Fair Trading to provide alternative dispute resolution services for estate agents. This scheme now covers the range of property professionals. We have recently started a pilot project to provide alternative dispute resolution for Royal Institution of Chartered Surveyors registered firms throughout Europe. The most recent sector the service provides alternative dispute resolution for is copyright licensing.
4. To help improve accessibility, we have a contact centre which provides information and assists those who have difficulty in making a complaint. We achieve proportionality by providing alternative dispute resolution through different processes, from informal resolution and telephone mediation to in depth investigation. Our decisions are legally enforceable through the courts.
5. Our service is free to the consumer and paid for by the participating companies under our jurisdiction by a combination of subscription and case fee. While we consult with the sectors on our annual budget and business plan, the participating companies do not and should not exercise financial control. Our governance ensures that we are entirely independent from the industries that fall under our jurisdiction.

Ombudsman Services Response

6. Ombudsman Services welcomes the Department of Energy and Climate Change's call for evidence on the Smart Metering Implementation Programme: Consumer engagement strategy published on 5 April 2012.

7. This consultation response provides Ombudsman Services response to the consultation as regards redress as well as providing observations as to the principles of good governance concerning redress.

Q3. What are your views on community outreach as a means of promoting smart meters and energy saving behaviour change?

Ombudsman Services supports the idea of community outreach as a means of promoting smart meters and energy saving behaviour. It is Ombudsman Services view that the outreach work should also include information about how consumers can complain including reference to the ombudsman.

Q6. Do you agree that a centralised engagement programme, established by suppliers with appropriate checks and balances, is the most practical solution given other constraints? If not, what other practical alternatives are there?

In the interest of cost effectiveness, consistency and ease of understanding by the consumer Ombudsman Services would support a centralised engagement programme. Such a programme would have to include an element on how to make a complaint as mentioned in our answer to Q3.

Q7. Do you think that suppliers should be obliged through licence conditions to establish and fund a Central Delivery Body or would a voluntary approach be preferable?

Ombudsman Services has no opinion either way as to whether the licence conditions should be amended to establish and fund a Central Delivery Body or whether a voluntary approach should be adopted. We would however urge the government to ensure what ever arrangements or body is put in place they are required to involve Ombudsman Services

Q8. What are your views on the proposed objectives for the Central Delivery Body? Are there any additional objectives which should be included?

Ombudsman Services supports the proposed objectives as outlined in the consultation document. We see Objective 1 – 'to promote consumer awareness and understanding of the use of smart metering to deliver behaviour change

and energy saving' as requiring the Central Delivery Body to provide information to the consumer on matters of redress.

Q33. Do you agree that information on current smart and advanced metering would be useful to non-domestic customers in the short term? Is there other information that could usefully be provided at the same time?

Ombudsman Services agrees that information on current and advanced metering would be useful to non-domestic customers in the short term. We suggest that information on how to complain should also be included although this would be currently limited to micro companies as they are the only non-domestic consumers that we provide redress for.

General principles of good governance

8. The proposed strategy should contain information on how consumers can complain if they believe they have a problem with an energy supplier or network company. Such arrangements in the opinion of Ombudsman Services would contribute to the efficient roll out of smart metering and instil confidence in the mind of the consumer of their ability to switch energy suppliers easily.
9. Ombudsman Services currently provides redress for problems which relate to smart meters and will continue to do so. It is important that the redress scheme continues to conform to the principles of good governance, as set out in the Ombudsman Association principles of good governance and include:
 - Independence
 - Effective
 - Open and transparent
 - Accountable
 - Operate with integrity
 - Clarity of purpose
10. The alternative dispute resolution scheme we operate affords the participating company eight weeks to resolve the complainant's problem. We therefore

support the principle of the companies in the first instance being responsible for resolving the matter. Only when they are unable to resolve the lack of interoperability directly should the complaint be referred to the appropriate redress scheme.

Impartiality

11. Governance and operational structures are needed that separate those under jurisdiction and who fund the service, from the operation of the alternative dispute resolution provider and the adjudications they make. Independence of the scheme should also be supported by the appointment and periodic review and re-approval of the regulator or other appropriate body as well as membership of the Ombudsman Association.

12. Impartiality is not just about independence from the bodies under jurisdiction. An ombudsman does not take sides and must also be able to demonstrate their impartiality and independence from complainants. Ombudsman Services achieves this through rigorous processes, evidence-based and clearly reasoned conclusions and consistency of recommendations.

Other key elements of an effective alternative dispute resolution scheme

13. We would also advocate the government, the Central Delivery Body (if adopted) and the energy companies highlight the following important elements in the consumer engagement strategy for smart metering:
 - a. A single alternative dispute resolution process that ensures that there is no duplication between its different elements with regulatory approval and accountability;
 - b. Demonstrable independence from the companies under jurisdiction;
 - c. Prior provision of an opportunity for the company and the complainant to resolve the issue before an alternative dispute resolution provider gets involved;
 - d. An easy to use and informative website which provides access to all necessary documents and an easy to use step-by-step guide on how to complain;

- e. Clear advice on what the alternative dispute resolution scheme can and cannot be deal with;
- f. Clarity of process and timescales;
- g. A guide to the level of potential awards, in order to manage complainants' expectations;
- h. Clear and approved Key Performance Indicators to allow consumers, the regulator and participating companies to assess performance;
- i. An effective and efficient front-of-house contact centre/enquiries service which is able to collect relevant information effectively and efficiently and/or to re-direct complaints that we cannot deal with to an appropriate resource;
- j. The effective use of information and communication technology;
- k. A long term, sustainable funding mechanism paid for by, but independent of (ie not controllable by), the participating companies which allows for a free dispute resolution service, at point of delivery;
- l. The ability to recommend areas of service improvement with participating companies;
- m. Consistent, robust decisions that, when accepted by complainants, are binding on the participating companies;
- n. Decisions that are enforceable through the courts if necessary; and
- o. The ability of the alternative dispute resolution scheme to pursue the complaint through the supply chain providers including previous energy companies that may have installed the meter.

14. Ombudsman Services has considerable experience in the field of dispute resolution in the energy sector. We would be happy to provide clarification on any point in this evidence or if there is any other way we can assist Department of Energy and Climate Change, please contact me.

