Evidence by Ombudsman Services to the draft licence conditions and technical specifications for the rollout of gas and electricity smart metering equipment

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.

4. The most recent sector the service provides alternative dispute resolution for is copyright licensing.

5. 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.

6. 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.

7. Ombudsman Services welcomes the Department of Energy and Climate Change's and Ofgem's call for written evidence on the draft licence conditions and technical specifications for the rollout of gas and electricity smart metering equipment.

8. The response we have provided focuses on the proposed dispute resolution element of smart metering as outlined in paragraphs 57 and 58 of the document – Smart Metering Implementation Programming.

Principles of good governance

9. Ombudsman Services welcomes and would support the government's proposal for an effective disputes resolution scheme to ensure the interoperability of smart meters. Such an arrangement would contribute to the efficient roll out of smart metering as well as instil confidence in the mind of the consumer of their ability to switch energy suppliers easily.

10. In the view of Ombudsman Services, it is essential that whatever redress scheme is adopted, it must conform to the principles of good governance, as set out in the British and Irish Ombudsman Association guidance, including:

    - Independence
    - Effective
    - Open and transparent
    - Accountable
    - Operate with integrity
    - Clarity of purpose

11. 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

12. 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 British and Irish Ombudsman Association.

13. 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

14. We would also advocate the government include the following elements in an alternative dispute resolution scheme 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.

15. 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 or Ofgem, please contact me.