

Retail Market Opening- TPI Voluntary Code of Conduct

15 September 2016
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Timing	Description	Lead
10:00 – 10.10	Introduction & objectives of the session	Ofwat
10.10 – 11.15	Workshop process and description	Ofwat
	Session 1: introduction	Ofwat
	Session 1: discussion	All
	Feedback from discussion 1	All
11.15 – 11.30	Break	All
11.30 – 12.30	Session 2: introduction	Ofwat
	Session 2: discussion	All
	Feedback from discussion 2	All
	Discussion on specific issues	All
12.30 – 13.00	Wrap up and open Q&A	Ofwat

Objectives:

1. To share and discuss our thinking on a voluntary code of practice for TPIs and ;
2. To discuss:
 - The definition and role of TPIs in the market
 - Our work so far on customer protection
 - Ofwat approach and principles
 - Code implementation and monitoring

TPI definition:

- For the purpose of today we consider a TPI any party that is not a directly regulated company by Ofwat via the various forms of regulatory licence. It may also be someone who is involved in commercial activities relating to the supply of water or provision of sewerage services.

TPI business models vary:

- Some third parties may engage in the market to provide services but may not be identified as TPIs e.g. solicitors
- Retailers may engage sub-contractors who may support the process (meter reading agents)
- The primary business of a TPI may be to help a customer switch retailers.
- Information around TPI fees and services may not be transparent to the customer
- Some retailers may have their own TPIs (FPI)
- TPIs vary in size (independent, cost consultants, price comparison website)

Is the above an accurate reflection on the issues Ofwat should be considering?

Is there anything missing from the list?

What role could the TPI play?

- Awareness
- Route to market
- Contract management
- Specialist knowledge

We have to be aware of previous issues:

- We are aware of some poor behaviour and practices in the energy market that adversely impacts on customers
- In energy, there has been a large number of complaints relate to high pressure-selling techniques; misleading sales and lack of transparency over fees (source Ofgem)
- Most new entrants use TPIs as their main source to gain customers, so bad impression about TPIs may impact on competitiveness of the new water market
- We see benefits in rewarding good TPIs and penalizing rogue ones

Is the above an accurate reflection on the issues Ofwat should be considering?

Do you have any further views on this?

Customer protection code of practice

CPCoP stipulates that all Retailers shall comply with the following Code Principles when dealing with Non-Household Customers:

4.1.1 Retailers shall be fair, transparent and honest; while putting the customer at the heart of their business;

4.1.2 Communication with Non-Household Customers shall be in plain and clear language;

4.1.3 Retailers shall ensure they provide appropriate and timely information to Non-Household Customers to enable them to make informed choices;

4.1.4 Any information provided to Non-Household Customers shall be complete, accurate and not misleading;

4.1.5 Retailers shall respond to Non-Household Customers in an appropriate and timely manner; and

4.1.6 Customer service arrangements and processes shall be accessible to and effective for Non-Household Customers.

What are the relevant regulations?

1. General consumer law

- the Business Protection from Misleading Marketing Regulations (BPMMRs) prohibit misleading advertising and sales activities (Ofwat is not an enforcement body)

2. Customer protection code of practice

- All retailers to comply with a new CPCoP
- Third parties acting for Retailers: retailers shall take all reasonable steps to ensure that these third parties are aware of, and understand and comply with, the provisions of the code.
- Third parties acting for Business Customers: Retailers shall obtain written confirmation – known as a letter of authority (LoA)-from the relevant Customers that:
 - (a) *the named third party is acting on their behalf;*
 - (b) *the extent of the third party's authority; and*
 - (c) *how the third party's fees are being paid.*
- Where the business customer is also a micro-business, the written confirmation shall be in the form of a template(see draft on our website).

3. Voluntary TPI code of conduct

Focus of today

Approach

Having considered several options to implement the TPI Code of Conduct within our existing powers, we are minded to set up the code principles and encourage industry to create own/ use existing accreditation scheme(s) (similar to our recommended approach to ADR).

Principle	CPCOP	Potential drafting for TPI code of conduct
Honesty	Retailers shall be fair, transparent and honest; while putting the customer at the heart of their business.	<ul style="list-style-type: none"> • CPCOP provision, and/or • All customer data should be kept confidential and should not be passed to others without the customer's explicit consent.
Clear Communication	Communication with Non-Household Customers shall be in plain and clear language.	Same as CPCOP? Any TPI specific principle?
Timely information	Retailers shall ensure they provide appropriate and timely information to Non-Household Customers to enable them to make informed choices.	Same as CPCOP? Any TPI specific principle?
Accurate and complete information	Any information provided to Non-Household Customers shall be complete, accurate and not misleading.	Same as CPCOP? Any TPI specific principle? E.g. TPIs should provide accurate comparison of offers
Customer service	Retailers shall respond to Non-Household Customers in an appropriate and timely manner; and Customer service arrangements and processes shall be accessible to and effective for Non-Household Customers	Same as CPCOP? Any TPI specific principle? E.g. All members of the TPI's staff should be appropriately trained to provide the Products and should be trained in the provisions and requirements of the Code.

Are there are other principles that would best reflect the TPI activity? For example around data and contractual arrangements.

Session 1: TPI code principles: 20 minutes discussion + 20 minutes feedback

1. Should the TPI code principles mirror the principles in the CPCoP mentioned in slide 8? (see handouts)
2. What specific issues do you believe should be covered in a TPI Code of Conduct to ensure the code is fit for purpose?

Session 2: TPI code of conduct: 20 minutes discussion + 20 minutes feedback

1. Code implementation and governance: how should these code principles be implemented and managed?
2. Code monitoring: How should adherence to the code principles be monitored? Should the results be made public?
3. What are your views on Ofwat's role going forward?
4. Are there lessons from existing TPI codes of conduct?