

Ofwat Consultation Response

Retail Exit Code – Non-price protections

Overview

This consultation is on strengthening the REC to ensure that customers who are on deemed contracts (i.e. they have not otherwise negotiated and agreed a contract with their retailer) are protected against non-voluntary changes to their non-price terms.

Response

We are concerned about Ofwat's preferred option.

The customers that are affected by this change are mainly those that are not yet engaged in the market or are finding it harder to access information about the market and to switch. We are also finding retailers are still not yet aligned to customer needs, particularly in the SME market sectors.

Demonstrating to customers that are already struggling with a market what these changes mean to them may be providing them with information that they may not understand or know where to access it.

In the early stages of a market, Ofwat should put in place some general bans on specific non-price changes (Option 3), for example:

- no advance billing
- no alteration to current payment terms
- no change to payment method
- customers should be notified of changes to customer service contact details

These guidelines will make the contractual relationship clear to customers from the outset. The restrictions in option 3 would not hinder any retailer innovation but changes to them could hugely affect a small business customer.

We have seen instances where there is very little choice for customers and retailers are not bidding on smaller business. Any changes that a retailer may make as part of a retail exit that doesn't benefit customers will only drive customer distrust in the market. Retailers buying business as part of a retail exit have been the worst offenders for not driving change in the market as I don't believe their current drivers for buying the business are the same as if they had won the business.

The consultation suggests that Ofwat wouldn't challenge each retail proposal in option 4 or would OFWAT review them all? We are concerned that there are insufficient protections due to the lack real competition and poor customer experience of switching.

Further investigation into the switching process is required as the number of rejections and lack of good transfer date has a direct impact on the customer.

End

© 2019 by Waterscan Ltd All rights reserved. No part of this document may be reproduced or transmitted in any form or by any means, electronic, mechanical, photocopying, recording, or otherwise, without prior written permission of Waterscan Ltd.