

By email

Open letter to all holders of Water Supply and Sewerage Licenses

14 December 2022

OFFICIAL

Dear Licencees

Interaction with Third Party Intermediaries in the Business Retail Market

Well-functioning markets are a means to delivering better outcomes for both current and future customers through lower prices, better quality, and more tailored services and/or improved choice. Ofwat is focused on making the market work better, working closely with relevant stakeholders to achieve this and providing the very best service and experience for customers.

We are aware that business customers often seek brokerage services from third party intermediaries (TPIs) to help them identify the best retailer and deal for them, given their specific needs and requirements. Brokers can offer valuable market insight and contracting services to business customers, helping business customers to engage and obtain a better deal. A TPI may also be engaged to manage a customer's account on an ongoing basis. TPIs can therefore play an important role in improving customers' engagement with, and experience of, the market.

This letter is intended to remind Retailers of the provisions of the Customer Protection Code of Practice (the Code) that set out Retailers' obligations with regard to Letters of Authority and the requirements to make information available to Non-Household Customers in a timely way, including the SPID, the terms and conditions of supply and the expiry date of any contract.

To protect customers, Section 6.4.1 of the Code requires Retailers to obtain written confirmation that a TPI has authority to act for them, the extent of that authority and confirmation of how the TPIs fees are being met. A template [letter of authority](#) is available on our website, which must be used for microbusiness customers. Section 7 of the Code sets out

what information must be provided to customers by Retailers (and third parties authorised to act on their behalf in accordance with Section 6.4 of the Code).

It has been brought to our attention that there may be inconsistencies in how Retailers are meeting their obligations in this context, including in their approach to accepting and obtaining TPI letters of authority, and that this may be delaying or impeding the timely provision of information to TPIs who have been legitimately appointed by customers to act on their behalf. We are concerned that this may be anti-competitive and detrimental to customers' experience of the market. Whilst compliance with the provisions of the Code is a legal requirement, we also fully expect Retailers to act in the best interests of customers, including by ensuring a seamless customer experience when engaging with TPIs.

We intend to keep this issue under review. In the new year, we plan to publish a Call for Inputs on how the Code may be improved, and as part of that we will consider the need to strengthen the customer protections in this area.

We look forward to working with you and the rest of sector in making the business retail market work better for customers and society.

Yours sincerely

Dan Mason
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