



CORNWALL INSIGHT

CREATING CLARITY

Can More Regulatory Change Enable a Turnaround in Consumer Confidence?

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Part of Thought Leadership

Can more regulatory change enable a turnaround in consumer confidence?

It's no secret that consumer confidence in the energy retail market has dropped in recent years. One of the consistent themes we've seen highlighted in recent Ofgem publications is the importance of regaining consumer trust, and that this a key driver to boosting engagement with the market. This comes at a time where customer engagement is a critical factor in reaching net zero goals, in line with the potential [Future Energy Pathways](#) set out by the National Energy System Operator (NESO). Based on Ofgem's data, domestic customer service satisfaction dropped dramatically during the energy crisis, from highs of around 74% in 2020 to a low of 62% in 2023. In Ofgem's [most recent customer satisfaction survey](#), the interim findings suggest that satisfaction scores are beginning to rise again.

One could argue that this is the trickledown effect of the requirements that were introduced around customer service standards at the end of 2023. These included improvements to ease of contact with suppliers, and the increased requirements for supporting those struggling to pay their bills. On the non-domestic side, we've also seen the expansion of the Standards of Conduct to all customers, as well as increased transparency over third-party costs. There is clearly still work to be done however, which is where Ofgem's new [Consumer Confidence Programme](#) aims to step in.

The Programme looks to tackle a few different areas. The first priority for the regulator is to review existing billing practices and requirements, with Ofgem considering new rules to improve and incentivise better billing accuracy and debt support, including default monthly bills for households and reviewing the back billing rules.

Working with Government will also be necessary for some additional areas of concern for Ofgem, including reviewing and improving the current complaint handling standards regulations, and equally ensuring there is better automatic customer compensation for failure to deter poor service and drive improvements. This specifically relates to the payments made when a supplier fails to meet certain Guaranteed Standards of Performance (GSOP). The GSOP itself will come under scope for review, to potentially introduce new standards relating to the timely installation and maintenance of smart meters.

From Ofgem, it is looking to improve the datasets it publishes. It aims to make them easier to understand while considering what additional data might be useful to enable household and business consumers to make better, more informed decisions. Ofgem outlines that it is keen to expand its investigatory powers and protect consumers from any future financial risks arising from supplier failure or other shocks to the market.

Consultations are expected in the coming months to focus on the proposed changes, and while this all serves to improve outcomes for customers, it is suppliers who will have to adapt and manage an increased regulatory burden. It will be important that all suppliers engage with Ofgem on these potential changes, to ensure that from a resourcing standpoint, the retail market can keep up with any new requirements.

If you're looking to stay up to date with the latest regulatory changes within the retail market, our [Energy Supplier Compliance Portal](#) may be of interest. The portal is a useful resource that covers all the policy and licence obligations that suppliers are required to meet. Cornwall Insight also offers compliance reviews of internal and customer-facing materials, to assist suppliers in ensuring they meet the regulatory requirements. If you'd like to know more, please get in touch using the email below.

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