

Energy Switch Guarantee

Bulb Compliance Hearing Decision

Purpose

This statement provides a record of the outcome of the Energy Switch Guarantee compliance committee hearing held on 13 November 2018 regarding [Bulb](#).

Finding

The committee found that Bulb had been in breach of the commitment to refund credit to consumers switching to another supplier within 14 days of issuing the final bill on account of its failure to refund at least 90 per cent of consumers within this timescale. The duration of the breach was from October 2017 until end September 2018.

The committee issued Bulb a 12 month deferred suspension of its membership from 1 December 2018. The suspension of Bulb's membership will be invoked immediately and automatically if during the period of deferred suspension Bulb fails to perform at or above the required standard for any of the Guarantee's existing commitments or any subsequently agreed during this period.

The committee considered an immediate suspension of Bulb's membership but decided that, on balance, a deferred suspension is more appropriate for the reasons set out below.

As the breach has ceased, consumers are better served in this case by the Energy Switch Guarantee continuing to hold Bulb to account

Bulb has addressed the issue and in October 2018 was compliant with all of the Guarantee's commitments. The company is building an automated solution for delivery in Q1 2019 to prevent the recurrence of this breach and, in the meantime, has allocated additional resource to ensure that consumers are refunded in accordance with the Guarantee. As this commitment is voluntary and not currently a legal requirement¹, the committee considered that Bulb's commitment to on-going compliance was more likely to be maintained by being monitored and held to account by the Energy Switch Guarantee.

A deferred suspension is proportionate given the impact of the breach

While the inconvenience caused to those consumers impacted by Bulb's failings is not to be underestimated, the committee considered that a deferred suspension was appropriate given that there were relatively low numbers of consumers leaving Bulb during the period of the breach. Bulb failed to refund credit on time to 24% of people who were in credit upon leaving Bulb. This was 755 consumers. Furthermore, the length of delay faced by consumers was short, on average, 5 days.

Background

The aim of the Energy Switch Guarantee (ESG) is to increase consumer confidence in switching, and to improve the speed and the ease of the switching process. Members of the Guarantee currently commit to completing switching processes within 21 days, issuing final bills to consumers within six weeks of leaving and refunding credit within 14 days of issuing the final bill. Compliance is demonstrated when suppliers have achieved these commitments for at least 98% of consumers in the case of switching and 90% of consumers for final bills and refunds.

¹ The committee noted that Ofgem has issued proposals for suppliers to pay compensation to consumers for failing to refund consumers within 14 days of issuing the final bill, which will alter the status of this commitment in future and provide some recognition of the harm to consumers impacted.



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The quarterly reporting and compliance process² identifies and escalates incidents of underperformance. Signatories are required to resolve performance issues or will have their breach considered by the compliance committee. A failure to comply for three successive quarters will result in a signatory being required to attend a hearing with a compliance committee formed of the independent chair of the ESG and senior representatives from Citizens Advice and Energy UK. The compliance committee is responsible for deciding whether or not a signatory is in breach of the Guarantee, and approving the most appropriate action to be taken according to the nature, frequency, persistence and impact of the breach.

Strengthening the Guarantee

The Energy Switch Guarantee is committed to using the learning from compliance hearings in order to strengthen its processes and accelerate the improvement of standards across industry. We are in the process of reviewing the compliance process and will publish the amended procedure in Q1 2019.

We will also shortly introduce an amended application process that introduces a category of probationary membership for suppliers that are new to the market and have insufficient evidence to demonstrate compliance with the Guarantee's commitments related to final bills and refunding credit. Probationary members will be signatories of the ESG on a trial basis until they are able to demonstrate the effectiveness of their systems and processes for leaving consumers. The purpose of this amendment is to avoid subsequent non-compliance when new suppliers experience consumers switching to other suppliers.

² [ESG Compliance Process](#)