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CONSUMERS LOSE OUT BY £337 MILLION AS FEAR FACTORS PREVENT THEM FROM SWITCHING TO SMALL ENERGY SUPPLIERS

Despite offering competitive prices and a viable alternative to Britain's big six energy suppliers, new research shows that fear factors are preventing many consumers from moving to smaller suppliers. As a result, consumers could be losing out by at least £337 million^[1], says uSwitch.com:

- **Widespread disillusionment, but just 52% of energy customers would switch to a supplier outside of the big six^[1]**
- **However, 77% would consider moving to a smaller supplier for cheaper energy, 32% for better customer service and 28% for clearer bills – some of the benefits small suppliers already offer^[2]**
- **Just 19% are content to stick with the big six because they are happy with their current supplier - fear factors prevent many more from moving away^[3]**
- **Biggest fears: 35% of consumers would be worried about a smaller supplier going out of business while 28% would be frightened of losing their supply if something went wrong – 22% wouldn't trust a supplier they hadn't heard of^[3]**
- **First:Utility currently offers the lowest price in the market^[4], but two in ten people (20%) wouldn't move to a smaller supplier because they don't believe they would get a better deal^[3].**

Small may be beautiful, but not when it comes to choosing energy supplier, according to new research from uSwitch.com, the independent price comparison and switching service. Despite trust and confidence in the big six energy suppliers being at an all-time low, and smaller energy companies providing a viable and cost-effective alternative, just 52% of people would switch to one^[1].

As a result, consumers could be losing out on savings of at least £337 million on household energy bills^[1]. And while 19% are content to stick with the big six because they are happy with their current supplier^[3], fear factors are preventing many more from moving away.

Three quarters of consumers (77%) would consider moving to a smaller supplier to get cheaper energy prices, almost a third (32%) to get better customer service and over a quarter (28%) to get clearer bills^[2]. They could be enjoying these benefits today. However, concerns about the size and security of these smaller players are holding them back.

The biggest fear factor stopping consumers from moving to a smaller supplier is the worry that it could go out of business – over a third of consumers (35%) say that this concern would stop them from switching^[3]. Almost three in ten (28%) would be frightened of losing their supply if something went wrong with the company, while over two in ten (22%) wouldn't trust a supplier they hadn't heard of^[3].

While these fears are understandable, they are also unfounded. In the event that any energy supplier went out of business Ofgem, the regulator, would ensure that its customers are automatically transferred to another supplier (the supplier of last resort) so that they do not lose their supply. This safeguard is in place regardless of the size of the energy company.

However, small suppliers are also battling against the negative perceptions that dog the energy industry as a whole and the resignation that many consumers feel: 15% of people wouldn't bother switching to a smaller supplier because 'it's better the devil you know', while 12% believe all suppliers are the same regardless of size^[3].

And while two in ten people (20%) don't believe they would get a better deal from a smaller supplier^[3], in reality the opposite applies. First:Utility currently has the most competitive deal on the market^[4]. This demonstrates that small can also be extremely competitive, but consumers need to be given the confidence to switch.

Ann Robinson, Director of Consumer Policy at [uSwitch.com](https://www.uswitch.com), says: “Unfortunately, when it comes to energy suppliers many consumers are caught in a trap – they're unhappy with the big six, they like what smaller suppliers have to offer, but they're too frightened to try one out. But their fears are completely unfounded and could easily be laid to rest with the right education and reassurance. This would allow consumers to enjoy far more choice.

“The fact is that smaller suppliers offer competitive prices and a genuine alternative to being with the big six. There is no risk of losing your supply, either while switching or at a later date. If anything happened to your supplier, Ofgem would step in so you would always be guaranteed supply. First:Utility currently offers the cheapest energy plan on the market, which is £322 a year cheaper than the most expensive standard plan on the market^[4]. Consumers will be losing out if unfounded fears prevent them from snapping up such deals.”

Energy ‘best buys’:

Supplier	Plan Name	Price
First:Utility	iSave Dual Fuel V10	£1,027
EDF Energy	Blue +Price Promise September 2013	£1,054
ScottishPower	Online Fixed Price Energy July 2013	£1,055
Sainsbury’s Energy	Online Price Freeze June 2013 (MDD)	£1,058
npower	Bill Saver August 2013	£1,061
E.ON	SaveOnline 12	£1,113
Ovo Energy	New Energy Fixed	£1,140
SSE	Fixed Discount April 2014 (with paperless billing)	£1,140
British Gas	Online Energy	£1,142
	Average	£1,088

Source: uSwitch.com - based on a medium user customer using 3,300 kWh of electricity and 16,500 kWh of gas.

For more information visit www.uSwitch.com or call 0800 093 06 07

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Notes to editors

Research referred to in the notes below was conducted online by YouGov Plc on behalf of uSwitch.com. Fieldwork took place from 3rd to 6th February 2012 among 2,014 people with decision making involvement with energy suppliers. Data is weighted.

1. In response to: ‘Would you consider switching to a smaller energy supplier outside of the Big Six (British Gas, EDF Energy, E.ON, npower, ScottishPower and SSE)?’ 52% said ‘yes’ leaving 21% saying ‘no’ and 27% ‘don’t know’. 48% of households in the UK is 12,480,000. The difference between First:Utility’s iSave V10 (cheapest small supplier) and EDF Energy’s Blue + price Promise (the next cheapest plan from a big six supplier) is £27. £27 x 12,480,000 = £336,960,000.
2. In response to: ‘What would make you consider switching to a smaller energy supplier outside of the Big Six (British Gas, EDF Energy, E.ON, npower, ScottishPower and SSE)?’

3. In response to: 'What would stop you from moving to a smaller supplier outside of the Big Six?'
4. According to uSwitch.com - based on a medium user customer using 3,300 kWh of electricity and 16,500 kWh of gas. Most expensive standard plan is ScottishPower's POR plan (£1,349) – cheapest plan is First:Utility's iSave Dual Fuel v10 at £1,027 a year with payment by direct debit.

About us

uSwitch.com is a free, impartial, online and telephone-based comparison and switching service, helping consumers compare prices on gas, electricity, water, heating cover, home telephone, broadband, digital television, mobile phones and personal finance products including mortgages, credit cards, current accounts and insurance. In 2010 uSwitch.com celebrated ten years of saving customers money.

uSwitch.com is the first comparison website to achieve the Plain English Campaign's Internet Crystal Mark, which is recognised as a standard that a website has clear language, is accessible and easy to use, and has been tested on a sample of its users.

uSwitch.com is dedicated to helping consumers save money whether they have internet access or not. It offers a dedicated call centre, manned by uSwitch customer service representatives, as well as a freepost 'Send us your bill' service, whereby customers can post their latest energy bills with their telephone number to FREEPOST USWITCH, to get a free call back from a dedicated customer services representative. The service is also available via fax, email and post. Consumers should fax 0203 214 8417, email CustomerServices@uswitch.com or write to Customer Services, uSwitch.com, Centro 3, 19 Mandela Street, London, NW1 0DU with their postcode and usage details.

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