Audit of Compliance with the Code of Practice on Disconnections and Code of Practice on Marketing and Sign Up for the Domestic Sector

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1.0 Executive Summary

The **Supplier Handbook** sets out minimum service requirements that suppliers must adhere to in their dealings with energy customers. It comprises of individual Codes of Practice that cover all key areas of customer-supplier interaction, including: billing, disconnections, marketing, vulnerable customers and Pay As You Go meters. These rules are in place to ensure, in line with CER’s legislative duties\(^1\), that customers enjoy a high standard of protection in their dealings with licensed suppliers.

As part of its compliance monitoring activities, the CER conducts regular and ad-hoc audits to ensure that suppliers adhere to the requirements outlined in the Supplier's Handbook. One such audit is carried out annually, where the CER examines suppliers' compliance with the requirements of specific Codes of Practice.

In 2013, the CER conducted an audit of suppliers' compliance with the Code of Practice on Disconnections for the domestic sector. In accordance with the Code of Practice on Disconnections, suppliers must offer customers assistance in managing their bills and must treat disconnection as a last resort. The audit covered domestic disconnections and examined the disconnection processes and procedures of the following suppliers: Electric Ireland, Bord Gais Energy, SSE Airtricity and Flogas. The audit found that suppliers were mostly compliant with the requirements of the Supplier’s Handbook. The findings of this audit are detailed in CER/13/248.

In 2014, the CER decided to expand the scope of the annual audit to include the Code of Practice on Marketing and Sign Up. The CER took this decision based on the key findings of the **Consumer Survey 2014**, which indicated, inter alia, a low level of understanding of the terms and conditions and the deals offered during marketing campaigns. The Code of Practice on Marketing and Sign Up requires suppliers and their agents to adopt a transparent and fair approach to the marketing of their products and services and to their customer acquisition practices. Suppliers are

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\(^1\) S.I. No. 452 of 2004 European Communities (Internal Market in Natural Gas)  
S.I. No. 60 of 2005 (Electricity) European Communities (Internal Market in Electricity)  
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further obligated to ensure that the marketing material used is easy to understand, accurate, specifies clearly the product being marketed and the period it covers. The requirements pertaining to this Code of Practice on Marketing and Sign Up also cover customer contact in person or via electronic communication (i.e. email, telephone), presentation of information on promotions, presentation of information on tariffs and customer sign up processes. This audit looked at suppliers’ internal processes and procedures with a view to ascertaining whether they comply with the requirements of the Code of Practice on Marketing and Sign Up.

The audit of compliance with the Code of Practice on Disconnections found, inter alia, that suppliers’ internal procedures and policies allow for compliance with the requirements of the Code and that overall suppliers conduct their activities in line within these requirements. However, instances of non-compliance were identified in relation to transfer of debt between dual fuel accounts and information provided on disconnection notices. In all instances the CER has engaged with relevant suppliers in order to remedy these matters.

The audit of compliance with the Code of Practice on Marketing and Sign Up examined specific aspects pertaining to suppliers’ advertising and customer acquisition practices. The main findings of the audit indicate that suppliers have implemented internal systems and procedures which are conducive to compliance with the requirements of the Code. However, the audit found instances of non-compliance in relation to phone call scripts used by sales agents, display of publically available tariffs on website pages and content of marketing material (i.e. brochures). In addition, the results of the audit indicated that some of the current requirements of this Code may be subject to different interpretations and that suppliers have adopted different approaches, notably in relation to training of sales agents and agency relationships with third parties. In light of these findings, the CER is minded to continue examination of certain aspects of suppliers’ marketing practices and further engage with suppliers to ensure that satisfactory arrangements are in place to safeguard customers and ensure fair, competition. Further details on this engagement are outlined in Section 3.0, Conclusions.
Finally, the audit identified possible gaps in the Supplier Handbook which merit review in the interest of customer protection and also to ensure that all suppliers operate on a level playing field. The CER is cognisant of the significant developments that have taken place in the energy retail markets, such as full deregulation of retail energy markets and new market entrants, since the publication of the Supplier’s Handbook in 2012. In view of these competitive developments and the findings of the present audit, the CER considers that it is timely to review the Supplier Handbook, to ensure that its requirements are reflective of current market conditions. In undertaking this review, the CER is committed to developing policy that will deliver robust levels of customer protection and fair competition in retail energy markets.

The scope, methodology and findings of both audits are detailed in Section 2.

1.1 Relevant Documents

- CER/12/081: Electricity and Natural Gas Supplier Handbook Decision Paper
- CER/11/168: Electricity and Natural Gas Supplier Handbook Consultation Paper
- CER/11/168a: Electricity and Natural Gas Supplier Handbook
- CER/11/225: Audit of Customer Disconnections 2011
- CER/13/248: Audit of Compliance with the Code of Practice on Disconnections
2.0 Compliance Audits – Scope, Methodology and Findings

The methodology and results of the audits of suppliers’ compliance with the Code of Practice on Customer Disconnections and Code of Practice on Marketing and Sign Up are detailed in sections 2.1 and 2.2, respectively.

2.1 Code of Practice on Disconnections

2.1.1 Scope
The CER audited the disconnection processes of Electric Ireland, Bord Gáis Energy, SSE Airtricity, Flogas, Energia, Pinergy and Prepay Power. The scope of the audit reflected the fact that some suppliers\(^2\) were fully audited for compliance with this code in 2013. The audit, carried out in October and November 2014, spanned both the gas and electricity domestic markets and looked at disconnections requested by suppliers from 1\(^{st}\) November 2013 to 31\(^{st}\) March 2014. Disconnections performed outside this period were examined in the case of a supplier who, due to having entered the retail market at the beginning of 2014, did not request disconnections during that period.

2.1.2 Methodology
The audit of compliance with the Code of Practice on Disconnections consisted of two parts:

**Part I** – This part of the audit applied to suppliers who were not covered by the audit in 2013, namely: Energia, Prepay Power and Pinergy and took the form of a questionnaire to be completed by these suppliers. The questionnaire required respondents to provide detailed information in relation to their internal systems, processes and procedures which have been implemented to ensure compliance with the Code of Practice on Disconnections. The questionnaire is presented in Annex I. Suppliers were requested to submit supporting evidence, e.g. notices to customers.

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\(^2\) Bord Gáis Energy, Electric Ireland, Flogas and SSE Airtricity
Audit of Compliance with the Code of Practice on Disconnections and Code of Practice on Marketing and Sign Up for the Domestic Sector CER/15/087 regarding their arrears, final disconnection notices alongside their completed questionnaires.

**Part II** – The second part of the audit applied to all suppliers and consisted of site visits to each supplier’s premises. During these site visits, suppliers were required to demonstrate on their internal systems\(^3\), how specific customers who were disconnected between 1\(^{st}\) November 2013 and 31\(^{st}\) March 2014 were treated. As stated in Section 2.1.1, this period varied in the case of suppliers who did not register disconnections during this period. For this part of the audit, the CER used a random selection of 5 to 10 domestic Gas Point Registration Numbers (GPRNs) and Meter Point Registration Numbers (MPRNs) disconnected for non-payment of account. These GPRNs and MPRNs were provided by the Gas Point Registration Operator and the Meter Registration Service Operator. Each GPRN and MPRN was pulled up on the suppliers’ IT system and underwent an individual examination which covered the following areas:

1. **Level of engagement with and assistance offered to customers in arrears**

   This element of the audit examined the methods used by suppliers to engage with customers in arrears (e.g. contacts, successful or attempted, via telephone calls, electronic communications and/or written notices) and the level of assistance that suppliers offered to these customers to manage their bills (e.g. payment plans, reference to recognised third parties for further assistance, installation of Pay As You Go meters). The aim of the review was to ensure that suppliers communicated with customers in accordance with the requirements of the Code of Practice on Disconnections and to determine whether customers received the minimum required assistance from suppliers to manage their bills. To do this, the chronology of events preceding each disconnection was reviewed on suppliers’ systems.

2. **Disconnection and Reconnection Charges**

   This element of the audit examined the charges that suppliers were passing through to customers for disconnection and reconnection. These charges were looked at to ensure that suppliers were only passing on 50 % of these charges to customers who

\(^3\) Suppliers’ internal systems, policies and procedures are treated as commercially sensitive information
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were disconnected for reasons of non-payment of account – as stipulated in CER/12/212 (Customer Disconnection – Review of Cost Allocation). This 50% rule reduces the incentive on suppliers to request disconnection before all other options have been exhausted.

3. Treatment of disconnections of dual fuel customers

This element of the audit examined how suppliers managed disconnections of dual fuel customers, with the focus on the transfer of debt between gas and electricity accounts pertaining to the same account holder. Suppliers were asked to demonstrate compliance with Section 6.5.4 of the Supplier’s Handbook, which requires suppliers to ‘make it clear to the customer how their account will be managed in the event that the customer does not pay their bill in full’ and also, ‘where the account is operated based on a single balance rather than as two separate accounts with two separate disconnection processes, the customer must be given the opportunity to nominate the fuel against which they are to be disconnected first.”

4. Customer’s ability to pay

This element of the audit looked at how suppliers ensure compliance with Sections 6.8.1 and 6.8.2 of the Supplier’s Handbook, which require suppliers, inter alia, to take customers’ ability to pay into consideration when agreeing any repayment arrangement, by credit or prepayment meter and confirm with the customer that arrangements are manageable.

2.1.3 Findings

Part I of the Disconnections Audit

All licence holders covered by Part I of the audit (i.e. Energia, Prepay Power and Pinergy) submitted the requested information within the required timelines and in the format as set out by the CER. The main findings of the audit report are summarised below:

The audit found that suppliers’ internal systems and processes (e.g. configuration of IT and customer service system, Customer Care staff training, credit control policies)
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enabled compliance with the requirements of the Code of Practice on Disconnections.

Suppliers demonstrated that their escalation processes implemented to deal with customers experiencing difficulties in paying their bills followed the guidelines set out in the Code of Practice on Disconnections.

The audit also found that suppliers were aware of the requirement to engage with certain third parties nominated by customers facing financial difficulties to act on their behalf when dealing with arrears (i.e. MABS or recognised charities). However, based on direct discussions with suppliers during site visits, the CER is of the view that suppliers’ customer care staff’s awareness of this requirement could be increased. To this end, the CER has engaged with the relevant suppliers with a view to ensuring that staff training policies cover this aspect and that this is clearly transmitted to relevant staff as part of suppliers’ staff training policies for dealing with customers in financial hardship. In this context, we request suppliers ensure that they, and their agents, do not place customers under pressure to nominate a third party to deal with the account on their behalf, regardless of the purpose of such nomination.

The CER has requested suppliers to ensure that their staff and agents are fully aware that a customer facing financial difficulty is entitled to nominate a recognised third party (i.e. MABS or recognised charities) to deal with their energy account on their behalf.

Examination of the sample notices used by suppliers to communicate with customers who have accumulated arrears on their energy bills showed that the information contained therein was presented mostly in line with the requirements of the Code of Practice on Disconnections. However, a supplier was found to use a Final Disconnection Notice which did not include the minimum information as stated in the Code.

The CER engaged with the relevant supplier to rectify the matter and ensure that the Disconnection Notice includes, at minimum, the information stipulated in the Code of Practice for Disconnections. The relevant supplier rectified the matter within the time line set out by the CER.
Given their business model, suppliers offering pre-payment solutions do not ordinarily disconnect for reasons of non-payment of account due to financial hardship. However, a small number of disconnections are conducted by these suppliers for premises that are deemed vacant, and in cases where the supplier has identified unauthorised interference with the installed budget controllers. The audit found that these suppliers have implemented a de-energisation process which deals with the situation of absent top-ups (i.e. premises suspected vacant or engaging in meter tampering). The CER acknowledges that the requirements of the Code of Practice on Disconnections in their current format may need to be reviewed to ensure that issues pertaining to disconnections for reason of no top-ups are dealt with appropriately. This will be considered as part of the review of the Supplier’s Handbook.

The CER has asked suppliers that appropriate engagement with customers is maintained and notifications continue to be sent to these premises prior to a request for disconnection.

Part II of the Disconnections Audit

Part II of the compliance audit was carried out at the premises of each supplier and involved an individual examination of a random selection of disconnected MPRNs and GPRNs, as discussed in Section 2.1.2. The findings of this part of the audit are presented under the following headings:

- Level of engagement with and assistance offered to customers in arrears
- Disconnection and Reconnection Charges
- Treatment of dual fuel customers in arrears
- Payment plans and customer’s ability to pay

*Level of engagement with and assistance offered to customers in arrears*

The audit found that suppliers used a variety of communication methods to engage with customers in arrears, including reminder letters, written account overdue notices, telephone calls and SMS text messaging. The audit found that suppliers’ efforts to establish contact with customers in arrears prior to lodging a disconnection
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request went beyond the requirements of the Code of Practice on Disconnections, as detailed in Section 6.11 of the Supplier’s Handbook.

The audit also found that where suppliers did make contact with customers, suppliers acted in accordance with the Code of Practice on Disconnections by facilitating payment plans or, where appropriate, offering the customer a free Pay As You Go meter as a means to assist the customer in managing their bills. The audit found that suppliers’ actions pertaining to each stage of the escalation process (i.e. minimum number of contacts, minimum period of notice, format and content of the disconnection notice) were compliant with the requirements of the Code of Practice on Disconnections.

The audit further found that a small number of disconnections were requested by suppliers with exclusive prepayment business model. These disconnections were requested on the assumption either that the premises were vacant or subject to fraudulent consumption. The CER requested relevant suppliers to provide detailed information in relation to how these disconnections were handled. The CER noted that prepayment suppliers made reasonable efforts (i.e. written communications including letters and SMS text messages) to engage with customers at premises assumed vacant or suspected of fraud prior to lodging a request for disconnection.

**Disconnection and Reconnection Charges**

The audit found that in cases of disconnection for non-payment of account, all suppliers charged 50% of the disconnection and reconnection fees, which is in line with CER requirements set out in CER/12/212 and reiterated in CER/14/793.

**Treatment of disconnections of dual fuel customers**

Section 6.5.4 of the Code of Practice on Disconnections requires suppliers offering dual fuel products to ensure that customers are provided with clear information regarding "how payment is allocated against the account for gas and/or electricity". It goes further to stipulate that “the supplier must make it clear to the customer how their account will be managed in the event that the customer does not pay their bill in full. This will, as a minimum, include how any part-payments will be allocated and specifically whether they will be allocated against a specific fuel or against an overall
balance on the account. How payments are allocated should be set out clearly on sign up and shown on the customer’s account statement. In the event of non-payment or part-payment and where the supplier has commenced its disconnection process, all conditions set out below must be followed in relation to each of the fuels on the account. In addition, where the account is operated based on a single balance rather than as two separate accounts with two separate disconnection processes, the customer must be given the opportunity to nominate the fuel against which they are to be disconnected first."

The CER noted that suppliers adopt different approaches as to the treatment of dual fuel customers in terms of account set up, with some suppliers operating a single balance while others operating two separate accounts. Having reviewed the evidence submitted by suppliers, the CER is satisfied that the information related to allocation of payments provided by suppliers to dual fuel customers by way of bills is understandable and transparent. However, the CER considers that suppliers should provide more details as to how payments are allocated in the Terms and Conditions of the dual fuel product, as well as in the marketing communications used to introduce the dual fuel offer so as to avoid ambiguity (i.e. website, leaflets, welcome pack).

The CER has requested suppliers to review their current Terms and Conditions of Supply for dual fuel products with a view to increasing the level of detail regarding allocation of payments for dual fuel accounts. The CER has further requested suppliers to ensure that clear and transparent information regarding allocation of payments for dual fuel accounts is included in marketing means used to advertise such products (i.e. website, advertising brochures, welcome packs).

According to the Supplier’s Handbook, duel fuel suppliers operating a single balance account are required to give customers at risk of disconnection the opportunity to nominate the fuel against which they are to be disconnected. The CER noted that suppliers operating a single balance fulfil this obligation by including in the pre-disconnection notice a set period of time during which customers may nominate the fuel against which they wish to be disconnected.

The audit further found that suppliers transfer debt between accounts in the following situations:
i. Between accounts held by the same customer at different addresses and
ii. Between fuel accounts held by the same customer at the same address when the customer switches to a new supplier for one fuel while retaining the current supplier for the other fuel

The CER is satisfied that suppliers notify their customers of debt/credit transfers between accounts held by the same customer at different addresses in their Terms and Conditions of Supply. However, with regard to transfer of debt between fuel accounts held by the same customer at the same address where the customer switches to another supplier only for one fuel, (ii) above, the CER found that some suppliers’ Terms and Conditions of Supply do not include information about the transfer of debt in this situation. Under Section 6.5.4 of the Supplier’s Handbook as detailed above, suppliers are required to provide customers with transparent information in relation to how their dual fuel accounts will be managed, including allocation of payments.

The CER has requested suppliers to review their Terms and Conditions of Supply to ensure that clear and transparent information on such transfers is provided to dual fuel customers in the Terms and Conditions of the Product as well as marketing material (welcome pack, website, marketing communications). In the interim, suppliers are required to notify customers of such transfer in writing prior to the transfer being effected.

Payment plans and customer’s ability to pay

Having assessed suppliers’ credit control policies and dunning cycles, the audit found that suppliers initially seek to recover the total amount of monies owed by a customer in unpaid bills. Where this is not possible, suppliers assess each case of non-payment of account on an individual basis and offer alternatives such as payment plans or PAYG meters. The evidence analysed during the site visits, including both honoured and broken payment plans, indicated that, where applicable, payment plans (i.e. amount, frequency of payment, renewal of a broken payment plan) were mutually agreed between supplier and customer. The audit further found that suppliers seek customer’s consent that the proposed payment plan is manageable.
The CER instructed suppliers to continue to ensure that customers’ consent that repayment arrangements are manageable is obtained and recorded prior to initiating the payment plan.

**2.2 Code of Practice on Marketing and Sign Up**

**2.2.1 Scope**

This audit covered the marketing and sign-up processes of all current suppliers, including those offering pre-payment solutions exclusively, with a focus on specific aspects in the code of practice such as supplier-agent relationship and the presentation of information on advertising material.

**2.2.2 Methodology**

The audit of compliance with the Code of Practice on Marketing and Sign Up was conducted during October and November 2014 and covered all suppliers. Similar to the audit of compliance with the Code of Practice on Disconnections, this audit consisted of two parts:

**Part I** – This part of the audit took the form of a questionnaire, as detailed in Annex II. The questionnaire required respondents to provide detailed information in relation to their internal systems (including but not limited to IT systems), processes and procedures which have been implemented to ensure compliance with the requirements of the Code of Practice on Marketing and Sign Up. Suppliers were also requested to submit supporting evidence, including advertisement brochures, welcome packages, Customer Agreement Forms, configuration of handheld tablets, and scripts/transcripts of telephone sales.

**Part II** – The second part of the audit consisted of site visits to each supplier’s premises, where suppliers were required to demonstrate on their internal systems the internal processes and procedures in place to ensure compliance with the requirements of the Code of Practice on Marketing and Sign Up. This part of the audit focused on the supplier – agent relationship and examined the methods employed by suppliers to ensure that their tele sales and field sales agents conduct their marketing activities in line with the requirements of the Marketing and Sign-Up Code. The key aspects covered by this part are presented below. The CER took this opportunity to enhance knowledge of suppliers’ marketing and advertising practices...
and compare the findings with the current requirements of the Code of Practice on Marketing and Sign Up, with a view to identifying areas where current requirements may be improved to address potential gaps.

Supplier – Agent Relationship
This element of the audit looked at the processes surrounding the relationship between suppliers and sales agents engaged by them for the delivery of customer acquisition services and the manner in which suppliers ensure that their agents adhere to the requirements of the Code of Practice on Marketing and Sign Up in their dealings with energy customers. The evidence examined included training and communication arrangements, as well as performance and compliance monitoring processes that suppliers have established with sales agents.

Customer contact
This element of the audit looked at processes used by suppliers’ to ensure that telephone sales and field sales representatives act in line with the requirements detailed in Sections 5.2 to 5.5 of the Marketing and Sign-Up Code when approaching customers in person or by telephone, email or SMS. The evidence examined included the relevant sections pertaining to agents training, copies of agents ID/badge, samples of emails and SMS text messages.

Presentation of information in advertisements
This element of the audit looked at suppliers’ internal procedures aimed at ensuring that the marketing material used to advertise promotional products/services complies with the requirements stipulated in Sections 5.6 and 5.7 of the Marketing and Sign-Up Code. Particular attention was given to the presentation of tariffs based on tariff comparisons, to ensure that suppliers adopt a transparent and fair approach to the marketing of their products/services. The evidence examined included marketing material (i.e. currently used leaflets, brochures) and suppliers’ websites.

Sign-up process
This element of the audit looked at the methods employed by suppliers / agents to ensure that the customers receive the information as detailed in Section 5.8 prior to the customer completing the sign up process. The evidence examined included
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Doorstep Checklist, Customer Agreement Form, configuration of handheld devices (i.e. tablets), scripts / transcripts of recorded telesales conversations, welcome pack received by customers post sign-up.

Win Back and Customer Retention policies
This element of the audit examined suppliers' internal policies aimed at regaining former customers and retaining customers who have indicated that they wish to switch to another supplier. The evidence examined included sample letters sent to these categories of customers.

2.2.3 Findings
Suppliers submitted the required information within the allowed timelines and in the format as set out by the CER. The main findings of the audit are summarised below:

Supplier – Agent Relationship
Suppliers have implemented systems and procedures aimed at governing the supplier-agent relationship, consisting mainly of procedures for training/re-training and certifying sales representatives, quality audits and communication and reporting structures. Some suppliers' processes also include testing of field sales representatives prior to certification.

Training/re-training and testing procedures vary in duration, method and content amongst suppliers. Some suppliers have introduced relevant sections from the Marketing and Sign Up Code in the training provided to tele sales and field sales agents and included questions based on same in procedures for training and testing sales agents.

Suppliers use different methods to monitor agents' performance and compliance with marketing requirements set up by the CER, such as quality audits, field observations, review of the quality of calls to customers signed-up via third parties, monitoring of complaints and cancellations of sign-ups, and listening in to recorded telesales conversations.
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The results of the audit indicated that the degree of oversight of agents’ compliance with the requirements of the Supplier’s Handbook varies from supplier to supplier and that some suppliers place a greater importance on certain aspects of this relationship (i.e. training and observance of relevant requirements of the Marketing and Sign Up Code of Practice).

Suppliers enter into arrangements with third parties (i.e. sales agents, website providers) as part of their customer acquisition strategies. Suppliers’ engagement with website providers includes CER accredited price comparison websites (i.e. Bonkers.ie and USwitch.ie) and third parties who do not hold a CER accreditation (i.e. companies facilitating group switching). To note, under the CER accreditation framework, accredited price comparison websites are required to adhere to specific regulations\(^4\) set out by the CER regarding presentation of information on tariffs and price comparison calculations to ensure that customers are provided with impartial and objective price information.

In the context of these arrangements, suppliers ascribe different meanings to the term “agent”, for example, tele sales and field sales representatives are considered “agents” whereas websites where customers can switch suppliers online (i.e. accredited price comparison websites and group switching websites) are not.

The CER is of the view that customers need to be afforded the same level of protection regardless of whether they were signed up directly by suppliers or via third parties. The CER has no direct regulatory oversight over non-accredited third parties whom suppliers may use to acquire customers, therefore, in the interest of customer protection, the CER requires that, where suppliers enter into any arrangements with third parties for the acquisition of customers, the third parties are required to comply with the relevant requirements of the Supplier’s Handbook.

\[^4\] CER 11/144 Price Comparison Websites Accreditation Framework
http://www.cer.ie/docs/000884/cer11144.pdf

The CER requires that, where suppliers enter into any arrangements with third parties for the acquisition of customers, the suppliers must ensure that the third parties adhere to the relevant requirements of the Supplier’s Handbook.
The CER notes that suppliers have adopted different approaches in their dealings with sales agents, reflected in various aspects of their relationship, such as training practices and compliance monitoring policies. The CER further notes that suppliers apply individual interpretations to certain terms contained in the Marketing and Sign Up Code (i.e. the term "agent"). In this context, the CER has engaged with suppliers with a view of gaining a greater insight into suppliers’ current processes and procedures to ensure that third parties adhere to the relevant requirements of the Supplier’s Handbook in their customer acquisition endeavours.

**Customer Contact**

Suppliers have implemented internal processes, including IT systems and staff training, to ensure compliance with the requirements of the Marketing and Sign-Up Code under this heading. These processes provide "opt-out" options for customers who do not wish to be contacted for marketing purposes while ensuring that such customers are not excluded from receiving information on safety campaigns.

The information included in the electronic means of communication (email, SMS text messaging) contains at the minimum the items as required by the code.

**Presentation of information in advertisements**

The audit found that suppliers’ internal reporting structure and organisational chart are conducive of compliance with the requirements of the code under this heading; marketing material used in customer acquisitions campaigns is either designed by marketing and sales staff and checked to ensure compliance with Supplier’s Handbook’s requirements by regulatory staff, or designed by staff who are aware of current regulatory requirements.

The audit further found that some suppliers do not display all publically available energy tariffs for domestic customers on their website (i.e. PAYG tariffs, exclusive deals with third parties). In this context, suppliers apply different meanings to the term “publically available”. As stated previously, the CER notes that suppliers enter into arrangements with third parties to present offers to energy customers which, in some cases, may result in a specific tariff that is available solely to a certain category of customers, namely those who availed of such offer. In these cases, suppliers tend not to consider the tariff related to such an offer as “publically available” and, in turn, do not display it on their website tariff page. Such tariffs tend to be advertised by the
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third party on their own communication channels. In this context, the CER acknowledges that the requirements of the Marketing and Sign Up Code relevant to this matter are not sufficiently specific and will address this issue in the review of the Supplier’s Handbook.

The CER requires that all publically available tariffs be displayed by suppliers on their websites. The CER has engaged with the relevant suppliers in order to remedy the matter and ensure that all tariffs, including PAYG tariffs, are displayed on the designated tariff page.

The audit found that the language used by some suppliers to advertise savings, discounts or products may be subject to different interpretations. The CER has engaged with some suppliers on the issue of advertisements which may transmit potentially misleading information to customers and will aim to strengthen the relevant requirements of the Code of Practice on Marketing and Sign Up in the review of the Supplier’s Handbook.

The CER has instructed suppliers to ensure that the information presented on all advertisements (i.e. radio / TV ads, brochures, leaflets etc.) is unambiguous, transparent and easy to understand.

Sign-Up process

The audit found that the customer sign-up process is covered by the field sales representatives training procedures. Some suppliers also include this item in the testing process preceding the granting of certificates for field sale representatives. All field sales representatives are instructed to leave the “doorstep checklist” with the customer upon completion of the sign-up process. The content of the “doorstep checklist” used by field sales representatives is in line with the requirements set out by the Marketing and Sign-Up code. Some suppliers have also instructed their field sales representatives to leave a tariff sheet with customers. Suppliers send a welcome pack to customers signed up by field sales representatives upon completion of the sign-up process.
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The audit further found that field sales representatives use Customer Agreement Forms (CAF) in either paper format or electronic format (i.e. hand held terminals). The configuration of the hand held terminals enables compliance with the requirements of the Marketing and Sign-Up code and prompts door-to-door agents to capture customers’ confirmation that they have read and understood the doorstep checklist and that they are switching to a specified product with specific terms and conditions.

Instances of non-conformance were found on the CAFs used by some suppliers in relation to the following items, where the information provided was considered unclear and insufficient:

- terminology used to denote networks charges (i.e. standing charge being referred to as ESB Networks standing charge)
- provision of insufficient information in relation to existing categories of vulnerable customers (i.e. capturing data on vulnerability for reasons of advanced age)

Instances of non-compliance were found in the transcripts of sign-up telephone calls between customers and tele sales representatives in relation to the following items:

- wrong terminology used to describe standing charges, referred to as ESB Networks charges
- ambiguous language used to compare energy rates with those of a competitor

The CER engaged with the relevant suppliers to rectify these matters. Suppliers were instructed to amend the CAFs accordingly and review their current training processes to ensure that staff and agents use the appropriate terminology for energy price components.

Win Back and Customer Retention Policies

Some suppliers conduct “win back” and “customer retention” advertising campaigns, as part of their wider customer acquisition strategy, which includes contacting customers who have indicated that they intend to switch to another
Audit of Compliance with the Code of Practice on Disconnections and Code of Practice on Marketing and Sign Up for the Domestic Sector  CER/15/087

supplier to offer discounted tariffs. This approach may involve letters containing price comparisons with competitors’ tariffs and/or telephone calls.

The audit found that some suppliers engage in intensive marketing practices in an attempt to retain customers who have decided to switch to another supplier (i.e. multiple attempts to contact the customer who has decided to switch to another supplier).

The CER is of the view that all marketing practices used by suppliers during customer win back or retention campaigns, including but not limited to communications by letter or electronic means, must at minimum comply with the relevant requirements of the Supplier’s Handbook. In light of these findings, the CER is minded to seek supplementary information in relation to the policies and procedures relating to retention and win back policies used by suppliers. The information garnered will be examined to ensure compliance with the requirements of the Supplier’s Handbook, including that suppliers and their agents do not provide customers with misleading information nor apply undue pressure in their dealings with energy customers.

The CER requires suppliers to ensure that all marketing practices used to retain outgoing customers or win back previous customers adhere to the relevant requirements of the Supplier’s Handbook. Suppliers are further required to ensure that their agents are provided adequate training and monitored to ensure compliance with the relevant requirements of the Supplier’s Handbook.
3.0 Conclusions and Next Steps

The CER has completed audits of compliance with the Code of Practice on Disconnections and the Code of Practice on Marketing and Sign Up for all retail suppliers. The main findings of the audit of compliance with the Code of Practice on Disconnections and Code of Practice on Marketing and Sign Up are summarised in Annexes III and IV respectively, together with requirements issued by the CER on foot of these findings.

The results of the Marketing and Sign Up audit indicated that the current requirements of the Code of Practice on Marketing and Sign Up may be open to different interpretations and that suppliers have adopted different approaches in relation to these requirements which, in turn, lack clarity for customers. This is particularly noticeable in the context of supplier – agent relationships, where only some third parties that suppliers enter into customer acquisition agreements with are considered “agents” and required to adhere to the rules set out by this Code when dealing with energy customers. The CER is of the view that all energy customers should enjoy the protection of the Supplier’s Handbook, irrespective of whether they are signed up directly by a supplier or via a third party. Suppliers are requested to note that compliance with the requirements of the Supplier’s Handbook cannot be avoided by using third parties for the purposes of customer sign-up, and to ensure that any arrangements entered into with third parties adhere to the rules stated in the Supplier’s Handbook relevant to the nature and intent of these arrangements.

The audit on Marketing and Sign Up examined, inter alia, the relationship between suppliers and their door to door agents and found that suppliers have implemented systems and procedures to monitor agents’ compliance with the requirements of the Supplier Handbook, including training, testing, quality audits and reporting structures. The results also indicated that the degree of oversight of agents’ compliance with the requirements of the Supplier’s Handbook varies from supplier to supplier and that some suppliers place a greater importance on certain aspects of this relationship (i.e. training).
The audit further found that some suppliers engage in intensive customer retention practices, including various attempts to communicate with customers who expressed a wish to switch to another supplier.

On foot of the findings outlined above, the CER has engaged with suppliers with a view to gain a more detailed insight into their current customer retention policies and corporate policy on agents’ compliance with relevant CER rules. This engagement includes a request for further information on specific points (i.e. training of agents, compliance monitoring, corporate policy on customer retention) and direct meetings. The ultimate objective of this engagement is to ensure that suppliers’ current processes and practices provide adequate levels of customer protection and maintain market integrity.

Finally, in light of recent market developments and the findings of the present audit, the CER considers that it is timely to review the Supplier Handbook, with a view to ensuring that its requirements are reflective of current market conditions and competition developments. In undertaking this review, the CER is committed to developing policy that will deliver robust levels of customer protection and fair competition in retail energy markets.
Annex I

Audit of compliance with the Code of Practice on Disconnections Questionnaire

Section 6.7 of the Electricity and Natural Gas Supplier's Handbook - Arrears and Arrangements for Identifying and Dealing with Customers in Difficulty

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<tr>
<th>Requirement</th>
<th>Details of internal processes</th>
<th>Evidence to support details</th>
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<tr>
<td>6.7.4 Suppliers must direct customers to a copy of their Code at an early stage during the follow-up action for non-payment of an account or for failure to keep to an agreed payment arrangement.</td>
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<td>6.7.5 Should the customer wish to nominate a third party to represent them this must be facilitated, e.g. Money Advisor including MABS, a recognised charity or Social Welfare Representative.</td>
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<td>6.7.6 Where circumstances warrant it, the supplier must refer a household customer for guidance to his/her local MABS office or an appropriate alternative.</td>
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<td>Requirement</td>
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<tr>
<td>6.8.1 Payment plans are a method of assisting customers who are experiencing financial difficulties in paying their bills. Suppliers are required to assist customers in genuine financial difficulty in making a payment plan and, where appropriate, engage with a money advisor acting on behalf of the customer e.g. MABS, a recognised charity or third party. This must include offering the customer a prepayment meter or budget controller if this is possible.</td>
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<td>6.8.2 A supplier should take account of the customer’s ability to pay when agreeing any repayment arrangement, by credit or prepayment meter and confirm with the customer that arrangements are manageable.</td>
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### Requirement

**6.8.3** Where a payment plan has been entered into with the customer to specifically avoid disconnection, details of the payment plan setting out a clear explanation, in writing, of the new payment arrangement and any terms associated with it must be sent to the customer no later than one week after the payment plan has been agreed.

### Details of internal processes

*Please fill in*

### Evidence to support details

*Please fill in*

### Requirement

**6.10.2** Suppliers must specify where disconnection of a customer’s supply will not be initiated by the supplier and must include as a minimum the following circumstances:

a) Where a customer has entered into a payment plan with the supplier and is honouring that arrangement;

b) Where a customer is pursuing a complaint using the complaint handling procedures specified by the supplier and the complaint is related to the reason for disconnection. The supplier may not initiate a disconnection in relation to the disputed amount until the complaint process is exhausted;

c) In the event that a customer is disputing a bill this clause only applies to the disputed bill and not any previous or subsequent bills which must be paid as normal;

d) For failure to pay a bill which is not related to the supply of electricity/gas (e.g. failure to comply with the terms of a hire purchase agreement related to the purchase of an electrical appliance/gas boiler or any service given outside the supply of electricity/gas);

e) For failure to pay a bill based on a regular estimate unless it is fair and reasonable in the circumstances, (e.g. access to read a meter is refused);

f) Where a customer relies on a recognised life support system and is appropriately registered with their supplier in accordance with the requirements of the Code of Practice for Vulnerable Customers;

g) During the winter months (1st November to 31st March) where a person appropriately registered with their supplier in accordance with the requirements of the Code of Practice for Vulnerable Customers.

h) Where a customer is a member of any category of customer that the CER may specify from time to time.

### Details of internal processes

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### Evidence to support details

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### Requirement

**6.11.1** All suppliers must put in place a full escalation process which will be followed in advance of any request to disconnect a customer due to non-payment of their account. This process will include contacting and notifying the customer to inform them they are in arrears (in writing and other formats), providing information on any options the customer has to make payment and providing contact details for customers wishing to enter into a payment plan or where appropriate in the case of household customers how to arrange to have a pre-payment meter or budget controller installed.

### Details of internal processes

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### Evidence to support details

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### Requirement
6.11.2 As a minimum, suppliers are required to make the following contact in advance of issuing a request to disconnect a **household customer**:

a) At least two attempts to contact the customer by notice in writing (this includes at least one contact in addition to the notice of disconnection and must be in addition to any communication made through the customer’s normal bill)

b) At least two additional attempts to contact the customer, this could be by telephone, email, text message or another format used by the supplier

c) Each attempt to contact the customer should take place no less than three working days apart

### Details of internal processes
*Please fill in*

### Evidence to support details
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### Requirement
6.12.1 Any notice sent to a customer regarding disconnection for non-payment of their account must be sent in writing by letter.

### Details of internal processes
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### Evidence to support details
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### Requirement
6.12.2 Where a supplier has exhausted its escalation process and intends to initiate a disconnection:

b) The supplier must provide **at least 10 working days’** notice in writing of its intention to request the Electricity Network Operator/Gas Network Operator to disconnect supply. The notice must specify the reason for disconnection. Where a registered vulnerable customer has nominated a correspondence re-direction service on their application to be included on the register of vulnerable customers, the disconnection notice need only to be sent to the nominated carer/relative as specified and registered by the customer.

c) The notice must specify the **actual cost** of disconnection and reconnection.

d) Where a supplier has added an administrative or other cost to the regulated cost for this action, this must be shown separately on the notice.

e) The notice must highlight any charge which may apply to the customer if the disconnection is cancelled or no access is possible at the premises.

f) The notice must highlight that the payment of arrears cannot be made to the persons carrying out the disconnection.

g) The notice must provide the contact details for a nominated support agency to be agreed with the CER as appropriate.

h) If a customer opts for disconnection it must be made clear that arrears must still be recouped and that standing charges may still apply.

i) The notice must specify the contact details of the supplier’s debt handling/credit control/ or appropriate division so that the customer may make contact. The supplier must facilitate customers who wish to pay immediately any bill arrears after the receipt of the notice.

### Details of internal processes
*Please fill in*

### Evidence to support details
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### Requirement
6.13.1 Where a supplier is made aware that a registered vulnerable customer may be at high risk due to disconnection outside the requirements set out in the Code of Practice on Vulnerable Customers, alternative methods of debt recovery should be used. This could be done through offering alternative means of payment, pre-payment meters, budget controllers and payment plans. The use of pre-payment meters or budget controllers may not always be appropriate and the ability of a customer to utilise this technology should be considered with the customer when making a decision to install one. Where a customer has a mobility or sensory impairment, which may cause difficulties when using such a meter, this should be discussed with the customer and an alternative payment method should be used instead.

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### Requirement
6.13.2 Suppliers are expected to use discretion when choosing to disconnect household customers and where a genuine vulnerability is demonstrated a supplier is expected not to disconnect that customer.

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### Requirement
6.5.4 In addition, where the account is operated based on a single balance rather than as two separate accounts with two separate disconnection processes, the customer must be given the opportunity to nominate the fuel against which they are to be disconnected first.

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Audit of compliance with the Code of Practice on Marketing and Sign Up Questionnaire

Section 5 of the Electricity and Gas Supplier’s Handbook

Requirement 5.3 Customer Contact in Person
5.3.1 If a supplier engages in marketing at a customer’s premises (without a prearranged appointment) or by personal contact, the supplier must immediately and at all times after that on request by the customer:
   a) produce an identity card that shows his or her full name and photograph and the name, business address and contact number of the supplier; and
   b) advise the customer of the purpose of the visit/contact and enquire if the customer wishes to progress further;
   c) provide the customer with a copy of the standard doorstep checklist prior to the commencement of the sales pitch and in advance of any sale being progressed (See appendix A);
   d) At a customer’s premises, if the customer does not wish to proceed, then the supplier must leave the premises immediately and the supplier must advise the customer of how to be removed from the contact list;
   e) At any other place, if the customer does not wish to proceed then the supplier must stop their sales pitch.
   f) Suppliers are required as part of the doorstep sign up process to actively confirm that the customer has read and understood the doorstep checklist and that they understand that they are switching to a specified product with a specified payment method.

Details of internal processes

Evidence to support details

Requirement 5.5 Conduct when customers do not wish to be contacted
5.5.1 Where a customer has indicated to a supplier orally, in writing, by SMS or by email, that the customer does not wish to be contacted again for the purpose of marketing, the supplier must log the request and remove that customer from their marketing database in line with data protection or any other legislation.

5.5.2 Suppliers must provide written confirmation that customer details are removed from the marketing database, if requested by the customer.

Details of internal processes

Evidence to support details

Requirement 5.6 Presentation of Information on Promotions
5.6.1 Where a supplier is engaging in the special promotion of a product or service, the supplier must make the current or potential customer aware of any time limit which may accompany the promotion. For example, this could include but is not limited to discounts such as, the supplier will give x% discount if you sign up by x date, or x% discount applies for x months.
### Requirement 5.6.2
The supplier must also make the customer aware of any change in conditions which may occur once the period of the promotion expires or any additional terms, conditions or charges which may be associated with the promotion in advance of the customer signing up for it. This could include changes in billing cycle or payment type once the promotion ends. Where changes in conditions are not known at the time of sign up, the customer must be informed in writing (by email or post) of these changes in advance of their coming into effect and no less than 30 days before the end of the promotional contract.

### Requirement 5.7 Presentation of Information on Tariffs
5.7.1 When presenting information on tariffs a supplier must:

a) Display tariffs inclusive and exclusive of VAT on a per unit basis. Rates can be shown side by side inclusive or exclusive of VAT or presented separately.

b) Show standing charges as an annual amount inclusive and exclusive of VAT that applies to the tariff. This approach should be applied to any other fixed charge applied by the supplier.

c) All associated fixed costs should be presented alongside any discounts on unit rates in the same text and font size.

d) Show discounts measured off the standard rate tariff for that supplier.

e) Each discount must be set out clearly in cent per kWh and not displayed incrementally,

f) Where a supplier also wishes to present their tariff on a full year basis, the annual industry agreed consumption figures as approved by the CER from time to time should be used.

g) Any comparisons between tariffs must be based on the customer’s actual annual consumption or an approved annual consumption figures and include the applicable fixed charges (standing charges/ levies). Any discounts that expire in less than one year should be identified in any comparison.

h) Where a supplier is displaying day/night tariffs on a full year basis the day / night units must be clear, and may be approved by the CER from time to time.

i) A supplier must also separately display any additional levy or charge which applies to the account inclusive and exclusive of VAT.

j) Where a supplier is offering a dual fuel bundle, the gas and electricity tariffs should be shown separately with details provided on the additional components of the tariff.

k) l) Where a supplier offers a ‘green tariff’ the supplier must set out the credentials of the tariff. i.e. explain how the tariff is green and differs from its other tariffs.
Annex III

Audit of compliance with the Code of Practice on Disconnections – Main Findings and Requirements

- Suppliers’ internal systems and processes (e.g. configuration of IT and customer service system, Customer Care staff training, credit control policies) enabled compliance with the requirements of the Code of Practice on Disconnections.

- Suppliers were aware of the requirement to engage with certain third parties nominated by customers facing financial difficulties to act on their behalf when dealing with arrears (i.e. MABS or recognised charities). However, based on direct discussions with suppliers during site visits, the CER is of the view that suppliers’ customer care staff’s awareness of this requirement could be increased.

- A supplier was found to use a Final Disconnection Notice which did not include the minimum information as stated in the Code.

- A small number of disconnections were requested by suppliers with exclusive prepayment business model. These disconnections were requested on the assumption either that the premises were vacant or subject to fraudulent consumption. The CER noted that prepayment suppliers made reasonable efforts (i.e. written communications including letters and SMS text messages) to engage with customers at premises assumed vacant or suspected of fraud prior to lodging a request for disconnection.

- Suppliers adopt different approaches as to the treatment of dual fuel customers in terms of account set up, with some suppliers operating a single balance while others operating two separate accounts. The CER is satisfied that the information related to allocation of payments provided by suppliers to dual fuel customers by way of bills is understandable and transparent. However, the CER considers that suppliers should provide more details as to how payments are allocated in the Terms and Conditions of the dual fuel product, as well as in the marketing communications used to introduce the dual fuel offer so as to avoid ambiguity (i.e. website, leaflets, welcome pack).
Suppliers notify their customers of debt/credit transfers between accounts held by the same customer at different addresses in their Terms and Conditions of Supply. However, with regard to transfer of debt between fuel accounts held by the same customer at the same address where the customers switches to another supplier only for one fuel, the CER found that suppliers’ Terms and Conditions of Supply do not include information about the transfer of debt in this situation.

Suppliers seek customer’s consent that the proposed payment plan is manageable.

Based on these findings, the CER has issued the following requirements:

- The CER has requested suppliers to ensure that their staff and agents are aware that a customer facing financial difficulty is entitled to nominate a recognised third party (i.e. MABS, recognised charity) to deal with their energy account on their behalf
- The CER engaged with the relevant supplier to ensure that the Disconnection Notice includes, at minimum, the information stipulated in the Code of Practice for Disconnections. The relevant supplier rectified the matter within the time line set out by the CER.
- The CER has asked suppliers that appropriate engagement with customers is maintained and notifications continue to be sent to premises assumed vacant or in cases of suspected tampering with the budget controllers prior to a request for disconnection.
- The CER has requested suppliers to review their current Terms and Conditions of Supply for dual fuel products with a view to increasing the level of detail regarding allocation of payments for dual fuel accounts. The CER has further requested suppliers to ensure that clear and transparent information regarding allocation of payments for dual fuel accounts is included in marketing materials used to advertise such products (i.e. website, advertising brochures, welcome packs). The CER has requested suppliers to review their current Terms and Conditions of Supply for dual fuel products with a view to increasing the level of detail regarding allocation of payments for dual fuel accounts. The CER has further requested suppliers to ensure that clear and transparent information regarding allocation of payments for dual fuel accounts is included in marketing materials used to advertise such products (i.e. website, advertising brochures, welcome packs). The CER has requested suppliers to review their current Terms and Conditions of Supply for dual fuel products with a view to increasing the level of detail regarding allocation of payments for dual fuel accounts. The CER has further requested suppliers to ensure that clear and transparent information regarding allocation of payments for dual fuel accounts is included in marketing materials used to advertise such products (i.e. website, advertising brochures, welcome packs).
transparent information regarding allocation of payments for dual fuel accounts is included in marketing means used to advertise such products (i.e. website, advertising brochures, welcome packs). The CER instructed suppliers to ensure that customers’ consent that repayment arrangements are manageable is obtained prior to initiating the payment plan.
Annex IV

Audit of compliance with the Code of Practice on Disconnections – Main Findings and Requirements

The main findings of the audit of compliance with the Code of Practice on Marketing and Sign Up are summarised below:

- Suppliers have implemented systems and procedures aimed at governing the supplier-agent relationship, consisting mainly of procedures for training/re-training and certifying sales representatives, quality audits and communication and reporting structures. Some suppliers’ processes also include testing of field sales representatives prior to certification. Suppliers use quality audits to monitor agents’ performance and compliance with marketing requirements established by the CER. These audits include field observations, quality calls to customers signed-up via third parties, monitoring of complaints and cancellations of sign-ups, listening in to recorded telesales conversations.

- Suppliers enter into arrangements with third parties (i.e. sales agents, website providers) as part of their customer acquisition strategies. Suppliers’ engagement with website providers includes CER accredited price comparison websites (i.e. Bonkers.ie and USwitch.ie) and third parties who do not hold a CER accreditation (i.e. companies facilitating group switching). Suppliers have adopted different approaches in their dealings with sales agents, reflected in various aspects of their relationship, such as training practise and compliance monitoring policies. The CER further notes that suppliers apply individual interpretations to certain terms contained in the Marketing and Sign Up Code (i.e. the term “agent”).

- Suppliers have implemented internal processes, including IT systems and staff training, to ensure compliance with the requirements of the Marketing and Sign-Up Code for customer contact. These processes provide “opt-out” options for customers who do not wish to be contacted for marketing purposes while ensuring that such customers are not excluded from receiving information on safety campaigns.

- Suppliers’ internal reporting structure and organisational chart are conducive of compliance with the requirements of the code under this heading.
• The language used by some suppliers to advertise savings or discounts may be subject to different interpretations.

• Some suppliers do not display all publically available energy tariffs for domestic customers on their website (i.e. PAYG tariffs, exclusive deals with third parties). In this context, suppliers apply different meanings to the term “publically available”.

• All field sales representatives are instructed to leave the “doorstep checklist” with the customer upon completion of the sign-up process. The content of the “doorstep checklist” used by field sales representatives is in line with the requirements set out by the Marketing and Sign-Up Code.

• Field sales representatives use Customer Agreement Forms (CAF) in either paper format or electronic format (i.e. hand held terminals). The configuration of the hand held terminals enables compliance with the requirements of the Marketing and Sign-Up Code.

• Instances of non-compliance were found in some CAFs and transcripts of sign-up telephone calls between customers and tele sales representatives.

• Some suppliers conduct “win back” and “customer retention” advertising campaigns, as part of their wider customer acquisition strategy, which includes contacting customers who have indicated that they intend to switch to another supplier to offer discounted tariffs

Based on these findings the CER has issued the following requirements:

• The CER requires suppliers to ensure that any arrangements entered into with third parties for customer acquisition purposes comply with the requirements of the Supplier’s Handbook relevant to the nature and intent of these arrangements.

• The CER requires that all publically available tariffs be displayed by suppliers on website. The CER has engaged with the relevant suppliers in order to remedy the matter and ensure that all tariffs, including PAYG tariffs are displayed on the designated tariff page.

• The CER has instructed suppliers to ensure that the information presented on all advertisements (i.e. radio / TV ads, brochures, leaflets etc.) is unambiguous, transparent and easy to understand.
Suppliers were instructed to amend the CAFs and review their current training processes to ensure that staff and agents use the appropriate terminology for energy price components.

The CER requires suppliers to ensure that all marketing practices used by suppliers to retain outgoing customers or win back previous customers, including but not limited to communications by letter or electronic means, adhere to the relevant requirements of the Supplier’s Handbook.