



Leo Bonomo was promised a refund by EDF Energy but was then sent a massive bill

# Energy firms continue to fail customers

It seemed life was looking up for Leo Bonomo when his gas supplier told him it would refund him £2,100 in over-payments. But after waiting most of 2005 for the money, he received another letter saying he owed £3,200.

EDF Energy said he'd have to pay £700 each quarter due to his high usage. Leo said: 'I live in a three-bedroomed house with a loft conversion, not an industrial estate.'

Throughout this period Leo had given meter readings to EDF Energy so he was baffled by the news. He pleaded with the supplier to check his meter and finally, in June this year, his quarterly payment was reduced to £200, with a 25 per cent discount off his next bill.

EDF told us it 'unreservedly apologised' and that the problem was due to 'human error' and because Leo had had only three official meter readings in five years.

**'I live in a three-bedroomed house, not an industrial estate'**

Complaints like these about incorrect gas and electricity bill estimates, misread meters, inaccurate and confusing bills, infrequent meter readings and mistakes made by suppliers when customers switch continue to fill our postbag a year after energy regulator Ofgem told suppliers to 'put their house in order'.

## Energywatch complains

More than a year ago Energywatch, the electricity and gas watchdog, filed an official complaint with Ofgem about poor billing by the six big suppliers – British Gas, EDF Energy, Npower, Powergen, Scottish Power, and Scottish and Southern Energy.

Energywatch claimed that consumers lacked confidence in the accuracy and clarity of bills and this meant they couldn't easily regulate their own usage or compare prices between suppliers.

More than a year ago watchdog Energywatch demanded energy suppliers put an end to inaccurate and confusing electricity and gas bills. They've made changes, but these aren't enough

With the fuel price hikes this summer by suppliers such as British Gas, EDF Energy and Scottish Power, price transparency is key for people wanting the cheapest deals.

When it came to disputes, Energywatch said customers were in a weak position as it was the customer's word against the supplier's. It added that suppliers could send bills when they liked, threaten disconnection and block people from switching until a dispute was resolved.

The response from Ofgem to this complaint was clear. Ofgem's Chief Executive

Alistair Buchanan told the industry it had 'a year to put its house in order – or risk facing regulatory action'.

As a result, energy suppliers brought in reforms this summer. They have set up an independent disputes body, the Energy Supply Ombudsman, and will introduce a code of practice to promote accurate bills. From this July, if you haven't received a bill for energy supplied more than two years ago you won't be charged for it. That reduces to one year from July 2007. Customer contracts have also been amended so that only undisputed parts of a demand for payment need to be paid.

### No obvious improvement

Despite these changes, the reforms don't address the underlying problems that give rise to complaints in the first place. Account disputes still form the majority of complaints received by Energywatch: 'Companies have had a year since the Ofgem report, but we haven't seen much evidence of companies sending clearer and more accurate bills,' said Georgina Walsh of Energywatch.

A new *Which?* survey shows that billing remains a problem, with 30 per cent of people saying they believe their gas and electricity accounts are very or fairly inaccurate – a figure that's risen since Energywatch asked the same question three years ago.

In July, when we interviewed 1,002 adults, we also found that one in eight customers (around 2.5 million people) found their most recent gas bill difficult to understand. A similar number said they hadn't had their meter read in the last two years.

The complexity of bills remains a problem. We've found, for example, that often the date of the last meter reading is not printed on the main page of bills. Yet despite promises of improved billing, the energy industry has refused to participate in the development of a national standard for bills, developed by the British Standards Institution and *Which?*, and designed to standardise bills from all suppliers so that they are clear, simple and easier to compare.

The industry's new code of practice on accurate bills still does not include a standard on how a complaint should be han-

dled, or explain properly the point at which customers should take a complaint to the Energy Supply Ombudsman. You can only take a complaint to the ombudsman after three months of wrangling with your supplier. That's a time lag that is likely to put off many complainants.

But the industry disputes these criticisms. Russell Hamblin-Boone from energy industry trade body, the Energy Retail Association, defended the suppliers' record: 'The time to judge is when the Energy Supply Ombudsman has been in place a year.'

### Looking forward

One hope for the future is more sophisticated meters, known as smart meters. The simplest of these will tell you the cost of the energy you have used to date. Unfortunately, the industry is stuck debating how to share out the costs of installation.

The real hope at present is that the new ombudsman scheme will mean the true level of billing complaints will become apparent. We're hopeful that the scheme will operate successfully, and we'd be interested to hear your experiences of using it.

**'We haven't seen much evidence of companies sending clearer and more accurate bills'**



JANE WEBB CONTACTS US AFTER SHE HADN'T A READING FOR FOUR YEARS

#### Jane Webb *personal assistant*

Jane Webb contacted us because she hadn't had an actual electricity reading from Powergen for nearly four years. When she told Powergen she was switching to British Gas someone turned up to read her meter. Powergen had underestimated her usage by £1,200 and, following our intervention, it apologised to Jane and waived the outstanding balance.

## Checklist

### Challenging a bill

If you dispute a bill or face problems switching your account, first take it up with your supplier. Energywatch can offer you advice.

After three months, or sooner if you simply can't agree, take your complaint to Elizabeth France, the Energy Supply Ombudsman. Energywatch can offer advice on how to make a complaint and can help you through the process.

It will usually take up to six weeks for the ombudsman to make a decision on a case, which is binding on the supplier. The ombudsman can't fine energy companies but can make them reimburse customers for inconvenience.

### How to get accurate bills

Your meter must be read every two years. Note the date of your last formal reading and remind your supplier if a new one is due.

Supply regular readings yourself to help make your direct debit more accurate.

Check your supplier's policy for overpayments. Every 12 months British Gas will automatically refund customers if they have overpaid by more than £50. With EDF it's £150. Some suppliers don't give refunds if you've overpaid but reduce future direct debit payments instead.

If you are thinking of switching supplier, make sure the quoted new monthly direct debit is based on actual readings, not estimates. Your new supplier may not have details of your usage and could be underestimating the true cost of your bills when it quotes.

If you want the accuracy of your meter tested, contact your supplier. British Gas charges a fee for this but it's refunded if the meter is faulty.

## Contacts

Energy Supply Ombudsman 01925 530263; [www.energy-ombudsman.org.uk](http://www.energy-ombudsman.org.uk)  
Energywatch 08459 06 07 08  
[www.energywatch.org.uk](http://www.energywatch.org.uk)