

Res ONLINE



ENERGY AND WATER
OMBUDSMAN
Victoria **Listen Assist Resolve**

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THE OMBUDSMAN'S VIEW

Re-emergence of energy marketing issues

Between 2013 and 2015, complaints to EWOV about energy marketing and related account transfer issues decreased markedly. This welcome development coincided with a shift away from door-to-door sales and telephone marketing by some larger energy retailers, following scrutiny of these practices by regulators and consumer groups.

However, EWOV's recent case handling is highlighting energy marketing issues which are particularly concerning and which suggest that energy mis-selling is still occurring among some smaller energy retailers.

The '[issues watch](#)' feature in this *Res Online* highlights recent systemic energy marketing issues we've identified in EWOV's case handling. It also summarises customer rights and retailer responsibilities when it comes to energy marketing and switching retailer.

Other case studies in this issue

- [Owner unaware of water metering configuration \(billing\)](#)
- [Default-listing after account changes \(credit\)](#)
- [Big differences in quotes raises questions \(provision\)](#)

Affordability Report

In our latest quarterly *Affordability Report*, released in June 2018, we draw on our analysis of the rate of EWOV credit cases in different municipalities to highlight Victoria's affordability 'hotspots'. The results show that these 'hotspots' are in relatively disadvantaged areas, many in rural and regional Victoria. [Read it here](#)



Cynthia Gebert
Energy and Water Ombudsman (Victoria)

If you have any feedback about *Res Online*, please contact Janine Rayner, EWOV's Communications and Policy Manager at: janine.rayner@ewov.com.au.

A handwritten signature in black ink, appearing to read 'Cynthia Gebert' followed by a stylized flourish.

Cynthia Gebert

Energy and Water Ombudsman (Victoria)

THE BIG PICTURE

APRIL - JUNE 2018

Compared to last quarter:

CASES
▼ 2%

ENQUIRIES
▲ 19%

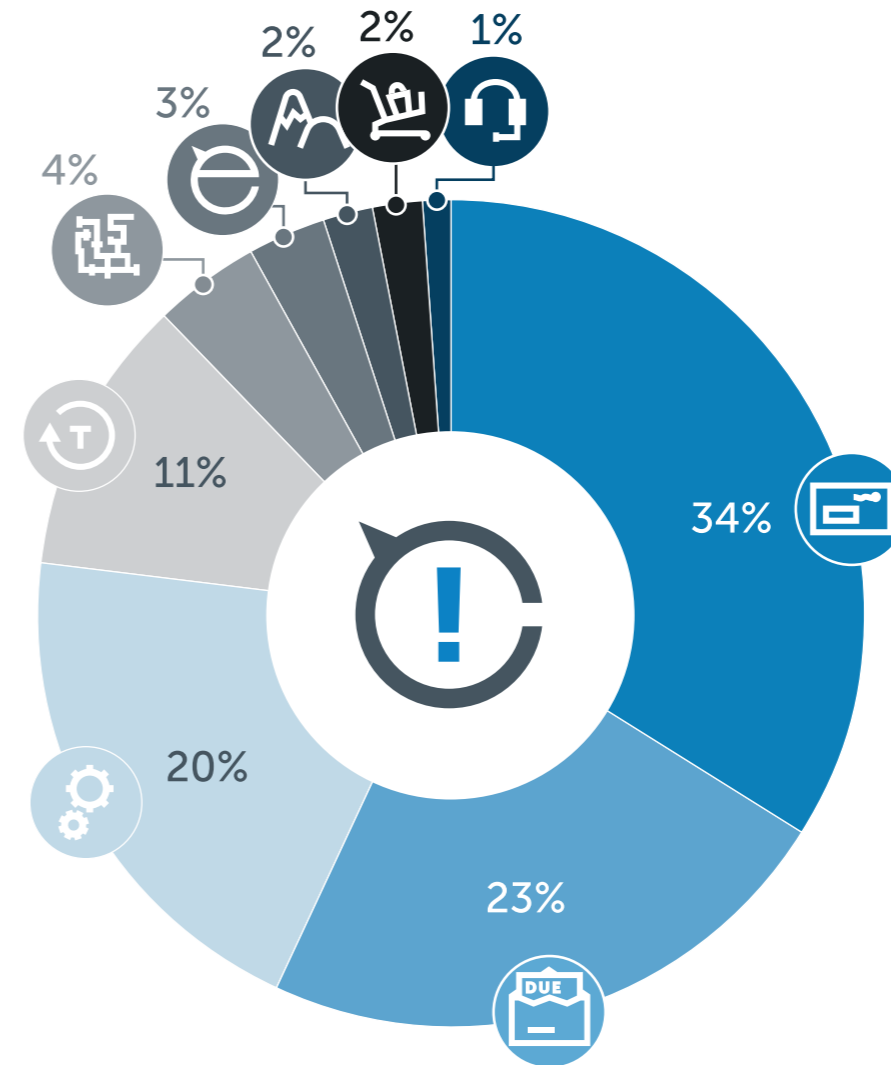
UNASSISTED REFERRALS
▼ 2%

ASSISTED REFERRALS
▼ 4%

INVESTIGATIONS
▲ 2%



The issues customers complained about



Compared to last quarter:

BILLING
2,925 cases
▼ 6%

CREDIT
1,982 cases
▼ 4%

PROVISION
1,737 cases
▲ 23%

TRANSFER
979 cases
▼ 15%

SUPPLY
307 cases
▼ 26%

GENERAL ENQUIRY
255 cases
▲ 12%

LAND
211 cases
▲ 34%

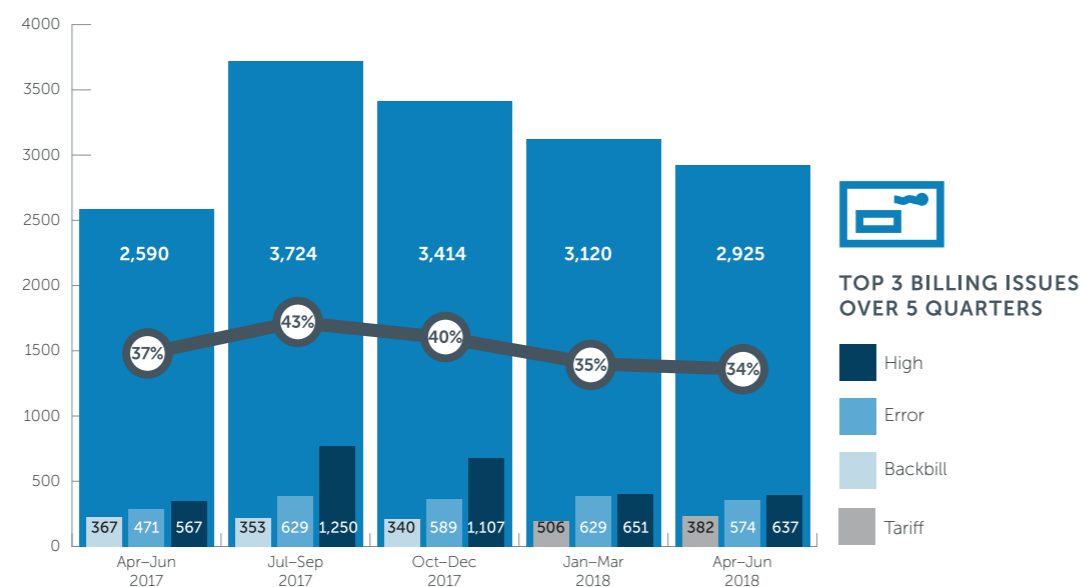
MARKETING
147 cases
▲ 21%

CUSTOMER SERVICE
123 cases
▼ 41%

PRIVACY
24 cases
▲ 100%

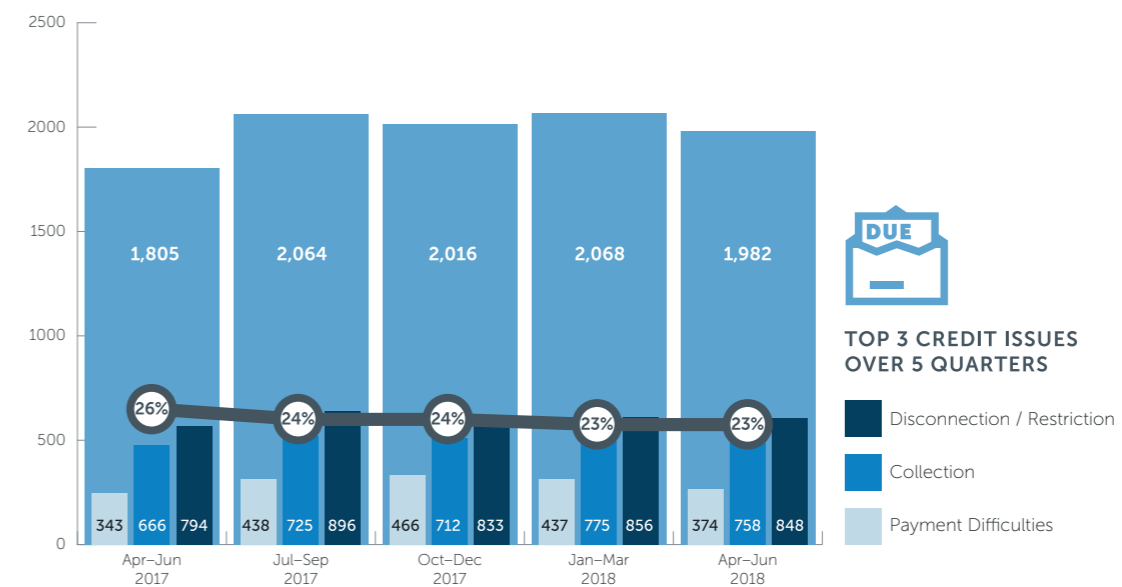
Billing cases

Number of Billing cases % of overall cases



Credit cases

Number of Credit cases % of overall cases




ISSUES WATCH:

Marketing-related systemic issues

EWOV's identification and reporting of systemic issues plays an important part in reducing the potential for problems or practices to affect more customers. Our recent casework has highlighted several systemic issues related to energy marketing practices. With a view to curtailing the impact of these practices on customers, the Ombudsman has written to the Australian Competition and Consumer Commission (ACCC).

The issues have arisen in both door-to-door and telephone sales, with customers complaining of misleading and high-pressure sales tactics and transfer of their account to a different energy retailer without their consent:



"I think the message is really that, despite the decrease in complaint volumes over the past few years, there are issues that come to us that are particularly concerning. I'd like to remind customers of their rights and retailers of their responsibilities."

- Over 2016 and 2017, EWOV received 15 complaints from customers complaining that they'd received an excessive number of telephone sales calls from a small retailer. The retailer's explanation was that this was the result of poor practices by two different sales companies it had engaged, and the practices were subsequently stopped. (SI/2016/50)
- Over 2016 and 2017, 17 customers complained about a small retailer's misleading door-to-door marketing and related transfers without consent. The retailer's explanation was that the complaints related to conduct by multiple sales companies. It said one sales agent was dismissed and agents were retrained. (SI/2016/72)
- In early 2018, several customers complained about transfers without consent following telephone marketing calls from a small retailer. The retailer's explanation was that its sales company had obtained explicit informed consent, but some customers seemed to be unaware they were agreeing to transfer. It said it had since modified the consent procedure to include a customer ID check, which would make it clearer that the customer was agreeing to a transfer. (SI/2018/15)

EWOV is currently investigating a potential systemic issue (SI/2018/26) relating to door-to-door sales. A different small retailer's practices have prompted a customer complaint about transfer without consent.

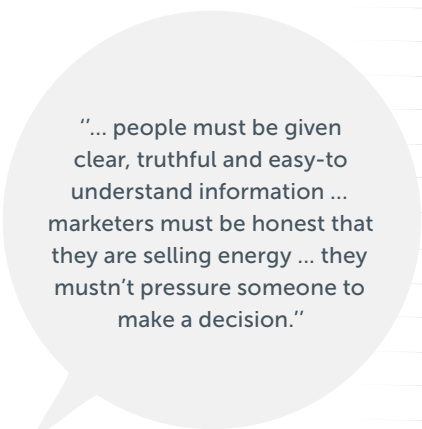
A reminder of rights and responsibilities

While the *Energy Retail Code* places some specific obligations on energy retailers around provision of information to customers and energy marketing activities, it's not the only source of marketing obligations. Other codes and laws setting out the rules that energy retailers and their sales representatives must follow include the *Australian Consumer Law*, the Australian Communications and Media Authority (ACMA)'s *Do Not Call Register*, and the *Telecommunications (Do Not Call) (Telemarketing and Research Calls) Industry Standard 2017*.

The *Australian Consumer Law* provides that people must be given clear, truthful and easy-to-understand information. Marketers must be honest that they're selling energy. They mustn't let the person think they're calling from their current energy retailer or distributor, or from the government. They mustn't pressure someone to make a decision. If someone says 'yes' to a sales representative at their door, they must be given the contract terms and conditions then and there. If they say 'yes' over the phone, the terms and conditions must be sent to them as soon as possible.

Consent to switch to another energy retailer must be explicit (a conscious decision) and informed (the person knows what they're agreeing to). It must also be shown by the person's signature on a contract (door-to-door sales) or a voice recording (phone sales) and kept by the energy retailer. There is a cooling-off period of 10 business days starting from the day after the person agreed to and signed the contract, or received the contract information. Within this time, the contract can be cancelled without penalty.

This information is summarised in EWOV's [Energy marketing](#) (information about door-to-door and telephone energy marketing) fact sheet.



"... people must be given clear, truthful and easy-to-understand information ... marketers must be honest that they are selling energy ... they mustn't pressure someone to make a decision."



Customer story: Pressure sales

Telemarketing; aggressive and persistent sales representative

Case number: 2017/21347

Ms T was distressed after a telephone marketing call from an energy retailer's sales representative. She said she was aggressively pressured into a contract for electricity and gas, even though she said she wasn't interested and was happy with her current retailer. She said the salesperson persisted, insisting she should change retailer.

We registered Ms T's complaint as an Assisted Referral and facilitated contact with her by a higher-level contact within the energy retailer. She returned to EWOV saying the retailer hadn't contacted her as part of the Assisted Referral process, so we opened an Investigation.

Responding to EWOV's Investigation, the retailer apologised for what it assessed as inappropriate behaviour on the part of the sales representative. It said it had reviewed the recording of the call to Ms T and agreed that the representative had acted aggressively, hadn't listened to her and had pressured her into a contract. The retailer said its sales agent had since put the salesperson through a six-week training and coaching plan and had undertaken to closely monitor all his future sales. The retailer confirmed that no contract was in place.

The retailer added Ms T to its 'do not contact' list so that she wouldn't receive any more marketing calls. She was given a direct contact at the retailer should she have any further concerns. We also referred Ms T to the Australian Communications and Media Authority's *Do Not Call Register*, so she could list her phone number and opt out of receiving telemarketing calls generally.

Ms T was satisfied with this outcome. The complaint was closed.

Responding to EWOV's Investigation, the retailer apologised for what it assessed as inappropriate behaviour on the part of the sales representative.



Customer story: Transfer without consent

Telemarketing; customer requested information; found his account switched to a different retailer

Case number: 2017/25002

Mr B received a telemarketing call from an energy retailer. He said he didn't agree to switch, but he did ask for some written information so he could consider the offer. When he didn't receive anything, Mr B called the retailer to ask for the information again. The customer service representative who took the call told Mr B that he'd already signed up and his cooling-off period of ten days was about to expire. The same day, Mr B received a welcome pack via email. Mr B said he'd tried several times to get through to the retailer's call centre to cancel the transfer. When he couldn't get through, he contacted EWOV.

We registered Mr B's complaint as an Assisted Referral and facilitated contact with him by a higher-level contact within the energy retailer. He returned to EWOV saying he received a call and was assured a transfer back to his original retailer would be arranged. However, the same day he received an email stating that a payment would be required. He rang the retailer again. This time he was assured the transfer back would be arranged by mid-November 2017. When that didn't happen, Mr B recontacted EWOV and we opened an Investigation.

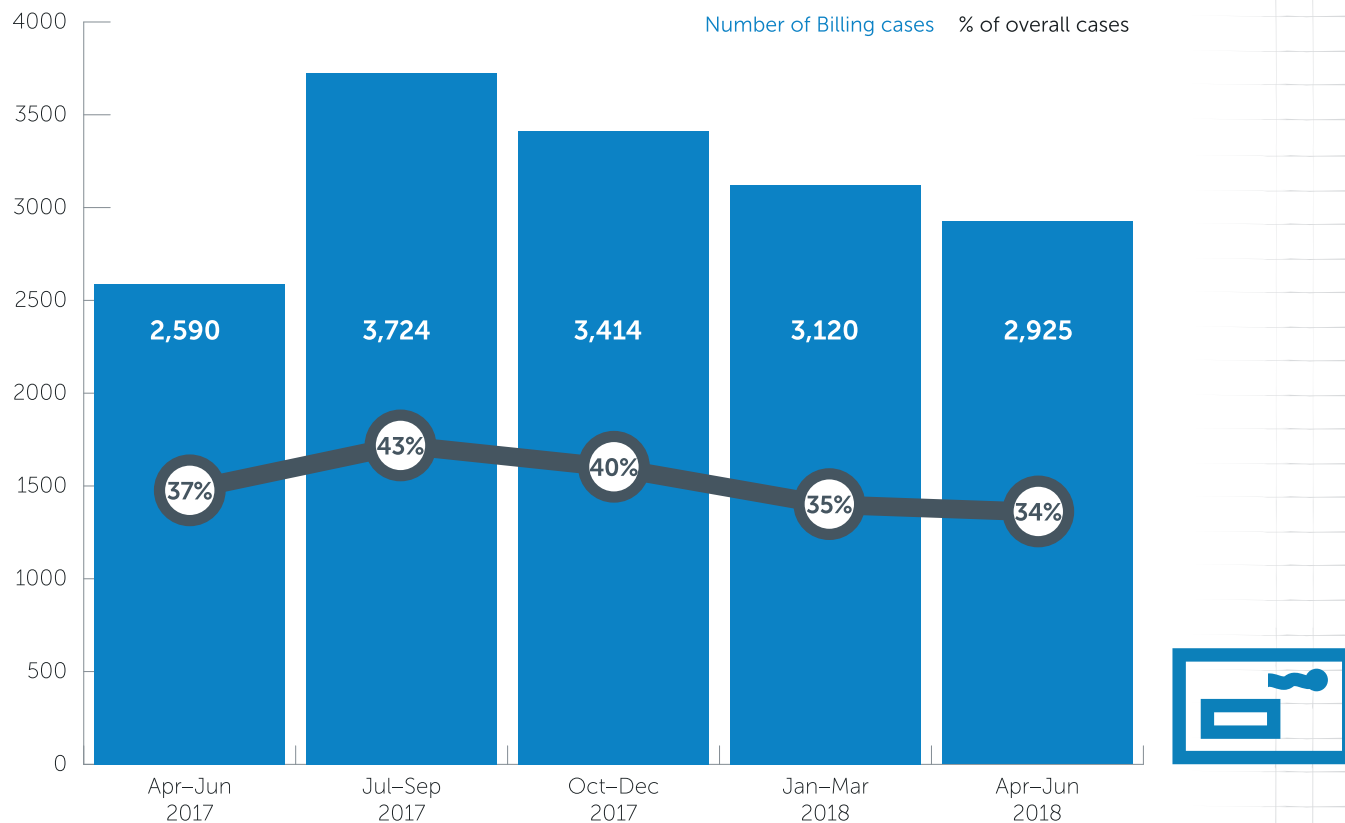
Responding to EWOV's Investigation, the retailer acknowledged that it had obtained the billing rights to Mr B's property incorrectly. It arranged a retrospective transfer back to his original retailer and confirmed that he wouldn't be billed. To make sure he wouldn't receive any more marketing calls from it, the retailer put Mr B on its 'do not call' list. It also provided a \$50 customer service payment via credit card in recognition of the inconvenience the transfer without consent had caused.

Mr B was satisfied with this outcome. The complaint was closed.

To make sure he wouldn't receive any more marketing calls from it, the retailer put Mr B on its 'do not call' list.

BILLING

FIGURE 1
Billing cases

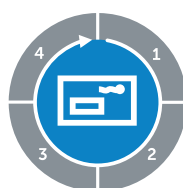


COMPARED TO
LAST QUARTER

BILLING CASES



6%



COMPARED TO
THIS TIME LAST YEAR

BILLING CASES



13%



Billing Case Study: Owner unaware of water meter configuration

Home owner; billing concerns; unusual water metering arrangement; undetected leak

Case number: 2017/28246

Mr L received a \$31.72 bill for the 'master water meter' at a group of four properties. Querying it with the water corporation, he was told it was to be split among the four owners. He learnt that the builder had asked for a 'master' meter to be installed, with four 'check' meters (one for each property). Any excess between the meters was to be billed to the owners' corporation. Mr L complained that he wasn't ever told about the master meter and the billing hadn't been explained to him. He also maintained there was no owners' corporation for the property.

We registered Mr L's complaint as an Assisted Referral and facilitated contact with him by a higher-level contact within the water corporation. He returned to EWOV dissatisfied with the water corporation's response.

Responding to EWOV's Investigation, the water corporation explained the situation in more detail.

It said that a master meter supplied water to the four properties. The configuration had been requested by the builder because connecting all four properties was impractical. If the master meter was removed, the owners would have to pay for and install their own separate tapplings, which would be very expensive. In line with the Water Act, the water corporation said it was billing the owners' corporation for any master meter usage above the combined usage from the check meters. The Water Act also provides that if the owners are unable to reach an agreement, the water corporation may distribute the excess charges equally between the four properties. Supporting its position, the water corporation provided usage data, which showed no extra usage on the master meter from 2014 until mid-2017 (the last three quarters). It also provided documentation that showed there was in fact an owners' corporation for the four properties.

We requested account, billing and metering information. We checked the legislation and confirmed that the water corporation's billing complied with legal requirements. We asked Mr L to conduct a leak test, but he said that had already been done some months ago and no problem was found. We arranged for a special meter reading through the water corporation. This showed 160 KL on the check meters and 312 KL on the master meter, a difference of 152 KL or 2,111 litres a day.

The water corporation suggested two possibilities — a rapidly worsening leak, or that plumbing work in one property had made a connection to the line between the master meter and the check meter. It provided us with a photograph showing a wet patch of ground (and a possible leak) at the property. A leak was subsequently found and repaired.

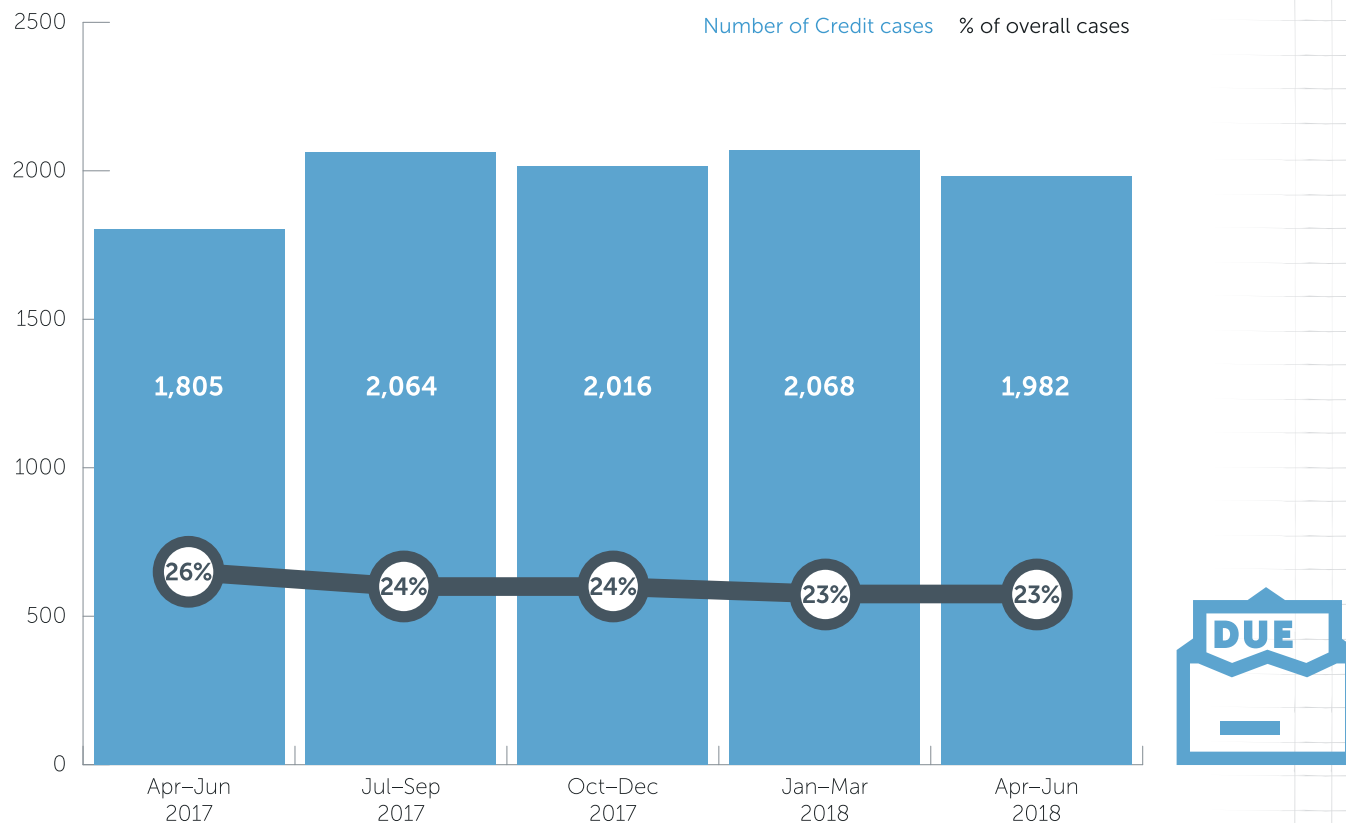
Once the leak was repaired, the water corporation applied a leak allowance of 50% of the extra usage over the two most recent quarters (\$467.92 extra usage reduced by a \$233.96 credit). It also applied a \$50 customer service credit. It said it would continue to bill the owners' corporation for extra usage, but each owner could be billed 25% of the excess individually if they agreed to this in writing.

Mr N was satisfied with the outcome and the case was closed.

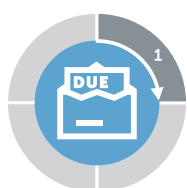
The builder had asked for a 'master meter' to be installed, with four 'check meters' (one for each property). Any excess between the meters was to be billed to the owners' corporation.

CREDIT

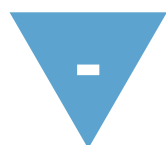
FIGURE 2
Credit cases



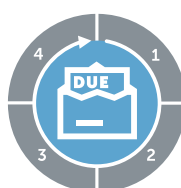
Note: The disconnection data in this report does not include LPG Deliveries Stopped cases.



COMPARED TO
LAST QUARTER
CREDIT CASES



4%



COMPARED TO
THIS TIME LAST YEAR
CREDIT CASES



10%



Credit Case Study: Default-listing after account changes

Home owner; disputed listing of a default; change of account details not processed correctly

Case numbers: 2018/11009

Mr D said that he rang his electricity retailer in January 2018 to pay and update his account. He called again in early March 2018 to ask for copies of all outstanding bills. A few days later, he received an email saying he owed \$372.61. Mr D said he subsequently found that his account had been closed and he'd been default-listed for arrears of \$209.24. He said there had been no mention of the \$209.24 when he called the retailer.

We registered Mr D's complaint as an Assisted Referral and facilitated contact with him by a higher-level contact within the electricity retailer. Mr D returned to EWOV dissatisfied that the retailer wouldn't remove the listing.

Responding to EWOV's Investigation, the retailer said that it had followed all required processes before listing the default. It pointed specifically to the 'final overdue notice' emailed to Mr D in late January 2018, and the 'notice of intent to list a default' emailed in early March 2018. It maintained that, because the emails hadn't bounced, the listing process was followed correctly.

Mr D provided us with a copy of the email he received in early March. It showed he owed \$372.61. There was no mention of the \$209.24 or the default listing.

We requested detailed information from the retailer, including contact notes and copies of correspondence. Its call recordings showed that, in January 2018, Mr D had advised he hadn't been receiving bills because of an email change. During the call, he supplied his new email address and asked for his wife's name to be added to the account.

Instead of adding Mr D's wife's name to his existing account, the retailer closed the account and created a new one. Then, despite having Mr D's new email address, it sent the final bill for the closed account and the 'notice of the intention to list a default' to his old email address.

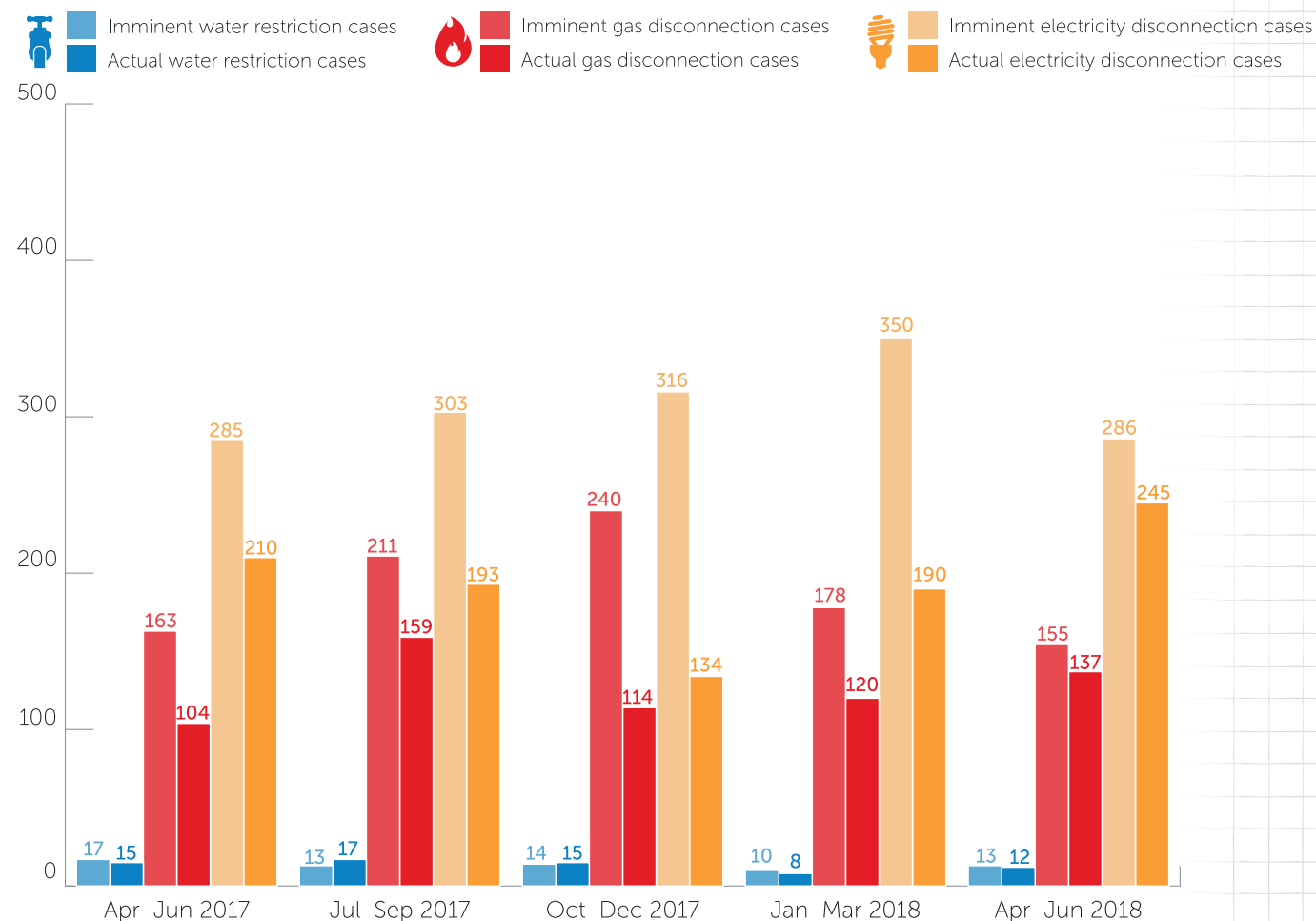
The electricity retailer apologised to Mr D. It confirmed it had requested removal of the default listing. It waived the arrears of \$209.24 in recognition of poor customer service.

Mr D accepted this outcome. The complaint was closed.

... despite having Mr D's new email address, the retailer sent the final bill for the closed account and the 'notice of the intention to list a default' to his old email address.

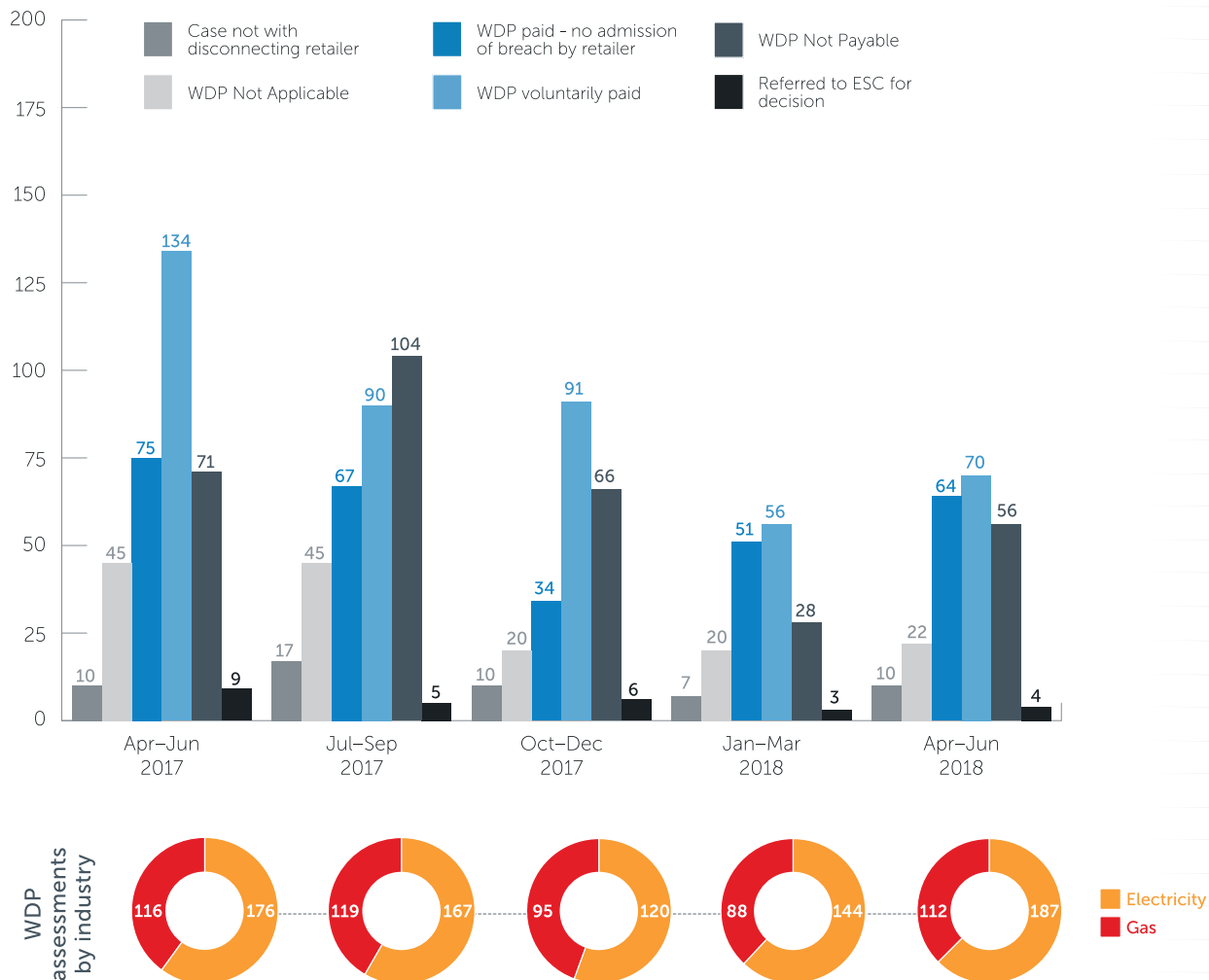
FIGURE 3

Credit-related disconnection and restriction cases



Note: The disconnection data in this report does not include LPG Deliveries Stopped cases.

FIGURE 4
WDP outcomes

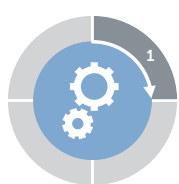
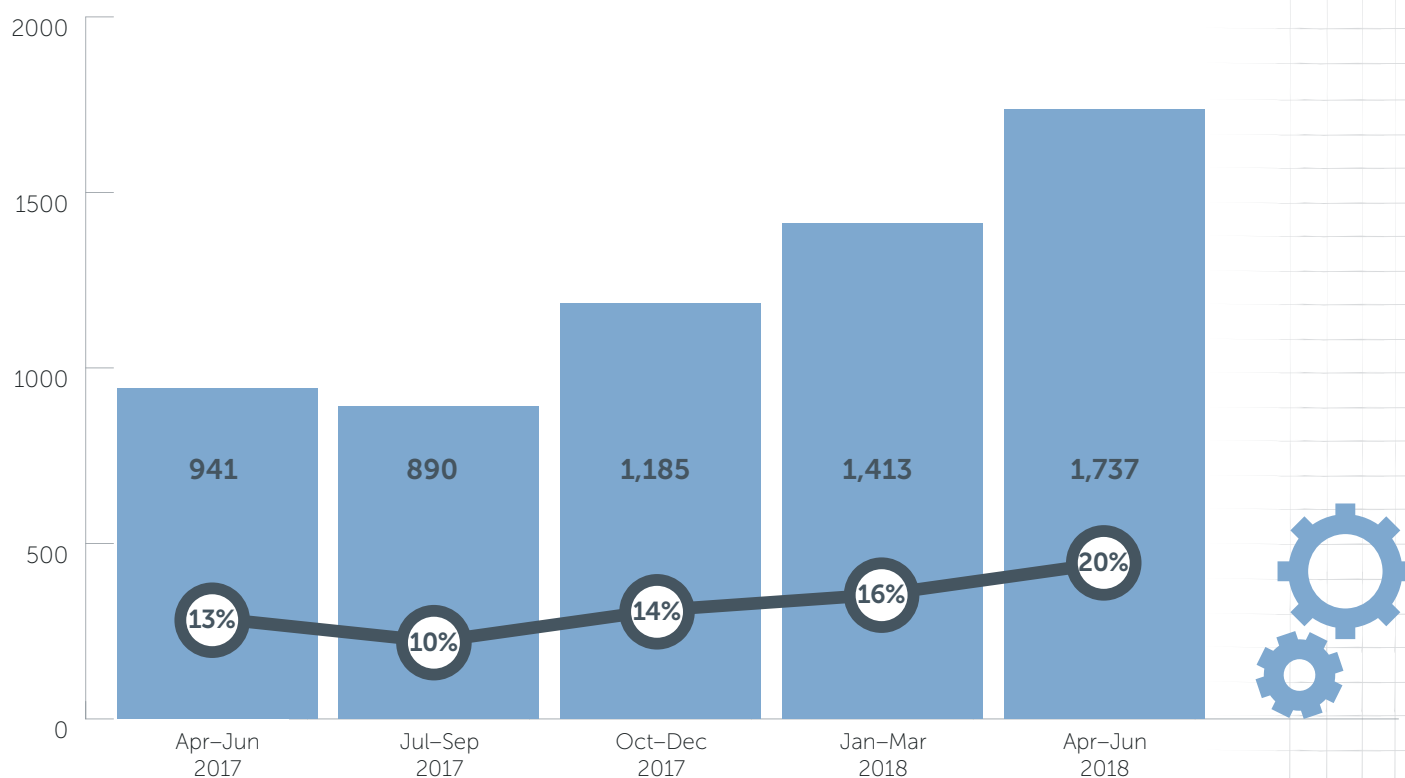


PROVISION

FIGURE 5

Provision cases

Number of Provision cases % of overall cases



COMPARED TO
LAST QUARTER

PROVISION CASES



23%



COMPARED TO
THIS TIME LAST YEAR

PROVISION CASES



85%



Provision Case Study: Big difference in quotes raises questions

Builder; significant increase in quotes for similar work; changes to regulated pricing

Case number: 2018/10466

Mr G complained about the difference in two quotes the local electricity distributor provided for similar pit installations at adjacent properties. In November 2017 he was quoted \$1,425.69. In April 2018, he was quoted \$6,886.70. When he queried the difference, all he could find out was that there had been a price increase.

We registered Mr G's complaint as an Assisted Referral and facilitated contact with him by a higher-level contact within the electricity distributor. The distributor made initial contact, but no one came back to Mr G with a proposed resolution. He returned to EWOV and we opened an Investigation. We explained to Mr G that EWOV cannot investigate the setting of prices, but we could check whether the charges matched the works done and seek an explanation for the quoting difference.

Responding to EWOV's Investigation, the distributor explained that its pricing for new connections is reviewed annually. In January 2018, a price change had been approved by the Australian Energy Regulator. However, it also said that in reviewing the quotes its compliance team found an error. The April 2018 quote didn't take account of a reduction in shared distribution costs. On that basis, it was reduced by \$1,053.95.

EWOV's Investigation determined that the difference between the two quotes could be attributed to the shared distribution network cost. This cost component had increased in January 2018 to include five components not previously included – sub-transmission lines, zone substation, high voltage feeder, distribution substation, and low voltage feeder. The change brought the distributor's pricing into line with the *National Electricity Rules*.

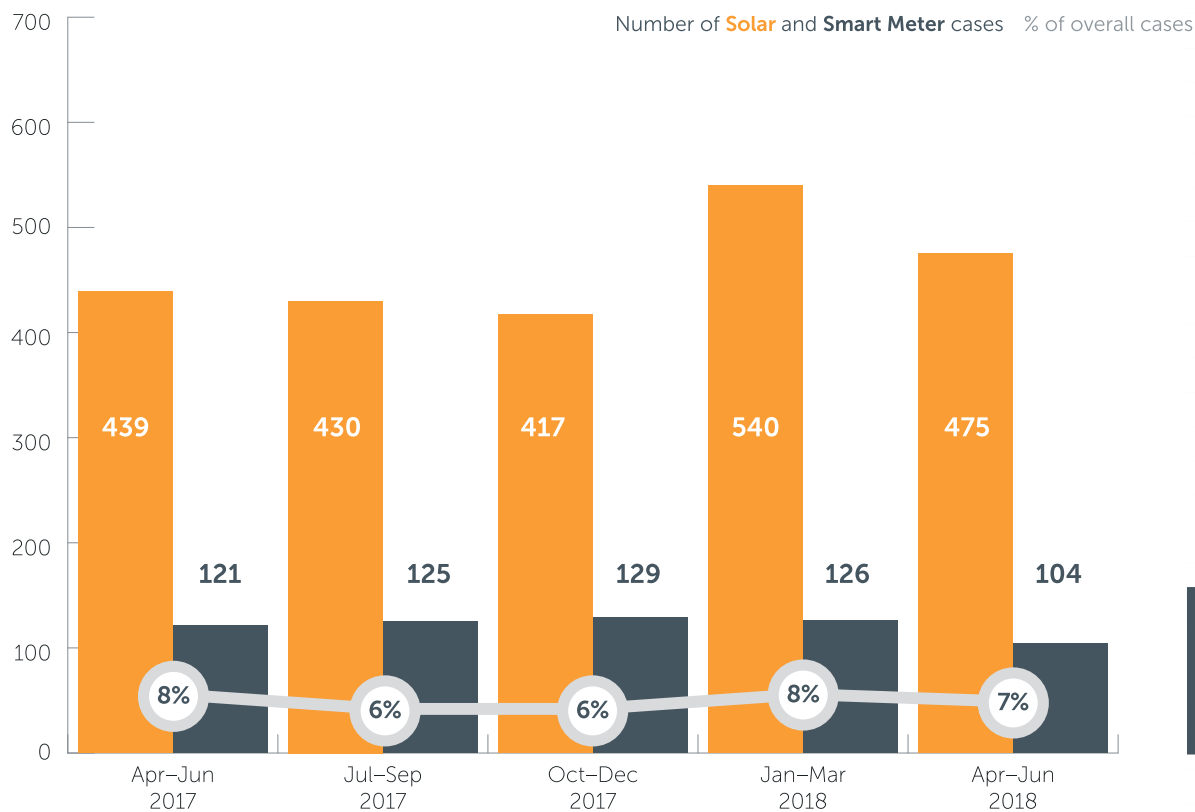
Since the work had been completed and payment made, the distributor refunded the \$1,053.95 difference between the two April 2018 quotes. It also provided a customer service payment of \$100. While Mr G remained unhappy about the large increase in costs between 2017 and 2018, he accepted that EWOV could not investigate the distributor's regulated pricing and accepted the resolution offer. The complaint was closed.

While Mr G remained unhappy about the large increase in costs between 2017 and 2018, he accepted that EWOV could not investigate the distributor's regulated pricing ...

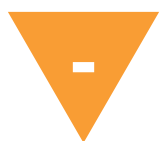
SOLAR AND SMART METERS

FIGURE 6

Solar and Smart Meter cases



COMPARED TO
LAST QUARTER
**SOLAR AND SMART
METER CASES**



13%



COMPARED TO
THIS TIME LAST YEAR
**SOLAR AND SMART
METER CASES**



3%



COMPARED TO
LAST QUARTER
SOLAR CASES



12%



COMPARED TO
THIS TIME LAST YEAR
SOLAR CASES



8%

Trends

Solar and Smart Meter cases (579 cases combined) made up 7% of all EWOV cases in the April to June 2018 quarter. In the January to March 2018 quarter it was 8%, and in the April to June 2017 quarter it was also 8%.

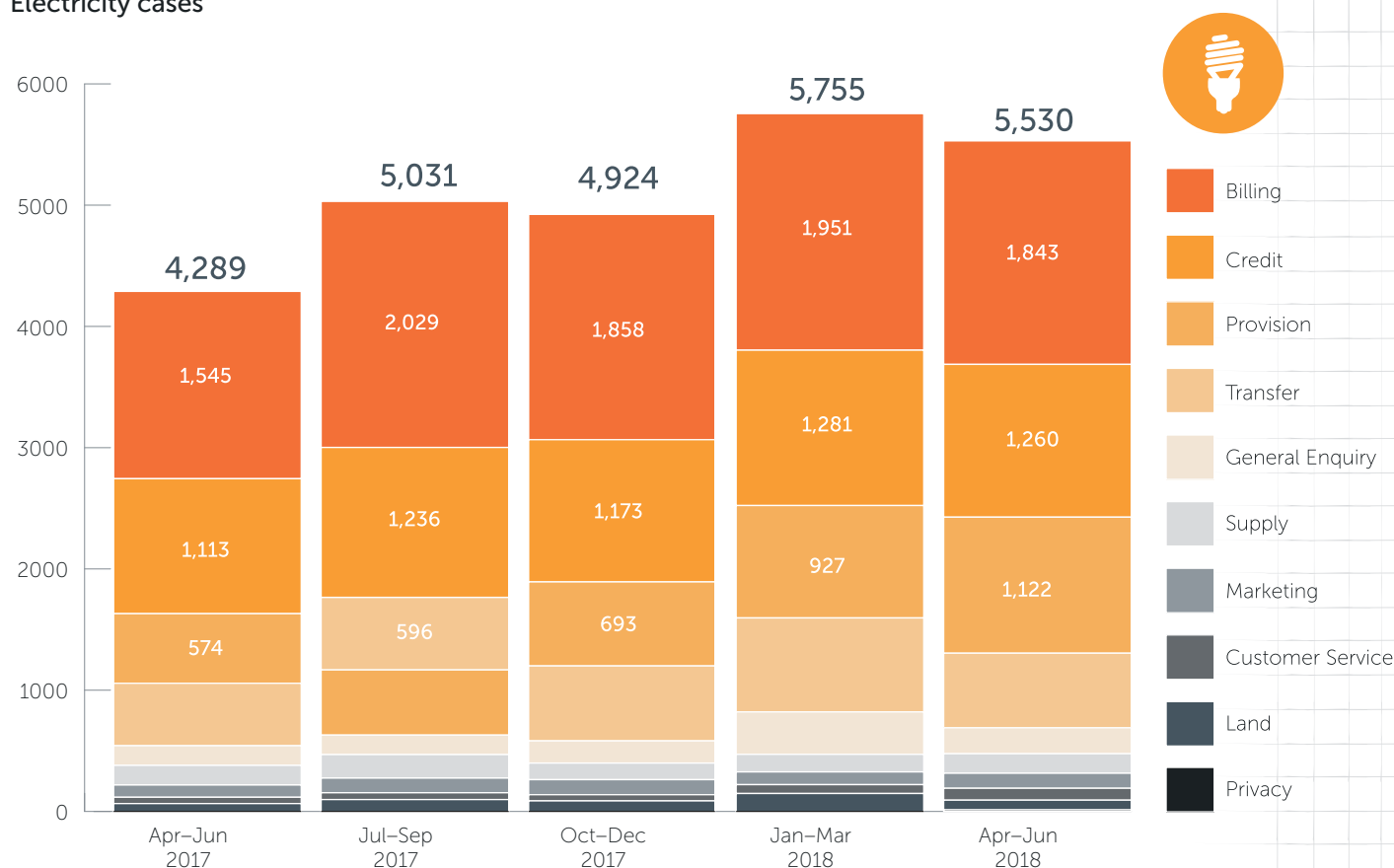
Solar cases (475) were down 12% compared to those for the January to March 2018 quarter, but up 8% against those in the April to June 2017 quarter. The most common solar issues continued to be provision at an existing connection and billing (tariff).

Smart Meter cases (104) were down 17% compared to those for the January to March 2018 quarter and down 14% against those in the April to June 2017 quarter. The most common Smart Meter issues were provision at an existing connection, billing (high), billing (tariff) and credit-related disconnection.

ELECTRICITY

FIGURE 7

Electricity cases



COMPARED TO
LAST QUARTER

**ELECTRICITY
CASES**



4%



COMPARED TO
THIS TIME LAST YEAR

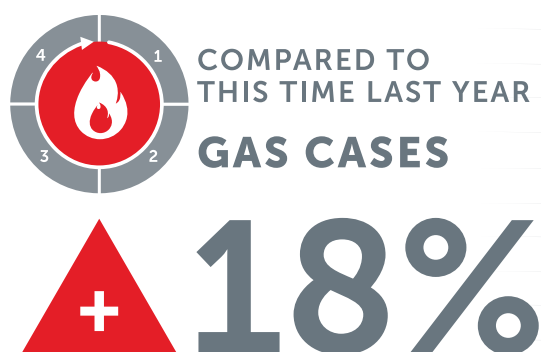
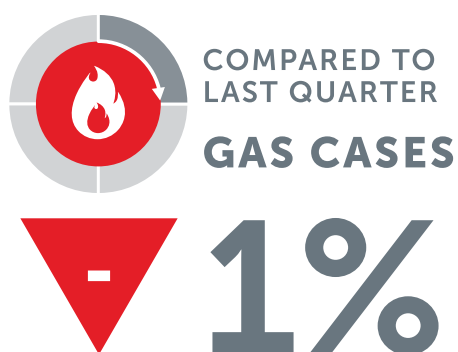
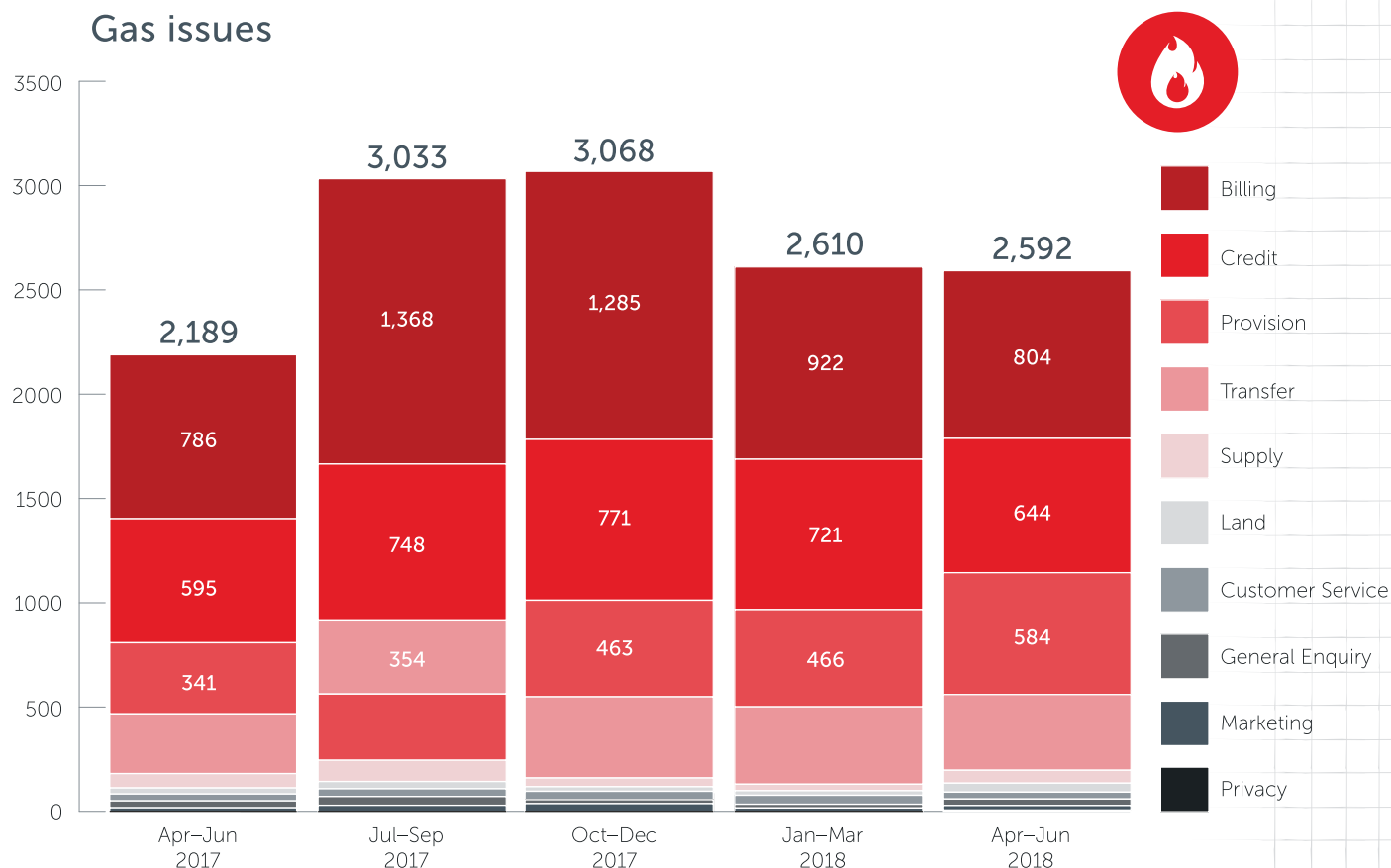
**ELECTRICITY
CASES**



29%

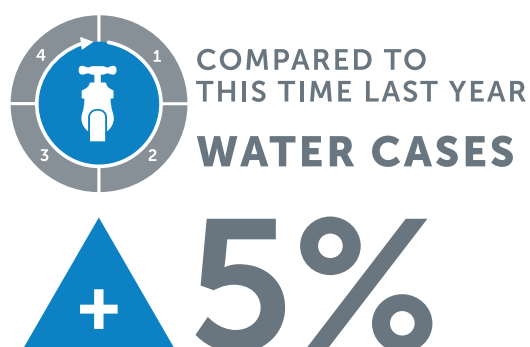
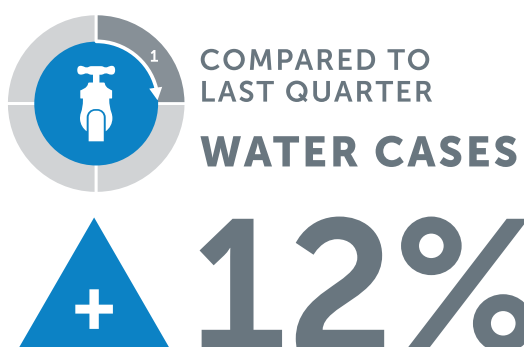
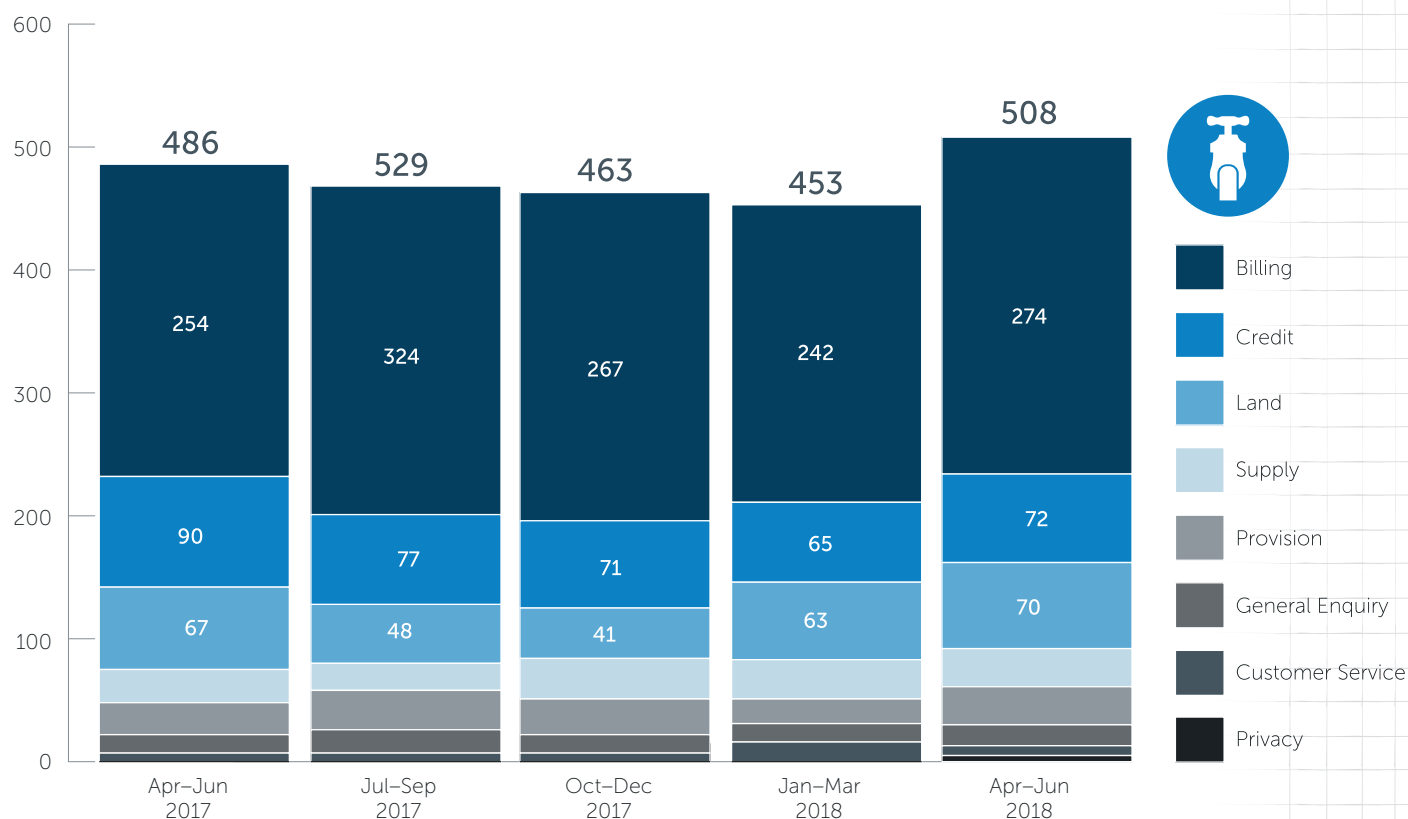
GAS

FIGURE 8
Gas cases



WATER

FIGURE 9
Water cases



SYSTEMIC ISSUES

Summary of systemic issue investigations opened and closed

April to June 2018

	Energy	Water	LPG
Open/Under Investigation	3	0	0
Closed	7	0	0

Note: Systemic issue investigations opened and closed during the above period that cannot yet be identified as being systemic haven't been included.

Systemic issues identified through EWOV's case handling

April to June 2018

ENERGY

Poor customer communications during unplanned outage event

During a weather-related unplanned outage in January 2018, around 14,000 customers were affected by problems with the local electricity distributor's website, faults and emergency lines, and notifications. The distributor acknowledged the problems. It said it was using what went wrong to help it plan for future events. This included making changes to its website and SMS messaging system. SI/2018/7

Transfer complaints follow telephony problems

An energy retailer linked a spike in transfer complaints to the systemic telephony issues EWOV had investigated previously (SI/2018/10). It said some customers had changed their mind about switching, and others didn't think they'd entered into a formal contract because they weren't asked for identification at sign-up. The retailer maintained that its sales company had obtained explicit informed consent for the account transfers, but some customers still seemed to be unaware they were agreeing to switch retailer. It said it had since modified its consent procedure to include a customer ID check, to make this clearer. SI/2018/15

Backbilling further than code allows

Through EWOV's case work, we identified that some customers had been backbilled for longer than allowed under the *Energy Retail Code*. The energy retailer advised that it had since changed its billing system processes to generate reports identifying bills for periods of over nine months. It now assesses whether a credit should be applied to reduce that billing to nine months. It said it had also updated the guidelines its employees follow in these cases. The retailer said it had provided affected customers with a credit of charges outside the billing time limit. SI/2016/74

Contract unclear on application of off-peak rates

EWOV's case work revealed that a customer had been billed on peak rates for all usage, despite an off-peak rate being listed on the welcome pack he was sent. The retailer responded that strict observance to network tariffs is not mandatory. It said that, under the *Energy Retail Code*, a retailer is required to notify the customer of all applicable prices and tariffs as part of their contract. It maintained it had complied with this in its paperwork, which listed peak, off-peak and solar tariffs. While the energy retailer appeared to have complied with relevant laws and codes, we communicated EWOV's assessment that its contract paperwork wasn't clear about when off-peak rates were applicable. SI/2017/11

Connection delays due to industrial action

Industrial action, by way of work bans by its contractors' union, resulted in disruption to an electricity distributor's new connections. Once the union lifted the bans, delayed connections were completed. Under the *Electricity Distribution Code*, a distributor must connect a new connection on an agreed date or within 10 business days of the request. Where it doesn't meet this timeframe, the distributor must make a Guaranteed Service Level (GSL) payment of \$70 for each day it is late, up to a maximum of \$350. The energy distributor advised that it would make GSL payments to affected customers. SI/2017/25

New connection service orders rejected

EWOV's case handling highlighted that an energy distributor's system was rejecting new connection service orders. The distributor advised that recent changes by the Australian Energy Regulator meant that new connections now needed three service orders. It said the rejections related to service orders submitted by one energy retailer. In consultation with the retailer, it had made a system change to address the problem. SI/2018/24

Application of credit default listings

Several cases to EWOV highlighted that an energy retailer had applied credit default listings after customers defaulted on their agreed payment arrangements, but hadn't sent the customers the required notices. Advice to EWOV from the Office of the Australian Information Commissioner was that this was incorrect. The energy retailer agreed that the information it provides to its customers about its default listing process could be clearer, including the possible consequences if the customer defaults on a payment arrangement. The retailer undertook to amend its payment arrangement letters to include an additional notification statement. SI/2018/8

PUBLIC SUBMISSIONS MADE BY EWOV

National Energy Retail Amendment (Advance notice of price changes) Rule 2018

Australian Energy Market Commission (AEMC)

While noting that the proposed rule change won't be applicable in Victoria in the short-term, we provided comments in anticipation that the ESC may look to harmonise the *Energy Retail Code* with the proposed rule. We welcomed the proposed change. EWOV's data and case handling show an increase in complaints and customer misunderstanding about how retailers may vary prices without notice. In our experience, delays in telling customers about price increases exposes them to a higher risk of bill shock. Our submission provided analysis of relevant EWOV case data, explained the common complaint issues where customers may have been affected by an increase of tariffs during a fixed-term contract, and included some case studies to illustrate customer experiences.

[EWOV's submission online](#)

[About this AEMC consultation](#)

Estimated meter reads

Australian Energy Market Commission (AEMC)

With this proposed rule change not applicable in Victoria in the short-term either, we again provided comments in anticipation that the ESC may look to harmonise the *Energy Retail Code* with the proposed rules. We welcomed this change also. Complaints to EWOV about inaccurate meter reads remain high, despite the completion of the Smart Meter rollout. For some customers this has meant unusually high bills. Other customers have found it difficult to manage their energy usage. Our submission provided analysis of relevant EWOV case data, explained the common complaint issues where customers may have been affected by an inaccurate estimated meter read, and included some case studies to illustrate customer experiences.

[EWOV's submission online](#)

[About this ESC consultation](#)

Strengthening protections for customers in hardship

Australian Energy Market Commission (AEMC)

We welcomed the proposed change, which would require the Australian Energy Regulator to develop binding Customer Hardship Policy Guidelines, as a single point of reference for industry on hardship obligations. In EWOV's experience, the hardship support provided to customers is inconsistent across retailers. Our submission provided analysis of relevant EWOV case data, addressed sections of the consultation paper relevant to EWOV's role, and provided a case study.

[EWOV's submission online](#)

[About this ESC consultation](#)

GLOSSARY

More about EWOV's [issue](#) and [complaint terminology](#) can be found on our website.