



Summer **2015** Issue

EWOV Connect

Quarterly newsletter linking the
Energy and Water Ombudsman (Victoria) (EWOV)
with community agencies



EWOV opened in May 1996. By 30 November 2015, we had closed 576,321 energy and water customer cases, most of them residential.



Connect is an online publication...

and is available for download from EWOV's website: ewov.com.au

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Message from the Ombudsman



In this, the final issue of *Connect* for 2015, we look into the anxiety-inducing topic of debt collection - the difference between collection agencies and credit reporting bureaus, and how to help your clients avoid a credit default listing.

We also take a first look at the new *Energy Comparator Code of Conduct*, designed to provide some transparency to consumers using energy comparison websites when seeking a better energy deal.

Financial and Consumer Rights Council (FCRC) Communications Manager, Danielle Archer asks us a few burning questions relevant to the financial counselling community. We invite financial counsellors, advisors, assessors and community workers alike across Victoria to pay EWOV a visit at an Open Day session in 2016.

We hope that during 2015 you've found *Connect* to be valuable. We encourage you to contact us with any ideas you may have for future articles or to submit some questions to perhaps be featured in our regular *Ask the Ombudsman* section. So feel free to email us at rct.ewov@ewov.com.au.

Everyone here at EWOV wishes you a safe Christmas and a Happy New Year.

Cynthia Gebert
Energy and Water Ombudsman (Victoria)

We look into the anxiety-inducing topic of debt collection - the difference between collection agencies and credit reporting bureaus, and... credit default listing.



Ask the Ombudsman

With Danielle Archer, Communications Manager from Financial and Consumer Rights Council (FCRC)

Q Consumers who live in rented accommodation are often at a disadvantage when it comes to the ability to control the efficiency of their energy use. Tenants most often have no control over structural aspects of their housing, which may be impacting their energy use. Poor insulation, and poor ventilation, and no access to solar energy can be a problem for those who rent. This is especially true of low income earners who are more likely to be in housing that is not energy efficient. Does EWOV collect data on whether complaints come from owner occupiers or renters and what does that data say about how renters are affected by energy issues in proportion to owner occupiers?

A We do collect data on whether customers are owners, renters, in transitional housing or are Office of Housing tenants when they make complaints to EWOV, and we use this information across various reports throughout the year. Unfortunately what is reflected in the data is that energy efficiency and high unexpected seasonal bills are issues we see consistently across all consumer types. However, we do find value in this data when adding context to affordability and billing trends.

We think there should be more community awareness about the limitations for renters to control their energy use because of the condition of the homes they live in.

We strongly advise our customers who rent to contact their estate agents if they have faulty or inefficient heating or cooling appliances, and we refer customers to sustainability.vic.gov.au for information on how to save energy around their home.

For example, a common misconception is that smaller portable heaters are more energy efficient when the reality is that they can lead to higher bills. In our last edition of [Connect](#) we looked at some practical tips for heating and cooling and we also discuss practical energy efficiency in our [Hot Topic](#) articles, released online monthly.

If a customer does have a complaint about the unwillingness of a landlord to create a more energy efficient home or to replace faulty appliances, we would refer them to Consumer Affairs Victoria or the Tenants Union of Victoria.

Q Bill literacy remains an issue, and not just for consumers in financial hardship. Reading, understanding and checking bills can be difficult for most people. How do you think that industry, the consumer sector and EWOV can work together to lead Victorians to become Australia's most bill literate consumers? How can we get consumers to become interested in their bills and how to read them?

A The Essential Services Commission (ESC) stipulates what information an energy retailer or water corporation must include on a bill. It is up to the individual energy retailer or water corporation how this information is presented to a customer.

An interesting outcome of the rapid increase in the cost of energy for households across Victoria over the past few years has resulted in many more consumers taking a greater interest in the bills they receive to scrutinise and query the costs they are charged.

We encourage consumers to contact their retailer or water corporation if they are unclear of any details on a bill. Having a greater understanding of their bills puts customers in a position to better monitor usage over time.

One of the recent ways that we have tried to assist is through the creation of generic energy and water example bills, available on our [website](#), to assist customers in deciphering the information.

We believe that it is in the best interest of retailers and water corporations to create bills that are easy to read and understand. This not only reduces the amount of calls that they will receive from confused consumers, but it also allows customers greater control over monitoring and comparing consumption. Given that the majority of company-to-consumer communication is through the bills they distribute, it makes sense to use this as the primary vehicle for maintaining the relationship and improving energy and water literacy.

Like the majority of the community sector, we also welcome the recent Victorian Government efforts to improve and promote the government's [comparator website](#). This is an ideal way to encourage consumers to take an interest in their energy bills by increasing awareness about the money that can be saved through comparing offers.

Q Following a successful consumer advocacy campaign, we recently saw legal changes that would protect consumers from unsolicited door knocking sales. I am aware of an energy supplier who is surveying its customers about a number of issues, one of them is door knocking. One survey question asks if the respondent is interested in purchasing energy plans from a door knock salesperson. I am very interested in EWOV's take on this question being posed to consumers, and your position on door knocking sales, now that they have dropped off. It makes me wonder if industry might be planning to change this.

A The issue of door-to-door sales place in a highly competitive energy market like Victoria's is complex and one that has been closely monitored by EWOV.

Up until April 2015, we released a dedicated quarterly report about the marketing and transfer cases that EWOV received. This report provided close analysis of door-to-door marketing case trends over time and played a central role in the policy debate about the enforcement of ethical door-to-door sales.

More recently we no longer felt it necessary to produce this report after a long-term trend of declining marketing case numbers until we reached the point where we now receive a very small number each quarter. The fact that a number of large energy retailers ceased door-to-door sales activity was clearly a big driver for marketing cases to fall.

However, the ongoing prevalence of vulnerable customers being targeted by door-to-door sales people, despite the considerable decrease in overall sales activity, remains a concern for our scheme. It would be quite disappointing to see a return to a high number of EWOV marketing cases, and we like to think that there are more effective ways for retailers to encourage switching.

In the meantime, we support the distribution of 'Do Not Knock' stickers by community agencies as a key preventative measure to protect the households that do not want to receive unsolicited sales, along with the role of the ACCC over recent years to enforce *Australian Consumer Law*.

Q An increase in the GST is being discussed broadly across the country, not just Victoria. When the GST was first introduced in 2000, did EWOV see any specific changes in hardship related consumer complaints that you would attribute specifically to the introduction of this tax, and what do you anticipate will happen for consumers if it is raised to 15%?

A This is a tricky one to answer. It is difficult for EWOV to identify a direct link between changes to government policy and our affordability cases, as affordability involves many complex issues and contributing factors.

When the GST was introduced in Australia, EWOV was a relatively small scheme, the cost of energy was cheaper and the Victoria energy market was still in its infancy. The issue of energy affordability had not nearly the same focus as it does now.

In our 2001 Annual Report, we reported a 25% increase in cases between the 1999/2000 and the 2000/2001 years, but off a low base of 5,302 to 6,658 cases.

We did however attribute much of the 20% increase in electricity cases at the time to billing system impacts as a result of the GST introduction, so that is something for industry to be mindful of if there is an increase to the GST.

As a recent comparison, the introduction of the Carbon Tax had only a minor impact on our case numbers. It is often difficult to isolate specific affordability issues in the context of the wider energy and water price increase drivers.

Any increase in a tax on essential services or day-to-day consumer goods will undoubtedly hit the financially vulnerable the hardest; much will depend on any associated tax reforms for low-income earners.

Any increase in a tax on essential services or day-to-day consumer goods will undoubtedly hit the financially vulnerable the hardest.



Energy comparison websites – who’s getting the better deal?

Energy price comparison websites are increasing in popularity and relied upon by consumers. Many industries - including insurance, finance and telecommunications - are finding comparator websites a way to market their services. There is a lot of information available online about energy retailers’ offers, rates, discounts and incentives to switch, which raises the question, who’s getting the better deal?

Other than the independent Victorian Government comparison website, [Victorian Energy Compare](#), commercial comparator websites are likely to have business relationships with the retailers they compare. So how do you know that the deal you are being offered online is not just a result of the highest bidder on the other end?

During October 2015, the Consumer Utilities Advocacy Centre (CUAC) launched the [Energy Comparator Code of Conduct](#) (ECCC). The Code is the result of a collaborative effort by commercial energy comparators, energy retailers and energy consumer advocates.

The ECCC provides energy consumers with much-needed transparency about the energy offers presented when using a wide range of energy comparator websites.

Consumers can now see information about the commercial relationships between the comparator and energy retailers and why some energy deals may be promoted or recommended over others. Information about any commissions paid by energy retailers to comparator websites is now available; there is also a requirement for comparator websites to display the details of energy deals in a way which is clearly understood by most consumers.

Participation in the ECCC is voluntary and self-enforceable for comparator websites and is not designed to replace any current consumer laws, including the Australian Consumer Law.

A full list of participating energy comparators can be found on [CUAC’s website](#).



EWOV refers customers seeking information on switching energy and gas retailers to [Victorian Energy Compare](#) which is the Victorian Government’s independent comparison website.

Credit Reporting – collection, prevention and saving your credit file

Being on the receiving end of debt collection activity can be an incredibly distressing experience. A consumer may be pursued for overdue debt many different ways from a business's internal collection representatives or, an external collection agency's representative acting on behalf of a business, all the way to a mercantile agency. It can be hard to keep up and as the debt piles up and the phone calls become relentless, a lot of people withdraw in an attempt to avoid the situation completely.

This can be enormously detrimental for a person's credit status and can result in a credit default being placed against their name. This can mean future loan and credit applications being denied and even applications for mobile phone plans, and transfers to energy retailers, being rejected.

Debt collection is suspended during an EWOV Investigation

EWOV often receives complaints from consumers who are being pursued for a utility debt by an external debt collections agent. Although we are unable to deal directly with the collection agent themselves, we do request that for the duration of our investigation, the relevant retailer informs its debt collection agency, to cease all collection activity.

The debt collection process

Once a debt becomes aged, an energy retailer or water corporation may enlist the services of a debt collection agency - also known as a mercantile - to chase up the debt. The energy retailer or water corporation will sell or refer the debt to the collection agency which may in turn add on its own administrative fees and proceed to chase up the now increased debt amount from the customer.

After a period of time, if the collection agency remains unsuccessful in recovering the debt, they will sell or refer the debt back to the energy retailer or water corporation. The energy retailer or water corporation will then likely write this debt off and provide a report to its preferred Credit Reporting Bureau (CRB) requesting that it list the unpaid debt against the consumer's name. This listing can stay against their name for up to seven years, dependant on the type of debt.

The energy retailer or water corporation must, at a minimum, follow the rules under the national *Privacy Act* and relevant credit reporting guidelines, before it can list a default against a consumers credit file. One of these guidelines being that a debt must be no less than \$150.00 and 60 days past the due date with all relevant notices of its intention to default the consumer being sent to the last known address.

A CRB is responsible for holding and updating your credit file. There are four CRB's in Australia:

- Dunn and Bradstreet (who also operate a collections and mercantile branch).
- Veda (previously named Baycorp Advantage).
- Experian.
- Tasmanian Collection Services (for Tasmanian residents).

What to do if a client is default listed

If you believe that a credit default listing has been placed incorrectly against your client's name, contact the relevant company (utility, telco, etc.) immediately. In some instances, the company may say that as the debt has been sold to a collection agency, or referred to a CRB, it can no longer discuss it. It is a good idea to contact a CRB to request a copy of a client's credit file as soon as you become aware of a credit default, as access to this can provide valuable information.

However, an energy retailer or water corporation is still required to discuss the matter with a consumer or support worker (where authorised) as regardless of the status of the debt, the consumer held an active account at the time of accruing it and so the company has an obligation to assist the consumer. You may ask to speak with a manager or contact EWOV for further guidance.

EWOV is able to assist consumers and financial counsellors acting in on behalf of consumers, to investigate if a default listing was placed correctly.



Case study

Mr S left a shared rental property where the electricity bill was in his name. The remaining two tenants stayed on and agreed to keep paying the bills.

His credit file... revealed a credit listing against his name for \$499.08 of unpaid energy debt from his previous shared rental property.

About 12 months later, in preparation for overseas travel, Mr S made several online applications for credit and was rejected for each of them. He contacted the banks to ask why and was advised that he had a credit default against his name. Mr S made a request for a copy of his credit file that revealed a credit listing against his name for \$499.08 of unpaid energy debt from his previous shared rental property.

He contacted the tenants and was advised that the account had not been closed after they had moved out a year after him. He contacted the energy company and it advised him that as it did not have a forwarding address for him, it was unable to contact him to recover the unpaid debt, which was still in his name.

Mr S contacted EWOV and through our investigation it was identified that the energy retailer did not make sufficient attempts to contact Mr S on his mobile number, which had not changed, to advise him of the outstanding debt. It had also not passed the mobile number on to the credit collection agency when it sold the debt on.

As a result of EWOV's Investigation, the default listing was removed from Mr S's credit file and he was not required to pay the outstanding debt. This was because he provided EWOV with proof that he was living at a different property for the disputed period of use.

However, as he had made several failed credit applications by this time (unaware of the default listing) his credit score had been considerably reduced and would take several years of good credit reporting information (avoiding late payments or unpaid bills) to recover. Mr S was now aware of his credit file and careful monitored all activity against his name.

How to avoid a credit default listing

If a client gets a reminder notice from a utility company, noting that a bill is overdue, make contact straight away and request either an extension of time to pay the bill or a payment plan. It is important to take action and ask for assistance. Explain the situation and encourage your client not to avoid it and instead to tackle the issue. In most cases, you will find that the company will provide the client with some additional time to pay or a possible payment solution.

If the debt has already been sold to a credit collection agency, make contact with the agency to arrange a payment plan. Be realistic with how much your client can pay and how frequently, and encourage clients to stick to the arrangement. Ask the collection or mercantile agency if the debt has been already sold and if a credit default has already been placed against your client's name. This will help establish what stage the debt collection activity has reached.

Accessing credit file information

A credit file is a personal responsibility and by keeping on top of bills and ongoing payments, a person can maintain a healthy credit file and credit score. Some CRBs also offer services where an individual can be notified of any activity (including credit applications and requests for access by creditors) on their credit file for a small annual fee.

A free copy of an individual's credit file is available once every 12 months or if any credit product has been applied for and rejected within the last 90 days. It may take 10 days to arrive (by mail), or you can pay for it to be sent within 24 hours.

There are also guidelines around how often and by what method a credit collection agent can make contact to attempt to recover a debt from a consumer.



More information can be found on the relevant laws and codes [here](#). You can also review EWOV's fact sheet on [Credit default listings and debt collection](#) and EWOV refers consumers and community support workers to www.moneyhelp.org.au for further information.

EWOV Open Day invitation

Again in 2016, we are opening EWOV's doors to invite financial counsellors, advisors, assessors and anyone helping consumers with energy and water issues to come along for an Open Day session. Here you will learn more about how EWOV can assist you and your clients.

Open Day sessions run for 2-3 hours and are completely free of charge. They are designed for groups of approximately 10 people and include an overview of our service, a Q&A with senior case handlers, an introduction with the Ombudsman and morning or afternoon tea. We have had hundreds of people through our doors since 2014 and have received wonderful feedback about these sessions.

If you and your colleagues are interested in participating, please contact steph.booth@ewov.com.au for more information.

Here's what our guests have said:

"Well organised, friendly people, informative!"
Knox InfoLink

"A great initiative, thank you."
Essential Services Commission

"Excellent event, shaped my understanding of EWOV."
Department of State Development Business and Innovation

"A very informative day, thank you very much."
Kildonan Uniting Care

"I was extremely impressed."
Consumer Affairs Victoria

Office closure info

EWOV's Office will close on the afternoon of Thursday 24 December 2015 and will re-open on Monday 4 January 2016.

During this closure period, customers are able to lodge an [online complaint](#) through our website or leave a voicemail, which we will respond to after the office reopens in the New Year. Please note though, EWOV staff will closely monitor all voicemails and contact any customer who has had their energy disconnected or water supply restricted.