



6 July 2015

Ms Anne Whitehouse
Chief Executive Officer
Sales Assured Limited
189 Kent Street
SYDNEY NSW 2000

Emailed to awhitehouse@salesassured.com.au

Dear Ms Whitehouse

Re: Sales Assured Limited's Retention and Win-Back Activity – Voluntary Guideline for the Retail Energy Industry

Thank you for the opportunity to comment on Sales Assured Limited (SAL)'s *Retention and Win-Back Activity – Voluntary Guideline for the Retail Energy Industry* (the Guideline).

The Energy and Water Ombudsman (Victoria) (EWOV) is an industry-based external dispute resolution scheme that helps Victorian energy and water consumers by receiving, investigating and facilitating the resolution of their complaints. EWOV's interest in responding to SAL's consultation on the Guideline is based on our extensive experience in handling customer complaints.

EWOV had a well-established working relationship with SAL's predecessor company, Energy Assured Limited, and gives in-principle support to SAL's Guideline for the self-regulation of energy customer retention and win-back activities. These sales activities raise the same potential conduct issues as the marketing interactions with new customers, such as misleading information, transfers without explicit informed consent and pressure sales. While customer protections are already provided by the *Australian Consumer Law*¹, EWOV welcomes a separate role for industry self-regulation and monitoring of these matters.

This submission examines the number and nature of EWOV complaints about sales retentions activities, provides some case examples of customer complaints, and then considers the Guideline's recommendation that Ombudsman schemes collect separate and specific case data about sales retention and win-back activities.

¹ See <https://www.comlaw.gov.au/Details/C2011C00003>

EWOV sales retention complaints

As outlined in the Guideline, EWOV does not collect specific case records about sales retention and win-back activities. These types of complaints are captured under our various marketing and transfer issue categories, such as misleading marketing or transfer without consent. However, we have examined our marketing and transfer cases for 2014-15 and identified 20 cases where customers complained about an energy retailer's conduct during sales retention activities. These complaints can be categorised as follows:

| Customer complaint | Number of EWOV cases for 2014-15 |
|--|---|
| Persistent and high pressure sales calls from an energy retailer's retention team | 7 |
| Felt mislead during a sales retention phone call | 7 |
| Unhappy that told they would be charged a termination fee if they switched to the new retailer | 3 |
| Unhappy that a retention call was made | 2 |
| A transfer without consent after a sales retention call | 1 |
| Total | 20 |

Case examples of customer complaints

Of the 20 cases EWOV received in 2014-15 about sales retention and win-back activities, one was handled using EWOV's Real Time Resolution process and most of the rest were referred back to a higher level contact at the energy retailer for direct resolution². This means that it was not necessary for EWOV to investigate these complaints and we only heard the customer's 'side of the story'.

The customer said she did not receive the 30% contract discount she was advised during a sales retention call (2014/52490)

Soon after entering into an electricity contract with a new company, the customer received a phone call from her current retailer. It offered to re-contract her with a 30% discount on a two-year contract. She agreed to this. When she received her next bill she found that the 30% discount was not included. She contacted the retailer and it questioned her view of the sales retention interaction, but to resolve her concerns, it offered to apply a 30% discount on her first bill only. The customer remained dissatisfied as she wanted the discount to be ongoing for the two-year contract period, so contacted EWOV for assistance. We raised an Assisted Referral to refer the complaint to a higher level contact at the retailer.

² See <https://ewov.com.au/complaints/process-for-complaints/cases,-enquiries,-complaints/ewovs-complaint-types> for a description of EWOV's complaint types.

The customer said she didn't agree to be re-contracted to her retailer after a sales retention call (2015/11941)

The customer approached another retailer for a better gas deal and entered into a new contract. Soon after, she received a phone call from her current retailer offering a new contract with a 22% discount. She asked for the new offer to be sent to her by email and letter so she could consider the terms before making a decision about whether to stay with the retailer. She later received a welcome pack and letter stating "thank you for staying with us". As she hadn't discussed this matter with the retailer, we asked her to first contact it directly to try to resolve the matter and call EWOV back if she needed any further assistance.

The customer was unhappy with persistent sales retention phone calls and letters (2014/45587 and 2014/45592)

The customer was advised by his retailer that the discount on his two-year energy contract would be reduced from 16% to 7%, so he entered into a new contract with a different retailer. He then received several sales retention phone calls and letters from the current retailer pressuring him to remain a customer. He contacted it to firmly advise that he wanted to transfer his accounts. He was concerned with the company's persistence that he remain a customer and potential delay in transferring his accounts, so contacted EWOV for assistance. An Assisted Referral was raised for a higher level company staff member to contact the customer.

Ombudsman schemes collecting data about sales retention and win-back activities

The Guideline states that:

"Currently, there is no data collection on complaints related to retention and win-back activities. The working group will contact the energy ombudsman offices in each state along with jurisdictional regulators to encourage those bodies to keep separate records of these types of complaints. This will assist in those bodies being able to better identify any systemic issues."

As stated earlier, EWOV does not collect case data specifically about sales retention and win-back activities – these types of complaints are encompassed by our marketing and transfer issues, based on the nature of the customer's experience and complaint. As we only receive relatively few retention and win-back cases, we will consult with other Ombudsman schemes to consider the most appropriate and coordinated way to record complaints about these activities. We welcome further discussions with SAL's working group about how best we can assist with this request.

We trust that these comments are useful. Should you require further information or have any queries, please contact Justin Stokes, Senior Research and Communications Advisor on (03) 8672 4272.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Cynthia Gebert', with a stylized flourish at the end.

Cynthia Gebert
Energy and Water Ombudsman (Victoria)