

Consultation Response

Consumer Outcomes - Implementation

Ofgem

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About the Consumer Outcomes Consultation

Ofgem are seeking views on how outcomes-based regulation can be put into practice in both the domestic and non-domestic supplier retail markets. To implement an outcomes-based approach, updates are needed to both the rules and Ofgem's monitoring process. To introduce the outcomes, Ofgem will make rule changes in phases starting with billing. This consultation looks predominantly at the implementation of a billing outcome, though also includes questions around how the potential monitoring approach for future outcomes, as well as potential changes to automatic compensation rules for consumers, as set out in the Guaranteed Standards of Performance regulations.

About Age UK

Age UK believes every older person should be included and valued. We're working locally, nationally and internationally to change the way we age. Together with our partners, we're changing the day-to-day experience of getting older through essential services and local support. In the UK, the charity helps more than seven million older people each year by providing advice and support, including through our national advice line and our friendship services. It also researches and campaigns on the issues that matter most to older people, aiming to put older people at the heart of public policy and shift the way ageing is treated and represented.

Introduction

Age UK welcomes Ofgem's intention to improve outcomes for energy consumers and shares the objective of a competitive market that meets consumers' needs without unnecessary regulatory burden. However, while we support many of the specific proposals in this consultation, including comprehension testing, the automatic inflation uplink to GSOP payments, repeat payments for off-supply breaches, and greater transparency of supplier performance data, we are concerned that Ofgem has not fully considered the negative impacts of a switch in regulatory approaches, especially for vulnerable consumers.

In particular, we have significant concerns that moving from clear, prescriptive regulation towards broadly defined consumer outcomes risks weakening protections for those least able to withstand harm, particularly older people. Three concerns run through our response:

First, some of the strongest consumer protections in the energy market exist because outcomes-based approaches have failed before. The current prescriptive rules around involuntary prepayment meters are a clear example. These safeguards were introduced only after widespread evidence of serious harm, including older people left without heat or power, and it was detailed, enforceable requirements that ultimately ended unacceptable practices.

We do not believe the case has been made for removing similarly targeted protections, such as those covering PSR meter-reading and backbilling, where the risk of harm is well evidenced and the scope for innovation is limited.

Second, broadly defined outcomes risk inconsistent interpretation. Concepts such as "fair value" or "fair treatment" are subjective, and suppliers are unlikely to identify their own practices as falling short. Without clear standards and measurable metrics, poor practice can persist because a supplier believes it is meeting an outcome by its own interpretation, making outcomes harder to monitor and enforce, and risking delayed intervention until after harm has occurred.

Third, the proposed monitoring approach relies heavily on consumer surveys, which are unlikely to capture the experience of disengaged or vulnerable consumers. To close this gap, Ofgem should draw more systematically on the insight of organisations that support consumers in vulnerable circumstances and should build PSR and vulnerability disaggregation into monitoring by default, not as an optional addition, where possible.

We strongly believe that the current regulatory system is preferable to moving to an outcomes based one. Changing course to this approach requires a different regulatory skill set and a significant ramping up of both supervisory and enforcement capabilities and capacity. However, if Ofgem does proceed with the proposed move to an outcomes-based framework, it must be underpinned by clear definitions, objective metrics and a strong commitment to early intervention where outcomes are not being met. For older people, clarity, certainty and enforceable protections are not optional—they are essential to a safe, competitive and fair energy market.

Our detailed recommendations are set out against each consultation question below. In summary, we ask Ofgem to: retain specific, well-evidenced protections (including PSR meter-reading and backbilling limits) regardless of which billing option is adopted; build vulnerability and PSR disaggregation into monitoring and evidence requirements across all outcomes; co-produce guidance with frontline advice organisations, including a dedicated vulnerability section for each outcome; and ensure GSOP compensation is adjusted over time to ensure it maintains value and continues to be an effective deterrent.

Consultation Questions

Question 1: Do you agree with our initial monitoring approaches for the other Consumer Outcomes outlined in Appendix 1, and the data and evidence we need for each of them? If not, please provide more detail on this, including alternative metrics.

Our response is broken down into individual comments for each outcome:

1. Outcome 1: Consumers are charged energy prices that represent fair value.

Age UK believes the proposed metrics for assessing fair value are sufficient for understanding whether suppliers are fairly pricing their tariffs, though would argue that monitoring this outcome should include further considerations.

To assess whether consumers are being charged energy prices that represent fair value, it is necessary to distinguish between the possibility of excessive charging on the part of suppliers, and consumers paying more than they otherwise need to for the same product or service due to engagement barriers and/or having information withheld from them.

If consumers are not provided with the necessary information or engagement pathways to make an informed choice, it is difficult to understand how a supplier could be deemed to be offering fair value to all consumers.

In practice, in addition to the proposed metrics for assessing excessive charging, Ofgem should also seek to assess how suppliers advertise tariff comparisons, including whether or not suppliers advertise that a cheaper tariff may be available to the consumer, as well as the costs associated with each payment method.

Special consideration should also be given to the steps suppliers take to protect and facilitate engagement with vulnerable consumers, many of whom are pay higher prices through the default payment method (standard credit) and tariff.

Providing accurate and timely advice and information is also an important component of fair value (Outcome 5). Without this, there is a risk that Outcome 1 only delivers positive consumer outcomes for already engaged consumers.

2. Outcome 3: Consumers struggling to pay for their energy receive flexible payment options and proactive, tailored interventions:

Age UK has three concerns about the monitoring approach for this outcome.

The first concern is that a reliance on consumer survey data for understanding experiences around repayment offers, communication and satisfaction more generally will probably not capture the experiences of the most vulnerable consumers due to engagement barriers.

To properly account for the views of vulnerable consumers, Ofgem should consider going further by incorporating insights from regulated debt advice organisations into the monitoring approach. That could include quantitative insight around the number of energy debt cases being dealt with by third parties, as well as qualitative insight from debt advisers about how suppliers engaging with clients they represent.

Additionally, the proposed approach is also missing a mechanism for assessing suppliers' ability to identify vulnerable characteristics and whether, for instance, consumers are rightfully or wrongfully offered prepayment meters as a mechanism for debt repayment.

Finally, Ofgem should go further in assessing whether suppliers are doing enough to tackle the root causes of energy debt. That should include whether they are properly providing PSR services such as meter readings for consumers unable to provide it themselves, how suppliers go about reconnecting smart meters that are no longer communicating, and what steps suppliers are taking to correct inaccurate bills.

Age UK would also welcome the use of metrics focused on prevention rather than reaction. For example, evidence of whether suppliers proactively identify customers showing early signs of financial difficulty (such as missed payments or falling consumption), and intervene before arrears accrue, rather than monitoring only support offered once a customer is already in difficulty.

Comprehension testing, which is a proposed monitoring approach for Outcome 5, could also be used to understand suppliers' performance against this outcome. If consumers cannot understand their bills, that should be recognised as a fundamental shortcoming in suppliers' approach to preventing debt accrual.

3. Outcome 4: Consumer concerns and complaints are addressed fairly, effectively and promptly

Similarly to outcome 3, one concern about the proposals for monitoring outcome 4 is that using consumer survey data for understanding experiences around complaints handling risks missing the experience of some vulnerable consumers due to engagement barriers. For understanding consumer experiences around complaints, Age UK believes Ofgem should give further consideration to how insight from organisations that support consumers in vulnerable circumstances can be incorporated.

This could include Extra Help Unit (EHU) complaints, including numbers but also case

studies and advisor experiences, or complaints supported by third parties more generally. To achieve this, Ofgem could collaboratively develop a formal route for charities, consumer groups, or energy advisers to report what they interpret as poor supplier behaviour.

4. Outcome 5: Consumers get clear, accurate and timely advice information to help them make informed choices

Age UK strongly supports the proposal for comprehension testing. We believe that outcome 5 is critical to understanding suppliers' performance against the other outcomes. As a way of ensuring proper representation, comprehension testing methodology should explicitly include participants with lower digital literacy, English as an additional language, and cognitive or visual impairment. Without this, results risk describing the experience of an average consumer without considering the experience of vulnerable consumers.

5. Outcome 6: Consumers can switch providers and contracts without unnecessary barriers

Age UK agrees with the proposed monitoring approach for this outcome.

6. Outcome 7: All products and services should be reliable and perform as intended

Age UK agrees with the proposed monitoring approach for this outcome.

Question 3: How can we best ensure that all stakeholders have a consistent understanding of the Consumer Outcomes we expect suppliers to deliver? Do you have any views on initial proposals to do this?

Age UK agrees that clear and transparent communication is critical to enabling outcomes-based regulation. Updating guidance, and improving signposting, such as by creating a single repository where relevant guidance can be located, would be welcome improvements.

However, a series of one-off documents that suppliers will inevitably be better placed to interpret than charities and consumers will not guarantee a consistent understanding of consumer outcomes across all stakeholders. Guidance would be far more effective if co-produced with frontline advice organisations. The process of creating guidance should include a mechanism for resolving ambiguities and updating the guidance over time.

In co-producing guidance, Ofgem could also ensure there is sufficient clarity over the treatment of vulnerable consumers. Age UK proposes that each outcome's guidance document contain a dedicated vulnerability section, drawing on the expertise of frontline organisations, with the aim of outlining expectations and best practice with regard to the treatment of vulnerable consumers. This could be supported by including worked examples/case studies within the guidance documents from organisations that see edge cases on a regular basis.

Beyond guidance, transparency about supplier performance will help drive a consistent understanding of acceptable consumer outcomes, while also ensuring accountability and push suppliers to continually improve outcomes. To achieve that, Age UK believes that Ofgem should seek to publish the data and experiences collected through the monitoring process for each outcome.

Question 4: How can we best manage dependencies between outcomes?

At this stage, it is difficult to identify the best approach for managing dependencies, due to the comprehensive nature of existing regulations.

Age UK suggests that Ofgem commit to a formal, published review once all seven outcomes are implemented, assessing not just each outcome individually but their cumulative effect for specific customer cohorts including older people.

Interim review checkpoints after each phase would also be welcome (e.g., after billing reforms embed, before the next outcome is implemented). These reviews would provide opportunities to check whether the phased approach itself is creating gaps or inconsistent protection during what is likely to be a multi-year transition to outcomes.

Question 5: Do you agree with the range of rules we have identified relating to the billing outcome? Are there any other rules which you consider should be included?

Age UK agrees with the range of rules that have been identified, and do not have suggestions for any further rules which should be included at this stage.

Question 6: Of the suite of options presented, do you have a preference? What is the rationale behind your preference?

Age UK prefers Option 3, with Option 2 as a fallback if Option 3 is not adopted. We do not support Option 1. We believe certain prescriptive protections should be treated as non-negotiable and retained regardless of which option is adopted.

These include: the enhanced PSR meter-reading requirements (SLC 26.5(c)); rules requiring prompt correction of inaccurate meter readings; the backbilling limit (SLC 21BA); and the GSOP for final bills and credit refunds. These are areas where we do not believe there is any conceivable innovation that could improve consumer outcomes.

These rules exist to prevent specific, well-evidenced harms, such as shock bills, that disproportionately affect those that are least able to notice or challenge errors before they compound into debt. Age UK does not see a plausible route by which removing these specific protections would improve outcomes for the consumers who depend on them.

With regard to backbilling, we welcome the proposal to reduce the backbilling period from 12 to 6 months for smart meter customers, but recommend this reduction apply to all customers regardless of meter type.

**Question 7: If relevant, what is the impact of each option on supplier costs?
Please provide any supporting evidence.**

As a charity rather than a supplier, we are not able to provide a detailed assessment of compliance costs. However, we note that the protections we ask Ofgem to retain in our response to Question 6 (PSR meter-reading, inaccurate-reading correction, backbilling limits, and GSOP for final bills and credit refunds) are narrow, well-defined rules rather than broad prescriptive regimes. We would expect the compliance cost of retaining them to be low relative to the harm they prevent.

Question 8: Do you agree that the data and evidence we are asking for to monitor the Billing Outcome will give us the evidence we need to hold suppliers accountable for delivering the right outcomes for consumers? If not, please explain your reasoning, including any alternative sources of data and evidence you think appropriate.

Age UK agrees with the proposed evidence base, particularly the move towards independently verifiable accuracy metrics rather than relying solely on supplier self-reporting. However, we believe monitoring could be strengthened by a commitment to vulnerability disaggregation.

Age UK suggests that Ofgem confirms PSR status, or an alternative indicator of vulnerability, will be one of the "different customer sub-groups" referenced for comprehension testing, and that accuracy and timeliness metrics are similarly broken down by PSR status.

Question 10: How often should this data and/or evidence be collected?

Age UK does not have a view on the frequency of data collection, though we would urge Ofgem to commit to publishing the aggregated data publicly where possible. This would demonstrate a commitment to transparency, while also aiding a common understanding of supplier performance against the consumer outcomes.

Question 11: What aspects of the Compliance Operating Principles do you anticipate will need to be developed to ensure compliance activity is balanced, proportionate, and efficient when assessing consumer outcomes?

Age UK recommends that compliance monitoring specifically tests for poor outcomes among PSR and vulnerable customers, rather than relying on market-wide averages that may mask harm to this group. We would welcome confirmation that compliance activity will draw on evidence from frontline advice and casework organisations alongside supplier-reported data.

Question 12: How can we improve engagement to ensure all stakeholders share a common understanding of our billing rules? Are you supportive of us developing a Billing Outcome guidance document? How can we improve informal engagement?

Age UK supports the development of a consolidated Billing Outcome guidance document, subject to the concerns raised in our response to Question 3. Namely, that it is co-produced with frontline advice organisations and includes best practice examples, as well as a mechanism for resolving ambiguities and updating the guidance over time.

Question 13: How can we improve transparency of our billing activities and how stakeholders have shaped our work?

Age UK supports the proposal to publish more billing performance data. As mentioned in response to Question 10, we believe this would demonstrate a commitment to transparency, while also aiding a common understanding of supplier performance against the consumer outcomes.

Question 14: Do you agree with our proposals to introduce an automatic inflation based uplift mechanism for supplier GSOP payments?

Yes, Age UK strongly supports the proposals to introduce an automatic inflation based uplift mechanism for GSOP payments. A static payment level loses real value over time. We would welcome the introduction of a mechanism that is automatic and does not require recurring intervention to maintain its value.

Question 15: Do you agree with our proposal to repeat payments for the existing GSOPs related to consumers being off-supply?

Age UK supports repeat payments for GSOPs relating to supply loss.

Being off-supply is not a one-off inconvenience but an ongoing harm, and the current single-payment model does not reflect this.

We would welcome Ofgem exploring whether the compensation and repeat-payment mechanism should more explicitly reflect the heightened risk for some PSR customers with a registered medical dependency, rather than treating all off-supply breaches uniformly.

Question 16: Do you agree with our suggested mitigations for the repeated payments, specifically the uniform time period for both GSOPs and capped payments?

We support a 12 hour repeat period for simplicity. However, we are concerned that capping repeat payments may under-compensate the most serious and prolonged breaches in the cases where harm is greatest. For a medically dependent PSR customer, a breach lasting several days represents a significant and ongoing risk to health and safety, not just inconvenience, and the current cap does not distinguish this from a shorter, lower risk breach.

Age UK recommends Ofgem consider either an uncapped or higher cap exemption for customers with a registered medical dependency on their PSR, so that compensation continues to reflect the severity of harm for as long as the breach persists.

