

# Implementing Retail Competition in Scotland: Consumer Safeguards

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## What are customers' concerns about a competitive market?

- How do I know I am getting a fair deal?
- How do I know that my complaint will be fairly handled?
- Do I need to worry about being disconnected?
- Will I be protected if my retailer ceases to trade?

## How do I know I am getting a fair deal?

- Each year the Commission publishes the Default Directions which includes the Default Tariffs and the Default Standards.
- The Default Tariffs are the maximum level of charges a Licensed Provider can charge for the default level of services. They were set at the level of what Scottish Water's retail charges would have been in the absence of the market thus ensuring no customer was worst off as a result of retail competition.
- The Default Standards act as a safety net to ensure all customers receive an appropriate minimum level of service. They also include the payments customers should receive if the standards are not met.
- Customers are able to use the defaults as a basis for their negotiations with Licensed Providers.
- One of the Licensed Providers' licence conditions is that they do not discriminate against any customer or class of customer.
- Another licence condition requires Licensed Providers to allow their customers to switch to another retailer without penalty with 20 business days notice (there are some exceptions to this for long term deals).

## How do I know that my complaint will be fairly handled?

- All Licensed Providers are required to have an internal complaints handling procedure. This includes having a written policy.
- All Licensed Providers are required to have a secondary complaints handling body. Licensed Providers can elect to use the Scottish Public Services Ombudsman (SPSO), otherwise the Commission fills this role.
- If a customer is not happy with how their complaint is handled, they may take their complaint to either the SPSO or the Commission.
- The SPSO/Commission may elect to carry out an investigation to see if the Licensed Provider followed their own policies and procedures.
- The Commission alone is responsible for investigating potential licence breaches.

## Do I need to worry about being disconnected?

- Non-household customers may be disconnected due to non-payment.
- The Commission publishes a Disconnection Document and both Scottish Water and the Licensed Providers are required to comply with its terms.
- The Document lays out the steps which a Licensed Provider must follow before it can disconnect a customer. This includes sending a formal warning, offering a payment plan and considering any representations the customer may make.
- Both customers that are disputing a bill and Sensitive Customers cannot be disconnected.
- A site visit must be completed before the disconnection is made to ensure other customers, including households, are not adversely effected.
- Customers are given a last opportunity to pay any overdue amounts at the time of disconnection.

## Will I be protected if my retailer ceases to trade?

- The Market Code contains a Provider of Last Resort (PoLR) process which takes effect when a Licensed Provider exits the market.
- All affected customers are randomly assigned to a new Licensed Provider.
- No customers should experience an interruption to their supply. The PoLR process is a 'behind the scenes' process which only affects the customers' billing arrangements and not their physical supply.
- The new Licensed Providers are responsible for billing from the date of PoLR. They are not responsible for any wholesale charges owed by the outgoing Licensed Provider.
- Two Licensed Providers have ceased to trade since the market opened and the PoLR process has worked smoothly: no customer has experienced an interruption to their supply in either case.

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