

Protecting consumers from mis-selling of fixed line telecommunications services

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Response to Consultation

Prepared for Gavin Daykin (Ofcom)



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Introduction

Gemserv specialise in the development and management of efficient and effective industry-wide governance agreements. We are the leading specialist UK consultancy in the field of consensus building between competitors and have expertise in a wide range of industry issues, especially supporting and developing the frameworks to enable successful competition. Gemserv has over 10 years experience in managing and operating multi-party agreements, where competitors and/or constituencies are required to inter-operate and co-operate on matters of common interest. We have a reputation for providing a knowledgeable service through the delivery of impartial/independent advice and guidance, underpinned by a thorough understanding of the underlying relationships between the participants and stakeholders. Gemserv operate exclusively at the market level, and not for individual market participants, which ensures that our independence, objectivity and integrity are never compromised.

Gemserv is responding to this consultation because we have extensive experience of developing and evolving processes to make competitive markets work better, both for consumers and service providers. We recognise that fixed line telecoms is experiencing increasing levels of complaints relative to broadband, mobile and other sectors and believe we can offer flexible and varied suggestions to reverse that trend. In 2006 we responded to Ofcom's Switching, Migrations and Mis-selling consultation (response re-attached for your records) suggesting a central switching model for telecoms. We continue to believe that to most effectively evolve a competitive telecoms market, and thus reduce the root cause of mis-selling, a framework in the nature we suggested would be a viable and enduring solution. However, we also accept that in the absence of any immediacy to re-develop the switching model in its entirety, other incremental steps can be taken to raise standards and reduce complaints, such as:

- Re-mapping some specific switching processes, e.g. the RID and erroneous transfer processes; or
- Introducing additional governance frameworks specifically focused on improving sales practice, e.g. Record Keeping Key Performance Indicators (KPIs), external audits and encouraging Communications Providers (CPs) to work together more.

We believe that a commitment from industry providers, supported by the right expertise to re-map key switching processes and implement governance frameworks regarding mis-selling, can yield tangible improvements for consumers and CPs. Direct Selling is essential to the fixed line telecommunications market, it gives consumers the choice to switch providers, which enables providers to develop more innovative products to sell, invariably at better prices.

Question 1 Based on our analysis of Ofcom's mis-selling complaints data; do you agree that further improvements are achievable, and that both absolute and relative numbers of mis-selling incidences can be reduced? Please provide an explanation to support your response.

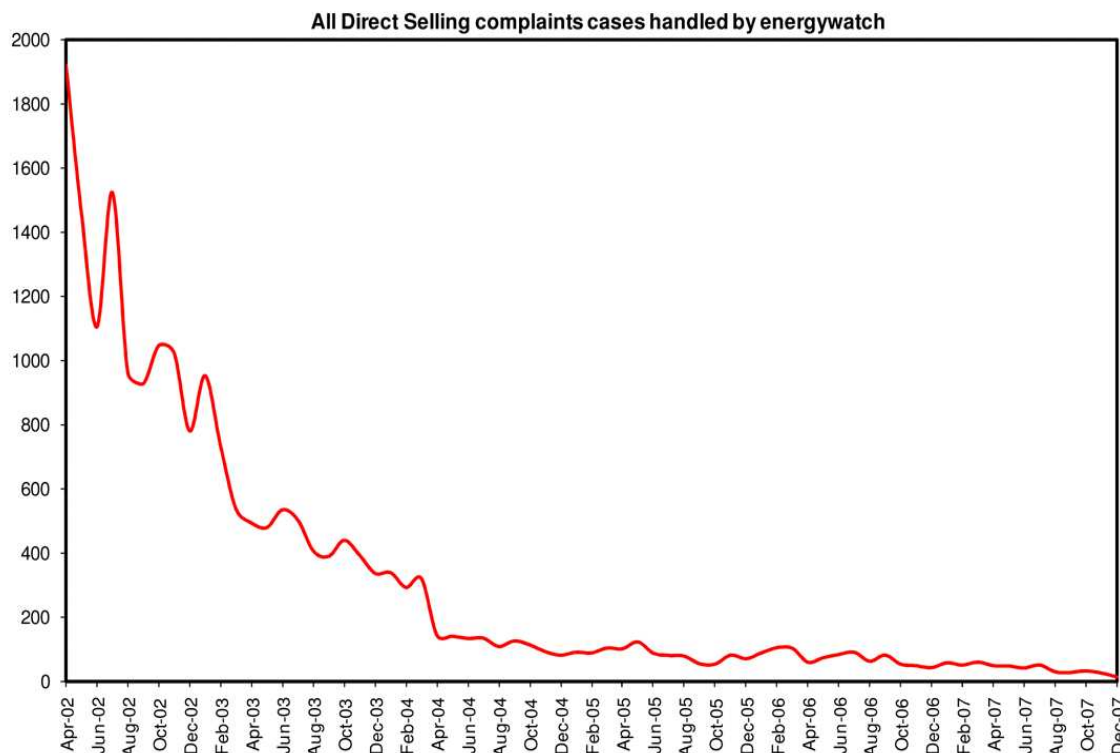
It is extremely positive that consumers are continuing to have greater choice in who provides them with fixed line telephone services, competition in the market continues to develop and core to that is direct selling of CP services. Every sector should strive to reduce mis-selling. However low the absolute and relative numbers of complaints are, improvements are always achievable by adopting and developing robust frameworks, providing clarity of expectations and the sanctions for breaching those expectations.

In the majority of fixed line sales, whether face to face, over the telephone or online, consumers are treated fairly, honestly and are completely clear about the services they have chosen to buy. However, in recent years with more CPs entering the market, together with a continually complex set of services being offered, mis-selling incidents have and will continue to increase unless changes are introduced. Ofcom statistics indicate overall complaint levels are rising and that an industry wide 'raising of the bar' in relation to sales activity has to occur.

Gemserv share Ofcom's view that, based on the analysis and data provided, further improvements in relation to reducing mis-selling in the fixed telecoms market is achievable. Whilst the data used does not give a complete picture of the depth of the issues, the trend of increasing mis-selling complaints to the Ofcom Advisory Team (OAT) seems sufficient to gain the overall picture of a rise in mis-selling since its lowest point in 2006. We would expect, because of the Notification of Transfer Process and CPs internal complaint handling procedures, many consumers mis-sold to would have had their complaints resolved before reaching OAT, suggesting these mis-selling figures could only be a small percentage of actual complaints. However variables such as those indicated by Ofcom (potential encouragement of consumers to go to Ofcom, consumer confusion, inappropriate retention or switching deficiencies) could exacerbate complaints unfairly attributed as mis-selling complaints reaching the OAT. In terms of OAT actual complaint numbers, fixed line complaints have remained higher than broadband, cable and mobile, and whilst these figures do not indicate proportionality in relation to transfers, the telling sign is that recently complaint numbers have been increasing again in fixed line more so than in other areas.

Gemserv have extensive experience across different utility sectors and recognise the need to consider specific market factors when comparing one sector under consideration. However, we also firmly believe that there is a lot to be gained by learning from other sectors, especially those where liberalisation happened more rapidly than the sector we are looking at. To that end, we believe it is useful to note the example of Gas and Electricity that experienced well publicised problems of mis-selling earlier this decade. Our comments are independent observations, as we have not had direct contractual involvement in the scheme which we will refer to, however we do have a number of senior staff who have contributed to its success at industry level through involvement in the industry groups and developing compliance frameworks to improve mis-selling performance within major suppliers.

The EnergySure Code, which was introduced in 2002 with the aim of reducing face to face mis-selling in Energy, contributed, without doubt, to the reduction of mis-selling in Energy. In April 2002, there were over 1 900 complaints to energywatch (the Gas and Electricity Consumer watchdog until October 2008). By December 2007, complaints had reduced to less than 100 per month across the industry. When factoring in transfer numbers, the improvement was a 98% reduction, with a complaint to transfer ratio well under 0.1% across all suppliers. In later answers we will refer in more detail to the framework and multi-participant working that contributed to the reduction of complaints in Gas and Electricity and suggest aspects that could be transferable to fixed line Telecoms.



Moreover, in the case of Gas and Electricity, Gemserv has been central to developing and maintaining a transfer process that enabled a solid framework to enable consumers to be switched fairly. We recognise that some of these features exist in Telecoms but will list additional features of the switching process for Gas and Electricity in answering question 10.

Question 2 Based on our experience of our enforcement activities, do you agree that the regulations should be further strengthened in order to better meet Ofcom's policy objectives and aims? Please provide an explanation to support your response.

Monitoring trends, determining benchmarks and accepted parameters has been crucial for Ofcom. It has led to evidence-based investigations which, in turn, have enabled Ofcom to identify where improvements are needed with individual CPs and across the sector. Based on the trends, Gemserv agree that regulations should be further strengthened and that CP obligations need to be clarified to help enable CPs to protect consumers. We will provide views on the specific issues identified in the order that they appear in the consultation.

At the outset, we would strongly assert that strengthening regulations is, in itself, not enough to reduce the root cause of mis-selling. We believe Ofcom should consider that as well as strengthening regulations, a co-regulatory approach, strengthening the frameworks to support CPs tackle the root causes of mis-selling, and a review of switching processes is necessary. The consultation suggests that some CPs are less clear than others in terms of their responsibilities and how to achieve compliance. There is huge benefit from exploring ways to encourage multi-CP working and additional governance frameworks to provide clarity of responsibilities to enable root causes to be tackled.

Below we comment on the points brought up in the consultation from the experience gathered in Ofcom's enforcement programme;

1. Genuine confusion amongst CPs of what is expected

Clearly the issue of confusion of obligations amongst CPs is vital to resolve, and so we agree more clarity is needed. New General Conditions in addition to new support mechanisms and more clear switching processes will all serve to reduce confusion and increase compliance.

2. The Code of Practice approach

Gemserv share Ofcom's concerns stated in the consultation regarding the problem of not being able to enforce action on mis-selling if a CP does not have a Code of Practice. It does delay resolving issues if the first step is to actually create a Code. Moreover, we agree, that if Codes of Practice are too prescriptive, they can be inflexible and detrimental to existing legitimate practices. Any form of prescriptive regulation that unduly affects valid business practices is disproportionate.

We believe the current approach requiring CPs to establish and comply with a Code of Practice has not proven the right solution and understand why prohibiting inappropriate sales and marketing through general conditions has been suggested. However, we suggest that simply prohibiting inappropriate sales activities will not serve to resolve the root causes of mis-selling. By removing any form of Code of Practice, CPs could be left exposed and unclear of how to reach compliance against the new conditions. We suggest an alternative approach, namely a universal Code of Practice, outcome based rather than obligating a prescriptive process, with a governance framework to support best practice. We believe in outcome based regulation, for which we understand in this context to mean CPs not being required to conform to prescriptive process and whereby the delivery of how they reach compliance is, in the main, left up to them.

However, we believe that there needs to be evidence, recognised standards, guidance, support, KPIs and CPs working together to ensure compliance is being encouraged.

There are merits to having some core processes together with a governance framework around a defined and clear Code of Practice, even in an outcome based approach. There are various options that will aid compliance and give CPs the correct mix between autonomy and support that will help lift standards across the industry.

- **CPs working together** – Creating an environment where CPs work together is not detrimental to competition but will enable widespread improvements in performance to be achieved collectively. A Fora (whether virtual or face to face), for example, for multi-participants to share best practice and tackle root cause does not need to be at the detriment of competitive edge, but would enhance the reputation of the switching process and the confidence of consumers to switch. The Fora could be facilitated/managed by an independent body. This may be particularly useful for less established CPs and it shows a commitment to improve mis-selling. It may be voluntary or could be a requirement to attend for those least compliant (which can be evidenced by KPIs, explained below). It will provide a support mechanism to CPs where they have all the tools available to enable them so that they can understand and be accountable in relation to raising standards. The Fora could be seen as a quality mark to give confidence that CPs who are involved are taking mis-selling

seriously and are prepared to invest the time to improve. Gemserv recognise that due to the large number of CPs it may not be logistically possible for them to sit around a table once a month, but other options are available in the form of regular workshops and online support. If new General Conditions are introduced, CPs will need the support and will have the incentive to ensure they improve their sales processes so as to enable them to continue to grow their businesses.

- **Independent audit** – Further support to CPs and a way to assure Ofcom of compliance to the General Conditions and KPIs (if implemented) is audit. This does not have to be process based but should focus on analysing outcomes such as complaints and how they relate to CPs reporting. Again, Gemserv note that the number of CPs is much larger than in other sectors and the capacity to externally audit all CPs is logistically constrained. However, a risk based approach could be adopted, tackling either those CPs mis-selling or requesting audit to identify how they can improve. The focus of audits should not be on the CPs with legitimate practices in place that are compliant in their outcome. The recent Consumers Estate Agent and Redress Act 2007 (CEAR) has strengthened complaint handling procedures in Gas and Electricity and the Postal Sector. The new approach to audit and reporting in these sectors, implemented to ensure consumer confidence, is notable and transferable in Telecoms.
- **Database for persistent mis-sellers** – Mis-selling must be tackled from its root, people mis-sell because they believe that there is incentive to do so or they are not informed about how to sell fairly and clearly. There are many things that can tackle root cause, and CPs should remain autonomous in their processes to tackle mis-selling and to train and remunerate their staff, but where individuals who repeatedly mis-sell move from company to company the whole industry suffers. A simple database protects consumers and CPs from rogue salesmen and better protects the reputation of the industry. Using the Gas and Electricity example again, the EnergySure Database is one part of the governance framework for tackling root cause. All agents who sell face to face are on a database, if they persistently mis-sell, they face withdrawal. If they move from one supplier to another their record for selling is visible and serves as a caution to potential employers. This form of strengthening governance would encourage standards to improve as the consequences of mis-selling by individuals would be more severe. This is a low cost and simple solution to implement and sustain and would give consumers another clear sign that the fixed line market is responding to protect their interests.
- **KPIs** – It is important that CPs know what KPIs Ofcom deem as important and remain committed to providing information on compliance. Self Regulation in terms of producing KPIs is intrinsic to understanding outcomes. One issue Ofcom cited was CPs not keeping sales records. Sales records and complaints records, amongst other key information such as proven forgeries, are necessary to prove compliant outcome and demonstrate commitment to reduce mis-selling.

Overall, strengthening the governance framework to reduce mis-selling is more than simply prohibiting mis-selling through new General Conditions. A Code of Practice, outcome based and universal, should exist, simple and cost effective frameworks supporting multi-participant

dialogue and sharing best practice, external audit, databases for persistent mis-sellers and KPI reporting (to measure outcome performance rather than adherence to processes to get there) would raise the bar higher and serve to support CPs.

All, or a mixture of these suggestions, can be implemented without large cost and certainly without an unnecessarily prescriptive process. All would demonstrate to consumers the commitment to invest in improving their switching experience and it would identify the CPs who are most and least committed to tackling the issue of mis-selling.

3. Consumers switching having existing contractual liabilities

Gemserv fully agree with the need for consumers, at point of sale, to be prompted to consider their contractual liabilities, e.g. whether they are already contracted to another CP, and it is a gaining supplier's responsibility to prompt the consumer to do so. These should be 'principal terms' within a sales call or visit and should be clearly prompted before a consumer agrees a transfer and during the switching process.

4. Abuse of Cancel Other process

We believe that there should be a common approach to 'Cancel Other' rules, so extending regulations to all CPs of fixed line telecommunications services through modifications to general conditions is necessary.

5. Variability of sales records

As mentioned above, outcome based regulation still requires some degree of process. One such process is the requirement to adhere to KPIs relating to evidence of sales made and percentage of complaints to sales in a given period. CPs have the responsibility to keep good quality records. An absence of records should not be used as a reason not to enforce rules and record keeping rules should be strengthened.

In regards to call recording, this will likely lead to a reduction in sales complaints over time but only if CPs have the financial and operational capacity to improve their sales practice after enforcement sanctions are imposed. It will allow Ofcom to have an audit trail, assess quality and approach and put enforcement procedures in place based on evidence, particularly useful for the least compliant telesales operations. Enforcement sanctions would become more common where mis-selling is identified, because improved evidence would support investigations. In addition, call recordings could also be used as an aid to resolve a consumer complaint in terms of the evidence it produces.

Gemserv believes that it is a matter for CPs to comment on how call recording impacts on their operational overheads and whether they agree an industry wide requirement to introduce call recording is the best option in tackling the mis-selling issue. If call recording is not ultimately seen to be the best option, we suggest that other alternatives (necessary both if call recording comes into place or not) would need firm commitment from CPs so as to significantly reduce complaints. Gemserv note that in Ofcom's Impact Assessment that the most significant reduction of mis-selling is seen to be through the introduction of call recording. However, the governance framework suggestions and improving one or some of the switching processes would also lead to a notable and tangible reduction of complaints in addition to, or instead of, imposing 100% call recording.

Gemserv would comment that call recording does not necessarily improve quality where strong quality measures already exist. Some CPs may have strong processes and internal monitoring that maintain high standards of quality in relation to telesales. It is staff training, support and the monitoring framework rather than the call recording that ensures good practice in telesales. Call recording can tackle the root cause only if the sanctions for failing to comply lead to improvement in a CPs sales practice and culture. Call recording would not tackle face to face mis-selling so, again, alternative options and signature at point of sale would be necessary.

One solution, in addition to introducing a governance framework based around a Code of Practice, is strengthening processes around the issuance of correct RID Codes and other switching processes. If improvements are made to processes, clarification is given to all CPs on how these processes work. This will help to resolve mis-selling, especially in relation to slamming. If Ofcom decide to introduce incremental measures in relation to tackling mis-selling and introducing a new switching model, some processes could be re-mapped and re-briefed to CPs within months.

Question 3 What are your views on appropriate implementation periods for each of the proposed measures we are consulting on as set out in sections, 5, 6, 7 and 8? Please provide an explanation to support your response.

An assumed implementation period of 12 months for the package of measures, with less than 12 months on some aspects seems appropriate based on the proposed changes. In addition, we would envisage that the implementation of additional framework measures and re-writing of processes to support reducing mis-selling, as specified above, are achievable within a 12 month period.

Question 4 To what extent do you consider our assessment of the potential costs and benefits outlined in the IA at Annex 5 is dependent on the implementation periods for each of the proposed measures we are consulting on as set out in sections, 5, 6, 7 and 8? Please provide an explanation to support your response.

Gemserv believe that if the implementation periods for all sections are extended much beyond the proposed timeframes, the costs and benefits will be adversely affected. It is extremely difficult to assess specifically how affected they will be, however, clearly we would anticipate that the costs attributable to mis-selling in the market will rise the longer the modifications are delayed. With a current estimated cost of mis-selling in respect to the fixed line market in the region of £10-37m per year, we would expect this to increase year on year without change, based on recent trends.

Question 5 Do you agree that it is appropriate to modify, or remove, the July 2005 Cancel Other Direction (or any provision saving in effect this Direction) so that any changes take effect before the end of the implementation period for modifications to the General Conditions? Please provide an explanation to support your response.

Gemserv support the withdrawal of the July 2005 Direction concerning BT's use of Cancel Other to incorporate reduced requirements as part of a General Condition. Analysis proves that there is widespread use of Cancel Other throughout the industry. BT is no longer the primary user of Cancel Other and its misuse has a detrimental effect on consumers. In terms of timing, we believe that it is beneficial to implement revised proposals in General Conditions for all as soon as possible for the benefit of consumers. The removal of the July

2005 Direction would be best done at the same time as implementation of modifications, rather than before, otherwise it may be detrimental for those consumers the existing rules would otherwise protect.

Question 6 Do you agree with our preferred option on clarifying and simplifying the regulations, namely that we should:

(i) improve clarity of the regulations by redrafting in order to aid understanding

Gemserv agree with option 3 for the reasons Ofcom mentioned. There is evidence that CPs do not fully understand regulations, so simplification is necessary.

(i) simplify the regulations by moving away from a code of practice (process based) approach to an outcome driven approach based on absolute prohibitions of mis-selling?

Ofcom needs the ability to be swift in its enforcement action and, as stated, they 'require that CPs remedy the consequences of actual mis-selling activity'. As mentioned above, we agree that 'process-based' Codes of Practice have not had the overall effect that had been intended. However, we believe consideration should be given to a non process-based universal Code of Practice supported through additional governance frameworks, this would enable CPs to not only remedy the 'consequences' but also the 'root cause'. Gemserv believe less prescriptive regulation is positive so that outcomes are judged rather than the way CPs achieve compliance. However, the theme running through Gemserv's response to this consultation is that prohibitive regulations alone do not rectify root cause and that some process to enable best practice and compliance is necessary, as well as the re-writing of elements of the switching process.

Question 7 Do you consider there are other parts of the existing GC14.5 obligations where we could clarify and simplify the regulations, but have not proposed to do so? If so, please explain and set out the reasons for this.

Gemserv believe that the proposed obligations are clear. However, we put forward one additional requirement for consideration:

5. Records Retention – In the case of face to face selling, a signature on a contract is required if the sale is not verified with an additional telephone call.

Question 8 Do you agree with our preferred option to provide better information to consumers on the potential consequences of switching? Please provide an explanation to support your response.

Gemserv absolutely agree with the preferred option to provide better information to consumers as 'principal terms' at point of sale and by both providers during the switchover process. The costs associated with making changes to sales scripts against both clarifying the existing record keeping rules combined with the provision of better information to consumers regarding contractual liabilities would yield a NPV over the medium to long term.

Question 9 Do you agree that Cancel Other should primarily only be permitted for reasons of slamming, as defined by Ofcom, or are there other circumstances where you feel use of Cancel Other should be permissible?

Gemserv believe that Cancel Other should primarily be used for the reason of slamming and that other mechanisms for cancelling orders should be done with the gaining provider. On such occasions where a gaining supplier does not cancel on behalf of a consumer, a safety net mechanism does need to be in place to prevent a consumer from being transferred.

Question 10 Do you have any other suggestions for improvements to the reliability of the Cancel Other data and, in particular, the existing reason codes?

Gemserv are happy to liaise with Ofcom and CPs to provide an insight into our experience with consumers who have been unfairly switched from one service provider to another. We have many years experience, as part of our Meter Point Administration contract, running the Erroneous Transfer Customer Charter relating to Energy transfer.

An erroneous transfer occurs where a customer has been transferred to a supplier without a valid contract being in place. For the avoidance of doubt, the Erroneous Transfer Customer Charter will only apply where an erroneous transfer has occurred and not, for example, where a customer has changed their mind after they have switched supplier.

The details of the Erroneous Transfer Customer Charter are as follows:

- If a customer believes that they have been erroneously transferred they can contact either their old or new supplier.
- The contacted supplier will liaise with the other supplier to resolve the matter.
- An appropriately trained representative of the contacted supplier should explain to the customer:
 1. What action will be taken.
 2. When they can reasonably expect to be transferred back to their original supplier.
 3. That they will only pay once for the energy consumed and where possible, how their billing arrangements will be treated.
 4. How they will be kept informed of progress towards resolution.
 5. On request, how complaints will be resolved and, where appropriate, how compensation claims will be dealt with.
- The contacted supplier will send written confirmation of the details provided above within five working days of the customer contact.
- Where possible, the supplier will include an explanation of why the erroneous transfer took place.
- The customer will be provided with confirmation within 20 working days of their initial contact that they will be returned to their old supplier. If this process fails, each customer is compensated £20.

Defining the process to this degree and having a set compensation procedure is beneficial to customers and also allows the Regulator to monitor each supplier's performance. Ofcom may consider using descriptive reason codes when considering this area. Below are the ones used in Energy (most of which are relevant to Telecoms):

- Forgery – Proven

- Misleading information / Suspected Fraudulent Market practice and / or Training Issues
- Incorrect Meter Point Administration Number (MPAN) selected
- Cancelled contract not actioned
- Customer Service Returners
- Other

Question 11 Do you agree with Ofcom's proposals not to transpose information sharing obligations relating to use of Cancel Other as part of the proposed new General Condition? Please provide an explanation to support your response.

Gemserv agree with Ofcom's proposals not to transpose information sharing obligations to a new General Condition, for the reasons stated, namely unnecessary cost and the ability for Ofcom to request records where they feel it is appropriate to do so.

Question 12 Do you agree with our preferred option on record keeping for sales? Please provide an explanation to support your response.

Gemserv agree that additional clarification through clear guidelines is needed for CPs. In respect to what is required across the various channels, CPs need greater certainty of requirements and should include sales documents, contracts (with a signature in the case of face to face sales is appropriate), case notes and all relevant supporting information. We would recommend Ofcom require CPs to provide certain specified record keeping information on a regular basis through KPI reporting.

All records must be kept for a specified period and be readily available. If records are not kept, in relation to a complaint or investigation, CPs would be deemed to be non compliant.

Please refer to Question 2, point 5 for our comments on call recording. We believe it is for CPs to express their opinions on whether they agree with call recording as they are best placed to determine the impact it will cause on their operational practices. We see advantages and disadvantages in the proposal, as specified above.

Question 13 Do you agree with our preferred option on record keeping where Cancel Other is used? Please provide an explanation to support your response.

If call recording was introduced, Gemserv recognise the rationale behind introducing obligations requiring CPs to keep, and retain, call recordings in relation to Cancel Other. It is both in the interests of consumers, the credibility of the transfer process and is fairly applicable to all CPs. However, there are alternatives to improve core transfer processes.

Question 14 What are your views in relation to consideration of other options described in section 9? Please provide an explanation to support your response.

Gemserv welcome Ofcom considering other options to reduce the distress caused to consumers through mis-selling and abuse of Cancel Other. Gemserv has papers and ideas on both ex-ante validation and ex-post validation. It is an area where we have extensive experience across different sectors. We have mentioned some ideas in this response on what would support a more effective switching process, specifically in reducing the root cause of mis-selling. Below, we will expand further in terms of a switching framework.

Ex-ante validation

Gemserv recognises the progress made by Ofcom towards enabling consumers a better switching experience when they transfer their fixed line services. Indeed, in February 2006, Ofcom consulted on Migrations, Switching and Mis-selling. After that consultation, a Migrations Industry Working Group (IWG) was set up in June 2006, followed by a piece of work to develop a broad picture of the costs and benefits required to deliver a single migrations process for transferable communications services, in October 2006. Broadly speaking, we support the concept of a Gaining Provider switching system and believe we could be integral in developing concepts into practical, detailed and operational processes. We could set out sufficient detail of how a central switching process would work.

Gemserv developed and have been operating switching models in other sectors, including Electricity and Water. We fully support the idea that a central switching model is beneficial for competition and that new processes should support migrations of complex bundle products. Based on experience, a central switching process will better inform and protect customers, positively reduce mis-selling and reduce end user touch points.

At present, issues include slamming (a theme in this consultation), failure to issue migration authorisation codes (MACs) by the losing provider, and poor “end to end” customer experience of migration, e.g. tags on the line. These issues will broaden as the number of switches and complexity increases and the difficulty and inefficiency of managing multiple and separate migration will worsen.

Gemserv recognise that different stakeholders have held different views in regards to a single switching mechanism and the coordination between switching parties in the past. However, although the cost of providers integrating systems to a common industry platform is a challenge, it is one we have faced and successfully overcome in other sectors where the benefit to consumers, providers and competition has been very evident.

Gemserv forecast, because of the growing complexity of products to switch and the likely continued increase in the number of switches, that it is in the interest of competition and consumers to take a central switching model forward at some stage. However, we also fully accept and support incremental progress in this area might be the most viable solution and will add insight, where requested, to make improvements incrementally.

Ex-post validation

As stated above, getting the framework correct upfront is the most effective way to protect consumers. However, as demonstrated in the Erroneous Transfer Customer Charter and the EnergySure Code of Practice, where £250 is paid to consumers who are fraudulently sold to, the existing switching process can be supported by frameworks offering consumers compensation for mis-selling.

IA Questions

We have read the analysis presented in Annex 5, the Impact Assessment. Based on the evidence presented, we believe the assumptions look well informed. However, as Gemserv are not a CP, we feel we are not best placed to offer detailed feedback in relation to the costs associated with the options. As specified throughout the consultation, we would

anticipate further improvements to governance frameworks and the switching processes would yield further and significant NPV over the course of time.