

Ofgem should shake up energy market, says lovemoney.com

For immediate release

Too many people are getting a poor deal from their energy supplier. [lovemoney.com](https://www.lovemoney.com) believes that Ofgem needs to toughen up the rules for energy suppliers in the UK. We propose four regulatory changes:

1. **Tariff discounts should be fully applied within three months of a deal**

Tariffs are often quoted at a price that includes a discount. Yet on some tariffs, the discount isn't applied until the customer has been using the tariff for a year or more. In reality, these supposed discounts are cashback offers. Energy suppliers should apply a discount by reducing the cost of energy on a monthly or quarterly basis.

2. **Suppliers should pay interest on money received via overpaid bills**

Suppliers offer the best tariffs to customers who pay by direct debit. Direct debit customers often pay for more energy than they have used, and suppliers end up receiving what is effectively an interest-free loan from their customers.

Ofgem should force suppliers to follow the lead of Scottish Power and Ovo Energy and pay interest on credit balances.

3. **More competition for prepay meters**

We estimate that up to five million households pay for energy using a prepay or 'key' meter. There's very little competition in this market as the procedure for removing a meter is cumbersome and can cost between £90 and £120. Ofgem should foster competition by forcing suppliers to adopt a standardised and transparent process for removing a meter.

4. **Cancellation fees should be banned on variable rate energy tariffs**

On many tariffs, you'll be hit by a cancellation fee if you switch to a different supplier within a year – or longer. Yet if you're on a variable tariff, you could be hit by a price rise a few months after signing up. Then you have to decide whether to pay the cancellation fee (perhaps £75) in order to switch to a cheaper tariff.

Ed Bowsher, Head of Consumer Finance at lovemoney.com comments: *"The energy industry has several slippery tricks it uses to rip-off consumers. It's time for Ofgem to clamp down on these practices and create a level playing field between the consumer and the big energy suppliers."*

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Notes to editors

An ISDN line is available for radio interviews

For further information or to arrange an interview with Ed Bowsher, please contact Ed on 020 7297 8141 or ed@lovemoney.com

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