

**STRENGTHEN AND STREAMLINE
CONSUMER ADVOCACY**

CONSULTATION ON
CONSUMER
REPRESENTATION AND
REDRESS

SUMMARY OF RESPONSES
AND GOVERNMENT
RESPONSE TO
CONSULTATION

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Department of Trade and Industry
Consumer and Competition Policy Directorate
Economic Regulation Team

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Foreword from the Rt. Hon. Ian McCartney MP, Minister of State for Trade, Investment and Foreign Affairs



In January, the Department of Trade and Industry embarked on a formal consultation exercise seeking views on proposals to bring about reform to the current system of consumer advocacy in the UK. This desire for reform stems from our firm belief that empowering and protecting consumers is key to the achievement of successful, fair and competitive markets. We want to give consumers a simple, effective system of representation and redress that is easily accessible, and offers the best possible all round protection. That is why we are committed to introducing these improvements to the existing system.

We set out our proposals to introduce new measures to consolidate existing consumer bodies into a more coherent and efficient consumer advocacy body, and the introduction of redress schemes to resolve complaints where service providers have not been able to do so. Our consultation exercise generated considerable response from a broad range of stakeholders. I would like to offer my thanks to all those who took the time to contribute their views to this important debate. All the comments and suggestions made have been carefully considered. This document contains a summary of the responses received and our final decisions on the proposals.

We believe that the creation of a strong and effective consumer advocacy body would provide all concerned with a powerful and effective advocate, able to address consumer issues across the economy. For this reason, we are committed to taking forward work to make this happen without delay. Legislation will be required to deliver the new model for consumer representation and redress, and we intend to bring this before Parliament as soon as possible.

Ian McCartney

INTRODUCTION

The Consultation

1. The Department of Trade and Industry (DTI) launched a formal consultation on consumer representation and redress on 25 January 2006. The consultation document and partial Regulatory Impact Assessment (RIA) sought views on proposals to strengthen and streamline consumer advocacy. The proposals included the consolidation of existing consumer bodies into a more coherent advocacy body and the introduction of new redress schemes to resolve complaints where service providers have been unable to do so.
2. In addition to launching the beginning of the consultation period by issuing a press release, and publication of the consultation document on the DTI website, electronic copies of the document were sent to over seventy key stakeholder organisations. These included industry representative bodies in the sectors directly affected by the proposals to ensure their members were aware and could participate in the consultation process.
3. We held extensive discussions with key stakeholders in the lead up to the beginning of the formal consultation period, which helped shape the proposals as they appeared in the consultation document. In addition to this, we continued the discussion process throughout the consultation process to canvass their views in depth.

Consultation Responses

4. We received well over eighty written responses to the consultation from consumer bodies, regulatory bodies, Ombudsman organisations, local authorities, industry, Members of Parliament and individuals. The consultation was generally well received, with many respondents providing robust and detailed comments. Some respondents limited their comments to particular aspects of the proposals.
5. This document is a summary of the main issues raised in the consultation, including those from subsequent informal consultation, and outlines the Government's final decisions on the key points of the proposals.
6. A list of respondents who did not request confidentiality is attached at Annex A. We would like to thank all those who took the time to contribute to the consultation process.

7. This document is available electronically on the DTI website at www.dti.gov.uk/consultations/closedwithresponse/index.html
Printed copies can be obtained by contacting the DTI publications Orderline on 0845 015 0010. The consultation document can be viewed electronically at www.dti.gov.uk/files29876.pdf.

Partial Regulatory Impact Assessment

8. The consultation document contained a partial Regulatory Impact Assessment (RIA). A small number of respondents offered comments on the analysis and information presented in the partial RIA. These comments are discussed in the full RIA which is available separately on the DTI website, at www.dti.gov.uk/closedwithresponse/index.html.

Enquiries

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BACKGROUND

10. The Government is committed to ensuring the UK framework for consumer empowerment and support is at the level of the best by 2008. We believe that empowered consumers are key to the success of competitive markets. A simple, effective system of consumer representation and redress that offers all round protection to the consumer is a basic requirement of such a framework.
11. In July 2004, the joint DTI/HMT Economic Regulation Team published a report entitled 'Consumer representation in the Regulated Industries'. This report contained recommendations to strengthen and streamline the current system of consumer representation and redress across the utility sectors by consolidating the existing consumer bodies. A commitment to bring forward proposals to strengthen and streamline consumer advocacy was made in the Labour manifesto in May 2005, and reflected in the DTI Consumer Strategy, published in June 2005.
12. The consultation on consumer representation and redress was published on 25 January 2006. The document set out our proposals for reform and views were invited on the options laid out by 19 April 2006. This document launched the Government's formal consultation exercise on the proposed model for reform. The proposals set out crucial reforms to consumer representation and redress to provide:
 - clarity and simplicity for consumers;
 - coherent and cohesive consumer advocacy through "joined up" professional representation for the consumer interest;
 - redress for consumers where things go wrong; and
 - value for money for consumers.
13. As well as creating a more effective and efficient system of consumer representation across markets, it is anticipated that the proposals will result in monetary savings for industry, and ultimately therefore for consumers. The aggregated cost and benefit figures are in the full Regulatory Impact Assessment published alongside this Government response document.

The case for reform

14. Under the current regulatory framework, sectoral consumer bodies have a duty to represent the consumer interest and provide a valuable service to consumers within their individual sectors. By its very nature, this approach has resulted in the overall system of consumer representation being fragmented. Companies are increasingly able to offer a variety of cross sector services to

consumers, while sectoral consumer bodies can only deal with the aspects of a company's service to consumers that fall within its statutory duties.

15. Almost every household in the country is a consumer of all or most of the key services, and for the majority of these services, the consumer is the same person. Yet, any consumer who encounters a problem or who wants advice or assistance needs first to establish where to go for help, and will likely need to approach more than one organisation.
16. The fragmented nature of consumer representation means that there is not a single, coherent voice for the consumer, which can reflect priorities across the different markets, or speak with expertise or authority for all consumers in discussions with companies, with Government, or in Europe.
17. The fragmented approach is further evident in the approach to complaint handling. In the financial services and electronic communications sectors the consumer complaints handling role is separate from the consumer bodies. These sectors have Alternative Dispute Resolution arrangements in place through redress schemes.
18. Following a review of industry wide billing practice, a new Energy Supply Ombudsman service was set up from 1st July 2006 to resolve billing and transfer disputes between consumers and their gas and electricity suppliers.
19. Many of the other sectoral consumer bodies have a statutory responsibility to help resolve consumer complaints, and are devoting a large proportion of their budgets to this issue. Sectoral consumer bodies, however, can only seek to resolve complaints through persuasion, as they do not have the statutory powers to enforce resolution.

Overview of the proposals

20. The Government believes that there is a strong case for improvements to the current framework of consumer representation and redress in the utilities and regulated markets¹. We believe these improvements can be achieved from adopting a more coherent approach across sectors. We made the case for reform in the consultation document and presented the proposed

¹ 'Regulated markets' are taken throughout this document to mean those that have a sector specific regulator i.e. water, gas, electricity, postal services, air travel, electronic communications and financial services.

model with the objective of strengthening and streamlining consumer representation.

21. The model is made up of three key elements;

- The provision of a single point of contact for consumers across all markets (Consumer Direct) to obtain information and impartial advice;
- The extension of new redress schemes to all energy complaints and the postal services sector to resolve complaints where service providers have not been able to do so; and
- The establishment of a new body to represent the interests of consumers across all markets and provide information and advice on the consumer perspective to business, to Government, and to the sectoral regulators.

Next steps

22. Legislation will be required to deliver the new model for consumer representation and redress, and we intend to bring this before Parliament as soon as possible.

SUMMARY OF RESPONSES & GOVERNMENT RESPONSE

Objectives of the proposals

23. Comments and supporting evidence where appropriate were invited on specific aspects of the proposals. The list of questions in the consultation document is attached at Annex B.
24. We received written responses to the consultation from representatives of consumer bodies, regulatory bodies, Ombudsman organisations, local authorities and industry, as well as Members of Parliament and individuals. In addition to the written responses, we also held one-to-one meetings with a number of key stakeholders. The consultation was generally well received, with many respondents providing robust and detailed comments. Some respondents limited their comments to particular aspects of the proposals.
25. The overwhelming majority of all respondents supported the general thrust of the proposals and agreed in principle with the fundamental objectives. There was agreement that the current framework was fragmented and that it was right to take a cross sectoral approach to bring about a more streamlined system of consumer representation and redress for consumers.

'We welcome the initiative by the DTI to reduce the duplication of consumer representation across the various bodies. We agree that the proposed model will benefit consumers by simplifying the system of redress and save costs both to companies, and ultimately the consumer and tax payer'... Western Power Distribution

'I welcome the agenda for change, as clearly the existing arrangements are not working efficiently or cost effectively'... Raymond Cope (Individual)

'Ofcom supports the creation of a new consumer body with an economy-wide perspective. We agree that by streamlining the arrangements for consumer representation, in utility sectors such as energy and post, significant cost savings can be made and consumer's interests can be represented more effectively'...OFCOM

26. Some respondents, notably the Office of Fair Trading (OFT) and the National Consumer Council (NCC), expressed reservations about some of the detail of the proposals. Others questioned the rationale behind including the electronic communications and financial services sectors, and leaving out other sectors such as

water, rail and transport. The consensus of thought here was that Government ought to apply a comprehensive approach to this change.

27. A small group of respondents expressed reservations about the Government's real intentions, stating this was a cost cutting exercise. Some in this group felt the objectives could be achieved by working differently under the existing structures.

'We do not believe these proposals will strengthen consumer advocacy in any way. energywatch has experience in the gas and electricity sector and their knowledge and expertise is vital to resolving complaints, especially for the vulnerable consumer'...UNISON members within energywatch.

Government response

28. **The Government is grateful to all who have contributed their views to this process and are encouraged by the overall positive nature of the comments received. In particular, the views expressed about the need for significant reform to the current framework of consumer representation and redress support the fundamental objectives of these proposals.**
29. **Having considered all the responses to the consultation, we believe there remain strong arguments to support our view of the need for reform and the potential benefit to consumers and industry of adopting the suggested approach. We will proceed with introducing measures to deliver this new model.**
30. **The new model would offer a more efficient and effective system for all consumers, including vulnerable consumers. Although we anticipate that there will be monetary saving for industry and ultimately, for consumers, our motivation for reform is not purely cost driven. Consumers would benefit from having a single point of contact for information and advice for all sectors in the form of Consumer Direct; redress schemes to offer certainty of resolution of complaints and provide compensation where warranted; and the existence of a stronger, more coherent body, able to represent the interest of consumers across markets.**
31. **These measures are intended to bring about wide scale reform across all markets in the UK. The retention of sectoral expertise is an integral part of the plans for reforms. We recognise the benefits of including as many sectors as possible in the new body, and feedback from some respondents argued that leaving out**

particular sectoral bodies could diminish the benefits of consolidation for the consumer.

32. However, our consultation document proposed that certain consumer bodies in the energy and postal services sectors, (and potentially also the financial services and electronic communications services) form the initial phase of organisations being considered for incorporation into the new arrangements, and the proposals envisage the possibility of others being included in the future. For example, we proposed to consult on the possibility of including water within the new structure in 2008.
33. We welcome the willingness of stakeholders and interested parties to contribute as we take this agenda forward. We will continue to engage with all concerned. We will undertake a further public consultation in 2008, to consider the views of stakeholders on whether water should be incorporated into the new arrangements at that time. We will also consider the possibility for future inclusion of other sectors within the new arrangements.

The Responsibilities of Industry

34. The suggestion behind the proposals is that service providers need to assume greater responsibility in dealing with consumer enquiries and complaints. Respondents were asked their views on whether companies who provide services should have complete responsibility towards their customers, including the resolution of complaints and to what extent they consider that companies currently fail to do this.
35. The vast majority of respondents commented on this question, and there was unanimous agreement that companies who provide services should have complete responsibility towards their customers, including the resolution of complaints. This was seen as an integral part of a company's relationship with its customer, providing an important source of information on how its services were perceived, and where improvements can be achieved. Most respondents agreed that companies could do more to prioritise effective complaint handling.

'UK business market needs dynamic and socially responsible companies in order to survive in increasingly competitive globalised world economy'... Trading Standards Institute.

'Business should take responsibility for resolving complaints so they drive up standards across the sector and therefore reduce the number of complaints and the amount of time spent resolving them. This should mean business spending time on getting things right first time round, rather than putting things right after they have gone wrong'... Hampshire

County Council

'Companies should have complete responsibility to their customers and it is clear that, to date, many companies have been over-reliant on the existence of the sector 'watchdogs' and their channelling of complaints'...Dispute Resolution Services at the Chartered Institute of Arbitrators (DRS-CI Arb)

36. The majority of respondents who commented felt that some companies were failing to a degree in their responsibilities to their customers in this area.
37. However, respondents from industry spoke from their own organisation's experience, or that of their particular sector. Many indicated that their organisation (or members) had complaint handling procedures in place that worked well for them under their current sector set up, and that companies should be given the opportunity to resolve complaints themselves before the complaint is taken to an outside body.

'A company must be given the opportunity to resolve complaints and issues with their customers in the first instance but also recognise that where they have been unable to resolve the issue with the customer directly that the customer has an alternative channel of recourse'...
British Gas

'We agree that (utility) companies should take complete responsibility for their customers including responsibility for dealing with complaints internally in an effective and efficient manner'...Western Power Distribution

38. Evidence from other respondents such as individuals, consumer support organisations such as the Citizen's Advice Bureaux and local authorities who commented from the consumer's perspective gave a very different account of how this was working in practice.

'Most energy companies lack a complaint handling procedure that conforms to a recognised standard'...energywatch

'The extent to which companies currently fail (to resolve customer complaints) can be demonstrated by the volume of complaints received by Trading Standard services in Local Authorities where intervention is required, and by an analysis of the Consumer Direct database'...The Highland Council

'With regard to utilities providers, it has certainly been the experience of CAB clients that too often companies continue to leave consumers to sort out problems, such as those with mis-selling and poor billing' ...Citizens Advice Bureaux

The need for additional incentives on industry

39. Views were invited on whether additional incentives need to be placed on suppliers in order to secure improved standards in handling consumer enquiries and complaints; and if so, what form these incentives should take.
40. The majority of respondents to this question felt additional incentives were needed to secure improved standards in handling consumer enquiries and complaints. Many in this group, notably private individuals and respondents from Local Authorities and Trading Standards organisations, cited additional licence obligations as their preferred way of achieving this.

'There should be statutory targets for complaint resolution with financial penalties for poor performance. These incentives can be incorporated in the suppliers' licence obligations' ...South Ayrshire Council Trading Standards

41. A few respondents argued that this issue should be entirely down to a company's internal procedures and could be addressed by the introduction of an effective complaint escalating system that complies with a recognised standard.

'Standards already in existence can help businesses take responsibility for managing aspects of customer service, for example handling customer complaints. The development of accreditation mechanisms around standards can raise awareness of standards in the consumers' eye and they can begin to call for other companies to follow suit (thus creating the educated and "empowered" consumer)' ...British Standards Institute

42. Others disagreed. This group included the Confederation of British Industry (CBI), the Federation of Small Businesses (FSB), British Gas and others from the energy industry, stating a combination of self-regulation solutions and market forces would most definitely be sufficient to bring about the desired change. Some in this

group also cited monitoring by sectoral regulators, coupled with detrimental publicity of poor practice with the potential to lead to loss of reputation in the industry as a possible effective option.

'APACS is an advocate for self-regulating solutions and a vehicle by which this is done in the financial services industry is The Banking Code which sets standards of good banking practice for when banks are dealing with customers in the UK. It provides valuable protection for consumers and explains how financial institutions are expected to deal with them day-to-day and in times of financial difficulty' ... APACS (the UK payments association).

'In our view, statutory targets in this area would be wholly inappropriate in a competitive market. Indeed, consistent with better regulation, as part of its supply licence review, Ofgem is looking to remove the existing licence obligations on suppliers which require them to have a code of practice for dealing with complaints' ...Ofgem

Government Response

- 43. We have heard from consumers and suppliers alike about the value placed on effective complaints handling. There is no doubt that consumers, their representatives and service providers stand to benefit from complaints being resolved promptly. While the individual sectoral bodies have provided a valuable service to consumers in this area, it is right that greater emphasis is placed on the role of individual service providers.**
- 44. Businesses stand to benefit from receiving direct feedback about how their services are being received by consumers, and in the event of a complaint, being given the opportunity to put things right. We believe that service providers can take better ownership of this issue by reviewing complaint handling procedures and introducing necessary improvements. We propose to provide powers, where these do not already exist, for regulators to be able to set standards for complaint handling by service providers.**

Consumer enquiries: Consumer Direct

- 45. Also raised by some respondents, notably the Office of Fair Trading, Cumbria County Council and others, was the benefit to consumers of a reliable source of assistance to help with the process of tackling problems that do occur directly with suppliers.**

'We welcome the fact that all options in the consultation are founded on the basic building block of Consumer Direct being extended to provide a single point of contact to provide consumers with information and

advice for all sectors. Consumer Direct is already successful in providing easily accessible, quality assured, clear and practical consumer advice. By consolidating all first contact demand into Consumer Direct, consumers will have access to high quality advice and information on all consumer issues'.... Cumbria County Council & Agilisys Ltd

46. The Office of Fair Trading felt that Consumer Direct is providing a valuable service in this respect, and careful consideration would need to be given to the detail of the proposals (especially in the area of funding and expertise) to ensure the service is not adversely affected by any changes.
47. A few respondents questioned whether Consumer Direct would be able to provide a good standard of service without the expertise and knowledge of the utilities sector, which have more urgent everyday consequences.

'If call handlers at Consumer Direct are to provide a useful service we believe there will be a considerable degree of training required given the complexity of licence conditions and codes of practice which govern consumer protection in the utility industries'...National Energy Action

48. OFCOM highlighted that some work will have to be done on the Consumer Direct interface with their existing in house Ofcom contact centre which will retain its role in dealing with enquiries from consumers about communications-related issues.
49. Many respondents raised the issue of vulnerable consumers. There was agreement around the issue that any new arrangements must take account of the interests of vulnerable and disadvantaged consumers and that there should be adequate provisions made to handle complex cases or urgent situations that may require immediate intervention.
50. A few respondents felt more should have been included in the consultation document about the other sources of support available to consumers such as consumer advisors in the local authorities and others such as the Citizens Advice Bureaux. Some in this group were of the view that a proportion of the complaints currently being handled by the sectoral consumer bodies would be displaced to other agencies, and this new capacity would need to be funded.

Government Response

51. **We want to ensure that consumers across all sectors have access to the sources of support and assistance they need to pursue**

issues directly with suppliers. The successful rollout of the Consumer Direct helpline service in recent years has demonstrated this is an approach that works.

52. We remain convinced of the merit of a single point of contact of this nature to provide consumers with advice for all sectors, and have therefore decided to extend the Consumer Direct service to cover enquiries from utility consumers, along the lines set out in the consultation document.
53. The Consumer Direct service will be a source of clear, practical, impartial advice to help consumers pursue complaints with suppliers. The appropriate level of training, including access to information, will need to be provided to ensure the service is adequately equipped for this expansion of its role.
54. We have taken into account the views expressed on the need to make specific provisions for vulnerable consumers and others who find themselves in situations that require immediate intervention. Provision will be made to ensure that consumers who fall within these categories receive the necessary assistance. It is worth noting that, in addition to the arrangements being proposed here, should consumers deem it appropriate, they will still be able to consult other specialist agencies for advice, as they do now.

Redress

55. Although the sectoral consumer bodies in the energy and postal services sectors are devoting a significant proportion of their resources to the issue of complaint handling, they do not have the statutory powers to determine outcomes for consumers. Alternative Dispute Resolution (ADR) systems in the form of redress schemes already operate in the telecommunications, financial services and now energy sectors, to handle complaints that a consumer has been unable to resolve directly with the service provider.
56. The proposals include plans to extend new redress schemes to include the remaining energy complaints and complaints in the postal services sector. Respondents were asked their views on whether they considered it would be beneficial to extend complaint resolution through redress schemes to these sectors.
57. Nearly all respondents agreed that it would be beneficial to extend complaint resolution through redress schemes to the energy and postal sectors, because there were clear benefits to both industry and consumers. One respondent, the British and Irish Ombudsman Association, commented that it is entirely reasonable and desirable for there to be ombudsman schemes for electricity,

gas and postal services, as it accords with current consumer representation and redress thinking and brings the UK into line with what already exists in other countries.

58. Several respondents agreed that the evidence from other sectors with redress schemes illustrates that it provides a valuable level of additional protection for consumers.

'A key weakness of the current consumer representation arrangements is that sectoral consumer bodies are unable, because of their lack of neutrality, to determine complaint outcomes for consumers. Ombudsman schemes, by contrast offer certainty of resolution of a complaint, including the provision of redress where appropriate' ... National Consumer Council.

59. Some respondents felt it could have the added benefit of helping companies review customer service policies and procedures, and a funding structure based on level of complaints would prove to be an incentive for service providers to take complaint handling more seriously.
60. One respondent (The Ofcom Consumer Panel) suggested that consideration ought to be given to extending the principle of redress arrangements to other sectors not covered by the present consultation. The Citizens Advice Bureaux agreed with this view and commented along similar lines, suggesting that there is a role for a multi issue ombudsman scheme covering goods and services.
61. Postwatch mentioned that with little additional effort, their centralised complaints handling team would be able to perform the role of a separate complaints resolution organisation. However, the National Consumer Council (NCC) noted that sectoral consumer bodies are not in a position to enforce binding decisions on companies on behalf of consumers because of their lack of neutrality.
62. Caution was raised by a small number of respondents that redress schemes may appear to some as overly bureaucratic and remote. Although a good idea in theory, they may fail to reach some of the consumers who stand to benefit from the service. Amongst this group, one respondent in particular from the energy sector (CE Electric UK,) questioned whether the ombudsman would have the relevant knowledge of the industry to establish the validity of complaints. The same respondent felt that redress schemes that were wholly funded by industry would face accusations of partiality.

63. Another respondent, (Good Energy) also from the energy sector, did not want to see the introduction of redress schemes to the energy sector, on the basis that energywatch did a good job under the current arrangements, particularly in complicated cases.
64. The Consumer Council for Water argued along similar general lines, that there are many merits in the existing models of consumer representation where consumer bodies can exercise discretion and be flexible in responding to individuals' concerns.

'This (the need to exercise discretion and flexibility) is particularly true where a trend begins to emerge or a vulnerable consumer needs a helping hand. In these cases, the consumer body will step in and provide early assistance rather than insisting on strict timetables and due process being followed. Ombudsman schemes with powers to award redress may address one problem for an individual but not necessarily provide solutions to more systemic failures of services. It is vital that root causes of complaints are addressed and trend monitoring is used to shape and drive the policy agenda'...Consumer Council for Water

Model for new redress schemes

65. The consultation document gave a description of possible models for the new redress schemes. The suggestion was made that the model adopted in the electronic communications sector is potentially the most attractive option on the grounds of flexibility.
66. Respondents were asked to comment on whether this model is to be preferred, with service providers being obliged to belong to an ombudsman scheme, but leaving it to the companies to set up their own scheme (or join an existing scheme) subject to regulatory approval.
67. A small majority of respondents who commented agreed that the electronic communications model was the preferred model. Of this group, many stressed there would be a need for modification of some sort to the model, and that a proliferation of schemes should be avoided.
68. Ofgem questioned whether the individual regulators all need to get involved in approving and auditing redress scheme arrangements for their sector, where the same body may be providing the service across a number of sectors. They felt the British and Irish Ombudsman Association or the Office of Fair Trading should take on this role.

69. Postcomm wanted to see further development and more discussion around how this will work in the context of the postal market. They also raised questions about whether there would be additional cost implications for the requirement that a regulator would have an enhanced role that would include responsibility for assessing and approving redress schemes.
70. The majority of respondents that disagreed with the suggested option cited the Financial Services model (with a single ombudsman scheme operating in the sector) as their preferred option. Many in this group, for example Royal Mail, felt that a number of the advantages of unity, clarity and consistency would be lost if there were a proliferation of schemes, and wanted to avoid any chance of a fragmented system. Others, notably the Federation of Small Businesses, felt there was the potential for confusion with more than one redress scheme operating in a particular sector, and that each sector should be analysed to determine the redress model that is most appropriate.
71. The Financial Ombudsman Service expressed reservations about the electronic communications model on the grounds that they believe this model inherently tilts the balance in favour of the firm, allowing them to choose the scheme that is least accessible to consumers and makes the lowest awards. They argue for the establishment of a single statutory ombudsman scheme for each sector, or more than one sector.
72. Some respondents, notably the British and Irish Ombudsman Association (BIOA) and some of its members, commented that ombudsman schemes are just one form of Alternative Dispute Resolution (ADR). BIOA stressed the importance that any ombudsman schemes established, especially by government legislation or on the instructions of a regulator, should meet the BIOA principle criteria for recognition in full.
73. OTELO, the office of the telecommunications ombudsman, expressed favour for a co-regulatory approach which allows the companies providing the services to decide on the nature of the scheme they want to provide, to have a direct input to the way it is managed, and so to its costs. This view was supported by other respondents who commented on the importance of securing industry buy-in to whatever model is adopted.

Government Response

74. **The Government believes that the availability of redress schemes would be a positive step in the right direction for all concerned. Service providers will have the opportunity to consider disputes first hand, and consumers will benefit from the certainty of**

resolution of a complaint, and the provision of redress where appropriate.

75. Taking account of the comments described above, the Government has decided that new redress schemes to operate in postal services and to cover the rest of the energy complaints not covered by the energy supply ombudsman should be made a statutory requirement for suppliers of services in these sectors. Service providers would be obliged to belong to a scheme that is approved by the relevant sectoral regulator or by the Office of Fair Trading where there is no sectoral regulator.
76. In addition, the Government proposes that service providers should be able to set up their own scheme, or join an existing scheme. Regulatory oversight will avoid undue proliferation of schemes, and ensure monitoring of standards of performance for consumers seeking redress.
77. Consumers would be directed to their service provider in the first instance, and would be signposted to the relevant redress scheme in the event that the service provider cannot provide a satisfactory response to their complaint. The redress schemes would be funded by the appropriate service providers, but would operate independently of service providers, regulators or Government. The schemes would be free for consumers, and decisions would be binding on service providers but not on consumers, who would retain the right to pursue their complaint further if they wished to do so, through action in the courts, for example.
78. Information requirements would be put in place to ensure that relevant information can flow between Consumer Direct, redress schemes, regulators and Consumer Voice.
79. In approving the redress schemes, the relevant sectoral regulator (or the Office of Fair Trading) would be required to have regard to established best practice, such as the guidance published by the British and Irish Ombudsman Association.

Consumer advocacy & the new consumer body – “Consumer Voice”

80. The key aspect of the proposals for reform is to provide a more effective and coherent framework for consumer advocacy. At the core of this is the recommendation from the joint DTI/HMT report ‘Consumer Representation in Regulated Industries’², which

² DTI and HM Treasury report, July 2004, “Consumer Representation in Regulated Industries” (available at <http://www.dti.gov.uk/files/file25252.pdf>).

focused on the need for sectoral bodies to take joint action, to conduct joint research and to join together to represent the interests of consumers on strategic issues.

81. The proposals envisage the creation of a new organisation, 'Consumer Voice' (working title) which would bring together the sectoral consumer representation roles with that of the National Consumer Council to form a stronger, independent consumer champion to represent the interests of consumers across all markets. Such an organisation would be in a much better position to take a cross sectoral approach to consumer representation issues.
82. We received only one suggestion for the name of the new body – Consumer First.
83. Three strategic options for bringing the consumer bodies together were suggested, and respondents were invited to comment on which of the strategic models they prefer, and why.
84. The majority of respondents who expressed a preference chose option 3, the option that excludes the Ofcom Consumer panel and Financial services Consumer panel from Consumer Voice.
85. Respondents in this group included OFCOM, the Ofcom Consumer Panel and the National Consumer Council. Many in this group who are directly affected by the proposals, said they preferred this option because it allows for the establishment of additional expert panels in other sectors to provide advice directly to the regulator on consumer issues.
86. The National Consumer Council and 'Which' wanted to see a modified version of option 3 that included within the eventual structure the advocacy bodies outside the immediate proposals, such as transport and water consumer bodies.
87. Others in this group included many respondents from the financial services sector who generally cited the requirement under the Financial Services and Markets Act, for the Financial Services Consumer Panel to provide independent input and advice to the regulator as the reason for choosing this option.
88. Postcomm expressed a preference for option 3 on the basis that in the absence of Postwatch, a postal services panel with sufficient expertise to be an effective source of information on postal issues would be established. And Ofgem said it was not clear at this stage whether they would want to go down the road of appointing a consumer panel, but the flexibility to do so is helpful.

89. Some respondents felt that, when compared with the other options, there would be a greater need for clarity about the role that consumer panels would play within this option.
90. A few respondents, notably energywatch, categorically stated that they were unable to support any individual option. Concerns raised by these respondents centred around the belief that the proposals run the risk of lessening active support to those consumers who find themselves in vulnerable circumstances, who are unable to access support bodies or who cannot be helped by simple information provision
91. Others, notably Postwatch, Financial Services Consumer Panel and the Financial Services Authority did not express a preference. Postwatch felt the proposals were unclear about how sectoral expertise would be maintained, and how postal services would be prioritised in an organisation that has to spread its activity across a large number of diverse consumer sectors and issues.
92. The Financial Services Consumer Panel felt that all three options potentially removed the obligation on the Financial Services Authority to maintain a consumer panel. In that event the Financial Services Authority expressed significant concerns in relation to accountability, governance and funding of the consumer panel within the proposed structure.

'Very careful consideration needs to be given to the consequences of any of the options for Consumer Voice for the operation of the Financial Services Consumer Panel. This needs to cover not just the operational effectiveness of the FSCP in relation to the FSA but also the key issue of maintaining a robust framework of accountability, governance and funding which is essential for the FSCP, and the FSA, to carry out our respective statutory functions. In addition, the consequences of changing the way in which the FSCP operates would risk undermining its effectiveness in Europe' ...Financial Services Authority.

93. The Mail competition forum stated that the unique features of the postal market mandate the continuing existence of an industry specific consumer organisation.
94. Though few respondents expressed a preference for option 1, those that did argued that this was the simplest and most straightforward option from the consumer point of view. This group included Royal Mail, who said they felt option 1 was most likely to deliver the identified benefits of streamlining. They felt the other options offered less opportunity to streamline activities and more chance of dual regulation and ambiguity.

95. Amongst those that chose option 2 (where 'Consumer Voice' establishes internal expert panels in sectors of its choosing) as their preferred option were the Citizen's Advice Bureaux, and the London Trading Standards Authority. The general consensus with this group was that this option provided a clear and consistent approach to retaining expertise, without being overly complicated.
96. The Federation of Small Businesses said that they considered either option 2 or 3 to be appropriate, and called for greater consideration of option 2.
97. The Royal Institute of Chartered Surveyors questioned if a review mechanism would be put in place to determine how well the chosen option works in the initial years of operating.
98. Generally, the overriding view was that whichever option is adopted would need to be supported with clear processes, memoranda of understanding and service level agreements between 'Consumer Voice' and the consumer panels, and that the system would need to be clear and simple for consumers to access.

'The main priority should be for a body that allows for the customer's interests to be best represented and that should be the main factor for Government in deciding whether to implement proposed changes'...United Utilities North West

Government Response

99. **We recognise that there is a wide spectrum of views on these issues, and have noted the comments made. In line with the views expressed by the majority of respondents and informed by constructive dialogue with key stakeholders and interested parties, the Government has decided to make provision for the formation of a new consumer advocacy body (Consumer Voice).**
100. **Based on the views of respondents to the consultation, as well as the results of the due diligence project undertaken by KPMG on our behalf, a decision has been made to base the structure for Consumer Voice on Option 3, as described in the consultation document.**
101. **Consumer Voice will be assigned specific responsibility and capability to consider the needs of vulnerable groups of consumers, and to represent their interests. It will have the capacity to be able to respond quickly to consumer problems that are urgent, such as energy supplies being cut off, where the**

problem may not be tackled appropriately through redress schemes.

Sectoral scope of the new body

102. The consultation document explains that the proposed scope of Consumer Voice is to represent consumers in all sectors from the outset. To achieve this, we put forward options to consolidate the National Consumer Council, with parts or some or all of existing sectoral consumer bodies. The consultation document lists the bodies affected as:

- The National Consumer Council
- energywatch
- Postwatch
- The Financial Services Consumer Panel
- The Ofcom Consumer Panel

103. Respondents were asked to comment on whether they considered that the benefits to consumers would be diminished by the exclusion of any of the bodies listed.

104. The majority of respondents gave a positive response to this question, signalling general agreement with the proposed scope for Consumer Voice, but indicating the need to include as broad a range of sectors as soon as possible. A few respondents in this group felt that some of the benefits provided by the new body will be diminished without the inclusion of water and transport from the outset.

'All the consumer bodies (mentioned) should be included and others not listed'...Raymond Cope

'We consider that bringing water into the scheme should be an objective'...Trading Standards West Midlands

105. Some respondents noted that the new body must be adequately resourced to make the 'all markets' approach a realistic option.

106. The majority of respondents that disagreed with the proposed approach were from the water industry. This group were unanimous in their view that it is right to leave water out of the initial phase of sectors to be incorporated in the new arrangements, and that a review in 2008 was too soon.

'Any review in 2008 would be distracting and probably de-motivating to

a small organisation at a critical time when its full energy will need to be focussed on the price review. Our view is that the earliest a review should be contemplated is in 2010 after the industry wide price review is completed'...Bristol Water Plc

107. The rest of the respondents in this group were mainly from the financial services sector, and objected to the Financial Services Consumer Panel being considered for inclusion. One respondent (Good Energy) objected to energywatch being included. Another objected to the inclusion of the Ofcom Consumer Panel. All in this group felt current arrangements in their particular sectors were working well.

Government Response

108. The proposals set out in our consultation document envisaged that the scope for Consumer Voice would be such that it would represent consumers across sectors. We proposed that certain consumer bodies in the energy and postal services sectors, and potentially also the financial services and electronic communications services, should form the initial phase of organisations to create the core of the new body. We firmly believe that leaving out particular sectoral bodies could diminish the benefits of consolidation for the consumer, and the proposals envisage the possibility of others being included in the future.

109. The majority of respondents have expressed support for this approach, and we have decided that the National Consumer Council, energywatch and Postwatch would be consolidated to form the core of the new body. In recognition of the significantly different role that they play in their respective regulatory frameworks, the Financial Services Consumer Panel and the Ofcom Consumer Panel will be left unchanged, along the lines described in the structure for Consumer Voice in option 3. Other regulators who wish to appoint similar consumer advisory panels will be free to do so.

110. On balance, we consider it is in the consumers' best interest that we do not delay in reviewing the possibility of including water within the new structure. Hence, we will proceed on the basis set out in our proposals, to consult on the possibility of including water within the new structure in 2008. We will continue to work with others to ensure that the benefits of these reforms are made available to consumers from as many sectors as possible.

111. The new organisation (Consumer Voice) will be given powers to facilitate the possible future incorporation of other sectoral bodies, the designation of other sectors as being required to set up redress schemes and the allocation of specific duties to Consumer

Voice in respect of sectors which are not at present contemplated. Designation of particular sectors will be subject to consultation and joint decision making within Government as well as full public consultation.

Geographical scope

112. The consultation document explores the issue of an appropriate geographical scope for Consumer Voice. The proposals are that, given the current geographic scope of the sectoral bodies being considered as part of Consumer Voice, a United Kingdom wide body, with restricted scope in some sectors, would be the best approach.
113. Furthermore, the proposals envisage that the number of Consumer Voice offices would be restricted to one in each of Scotland, England, and Wales, and respondents were asked their view on whether this was the right approach.
114. The majority of respondents agreed that 'Consumer Voice' should have a UK wide remit and that it is reasonable to limit the number of offices to one each in Scotland, England and Wales, providing it is cost effective to do so. The general consensus was that this approach would be essential for the body, given its proposed remit to look at issues that arise for consumers across the UK, and to have the responsibility and authority to be able to speak on behalf of all UK consumers at EU level. Many in this group felt that the benefits of multiple offices and regional committees are unlikely to outweigh the costs.

'We agree that Consumer Voice offices should be restricted to one in England, Scotland and Wales'... Western Power Distribution

'Regional voices are mechanisms which often are best able to reflect specific drivers within their geographic and societal bases. An office in each of the GB regions is to be encouraged.'... James Sommerville

115. Some respondents, notably the CAB, felt that there may be a danger that restricting its scope in some areas may result in confusion if the new body is not able to speak on particular issues. To avoid such a scenario from occurring, the suggestion was that it might be necessary to establish and maintain strong links with others in these areas. One respondent, Ofgem, suggested that consideration could be given to broadening the role of the GCCNI in Northern Ireland to cover Post.

116. Some respondents highlighted the devolved perspective, stating that different policy priorities and practices may well exist within the devolved administrations. Hence, there is a need for the new body to recognise and reflect the differences in the national markets, legal systems and governance across the UK.

'There is a parallel need for effective consumer advocacy; for advice and information to government; and for consumer input into and influence on public policy-making, at the level of devolved governments'... Welsh Consumer Council

'Speaking only for Scottish provision, we would support a Scottish office as an essential feature for success'...Society of Chief Officers of Trading Standards in Scotland (SCOTSS)

117. One respondent (The Association of British Insurers) made the case for maintaining the status quo in the Financial Services sector. They argued that the Financial Services Authority and others are able to keep in close touch with developments outside London from a London base. Given London's leading status as a global financial services centre, they concluded that there would be potential inefficiencies from moving the financial services consumer panel or its functions outside London.

Regional representation

118. Respondents were also asked their views on whether Consumer Voice should have the powers to appoint regional committees.

119. The majority of respondents who commented on this issue said they felt this would be desirable. Trading Standards Institute, amongst others, said Consumer Voice should have the power to appoint regional committees who would be mandated to safeguard the interests of local consumers in the region.

120. Some respondents from the energy sector (British Gas, the Energy Retail Association and others,) disagreed about the need for regional committees, saying most utilities have evolved into national organisations.

121. Others, notably Postwatch gave a different view from their perspective in the postal services sector. They stressed that their regional committee structure is crucial in their interaction with local representatives and customers, and is relied upon by the regulator (Postcomm), which is entirely London based with no regional contacts. They argued that Postcomm depend upon this regional committee structure to understand consumer issues and to formulate policy proposals.

122. The Highland Council acknowledged the valuable role currently played by Postwatch, stating that there should be a requirement for the new body to reach out to all communities across the UK. The Council felt that the new body should do more than just base itself on a regional model whilst adopting a central remit; it should have a fully inclusive remit, which is representative of communities across the UK.

Government Response

123. To reflect the remit of the current consumer bodies, the Government has decided that the new body would have a UK wide role, with territorial limits where appropriate. Provisions will be made for the establishment of strong links with others who have responsibilities for consumer functions as appropriate. Consumer Voice will have the ability to represent the interests of consumers generally as with the National Consumer Council, the Scottish Consumer Council, and the Welsh Consumer Council at present.

124. The current spread of national and regional offices across the consumer bodies is expensive to maintain and unsustainable. The new body would have one permanent office in each of England, Scotland, Wales and Northern Ireland. We believe this option represents a more efficient use of resources and best serves the interest of consumers as a whole.

125. On balance, the Government agrees that there is a need for flexibility within the new arrangements to enable the new body to accommodate the different requirements of each sector. Hence provisions will be made for this flexibility in establishing Consumer Voice. The new body will have the option to set up regional committees where appropriate, to represent local interest about specific rural issues.

Funding structure

126. A brief outline of current costs and funding arrangements for the consumer bodies affected by the proposals was given in the consultation document. Under the new arrangements, the proposals envisage that 'Consumer Voice' could be partly funded through government funding as grant-in-aid, and partly by industry through the current system of licence fees charged to suppliers. Respondents were asked to consider whether funding should be made partly from Government and partly from those industries that contribute to the funding of sectoral consumer bodies at present.

127. The majority of respondents who commented here agreed that this was the right approach to funding the new body.

'Shared funding from Government and the industry sectors will mean that both parties hold a level of accountability to ensure an effective service ensues as it will hold both parties in check. It appears that this funding model is the most cost effective, and also shares the responsibility for consumers between Government and industry'APACS (the UK payments association)

128. Some respondents expressed reservations about how joint funding would actually work in practice, and suggested that effective mechanisms would need to be put in place to ensure that funding from industry does not hinder the independence (or the public's perception of the independence) of Consumer Voice.

129. Others stressed the importance of openness and transparency of any funding arrangements for the new body, and the need for Consumer Voice to be properly resourced, with adequate staffing levels and appropriate budgets for research, policy development and campaigning.

'One objective that we see as a vital outcome to this review is that any new centralised Consumer Voice is adequately funded to ensure that it has the proper resources to make meaningful evidence-based contributions to all regulatory policy proposals as well as other advocacy needs'... The Independent Committee for the Supervision of Standards of the Telephone Information Services (ICSTIS)

130. Some respondents questioned how the contributions from each sector could be assessed to reflect their particular requirements, and stressed the need for discussion with industry representatives to ensure that the funding arrangements are fair.

131. The respondents that disagreed with the proposed system of joint funding expressed similar concerns. In addition, some felt it would be a complex system to operate, and result in costs being passed on to consumers. For these reasons, some suggested that the new organisation must be fully funded by Government.

'As regards funding we continue to maintain that consumer groups should be funded by Government rather than through licence or

membership fees levied on the industries. These fees are reflected in charges to consumers which, unlike direct taxes, take no account of ability to pay'...National Energy Action

Government Response

132. We propose that the costs of the new consumer advocacy body will be met partly from Government funding through grant-in-aid, and partly by those industries that contribute to the funding of sectoral consumer bodies at present via licence fees.

133. Funding from industry will initially come from the energy and postal services sectors, and later from service providers in other sectors who may be brought within the proposals at a later date. This is in order to reflect the specific sectoral functions that the new consumer advocacy body will be taking over from the sectoral consumer bodies.

Transfer of sectoral functions to the new consumer advocacy body

134. The consultation document gave a brief outline of some of the specific functions ascribed by sectoral legislation to the sectoral consumer bodies. Interactions between each body, the regulator, and Government are also stipulated by legislation.

135. Examples given included requirements for:

- a memorandum of understanding between the consumer advocacy body and the regulator on exchange of information;
- Government to consult the body before issuing guidance to the regulator;
- the regulator to notify the body of proposals to change licensable activities or modify licence conditions;
- the body to provide information to consumers, and to publish advice;
- the body to be consulted by the regulator before providing advice to the Government on the service standards to be established or changed

136. Respondents were asked for views on whether the establishment of a new model was an opportunity to reconsider which of the

current duties and interactions need to be maintained, and which, if any, could and should be dispensed with.

137. Respondents varied in the detail of their views on this question. Some, mainly from Local Authority and Trading Standards organisations indicated that they couldn't see any reason why all the functions and obligations should not be transferred to the new body. In addition to the current functions of the sectoral bodies, a few in this group also wanted to see responsibility for research and publicity transferred to Consumer Voice.
138. The Citizens Advice Bureaux and others suggested that the role of Consumer Voice must include key elements such as safeguarding the interest of disadvantaged and vulnerable consumers, providing input to government (and regulators) legislative agenda, a duty to consult other consumer bodies, and powers to make super-complaints. The Trading Standards Institute felt special reference must be made to the Consumer Voice mandate to advocate on behalf of disadvantaged and vulnerable consumers.
139. A few respondents mentioned the new body's advocacy role would be significant, and stressed that priority must be given to this role. Others highlighted the importance of maintaining expertise in order to perform this role effectively.

'Consumer Voice should maintain sufficient energy expertise to enable it to function as a competent independent advocate in the Energy sector' ...energywatch

140. Another suggestion mentioned as a suitable role for Consumer Voice, was that of consumer champion, representing the collective interest of consumers as a whole, and including a consumer education role, alongside the Office of Fair Trading. Some stressed caution with this, with particular concern being stressed about the need to avoid duplication of roles.

'The Office of Fair Trading has a statutory responsibility for consumer education and is developing its co-ordination strategy through the Consumer Education Alliance and Planning Group. There needs to be clarity about how any consumer education role within Consumer Voice fits with that of the Office of Fair Trading' ...CBI

141. Others welcomed the emphasis (rightly) being placed on the need for the UK to have a well resourced consumer body capable of performing strongly in European and other international contexts. They argued the need for the body to be properly resourced to carry out its role effectively. Some wanted to see more clarification in this area.

142. One respondent, an Energy supply company, felt there was significant scope to review and dispense with a number of the duties and obligations of the existing sectoral consumer bodies, and that only core essential functions should be transferred to Consumer Voice, but made no suggestion about what these might be.
143. Another commented that aspects of consumer advice, which involved face-to-face advice services or complaint handling, should not be transferred to Consumer Voice.
144. A number of respondents said they had no strong view, found it difficult to comment or were unable to comment.

Interactions and accountability

145. Respondents were asked their views on which of the interactions between the consumer body, regulator, and Government should be preserved and transferred to Consumer Voice.
146. Most respondents agreed with proposals based on best practice from existing interactions between the present consumer bodies, regulators and Government should be preserved and transferred to the new body. Consumer Voice must be independent, with a status not dissimilar to the NCC.
147. Effective communication channels, collaborative working and effective interface with government were all cited as essential for the success of the new body.

'Consumer Voice needs to be able to interact formally with the Scottish Parliament and the Scottish Executive, and the chairs of the Scottish and Welsh Committees should be members of the national committee. Consumer Voice should also be obliged to provide an annual report giving a historical account of activities in the past year along with an analysis of the complaints and intelligence derived from Consumer Direct. Local authorities in the shape of the LGA, COSLA or LACORS should have a role to play in Consumer Voice governance and policy'...SCOTSS

Government Response

148. In addition to its consumer representation and advocacy role across sectors, the remit of Consumer Voice will include the specific sectoral functions that are currently undertaken by energywatch and Postwatch. The new body will also have other

core functions to perform in a number of areas such as consumer education, research and information provision.

149. The Government will make provisions to enable Consumer Voice to work with other organisations in carrying out all its functions, drawing on available expertise, and reflecting best practice from the current consumer bodies, thus making an important contribution to facilitating effective consumer education.
150. In its role as consumer champion, Consumer Voice will be assigned specific responsibility and capability to consider the needs of all consumers, including vulnerable groups of consumers, and to represent their interests.
151. Co-operation between Consumer Voice and the regulators' panels will be facilitated through memoranda of understanding to be established between the parties, and by cross-appointments between Consumer Voice and the panels.
152. Consumer Voice would be obliged to consult on and publish a forward work plan, and report to Parliament on its activities and accounts each year.

Annex A

Alphabetical list of respondents who did not request confidentiality

Adam Price AS/MP
Advertising Association
Alun Ffred Jones AM
APACS – the UK Payments Association
Association of British Insurers
British Gas
British & Irish Ombudsman Association
British Standards Institution
British Telecomm
Bristol Water Plc
Bournemouth & West Hampshire Water Plc
Confederation of British Industry (CBI)
C E Electric UK
Central England Trading Standards Authorities
Citizens Advice Bureaux
Consumer Council for Water
Cumbria County Council & Agilisys Ltd
David Hickson
Dispute Resolution Service – Chartered Institute of Arbitrators
energywatch
EDF Energy
E.on UK Limited
Energy and Water Ombudsman (Victoria)
Energy Retail Association
Environmental Protection Services Glasgow City Council
Financial Services Authority (FSA)
Financial Services Consumer Panel
Financial Services Ombudsman
Food Standards Agency
Federation of Small Businesses (FSB)
General Consumer Council of Northern Ireland (GCCNI)
Good Energy Limited
Hampshire County Council
HM Treasury
Independent Committee for the Supervision of Standards of the
Telephone Information Services (ICSTIS)
James Sommerville
Local Authority and Government Utilities Resource (LAGUR)
Leanne Wood AC/AM
London Trading Standards Authorities (LoTSA)
Mail Competition Forum
Mark Isherwood AM
Martin Caton MP
Marilyn Mason
Mobile Broadband Group
nPower

National Consumer Council (NCC)
National Energy Action
National Grid
Nicholas Bourne AM
Ntl:Telewest
Office of communications (OFCOM)
OFCOM Consumer Panel
Office of Gas and Electricity Markets (Ofgem)
Office of Fair Trading
Office of Water Services (OFWAT)
Passenger Focus
Postal Services Commission (Postcomm)
Postwatch
Raymond Cope
Removals Industry Ombudsman
Royal National Institute of the Blind (RNIB)
Royal Institute of Chartered Surveyors
Royal Mail Group
RWE nPower
Society of Chief Officers of Trading Standards in Scotland (SCOTSS)
South Ayrshire Council Trading Standards
Southern Water
Scottish Power Energy Retail
Scottish & Southern Energy Group
Suffolk County Council Trading Standards Service
The Highland Council
The Telecommunications Ombudsman Service Ltd (OTELo)
Trading Standards Institute
Trading Standards West Midlands
uSwitch
UK Competitive Telecommunications Association (UKCTA)
UNISON members within Energywatch
United Utilities Plc
United Utilities North West Plc
Wales Heads of Trading Standards
Water UK
Welsh Consumer Council
Welsh Local Government Association
Western Power Distribution
Which?

Annex B

Summary of questions in consultation document

Q1 Do you agree that companies who provide services should have complete responsibility towards their customers, including the resolution of complaints? To what extent do you consider that companies currently fail to do this?

Q2 Do you consider that additional incentives need to be placed on suppliers in order to secure improved standards in handling consumer enquiries and complaints? If so, what form should these incentives take (licence obligations; statutory targets; etc)?

Q3 Do you agree that it would be beneficial to extend complaint resolution through ombudsman schemes to electricity, gas, and postal services?

Q4 Do you agree that the electronic communications model is to be preferred, with service providers being obliged to belong to an ombudsman scheme, but leaving it to the companies to come up with their own scheme (or join an existing scheme) subject to regulatory approval?

Q5 Which of the strategic models do you prefer, and why?

Q6 Do you agree that the benefits to consumers will be diminished by the exclusion of any of the bodies listed?

Q7 Do you agree that Consumer Voice should have a UK-wide role, but with restricted scope in some areas?

Q8 Do you agree that offices should be restricted to one in each of Scotland, England, and Wales? Should Consumer Voice have the powers to appoint regional committees?

Q9 Do you agree that funding should be made partly from Government and partly from those industries that contribute to the funding of sectoral consumer bodies at present?

Q10 Which duties and obligations on the sectoral consumer bodies should be transferred to Consumer Voice? Please give reasons.

Q11 Which of the interactions between the consumer body, regulator, and Government should be preserved and transferred to Consumer Voice? Please give reasons.

Summary of questions within the partial RIA

Q12 Do you agree with the initial estimates of the benefits of the proposed options? Please provide quantifiable evidence where possible to support your view.

Q13 Do you agree with the initial estimates of the costs of the proposed options? Please provide quantifiable evidence where possible to support your view.

Q14 Do you agree with the assessment of the impact of the proposals on small firms? We would welcome, in particular, comments from small firms on the impact of the proposals.

Q15 Do you agree with the assessment of the impact of the proposals on competition?

End