

Third Party Intermediaries: what your small business needs to know

Third party intermediaries (TPIs) are organisations or individuals that give energy-related advice, aimed at helping you to buy energy and/or manage your energy needs. TPIs include switching sites, energy brokers and any company that offers support with energy procurement. Whether you approach a TPI directly or they contact you, you should not feel under pressure to use their services. Your energy supply contract will always be with an energy supplier: the TPI does not supply your energy.

A TPI can support you when getting a business energy quotation as the process is different from getting a quotation for your home.

- There are very few published prices in the business market and you need to contact suppliers to obtain a quotation.
- There is no obligation to supply you – a supplier may determine which customers they choose to supply by factors such as size of supply or your credit rating.
- There is generally no cooling-off period after you agree the contract (even when this agreement is made over the telephone rather than in writing).
- The contracts may last for multiple years and may have an early termination fee if you wish to change supplier before then.

Important questions to ask a TPI before you consider using their services

- Which suppliers will you be approaching to get prices?
- How many price offers will you give me?
- What will you do to help me switch supplier?
- What services will you provide during the life of the contract?
- How will I be charged for these services? Will I be charged directly or indirectly (see over)?

Important

Q: Do TPIs always research the whole market?

A: No. Some TPIs research the whole market but others represent one or a small group of suppliers.

Q: Will a TPI always find the best energy deal for you?

A: No, TPIs are not necessarily required to find the best deal for you. You could find a better deal if you are prepared to look at different contract lengths or payment methods.

Q: Is agreeing to a contract over the phone binding?

A: Yes, your verbal agreement is binding.

Q: Are you obliged to accept an offer from a TPI?

A: No, make sure you understand the services they will provide for you, how they will be paid for these services and all terms and conditions before you accept.

Q: Are all offers presented in the same way?

A: No. Some factors in energy bills may change during the life of the contract (eg environmental tariffs). These may be presented on a pass-through basis (where they will be added to the energy price when the charges are known by the suppliers). Check that you understand whether your price may vary within the term of the contract.

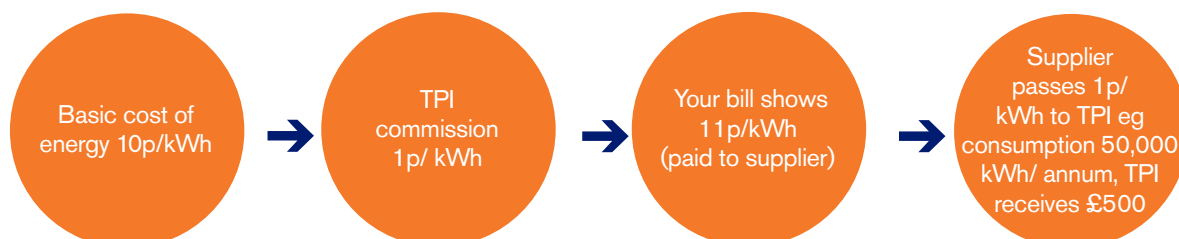
Q: Is there a set duration for contracts?

A: No. Many contracts are fixed term and you should be clear how long you would be locked into the contract and whether there is a termination fee.

Third Party Intermediaries: what your small business needs to know

Paying for a TPI's services

A TPI will charge for the services it provides you. This could be a direct charge paid by you to them (eg a flat fee, a charge per trade made on your behalf) or indirectly. For indirect payments, the TPI receives a payment from the supplier, which is added to your bill.



Consumer Protection:

TPIs must comply with consumer protection laws, including those which relate to business customers. For example, a TPI is prohibited by the Business Protection from Misleading Marketing Regulations (BPMMRs) from carrying out misleading advertising activities and should therefore always identify itself and be clear about the purpose of its call. In November 2013, Ofgem acquired powers to apply to courts for an injunction to prevent breaches of the BPMMRs. In instances where breaches of the BPMMRs may be criminal offences (which can be enforced by Trading Standards and The CMA) Ofgem may notify these enforcers of concerns, where appropriate. Ofgem does not license TPIs but has set out voluntary principles showing how they should operate, below.

Principle	Example of TPI Behaviour
A. Honesty	You should identify yourself, the services being offered and any organisations you represent (directly and indirectly) clearly at the start of any interaction with a customer and obtain their consent before any marketing
B. Respect	You must at all times respect the consumer's wishes and should cease the current contact and avoid future contact if the customer requests
C. Accuracy	You should make the customer aware of how much of the market you searched to obtain the offers you propose to them and ensure all offers are accurately presented
D. Transparency	Before obtaining their agreement to the contract, you should make the customer aware of all principal terms of the energy contract, including the services you provide and how the customer will pay (directly or indirectly) for those services.
E. Customer-focused	You should record and investigate all complaints fully and act quickly to put things right when you make a mistake
F. Professionalism	You should ensure staff are adequately trained for dealing with customers and adhere to these principles

A micro business is defined as one that:

- Consumes not more than 293,000 kWh of gas per year; or
- Consumes not more than 100,000 kWh of electricity per year; or
- Employs fewer than ten employees (or FTE equivalent) and their annual turnover or balance sheet is not greater than €2 million.

If you are not satisfied with your TPI you can approach both the TPI and your energy supplier, or get advice online. Micro business consumers can contact the Citizens Advice consumer service helpline on **03454 04 05 06**.

For public enquiries contact:

Consumer Affairs team:

tel: 020 7901 7295

email: consumeraffairs@ofgem.gov.uk

For media enquiries contact:

Chris Lock, Senior External Communications Officer

tel: 020 7901 7225

email: chris.lock@ofgem.gov.uk