



House of Commons  
Energy and Climate Change  
Committee

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# Protecting consumers: Making energy price comparison websites transparent

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**Seventh Report of Session 2014–15**

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to the report*

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## The Energy and Climate Change Committee

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# Contents

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<b>Report</b>	<i>Page</i>
<b>Summary</b>	<b>3</b>
<b>1 Introduction</b>	<b>5</b>
<b>2 Our findings</b>	<b>8</b>
Default presentation of deals and leading language	9
Transparency of commission arrangements	12
Regulatory oversight of the websites	13
<b>3 Conclusions</b>	<b>16</b>
<b>Conclusions and recommendations</b>	<b>17</b>
<b>Formal Minutes</b>	<b>19</b>
<b>Witnesses</b>	<b>20</b>
<b>Published written evidence</b>	<b>21</b>
<b>List of Reports from the Committee during the current Parliament</b>	<b>22</b>

## Summary

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Energy price comparison websites play an important role in helping consumers to make informed decisions about switching energy supplier. In order to fulfil this role the websites must be trusted by consumers and be fully transparent about the service they provide. In the last year there has been growing criticism about the way in which some of these comparison websites operate. We have been alarmed by suggestions that some comparison websites have been hiding the best deals from consumers by concealing tariffs from suppliers that do not pay the website a commission. We conclude that all deals should be made available by default to the consumer. We strongly object to any attempt to lure consumers into choosing particular deals by the use of misleading language. We recommend that, as an immediate and essential first step towards rebuilding confidence, compensation should be provided to those consumers who were encouraged to switch to a tariff that was not the cheapest or most appropriate for their needs.

Another issue of concern is that consumers choosing telesales services may also be missing out on cheaper deals. The Confidence Code (a voluntary code of practice) only applies to online operations and not to the telesales operations run by the accredited sites. Price comparison websites must be clearer in the language their sales staff use over the phone to avoid any confusion about whether consumers are actually getting the best deal available to them. We recommend that Ofgem applies the same transparency and accuracy requirements to telesales activity, collective switching schemes and face-to-face sales.

Consumer awareness of the Confidence Code is low. Not all price comparison websites are eligible to apply for accreditation and consumers will often opt for websites with big advertising budgets regardless of their accreditation status. The current hands-off approach is clearly not working and we recommend that Ofgem urgently carry out an impact assessment on moving to a licence-based system for price comparison websites or alternatively a licence requirement on energy suppliers to use only Ofgem accredited websites.

A further shortcoming is the lack of transparency about commission arrangements between the websites and suppliers. We have no objection to commission being paid by suppliers to price comparison websites as long as the arrangements are clearly disclosed. We recommend that Ofgem should consult on the merits of requiring price comparison websites and other third party intermediaries to disclose—at the point of sale—the amount of commission received for each switch.

If consumer trust is to be maintained in the energy market it is essential that price comparison websites operate with greater transparency.

# 1 Introduction

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1. Price comparison websites are designed to do just what their name implies: compare the price of goods and services from a range of providers and thereby allow consumers to make informed decisions about which provider to choose in order to save money.<sup>1</sup> Some websites focus on specific consumer products while others provide comparison data across a range of products, for example, insurance, credit cards, and energy tariffs.

2. These websites perform an important role in empowering consumers. This role has become “increasingly important in recent years in the energy market and they are now the dominant channel used by consumers to switch supplier”.<sup>2</sup> Ofgem told us that:

Switching rates are relatively low at present. In 2013, 12% of consumers switched energy supplier. Of those that stayed with the same supplier, 14% switched either their tariff or payment method. [...] In 2013 approximately 30% of all those who switched did so using a comparison site. And of those that compared tariffs during the year a higher percentage (40%) used a comparison site to find information about available tariffs. This is compared to just over 20% in 2011.<sup>3</sup>

3. Over the past year concerns have been growing about the way in which some of these websites operate. Research by financial website ‘This Is Money’ found that “some switching websites are keeping new, smaller energy suppliers from competing in the energy market by obscuring some available deals [...] many do not necessarily see the full range of deals available, because switching sites obscure access to deals for which they would not receive commission”.<sup>4</sup> In April 2014, This is Money reported its findings on some of the major price comparison websites:

- The default settings on Compare the Market mean that visitors to the website only see the deals for which the site receives commission. In order to see the full market range, users must click on a tab that says ‘refine your search’, then on another tab that says ‘other options’, then a tick box that says ‘show tariffs I can’t switch to now’ and then click ‘update results’.
- MoneySuperMarket asks users the question ‘show energy deals we can switch you to today?’—the default choice is ‘yes’, which shows consumers deals for which the site receives commission. Users must click ‘no’ to see the full range of deals.
- uSwitch asks a similar question to MoneySuperMarket, but when you hover over ‘yes’ or ‘no’ an explanation is provided.

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1 Which?, [How price comparison sites work](#), accessed 10 February 2015

2 Citizens Advice Service ([EPW0004](#))

3 Ofgem ([EPW0019](#))

4 This is Money, [Fair comparison? How energy switching sites are keeping small suppliers out of the market by 'hiding' deals that won't make them money](#), 29 April 2014

- Go Compare’s default setting shows only deals for which it receives commission. Users have to change the settings at the top of the page to see the full market view.<sup>5</sup>

We raised some of these concerns with Dermot Nolan, Chief Executive of Ofgem, in May 2014. He told us that Ofgem was looking into the issue and added “if we think there is a significant problem then clearly we will act to do something about it”.<sup>6</sup>

4. More recently further research was carried out over a thirteen week period by the collective switching service, The Big Deal. In October 2014, The Big Deal reported that:

- All the major price comparison websites hid the cheapest deal from customers. Many for weeks on end.
- uSwitch, the largest energy switching website, never showed the cheapest deal. It regularly hid three out of the top five cheapest deals.
- Every site used a mechanism to hide deals where they ask users if they want to see deals they can switch to “today” or “now”.
- Clicking “Yes” filtered out all deals which did not earn the price comparison site a commission from the energy company. Often these deals were the cheapest.
- MoneySupermarket and Confused pre-filled this question “Yes”.
- Compare the Market and Go Compare automatically showed users the results without even asking this question. Customers had to go through several screens to “filter your results” to see the cheapest deals.
- Overall price comparison sites hid almost a third of deals from customers via this method.<sup>7</sup>

The Big Deal wrote to the five major sites—Compare the Market, Go Compare, uSwitch, MoneySuperMarket and Confused—asking that they stop this activity. The letter was copied to us and representatives from Government and the Opposition.

5. In December 2014, we issued a call for written evidence on energy price comparison websites, seeking views on their role and how they operate; the transparency of commission arrangements; consumer trust in these sites; and arrangements for regulatory oversight, particularly through the ‘Confidence Code’, Ofgem’s voluntary code of practice that governs some of these sites.

6. We noted that Ofgem announced, in January 2015, that it would revise the Confidence Code. The regulator set out the changes that it considers will help customers make an informed choice when using an accredited comparison site:

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5 This is Money, [Fair comparison? How energy switching sites are keeping small suppliers out of the market by 'hiding' deals that won't make them money](#), 29 April 2014

6 Q39, [Evidence session with Ofgem](#), 13 May 2014

7 The Big Deal, [Letter to price comparison websites](#), 20 October 2014

- Banning a default partial view. Sites must show all tariffs available in the market unless customers actively choose to select to see a smaller number of tariffs.
- Ending confusing language. The wording of any choice must be very clear to site users. Sites must test their messaging with consumers and be able to prove that it is clear and simple. If a site cannot demonstrate this, it will not be able to give customers a choice of view, and will have to show all tariffs. The wording of this choice must be approved by Ofgem.
- Making commission arrangements transparent. Sites must explain clearly that they earn commission on tariffs that customers can switch to directly through the site.

7. In response to our call for evidence we received 18 submissions. We subsequently held an oral evidence session with the five major price comparison websites in February 2015. We are grateful to all those who contributed. Given the upcoming dissolution of Parliament ahead of the General Election, we have regrettably not been able to schedule further evidence sessions to hear directly from other price comparison websites and consumer groups. However, we are very grateful to these stakeholders for their written submissions and correspondence. This report provides a brief overview of some of the practices that have been brought to our attention and sets out our recommendations on how to rebuild trust in comparison websites in order to facilitate greater levels of switching in the energy market. Further details about the issues we raise and the views of different stakeholders can be found in the written and oral evidence published on our website.<sup>8</sup> We hope that our successor Committee will find time to follow up on these important issues after the General Election.

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8 Energy and Climate Change Committee, [Energy price comparison websites inquiry](#)

## 2 Our findings

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8. Consumer confidence in the energy sector and trust in energy suppliers has been low for a number of years. Price comparison websites play an important role in helping consumers shop around for tariffs that best suit their energy needs and those that have never switched suppliers are often able to make significant savings on their energy bills. However, in order to fulfil their role as facilitators of energy switching, these websites must be trusted by consumers and be seen to be operating in a transparent way.

9. We were alarmed by reports in the press over the past few months alleging that consumers had been misled by some of these websites “hiding”<sup>9</sup> deals, particularly if these reports have damaged consumer trust—both in the price comparison websites and the switching process more generally. We heard from the major price comparison websites that these reports were “based on research from a commercial competitor who obviously has their own commercial interest that they are trying to push”.<sup>10</sup> The website energyhelpline told us that “the accusations particularly in the media have tended to be sweeping and inaccurate as not all services are as they have painted”.<sup>11</sup> MoneySavingExpert added that “to tar all [websites] with the same brush is unfair and risks creating a misleading impression”.<sup>12</sup> We recognise that there are a range of practices across different websites, however, the written evidence we received suggests that the concerns raised in recent months are not limited to commercial competitors.

**10. There have been a number of issues raised about the practices of some price comparison websites. We are particularly concerned by reports about:**

- i) the default presentation of deals by some websites (i.e. commission only deals versus a full market view);**
- ii) the misleading language used to provide consumers with a choice of which presentation to pick;**
- iii) the lack of transparency about commission arrangements; and**
- iv) the inadequate arrangements for regulatory oversight.**

**We stress that these concerns do not apply across all price comparison websites as there are a range of practices across different websites—for example, some websites already default to a full market view.**

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9 The Sun, The great switch stitch-up, 20 October 2015

10 Q128 (Paul Galligan)

11 energyhelpline ([EPW0001](#))

12 Open [letter](#) to the Committee from Martin Lewis, Founder and editor, MoneySavingExpert.com, 6 February 2015



## Default presentation of deals and leading language

11. The consumer experience of using a price comparison website may vary depending on the site chosen. After entering some personal data—and possibly some information about energy usage history or other personal preferences—consumers may either be presented with a tariff results page, or an option of how to view the results. Of those websites that direct consumers directly to the results page, some websites default to a limited view—showing only the tariffs and deals for which they receive commission, while others default to a full market view—showing all deals regardless of commission arrangements. Of those websites that offer a choice of views to consumer before displaying the results page, the language varies and can often be misleading, as it is not always clear what choice consumers are being asked to make. We heard about the approaches used by a number of websites—and in some cases how these approaches have changed in response to recent concerns:

- energyhelpline has consistently shown all the deals in the market from every supplier by default—regardless of commission arrangements.<sup>13</sup>
- Which? recently moved to a system that shows all deals to all users by default.<sup>14</sup>
- EnergyLinx also now defaults to a whole of market comparison.<sup>15</sup>
- Compare the Market shows users the tariffs they receive a commission from as default. Previously it had a four step process to reveal all the tariffs. It has now changed that process to just one step having added a much more visible button to the top of its results page.<sup>16</sup>
- Until recently the option presented by uSwitch was a “yes” or “no” response to the question “show plans we can switch you to today”. This was changed earlier this year to an option for users to choose between the two statements: “only show me plans uSwitch can help me switch to” or “show me the whole market”. uSwitch does not pre-select a default answer and we were told there is “clear explanatory text next to this question”.<sup>17</sup>
- MoneySuperMarket previously presented the question “show energy deals we can switch you to today?”—with the response “yes” pre-selected. It recently removed the “today button” and now defaults to a full market view.<sup>18</sup>
- Similarly, Confused also previously presented the statement “show me tariffs I can switch to today”—with the response “yes” pre-selected. It also recently removed the “today button” and now defaults to a full market view.<sup>19</sup>

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13 energyhelpline ([EPW0001](#))

14 The Big Deal ([EPW0012](#))

15 The Big Deal ([EPW0012](#))

16 The Big Deal ([EPW0012](#))

17 Qq 60-61 (Steve Weller); uSwitch.com ([EPW0007](#))

18 MoneySuperMarket.com ([EPW0016](#)), The Big Deal ([EPW0012](#)) and The Big Deal, [Letter to price comparison websites](#), 20 October 2014

- Go Compare previously showed users the tariffs they receive a commission from as default. It had a two-step process to reveal all the tariffs.<sup>20</sup> It now explains that “You will not be able to switch through our site for a few suppliers that don’t pay us a commission or won’t offer certain tariffs on comparison sites, but you will still be able to see their prices by selecting the ‘all tariffs’ option below”. It then presents the options: “show me tariffs I can switch through Gocompare.com” or “show me all tariffs”.<sup>21</sup>

The changes described above go some way to improving the consumer experience. Many of these were introduced by the websites in the aftermath of the press coverage highlighting poor practices and following the announcement of our inquiry.

12. EDF Energy told us that its consumer research “showed that consumers felt it was disingenuous to select “no” [when presented with a ‘switch today’ option] and that consumers did not realise that this narrowed the search criteria”.<sup>22</sup> We questioned the five major comparison websites about the misleading language that has previously been used and in some cases is still being used. We were shocked by their reluctance to accept that this was confusing to website users and by their apparent lack of concern about consumers who had been influenced by the websites to sign up to tariffs which were not the best available but rather the ones which paid to the website the biggest commission.<sup>23</sup>

13. Citizens Advice told us that “consumers should be able to see all the market (as a default) and if they would like to filter their results then they should make a proactive choice to do so”.<sup>24</sup> British Gas agreed.<sup>25</sup> As set out in paragraph 6, Ofgem’s revised Confidence Code will soon require accredited websites to show all tariffs available in the market unless customers actively choose to select to see a smaller number of tariffs. It also sets out that clear wording must be used and this wording must be approved by Ofgem. However, not all websites are eligible to apply for accreditation (see paragraph 23).

**14. We conclude that all energy price comparison websites should show as default all deals available in the energy market—regardless of any commission arrangements between the sites and the suppliers. We strongly object to the use of leading language used by some websites which can only be interpreted as a deliberate and underhanded attempt to hide deals.**

15. In addition to consumers’ experience of the websites themselves, EDF Energy noted that “there is further potential for consumer misunderstanding on the basis of tariff comparisons presented through the telesales channels operated alongside the [price

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19 The Big Deal ([EPW0012](#)) and The Big Deal, [Letter to price comparison websites](#), 20 October 2014

20 The Big Deal ([EPW0012](#)) and The Big Deal, [Letter to price comparison websites](#), 20 October 2014

21 <https://energy.gocompare.com/helpmeestimate> (accessed 11 February 2015)

22 EDF Energy ([EPW0013](#))

23 Qq60-64 (Steve Weller); Qq75-95 (Peter Plumb, Steve Weller, Paul Galligan, Martin Coriat, and Phil Morgan)

24 Citizens Advice Service ([EPW0004](#))

25 British Gas ([EPW0005](#))

comparison websites]”.<sup>26</sup> The Big Deal also highlighted misleading telesales conversations.<sup>27</sup> We were concerned that consumers choosing telesales services may be missing out on cheaper deals. We raised this in our oral evidence session with the five major websites and Paul Galligan, Managing Director of Compare the Market, told us that:

We made it clear on the call that we would be comparing for that customer deals that were available to switch via Compare the Market. Secondly on the call the consumer outlined that he did not like using the website. He had tried our website and preferred to use the telesales channel. [... The cheaper energy supplier did] not offer a telesales service.<sup>28</sup>

We questioned Mr Galligan about whether it was possible to warn consumers that by using the telesales services they may be missing out on cheaper deals. He responded, “We do tell them that we will be comparing them with deals to which we can switch. [...] We want to make sure and, indeed, we will only be successful if we make it easy for people to find the best deal for them. I believe in this case we were clear to the consumer and we offered him the cheapest available tariff over the phone from any provider”.<sup>29</sup> Mr Galligan subsequently provided us with the full transcript of the phone call which showed that the telesales agent stated earlier in the call, “I am now comparing your prices with a wide range of suppliers available through CompareTheMarket.com to see how much you can save on your energy bills”.<sup>30</sup> However, at no point was the caller explicitly told that a cheaper deal would be available if they would be willing to use the website to switch rather than the telesales service. In fact the caller explained they were interested in “the cheapest deal possible” and was wrongly informed it “is the cheapest and has the best customer service”.<sup>31</sup>

16. In October 2014, Citizens Advice wrote to Ofgem:

The Confidence Code only applies to online price comparisons and not to the telesales operations run by the accredited sites. As a minimum, we would like consumers to receive the same level of protection and access to redress regardless of how they engaged with a [third party intermediary].<sup>32</sup>

***17. Price comparison websites should be clearer in the language their sales staff use over the phone when explaining which deals are available—particularly when consumers may not be aware that cheaper deals may be available to them via another route. We consider that consumers should receive the same level of protection and access to redress regardless of how they engaged with a third party intermediary when switching energy supplier. We recommend that Ofgem extend requirements relating to transparency and accuracy of***

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26 EDF Energy ([EPW0013](#))

27 The Big Deal blog, [Price comparison sites caught lying](#), 2 February 2015

28 Q50 (Paul Galligan)

29 Q52 (Paul Galligan)

30 [Annex I](#) to letter from Paul Galligan, dated 10 February 2015

31 [Annex I](#) to letter from Paul Galligan, dated 10 February 2015

32 [Letter](#) from Citizens Advice to Barry Coughlan, Domestic Retail Policy, Ofgem, dated 2 October 2014

*price comparison websites to cover telesales activity, collective switching schemes and face-to-face sales.*

## Transparency of commission arrangements

18. Citizens Advice told us that consumers are unsure about how price comparison websites operate and how they make a profit.<sup>33</sup> Phil Morgan, Chief Finance and Operating Officer at Go Compare, told us that:

Every pound of profit we make is based on a customer saving money. We only receive income if a customer buys a policy or an energy deal from the end supplier, so basically our profit is predicated on the consumer and end customer saving money.<sup>34</sup>

Peter Plumb, Chief Executive of MoneySuperMarket, added that “as an industry we do need to be profitable to continue to deliver a service to help the 50% of customers that Ofgem tell us are on standard tariffs and have never switched and tomorrow could each save £250”.<sup>35</sup> Martin Coriat, Chief Executive of Confused, explained that “at Confused.com [...] we make very little profit on energy; we just take the commission to fuel getting more people switching”.<sup>36</sup>

19. Rates of commission received by the different websites from different suppliers vary. MoneySuperMarket and uSwitch (which each run their own in-house comparison calculator) receive approximately £27-30 commission per switch and approximately £54-60 per dual fuel (gas and electricity) switch.<sup>37</sup> Confused, Compare the Market and Go Compare (which each work with a “white label”<sup>38</sup> partner that provides the underlying comparison calculator for them) receive approximately £22-23 commission per switch and approximately £44-46 per dual fuel (gas and electricity) switch.<sup>39</sup> Mr Plumb explained that “A white label model [...] takes a smaller commission because it is not the whole chain and somebody else in the chain takes some commission”.<sup>40</sup>

20. Average rates of commission are not always published on price comparison websites and none disclose what their commission is from each supplier or for each transaction.<sup>41</sup> Martin Coriat told us that he was not in favour of disclosing to the customer at the point of switch how much commission is earned by the website.<sup>42</sup> He explained that:

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33 Citizens Advice Service ([EPW0004](#))

34 Q 34 (Phil Morgan)

35 Q104 (Peter Plumb)

36 Q158 (Martin Coriat)

37 Qq134-135 (Peter Plumb, Steve Weller), Qq178-179 (Peter Plumb), Q180

38 A white label provider is an organisation that does not hold a supply licence but instead works in partnership with a licensed supplier to offer gas and electricity using its own brand.

39 Q135 (Paul Galligan, Martin Coriat, Phil Morgan), Q180

40 Q169 (Peter Plumb)

41 The Big Deal ([EPW0012](#))

42 Q168 (Martin Coriat)

We spend a lot of time trying to make things simpler for customers, trying to give them a lot of information in one screen and sometimes on mobiles or tablets. It is a challenge to give all the information we have to communicate to customers. I think adding information would confuse customers and I don't think it will bring any more confidence in our service.<sup>43</sup>

However we did hear from British Gas that:

Comparison sites currently provide a list of the suppliers that they have a commission agreement with, however some switching sites make this information easier to find than others. We believe it is in the consumer interest for sites to make clear that a commission arrangement exists and how commission will affect the comparison process before the results page is delivered. This could be achieved by sites explaining on their homepage how commercial arrangements with suppliers may alter the results page.<sup>44</sup>

21. Ofgem's revised Confidence Code (see paragraph 6) requires greater transparency of commission arrangements. The revised wording of the code, which is out for consultation between 30 January and 27 February 2015, states that accredited sites should display "a single list which identifies all suppliers from whom the Service Provider receives a commission. The list [...] must be prominently displayed, or be accessible from a prominent and clearly-labelled link, during the Consumer Journey".<sup>45</sup>

*22. Price comparison websites provide a service to consumers that helps them save money on their energy bills. It is right that they should be able to operate in a profitable way. We have no objection to commission being paid by suppliers to price comparison websites as long as these arrangements are clearly disclosed. We welcome Ofgem's drive for greater transparency of commission arrangements. Ofgem should also consult on the merits of requiring price comparison websites and other third party intermediaries to disclose—at the point of sale—the exact amount of commission received for each switch.*

## Regulatory oversight of the websites

23. We have referred to the Confidence Code, Ofgem's voluntary code of practice, which governs price comparison websites that use their own comparison calculator. Websites such as Confused, Compare the Market and Go Compare (which each work with a "white label" partner that provides the underlying comparison calculator for them) are not eligible to apply for accreditation under the Confidence Code. **In the same way that requirements relating to transparency and accuracy of price comparison websites should cover other methods of engagement with consumers (e.g. telesales activity, see paragraph 17), these**

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43 Q168 (Martin Coriat)

44 British Gas ([EPW0005](#))

45 Ofgem, [Consultation on proposed drafting for the Confidence Code to reflect January 2015 policy changes](#), 30 January 2015

**requirements should also apply to the full range of price comparison website—including those that work with a “white label” partner.**

24. In January, Dermot Nolan, CEO of Ofgem, told us that the consequence for non-compliance with the Confidence Code—both in its current and revised form—would be that accredited websites would lose their accreditation.<sup>46</sup> Mr Nolan explained that:

These sites are not licensees. We have no statutory powers over them. We simply accredit them on the grounds that we hope there is some value to our accreditation and that consumers will trust it. Thus, as they are not licensees, we will immediately withdraw accreditation if we feel that they are breaching our code, but they will still be able to continue as a site.<sup>47</sup>

However, Citizens Advice told us that consumer awareness of Ofgem’s accreditation scheme was low (at 16% for customers that use price comparison websites) and that consumers were likely to be “driven to [websites] with big advertising budgets which are not necessarily accredited”.<sup>48</sup>

25. Citizens Advice and First Utility suggested that Ofgem could introduce a new licence requirement (under Supply Licence Conditions) on energy suppliers that oblige them to only deal with Confidence Code accredited sites.<sup>49</sup> We heard from the Government that:

In the Energy Act 2013 Government clarified that Ofgem is able to apply to the Secretary of State to make the activities of [price comparison websites] and other Third Party Intermediaries (TPIs) licensable. Government did this to ensure that Ofgem are able to move swiftly should their monitoring of the market suggest substantive cross cutting concerns which would require such significant regulatory intervention. Ofgem have not yet made such an application, though it continues to monitor the development of the TPI market to be able to identify when and what regulatory interventions are required.<sup>50</sup>

Phil Morgan, Chief Finance and Operating Officer at Go Compare, expressed concerns about “the burden on Ofgem of administrating a licence-based confidence code and in particular the expansion of it and how they conduct the audit to make sure they are adequately resourced to look after an expanded market. [However,] if those could be thought through then I see no issue with [a licence-based system]”.<sup>51</sup> Steve Weller, Chief Executive of uSwitch, added that:

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46 Energy and Climate Change Committee, [Oral evidence: Ofgem Annual Report and Accounts 2013-14](#), HC 932, Tuesday 27 January 2015

47 Energy and Climate Change Committee, [Oral evidence: Ofgem Annual Report and Accounts 2013-14](#), HC 932, Tuesday 27 January 2015

48 Citizens Advice Service ([EPW0004](#))

49 Citizens Advice Service ([EPW0004](#)), First Utility ([EPW0006](#))

50 DECC ([EPW0015](#))

51 Q188 (Phil Morgan)

We have always been supportive of Ofgem and we believe having a code, whether it is licensed or whether it is stipulated on all companies to follow, if it improves the strict guidelines that they have laid down and gets to a high-level standard for consumers then that would be a good thing and we would welcome that.<sup>52</sup>

*26. The current hands-off approach of a voluntary code of practice that few consumers have heard of is clearly not working. However, we recognise that there would be a cost associated with a licence-based system to help Ofgem regulate energy price comparison websites and other third party intermediaries and that the companies might attempt to pass this on to consumers. We recommend that Ofgem urgently carry out a full impact assessment of moving to a licence-based system for price comparison websites or alternatively a licence requirement on energy suppliers to use only Ofgem accredited websites, paying particular attention to ensuring that any proposed changes are in the best interest of consumers.*



## 3 Conclusions

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27. Switching must be made easier in order to engage consumers in the energy market and helping to foster competition amongst suppliers and drive down energy bills. However, recent reports of unscrupulous practices amongst some energy price comparison websites have damaged consumer trust both in the websites themselves and in the switching process more generally.

28. We recognise that the criticisms contained in this report do not apply across all price comparison websites. We hope that the recent debate on how price comparison websites operate will provide all sites—good and bad—with an opportunity to take stock of their operations and strive for greater transparency. Some of these websites need to do much more to live up to the claim that they are consumer champions.

29. *As an immediate and essential first step towards rebuilding confidence, any consumers who have been encouraged to switch to tariffs that may not have been the cheapest or most appropriate for their needs should be compensated. We urge the price comparison websites to put in place a straightforward process for consumers to seek compensation.*



# Conclusions and recommendations

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## Our findings

1. There have been a number of issues raised about the practices of some price comparison websites. We are particularly concerned by reports about:
  - i) the default presentation of deals by some websites (i.e. commission only deals versus a full market view);
  - ii) the misleading language used to provide consumers with a choice of which presentation to pick;
  - iii) the lack of transparency about commission arrangements; and
  - iv) the inadequate arrangements for regulatory oversight.

We stress that these concerns do not apply across all price comparison websites as there are a range of practices across different websites—for example, some websites already default to a full market view. (Paragraph 10)

## Default presentation of deals and leading language

2. We conclude that all energy price comparison websites should show as default all deals available in the energy market—regardless of any commission arrangements between the sites and the suppliers. We strongly object to the use of leading language used by some websites which can only be interpreted as a deliberate and underhanded attempt to hide deals. (Paragraph 14)
3. Price comparison websites should be clearer in the language their sales staff use over the phone when explaining which deals are available—particularly when consumers may not be aware that cheaper deals may be available to them via another route. We consider that consumers should receive the same level of protection and access to redress regardless of how they engaged with a third party intermediary when switching energy supplier. We recommend that Ofgem extend requirements relating to transparency and accuracy of price comparison websites to cover telesales activity, collective switching schemes and face-to-face sales. (Paragraph 17)

## Transparency of commission arrangements

4. Price comparison websites provide a service to consumers that helps them save money on their energy bills. It is right that they should be able to operate in a profitable way. We have no objection to commission being paid by suppliers to price comparison websites as long as these arrangements are clearly disclosed. We welcome Ofgem's drive for greater transparency of commission arrangements. Ofgem should also consult on the merits of requiring price comparison websites and other third party intermediaries to disclose—at the point of sale—the exact amount of commission received for each switch. (Paragraph 22)

### Regulatory oversight of the websites

5. In the same way that requirements relating to transparency and accuracy of price comparison websites should cover other methods of engagement with consumers (e.g. telesales activity, see paragraph 17), these requirements should also apply to the full range of price comparison website—including those that work with a “white label” partner. (Paragraph 23)
6. The current hands-off approach of a voluntary code of practice that few consumers have heard of is clearly not working. However, we recognise that there would be a cost associated with a licence-based system to help Ofgem regulate energy price comparison websites and other third party intermediaries and that the companies might attempt to pass this on to consumers. We recommend that Ofgem urgently carry out a full impact assessment of moving to a licence-based system for price comparison websites or alternatively a licence requirement on energy suppliers to use only Ofgem accredited websites, paying particular attention to ensuring that any proposed changes are in the best interest of consumers. (Paragraph 26)

### Conclusions

7. Switching must be made easier in order to engage consumers in the energy market and helping to foster competition amongst suppliers and drive down energy bills. However, recent reports of unscrupulous practices amongst some energy price comparison websites have damaged consumer trust both in the websites themselves and in the switching process more generally. (Paragraph 27)
8. We recognise that the criticisms contained in this report do not apply across all price comparison websites. We hope that the recent debate on how price comparison websites operate will provide all sites—good and bad—with an opportunity to take stock of their operations and strive for greater transparency. Some of these websites need to do much more to live up to the claim that they are consumer champions. (Paragraph 28)
9. As an immediate and essential first step towards rebuilding confidence, any consumers who have been encouraged to switch to tariffs that may not have been the cheapest or most appropriate for their needs should be compensated. We urge the price comparison websites to put in place a straightforward process for consumers to seek compensation. (Paragraph 29)

# Formal Minutes

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**Tuesday 24 February 2015**

Members present:

Mr Tim Yeo, in the Chair

Dan Byles  
Ian Lavery  
Mr Peter Lilley  
Christopher Pincher

John Robertson  
Sir Robert Smith  
Graham Stringer  
Dr Alan Whitehead

Draft Report (*Protecting consumers: Making energy price comparison websites transparent*), proposed by the Chair, brought up and read.

*Ordered*, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 29 read and agreed to.

Summary agreed to.

*Resolved*, That the Report be the Seventh Report of the Committee to the House.

*Ordered*, That the Chair make the Report to the House.

*Ordered*, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No. 134.

[Adjourned till Tuesday 3 March at 9.15 am]

## Witnesses

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The following witnesses gave evidence. Transcripts can be viewed on the Committee's inquiry page at [www.parliament.uk/ecc](http://www.parliament.uk/ecc).

**Tuesday 3 February 2015**

*Question number*

**Peter Plumb**, Chief Executive, MoneySuperMarket, **Steve Weller**, Chief Executive, uSwitch, **Paul Galligan**, Managing Director, Compare the Market, **Martin Coriat**, Chief Executive, Confused, and **Phil Morgan**, Chief Finance and Operating Officer, Go Compare

[Q1-199](#)

## Published written evidence

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The following written evidence was received and can be viewed on the Committee's inquiry web page at [www.parliament.uk/ecc](http://www.parliament.uk/ecc). EPW numbers are generated by the evidence processing system and so may not be complete.

- 1 British Gas ([EPW0005](#))
- 2 Centre For Competition Policy ([EPW0003](#))
- 3 Citizens Advice ([EPW0004](#))
- 4 comparethemarket.com ([EPW0017](#))
- 5 Cornwall Energy ([EPW0002](#))
- 6 Department of Energy and Climate Change ([EPW0015](#))
- 7 EDF Energy ([EPW0013](#))
- 8 Energy UK ([EPW0018](#))
- 9 Energyhelpline ([EPW0001](#))
- 10 First Utility ([EPW0006](#))
- 11 Gocompare.Com ([EPW0008](#))
- 12 Inspop.com Limited ([EPW0014](#))
- 13 MoneySuperMarket.com ([EPW0016](#))
- 14 Ofgem ([EPW0019](#))
- 15 SSE ([EPW0009](#))
- 16 Telecom Plus Plc ([EPW0011](#))
- 17 The Big Deal ([EPW0012](#))
- 18 uSwitch.Com ([EPW0007](#))

# List of Reports from the Committee during the current Parliament

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All publications from the Committee are available on the Committee's website at [www.parliament.uk/ecc](http://www.parliament.uk/ecc).

The reference number of the Government's response to each Report is printed in brackets after the HC printing number.

## Session 2010–12

First Report	Emissions Performance Standards	HC 523 (807)
Second Report	UK Deepwater Drilling—Implications of the Gulf of Mexico Oil Spill	HC 450 (882)
Third Report	The revised draft National Policy Statements on energy	HC 648
Fourth Report	Electricity Market Reform	HC 742 (HC 1448)
Fifth Report	Shale Gas	HC 795 (HC 1449)
Sixth Report	Ofgem's Retail Market Review	HC 1046 (HC 1544)
Seventh Report	A European Supergrid	HC 1040 (HC 1684)
Eighth Report	The UK's Energy Supply: Security or Independence?	HC 1065 (HC 1813)
Ninth Report	Solar Power Feed-In Tariffs	HC 1605 (HC 1815)
Tenth Report	The EU Emissions Trading System	HC 1476
Eleventh Report	The Future of Marine Renewables in the UK	HC 1624
Twelfth Report	Consumption-Based Emissions Reporting	HC 1646
First Special Report	Low carbon technologies in a green economy: Government Response to the Committee's Fourth Report of Session 2009–10	HC 455
Second Special Report	Fuel Poverty: Government Response to the Committee's Fifth Report of Session 2009–10	HC 541
Third Special Report	The future of Britain's electricity networks: Government Response to the Committee's Second Report of Session 2009–10	HC 629

**Session 2012–13**

First Special Report	The Future of Marine Renewables in the UK: Government Response to the Committee's Eleventh Report of Session 2010–12	HC 93
First Report	Draft Energy Bill: Pre-legislative Scrutiny	HC 275
Second Report	The road to UNFCCC COP 18 and beyond	HC 88 (HC 633)
Second Special Report	Consumption-Based Emissions Reporting: Government Response to the Committee's Twelfth Report of Session 2010–12	HC 488
Third Report	Low-Carbon Growth Links with China	HC 529 (HC 748)
Fourth Report	Pre-appointment hearing with the Government's preferred candidate for Chair of the Committee on Climate Change	HC 555
Fifth Report	Consumer Engagement with Energy Markets	HC 554 (HC 1036)
Sixth Report	Building New Nuclear: the challenges ahead	HC 117
Seventh Report	The Impact of Shale Gas on Energy Markets	HC 785

**Session 2013–14**

First Report	The Green Deal: watching brief	HC 142 (HC 607)
First Special Report	Building New Nuclear—the challenges ahead: Government Response to the Committee's Sixth Report of Session 2012–13	HC 106
Second Report	A Severn Barrage?	HC 194 (HC 622)
Third Special Report	The Impact of Shale Gas on Energy Markets: Government Response to the Committee's Seventh Report of Session 2012–13	HC 609
Third Report	UK oil refining	HC 340 (HC 718)
Fourth Report	Smart meter roll-out	HC 161 (HC 719)
Fifth Report	Energy Prices, Profits and Poverty	HC 108 (HC 717)
Sixth Report	Local Energy	HC 180 (HC 749)
Seventh Report	Pre-appointment hearing with the Government's preferred candidate for Chair of Ofgem	HC 645
Eighth Report	Levy Control Framework	HC 872
Ninth Report	Carbon capture and storage	HC 742

**Session 2014–15**

First Special Report	Levy Control Framework: Parliamentary oversight of Government levies on energy bills: Government Response to the Committee's Eighth Report of Session 2013–14	HC 590
First Report	Intergovernmental Panel on Climate Change Fifth Assessment Report Review of Working Group I contribution	HC 587 (HC 732)
Second Report	Innovate to accumulate: the Government's approach to low carbon innovation	HC 747 (HC 733)
Second Special Report	Carbon capture and storage: Government Response to the Committee's Ninth Report of Session 2013–14	HC 638
Third Report	The Green Deal: watching brief (part 2)	HC 348 (HC 882)
Fourth Report	Small nuclear power	HC 347
Fifth Report	Linking emissions trading systems	HC 739
Sixth Report	Energy network costs: transparent and fair?	HC 386