

Institute of Directors  
116 Pall Mall  
London  
SW1Y 5ED

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Retail Energy Markets and Consumers Team  
Department for Energy Security and Net Zero  
3-8 Whitehall Place  
SW1A 2EG London

## Fairer, Faster Redress in the Energy Market: Consultation on the Role and Powers of the Energy Ombudsman

The IoD is an independent, non-party political organisation representing 20,000 company directors, senior business leaders, and entrepreneurs, typically running small to medium sized businesses in all parts of the UK. It is the UK's longest-running organisation for professional leaders, having been founded in 1903 and incorporated by Royal Charter in 1906. Its aim is to promote good governance and ensure high levels of skills and integrity among directors of organisations. It campaigns on issues of importance to its members and to the wider business community with the aim of fostering a climate favourable to entrepreneurial activity in the UK.

We welcome the opportunity to respond to the *A new threshold for businesses accessing the Energy Ombudsman* consultation, given that a well-functioning non-domestic energy market is a key component of a business environment conducive to growth and stability. As a business representative organisation, our response is specific to complaints by small enterprises against non-domestic energy suppliers.

While the threshold of business size for accessing Energy Ombudsman (EO) services is not in the remit of this consultation, we would encourage government to monitor small business uptake of this right with a view to considering whether to expand access to all SMEs at a later date.

We would also encourage, as a general principle, government to avoid creating a two-tier system whereby rights to access redress are different for eligible domestic and non-domestic consumers.

*1. Which of the options to tackle barriers to accessing the EO's services do you support? Please evaluate the advantages and disadvantages, particularly in relation to consumer benefit. Where possible, provide evidence or examples.*

We would support advanced signposting. The extension of the right to access redress through the EO to larger small businesses has been in place for a relatively short amount of time; awareness of this right among small businesses is likely low and signposting would help to remedy this. The fact that fewer than half of cases which reach the EO were correctly signposted suggests, however, that much of

the issue regarding signposting relates to enforcements of existing requirements on suppliers. Improving the quality of the information provided via signposting – such as QR codes to automate referral – would be welcome, but adding requirements will likely have little impact if the issue of suppliers not providing the required information is not addressed.

We would also support auto-onboarding of consumer details where consent has been provided, given that the process itself would both reduce friction for small business consumers and raise awareness of their right to access redress.

The case for proactive outreach is less clear to us. If small business consumers are made aware of their rights relating to redress, and friction in the process is minimised as far as possible, proactive outreach should not be necessary. We would suggest implementing advanced onboarding and auto-onboarding first and proactive outreach at a later stage if evidence suggests that the impact of the former has been insufficient.

*5. Do you agree with shortening the waiting time before a consumer can refer their complaint to the EO to 4 weeks with exceptions? Please describe any advantages and/or disadvantages for consumers and suggest alternative approaches you think may be more effective providing evidence or examples. Evidence about the proportion of complaints resolved after 4 and 6 weeks may be of particular use.*

We believe that, as a first step, the waiting period should be reduced to 6 weeks. Communication, analytics, and the availability of real-time data have improved since the introduction of the 8-week waiting time in 2008, thus a shortening of the waiting time would be proportionate to the aim of speeding up small business access to redress.

While a 4-week waiting period would be preferable, it is possible that the higher likelihood of non-domestic cases entailing greater complexity in contracting cases would make such a waiting period unrealistic from the supplier perspective. Our view is that a uniform 6-week waiting period would be preferable to either a 4-week waiting period with potentially confusing exemptions or a two-tier system whereby the waiting period is shorter for domestic consumers than for non-domestic consumers.

*7. Do you agree that the EO should reduce their target to reach a decision to 4 weeks? What are the advantages and/or disadvantages for consumers?*

Yes. Given that the EO has indicated that such a target is realistic, this move would be both viable and could improve consumer confidence in their ability to access timely redress.

*10. Do you agree that the EO should be able to levy penalties against suppliers for late or incomplete implementation of their decisions? Please describe any advantages and/or disadvantages for consumers.*

Yes. Full and prompt implementation of remedies is important to small business consumers and the ability to levy penalties against suppliers in the small number of cases of late or incomplete implementation of decisions should help to remedy the situation. The biggest advantage of the extension of the right to access redress via the EO to larger small businesses has been the opportunity

for them to seek redress without going through the court system; measures to encourage suppliers to implement remedies without involving courts would therefore be welcome.

*19. Do you agree with our proposal that proposed reforms to the EO should also be applied to heat network markets? Please provide evidence to support your answer.*

Yes. Consistency across the right to access redress – both in terms of consumer type and market type – is a crucial element of creating an easily navigable system.

We hope you have found these comments useful. If you require further information about our views, please do not hesitate to contact us.

With kind regards,

A handwritten signature in black ink that reads 'A. Hall-Chen' with a horizontal line underneath.

Alex Hall-Chen

Principal Policy Advisor for Sustainability, Employment, and Skills

[Alexandra.Hall-Chen@iod.com](mailto:Alexandra.Hall-Chen@iod.com)