



Energy and Climate Change Committee

Oral evidence: [Energy price comparison websites](#), HC 899,
Tuesday 3 February 2015

Ordered by the House of Commons to be published on 3 February 2015.

Written evidence from witnesses:

- [MoneySuperMarket](#)
- [uSwitch](#)
- [Compare the Market](#)
- [Confused](#)
- [Go Compare](#)

[Watch the meeting](#)

Members present: Mr Tim Yeo (Chair); Dan Byles; Ian Lavery; Albert Owen; Christopher Pincher; Sir Robert Smith; Graham Stringer; Dr Alan Whitehead

Questions 1-199

Witnesses: **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, gave evidence

Examination of Witnesses

Witnesses: **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, gave evidence

Q1 Chair: Good morning, and thank you very much for coming in. I would like to start with a very simple question to each of you in turn, and it is capable of a yes or no answer. Do you agree that it is wrong to conceal the best available deal to a consumer on your website? Mr Plumb first.

Peter Plumb: Do I think it is wrong to conceal the best available deal on the website?

Chair: So the answer is “yes” to that question?

Peter Plumb: Sorry, I was just checking the question.

Chair: Yes, that is all right.

Peter Plumb: I was just settling in. I do not think it is wrong to not allow a customer to apply for a deal or—

Chair: No, I want a yes or no answer. Is it wrong to conceal from customers the best available deal, yes or no?

Peter Plumb: No.

Q2 Chair: It is not wrong. It is right, therefore, to conceal from a customer the deal that is best for them?

Peter Plumb: Let me start again. I think it is wrong to hide the best available deal on a website.

Q3 Chair: That is all I need to know from you. Yes, next one. Mr Weller?

Steve Weller: I would agree with Peter that we should be making all of the tariffs available, based on the customers selecting that option.

Chair: Say that again, I could not quite hear it.

Steve Weller: Make all the tariffs available for consumers.

Chair: You will need to speak up a bit. So was it a yes or a no?

Steve Weller: The answer is yes.

Chair: It is wrong?

Steve Weller: Correct.

Q4 Chair: Mr Galligan?

Paul Galligan: We have always made available to our consumers every available tariff on the market, so we believe—

Chair: I wanted to know whether it was yes or no, was the question.

Paul Galligan: We believe that, yes, consumers should be able to access all available tariffs.

Q5 Chair: Okay, right. Mr Coriat, is it yes or no?

Martin Coriat: My answer is yes.

Q6 Chair: Mr Morgan?

Phil Morgan: Yes, customers should have the ability to see all tariffs.

Q7 Chair: Was it the reason that in the past all your websites have sometimes concealed the best available deals? Was that because you were earning commission from deals that were less favourable, Mr Plumb?

Peter Plumb: We have always shown the best deals on the site, so we have not hidden tariffs to customers where we do not get a commission. We have always given the customers the choice of seeing two tables along the Ofgem guidelines: a table available through MoneySuperMarket or a whole of market table.

Q8 Chair: Has the default position on your side always been to show all available deals?

Peter Plumb: No—

Q9 Chair: Right, that is clear. So in the past you have not shown customers all available deals, including some that are better than the ones on which you are earning commission. So was the reason you concealed the better deals from your customers because you were earning commission, yes or no?

Peter Plumb: No, there are three reasons.

Q10 Chair: What was the purpose in that case of concealing a good deal from a customer?

Peter Plumb: There are three reasons. Some providers do not want the volume, like Flow energy. They do not want to be on a price comparison table because they cannot cope with the volume and actively do not want to be linked through. Secondly, some providers—some of the Big Six—do not want to show their existing customers because they do not have the infrastructure in place. Other tariffs they can switch to today, they do not want to be on MoneySuperMarket tables and—

Chair: Is the purpose of your site to help the Big Six screw their customers?

Peter Plumb: No, the purpose of our site is to help millions of customers break through and finally understand how they can switch energy and save themselves at least £200 a year by having a transparent view into the market and finally have the confidence, and the tools, to be able to move from tariffs they have been on for years to be able to finally switch to other providers and help rich and poor, old and young, to save money on their household bills.

Q11 Chair: On the first of your excuses, would it not have been helpful at least to say to the customer, “There is another company”—Flow I think you said—“who offer a cheaper deal but they do not want any new customers”? Would that not have been more honest?

Peter Plumb: In our whole of market tables, we show the providers. We do not provide links. I am a marketing tool for the industry. I cannot show providers who do not want to be shown.

Q12 Chair: So the reason you do not show—to give this question again—the best available deals to your customers is because you are earning commission on other deals, yes or no?

Peter Plumb: No. That is one of the reasons.

Q13 Chair: Mr Weller, what is the reason you do not show the best available deal? Is it because of the commission?

Steve Weller: No, it is not. We have given customers the choice to either see the whole of market or ones that they can use uSwitch to go through and help them with that switch service.

Q14 Chair: What was the default position on your site?

Steve Weller: We did not have a default position. We actively ask customers to make an active selection if they wish to see the whole market or those deals that they can switch through with uSwitch.

Q15 Chair: Mr Galligan?

Paul Galligan: First, we have always shown and made available to our consumers the ability to see the whole of market. As you have pointed to, the question is: what do we default to? There are a number of reasons why providers may not want to appear on our site. First, some providers may not want the volume that we can provide. Secondly, as we have already heard, some of the providers do not want to allow us to show a better deal to their existing customers for a tariff that they may offer.

Q16 Chair: Which are the providers who do not want more customers?

Paul Galligan: Some of the providers, as we have already—

Chair: Just name some that is all.

Paul Galligan: As an example, we have already heard that Flow Energy do not want to take our volume.

Chair: We will obviously check with the companies you name to make sure that you are telling the truth.

Paul Galligan: Yes.

Chair: Which are the companies that would say “no” to more customers?

Paul Galligan: I would need to come back to you with the specifics of—

Q17 Chair: So you cannot name any others?

Paul Galligan: I cannot name the others right now but that is an undisputed fact insofar as some companies—

Q18 Chair: Given modern technology, would you like to text your office now so before the end of the meeting they can tell you which companies are turning away business?

Paul Galligan: I can try to get that information for you and—

Chair: You do not have it at hand, obviously.

Paul Galligan: I do not have that to hand, no.

Q19 Chair: It is not a very persuasive answer, is it, to say, “There are other companies that do not want more business but I can’t actually name them”?

Paul Galligan: You may think it is not a persuasive answer but—

Chair: It is not what I think. I do not think the public will think it is very persuasive either.

Paul Galligan: That is a matter of fact. If we turn to what the consumers want, we always had a viewpoint that consumers wanted to see and compare the market providers that they could switch to. What we saw when we offered the consumer the ability to see whole of market, on

average we were getting only 600 interactions with that offer every day. Now we have reversed that out—we automatically show whole of market—over 8,000 people are choosing to reduce that search on a daily basis in order to see providers that they can switch to. So we think the facts speak for themselves, consumers do want the ability to see a narrower range of providers that we can help them switch to.

Q20 Chair: Has your company ever arranged a switch for a consumer knowing that there was a cheaper available tariff somewhere else?

Paul Galligan: Of course the consumer chooses who they want to switch to.

Q21 Chair: The question was: has your company ever knowingly helped a consumer switch to a tariff when they knew that was not the cheapest available tariff, yes or no?

Paul Galligan: We provide the consumer a range of answers. The consumer chooses. What you have to bear in mind of course—

Q22 Chair: So I am the consumer—poor, dumb, stupid consumer—I say, “I want tariff A”. You know that tariff B is actually cheaper. Do you say, “Just go ahead with tariff A”?

Paul Galligan: Let us take your average consumer sitting in their front room on a Saturday morning. They input their details on to our site. In less than five minutes we will return to them 140 prices. The choice is then in their hands. If you take as an example what the Citizens Advice view is on it—and if I quote—they would say that we have transformed the ability of consumers to search the energy market in their own time and without sales pressure from any particular provider, making it easier to get the best deal. So we do not apply pressure. The consumer makes the choice.

Q23 Chair: I think you are telling us that you have. Your company has arranged a switch for a consumer knowing that there was a cheaper tariff that that consumer could have switched to.

Paul Galligan: That is not the case. We present the answers and the choices to the consumer. The consumer makes the choice.

Q24 Chair: The consumer may well make a choice that is not in their interests because you have not made it easy for them to find out where the cheaper tariffs are.

Paul Galligan: We have always made it easy for the consumer to see the whole of market.

Q25 Chair: Mr Coriat, how have you got on in this matter?

Martin Coriat: I would merely echo what has been said. Confused.com is committed to transparency and we always make available all the deals to our customers. We have a search now that consumers can see a full market comparison, including suppliers that we do not receive commission from. This means consumers will see every tariff available in the market and it will not be filtered. I do not know if that answers your question, but we always help customers to switch. We do act always in the best interests of consumers, showing them all the tariffs available and make them choose.

Q26 Chair: You are saying that your company has never knowingly helped a consumer switch to a tariff when you were aware there was a cheaper one available?

Martin Coriat: We give all the choices to consumers and they make a decision. They can make a decision to not go to the cheapest provider. They can make a decision to go with the more expensive provider because they trust the brand, because it is the reliability of the suppliers that they prefer to switch to, which they can pay by direct debit and not all suppliers accept direct debit. There are a lot of considerations taken into account when a consumer makes a decision for their energy provider, and cost is only one of them. We give them all the information and then they can make an informed decision.

Q27 Chair: Mr Morgan?

Phil Morgan: I would echo the other panel members. We always show customers the ability to see all tariffs. I think you mentioned that we only assist the larger energy companies. I think—

Chair: I did not say that. I suggested companies that paid you commission.

Phil Morgan: Indeed not. Basically we had only 44 customer queries on energy in 2014 versus over 60,000 sales so I think that shows the level of engagement we have with the end consumer and satisfaction of the service we provide.

Q28 Chair: So your company has never knowingly helped a customer switch to a tariff when you were aware there was a cheaper tariff available elsewhere?

Phil Morgan: If that situation did occur, we would expect our customer to inform us. We would fully investigate it and if there was a process failure that we needed to improve we would certainly act on that and make sure it did not happen again.

Q29 John Robertson: Could I ask you about the companies you do have on your websites: how do you go about getting these companies? Do you approach them or do they approach you? One person answer because I have to imagine it applies to all of you. Mr Galligan, what about you?

Paul Galligan: Yes, that would go both ways. In some cases it would be because we have approached the providers and in many cases they approach us.

Q30 John Robertson: You would approach providers. Did you see, gentlemen—I notice you are all gentlemen by the way; no women in higher up places here, which is ridiculous—in yesterday's *Sun* newspaper the article about your comments about this company Zog Energy? That seems to be the cheapest energy company of all the companies that you deal with and yet you do not have them on your website. You are going to tell me whether you have or you have not approached them to find out whether they want to be included.

Steve Weller: I think I have answered that. Zog Energy is a gas-only provider and they do not want to work with comparison sites and make their product fulfillable.

Q31 John Robertson: You have approached them then?

Steve Weller: Yes. We have their tariffs. There are other providers who do not even share their tariffs with us and have requested not to be included on comparison sites as well.

Q32 John Robertson: Mr Weller, you tell me that you will give people—particularly if they wait the 24 hours—everything that they want from all the competitors. Would you then include Zog’s prices within that, even though you could not transfer somebody to them?

Steve Weller: If people go online and select “whole of market” you will see Zog Energy tariffs available to—

John Robertson: That will appear on your website? You can get it from your website?

Steve Weller: Yes, you can get that from our website but you have to look for gas only. For instance, if you are a dual fuel customer, so you use gas and electricity, they will not appear in the listing because they only offer gas.

Q33 John Robertson: You will appreciate that if a newspaper can go and get all this information very quickly—but they also have people helping them of course—that it puts your companies in a very bad light. I go back to something that somebody said about competition—I think it was you, Mr Coriat, I am not sure—that they will come to your site and they will pick the company and sometimes they might pick it because they know the name. The problem with that is all the big companies that are in your business have a particularly poor name. I would go so far as to say if I went on to your websites today I would be looking for a company that wasn’t one of these companies. It pulls the rug from your phrase that people want to go to a company that they trust because, to be honest, they do not trust any of these big companies, so why would you say that?

Martin Coriat: I think our duty as a price comparison website is to give information to customers to make sure they make an informed decision. We list the entire market; a market with big names and providers and some new entrants. The British energy market is one where there are a lot of new entrants coming in, and I think these new entrants came into the market and disrupted this market because of the price comparison websites that allow them to get access to customers. That is why I think we do act in favour of customers. We help them and also help new entrants offering cheaper deals to customers.

Q34 John Robertson: Why do you all make so much profit? According to *The Sun* some of you make an extraordinary amount of profit. Why would you make that kind of profit when you are trying to help customers to save money? Confuse.com, you made £16.4 million profit; uSwitch, you made £9.8 million; Go Compare, you made £53.9 million in profit¹. Why should people trust you? Let me do Comparethemarket.com, a favourite of my grandson. It has £69.7 million profit, and Go Compare you have a £19.8 million profit. Why the difference between uSwitch and Go Compare, whether it is £9 million to £60 million-odd, in a company that is trying to supply a good deal for the customers? I am not worried about you making a profit. I do not have a problem with you making a profit. I do have a problem with you making exorbitant profits, and I feel you should be looking at getting a better deal because somebody somewhere along the line pays for these profits. Who is paying for it? Let’s go to Go Compare.

Phil Morgan: Thank you. I think the important aspect to appreciate is 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. In that respect, the larger the profit the more savings we are bringing to the market.

¹ This is the profit figure for MoneySuperMarket; the correct total profit figure for Go compare is £19.8 million and includes profit for the company as a whole, not just from its energy comparison service.

Q35 John Robertson: Surely your job is to help them not just to make a profit. I understand you want to clear any costs you may have and the payments to your company so you will exist, but do you have to make that kind of profit? If you did not make that kind of profit, how much of that money do you think would be transferred to customers who come to your company honestly to try to save money?

Phil Morgan: If you look at price comparison sites in general, the actual commission that we receive from end companies, whether it is insurance, energy or any of the other products we offer, is a very efficient way for those companies to bring their product to market. In particular, with energy, if you look at the First Utility submission to the panel, you will appreciate that they are saying that they would not have been able to enter the market and grow to the size they are without the efficiency of a marketing channel that price comparison brings. That is equally the same across a number of the other products, and it has been indicated by the FCA and the CMA that price comparison websites are an efficient method of companies being able to market services, so in that respect we are a force for good for the end consumer and customer.

Q36 John Robertson: I would believe you and I would say you were right if it was not for the fact that *The Sun* newspaper—not a paper I buy I have to tell you—can go and tell me how much money each person that goes to your companies loses. I do not want any customer to lose money. I certainly do not want them to lose money to go to a comparison website when they can go to another website and get it cheaper, because I think your companies, while very smart, very clever, the advertising that you do, does not tell the customer really anything. No offence, and your cat is very cuddly and very nice and is very good, and the story about going to Africa now with the baby, all that was very clever but, to be honest, what the hell did that have to do with somebody changing their business? So I want a bit more reality and realism into your companies. So prove to me that you are doing a good job and that you are not just in it for making money.

Martin Coriat: First of all, I think it is wrong to say that people are losing money when they use a price comparison website.

John Robertson: They are losing money compared to where they could go.

Martin Coriat: When we did research at the end of last year, 99% of customers using Confused.com were saving on their previous tariffs—99.1%—so we save people money. That is what we are here for and that is what we are doing as an industry. Over 50% of our customers save over £190 when they switch energy providers. I think your question about how much could have been transferred to customers is not the right angle, if I may, because the question is: what would happen if there was no price comparison website in this industry? What would the world be like without us helping people save money on their insurance? Customers would not have the option and ability to switch that they currently do, and application costs will rise as a result.

Q37 John Robertson: I do not have a problem with you supplying the service. I think what you do is a good thing for people, particularly people like me who are on the go all the time and want to look at something quickly. I have done it and I have used your comparison websites to have a go at the energy companies, to prove that they are charging too much. But the fact of the matter is there seems to be some kind of ethos in the energy market and the energy companies that says, “I want to rip off every person I get hold of”. I find that quite annoying and it is my duty to make sure that you guys adhere to the rules, the same as everybody else.

One other question I want to ask about is your fees for people moving to another site, cutting their contract early. You always seem to have different prices and I am told there are some companies that want to charge the big companies double the fees from these companies, which strikes me as a bit underhand and we will not know anything about it. But I am told that some companies want £60 from a company to switch away from them; some are £30. The Zog one, which we were talking about there, is £25. Why is there such a difference and why should a customer have to pay that kind of money when, at the end of the day, they thought they were getting the cheapest deal at the time and then it turns out they didn't? Why should they have to pay for something that in effect if you were the companies they have used to get the price you should take the dump for that not them, because you did not give them the truth in the first place? So tell me about these charges.

Peter Plumb: I am happy to talk about charges. So at MoneySuperMarket we charge a fee not a commission. The fee is a flat fee. No matter whether a customer is a—

John Robertson: How much?

Peter Plumb: Our fee ranges from £30 to £27, depending on the provider. On average, our fee in 2010—

Q38 John Robertson: This is what I am talking about. Why the difference on providers? Why isn't it the same for everybody?

Peter Plumb: Part of it is historic of the energy companies and how they are put together.

John Robertson: Who can pay the most?

Peter Plumb: Can I just explain? The fee in 2010 was £29.56 on average for a single energy switch. The provider does not pay if a customer does not switch or cancel and every customer is given 14 days to cancel. In 2014 our fee was £29.36. Our fees have remained flat and have gone slightly down, while energy tariffs have risen to £1,346 in 2013 and started falling now. So the fee we charge is a success marketing fee for an energy company to pay for customers who switch to them. The reason it is a fair flat fee, if a customer switches dual fuel—to answer your question—the provider pays twice, one for energy and one for gas. The fees are required to fund price comparison websites. We are not a simple computer programme. We have teams of people who have to work with providers to make sure the tariffs on our site are accurate to the letter every day. We have to work with providers to make sure that, as tariffs become available to customers, all that data is loaded up, is accurate and the customer sees real time prices. We have to spend money on technology and we have to spend money on marketing if, as an industry, we want to help—

John Robertson: I do not have problem with you spending money—

Chair: John, we can come back to this in a moment. Albert wants to come in.

Q39 Albert Owen: Yes, it is only on that and a couple of questions. Mr Galligan, you said about your response to a customer who makes an inquiry that you send a suite of 140 different companies.

Paul Galligan: Possibly 140 at a guess.

Albert Owen: Excuse me, I have not been on your website. I am asking a very genuine question. Is it categorised alphabetically? Do the prices range in descending order or whatever? People do not have an awful lot of time to go through 140 different ones and do it. Can you explain for my benefit and I would be an ordinary consumer in this inquiry?

Paul Galligan: Of course, and that is a key point because your average consumer does not want to spend a lot of time researching the entire market. The proposition that we operate is that a consumer will come to our website and they will input their details to us. We have the technology that operates behind the scenes to go out to the whole of the market and so then we will present, in the case of energy, a little over 140 prices back to the consumer. In energy, just as it applies right across our product range, we always rank that by the cheapest price. So obviously we will be reviewing the impact of commissions but it is important to note the level of commission we receive will never influence the ranking on the site.

Q40 Albert Owen: So you are leading them towards the cheapest at the top?

Paul Galligan: We always present the cheapest at the top. What we do thereafter is we offer the consumer a range of tools as they may want to refine their search. As an example, often we will find—

Q41 Albert Owen: You have done some research and found out that that is the cheapest available. So if I am a busy person, or my constituent is a busy person, they click that top one and they are guaranteed, in your opinion, that they are getting the best deal?

Paul Galligan: Absolutely, yes, and in less than five minutes you will see 140 providers and you are then in a position to make your choice.

Q42 Albert Owen: Why do you think the public are getting a bit concerned about this then?

Paul Galligan: If I take yesterday's reports in the news, I think it is important to note that that was research undertaken by a commercial competitor. It was misleading, to say the least. We fundamentally disagree with the assertions that were made in those claims, and—

Q43 Albert Owen: I am just asking in general: why do you think the public are concerned?

Paul Galligan: I think in the energy market in particular this is a market that is broken, and we have alluded to the fact that consumers are paying too high a price. If you look at the level of switching in the marketplace, it is nowhere near high enough. I believe last year about 3 million houses—

Q44 Albert Owen: So you think it is trust in the energy companies, which we will come to in a minute, that is the issue and you are the glue that holds this broken market together?

Paul Galligan: Certainly trust is one component. We believe that there are two significant factors that reduce switching in the marketplace. The first is consumer understanding. They do not understand the bills that they are presented with and that makes it difficult for them to engage in the process. Secondly, the switching process itself takes far too long and is perceived to be too complex. As a consequence, too few consumers are engaging in the marketplace.

We do present a solution to that of course because, as I have said, in five minutes we can compare 140 providers and equally we invest in both technology and telephony services to undertake that switch on behalf of the consumer. So undoubtedly we offer a solution in the marketplace. By one example we typically save the consumer £200 per switch and indeed last year we saved our consumers in the energy market almost £40 million.

Q45 Chair: Just to be clear, we are very strongly in favour of switching and encouraging switching and making switching easier but we are very concerned that the consumer trust in the switching process will be damaged if the sort of reports that appeared in *The Sun* yesterday turn out to be true. You have referred to those reports. The recorded call that was reported in *The Sun* yesterday, when your employee or agent quoted three tariffs: third place npower, second place Scottish Power, first place Green Star Energy, caller, “Let me clarify what you have said. The cheapest one for me and the one I am probably going to go for is Green Star Energy at £538”. Your staffer, “You’re right. That’s the one” when actually there was a cheaper deal available. Are you saying that story is not true?

Paul Galligan: I am saying it is misleading, yes.

Q46 Chair: Why is it misleading?

Paul Galligan: Earlier on in the call our agent—and if I may quote—had stated to the consumer, “I’m now comparing your price with a wide range of suppliers available via Compare the Market”. In the particular case that is referenced in the press, that we did not mention Zog Energy; they do not offer a telephony service. On our website we would have shown Zog Energy and the consumer would have seen that that was the cheapest available online, but they do not allow us to switch the consumer to them over the phone, and so that was not a price that we were able to offer the consumer over the phone.

Q47 Chair: Does Zog Energy pay you a commission if you do a switch to them?

Paul Galligan: No, they don’t.

Q48 Chair: Does Green Star Energy pay a commission if you—

Paul Galligan: They do issue a commission.

Q49 Chair: So you failed to draw attention to the fact that a cheaper tariff was available, unfortunately for you a company that did not happen to pay you a commission, so your agent told the customer that the cheapest deal was one from a company that did pay you a commission. Those are the facts.

Paul Galligan: That the—

Chair: Are those the facts or not?

Paul Galligan: —cheapest deal available over the phone—

Chair: Is what I just said true? Your agent says Green Star Energy is the cheapest when it is not. Green Star Energy pay you a commission and the one that is cheaper does not pay you a commission. Those are the facts.

Paul Galligan: So the facts are we told the customer—

Chair: Which of the facts I have just read out are not true?

Paul Galligan: The important fact is we told the customer—

Q50 Chair: The important facts are the cheapest deal was from a company that you did not mention to the customer. Unfortunately, it is a company that does not pay a commission. You then told the customer that a more expensive deal was the cheapest one and that was a deal provided by a company that paid you a commission. Those facts are going to undermine trust in the whole switching process. They are probably already undermining trust in your business and they deserve to. If you mislead people in that way and if you try to persuade us—earlier on you were saying, “Oh, commission does not come into it”. The fact is that you are recommending deals because you are getting a commission and you will not recommend deals if you do not get a commission.

Paul Galligan: Perhaps it would be helpful to the Committee if I could outline certain elements of that call that were not reported in the press. As I say, first, 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. Now, the fact that Zog Energy do not offer a telesales service—

Chair: Or commission.

Paul Galligan: —means that is not a provider that is available for that customer. If they had chosen the internet channel we would have represented that price, but he chose the telephony channel.

Q51 Chair: But he had told you that he could get on the internet because you just mentioned that he said he did not like doing that.

Paul Galligan: But equally he said that he had abandoned the website because he wanted the telesales service. He said he was rather old fashioned and he would sooner use the telephone, so we—

Q52 Chair: So in future will you warn your customers that by using the telesales services they may be missing out on cheaper deals?

Paul Galligan: We do tell them that we will be comparing them with deals to which we can switch. Of course, I would love to be able to switch to the cheapest provider. I have a team of people back in Peterborough that go out and try to negotiate with every provider in the market. 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.

Q53 Chair: The cheapest one from a company that paid you a commission.

Paul Galligan: It happens in this case they pay us a commission, yes.

Q54 Sir Robert Smith: I want to check, do you make any money out of displaying someone who does not pay you commission? Is there any other revenue stream or is your only—

Paul Galligan: No, our model is entirely aligned to the consumer’s interest insofar as we only earn money if the consumer switches and, therefore, that pushes our investment towards making it easy for consumers to find the best deal.

Q55 Sir Robert Smith: You only make money if they switch through you. On the site, if someone wanted to use Zog Energy they would have to go directly to Zog?

Paul Galligan: That is right, yes.

Q56 Sir Robert Smith: So why do you display them?

Paul Galligan: We show whole of market so the consumer has visibility as to where the best deals are. We hope that the customer will still choose to switch via Compare the Market and that all the factors such as our investment in technology, making it easier, the after sales service will mean that they do choose to switch via us, but if they choose to go direct to an alternative provider they can choose to do that.

Q57 Sir Robert Smith: You are more making your money by the fact that people are confused or reluctant to do direct purchasing from a supplier?

Paul Galligan: I do not believe there is anything there that confuses them. We rank the table based on price. The consumer can then observe that table and choose who they want to switch with. We know a good deal of our customers will choose to go direct or indeed they may well then visit one of our competitors. Equally, a number of customers will choose to switch via the service that we provide and, therefore, that is why we invest in providing a better switching service.

Q58 Sir Robert Smith: How do you find the energy market compares with the other markets, those of you that have other switching sites?

Paul Galligan: I think the key difference is that the switching rates in energy, if I could contrast that to car insurance as an example, are much lower. If you take the total number of households in the UK, approximately 26 million households, only 3 million people switched last year. If I contrast that to car insurance with about 25 million cars in the UK, switching times are three times higher than car insurance. I think that speaks to some fundamental issues in the way that the energy market operates.

As I say, consumers do not understand their bills. They find the switching process too complex. We believe if we can tackle those issues we will increase the amount of switching in the marketplace and, the available dividend, we believe consumers are being overcharged to the tune of £4 billion. So that is the industry issue that I believe we should be focusing on.

Q59 Sir Robert Smith: All of you have identified a market in which, left to their own devices, the consumer does not have the confidence to switch directly and you are saying to them, "Come through us and we will make it easier for you"?

Steve Weller: Mr Smith, let me try to answer some of this as well. I think there are two elements to every switching service. It is free and consumers can go on and do a full market comparison. Typically consumers are comparing between 300 and 400 historical tariffs, so we have to check to see all of their old historical tariffs. They may be comparing against 140 tariffs that may be available. That is very time consuming to do with a calculator. That is the first part of the service, which is free for millions of customers. Some choose to go direct because they now have the information at hand that enables them to go direct to the energy company and choose the selected one they wish to switch to. Some customers prefer to use an organisation such as ourselves to help them through that process and the switching side, because it is a further few steps of information and if anything goes wrong they can come back to a company, and then we

can pick that up with the energy company to try to help that smooth transmission to the new supplier.

Ofgem has already taken some strong steps to help the consumers around switching. They have just recently introduced three-day switching, which is a cooling-off period of two weeks and then three days later the switch will take effect. So there are a number of measures that are going on in the industry to try to help improve the process for consumers, and Ofgem is working hard and puts very strict guidelines and procedures around what comparison sites should do and how they should be working with consumers to help build on that trust.

Q60 Chair: On this point, in that case, Mr Weller, is it true that the question you ask customers is, “Show plans we can switch you to today”?

Steve Weller: That was the question we had in place last year. A site constantly makes changes and we are explicitly now focusing on trying—

Q61 Chair: What is the question you ask today? Do you still ask that question?

Steve Weller: We have two options for the question we ask today. We say, “Only show me plans uSwitch can help me switch to” or “Show me the whole of market” and then there are further explanation next to those two options allowing consumers to make the choice.

Q62 Chair: When was the last time you just asked the one question, “Show plans we can switch you to today”? How recently was that?

Steve Weller: That would have been December.

Q63 Chair: Do you think that was a fair question to ask your consumers?

Steve Weller: From the research that we have done with consumers, we believe consumers understood that. Being able to then understand and to see the whole of market or understand which plans uSwitch can go to, yes.

Q64 Chair: It is not a rather leading question, which is expecting a certain answer, which is yes?

Steve Weller: We have done research and we constantly review that with customers. We get focus groups in and we ask them directly to see if they understand that. We have then taken further steps to make that even more explicit and to help consumers more in the understanding of that question.

Q65 Chair: Do you get paid a commission by First Utility?

Steve Weller: Yes, we do.

Q66 Chair: Do you get paid a commission by Extra Energy?

Steve Weller: No, we do not.

Q67 Chair: Was that the reason why a caller from the north of Scotland, who wanted to change a dual fuel tariff, was told that the cheapest one is First Utility. “That’s about £1,400.” uSwitch agent, “That’s exactly right, sir”. Actually there was a deal at £1,371 from Extra Energy.

Steve Weller: No, that is not the case. I have been on to the article that you have just mentioned. Our agents have very strict procedures in place where all agents need to describe to the consumer the whole of market and give the consumer all of the information. As it turns out, we are undergoing an investigation because that is against company policy and is against our strict procedures that we have with our agents. All our agents have training and we lay down very strict guidelines that they must represent the whole of market. So it has been unfortunate that one of our agents was going against company policy and against those procedures that we had in place. So we are now undertaking an investigation of what we need to do to retrain and tighten up our procedures to help consumers when they are on the phone to get a full market view, which has always been the case with us for the 15 years that we have been in business.

Q68 Chair: Would you like to apologise publicly to the customer who was told by your agent that the cheapest deal was First Utility, when the cheapest deal was Extra Energy?

Steve Weller: As I mentioned, I am sincerely disappointed that our service was not living up to the high standards that we set out and our procedures that we have laid down were not adhered to.

Chair: Would you like to apologise to the customer who is now paying more than they need do for their energy?

Steve Weller: That customer, depending on their needs, may find the right service but if they were looking to select Extra Energy and that would have been right then I do apologise to that consumer.

Chair: Would you like to apologise to the customer of yours who is now paying more for their energy than they need do?

Steve Weller: It depends on the customer choice, but in that situation not because—

Q69 Chair: You do not want to apologise to someone who was misled by one of your agents?

Steve Weller: Mr Yeo, you have misheard me because I did say I do apologise to that consumer who should have been given that option.

Q70 Chair: Will that apology now take the form of financial compensation?

Steve Weller: If the consumer found that we were misguiding then we will take it up direct with that consumer if they would like to contact me personally.

Q71 Chair: Will you compensate that consumer financially for the fact that your agent misled them?

Steve Weller: Anything done by our agents that have misled, yes, we will compensate them.

Q72 Chair: So, if there are any other consumers who turn up and can show that they have been misled by your agent into signing up to a tariff that was more expensive than others that were available, you will compensate them as well?

Steve Weller: On the phone we have a strict procedure policy. Please send me any direct cases and I will review those and the overall circumstances. If we are found at fault we do take active

measures internally but also if the customer is out of pocket and they would have selected that tariff for that option, we can look at providing them some financial compensation.

Q73 Chair: Are your phone calls recorded?

Steve Weller: Yes, they are.

Q74 Chair: It is unfortunate, is it not, that on this case the tariff that was the cheapest, which was not mentioned by your agent, was one that did not pay you commission, and the one that the agent wrongly informed the consumer was the cheapest is one that did pay you commission? That is unfortunate, isn't it?

Steve Weller: It is.

Chair: Right.

Q75 Dan Byles: I think I am detecting, from listening to this whole thing here, that there seems to be a difference of opinion, from people on this side of the table to that side of the table, about language. It seems to me—and I think from the tone of most of my colleagues—that we do not necessarily consider the language that your agents are using and that your website uses to be clear and transparent whereas it seems to be that you five do; for example the Chairman's questions about: do you want to switch today or not? I agree with the Chairman, it sounds like a leading question: do you want to today or not? "Well, yes, today obviously." Do you put as a caveat next to that question, "If you click 'yes' you may not see some of the cheapest deals available"? Is there a sentence that basically says that there might be cheaper deals available if you click this button rather than that?

Steve Weller: Yes.

Dan Byles: It does?

Steve Weller: It does.

Q76 Dan Byles: So it specifically says, "By clicking the 'today' button you may not be seeing some of the cheapest deals available"?

Steve Weller: There is a descriptor providing customers with a lot further information as to what those options will mean. So the customer selects because there is no default. They select one of those options and a box appears to provide them further information before they—

Q77 Dan Byles: But does it specifically tell them that they might not be seeing some of the cheapest deals available if they go with that option?

Steve Weller: I will come back to you and provide you with the exact wording but we have done a lot of work to provide it as clearly as we can in a couple of sentences. It is not just one sentence but two or three sentences.

Q78 Dan Byles: Am I right in thinking that two of you, Mr Coriat and Mr Plumb, no longer have this box? Is that right?

Peter Plumb: Yes.

Martin Coriat: Correct.

Q79 Dan Byles: You simply by default automatically show all that are available?

Peter Plumb: Yes.

Q80 Dan Byles: We hear that there is a problem with some that you can then switch to and some that you cannot. How do you manage that process in a way that the others seem to find harder?

Peter Plumb: We are accredited. We were asked in an e-mail by Neil Barnes on 18 December to move to whole of market and not have a default filtered view, which we acted on and went live on 8 January with a full market view with no defaults.

Q81 Dan Byles: What happens if somebody picks one that is not one that you can then manage the transition through?

Peter Plumb: We have a clear box on the front page. When a customer arrives and starts entering the simple data to try to switch and to find the cheapest prices—and on average customers save £228—we explain how we make money. In a box we say, “We receive a fee from these providers and the providers we don’t receive a fee from you will see there is no link to be able to apply”. So we clearly differentiate between the two, but we do have a whole of market box.

Q82 Dan Byles: So they would all be ranked by price—

Peter Plumb: They are all ranked.

Dan Byles: —and it is simply some of them they can click through to sign up and some of them they cannot. They are just told they cannot.

Peter Plumb: Yes, because the provider, as I said earlier, might not want us to, might not have the infrastructure to do it or might not pay. There are lots of reasons why some providers do not—

Q83 Dan Byles: Tell me more about the trigger. You said the trigger for that was about being accredited.

Peter Plumb: Yes, so we are a credited provider. Ofgem has been very clear and is very clear—which we support as MoneySuperMarket—in their latest conduct code that price comparison sites have to do one of two things: either show defaulted whole of market or show a filtered market with clear text to a customer, which Ofgem has to approve, that explains why there is a filter view. Ofgem has been very clear, and the results came out on Friday, that price comparison websites have two choices: to apply with default, everyone, or filtered view with wording that has been tested with customers and approved by Ofgem. We fully support the proposals recommended by Ofgem for 2015 and beyond, because we think that is a fair approach.

Q84 Dan Byles: Is it that Ofgem change that triggered you to make the change to give everybody by default?

Peter Plumb: In Neil Barnes’ e-mail of the 18th we were requested to not default to a filtered view, so we took the decision to default to a whole market view, awaiting the findings of Ofgem.

Ofgem has been very clear to us all that we have the option of filtered view, explaining why, or whole of market view, so there are two models going forward.

Q85 Dan Byles: The split now, among the five panel, Mr Coriat and Mr Plumb, is that your organisations do the whole market view and you other three do the filtered view. Is that correct?

Paul Galligan: Not for compare the market. We show the whole of market, but we do still pose a question to enable the customer to refine their search and reduce it to only show those providers.

Q86 Dan Byles: Does that question come first?

Paul Galligan: It is defaulted, so we automatically will show 140 providers. If the consumer takes an action we will reduce that result to about 106 providers.

Q87 Dan Byles: So yours looks a bit like theirs, unless they click the button that says, "Please filter this to make it smaller"?

Paul Galligan: Correct.

Q88 Dan Byles: What about Mr Weller and Mr Morgan? How do you do it now?

Phil Morgan: We have introduced a new question before the results page to engage with the customer in a proactive way, so we don't default to "All tariffs" and we don't default to those that GoCompare show, and the customer has to select which view they wish to see.

Q89 Dan Byles: What is the question that has to be asked?

Phil Morgan: Basically there is now a paragraph before the selection of "Only show those tariffs that you can switch to "via GoCompare" or "All tariffs", which clearly explains tariff that will be displayed, or if you click on the "Go compare" button there are those we earn commission from.

Q90 Dan Byles: Does it state clearly at that point that if they choose to click only the "Go compare" button that they may not be seeing some of the cheapest deals potentially available to them?

Phil Morgan: It states that the "All tariffs" will be those suppliers that either do not pay us commission or do not switch via our comparison sites.

Q91 Dan Byles: So it does not state clearly that it may include some of the cheapest deals?

Phil Morgan: It does not state categorically. We are working with Ofgem—

Q92 Dan Byles: Do you think it would be more transparent if it did?

Phil Morgan: We have introduced the current wording, as my colleague from MoneySuperMarket mentioned. Ofgem are engaging and want to view the transcripts and the wording that we are using. We will engage with them over the next month or two, to refine that text and make sure that it is acceptable. It is worth pointing out that Go Compare voluntarily signed up to the Confidence Code. We are unable to be accredited under that code at the moment, because we do not operate the comparison calculator in relation to energy comparisons.

Dan Byles: Could you use a third party?

Phil Morgan: Indeed.

Q93 Dan Byles: Mr Weller, how does it work with your filter or knockdown?

Steve Weller: Similar to what I have already said, that we do not default but we have two clear options. I think the wording I mentioned was, “Only show me plans which can help me”, a switch to, and the other one is, “Show me the whole of market”. A further explanation we give is, “Switching with uSwitch means that we can organise a switch for you and provide support as needed. Choose ‘Show me the whole of market’ to see all plans including those you can’t switch to with uSwitch”.

Q94 Dan Byles: You are uSwitch and you are Go Compare, and neither of you specifically state in the explanation that you have said is there to help customers that the whole market option may contain the cheapest deal for them. Basically it says, “Click this button here where we can help you and hold your hand and make it easy, or click this one where we can’t”. That is basically what it says.

Steve Weller: Yes, but we have clearly stated that you will see the whole of market. The code only came out on Friday. We are doing further research with consumers to ensure that the language is very clear. We do pride ourselves on trying to make our site very consumer friendly and easy to understand.

Q95 Dan Byles: I am surprised that you need a code and you need Ofgem to tell you that the most transparent approach would be specifically to state that, “If you tick this button you may not see some of the cheapest deals available”. That is really the entire reason we are in this room, and that you guys are in so much trouble and getting attacked in the press. It is around this point, that you are not showing people the cheapest deals available. You are all sitting there saying you want to be as transparent as possible but it strikes me as blindingly obvious that that sentence should be in the description before somebody pushes the button. At the moment all it says is, “Push this button and you will have the easier option where we will help you or click this button where we will not help you”. It seems to me obvious which way people are being pushed.

Q96 Albert Owen: Can I come in on that very point? A number of you have mentioned the fact that the market was broken and that energy companies have now moved to more open, simple and more transparent bills. We as a Committee have had inquiries into that and they have moved, along with the regulator. You are in exactly the same position. We are now shining the light on you, as are the public, and you are responding in a very haphazard way because a code has been brought in, as my colleague has just said. How do you respond to that? It is easy to cast aspersions on the energy companies but it is very similar.

Paul Galligan: I cannot speak for all of them.

Albert Owen: No, all of you, but Mr Weller and yourself raised the energy companies.

Paul Galligan: I cannot speak for my competitors, but what I can say is we have always been very transparent with our consumers in giving them the ability to search whole of market, whether we earn a fee or not. As I say—

Q97 Albert Owen: Why do you think there is a need for this code? Why do you think the regulator is looking at this as a champion for the consumer and feels it has to put in tighter regulations? Because you are so open, transparent and honest?

Paul Galligan: I cannot speak for every provider.

Albert Owen: I will ask the others the question. Don't worry, I am not singling you out. I am asking for your opinion.

Paul Galligan: I cannot speak for the other providers in the market. I think what is beyond doubt what all independent commentators will say is that consumers who use a comparison site will say—

Albert Owen: The Ofgem is independent, with respect.

Paul Galligan: Equally Ofgem, if I wanted to quote from Ofgem, would say that, "Price comparison services revolutionised consumers' decision-making cost-benefit equation. Evidence shows that price comparison sites save people a lot of money and contribute to a better informed market". Of course regulation is an important part of any market, and so I think what we are seeing from the regulator is that they want to take extra moves, and we would welcome that. Indeed, I would like in certain circumstances to see the regulator go further.

If I take the Confidence Code as an example, I think that should be extended to apply to every provider in the marketplace. The regulator is taking moves forward. We would welcome those moves and in fact would like to see them go further.

Q98 Albert Owen: My colleague's point just now is why did you not do this before? Why did you have to wait for the regulator to highlight this issue and then you respond and say you welcome it?

Paul Galligan: That might be a point for some of my—

Albert Owen: For all of you. You are just making yourself available. You mentioned about the energy companies and I made the comparison. Yes, there were problems. Yes, we have had an inquiry into it, and yes, we are pleased that the regulator has responded. I am saying to you, because you raised it, that I think we are in exactly the same circumstances now with the websites.

Paul Galligan: I think that is unfortunate.

Albert Owen: If the others want to join in I am happy to hear from them.

Paul Galligan: I do think that is unfortunate and as I say a lot—

Albert Owen: It is unfortunate for the consumer.

Paul Galligan: A lot of that press has been driven on the back of research that has been undertaken not by a consumer body but by a commercial competitor. It has been misleading, and we would refute those claims.

Chair: It is clearly very unfortunate for you if one of your competitors spots the fact that your agents are telling customers that the best possible deal is one from which you get a commission.

Q99 Albert Owen: Just finally, Chair, on that very point, you have mentioned that Ofgem said to us in a previous inquiry, and the new CEO said, that if there are significant problems then

clearly they will do something about it. That was in May of last year. They have found out there are some serious problems, and they are taking action. That is what we want the independent regulator to do, because you have not done it previously yourselves. Do you accept that, all five of you?

Paul Galligan: I do not accept that insofar as consumers that switched compared to last year saved £500,000.

Q100 Albert Owen: Can I hear from the others now, please?

Phil Morgan: We are proactively engaged with any regulator that we deal with. We have worked with the FCA over the last 10 to 15 years while the price comparison industry has evolved.

Q101 Albert Owen: Would you not increase confidence if you moved before a regulator has to wield a big stick?

Phil Morgan: We have been working with Ofgem since they started reviewing the Confidence Code last August, proactively engaging with them and stating that our preferred route was this proactive customer choice, of making a customer choice on tariffs.

Albert Owen: I did not hear you saying that in the opening response.

Q102 Chair: Mr Plumb, you mentioned that you changed the practice of the way tariffs are displayed in December. Why did you choose to do it then?

Peter Plumb: As I clearly said, we had an e-mail from Neil on 18 December requesting that we either defaulted to whole of market or if we do offer customers a question that we should have it approved by Ofgem and customer research, and we responded to the request on 18 December to default to whole of market view.

Q103 Chair: So it was not anything to do with this inquiry?

Peter Plumb: I had an e-mail from Neil on 18 December. That is what we responded to and we went live on 8 January.

Q104 Chair: The impression, as Mr Owen has already mentioned, is that none of you wanted to change your practices, but you were rumbled by *The Sun* in October, that we followed up by announcing an inquiry, Ofgem then woke up out of their customary torpor and suddenly you guys think, "Gosh, our business is going to go bust unless we get our act together". That is what happened, is it not? If you had not had external pressure not one of you would have lifted a finger to make your operations more transparent or more honest as far as your customers are concerned.

Peter Plumb: I think you will find, and I can certainly talk for MoneySuperMarket, our websites change days, weeks, as we evolve. This is a very young industry for UK consumers. It started in motor insurance back in 2006, and because of the internet we as an industry for the first time are allowing customers to at least start understanding energy bills, insurance bills, and other products. On the back of that, we are all growing.

We helped 3.8 million visitors use MoneySuperMarket last year to check energy prices. Only 320,000 bought. That is fine. That means 3.5 million customers across the UK, no matter what home, what age they are, have found that they can take on their current energy provider and have the confidence to look around and switch.

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. Our services will always evolve, based on what we learn. We are still young, but there is no doubt about it that as an industry we are helping every year more customers to see prices they can switch to. That is the industry we are trying to build on the back of this.

So to answer your question, our site would and does evolve based on how customers behave and what we learn, and on whether customers use mobile or not.

Q105 Chair: It is a young industry whose growth has been based on a business model that involves systematically and deliberately misleading customers about what is in their interests. The fact is that not one of these five companies can show they lifted a finger to do anything about this until they were rumbled by the press, the regulator and this Committee. If I may give you all a word of advice, you might find you create a better impression by recognising these serious defects, by showing an element of contrition and a willingness to try to co-operate in making the system work better.

Coming back to you, Mr Weller, when your website asked this question, "Show me the deals I can switch to today" what percentage of respondents answered no?

Steve Weller: I don't have that figure offhand.

Chair: 1% perhaps? 0.1%? Did anyone answer no? Possibly not.

Q106 Dr Whitehead: Mr Galligan, you mentioned earlier that you have agents in the field contacting energy companies. I assume that the agents are contacting energy companies, not customers, in terms of setting up deals with them with your sites and other sites in terms of how the commission process might work. Is that right?

Paul Galligan: Yes, I have a team of people back in Peterborough. We work with a third party provider, Energy Helpline, and between my team and the Energy Helpline team we will proactively go out to providers and try to source their services, yes.

Q107 Dr Whitehead: Are you saying to those people the question of what commission they pay you for sending people their way is negotiable?

Paul Galligan: That is done in conjunction with our third party provider, Energy Helpline. There is always a commercial negotiation, but I must go back to that point that the amount of commission we receive never influences the amount of prominence we give to a provider. We always rank on price.

Q108 Dr Whitehead: Why should they give you a commission at all?

Paul Galligan: That is an interesting conundrum, both for the industry and the Committee. In a world where every provider is shown you can see how in the medium-term that might pose a risk. Our route to overcome that is to make sure that we invest in our proposition and have a service that means that consumers want to switch with ourselves. The reason price comparison sites have been so successful is, first, from the consumers' angle we present the most efficient way to access a very large number of providers and get the best deal. Equally as important from a provider's point of view, we offer a more cost effective route to market for them than traditional channels. We have helped a number of new entrants enter this market and the other markets in which we operate, and we continue to offer a very effective route to market.

Q109 Dr Whitehead: If you have agents negotiating with energy companies, presumably some of those energy companies say, “I am not going to give you a commission at all” and presumably your agents at that point say, “Right, you are not going to be on our site”?

Paul Galligan: No, as I say, if you go to Compare the Market you will see all 140 available energy tariffs on the market, whether we receive a commission or not.

Q110 Dr Whitehead: So the job of the person who is going out in the field to talk to the energy company is to say, “Hi, would you like to be on our site? Would you like to pay us a commission? If you don’t pay us a commission that’s fine, and if you don’t want to be on our site that is fine, and we’re not going to negotiate what kind of commission you might pay us in order to be on our site”. What is the purpose of the communication?

Paul Galligan: Our conversation with any provider would be, “Look, we can offer you a very cost effective route to market to reach a very high number of users of Compare the Market. The price that we will charge you will be less than you can acquire customers via other channels”. We hope, as a consequence of those discussions we are paid for in the region of over 100 of the tariffs that are available. There is in the region of 35 tariffs for which we are not paid, but we still show those to the consumer.

Q111 Dr Whitehead: So the fact that energy companies pay you a commission is their altruism? Why do they do it, do you think?

Paul Galligan: We offer a very cost effective route to market for them to acquire new customers.

Q112 Dr Whitehead: Presumably, though, as far as your agents’ discussions with those companies are concerned, there must be some kind of deal reached relating to the commission, or are you saying that there is no deal ever reached?

Paul Galligan: Let us take, for example, a new entrant that might want to come into the market. Over the last 12 months to 18 months there have been a number of new entrants. They could choose a number of ways to reach consumers. They might choose a TV advertising campaign, they might choose to direct market or to acquire customers via Google. If you look at the cost of acquisition via those channels—and I am quoting some standard industry numbers—to acquire a customer via a door drop would cost them in the region of £95, by direct mail in the region of £250, or via national press advertising £150. So our conversation with those providers is that we can offer you a no-risk entry into the marketplace, “Pay us a fixed fee, only pay us if a customer switches to you”, and we have therefore lowered the barriers to entry. As a consequence, as an important consumer outcome here, what we are seeing is more and more people switch away from the Big Six to these new entrants. Let us go back two years—

Q113 Dr Whitehead: No, I am not asking you the detail of a particular overall deal. What I am asking you is whether there are any arrangements reached between an agent and an energy company. You say agents are in the field to do this and I particularly asked you, but I would be interested to hear, whether the practice is the same with the other comparison websites. I am asking whether at the point of the contact of the deal let us say an energy company is presently not on your website, and your agent contacts that energy company and says, “You would like to be on their website, wouldn’t you, and we can offer you a deal to be on our website, perhaps not be on other websites”. Are there exclusive deals, for example?

Paul Galligan: This is an important point: every single provider, every available tariff, is shown on our website.

Q114 Sir Robert Smith: Whether they want to or not?

Paul Galligan: Whether there is a commission or whether they want to or not.

Q115 Dr Whitehead: Whether you can switch to them today is related to whether they have a deal with you about a commission?

Paul Galligan: Correct, which is that commercial negotiation. We cannot switch our customers to a provider unless they want to.

Q116 Dr Whitehead: If somebody is not on uSwitch today and your agent has made contact with that company, and your agent is saying, "You could be on our website on a uSwitch today basis and in order to be on our website we will require you to pay us a commission of X pounds" is that how it works?

Paul Galligan: No, so I will come back to that point. So we are showing all providers, all tariffs. The conversation we would have with a provider is that, "We would like to introduce our customers to you. We would like to be able to proactively switch and provide all the back-end services that we provide".

Q117 Dr Whitehead: That is exactly my question, and what is the price of your liking to do that, at that point?

Paul Galligan: Our average commission is in the region of £22.

Q118 Dr Whitehead: Are you in competition with each other, as to who gets the best deal?

Paul Galligan: We all show the same price, but we are all in competition, yes.

Q119 Dr Whitehead: So all your agents would be going to energy companies saying, "We can offer you a cheaper deal for being on our website than these other people?"

Sir Robert Smith: Or bring in more customers.

Dr Whitehead: Is that right? Is that how it works?

Phil Morgan: That is what competition is about, yes, but we obviously contract with a third party company, Energy Helpline, which deals with all the relationships with the end energy suppliers, so commercial arrangements are purely with Energy Helpline, not with the end energy suppliers. So they would be the ones that have the agents that go out and negotiate at that tariff level.

Q120 Dr Whitehead: Right, but I mean is anybody saying to anybody else, "You can come on our site and the commission is cheaper than if you went to another site"?

Steve Weller: We do not know what the commission is with the competitors.

Dr Whitehead: That is not the question. Are any of you doing that, whether you know the price of other sites or not?

Steve Weller: We would not be able to offer anything. The communication is around we have access to a number of customers who come through and visit our site daily. As I have mentioned,

there are two parts to the service. One is the comparison. The second part is the process and the switch, taking the customer information and then sending that in an acceptable format to the supplier. The additional part of our service is where we charge a commission, and that commission then enables us to offer that service free of charge for consumers.

Q121 Dr Whitehead: All right, but if a company says to your agent, “No, go away, I’m not going to give you any commission” do you tell them to go away in return?

Steve Weller: Yes, so then we are in a situation where we do not have commercial arrangements with energy companies, but they are still presented in our table.

Q122 Dr Whitehead: So presumably a site that offered access to all the market impartially without any commission would put you out of business?

Steve Weller: It depends on the access of the customer. We are a commercial organisation, so if we do not receive any commercial agreements for the customers who switch then our service would not be able to run without making a loss. We would either have to charge consumers directly to use our service, or the service would cease to exist and therefore the business would stop being able to do a full market comparison, which would mean that consumers would have to use calculators to calculate what the difference is between the tariffs. It also then produces barriers for new providers to come into the market.

Q123 Dr Whitehead: You could imagine a service where when any customer switches to anybody else, after that customer has switched to somebody who has been identified by that site, some money would change hands but not on an agreed commission basis?

Steve Weller: Sorry, I do not quite understand the question.

Dr Whitehead: You can imagine a website where full market information was available. When someone had switched, after that person had switched, on a switch-by-switch basis, something relating to a commission changed hands but not on the basis of an agreed arrangement whereby people either came on to your website or did not. You could imagine that, couldn’t you?

Steve Weller: So as an alternative commission structure, almost a licence fee to provide a service?

Dr Whitehead: A switch fee. That is I think what originally people thought was happening with uSwitch, but apparently does not.

Steve Weller: We are clear and we do explain how we make our money, and there are links from our site to explain to consumers that we do earn a commission from companies that customers switch to.

Q124 Sir Robert Smith: What is it that is so difficult about the customer switching that makes it easier for them that you do it for them?

Peter Plumb: The alternative price comparison is to go to each individual energy company and type in five or six pieces of data. To be able to get an accurate price for each customer personally you need to know where they live, so you need to know a postcode. You need to know what tariff they are currently on, and that is very hard for many customers, to understand the clarity of their bill. You need to try to help them work out how much energy they use, either in kilowatts or pounds, and we create tools for people who cannot understand their bills to try to estimate the

amount of energy, to give them at least a tool for the people who do not understand bills to have some idea of using these services. Once you have that data we then go to each energy provider and work out the tariffs those providers will charge that customer. The customer has the choice—do they want to look at dual fuel, do they want to look at single fuel, do they want to sort it by paying by direct debit, do they want to see an annual bill? So we give lots of tools.

Price comparison sites allow customers to tackle once online what they would have to do to every provider in every region through different websites and write that down. In some of the papers submitted that could take three or four hours with a lot of confusion, because each energy site does it differently. In a matter of two minutes, with one bit of data entry and some tools, we try to help customers and that is how we return a result to table for a customer. They can sort by whatever features they like. Not every customer chooses the cheapest. Some customers choose brands they know. Other customers might want to choose energy from one and gas from another. Not all customers choose the cheapest.

Then the hard part is applying. So some customers phone us up and say, “Please help me. I’m not happy doing this online yet”. Some customers are happy doing it online, and so we have to ask them for their bank details, their direct debit, and then we send all of that data in the right format to the providers and they handle the switch. If a customer does not use a price comparison site they would have to go to the energy company directly, remember all their data again and apply that way. Price comparison sites make it very easy to check prices and apply in one environment, with one website, rather than trying to do it through each provider’s website. Does that answer your question?

Q125 Sir Robert Smith: I can see the comparison side where the benefit comes in. I am not so sure that they need you to do the switching for them. Once they have established who they want to deal with presumably going directly to that energy company should be fairly straightforward.

Peter Plumb: I think, Mr Smith, you are right. As I have said earlier we have 3.8 million people who check prices on MoneySuperMarket and about 320,000 people who switch and go through the process. For a customer they have the choice. No customer has to use a price comparison site. It is a choice for customers to use this tool, rather than going to each provider directly. We are a marketing tool. Customers have a choice. They are not forced to use us.

Many use our tables to check best prices. Many do not click through with us, but some find that service very helpful because they have already entered a lot of data that is very hard, very hard, for many customers to find. Customers will tell us they find reading bills hard. Our call centre finds it hard. Every bill changes. Every bill is different.

Getting clarity on usage of energy, postcode and tariff makes the whole process simple. Once a customer has done that we can make it easy for them to say, “You have done all the hard work. Please just switch me” and it is free, because Ofgem has ruled that the energy price is exactly the same whether you buy it through a price comparison site or whether you buy it direct. So I would hope and certainly with customer feedback 80% of our customers say they are satisfied, more than satisfied or neither dissatisfied or satisfied that MoneySuperMarket helps customers with what is a hard task. You are right, customers can go direct and enter all their data again but the service we offer is that it is entered once, it is right, we have checked it.

Q126 Sir Robert Smith: You would not necessarily get the cheapest deal then; you would get the cheapest deal that you had commission on.

Peter Plumb: No, but the question that Mr Whitehead asked is you have to remember that with providers we have to have the data security in place, we have to have the systems in place, to securely pass customers’ data that we have collected on our site through to the energy providers

that our IT teams have taught, that the protocols are right and that every bit of customer data is looked after, to make sure that switch goes smoothly for the customer. That is not easy but it is part of our business. We do that for a customer and that is part of the service that we offer.

Q127 Sir Robert Smith: Just one final thing. In comparing sites and comparing products, how do you compare the regulators for the different products, those of you that have more than one product? Which regulator?

Martin Coriat: As far as Confused.com is concerned, it is hard for us to answer because we are not accredited by Ofgem. We are aware of their policy and we are in contact with them but we are not really regulated. We are regulated by the FCA for all the financial products and we have a very open and transparent relationship with the FCA. We used to be regulated by Ofgem years ago, or by another body years ago, and we had always a very good, open, transparent and collaborative type of relationship. I am not sure I can compare one regulator to another, but as far as we are concerned we always have constructive discussion with the different regulators we work with.

Q128 Ian Lavery: I will try to be brief on this. I have had my mind opened in the last 40 minutes about your companies. As a responsible person, as a Committee, as a Government, as an Opposition, we support advising people to switch. It is very important to advise people to switch, but we do so on the basis that these price comparison websites are trustworthy. From what has been explained this morning, that is certainly not the case. Part of the report we have simply says that following a report major price comparison websites hid the cheapest deal from customers. That is shameful. “uSwitch, the largest energy switching website never showed the cheapest deal. It regularly hid three out of the top five cheapest deals. Every site uses a mechanism to hide deals” and it goes on and on and on. Quite frankly, I am absolutely appalled at the information, the evidence we have, and I think quite clearly it is a case of the companies that are represented deliberately misleading potential customers in order to maximise profit.

Profits are important, as has been explained this morning, but how would you defend an allegation that you are basically rip-off merchants looking to maximise profits from the most vulnerable and often the neediest people in the UK? The Chair asked if you are prepared individually not for one individual customer but are you prepared to apologise for your actions in hiding the options available to everyone? Are you prepared to apologise? How would you defend your actions?

Paul Galligan: If I may start, I would fundamentally disagree with the summary that you have given there, which is based on research from a commercial competitor who obviously has their own commercial interest that they are trying to push.

If we take a more objective viewpoint, I could point to Ofgem, the CMA, the FCA, the Citizens Advice Bureau, many independent bodies have spoken about the force for good that price comparison sites have delivered in terms of driving transparency and competition into the market. I do think that the headlines and the coverage we have seen over the last few days and the last couple of months is incredibly unfortunate. We fundamentally disagree with it and we can point to many, many sources—

Ian Lavery: Unfortunate for who?

Paul Galligan: Unfortunate for the industry as a whole. The great risk out of it is that it could disenfranchise consumers from switching. Of course what we know is that the level of engagement in this sector is incredibly low already, and we believe that there is in excess of £4 billion-worth of savings available if consumers were to switch.

Q129 Ian Lavery: Are you going to apologise for hiding the cheapest tariff, for people who are most needy in society? You are hiding cheap deals because you are not getting the commission from those cheap deals. Has anybody denied that is the case? Are you prepared to apologise and give the humility that is required here, instead of just sitting there saying, “We are doing everything perfectly right. This report that has been revealed is a competitor, so ignore it”?

Paul Galligan: Your assertions are based on the headlines and I think it would be worth us looking at the facts. As we have explained already, very clearly, we show consumers all available tariffs in the marketplace, whether we earn a commission or not. We then put the decision in the consumers’ hands. They can choose to switch via one of our sites, or they can choose to go direct with a free-to-use to the consumer. We offer a very quick and efficient way for them to search the market, and then we put the decision in their hands.

Q130 Ian Lavery: There is not a problem, no problem whatsoever, is that what you are saying?

Paul Galligan: What is not a problem?

Ian Lavery: There is no problem, everything is going fine and there is no problem?

Paul Galligan: I think as I have said the headlines are unfortunate and that is worth us looking at, but the thrust of your question, have we hidden deals from consumers, no, we have not. We show consumers the whole of the market.

Q131 John Robertson: I do not necessarily agree with what you have said there. I will go back to something you said earlier about the example you were giving of the gentleman who had phoned in because he could not understand the website, and therefore he wanted to use telesales, and you could not switch him to certain companies because these companies do not take telephone sales, in this case Zog.

Other than one company, to go into your website, as I have just done while we have been sitting here, to try to get information out I have had to put in my name, my address, my postcode and an e-mail. Why you have to have all three I do not know, because all I wanted to do was to get a price on the screen. I have to say I have this phobia about giving too many people too much information about me, and in this case that seems to be what is happening.

The only one not asking for all those details was Go Compare. You are the only company that I can go in and get a price without giving any details about myself. Even then, I have to say it is only an average price, but I have to question *The Sun* as well, because I have gone into what you offer me in gas, electricity and dual fuel and the top of the gas list is, funnily enough, Zog Energy. If I go in to, just to give the other companies a bit of free advertising, we have iSupplyEnergy who are the best for electricity, and the best for dual fuel is Extra Energy. I have to say, three companies that I do not know anything about, and I like that. Why do I like that? Because it is information that I received without having to divulge anything about myself. It is about the whole of Britain and I now say to myself I can maybe trust this company.

Now, the rest of you, each of you have said you cannot do this, you cannot give us this information, but it seems one company can. I want to know when the other four companies are going to give me the same opportunity to get the same information from their websites as Go Compare has just done. I do not often say nice things about any companies in these things, but what they have done here is excellent and I want you to copy it, because the information is there and it proves that one company at least did look at all the companies. The rest of you have a job to do.

I also want to say there has been great damage done to your companies, not just by *The Sun* newspaper and this Committee but by yourselves. I think there is an apology needed, not just an apology because you feel you have maybe done the job right, but an apology because you did not do it good enough. Nobody ever does a job good enough. You should apologise to people to say that and learn and listen to what people are trying to tell you. If you do not do that then you will suffer in the future. You have a one and only opportunity to amend at the time. If you wait and go and do not say anything and carry on you will suffer as a result of it and we will look at your information with scepticism. To be honest there are a lot of customers here who are probably watching this today who are saying it is time these people said sorry.

Phil Morgan: First of all, thank you for the kind comments about Go Compare, and we do recognise that as has been mentioned we are a young industry. One of our key goals within Go Compare is that we will continually improve the service that we provide to the end customer. If you are asking us will we continue to do that, will we take on board the regulator and customer feedback to continually improve the services we offer? Indeed we will. That is what the company has been built on and we will continue to build on that going forward.

John Robertson: I am much more concerned with the other four, I have to tell you. If you can do it, why can't they?

Steve Weller: Mr Robertson, I have just checked the pages of the screenshot. All we request is your postcode because there are a number of regions.

Q132 John Robertson: I was very impressed, because you managed to know that I was there from the last time I used your site to check something, and I couldn't remember if I had put the e-mail address in or not. I will let you off with that, but you still asked for the postcode and address before I get information. I do not really want to give more information until I have decided that you are somebody who I want to deal with, and there is nothing there to help me.

Steve Weller: The question around postcode is vitally important. There are a number of different region and energy prices vary.

John Robertson: I appreciate that.

Steve Weller: We cannot identify you from a postcode in itself. All we know is the street that you live on, but that does not give us any personal information.

Q133 John Robertson: Yet one company can tell me the average gas bill for the UK and the average electricity bill for the UK, the dual fuel bill for the UK and give me all the best companies on that average. That is not bad. That gives me a starter for 10.

Steve Weller: Unfortunately not everybody is an average customer and it varies.

John Robertson: I appreciate that, but this is to try to encourage me to go in to get more detail. I like to see that. I do not know whether people would look at all these different things. When I look at your website you just want to catch me in and get all the details. I have made my point.

Q134 Graham Stringer: Mr Plumb, we have had some figures on average commission per switch. Do you think we could just go through all five of you, so you can give us your average commission per switch?

Peter Plumb: Yes, certainly. Our average commission for 2014 was £29.36 and an average energy bill was £1,254 and an average saving for a customer was £228.

Steve Weller: We have not disclosed our average commission, but it is in line with the rest of the market.

Q135 Graham Stringer: Why are you different from the other companies? Why are you keeping secret your commission?

Steve Weller: We are not keeping it secret.

Graham Stringer: Well, you are not telling us.

Steve Weller: It varies between suppliers and it is a bit more complicated than one fixed figure.

Graham Stringer: So complicated you cannot do a division sum so that you can work out an average?

Steve Weller: On average it would be around £30.

Paul Galligan: Our average commission was £22.

Martin Coriat: We receive a small annual fee from providers. Previously we have been unable to disclose this fee because we are using a third party and due to contractual constraints we cannot disclose it. However, we negotiated with our third party and we can disclose it now and our average commission is £23, so in line with the others.

Phil Morgan: Our average is around £22 for a single switch.

Q136 Graham Stringer: Thanks. Can I go back to the question Tim asked earlier, where he showed that a telephone operator had given a more expensive deal than the cheaper deal, and it was from an energy company that you received a commission from? You said you would apologise for that. Can I again go through the five of you and ask how many employees have been disciplined for giving wrong information out? We have just had one example found by *The Sun*. We went through it, so we know that incorrect information is given out on the cheapest site. You say that you have strict rules and guidelines on that, so can you tell us how many employees you have each disciplined for giving out wrong information?

Steve Weller: I will start. I do not have the figure to hand. I know we do have a number of disciplinary procedures with people who are in breach of our strict guidelines and the qualities about treating customers fairly. That can lead to either written, formal and in the grossest conditions it will lead to dismissal.

Graham Stringer: But you do not know how many?

Steve Weller: I do not have the number to hand.

Graham Stringer: Will you provide that in writing to the Committee?

Steve Weller: Yes, we can do that.

Peter Plumb: I do not have the number of employees who have been disciplined. I can tell you for 2014—

Graham Stringer: It is not just disciplined. It is disciplined for giving out inaccurate information.

Peter Plumb: I am sorry if I misunderstood your question. MSM had four at fault claims during 2014. I do not know how many of those were caused by call centre errors, but I am happy to find out and let you know after this hearing.

Paul Galligan: Again I do not have the number to hand, but I would also like to point out, as I said earlier, we are very clear with our customers the basis by which we were giving the comparison, but I do not know the answer to how many colleagues will have been disciplined.

Martin Coriat: As I said, Confused.com uses a third party provider to run its call centre activity, so we have a very close relationship with them. I do not know the number of disciplinaries taken but what I do know is that in the last six months we have had only two complaints from customers using the call centre, so it is approximately 0.01% of complaints. However, we are taking the allegation from the article yesterday very seriously. I am meeting tomorrow with our provider to get to the bottom of it and really tackle this issue. We have strict guidelines on call centres and if what was reported turns out to be true we will have to take a disciplinary maybe for the first time. I don't know the number of disciplinaries and I will get back to you.

Phil Morgan: Similarly, I don't have that number to hand. As I pointed out to the panel earlier, during 2014 we had 44 customer contacts in relation to energy out of approximately 60,000 sales within the energy sector. I can certainly get a breakdown of what were the outcomes of those 44 complaints.

Q137 Graham Stringer: *The Sun* and other newspapers have been following through the allegations that in effect you are not providing the cheapest energy provider to switch to, and we have had one example where it has been shown that you did not. When energy companies and banks have missold things they have compensated the customer. Where you have failed to provide the cheapest tariff from the energy company, are you prepared to compensate?

Peter Plumb: We do compensate customers who we find we have shown products to that might not be the cheapest in categories, so we have compensated customers in the past.

Q138 Graham Stringer: How many compensations do you pay out a year?

Peter Plumb: I am really sorry, I don't have my "Treating Customers Fairly" pack with me, because we do that in other channels as well. I don't have a total number; I am not evading the question.

Q139 Graham Stringer: Do you make it clear on your website that you compensate?

Peter Plumb: No, we don't publish. If we find we are at fault with customers—and I can only talk for the channels I have been involved in—we have made good any of our faults with customers. To answer your specific question about energy, I listened to our calls yesterday and I am confident that our call centre staff explain to customers that we do not list every product on the telephone and not all suppliers are available through the telephone service. So we are very clear with customers in our call centre that we cannot do whole of market on the phone and therefore I do not see a need and a reason. We have been clear if a tariff we did not have should be made good versus a tariff we do have, because our call centre is clear on that. The answer to your

question is that unless there are different circumstances, I cannot see us doing that because we are very clear we do not and cannot offer every provider over the telephone.

Q140 Graham Stringer: I don't know if this is the case—we have had one example—but you still may not be offering the cheapest tariff that you have available over the telephone. Would you compensate?

Peter Plumb: The call says we will talk to you about the providers that we can supply you with, so we only talk on the telephone about the providers we can switch. As we were asked earlier, switching is all about do you have the data systems and does the provider allow you to switch a customer, take their data and transfer it. Not every provider has the infrastructure to allow us to do it, so we can't switch everyone. In our calls we say we will talk to you about providers we can switch and we tell the customers the prices of the deals they can switch through that call centre on.

Steve Weller: In the past if uSwitch has been failing in the level of service that we offer customers and we are at fault, we have compensated those customers. We are different in the sense that we do give customers the whole of market over the phone. As I have already stated, our strict procedures let us down so we are now doing an overhaul of the procedures that we have in place to support those customers.

Q141 Graham Stringer: Do you say on your website that if you have given poor information that has led to a financial disadvantage to the customer that you will compensate?

Steve Weller: I don't know offhand. I would have to go back and review the site to see if that information is available.

Q142 Graham Stringer: Do you think it would be a good idea to put that information on if you don't have it on?

Steve Weller: We have a procedure for following all complaints. I have my e-mail publicly available on the website as well, so people can contact me directly. We do try to provide enough access for consumers to contact us should they have any queries.

Paul Galligan: We have in excess of 1 million unique users every single month and typically 5 million people will actively then switch a product via Compare the Market. If I look at both ends of the feedback that we receive, nine out of 10 of our customers would recommend us. At the opposite scale: how many complaints do we receive? Against 5 million people switching with us every year, over the last three years we have had only 13 Financial Ombudsman Service complaints, nine of which were rejected and four of which were upheld. Of course, where we have found that we may not have served the customers in the way we would have liked, we will make sure that we put that right and rectify that for the customer. But I do want to put that in some context in that our customers are very satisfied with our service and our complaint levels are incredibly low. The energy providers, the banks, the financial institutions would envy those stats.

Q143 Graham Stringer: You only pay out when somebody has had to go through the arduous process of going through an ombudsman, and it is not easy going through an ombudsman. It is a long process and I am not surprised the figures are so low. Do you advertise on your website how people can complain and that you will compensate if they have not had the best deal?

Paul Galligan: We always want to make sure that a customer who has used Compare the Market has been placed in the best position. I reference only the Financial Ombudsman Service stats because I think that gives a totally independent view of the level of service that we are providing. If we found that we were letting a consumer down, we would always want to make sure we put that right.

Martin Coriat: Your question was about—

Graham Stringer: Financial compensation.

Martin Coriat: We contest the research undertaken yesterday by The Big Deal, which as we said is a commercial organisation and a competitor. We think it is misleading and self-promotion and sensationalised in a way. However, we will still investigate if it is the case. If we have done anything wrong, if we did not treat customers with the high standards they should expect from Confused.com, that is unfortunate and we will have to discuss with the customers the best way to compensate them.

Phil Morgan: We believe we always provide customers with the ability to see all the tariffs on the market, so obviously the end customer can select what they can switch to via Go Compare. We also believe we have a very robust complaint handling process and we will treat every case on merit and if financial recompense at the end of that process is the outcome so be it.

Q144 Albert Owen: On the back of what the previous questioner was asking about compensation, a few weeks ago I met the Energy Ombudsman who said the biggest category of complaints was now in switching, that people are getting wise to this. You have in-house complaints and, as Mr Stringer said, it takes a long time to go to the ombudsman and it is pretty off-putting. So it is conflicting. You are saying there is great satisfaction, but there is also an increase in the number of complaints to an independent body. Do you acknowledge that? I will come round to each of you. Have you had direct contact with the ombudsman and have you been able to put your side when these complaints come up?

Phil Morgan: We haven't had direct contact, no.

Martin Coriat: We haven't had direct contact as well. The service is run by a third party.

Paul Galligan: We have not had any direct contact, but I would say I am not surprised at the high level of complaints driven out of the switching process. It takes far too long. On average it takes weeks and weeks to switch a consumer. I think there should be a high degree of focus. I would love to see a switching guarantee implemented and the energy firms and the regulated entity penalised.

Q145 Albert Owen: I haven't had the breakdown, with respect. I don't know whether it is complaints against you guys or against the energy companies. I am just saying in general terms that the number of complaints on switching has grown considerably and that was the big issue. So you are not surprised but you are again alluding to the fact that it might be the energy companies, and I don't have the facts.

Paul Galligan: It is the length of time to switch and we would happily share with you our own complaint stats and the feedback that we get.

Q146 Albert Owen: That would be very interesting and I think if all of you did that it might do you some good. Have you had any contact?

Peter Plumb: I would concur with Paul. The majority of complaints are the switching process having left the price comparison site. The technology would be great if energy companies could tell us where that customer is in the switching process, because we don't see anything. We only hear, sometimes three months later, that a customer has switched, so unfortunately we are blind to how that works.

Q147 Albert Owen: Thank you. A number of you have quoted the CAB selectively. They have told us in our reports that we have done into "Prices, profits and poverty", for example, that customers are unaware and unsure of how price comparison sites operate and how they make their profit. Can I ask some general questions on how you make your profit? We have heard the ballpark figures. For example, what percentage of your income do you spend on advertising?

Phil Morgan: We would be happy to share that with the panel, probably in a written submission. There is a degree of commercial sensitivity around that.

Q148 Albert Owen: Will all of you do that then?

Peter Plumb: I can answer that. We are a public company and our accounts are public.

Albert Owen: For our benefit—you talk about simplicity—if you could send them to us in a simple form, it would be very helpful for our inquiry.

Peter Plumb: I am willing to give you a very quick headline now, if you would like it.

Albert Owen: Sure.

Peter Plumb: I can only give you 2013, because our financial year closes now. Our revenue was £226 million. We spent roughly £100 million on marketing. That includes money spent with Google, which is by far the largest marketing tool for us to market on, which is a paperclip model. It is TV advertising and working with partners who also are powered by our site. The lion's share of our costs is marketing, which is why we charge providers a fixed fee because we do the marketing to the public for them that makes it very efficient for the providers. To clarify, I have a travel business, MoneySuperMarket and MoneySavingExpert. We are a group of price comparison companies and within that budget we market insurance, energy and money, so please don't take that as just an energy figure.

Q149 Albert Owen: I am sure the other Select Committees would want to look at other areas but we will stick with energy. If you could give us the energy figures. Mr Weller?

Steve Weller: In the accounts that we have for 2013, because we have not finalised 2014, the revenue was £34 million and our marketing costs were £14 million. Again, this is across multiple products and not just related to energy. What we would typically spend on TV advertising, for instance, would only be a few hundred thousand, less than a million. A lot of the money that we spend is around digital marketing, whether it is Google or display advertising.

Q150 Albert Owen: EDF Energy, as you know, has argued that they would like to see an independent energy switching service set up by Ofgem. What impact do you think that would have on the service that you provide and your business?

Peter Plumb: I think the difficulty with building a price comparison site is often misunderstood. There are costs in technology and in working with providers and, as we have said, marketing is a big cost. Last year we spent—

Q151 Albert Owen: In Australia there is a not for profit, a similar one that competes with the other ones. The question is how would it impact on your business?

Peter Plumb: I don't think it would. I think if it is the customer's choice that would be a good thing.

Q152 Albert Owen: You would welcome one? You would welcome the regulator setting one up?

Peter Plumb: I would welcome it. The hard thing with price comparison sites is how do we get more than the 2 million people who switched last year knowing about us and using us next year. Unfortunately, marketing is one of the big tools to do that. We all should spend more to help more families switch and there is no alternative to spending on marketing to tell people about your service.

Q153 Albert Owen: Going back to what the CAB were saying about the lack of knowledge that people have about the websites, I was unaware, as are many members of this Committee and the general public, about the commission rates that you are charging. It is not on your front page and it is not the first thing that people see. Going back to my previous question with regard to a not for profit organisation, do you think that people would have more confidence dealing with a not for profit organisation than they would with companies that take commission from private companies, which are the energy suppliers themselves? Can others answer this as well, please?

Peter Plumb: Can I share some data with you? The big question is why don't more people switch, because that is what we are talking about.

Q154 Albert Owen: No, with respect, that is not the question I am asking. I am being specific here. We have had a good session here where people have asked that type of questions and you have given the answers. What I am suggesting is: would it enhance the confidence of the public if there was a not for profit organisation and what would you do to respond to that? That is the question I am asking.

Peter Plumb: I don't think it would increase confidence because it is not the barrier to switching. I think the challenge with a model that is free to customers and free to the providers is who is going to fund it to be able to help.

Q155 Albert Owen: I am not saying it is free. What I am saying is there will be no excessive profits and no commission coming from the companies. I have not worked out who would finance it. What I am saying is if people have the choice, which you have said is a good thing, of a not for profit organisation, what impact would it have on your business and do you think it would increase confidence, because people are not aware of your commission rates or that the energy companies are actually paying you?

Peter Plumb: I don't think the commission rates are an impact on customer trust.

Albert Owen: We will see, because people didn't know about them.

Peter Plumb: Sure, but on all of our sites, or certainly on MoneySuperMarket, we tell people how we are funded and we tell people where we get commission from. We do not give the amount, and I accept that completely. But a business needs to be able to market to customers and tell people if it is going to help more customers switch. The challenge for the model you are talking about is we don't think we made money out of energy last year. We spent £2 million on marketing in Scotland with telephone numbers to try—

Q156 Albert Owen: I do want to move on, but the figures that Mr Robertson quoted are not from energy, they are from the other parts of your groups. Is that correct? So you are all making very little or no money on energy switching. Is that right, Mr Morgan?

Phil Morgan: We can certainly share the breakdown on the utilities and—

Albert Owen: Are you making money?

Phil Morgan: We are making some money but not—

Q157 Albert Owen: Okay, Mr Plumb isn't, you are. Would you like to answer the question about a not for profit in the market?

Martin Coriat: I agree with what has been said. I don't think it will raise confidence because I don't think it is a barrier for people to switch. There are a lot more barriers for people to switch suppliers.

Q158 Albert Owen: Why would there be barriers if there is an efficient not for profit organisation running a very simple operation? You said a complex operation but I would say it is pretty straight forward. You could get people working for a not for profit organisation with a different ethos that could do just as good a job as your agents can do.

Martin Coriat: So be it. The devil is in the detail and it is one thing to operate the service and have the IT infrastructure, the technology behind it, but also be able to market it. What we have done at Confused.com is we make very little profit on energy; we just take the commission to fuel getting more people switching.

Q159 Albert Owen: So you are doing it for the good of the people not for commercial interests. This is an interesting part of this discussion because we have heard huge profits and now you are telling us you are not making much profit.

Martin Coriat: For Confused.com at least, energy is an important product but not the main one because the market is small, to a certain extent too small. We welcome any way to increase switching to make it simpler and quicker for customers and that will make energy a bigger market for us.

Paul Galligan: If I separate out the two issues you are alluding to; not for profit, firstly. That has been proven not to work. Back in 2009, the review by the Competition Commission, as it was, of the home lending market decided that one of the potential remedies would be a not for profit comparison site. That site was funded by the sector and it has been proven not to work. Visits to that site have reduced dramatically because the assertion behind it is that the simple provision of the data results in people switching and of course that is not true. We are at the stage in energy where we are also losing—

Q160 Albert Owen: Sorry that is not what you said in your opening remarks. You said the very fact that people get the choice that you make available to them makes them switch.

Paul Galligan: But then we have the expensive business of attracting them to our site. That is where the not for profit solution that was put in place in the home credit market is failing.

Q161 Albert Owen: I am not talking about home credit. I am talking specifically about energy, which you have criticised the energy companies for considerably. One of them is now suggesting that there should be a not for profit and you are dismissing that: it won't work. It has not been tried but you are saying it won't work.

Paul Galligan: It has been tried in the home lending market.

Albert Owen: Not in energy, and that is what we are dealing with.

Paul Galligan: It has not been tried in the energy market. Candidly, I am not surprised that we are seeing one of the six recommend something that has been proven not to increase switching rates in the past. That does not surprise me. On the aspect of the money that we are making, we are also loss making in the energy space at the moment.

Q162 Albert Owen: You are losing money on energy switching?

Paul Galligan: On energy, correct, just as we lost money in car insurance three or four years ago while we were in the investment phase there. One thing we have done very successfully in the car market is increase the number of people engaging in that market and, as I say, the number of people switching car insurance is three times higher than those switching energy. The assertion that you could launch a not for profit and that would somehow work actually does not hold true. The other implication with that is it would have to be funded from somewhere and in the case of it being Ofgem then that fundamentally works out as being funded by the taxpayer, so we don't believe that would—

Q163 Albert Owen: Not necessarily because it gets most of its money from elsewhere, from a licence and so on, so that is not factually correct. It wouldn't necessarily come from the taxpayer.

Paul Galligan: What we found in the lending market is where they asked the industry to fund it, it didn't work.

Q164 Albert Owen: My understanding of a not for profit organisation is that it operates but just ploughs its profits back into the company as opposed to paying shareholders, and that is the distinction I am making when asking the question that EDF raised.

Steve Weller: We welcome competition. I think this sector for comparison sites is very competitive now. You have five of us here today but there are a large number of other energy comparison sites in the UK that offer very similar services to what we offer. We think that the comparison sector is very efficient and very well run. There is plenty of competition in the market and that in itself will ensure that we continue to strive, because our business will only operate if we have the trust of consumers.

Q165 Albert Owen: Do you think the trust is there?

Steve Weller: I believe trust is there with consumers around what we offer. It is a valuable free service that helps consumers save hundreds of millions a year. What is unique about this as a sector is that we are the only one that has to show the full market comparison. No other sector has to show a whole of market comparison, whether that is home insurance, life insurance, credit cards or anything. It is very unique to this sector where we do show full market of all the tariffs that are available.

Q166 Albert Owen: Do you make a profit in the energy sector?

Steve Weller: Yes, we do.

Q167 Chair: Just before we leave the subject of commission, four of you, some with degrees of reluctance, have confirmed what your average commission is. Mr Weller, you were a bit more reluctant but you said it was about £30; correct?

Steve Weller: Correct.

Chair: So that means it was not £40?

Steve Weller: Correct.

Q168 Chair: Good. How do you feel about disclosing to the customer at the point of switch how much commission you are going to earn on that switch? Are any of you in favour of that?

Martin Coriat: I am not in favour of that. 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. On top of that, we already disclose—

Albert Owen: So you don't think transparency is a good thing?

Martin Coriat: We are transparent in the fact that we tell customers how we make money. There is a lot of information on our website about how we make money and I think it is clearly presented that we are not a charity business. So we are making money, and they know that, in our commission. I do not think it will help to give the figures on a tariff-by-tariff basis. I think it will just confuse customers a bit more and not change their confidence in our system.

Peter Plumb: I don't think it will help a customer. We should be clear how we make money, but I don't think a column running down on a table saying £27 or £30 is making best use of the space that we could help customers switch.

Q169 Chair: I was not suggesting that. I was just saying at the point at which they click to do the switch you should say, "By the way, we are going to earn £28 on this deal". That is what I was suggesting. There is no need for another column, just a bit of information, as Mr Owen said, in the interests of transparency, but you don't think that is a good idea?

Peter Plumb: I don't think it would add anything to the customer choice or decision. There is other data such as the service level of the energy company, the average time to switch. I believe there are much more relevant things to help customers switch than the value of the commission. If you were to ask us to put down a commission, obviously we would all talk to Ofgem about it. I think it is really important that you make it the same mechanic. Some of us, like

MoneySuperMarket, deal with the energy providers, so our commission includes all the costs of dealing with the provider, handling the switch and helping the customer. A white label model, which some of my colleagues are, which is only a slice of that, takes a smaller commission because it is not the whole chain and somebody else in the chain takes some commission. So if you do decide commission is in the customer's interests, which I don't believe it is, we have to be very clear how you calculate it and it is completely transparent so apples are compared with apples. I believe there is much more relevant information for customers about the providers than our commission structure, which I think we all tell customers about on our sites.

Q170 Chair: Does anyone else want to explain why they think this information should be hidden?

Paul Galligan: I would go further. I believe that displaying the commission could reduce competition, reduce innovation and ultimately lead to higher consumer prices. There are a few things that we need to take into account when we look at commission. I think we can clearly demonstrate that the commission that we earn does not result in the consumer paying a higher price. Why can I say that? If you take a typical consumer who has been with their energy provider for three, four, five, six years, long after the commission or acquisition costs have been incurred, they will be paying on average well over £200 more than someone who switches via our site today.

If we look ahead, let's take a provider that may want to enter the market, we may have a new provider that perhaps may want to have a very rapid switching process, they may want to offer compensation if they don't meet our customers' expectations. That may well mean that we would want to discount the commission rate to that provider to help them enter the market and help our customers get a better service. If we were to display that commission, I have no doubt that then the Big Six energy providers, who have the power in this marketplace, would expect to get the same discount and therefore we would not be able to differentiate by the service that we offer. I don't think it is a surprise that the Big Six submission called for us to display commission and the smaller providers have not.

Q171 Dr Whitehead: You said earlier that there is not any relationship between commission levels and how you deal with suppliers and now you are saying that a company that is entering the market might benefit from a reduced commission from you in order to help them into it.

Paul Galligan: No, I was very clear that the commission that we receive does not impact how we show results to the consumer, so we will always show results at that point.

Q172 Dr Whitehead: I understand that point but the other half of the point appears to contradict completely what you said earlier.

Paul Galligan: Not at all. There may be a proposition that we want to have live on our site that will have other benefits. If I take what are the consumer's factors when they make a choice, one of them is price, which is very high in their decision-making process, but there may well be other factors. It might be less so in energy but the quality of the service they receive; is there a telesales service; how long will the switch take; how certain is it that the switch will be successful. These are other factors that a consumer will take into account. In my answer earlier I was very clear that we will never alter a display based on the amount of commission that we receive but we may well want to help a provider put together a better overall proposition.

Q173 Dr Whitehead: My question to you earlier was that when you have agents going out to talk to energy companies, do you deal with them by means of a variable commission offer and may suggest to them that there could be a cheaper commission offered by you if they come to your website, for example, and you said no. Now you are saying maybe helping a company into the market would be done by means of offering a cheaper commission in order to come on your website and get into the market. Those two statements don't appear to coincide.

Paul Galligan: I think my first statement was that there is a commercial negotiation with each provider that we want to take on to the panel. So we don't have the same fixed price for every provider; it is a commercial negotiation.

Q174 Chair: Mr Galligan, your new found and touching concern for consumers would carry more conviction if your agents had not been caught recently lying to consumers about which was the cheapest deal and recommending a deal on which you earned a commission that was more expensive than one on which you didn't. That just puts the context in which your comments have been made.

Paul Galligan: Mr Chairman, we did not lie. That assertion was made by a commercial competitor. I have been very clear; in fact I have read out what our agent said. Our agent was very clear with the customer we were going to compare for prices that we could compare them to. Equally, the customer had been clear he was choosing a telesales channel and we switched him to the cheapest available tariff that a customer can switch to on the phone. So we did not lie.

Q175 Chair: I look forward to reading the transcript of the phone call. I am sure you will be able to supply that to us.

Just on this point about commissions, however, Energy Helpline, who I think is a partner of yours, and of yours Mr Morgan, in its submission to this Committee said that publishing all commissions on a price comparison site would have the effect of forcing down commission levels. That seems to me possibly true. The cost of commissions is, of course, paid for by the energy companies and therefore in the end by consumers. The one absolutely certain consequence of reducing commission levels, apart from hitting your revenues, is it will make consumer bills lower in future than they have otherwise been. So why, if you have any real concern for consumers, are you so opposed to the idea that commissions should be disclosed? One of your own partners has said that it actually benefits consumers.

Paul Galligan: Actually they didn't say it would benefit consumers.

Chair: I see. So cutting consumer prices does not benefit consumers? That is a really interesting statement.

Paul Galligan: That is not my statement.

Chair: That is what they have said.

Paul Galligan: Your assertion is that lower costs will be passed on to the consumer by the energy providers.

Q176 Chair: My assertion is made actually by your partner, Energy Helpline, who say that publishing commissions will force down commission levels, and that means lower costs for the energy industry and lower prices. Easy as that. I very much regret that after two hours you are still

saying you don't want to do that, you think that is a bad idea. You think that something that will cut consumer bills is something that you are all going to resist.

Paul Galligan: Firstly, let's look at the facts. When costs exit this marketplace—and we have seen that very evidently over the last 12 months; wholesale energy prices have reduced on average by about 25%—we have seen a very low percentage of that, less than 4% of that passed on to the consumer. I think that is very clear evidence that reducing costs in this industry is not passed on by the Big Six to the consumer. The second element is that we offer the most cost effective route to market for the energy suppliers. The fact that we charge commission is not resulting in higher consumer prices and, as I say, the best evidence of that is that someone switching via our site will save over £200 versus the most loyal customers staying with their provider.

If we really want to drive down the cost in the industry, we need to increase competition and that will require more consumers shopping around, more consumers being prepared to switch, and therefore I come back to those industry issues. We need to simplify bills, make it quicker for the consumer to switch and introduce an annual trigger to promote increased competition within the marketplace.

Q177 Dr Whitehead: Do any of your sites have any particular mechanisms that either assist vulnerable customers particularly or concentrate on those who have had no experience of switching? One could argue that a lot of the funds that are circulating around your organisations are from the process of switch churning and the people who are losing out most in terms of reducing their bills are people who have never switched, the sticky customers. Do you have mechanisms in your organisations that either target those sticky customers or can pick out particularly vulnerable customers and are able to assist them in the switching process?

Steve Weller: I would like to try to answer that. At uSwitch we have some individuals who work with local councils, local bodies, to go the length and breadth of the country to help in educating local communities about the energy market, not just about switching but the options open: warm home discounts, how they can go about getting insulation and other measures to help them reduce bills. That is a service that we offer. It is not switch-related at all. This is just something where the teams go out.

We also have a service called "Send us your bill", which we give to a large number of local communities, local councils to give to their members. They can send a copy of their bill in so we can help them read it, and this is all about trying to address the more vulnerable type of consumers to help them engage and understand what options may be available to them. We also work with the Citizens Advice Bureau and train their advisers about the options that are available for a number of the people that they meet and engage with. None of this is just about switching; this is all about providing more education and trying to reach out to the more vulnerable consumers in society.

Peter Plumb: At MoneySuperMarket we have several businesses, as you know: MoneySavingExpert, MoneySuperMarket and TravelSuperMarket. One of the reasons we have a call centre at MoneySuperMarket is to help customers who find it hard to transact online, perhaps first-time switching. When you listen to the calls, people just want their hands holding through that process for a first switch. Many of our customers are first-time switchers. We do ask about special needs and the priority services register and we inform them of those services to try to help those individuals. We have also set up tools like Cheap Energy Club, which 1 million people signed up to last year who said, "Let me give you a few of my details"—many of them had never switched—"and when you find me a cost saving, £50, £75 or £100, tell me and then I will

see whether I want to switch". We run collective switches at MoneySavingExpert. We ran one of the biggest collective switches before Christmas where 60,000 customers switched and, unlike The Big Deal, we allow customers to switch online and offline and we make that inclusive as a collective switch rather than selective for only online customers. We are currently running a collective switch with a price of £901 for the average energy customer.

So we try lots of different methods. We launched an app called Home Bill Checker last year, which Mr Robertson would be interested in. By just entering postcodes, we helped customers get a first estimate of what their energy bill could be, what their home insurance bill could be and what their motor insurance could be. We try lots of tools to make this a very easy industry, because most of our customers are first-time switchers, by definition for a young industry. It is part of how we run our business to try different tools to find out what works best for a customer. Does that help answer your question?

Q178 Chair: Mr Plumb, you told us a few minutes ago that the average commission was about £28, £29; is that right?

Peter Plumb: Yes, I said £30 to £27 and the amount was £29.34, if I recall, for this year.

Chair: Are you aware of the article in *The Times* on 17 January, and I will read the quote from you, "Last week MoneySuperMarket became the first of the big five sites to disclose its charges when it told Times Money that it pocketed about £40 a time for each successful fuel switch".

Peter Plumb: Yes. I don't know the source of that. I did read it. I can clarify now that our commission is between £30 and £27. I have given you the average for a single fix, so a customer that switches both tariffs gets double that amount. Our MoneySavingExpert business gives much of that back to customers as cash back.

Q179 Chair: So a dual fuel switch is actually not £29, it is £58?

Peter Plumb: Yes, it is twice the single fix.

Q180 Chair: Does that go for all of you? Have you all been telling us the one fuel switching average? So in fact we can double all those figures for the double rate. That is very helpful. I am quite surprised that if MoneySuperMarket reads in the newspaper that it is getting a much bigger commission than it actually is that it does not bother to try to correct that report. That seems to me to be slightly strange. This is a report just over two weeks ago.

Peter Plumb: I know the article.

Q181 Sir Robert Smith: One quick question to Mr Weller. Going on to your site and going through the whole market view, I get offered the best price as one that is not currently available through uSwitch. It then says, "Call our call centre for advice". What sort of advice would I get from the call centre that couldn't just be on the website?

Steve Weller: For those customers who would like some support and help, as I mentioned, it does state that this is not available via uSwitch so by calling our call centre they get some advice about alternatives they can use our company to switch to. If customers still want to go through to that supplier, we can provide them with the telephone number and then the customer can call that company directly to process the switch. If they want the confidence and support of uSwitch to

help them through that process, we can discuss other options with them. There may be other requirements and needs. Not every customer wants to always take the cheapest plan. Sometimes they have had a negative experience with that particular supplier; maybe there are other features that other energy companies or plans offer that they would like to take advantage of. Those can include loyalty point schemes or different benefits that may be associated with homecare-based products.

Q182 Sir Robert Smith: It seems that if I was just looking for the cheapest deal, you are taking me to a call centre where you are probably trying to steer me to one where you might get commission.

Steve Weller: If you still wish to have that one, the agent will give you the telephone number directly to call that agent if that is the one that you have selected.

Q183 Sir Robert Smith: What monitoring is there of that call handling to make sure that someone is not being steered to a deal that is not in their interests?

Steve Weller: We have two main methods that work. One is we have team leaders managing very small teams of typically about six people in each team. Team leaders spend most of their times listening to the calls with the agents themselves. The second is we have an independent organisation that reviews a number of calls and provides us with a report back.

Q184 Sir Robert Smith: We touched on the revised Confidence Code before. For those of you who are subject to the code, does it increase confidence among consumers?

Peter Plumb: I have already stated I think the revised Confidence Code is very clear on trust for our business. It is clear on how they would like us to proceed.

Q185 Sir Robert Smith: What about for those that can't have the Confidence Code?

Martin Coriat: We are not accredited so we don't have it, but we follow the spirit of the code so we welcome any changes. As far as customer confidence is concerned, we will see with time if customer trust is increasing or not. It is hard to know.

Q186 Sir Robert Smith: Do you think the system should be altered so that you could be included in the code?

Martin Coriat: Without being included, we follow all the different rules because we think it is the right thing to do for customers despite not being accredited.

Phil Morgan: We have voluntarily met with Ofgem while they have been reviewing the Confidence Code even though we can't be accredited. We have made our views clear that we would welcome the expansion of the code to cover price comparison sites because anything that builds trust in our market with the end customer is welcomed.

Q187 Sir Robert Smith: Would one way of enforcing the code be to require energy companies to use only those sites that complied with the code?

Phil Morgan: I think the issue is eligibility at the moment. We can't be accredited at the Confidence Code because we don't operate the comparison calculator that goes along with energy comparison. If Ofgem were to expand the scope of the code, we would sign up to it.

Q188 Sir Robert Smith: Do you think that possibly it should be statutory rather than a code, that there should be a licence for these sites?

Phil Morgan: I believe Ofgem has made comment in their submissions to the panel on that. I think their concern is about the burden on Ofgem of administering 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. If those could be thought through then I see no issue with it.

Q189 Sir Robert Smith: Do the rest of you agree?

Steve Weller: To me, it is mechanics. 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.

Paul Galligan: We believe the code should be extended to encompass all means of switching, be that price comparison websites or collective switching, and of course companies should have to comply with the code.

Q190 Sir Robert Smith: From your experience of handling the market on behalf of people, what needs to be done to make the market more straight forward? In some ways that would be putting you out of business, because if the market was working properly people should have the confidence to go and buy directly.

Paul Galligan: I think it was explained the challenge to the consumer in trying to interact directly is it would take them days and days to compile what they can do and five minutes on our website. I go back to what has driven a successful car insurance model where switching rates are three times higher and where the amount of competition that was driven into that market is well documented. It is a product that people can more easily understand; there is an annual prompt; you don't have the confusion that consumers have found with energy bills. We think those are the successful components of creating a more competitive market: simplify it, allow consumers to understand it, standardise bills, give a switching guarantee, and finally create an annual prompt that will prompt customers back to compare the tariffs that they are being charged.

Q191 Albert Owen: Dr Whitehead's question was linking the two issues of sticky customers who have not switched at all and vulnerable customers, and we didn't hear many responses for services for vulnerable customers. Would you like to explain that? I think it is very important because those are the people, as I think you indicated, Mr Galligan, who need the greatest help.

Phil Morgan: On our website we have a number of guides in relation to energy switching, outlining, "Why should I switch? How do I switch?" Within that section it says, "Compare, show all tariffs" and includes the ones we do and we don't. But there is also a section on help with winter bills, which covers aspects such as the winter fuel payment, cold weather payment and the warm home discount scheme. Within those sections, they will link through to webpages within government to access more information. We are continually looking at how we can better inform the customer on how they can get the best energy deals, whether that is switching via us or obtaining help with their winter fuel bills.

Albert Owen: But now you could offer a service for prepaid meters.

Paul Galligan: As an example, we offer a comparison for prepaid meters. In addition to that, if you think about some of the most vulnerable in the sector, probably the most recent example I would point to is in November last year where we teamed up with the charity Friends of the Elderly. A number of these consumers may be less online savvy and we connected with that particular charity to help those that we thought were most vulnerable and probably were paying the highest prices of any consumers.

Martin Coriat: There is a lot of content on our website for vulnerable customers, answering some frequently asked questions, some guides that are specifically dedicated for people who are more vulnerable when it comes to switching. The call centre is something we introduced to help customers who are less internet savvy and our call centre staff have undergone extensive vulnerability training. To help and support vulnerable customers is something we pay strong attention to. Confused.com has worked with the Citizens Advice Bureau to go out into the field, such as shopping centres and supermarkets, to try to engage with customers who might be unengaged at the moment. At the end of the day, we believe that some responsibility lies with the energy suppliers.

Q192 Albert Owen: Mr Plumb, you answered in some great detail earlier on and you also made the comparison that you do a written response to some people who don't want to continue online. Did I hear you correctly, and you alluded to that the others didn't?

Peter Plumb: Sorry, the reference I was making is collective switching. We ran one of the biggest collective switches last year, which was a £948 tariff with E.ON, at the same time as The Big Deal did a collective switch. We made the collective switch available both online and offline to include as many customers as we could whereas The Big Deal switch was just online.

Q193 Albert Owen: I found it a little odd that comparison websites were doing things offline. That is not what you were suggesting?

Peter Plumb: No. That is why we have a call centre so if people get stuck online at any time they can call us so we can help them through it. I think that is a far easier service than a written service, but I wanted to make the point that collective switches are a big part of energy switching and making those available to everyone is an important part of what we try to do as a business.

Q194 Albert Owen: Mr Weller, did you want to come in on the vulnerable customers?

Steve Weller: Yes. This is where I was confirming about the work that we do across the country where we talk about engaging with local communities. We have over 150 guides on our website where we have up-to-date information and referenced links back to government sites and agencies to help those customers who do need more support.

Q195 Sir Robert Smith: Quite a few customers in the north of Scotland are on a product with dynamic teleswitching time of use tariffs. Are your sites able to find them any alternatives, or have you come across this problem of teleswitching? Total Heating Total Control was the brand name.

Peter Plumb: I am sorry, Mr Smith, could I come back to you on that? I wouldn't like to mislead you. We have a lot of people who are on—

Sir Robert Smith: Yes, if you could come back. Some sites talk about Economy 7, but this is a more sophisticated product. Most people feel trapped and unable to switch and I just wondered if any of your sites had found any way of switching people. Maybe you could write to us on that.

Q196 Chair: Finally on commissions, are you aware of the polling by Populus that suggests that over 70% of people would like the sites to reveal their commission for each switch? Are any of you aware of that?

Peter Plumb: This is The Big Deal, is it?

Chair: Populus, which is a member of the British Polling Council, has a finding that 70% of people would like the sites to reveal their commission for each switch. I just wondered if you are aware of that polling.

Peter Plumb: I am only aware of it from reading the papers from The Big Deal.

Q197 Chair: Just to be clear, now that the code requires you to indicate which tariffs are paying commission, how are you going to show this on the sites?

Peter Plumb: I think we already do. We are clear pretty much all the way through the journey how we make money. We list the companies we get a commission from, the companies that we don't get a commission from, and how we are funded. I have not been able to go through the code in a lot of detail but I think we are transparent in how we are funded.

Q198 Chair: Do your phone staff incorporate the same information when they are talking to customers over the phone?

Peter Plumb: Our phone staff, as far as I am aware from listening to calls, do not explain that we receive a commission. We do clearly explain we can only talk to you about providers that we can switch you from as MoneySuperMarket but we do not, and we are not required to, explain the commission that we might receive on the call. Having sat in on the calls, I think the biggest issue for a customer is trying to help them switch but we certainly don't explain the commission.

Q199 Chair: You will be aware that a transcript of the discussion we have had appears on our website in a few days' time. You have confirmed that you are going to give additional information on several issues. You may want to check which ones those were. There are just two I would like to remind you of. Mr Weller, you were not able to say how many people clicked "no" to the question, "Only show tariffs we can switch you to today" and you are going to let us know what proportion of respondents do click "no" to that question, if any. Mr Galligan, you said that a significant number of companies don't want more customers and so you don't push their deals on your website. You couldn't actually mention any of them but you are going to let us know which ones they are.

Paul Galligan: I have been passed that information now, if you would like me to answer that.

Chair: Please do, yes.

Paul Galligan: So, Extra Energy, Co-op and First Utility have all at times asked us to suppress volumes. As an example, that was part of Extra Energy's market entry strategy when they were just easing their way into the market and they had a very competitive tariff and didn't want to be overwhelmed. Zog, Flow and Woodland Trust have at other times asked us not to send them switches. On the second point that I raised, which was some of the Big Six won't allow us to

switch consumers on to a cheaper tariff if they are already with that provider, at various times—and it does vary from time to time—that would include British Gas, E.ON and EDF.

Chair: That is very helpful information. Thank you very much for your time this morning. It has been a very instructive session for us and we appreciate your attendance.