



## PRESS RELEASE

### 2018 Activities Report for the Federal Ombudsman Service for Energy

LINK → [2018 Activities Report for the Federal Ombudsman Service for Energy](#)

[\(DUTCH\)](#)

LINK → [2018 Activities Report for the Federal Ombudsman Service for Energy](#)

[\(FRENCH\)](#)

During the 2018 operational year, the Federal Ombudsman Service for Energy received a total of 6,713 complaints (15% more than in 2017 and 21% more than in 2016), of which 64.5% were Dutch-language complaints, 35.3% were French-language complaints, and 0.2% were German-language complaints.

The Ombudsman Service for Energy's expectation that the increasing trend of (some) complaints and disputes would continue into 2018 turned out to be justified.

According to the Ombudsman Service, this permanent increase in the number of complaints is due to:

- energy suppliers' market practices (increase of 13%);

- the high energy invoices and the payment problems associated with them (35% increase);

- the cessation of the activities of a number of suppliers, as a result of which the customers of Belpower, Energy People, Comfort Energy, and Zeno, among others, were forced or warned to look for another supplier (increase of 17%).

The types of complaints in 2018 mainly concerned:

- meter problems such as the processing and correction of meter data in the event of an annual reading or estimate, in the event of a defective meter, when moving/vacating a house, etc. (16.9%);
- payment problems with the payment of energy invoices such as repayment plans, (lack of) repayments, administrative costs, payment by direct debit, guarantee schemes, (threat of) termination of the energy contract or closures due to non-payment (15.3%);
- sales and market practices of energy suppliers (15.3%);
- invoicing problems such as the (late) issuance and readability of the energy invoices (14.9%);
- price transparency or the clarity of the prices and rates applied (12.3%);
- change of supplier (6.9%);
- quality of customer service through call centres and other media (5.4%);
- purely regional powers such as compliance with the social and ecological public service obligations (6.8%), grid connections (1.2%), power failures (0.7%), and shut-offs or drops as a result of non-payment (3.2%).

It is striking that, over the past three years, there has been a gradual increase in the disputes concerning **market practices and changes of supplier**. This is due to several market practices utilised by certain suppliers, such as:

- (door-to-door) sales of energy contracts that don't always respect the sectorial code of conduct;

- charging a (hidden) fee for termination of a settlement contract because the fixed price for a full delivery year was invoiced at the early termination of an energy contract instead of for the actual duration of the supply of energy;

On 3 August 2018, at the request of the Ombudsman Service for Energy, the Consumers Ombudsman Service filed a **collective action** with the Commercial Court of Brussels against the fixed fees charged by certain energy suppliers (*ESSENT, LUMINUS, OCTA+, MEGA, ENERGY PEOPLE, and ZENO*) when the energy contract is terminated early. These suppliers charge these costs for a full calendar year, which, according to the Ombudsman Service, is in contravention of the electricity and natural gas law stating that *"no fee whatsoever may be charged when a residential user or SME invokes the right to terminate his, her, or its energy contract"*.

Of the admissible complaints (45% of the complaints), **76% were positively resolved** via an amicable settlement.

This positive resolution of the settled files resulted in a total amount of €406,582 in financial compensation, or rectifications, or an average of €170 per settled admissible complaint in 2018.

In total, the Ombudsman Service formulated **63 recommendations**, with only 4 of these being followed up on.

However, the Ombudsman Service can also formulate **policy recommendations** to policy-makers or the legislator. In these recommendations, the Ombudsman Service proposes that, in addition to a simple and uniform energy invoice, the Consumer Agreement should be strengthened by:

- renewing energy contracts with active products, the prices and conditions for which must not be less favourable than the prices and conditions offered to new customers;
- the annual provision of the cheapest energy contract by means of a separate letter from the energy supplier;
- the prohibition of invoices from energy suppliers in the name of 'occupant/owner' without a supply contract having been concluded;
- the energy suppliers' commitment to refrain from door-to-door sales;
- limit the period for invoicing (the corrected) energy consumption to 12 months from the receipt of the (corrected) meter reading by the energy supplier;
- the following measures in the event of payment problems: repayment plans without interest or costs, limitation of the collection costs of all unpaid invoices to a maximum of €55, a guarantee scheme of a maximum of 2 months' advance that is automatically repayable after a period of 12 months without non-payment, stating outstanding balances on the settlement invoice, and the energy supplier as the privileged point of contact when the debts are transferred to a third-party (foreign) debt collector;
- the extension of the Consumer Agreement to SMEs in the field of energy.

*For more information, see the summary in the attached statistics and graphs.*

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