

# Systemic Insights 2024

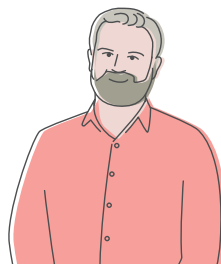


December 2024



UTILITIES  
DISPUTES  
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# Introduction from the Commissioner

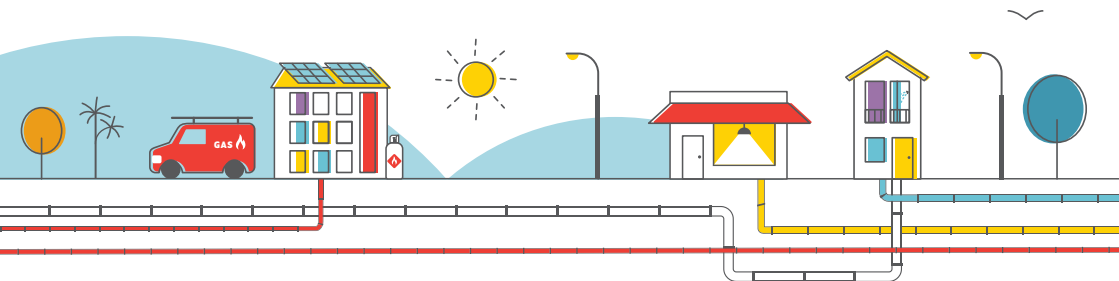


At Utilities Disputes (UDL) we sort complaints that consumers and their utility company have been unable to resolve.

We also share the knowledge gained from this work so we can educate consumers and utility companies about how they can prevent complaints from occurring. This is part of our objective to prevent, educate, and resolve. These objectives feed into everything we do, and help promote trust between consumers and their utility company.

A key part of preventing complaint is the identification of systemic issues. These are issues that can generate complaints and impact multiple consumers. If we can share systemic issues with utility companies, regulators and consumers, they can take steps to prevent those issues from reoccurring. This supports all customers and can raise the standard of the service utility companies provide, which benefits everyone.

This booklet shares some of the systemic issues UDL identified in the last year when resolving complaints.



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## Key phrases

### What is a systemic issue?

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A systemic issue is an issue that has the potential to negatively affect a number of consumers. Some of the systemic issues in this booklet come from a single complaint, while others arose in multiple complaints.

### What is a Commissioner's Decision?

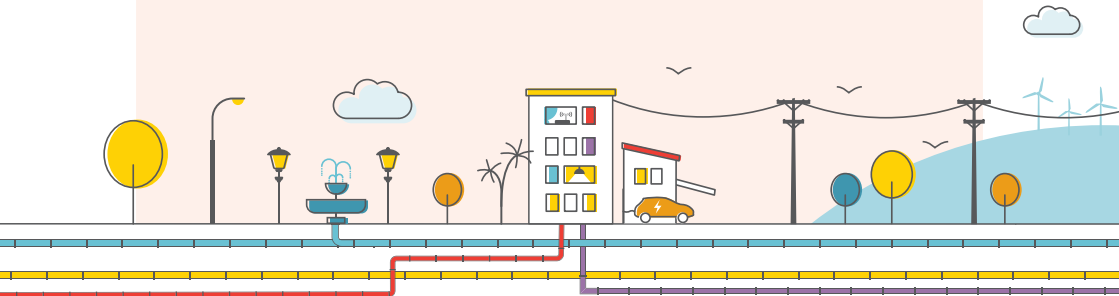
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A Commissioner's Decision is a written decision issued by UDL's Commissioner. A decision confirms what is a fair and reasonable outcome based on the facts of the complaint. If a complainant accepts a decision, it is binding on the provider.

### What is a Provider?

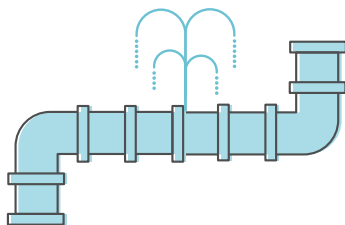
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In this booklet we have used the term 'Provider' when referring to a utility company. This includes companies that provide electricity, gas or water services to consumers.



A SYSTEMIC ISSUE AFFECTING

# Water



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## What was the systemic issue?

The provider was issuing unclear and incorrect communications about consumers' responsibilities for water leaks.



## What happened?

A water provider sent letters to a customer about a leak it believed was coming from the customer's property.

The provider sent two letters. The first alerted the customer to the leak and said it was their responsibility to repair it immediately. The customer hired a plumber to investigate the source of the leak, but the plumber couldn't locate it. The provider then sent a second letter, which threatened a fine if the customer failed to fix the leak immediately. The customer brought the plumber back and discovered that the leak was on a neighbouring property.

The customer complained to UDL, saying that the letters caused them to be stressed and were inappropriate. The customer said they should be compensated for money they had to spend on the plumber.

## What did we do?

We looked at what guidelines applied when sending letters like the ones sent by the provider. We found local authority policies which confirmed the letters should have included:

- clear information about what responsibilities the customer has under the law;
- the timeframe customers had to comply with their obligations; and
- the consequences of failing to comply.

The letters should have made it clear the provider was not certain the leak was on the customer's property and where they could go for guidance.

The first letter failed to meet these criteria. The second follow up letter contained some of the information, but also suggested the recipient had already committed an offence and risked a fine. This was not consistent with the legislation around offences for water waste.



## What was the outcome?

The Commissioner issued a decision stating that the content of the letters fell short of accepted best practice and recommended that the provider reimburse the complainant for costs incurred. Both parties accepted.

UDL identified this as a potential systemic issue as the letters were standard letters being issued to a large number of customers.

Within the decision, the UDL Commissioner provided guidance on how the provider could improve these letters to consumers, noting the areas where the letters were not consistent with relevant regulations and guidelines.

The provider responded positively to this feedback and made changes to the letters they were sending, confirming they had amended the language to conform with the regulations.

While complaints about the letters from water providers are not common, making up just under 4% of water complaints this calendar year, this was an issue that could impact a large number of consumers – anyone who had a leak detected by the provider. Working with the provider reduced the risk of similar complaints arising in the future and improved the relationship between provider and customer.



## What insights can we share?

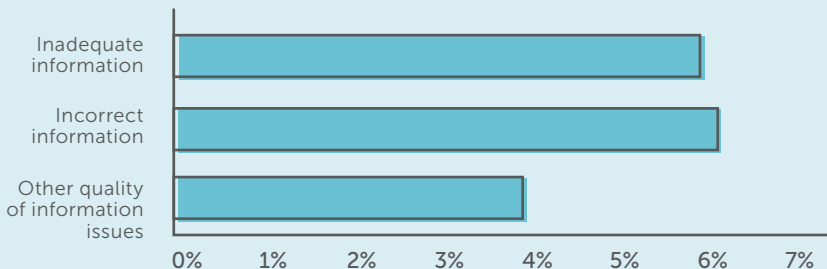
Last year UDL received 1000 complaints about the quality of information provided by providers. The most common complaints were about incomplete information or incorrect information being provided.

Here are some of the lessons we've learned from these cases:

- When providing information, it is important to anticipate the needs of customers. This includes avoiding industry jargon and providing simple explanations for the information they provide, including explanations for why the information is being provided, what it means for the customer, and what action they may need to take, with examples provided.
- When alerting a consumer to required action, make sure to plainly lay out what happens next, and what is required from them.
- If a provider offers a preferred communication method, it is important to tailor information to that method and ensure it is used wherever possible. People will often have several channels, and things might be missed if providers aren't trying to contact them the right way.
- Highlighting and summarising key information provides clarity. For example, many customers pay little attention to their terms and conditions. Providers can avoid complaints by summarising and highlighting any key terms and conditions, such as a termination fee, deadline for responding, or any other key term.

### Complaints about quality of information

% of all complaints



A SYSTEMIC ISSUE AFFECTING

# Electricity



## What was the systemic issue?

Estimated switching reads being recorded as actual reads.



## What happened?

When an electricity customer switched providers, it was discovered a miscommunication between customer and provider had resulted in a year of incorrect bills. The customer lived on a sub-sectioned property and had had a neighbouring property's electricity assigned to their account by mistake. Once this issue was identified, the provider recalculated their bills and sent a substantial back bill.

The customer did not believe the back bill correct and thought it was too high. The customer also wanted the provider to waive some of the charges as it was responsible for the initial mistake that led to the back bill building up.



Individual connections to the electricity network are identified via a unique 15-digit Installation Control Point (ICP) number. Your ICP number is also used to track usage through your electricity meter. When UDL investigated the complaint, we confirmed the customer had provided an incorrect ICP number when they opened their account with the provider. However, the provider failed to take some basic steps which would have confirmed the ICP information was incorrect, and identify the mistake.

While customers need to pay for the electricity they use, providers should be able to spot errors and avoid large back bills being generated where possible.



## What did we do?

We provided advice on how the provider could have avoided the error.

We also analysed the customer's usage, using half-hourly data recorded by their electricity meter to ensure that the amount on the back bill was correct. During this process, however, it was confirmed the customer's bill was not consistent with the usage data received from the provider. This data showed the back bill was incorrect. When we presented UDL's findings to the provider, they confirmed the back bill had been based on estimated data by mistake.

Back bills should be based on actual usage, not estimated usage. They are sent to correct previous estimated bills once actual usage data is available. The estimated back bill was substantially higher than it should have been based on actual usage. The provider recognised this mistake and reissued the bill with the correct information.

UDL pointed out what the electricity regulations require providers to do when registering an ICP for a property. It's the responsibility of the electricity retailer to confirm the information added to the electricity registry is correct. When the customer provided incorrect information, the provider should have identified this.



## What was the outcome?

The Commissioner issued a decision recommending a 50% reduction of the back bill, which both parties accepted.

However, we were also concerned about the provider having issued a back bill which was based on estimated data. It is the responsibility of the provider to ensure bills are correct and customers are only charged for the power they use. If this error was due to a system or process error, there was a substantial risk other consumers were also being charged incorrectly based on estimated data.

The provider initially said this was an isolated incident. While we could not identify the same exact error in similar cases, we did identify other potential issues with the way the provider was using estimated data.

We therefore alerted the regulator of the potential issues we had identified with the use of estimated data. They undertake audits of electricity providers on a regular basis to ensure they are complying with the relevant regulations. The regulator confirmed it had advised its auditors to look closely at half-hour data reads for the next audit cycle for all providers to ensure any systemic issue was addressed.

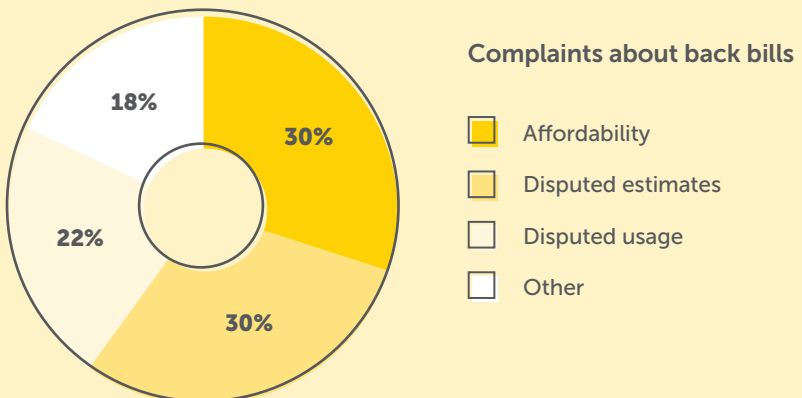


## What insights can we share?

Last year we received more complaints about back bills than any other billing issue. Of all back bill complaints, over 80% fit into three categories: affordability, disputed estimates, and disputed usage.

The other issue in this complaint was caused by the incorrect ICP being used for the customer's property. Last year we received 130 complaints about issues where the wrong property's ICP was used to record a customer's usage and generate their bill. This can typically happen when there are a number of electricity meters in a group and the customer makes a mistake when identifying the meter and ICP for their home or apartment. Here are the key principles to consider when passing on your ICP to a provider and when a provider is registering it:

- Not all customers are familiar with terminology around meters, ICP, and meter usage – it's important this information is explained and can be identified on bills.
- Providers can avoid complaints if their bills clearly identify whether they are based on an estimate or actual read.
- Communication following an incident where an ICP has been incorrectly registered is crucial. It is important to tell the customer what has happened, why it happened, and the next steps to rectify the issue.



A SYSTEMIC ISSUE AFFECTING

# Electricity



## What was the systemic issue?

The provider debited a very large back bill from the customer's bank account in a single transaction which overdrew the account.



## What happened?

An electricity customer with a legacy meter joined a new provider. A legacy meter is a meter that cannot provide remote usage data to a provider. The provider needs to send a meter reader to the customer's property to physically record the customer's usage data. The provider initially had trouble accessing the customer's meter to get a physical reading, and therefore issued bills based on estimated usage. This went on for six months.

The provider then stopped issuing any bills to the customer. The customer received no electricity bills for nine months. During this period a smart meter was installed. This was able to send the customer's usage data directly to the provider and the provider was able to confirm the amount of electricity the customer had actually used.

After nine months without a bill, the customer received a back bill for approximately \$6,500. The customer usually paid by direct debit, and the amount was deducted from the customer's bank account with no advance warning. This overdrawed the customer's bank account and caused the customer to default on their mortgage repayment.

The customer complained to UDL. They believed the bill was too high and didn't think it was fair the provider had debited such a substantial amount from their account when they had been billing a much smaller amount on a monthly basis in the past.



## What did we do?

We looked at what obligations the provider has to get actual readings from a customer's meter. The applicable regulations confirm providers are expected to obtain an actual read at least once every four months. This was also confirmed in the provider's terms and conditions.

The provider said access issues had prevented it from gaining actual reads and complying with its obligations. It said it had sent several emails to the customer requesting access to the property, which went unanswered. However, the provider had not attempted to contact the customer through any other channels.

The lack of readings did not explain why the provider hadn't issued a bill for 9 months. Its terms and conditions said bills would be sent monthly unless otherwise agreed. When UDL asked it to explain why this had occurred the provider didn't have an adequate response. The provider said it was because it did not have accurate readings it could rely on. However, UDL noted a smart meter had been installed during this period and it had started transmitting data.



## What was the outcome?

The Commissioner issued a decision on this complaint and recommended a 50% reduction in the back bill, which both parties accepted.

UDL remained unhappy at the provider's actions when it debited \$6,500 from the customer's bank account in a single transaction. The direct debit caused the customer to overdraw their account, and they defaulted on a mortgage payment due to the unexpected size of the bill. Other customers paying by direct debit could also be impacted by large back bills if this process was repeated.

The Commissioner's decision said the provider should have taken more proactive steps to contact the customer when there is significant risk of financial hardship. If a bill is significantly higher than the typical amount debited the provider should have systems to alert the customer and work through the issue. The bill was nearly 40 times higher than their previous bills. It had also been six months since the previous bill and the provider should have taken proactive steps to manage the back bill rather than simply deducting it in one go.



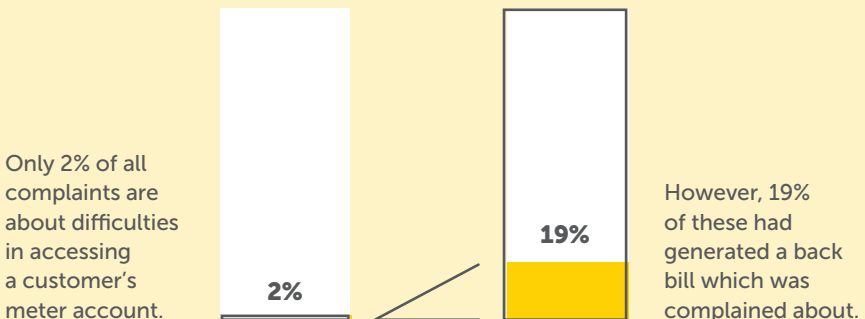
## What insights can we share?

Back bill complaints were the most common we received last year.

Complaints about difficulties in accessing a customer's meter account for only 2% of all complaints. However, 19% of these had generated a back bill which was complained about. Access issues need to be resolved early, as they can lead to significant back bills and complaints.

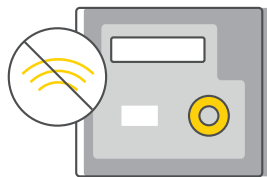
- A substantial back bill can cause a lot of distress for consumers and create financial hardship.
- Providers should have systems in place to contact customers and alert them to the fact they have built up a significant back bill before it is deducted. This can allow providers and customers to discuss payment plan options. This is particularly important for customers who pay via direct debit.
- It is also important for providers to be proactive when trying to resolve an access issue. This includes using different communication methods to engage with the customer, and request that they provide customer reads in the interim. Access issues often lead to substantial back bills that create problems for both parties later, so it's important to resolve them as soon as possible.

### Complaints about back bills



A SYSTEMIC ISSUE AFFECTING

# Electricity



## What was the systemic issue?

An upgraded electricity meter stopped communicating.



### What happened?

An electricity customer's smart meter was upgraded from 2G to 4G. This occurred as part of a nationwide upgrade of electricity meters.

The customer lived in an apartment building where all electricity meters were stored in a metal enclosure in the basement. The relevant Metering Equipment Provider (MEP) owned the meter and was responsible for installing the upgraded meter.

Once the upgrade was completed the customer's meter stopped communicating. It continued to store the customer's usage but failed to transmit it to the provider, and they could not use it to bill the customer. The provider took steps to reactivate the meter, and ultimately determined that the metal enclosure was dampening the signal.

The provider only allowed customers with smart meters to join its service. It told the customer they would need to find a new retailer. The customer complained that the provider should take further action to fix the issue.





## What did we do?

We looked at the obligations the provider had to ensure the customer had a communicating meter. These were set out in the provider's terms and conditions.

The terms and conditions said that the provider may investigate any meter that fails to communicate for 5 working days. If the provider could not resolve the communication issue, it would be unable to supply the customer with electricity and the customer would need to change retailers.

The provider had taken several steps to try and connect to the meter following its upgrade and discovered the issue with the 4G communication during its investigation. The MEP completed a site visit and confirmed there wasn't any possibility of restoring communication with the meter.



## **What was the outcome?**

The Commissioner issued a decision confirming that the provider had taken all reasonable steps to reconnect the meter and closed the complaint.

However, the complaint had also highlighted the potential risk of further consumers being impacted by the 4G meter rollout if their meters were stored in the same way.

The metal casing could cause difficulties to consumers and several providers refuse to supply electricity to customers with non-communicating meters. As a result, consumers could be forced to switch provider for no fault of their own as a result of the upgrades.

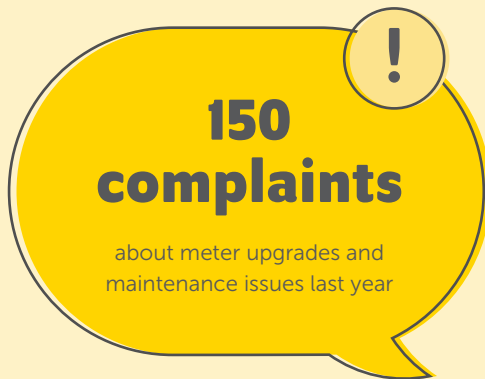
We passed this information on to the regulator to consider.



## What insights can we share?

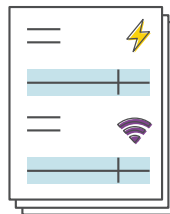
UDL received over 150 complaints about meter upgrades and maintenance issues last year.

- Some consumers are hesitant to upgrade to smart meters. This can be because they worry about the accuracy of smart meters, or have concerns about electromagnetic field (EMF) waves.
- To assist providers when dealing with smart meter concerns, UDL has developed a smart meter fact sheet that providers can use when receiving a complaint.
- Most consumers won't know about the difference between their provider and the MEP. This makes effective communication between the parties crucial to avoid delays and confusion. Most consumers would expect the provider to update them.



A SYSTEMIC ISSUE AFFECTING

# Electricity



## What was the systemic issue?

Issues separating electricity and broadband charges in a bundled deal.



## What happened?

A customer had issues with their broadband service which they tried to resolve. While the broadband dispute was ongoing, the customer confirmed they wanted to continue to pay separately for their electricity usage. They agreed to a payment plan with the provider to facilitate this.

The customer failed to make the agreed payments, and the provider started the process to disconnect the customer's electricity. They then disconnected the customer's electricity on a Friday. This is contrary to industry guidelines set out in the Consumer Care Guidelines. The customer complained to UDL that the disconnection was not justified or performed correctly.



## What did we do?

We looked at the provider's actions, specifically their failure to follow industry standards for disconnecting customers.

The Consumer Care Guidelines recommends several steps that should be taken prior to disconnecting a consumer. These include 5 contact attempts about the pending disconnection, including at least one using a traceable method, and a final notice in the days leading up to the disconnection. The Consumer Care Guidelines also say a provider should not disconnect customers on a Friday.



## What was the outcome?

The Commissioner said the provider had failed to follow industry standards. He recommended a 50% reduction in the customer's outstanding electricity debt, which both parties accepted.

UDL identified a systemic issue in the provider's disconnection process which they agreed to address.

We also identified a further potential systemic issue in the way it was billing for bundled electricity and broadband charges. When the Commissioner said the provider should reduce the electricity charges that were outstanding the provider said it could not differentiate between the electricity and broadband charges in a bundled bill.

The Consumer Care Guidelines confirm retailers should not disconnect an electricity customer's supply for charges that do not relate to electricity. Failing to separate broadband and electricity charges on a bill creates the risk that a consumer could be disconnected for non-electricity related charges. It can also prevent a structured payment plan specifically for electricity usage.

The Commissioner's decision recommended that the provider put processes in place to separate charges and payments for different services. We shared this issue with the electricity regulator and other government agencies involved in the electricity sector.



## What insights can we share?

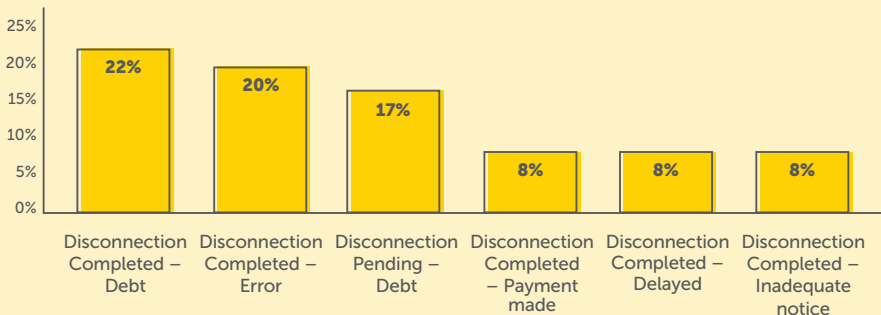
We received over 500 complaints about disconnections last year. In every disconnection case, we look at whether industry standards and the Consumer Care Guidelines have been followed.

Bundled deals are also increasingly common throughout Aotearoa. It's crucial that providers who offer these deals can separate out charges in cases where complaints are made, or when disconnection is being considered.

- We regularly hear complaints caused by confusion around bills. Things like industry terms, inconsistent application of GST, and the addition of unnecessary information can lead to complaints. Many of these complaints can be resolved early by explaining the different elements of the bill to demonstrate why it is correct.
- Charges that are in dispute should not be pursued when a complaint is with the appropriate dispute resolution service – so if a provider offers bundled deals, it's crucial they are able to filter which parts of the bundled bill are in dispute and which ones can be pursued.

### Top disconnection complaint issues

% of all disconnection complaints



A SYSTEMIC ISSUE AFFECTING

# Electricity and telecommunication



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## What was the systemic issue?

Aggressive sales tactics by a provider.



## What happened?

We received several complaints regarding unsolicited phone calls from an electricity and broadband provider. The provider called existing broadband customers and offered them electricity services.

Customers who expressed any interest or asked for a quote would later discover they had been signed up and were being switched to the new provider. These customers had not explicitly agreed to switch providers and had not signed any agreements.





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## What did we do?

Within our scheme rules, the provider is given 20 working days to work with a complainant to resolve the issue before we get involved. These complainants came to us first, so we summarised their complaints and passed the information on to the provider.

The provider was effective in resolving these complaints at this stage, without the need for the Commissioner to issue a decision.



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## What was the outcome?

Once we identified these complaints as a trend, we collated the complaints and passed the information on the provider. Although the complaints were being settled early into our process, we were able to demonstrate this was an ongoing issue impacting many customers.

The provider thanked us for bringing this systemic issue to its attention and used this information to identify what was causing the premature switches and resolve the procedural issue that was allowing it.



## What insights can we share?

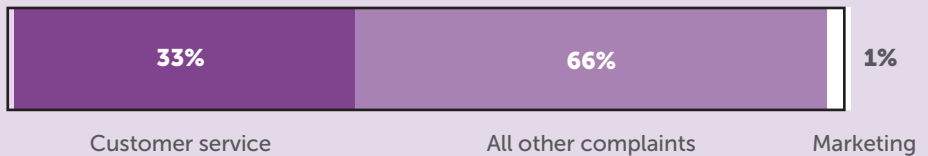
Customer service complaints are the second most common issue seen at UDL, making up 1/3 of all complaints received last year. Customer service is a broad area, that can include issues with accessibility, complaint handling, and information sharing.

In this case the issue was the provider taking unauthorised action to switch the consumer, which is an uncommon issue.

Once we alerted the provider to this issue, they responded excellently in resolving it internally. Several insights can be taken from this response.

- Customer service issues often involve an element of miscommunication. While the objective will always be to eliminate them, how a provider responds to miscommunication is essential in managing the complaint.
- Identifying the internal causes of the miscommunication can help resolve the complaint, while also reducing the risk of similar issues going forward.
- Monitoring complaints for trends is a crucial element of good customer service. Complaints may be isolated incidents, but they can also represent wider issues that may otherwise not be identifiable. Identifying the trends behind complaints may uncover a systemic issue that can then be resolved.

### All complaints received







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