Npower Apologises Again to Customers and Announces Further Actions and Strict Timelines Agreed With Ofgem

Thursday 19 June, 2014

- npower progress taking longer than planned so it agrees with Ofgem on measures to complete resolution of customer service issues faster.

- An extra 650 people have been assigned since December to help resolve customer serviceproblems.
- npower to publish late invoice and complaints data monthly
- npower planning to invest an additional £20m in 2014 to fully resolve customer service issues.
- If npower does not meet its late invoice targets, the company will suspend outbound telesales activities to new customers and not sell additional fuels to existing single fuel customers until it does so.

At the end of last year, npower CEO Paul Massara wrote to all of the company's customer accounts to apologise for the poor level of customer service npower had been providing. These customer service problems had been caused by the implementation of a new computer system. Since that time, npower has been working hard to resolve these issues. It has reported regularly to Ofgem on the progress it has made and will cooperate with Ofgem on the investigation it has announced.

Progress during last six months
Since December npower has made substantial progress in resolving these customer service issues. Currently the company:

- Is billing 95% of newly joining customers and 92% of all customers on time.

- Has focused on solving the oldest problems first, and the majority of the outstanding bill backlog is less than 6 months old.

- In May late bills have been reduced by 23% and in the last three weeks, complaints we could not resolve within 24 hours, have been reduced by 32%.

- Is now resolving 88% of complaints within 24 hours.

New measures
Despite the progress already made, npower clearly recognizes that it is taking longer than planned to fully resolve its customer service issues. Therefore, following discussions with Ofgem the company is implementing further measures and a clear timeline to complete the resolution of these issues.

- npower has deployed a further 650 people since December. These are in addition to the 800 customer service employees brought in during 2013, meaning an additional 1,450 people are now working to resolve npower's customer service problems.

- Late bills currently affect around 280,000 customers (414,000 accounts). This will be reduced to 65,000 (100,000 accounts) by the end of August, affecting around 2% of customers. If this late bill target is not reached, npower will cease all proactive telesales activity to new customers and will not sell additional fuels to existing single fuels customers until this target is met.

- We have already made substantial progress in reducing complaints and currently we have 34,000 complaints that we hadn't been able to resolve within 24 hours. This total will be reduced significantly by the end of the year

- npower will publish its progress in reducing late invoices and complaints monthly on its website. (See note below)

Customer assurances:
As well as resolving or making progress on most of the billing system problems its customers have faced, npower has promised that customers should not lose out financially as a direct result of these issues. The company is offering extended repayment periods for anyone who has been affected by payment problems caused directly by its billing system problems, and has written to customers who might benefit from these longer payment terms.

- As a signatory to the Backbilling Code, npower does not charge domestic customers for bills going back

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more than twelve months where the fault lies with the company. Therefore no customer should have received a bill for energy used more than 12 months ago.

- If any customers have been billed in error for energy used over 12 months ago, they do not have to pay. A refund will be made to anyone who has paid already.

- npower has also recently said that it would go beyond the Backbilling Code. We will not ask for any more payment for the energy used by anyone who left the company before December 2013 and still hasn't received a final bill, as long as there wasn't any previous debt that a customer had been told about.

Paul Massara, npower CEO said: “We are committed to getting things right for our customers but recognise that despite the progress we have made our current billing standards have fallen short of where everyone wants them to be. We are happy to provide the assurances agreed with Ofgem, with whom we share the same objective of getting our customer service to where it needs to be. We will cooperate with Ofgem on the investigation they have announced. We are confident that the measures we are already taking and the additional resource announced today will bring our customer service back to normal levels of performance by the end of August. If we have not met this late bill target by then, we will suspend all outbound telesales activity to new customers and not sell additional fuels to existing single fuel customers until we do.”

“I want to reiterate again that our customers should not lose out financially as a direct result of our billing system problems and that if customers are worried about a high bill we'll work with them to reach a suitable payment plan.”

Notes to Editors:

- Monthly complaints figures will be published on npower's website soon after the end of the month and will include: Total complaints, Complaints unresolved after 1 day, Ombudsman complaints, and Ombudsman remedies implemented. Complaint and late invoice performance against targets can be found atwww.npower.com/customer
- Any customer wanting to call npower to discuss their billing issues should call us for free on 0800 073 3000 from landlines or 0300 100 3000 from mobiles.

-ENDS-

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