

Using Third Party Intermediaries (TPIs): what your business needs to know

Make sure your business has a positive experience when using Third Party Intermediaries

TPIs are organisations or individuals that give energy related advice or help you to procure energy or manage your energy needs. They act as an interface between consumers and energy suppliers and can help you to make better energy choices. Switching sites, energy brokers and energy efficiency advice providers are some examples of TPIs. As the market develops we expect TPIs and their services to continue to evolve. TPIs will enable consumers to engage effectively with the market and help make positive choices.

Many businesses choose to use TPIs¹, as they require contracts tailored to their specific needs (see Diagram 1). Choosing your TPI carefully can help you get a better deal, although some TPIs may contact you directly. Whether you approach a TPI directly or not, you should not feel under pressure to use their services.

There are some important points to consider if you are using a TPI:

- Different TPIs operate in different ways: some work independently and some work on behalf of one or more suppliers.
- If you use a TPI, you may pay them directly or, more often, indirectly through your supplier. In that case your supplier may charge you a fee linked to your consumption, or a flat rate. This fee may not be shown separately on your bill: it can simply be included in your overall charges.

The box below gives answers to common questions about how TPIs work.

Are TPI services free?

No, TPIs always receive a payment, directly or indirectly.²

Do TPIs always research the whole market?

No, some TPIs research the whole market, whereas others represent one or more suppliers.

Will a TPI always find the best energy deal for you?

No, TPIs are not necessarily required to find the best deal for you.

Is agreeing to a contract over the phone binding?

Yes, your verbal agreement is binding.

Are you always obliged to accept an offer from a TPI?

No, always ensure you understand the terms and conditions before you accept.

Does a TPI supply your energy?

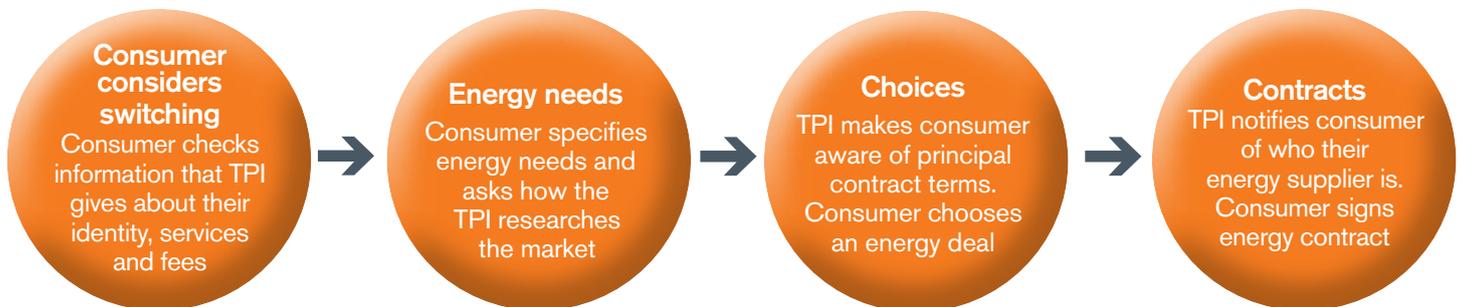
No, your energy supplier provides your energy.

¹ Around 80% of major energy users and 30% of smaller businesses. Source: Datamonitor Energy Buyer Research H1 2013.

² There are instances where not for profit organisations may not charge the consumer.

Diagram 1: the consumer journey

Process diagram: Interaction between business consumers and TPIs



Your rights

Ofgem does not licence TPIs. Instead, TPIs have to follow consumer protection rules, including those which relate to business customers.³ For example, the Business Protection from Misleading Marketing Regulations 2008 prohibits misleading advertising to businesses.

Currently the Office of Fair Trading and Trading Standards Services have powers to enforce these rules. If you think a TPI has mis-sold you a contract, you can contact them. However, this year Ofgem made a case to government to acquire these powers.

Recently Ofgem issued a consultation⁴ to seek stakeholder views on Ofgem's assessment of the current TPI market. Additionally, alongside this factsheet, Ofgem has published an Open Letter⁵ which outlines our activities in the TPI sector.

If things go wrong: if you are not satisfied with your TPI you can approach both the TPI and your energy supplier, or get advice online.⁶ Irrespective of who your TPI works for micro business consumers⁷ can contact the Citizens Advice consumer service helpline on **08454 040506**.

Important questions to ask a TPI before you consider using their services

Your choice of TPI:

- What service/s do they provide?
- Do they work only with certain suppliers, or independently and with all energy suppliers?

Your money:

- How are the charges for the services broken down?
- Will those charges change over time?

Your contract:

- How long would you be locked into the contract?
- Is there a termination fee?

Always take your time to consider your options before committing to a contract.

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³ In addition, some TPIs voluntarily decide to follow self-imposed rules, but with no official endorsement.

⁴ Consultation on regulatory options for domestic and non-domestic TPIs: <https://www.ofgem.gov.uk/ofgem-publications/74752/tpi-con-doc.pdf>

⁵ <https://www.ofgem.gov.uk/electricity/retail-market/market-review-and-reform/third-party-intermediaries-tpi-programme>

⁶ http://www.citizensadvice.org.uk/index/getadvice/consumer_service.htm

⁷ <https://www.ofgem.gov.uk/information-consumers/business-consumers/key-terms-and-issues-explained?alpha=M>