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On the Level

A builder gives it to you straight

Jeff Howell

Whose prices can you trust?

One of the most confusing things about the privatisation of the public utilities is that we are now all obliged to choose which energy supplier we buy our electricity and gas from. The energy market has been "opened up to competition", and consumer choice is now the name of the game. Most people would prefer a quiet life; to stick with the electricity and gas suppliers they have always had and hope to be given a fair deal. But in the brave new world of consumer choice, this is no longer an option. The half of all energy customers who have stayed with their original suppliers (British Gas and the local electricity company) are reckoned to be paying 20 to 30 per cent more than those who have switched. Energy suppliers, like banks, offer their best rates to new customers, and loyalty seems to be rewarded by being fleeced.

The recommended way to switch suppliers is to use the internet (although readers without internet access can still avail themselves of a good switching service, using a freephone telephone number – see below). The problem with the many website comparison services, however, is that they make their money from the energy companies, who pay them commission fees (from £20 to £50 a time) to deliver new customers. They rarely point this out, and if they do, it is usually in the very small print, or on an obscure separate page of the website, accessed only by clicking on a special link.

So when an energy-comparison website claims to be independent and impartial, it is possible that this is not entirely true, and that it has a financial incentive to direct you to switch to the energy provider that pays it the most commission. The result is that if you type your postcode and energy consumption details into three or four comparison websites, you might well find that you come up with three or four different recommendations, with each of the energy companies in question allegedly offering the best deal each time.

Which energy provider is cheapest for you depends on a number of factors, including location (postcode), energy consumption and method of payment. But it is clear that not all of the websites list all of the available providers.

For example, for most medium-use customers who pay by

monthly direct debit, the cheapest electricity and gas is likely to be from Utility Warehouse, but some of the switching services do not list the company. They say this is because Utility Warehouse has an agent-based recruiting network, and does not provide them with its latest price tariffs. Utility Warehouse says it is because it refuses to pay them commission. Similarly, for low energy users who prefer to pay quarterly by cheque, Equipower/Equigas is likely to be the best option, but this company also is not listed by all the comparison services.

Even when two of the websites agree on the names of the cheapest energy providers, they are unlikely to give the same figures for the estimated savings to be gained from switching to them. The whole system is baffling. Maybe it is designed

to be so. After all, what would be the point of providing choice, if there were only one obvious answer?

A website may direct you to switch to the energy provider that pays it the most commission

I have spent several days researching the energy-comparison services, and the best one seems to be www.energyhelpline.com. It is also available to

computer-free readers, who can call 0800 074 0745. To get the most accurate comparison of the energy tariffs on offer, it seems best to have a figure for your actual annual energy consumption in kilowatt hours (kWh), rather than just the spend on your annual bills. (On electricity bills, a "unit" is the same as a kWh. On some gas bills, a rather complicated conversion formula is included in the small print, but don't worry if you can't work it out; the monetary figure is also acceptable.) And for internet users, when asked which tariff you want, make sure to choose "search all tariff types".

It's a shame we all have to go through this rigmarole, but that's the trouble with the "consumer-choice" culture. Not choosing is no longer a choice.

■ www.telegraph.co.uk/jeff