

Press release: CMA helps microbusinesses combat energy overpricing

During its 2-year [investigation into the energy market](#), the Competition and Markets Authority (CMA) found that about 45% of microbusinesses across Great Britain were stuck on their supplier's expensive 'default' tariffs. The study concluded that it was difficult for owners to shop around and switch to cheaper deals, as energy price information was not easily available. In some cases, microbusinesses also found themselves being 'rolled over' onto these contracts, with limited opportunities to switch, when their original deal ended. It is hoped these remedies will help microbusinesses save up to £180 million a year.

The CMA ordered suppliers to stop locking these small firms into automatic rollover contracts and make it easier for microbusinesses to compare the cheapest energy prices, by making information clearly available on their website, or via a link to a price comparison website. They were given until today to make these changes, and from now on are required to comply with these requirements.

Roger Witcomb, Chairman of the Energy Market Investigation, said:

Small businesses rely on keeping overheads down to survive, so to find that nearly half of the microbusinesses across the country were on pricey default deals was worrying.

That's why the CMA ordered energy suppliers to stop automatically rolling small business customers onto fixed-term tariffs and to help their customers more easily find information on the deals available. These, alongside 30 other measures resulting from the investigation, will help energy customers make sure they are on the most competitive deal in future.

Dermot Nolan, Ofgem Chief Executive, said:

The requirement on suppliers to clearly display their prices online to microbusinesses will make it much easier for these businesses to compare prices and shop around. This is a big change in the way the market works. Microbusinesses will also be able to leave more expensive auto-rollover default tariffs without paying an exit fee, freeing them to switch to a better deal.

We'll be working closely with suppliers to make sure they give microbusinesses clear information on the prices they offer in line with the regulation. We are considering what further steps could be

taken to protect and help these businesses customers engage in the market as part of our wider programme to make sure all consumers – business and domestic – get a better deal.

Mike Cherry, National Chairman at the Federation of Small Businesses (FSB), said:

For too long, many small businesses have had a raw deal in the energy market. These CMA remedies are a step in the right direction. Published prices and a ban on unfair auto-rollover terms should bring some much-needed fairness and transparency to the energy market for microbusinesses.

Mike Spicer, Director of Economics at the British Chambers of Commerce (BCC), said:

Energy is a major cost for many companies so it's important they understand what flexibility there is when it comes to managing these expenses. Businesses, like residential users, can save significant amounts by testing the market for their energy. The remedies announced by the CMA, particularly the halt on automatically rolling companies onto fixed-term tariffs will help ensure that fewer are paying more than they should.

In [June 2016](#) the CMA published its full report following a comprehensive investigation of the energy market. As well as identifying that householders could save around £300 a year if they moved to the best available deal, it also found a disparity with the way suppliers treated business customers.

Energy suppliers only published a full list of available tariffs for domestic customers, so it was more difficult for microbusinesses to compare and switch energy deals than for households. Automatic rollover clauses meant that if a fixed-term contract was not terminated or renegotiated before its end date, then some contracts would automatically continue, often at a higher tariff and with termination fees and no-exit clauses that made it expensive to switch.

Taken together the CMA's measures will not only drive down bills, they will also make it easier for microbusinesses to switch suppliers once their initial contract has ended. Microbusinesses will only need to add 2 relevant pieces of information, their post code and rate of consumption, to get a personalised quote.

The [order](#) and all other information published in relation to the investigation are available on the [energy market investigation case page](#). A [short overview](#) of the investigation is also available, along with a [summary of the changes for microbusinesses](#).

Notes for editors

1. The CMA is the UK's primary competition and consumer authority. It is an independent non-ministerial government department with responsibility for carrying out investigations into mergers, markets and the regulated industries and enforcing competition and consumer law.
2. Roger Witcomb recently [delivered a speech](#) setting out progress in implementing the investigation's remedies, one year on.
3. For more information on the CMA see our [homepage](#), or follow us on Twitter [@CMAgovuk](#), [Flickr](#), [LinkedIn](#) and like our [Facebook](#) page. Sign up to our [email alerts](#) to receive updates on markets cases.
4. Media enquiries should be directed to Beatrice Cole (beatrice.cole@cma.gsi.gov.uk, 020 3738 6472 or 07774 134 814).