Shell Energy Retail pays £390,000 after overcharging some default tariff cap customers

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Shell Energy Retail Limited is to refund and compensate around 12,000 customer accounts it overcharged on its default tariffs when the price cap was introduced. In addition, the supplier will pay £200,000 to Ofgem’s consumer redress fund, equating to a total payment of £390,000.

The price cap for 11 million customers on poor value default tariffs came into force on 1 January 2019.

Ofgem’s price cap monitoring found that between January and March 2019 Shell Energy Retail overcharged around 12,000 electricity and gas customer accounts a sum of £100,736.63 collectively above the level of the price cap.

To rectify its failings Shell Energy Retail, trading under First Utility at the time of breach, has agreed to refund the affected customers by re-crediting their accounts and will pay additional compensation to all affected customers.
Around 6,200 Shell Energy Retail customer accounts were on tariffs that were not compliant with the price cap, meaning they were paying above than the cap level for their gas and / or electricity. Shell Energy Retail has agreed to refund these customers and pay an additional £62,000 in compensation (£10 per fuel).

The remaining 5,600 customer accounts experienced a delay in their energy price being reduced under the price cap after they requested to change to a cheaper means of paying for their energy, which meant they were paying above the cap level for longer than necessary. Shell Energy Retail has agreed to refund these customers and pay £29,000 in compensation (£5 per fuel).

Shell Energy Retail has agreed to pay an additional £200,000 into Ofgem’s voluntary redress fund to help support vulnerable customers.

Ofgem has decided not to take formal enforcement action taking into account the steps Shell Energy Retail has taken to address its failings and the redress it has agreed to pay.

Ofgem closely monitors all suppliers’ approach to the implementation of the cap and will continue to hold suppliers to account if they do not meet their obligations.

**Notes to editors**

- Firstly Utility was acquired in March 2018 and rebranded Shell Energy Retail Limited in March 2019.
- The 12,000 customer accounts affected around 8,800 customers.
- About 11 million households are protected by the default tariff cap, which came into effect on 1 January 2019. The cap is temporary, and applies to tariffs for all customers on standard variable and default energy tariffs. Suppliers can price to the level or below the cap, but cannot charge more.
- The default tariff cap is currently £1,254 per annum for period between 1 April and 30 September 2019 for households on dual fuel, single-rate based on typical consumption.
- For more information about Ofgem's voluntary redress fund, see: [Ofgem appoints Energy Saving Trust to distribute payments from rule-breaking energy companies to charities](https://publications-and-updates/ofgem-appoints-energy-saving-trust-distribute-payments-rule-breaking-energy-companies-charities)
- More information on the default tariff cap can be found on our website [gas/retail-market/market-review-and-reform/default-tariff-cap].

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We also regularly share news and post general advice to help consumers get the most out of their energy services via our @Ofgem twitter (http://twitter.com/ofgem/) and Facebook pages (https://www.facebook.com/ofgem).

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