

## **MEDIA RELEASE**

**Thursday, 18 August 2011**

### **Complex energy contracts are confusing consumers and stifling choice**

Energy retail contracts have been put under the microscope in a report just released by the Consumer Action Law Centre. And while the report found that most contracts largely met their regulatory requirements, a lack of contract clarity, consistency and access to information, proved significant barriers to consumer understanding and effective competition.

*Just sign here...* looked at energy contracts from twelve energy retailers from 2008 and found that sections relating to consumer rights were confusing and unclear to consumer experts, let alone customers looking to make an informed choice about their energy provider.

“Whether it’s deliberate or just poorly drafted, the energy contracts we looked at were far from accessible to consumers,” said Consumer Action Law Centre’s Ms Janine Rayner.

“We were also shocked at the lack of consistency between different contracts, which makes it hard for consumers to compare competing deals from different providers,” said Ms Rayner.

But perhaps the most worrying aspect of the report is that Consumer Action had real trouble accessing complete energy contracts, meaning consumers are unlikely to have all the facts in front of them before they make a decision on which provider to go with.

“Quite clearly, if you’re not given the full contract prior to signing up, you won’t have had time to fully consider the details and compare it with other offers,” said Ms Rayner.

Also of concern is that some contracts contained unilateral variation clauses meaning, once you’ve signed, retailers can change the price they charge you at any time, making it hard for consumer to know exactly what they’re signing up for and what costs they’ll face in the future.

*Just sign here....* also recommends that:

- Retailers produce a short, meaningful, disclosure document around key contract terms;
- The industry establish standardised contracts to help consumers compare offers;
- The industry publish standard information about rights and responsibilities when dealing with payment difficulties; and
- A ban is placed on retailers rolling-over fixed term contracts into new fixed term contracts without the customers expressed permission.

Ms Rayner said that, sadly, despite the initial research taking place in 2008, Consumer Action continues to see these problems in energy contracts in 2011.

“With energy prices on the way up, consumers are looking to shop around but, unfortunately, the complex nature of energy contracts means it will be next to impossible for consumers to assess where they can get a better deal. We suspect many will give-up and stay with their current provider—even if it means they’re paying above the odds,” said Ms Rayner.

A full copy of *Just sign here....* is available at [www.consumeraction.org.au](http://www.consumeraction.org.au).

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