

Sumo pays penalties totalling \$500,000 after alleged wrongful disconnections

Sumo Power Pty Ltd and Sumo Gas Pty Ltd have paid penalties totalling \$500,000 for arranging the alleged wrongful disconnection of 143 Victorian energy customers on 14 December 2020.

The Essential Services Commission served Sumo with 100 penalty notices in November 2021.

Commission Chair Kate Symons says there are clear rules energy businesses must follow before disconnecting a residential or small business customer's energy supply.

Under Victoria's energy rules, energy retailers must give a customer who has missed a bill and a reminder notice, a warning period of six full business days before a disconnection can occur. Victorian retailers must also act fairly and reasonably towards their customers before arranging a disconnection.

Commissioner Symons says the evidence showed 142 customers were cut-off before the required six-day warning period had expired. Sumo failed to act fairly and reasonably towards its customers during the disconnection process as required by the rules.

Commissioner Symons said another customer was cut-off without warning, despite them actively participating in a payment plan.

"Electricity and gas are essential services and customers should only ever be disconnected by an energy retailer as a last resort and by following the correct procedure," she said.

Commissioner Symons said the commission had issued a statement of expectations to industry which sought to keep customers connected during the stay-at-home orders of the pandemic.

"When those orders were lifted in November 2020, it appeared from the evidence that Sumo had been keen to resume disconnections," she said.

"This included Sumo setting themselves a target of disconnecting more than 1500 customers between the start of November and Christmas 2020.

"Sumo's board and executive management were involved in and aware of Sumo's approach to disconnecting customers.

"This raises concerns for the commission in relation to Sumo's compliance culture and its understanding of the essential nature of energy."

The commission's primary legislation was amended on 1 December 2021 to provide the commission with extensive new investigative powers and enforcement options with increased penalty amounts.

From 1 March 2022, consumer protections will further increase, with wrongful disconnections putting retailers at risk of a court imposing civil penalties up to \$218,000 per contravention or criminal fines up to \$1,090,000 or up to 10 years in prison per offence. Officers who knowingly authorise or permit contraventions will also be at risk of civil penalties and criminal sanctions.

"This Sumo case signals the importance to all energy businesses about compliance in this area and the commission's strengthened enforcement powers will focus on this area," Commissioner Symons said.

Editors' note: The commission can issue penalty notices where it has reason to believe a business has committed a wrongful disconnection contravention. Payment of a penalty is not an admission of a contravention of its retail licence.

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