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**H C Marsh (Newbury) Ltd**

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## Thinking about switching to LPG?

Office of Fair Trading report may make you reconsider!



A traditional family business since 1902

“Over 90% of the variation in average retail prices is explained by movements in the price of crude oil”



## LPG versus Heating Oil

### LPG

A recent study published by the Office of Fair Trading (OFT) into “Off-Grid’ Energy in October 2011 was summarised as follows:

#### LPG

When considering consumer protection issues in connection with the supply of bulk LPG - “ The OFT has concerns that some contract terms may not be entirely consistent with consumer protection legislation. We are engaging with suppliers to seek, where necessary, improvement in the clarity of contract terms, particularly concerning cancellation and switching rights.

Among other things, adequate and clear cancellation and switching rights ensure that consumers have options in the event of their supplier varying the price of LPG within the term of its supply contacts.”



Comparison	LPG	Heating Oil
Customers	Approx. 150,000 households	Approx. 1.6 million domestic users, mainly rural areas.
Pricing information	Difficult to obtain	Transparent, easy to shop around
Who owns the tank?	Supplier rents the tank to home owner	Home owner
Suppliers	Limited	Plentiful
Switching supplier	Considerable costs	Easy to compare prices and switch
Do I need to sign a contract and if so, for how long?	Yes, majority of contracts are for 2 years. You may still be obliged to pay even if you move home or terminate the contract. *	No contract, easy to switch suppliers.
Tank	Underground	Free standing, easy to access, monitor and maintain.

The price of heating oil has been both volatile and rising in recent years. This combined with supply problems last winter (2010/11), prompted concerns that the market is not working well.

“No evidence of price fixing or any other form of collusion between heating oil companies were found.

\*Office of Fair Trading report October 2011



### Heating Oil

The OFT looked in detail at the market and the key findings were:

- Over 90% of the variation in average retail prices is explained by movements in the price of crude oil.

- Heating oil suppliers make on average a gross margin of 6p/litre and out of this must cover their own costs including staff and transport.

- Overall customer satisfaction is high and pricing aside, 94% of consumers are either very or fairly satisfied with the service received from their main supplier.

- No evidence of price fixing or other forms of collusion between heating oil suppliers were found. No grounds to recommend regulating prices were found.

- Customer loyalty is high with most people buying from their usual supplier because they value the relationship and do not expect prices to vary much.”