

Media Release: Legal action a reminder for retailers

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Mercury legal action a timely reminder for retailers to check their contract paperwork

The Consumer Advocacy Council says Commerce Commission (the Commission) legal action against Mercury is a timely reminder to all electricity retailers to ensure their systems and processes avoid misleading customers.

The Commission has laid 7 charges under the Fair Trading Act, alleging some residential energy customers of Mercury were incorrectly required to pay an early termination fee.

[Mercury NZ charged for misleading customers following complaint to Commission\(external link\)](#)

“It’s great that the Commission is taking action on this issue as consumers are the ones who suffer and end up being out of pocket if electricity retailers fail to ensure their processes are robust,” said Consumer Advocacy Council Chair Deborah Hart.

“Retailers have an obligation to make contract terms clear and ensure staff are well trained and understand the terms of contracts so that customers are not misled or charged fees when they should not be.

“Part of the problem is that power bills and contracts are too complex, and consumers just don’t understand their rights and obligations. That’s why we have launched a project with Consumer NZ to simplify power bills. We are developing a standardised bill we hope the industry will adopt - an easy to understand presentation of consumption data and pricing plans that’s consistent across retailers.

[Simplifying power bills the aim of joint project](#)

“We have identified a related problem - some retailers are charging consumers on pre-pay plans for disconnection and reconnection fees, even when there is no cost to the retailer. Some of these costs appear punitive which is why the Council is taking a closer look at pre-pay contracts as a priority.

“At a time when consumers are facing increasing pressure on their household budgets, now more than ever electricity retailers need to take extra care to ensure their customers are not left paying more than they should be for an essential service.” said Deborah Hart.