



## Press Release .... Press Release....

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### **ANSWERS NEEDED OR HOME HEATING OIL INDUSTRY COULD BE REFERRED FOR INVESTIGATION**

The last time crude oil was at this week's price<sup>a</sup>, consumers paid on average £275<sup>b</sup> to fill a 900 litre oil tank. Today, they are paying £416<sup>c</sup>. The Consumer Council is questioning whether the home heating oil market is working for consumers at present. Unless the home heating oil industry can assure customers that they are paying a fair price, then the Consumer Council will consider referring this matter to the Office of Fair Trading for investigation<sup>d</sup>.

Steve Costello, Chairman of the Consumer Council said: "Seven in ten homes here depend on oil for heat<sup>e</sup>. That is nearly 500,000 households who are paying 51 per cent more to fill their oil tank than they did last year<sup>f</sup> and they need to why this is the case. Consumers are facing an unprecedented rise in their cost of living<sup>g</sup> as they face into this winter not knowing how they are going to afford to stay warm and well. The home heating oil industry has a responsibility to prove to customers that they are not paying over the odds to fill their tank.

"When the price of crude oil goes up, the industry is quick to pass this onto consumers but it does not appear to be the same story when it comes down.

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<sup>a</sup> The price of crude oil on Wednesday 5 November, 2008 was \$58.41 Source: [http://newsvote.bbc.co.uk/1/shared/fds/hi/business/market\\_data/commodities/default.stm](http://newsvote.bbc.co.uk/1/shared/fds/hi/business/market_data/commodities/default.stm). In February 2007, the average price of a barrel was \$58. Source: AA Monthly Report February 2007.

<sup>b</sup> Figures taken from a Consumer Council snapshot survey on the price of 900 litres on 12 February, 2007

<sup>c</sup> Figures taken from a Consumer Council snapshot survey on the price of 900 litres of oil on 5 November, 2008

<sup>d</sup> <http://www.consumercouncil.org.uk/newsroom/278/nothern-ireland-consumers-now-have-super-power/>

<sup>e</sup> Total number of households in Northern Ireland, 2008 is 693,300 (NISRA Northern Ireland Household Projections, 2006-2031). According to NI Oil Federation ([www.nioil.com](http://www.nioil.com)) 72% of households use home heating oil which is equal to 499,176.

<sup>f</sup> Figures taken from a Consumer Council snapshot survey on the price of 900 litres on 12 February, 2007

<sup>g</sup> As of 5 November 2008, the Consumer Council Rising Cost of Living analysis estimates that cost of living has increased by £33 per week since this time last year <http://www.consumercouncil.org.uk/cost-of-living-consumer-tips/is-your-cost-of-living-rising>

Since the summer the cost of crude oil has fallen by more than half and consumers have anxiously waited to see the full benefit being passed on to them when they fill their tank. In our view, this has not happened in the home heating oil industry. Consumers will no longer accept at face value the vague explanations being given about currency exchange rates or an increase in demand without the evidence to stack it up. The Consumer Council will consider referring this market to the Office of Fair Trading using our super-complaint powers if we do not get the answers needed<sup>h</sup>.”

“The Consumer Council will continue to monitor the price of crude oil and how this affects the price we pay to fill our heating oil tanks. We will also publish weekly updates about the cheapest, dearest and average prices across Northern Ireland. This will help consumers know what price they should be paying and negotiate the best deal. Visit the website at [www.consumercouncil.org.uk](http://www.consumercouncil.org.uk).”

**ENDS**

### Notes to Editors

**Price of crude oil and 900 litres of home heating oil on 6 November, 2008 compared to previous prices** (\*All information provided in this table has been calculated from the Consumer Council snapshot survey on the price of 900 litres of home heating oil)

Month / Year	Average Crude Oil Price (\$)	Northern Ireland average price for home heating oil (900L)	Today's home heating oil prices compared with previous prices
<b>November 2008</b>	<b>\$58</b>	<b>£416.40</b>	
June-2008 (Peak price of crude oil)	\$139	£558.68	Since June 2008, crude oil has dropped by \$81 per barrel (58%) yet the average cost of home heating oil has only dropped by £142 (25%)
November-2007 (This time last year)	\$90	£377.53	In November 2007 crude oil was \$32 per barrel more expensive than today (36% higher). But 900 litres of home heating oil was on average £39 cheaper than today (10% less).
February-2007 (When crude oil was the same level as today)	\$58	£275.75	Crude oil was at the same level as today in February 2007. Today 900 litres of home heating oil is on average £141 more expensive (51%) than it was in February 2007.

<sup>h</sup> <http://www.consumercouncil.org.uk/newsroom/278/northern-ireland-consumers-now-have-super-power/>

## Price comparison of crude oil and 900 litres of home heating oil in 2007 and 2008

2007	Crude Oil (\$)	900 Litres home heating oil	2008	Crude Oil (\$)	900 litres home heating oil
January	53	278.75	January	90	402.26
February	58	275.75	February	98	385.70
March	61	280.55	March	105	450.74
April	69	294.38	April	115	497.74
May	68	292.96	May	125	533.16
June	71	301.66	June	139	558.68
July	78	312.82	July	136	574.06
August	70	305.41	August	113	510.98
September	77	310.43	September	101	498.83
October	83	328.21	October	69	421.88
November	90	377.53	5 <sup>th</sup> November	58	416.40
December	90	378.75			

Crude oil figures taken from the AA Monthly Reports 2007 to 2008 and 5 November 2008 price taken from [http://newsvote.bbc.co.uk/1/shared/fds/hi/business/market\\_data/commodities/default.stm](http://newsvote.bbc.co.uk/1/shared/fds/hi/business/market_data/commodities/default.stm)

Figures for 900 litres of home heating oil taken from the Consumer Council's snapshot surveys.

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2. The Consumer Council is an independent consumer organisation, working to bring about change to benefit Northern Ireland's consumers. The Council campaigns for high standards of service and protection and a fair deal for all. It also carries out research, gives advice and publishes reports and other publications. It deals with individual complaints about electricity, natural gas, coal and passenger transport.
3. For more information, visit our website at [www.consumercouncil.org.uk](http://www.consumercouncil.org.uk)