

# Energy rebate customer journeys

## Direct debit

(~19m households)



Rebate applied to energy account

Across all payment methods around 725,000 electricity accounts had a debt with an arrangement to repay in 2020. Over 750,000 accounts had arrears without an arrangement to repay. In March 2022, the average energy debt for people who completed a debt assessment with Citizens Advice was over £1,400.

### Customers who are up to date with payments



The supplier reduces the monthly Direct Debit to account for the rebate.

### Customer in debt with a repayment plan



The rebate is applied to the debt, but customers may not feel any short-term benefit.

For people to benefit next winter suppliers should use the rebate to reduce monthly repayments rather than shorten the length of the repayment period.

### Customer in arrears with no arrangement to repay



The rebate is applied to the arrears, but there's no change to the regular energy costs as there is no repayment to reduce. In some cases, the rebate may be offsetting debt that's likely to be unrecoverable.

Suppliers should make additional efforts to set up repayment plans ahead of the rebate being paid.

# Smart prepay

(~2m households)



Rebate applied to electricity account



Automatically appears as a £400 top up on the smart meter. Any debt is paid at normal rate (normally a fixed percentage of top ups).



It may be challenging for consumers to manage the credit so they benefit over the full winter period. Some consumers may prefer credit to apply to gas account - suppliers will be able to do this if they operate both fuels for a customer.

Suppliers could apply credit in instalments to help people manage the top up.

# Traditional prepay

(~2m households)



Rebate sent to consumer as vouchers or messages to the top up key/ card



Consumer receives vouchers/instructions via text/email/post. Vouchers are limited to £49, so ten £40 vouchers will be needed. This may help people spread the rebate over time. Any debt is paid at normal rate. Top ups cannot be moved between fuels.



There are risks of theft and accidentally discarding vouchers. Sometimes people have poor experience redeeming vouchers at top up shops. In a previous rebate scheme almost 30% of rebates weren't redeemed.

Suppliers should have strict performance targets and take extra steps to ensure people access the rebate.

# Standard credit

(~5m households)



Rebate applied to energy account



Reduction of £400 in next regular bill

# A landlord manages the energy account

(~1 in 8 tenants)



Rebate applied to landlord's account



If the energy account is non-domestic, no rebate is applied. This is more likely for larger buildings owned by a single landlord, or park homes. There should be a discretionary fund to support those who miss out.



**Landlord includes bills in the rent**

There's no legal requirement to pass the rebate on. As with other changes in price/energy usage, it is at the landlord's discretion whether to review rent levels (subject to tenancy laws and contract).



**Landlord rebills tenants for energy**

It's unclear if existing rules require the landlord to pass the rebate on. Regardless, tenants are likely to struggle to enforce their rights.

Maximum Resale Price rules should be clarified to require the rebate to be passed on.