

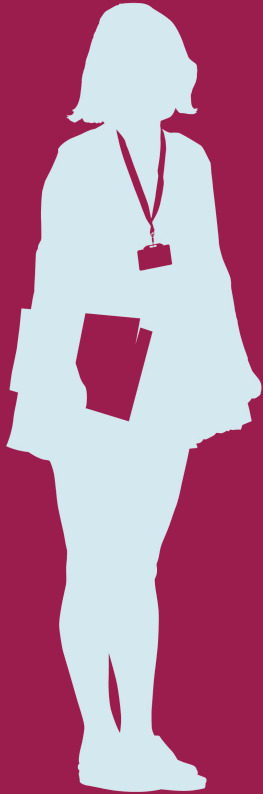
Supporting energy customers as bills rise

A good practice guide for Winter
2022 / 2023



**citizens
advice**

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Contents

- 3 [Introduction](#)
- 4 [How the cost of living crisis is affecting customers](#)
- 5 [Good practice this winter is...](#)
- 6 [What should companies do if customers can't pay their bill? - What customers can already expect from their supplier](#)
- 7 [Support for credit meter customers](#)
- 8 [Support for prepayment meter customers](#)
- 9 [Using Smart Meters to recover debt](#)
- 10 [References](#)

Introduction

Many people are currently struggling with spiralling living costs, driven by record-breaking wholesale gas prices. To help shield consumers from the imminent price cap rise in October, the Government announced that they will be implementing an 'energy price guarantee', freezing the price that consumers will pay per unit of gas or electricity for the next two years. This means that the average household will pay £2,500 on their energy bill. All households in Great Britain will receive this support, in addition to any other part of the Energy Bills Support Scheme that they are eligible for.

While this support is welcome, it is not likely to go far enough:

- The average bill under the energy price guarantee **will still be double what consumers were paying a year ago**, meaning that many will still struggle to make ends meet.¹
- Higher usage households will see much less benefit from the freeze, as they will still need to use more energy. **This will particularly affect customers who are disabled, older or who live in inefficient homes.**
- **With the price cap currently set over £500 below the energy price guarantee, millions of households are already struggling with their energy bills.**² In the context of other rising living costs, it's unlikely that the support provided will be enough for those on lower incomes.

When prices rise in October then, millions of people could still be pushed into hardship and debt. The impact of high prices will be felt even more acutely by prepayment customers who are at risk of being off-supply if they can't top up.

Suppliers have obligations to support struggling customers, and many will need extra help this winter.

This document is aimed at energy suppliers, and summarises existing expectations and good practice to support people in the cost of living crisis. It builds on the expectations outlined in the [joint letter from debt charities](#) on protecting energy customers in difficult circumstances.



How the cost of living crisis is affecting customers

Budgets are often stretched in winter, but the increase in the average energy bill to £2,500 will make this significantly worse. **Many may not have the money to pay for their normal usage - let alone towards any debts.** The risk of self-disconnection, which is already at record levels, will likely increase.

- Early analysis suggests that the Energy Price Guarantee and the Energy Bills Support will still not be enough to meet rising living costs. ³
- **Energy debts are already the most common type of debt** among callers to the National debtline, and energy debt has overtaken council tax as the most common issue reported by Citizens Advice debt clients.⁴
- Many households who **were previously managing will still find themselves unable to pay come October.** This group will include customers who do not qualify for means tested benefits and so won't automatically receive some of the support provided by the Government.
- **The impact of rising prices will be felt more keenly by prepayment meter customers** who are in danger of going off supply if they can't afford to top up.

Existing support might not go far enough

There are rules in place that companies must follow to help customers who are struggling to pay their bills, such as providing additional support credit to prepay customers. However, the cost of living crisis is still set to worsen over the coming months, and suppliers might find that previous support arrangements are no longer enough.

It is vital that suppliers are complying with existing requirements, and using all possible levers to address customer affordability issues. In particular, suppliers must do as much as possible to ensure prepayment customers - particularly those that are vulnerable - are protected from going off-supply.

As well as ensuring that customers don't go off supply, we're asking suppliers to ensure that customers who are struggling to afford their energy bills and to repay debts are **not subject to collection and enforcement activities that will make their situation worse.**

We recommend that suppliers should not use certain collection methods of specific groups after conducting ability to pay checks. Where customers cannot meet usage and debt payments, many of these collection methods will be ineffective, as will cause undue harm and distress.

Suppliers should pause:



Pursuing court action, or issuing warrants to force-install prepayment meters.



Force-installing smart prepayment meters, or switching smart meters to prepay.



Referring customers to Debt Collection Agencies.



Issuing County Court Judgements (CCJs) and engaging bailiffs

Good practice this winter is...

Rising energy prices will be unmanageable for many this winter. To prevent a debt and disconnection crisis, and to make sure customers can get the support they need, we're calling on suppliers to:

- Reassess whether existing debt collection and Additional Support credit policies are meeting customer need.
- Provide customers with the means to lower their debt repayment amounts or to pause their repayments, if they are struggling to pay. These repayment options should be included in app functionality and on suppliers' websites, and shouldn't only be accessible via a lengthy telephone conversation. Suppliers should also offer a free telephone number, for customers who are struggling to pay which is clearly advertised.
- If a customer is vulnerable and is on a prepayment meter, then Additional Support Credit requests should not be refused. ASC requests should not be refused at all over winter, if it means that the customer will go off supply.
- Where additional credit is repeatedly requested, suppliers should consider whether it is still safe and reasonably practicable for that customer to have a prepayment meter.
- If a customer is struggling to make payments towards their bills or any debts, then suppliers should not forcibly install smart or standard prepayment meters in an attempt to recover their debt.**

Suppliers should focus on supporting the customer to pay what they can of their ongoing usage, to prevent them from going off supply

Many customers will find themselves in financial difficulty very quickly when the Energy Price Guarantee comes into effect in October. With the uncertainty around future household support, it's up to suppliers to ensure that support is in place to help households through this crisis.

What should companies do if a customer can't pay their bill?

This section outlines what customers can already expect from suppliers this winter

[SLC 27.a]

- Additional support credit (ASC) should not be refused if the customer is vulnerable and they will go, or remain, off supply without it. ASC should be offered "on each and every occasion" that the customer asks for it, so long as it is in their best interest.

[SLC 27.8]

- No customer should be asked to repay amounts they cannot afford.
- When negotiating a repayment plan, suppliers must follow ability to pay principles. Individual income and expenditure assessments should be used to understand what - if anything - a customer can pay.
- Repayment plans should be reassessed at regular intervals - particularly if a customer's financial circumstances change.
- If a customer cannot afford an established debt repayment plan, then a new assessment may be required.
- Where possible, suppliers should proactively identify vulnerable customers who are at risk of going off supply, and ensure that all available support has been offered.

[SLC 28]

- Where it is not safe and/or reasonably practicable for the customer, prepayment meters must not be installed.
- If a customer has a prepayment meter, but it becomes clear that it might not be safe and/or reasonably practicable for the customer, then the supplier must offer to replace it.

[SLC 31]

- Suppliers should promote other kinds of financial support that might be available, such as fuel vouchers, or referrals to debt advice charities.
- This support should be promoted proactively if the supplier has reason to believe that the customer might go off supply.

What should companies do if a customer can't pay their bill?

Support suppliers should provide to credit meter debit customers:



If a customer can't afford to make payments towards their debts on top of existing energy usage, then repayments should be paused.

If the customer pays via credit or direct debit, then suppliers should focus on supporting the customer to pay what they can towards their ongoing usage and on maintaining engagement with the customer. Continuing engagement may take the form of a token payment amount or payment holiday. Maintaining dialogue with the customer will result in better outcomes for both parties, and will help the customer feel more in control of their situation.

Suppliers can set these measures, and reassess them should energy prices fall or the customers' circumstances change.



If a customer is struggling to make payments towards their bills or any debts, then suppliers should not forcibly install smart or standard prepayment meters in an attempt to recover their debt.

Suppliers should focus on supporting the customer to pay what they can of their ongoing usage, to prevent them from going off supply.



To provide more support overall, suppliers should reassess any standard repayment rates ahead of winter, to ensure that they are not too high.

If forced installation measures are considered, then pre-installment company policies should be reviewed and implemented.

These policies should set out steps suppliers must follow before they can progress to forced installation.


This should include a review of any bill dispute or complaint from a customer, and an income and expenditure assessment.


If this shows that the customer cannot afford to make debt repayments at this time or to top up the meter once it is installed, then the supplier should pause this collection activity.

These protocols should be followed even if the meter being installed is a smart meter, which does not require a warrant.

What should companies do if a customer can't pay their bill?

Support suppliers should provide to PPM customers:


 **If a customer has debt on their prepayment meter, but they're struggling to top up, then suppliers should consider permitting the customer to pay a token amount, or providing a payment holiday.** As with credit customers, suppliers should prioritise maintaining dialogue with the customer and signposting them to other support.

 **Additional Support Credit should not be refused if the customer is in a vulnerable situation** on the basis that the customer has previously received it, or that they have a significant amount of debt on their meter.

If a customer has repeatedly required ASC, then this will cause debt to build up on the meter. Previously, it may not have been in the customers' best interests for this to happen. However, if being in debt means that a customer in a vulnerable situation remains on supply in the Winter, then this will always be in their best interest. If a customer repeatedly requires ASC and someone in the household has a vulnerability, then the supplier should review whether a prepayment meter is the best option for this customer at this time.

 **Suppliers should also reassess their additional support credit policies, to ensure that they reflect higher energy costs.**

 **Prepayment customers are likely to receive vouchers as part of the Energy Bill support scheme. Suppliers should ensure that debt repayments are taken from these voucher top ups at an affordable level, or should consider pausing repayments when the vouchers are used.**

 **To provide more general support, suppliers should keep customer support lines open out of hours for off-supply cases - including phone and webchat routes. Suppliers should also consider increasing the capacity of their customer services, in order to keep pace with demand.**

Using smart prepayment meters to recover debt

When a customer with a smart meter falls into debt, suppliers have the option to switch them to prepayment mode without applying for a warrant. This means that suppliers may not be following the same process as a traditional meter.

When switching smart meters to prepay remotely, supplier must:

- Have already attempted to establish an affordable repayment plan with the customer.
- Have conducted a proper assessment of vulnerability, and ensured that the customer is fully aware of what is happening.
- Visit the premises or contact the customer, to ensure that the customer can use their new top up method. If the top up method is an app that the customer finds challenging, then manual top-up methods must be considered instead. If both manual and smart top up methods are not suitable for the customer, then the smart PPM should be reconsidered. [SLC 28., SMICOP 3.6]
- Follow the Smart Meter Installation Code of Practice. This will ensure that the customer can understand and make the most of their smart meter.
- Continue to proactively review whether a smart PPM is suitable for the customer.



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