

ERA briefing note for Government and potential Green Deal financiers on energy debt collection processes

August 2011

1 Background

The way that energy suppliers collect debt and deal with indebted customers has significant implications for the Green Deal. This note sets out how energy suppliers currently go about collecting energy debt in order to inform potential Green Deal financiers and Government of the realities of integrating Green Deal arrears recovery into energy suppliers' debt collection processes. Energy suppliers feel strongly that these current processes should not be impacted by the collection of Green Deal monies. This is important so that energy suppliers are able to meet their licence conditions related both to provision of services to customers in payment difficulty and protection of vulnerable customers from disconnection. An acknowledgment that Suppliers' current debt collection processes will continue and be adopted for the collection of Green Deal debt should be placed in any multi-party agreement to which Green Deal participants are signatories.

2 Scope of this paper

This paper discusses debt collection. Debt collection refers to the recovery of Green Deal arrears accumulating after the non-payment of scheduled Green Deal charges. This paper only relates to energy suppliers' processes related to domestic customers.

3 What constitutes "debt" in the energy supply industry?

What constitutes "debt" for energy suppliers may be different to what constitutes debt in other industries.

For example, a direct debit customer may have in winter a negative account balance as a result of the seasonal difference between their payment level and energy use (conversely, it would be in credit during the summer months) but this is simply the result of a payment plan which splits energy payments in to twelve equal monthly instalments and would not be considered as "debt".

Another example occurs where there is no payment because of a failure to issue a bill or because a bill is in dispute. In such a situation any amount owing will not be considered to be "debt".

When a bill - a demand for payment - remains unpaid, nothing can be done legally to enforce it until at least 28 days have passed. This means that the supplier will be prevented from installing a prepayment meter, disconnecting a customer, or objecting to that customer changing supplier until at least 28 days have passed.

Notwithstanding the above, suppliers may internally classify a debt as any money owed from the date a bill is issued. They will have processes to remind customers until the bill is paid or alternative payment arrangements are made - for example, the customer enters a direct debit. However, as described above, no action can be taken against a customer to recover what is owed until at least 28 days have elapsed -although in practice, it is much longer as there are provisions in their supply licences requiring suppliers to ascertain customers' status and offer certain services to them - described in more detail below.

4. "Live debt" and "final debt"

When discussing energy debt it is necessary to differentiate between monies owed by a customer who still remains with an energy supplier from which they take their supply, known as "live debt", and those owed by customer has already left a supplier (either through moving to another house or moving to another supplier), known as "final debt".

5. Dealing with live debt and ability to pay

As mentioned above, suppliers are required to and do offer a range of repayment options, designed to give the customer flexibility in managing their debt. Suppliers will always discuss the most appropriate payment method for each customer.

If suppliers have reason to believe or become aware that a customer is experiencing payment difficulty, they must, in addition to standard payment facilities, offer the facility to pay by (a) prepayment meter (PPM) and (b) deducting payments at source from a social security benefit received by that customer - the current maximum that can be collected from "Fuel Direct" is £3.40 per week. Suppliers must also provide information to the customer about how they could save money by being more energy efficient. When setting manageable payment arrangements based on ability to pay, suppliers will take into account all relevant information – including payment history, employment status, outgoings, vulnerability, consumption history etc. A payment arrangement ought to be sustainable; that is it should cover not just repayment of any debt, but payment for ongoing consumption, otherwise the customer's indebtedness will continue and increase.

Repayment rates have to be calculated according to the customer's ability to pay, which suppliers are obliged to take all reasonable steps to ascertain. In this process, they must give due consideration to relevant information provided by third parties (such as Citizens Advice), where available, and the value of all charges to be recovered through a prepayment meter (PPM) where relevant.

The ultimate sanction for non-payment is disconnection. However, the circumstances in which a property can be disconnected are circumscribed by supply licence, industry self regulation (see section 5.1 below) and suppliers' own policies.

Before a property can be disconnected for non-payment, suppliers must take all reasonable steps to recover the debt through a prepayment meter. Since PPMs cannot be fitted unless safe and reasonably practicable for the customer to use, suppliers must take steps to identify the customer's circumstances - such as, for example, whether a continuous supply is needed for a dialysis machine. In addition, the need to sometimes obtain a warrant to enter the premises and install a PPM adds time and cost to the process.

5.1 Vulnerable customers with live debt

The differences between the way in which debt is collected from vulnerable customers and those who are not vulnerable relate to the sanctions available to suppliers for non-payment:

- the ERA members have made a commitment to never knowingly disconnect a vulnerable customer;
- licence conditions prohibit suppliers from disconnecting, in winter, a property for non-payment if the supplier knows or has reason to believe that the customer is of pensionable age and lives alone, lives with someone else of pensionable age or is of pensionable age and lives with a person under 18; and
- licence conditions state that suppliers must take all reasonable steps to avoid disconnecting, in winter, a property for non-payment if any of the occupants include a person who is of pensionable age, disabled and chronically sick.

However, leaving aside the licence conditions detailed above, it is extremely important to note that there is no single definition of a vulnerable customer: all circumstances are judged on a case-by-case basis.¹ In addition, vulnerability is often a transient state, for example as health conditions improve. Given these points, it would be wrong to consider vulnerable customers as a discrete group.

In order to meet the commitment to never disconnect a vulnerable customer, suppliers need to take a number of steps, such as visits to the property, to ascertain whether a customer is vulnerable before disconnection takes place. Suppliers' approaches are detailed in the ERA "Safety Net", which is appended to this document.

Whilst suppliers have committed never to knowingly disconnect a vulnerable customer, they can recoup debts through other means including by PPM,² provided that it is safe and reasonably practicable for the customer to use.

Most importantly, the designation of a customer as vulnerable does not mean that a customer is a bad debt risk. A significant majority of vulnerable customers are good payers and some demographic groups categorised as vulnerable may be amongst the best payers. The "vulnerable" designation simply means that the procedures energy suppliers follow in pursuing debt are slightly altered.

5.2 Able to pay with a final debt

The final debt of energy customers can be split into two generic types, that accruing from Change of Tenancy (CoT) and that from Change of Supply (CoS). The difference is significant to the debt follow-up routines of suppliers as the former implies the customer has moved and the debtor may need to be traced, whereas with the latter the debtor is still presumed to still be at the premises and tracing is not required.

¹ The main six suppliers have their own interpretations based on the ERA Safety Net definition which states that "a customer is vulnerable if for reasons of age, health, disability or severe financial insecurity they are unable to safeguard their personal welfare or the personal welfare of other members of the household".

² Note that only around 9% of PPM customers are repaying a debt (according to the Ofgem report on debt and disconnection for Q1 2011)

The level of debt at CoS and CoT is also significantly different. CoS is largely restricted to final bill amount only as suppliers have the ability to reject a CoS notification if there is outstanding debt on the account which has been billed and has remained unpaid for at least 28 days at the point which another supplier attempts to gain them.

This is the reverse of CoT where there may be a large debt on the account already being chased at the point which a customer leaves a property. Clearly the supplier cannot prevent the customer moving house and the objection process does not apply (and would not be of any use) anyway.

Final collections are performed in one of three ways.

- In house
- Outsourced to debt collection agencies (DCAs); or
- Hybrid of the two

Suppliers generally seek a full payment of final debt before offering any payment arrangements. Payment arrangements are offered over a limited time period given the relationship with the customer has now ceased, and therefore the threat of, or actual, disconnection – is no longer applicable. Suppliers, however, will offer a range of payment arrangements, designed to give the customer flexibility in managing their debt. Suppliers will always discuss the most appropriate payment method for each customer.

When setting manageable payment arrangements, suppliers will take into account information including payment history and the ability to pay. Regard is also given to the customers need to pay the new supplier whilst also repaying final debt to their old supplier, and this may impact the debt repayment levels. Some suppliers may offer a partial payment of final debt, in full and final settlement in order to bring the collection process to an agreed end.

It must also be noted that the billed value of final debt may change as new information comes to light, such as a final meter reading, resulting in rebilling of the final debt amount some time after the account closes.

Each supplier has their own collection procedures and these may differ between the in-house/ outsourced approach taken. There will however be a mixture of communications to the final customers:

- letters
- telephone, text messaging, email
- trace activity
- personal visit to property

As discussed below, four of the six main energy suppliers are either contributing or negotiating to provide payment data to forums operated by Credit Reference Agencies (CRAs).

5.3 Vulnerable customers with a final debt

There are no specific requirements covering the collection of final debt from vulnerable customers. However energy suppliers will always ensure that the ability of the customer to pay the outstanding debt is taken into consideration. As a result the period of repayment may be longer if there is financial vulnerability, and may direct such customers to relevant advice agencies.

6. Energy suppliers and credit scoring

Some energy suppliers have relationships with CRAs. As mentioned above, at the end of July 2011, four of the six suppliers are either contributing, or negotiating to provide, customer payment data to the main CRAs which are then shared with other creditors (credit card companies for example) on a reciprocal basis. All three main CRAs, Experian, Call Credit and Equifax have relationships with one or more suppliers. The type of data contribution varies between full payment data, or “white” - i.e. all payments made - and default data only, or “black”.

The use of CRA default data is becoming more widely used, especially for accounts where tracing of the customer is necessary.

Under their supply licences, suppliers are obliged to offer to enter into a contract for energy after receiving a request for supply from a domestic customer. If the customer accepts the terms of the contract, a supplier is required to give supply of energy. Some suppliers carry out customer credit checks before they offer terms and hence acquire a customer. In such cases, the terms offered will be dependent on the results of that check.

7. Impact of Green Deal payment collection on Suppliers’ debt collection processes

Energy suppliers anticipate that the licence conditions related to vulnerable customers and to debt renegotiation will not be significantly altered as a result of them becoming collectors of Green Deal charges and arrears on behalf of Green Deal financiers. This in turn means that the above outlined processes should be the same irrespective of whether or not a supplier is collecting Green Deal monies.

The following processes require a detailed outline of how they would work:

7.1 The objections process

Currently energy suppliers can object to one of their customers changing supplier when that customer has a demand for payment - ie a bill not a statement - that has remained unpaid for more than 28 days. The size of any debt below which a supplier may choose not to object is a commercial decision for it. DECC has acknowledged that when a customer has a Green Deal Plan, Green Deal arrears will be included in any calculation of arrears for the purpose of determining whether a supplier can object to a change of supply. As stated above, there may need to be legislative and licence changes to effect this in order to allow the application of the objections process.

7.2 Debt Assignment

There are specific rules relating to prepayment meter customers who have a debt. Where this is £200 or less in debt an industry agreement and process allows indebted prepayment customers to be able to change supplier more easily than would otherwise be the case, with the debt being sold - or factored - at a discount to the new supplier. Both the losing and gaining suppliers and the customer have to agree (with the first two parties being expected to do so if the latter expresses an interest in changing supplier), and the debt cannot be too complex. As stated above, DECC have stated that Green Deal monies will contribute to this calculation - this may need to be confirmed in legislation.

7.3 Interest

Currently energy suppliers do not charge interest or late payment charges when pursuing energy arrears. Suppliers do not have the capacity to generate such charges from internal systems.

7.4 Collection charges

Collection charges in respect of field visits and warrants are currently charged to the customer by the energy supplier. There may be a need to include a term in the Green Deal contract that suppliers are able to recover these costs from the customer.

8. New processes, brought in as a result of the Green Deal require consideration in the context of debt collection

In terms of suppliers' debt related functions, they have identified a number of new processes that are likely to be introduced as a result of the Green Deal. These are outlined below.

8.1 Up-front objections/Credit vetting

As part of the initial sign up to a Green Deal, energy suppliers will have the ability to notify a Green Deal Provider whether a domestic customer has more than £200 of debt. If the supplier notifies a Green Deal Provider of the presence of such a debt, the Green Deal Provider should have the option to decline that customer's Green Deal Plan until the debt is cleared. It is assumed in line with the principles set out in paragraph 7.1 above that any pre-existing Green Deal debt will form part of this calculation.

8.2 Specific Green Deal information in regular debt communications

Energy suppliers have learned that the Office of Fair Trading is to require them to tell customers when the latter have fallen into arrears on their Green Deal Plan. It is not yet clear whether this duty is to be discharged by the Green Deal provider/financier or the energy supplier.

If the duty is to be discharged by Green Deal financiers, information related to the Green Deal customer's situation will need to be passed to the Green Deal financier.

8.3 Pari-passu collection

A pari-passu division of payments received by the supplier between it and Green Deal provider/financier will be applied in any partial payment situation.

For more information in this area, please see the separate papers on the high-level principles for applying pari-passu and the application of pari-passu across payment methods.

8.4 Procedure at point of write-off

Energy suppliers will follow their business-as-usual debt collection processes as outlined above. When debts reach the point at which suppliers would typically write them off, they will notify the Green Deal provider/financier, and forward them the relevant details required to pursue the debt.

At this point suppliers will relinquish responsibility for collecting the Green Deal arrears and the Green Deal provider will have sole responsibility for pursuing the outstanding Green Deal arrears.

The point at which suppliers do this will depend on their business-as-usual processes for debt write-off. This should be reflected in the Green Deal multi-party agreement.

8.5 Pursuing landlords for Green Deal monies

The Green Deal will lead to an increase in the level of monies owed and paid to energy suppliers by landlords. This will in turn lead to an increase in the regularity with which energy suppliers pursue landlords for debt.

In order to be able to pursue the landlord, energy suppliers will need to be notified of the landlord's details in all scenarios. It is not yet clear whether the statutory framework will ensure that these details will be collected in all circumstances.

ERA has a separate workstream looking at these issues.

8.6 Impact of Smart Metering and the improved debt collection processes that will result

The compulsory rollout of smart meters commences in 2014. Smart meters will bring a range of benefits for debt management. The August 2011 DECC "Benefits Case" for Smart Meters anticipates reduction in debt management costs of £1.075bn.

In addition to this figure, the ability to switch customers to prepayment mode remotely, as opposed to the current method of having visit a property to fit a prepayment meter, will result in significant savings in the cost of servicing indebted customers and will improve debt recovery rates. The estimated value of these savings is £244m. However, suppliers will still have to take steps to ensure that the smart meter is safe and reasonably practicable for the customer to use when operating in PPM-mode.

Smart meters will also enable properties to be disconnected remotely. As with the provisions for switching to PPM-mode, suppliers will still take steps to ensure that vulnerable customers are not disconnected remotely in line with the ERA Safety Net and licence conditions.

Given that the mandated smart meter rollout commences in 2014 and that the voluntary roll out of smart meters has already commenced, most Green Deal customers will either have a smart meter from the inception of their Green Deal Plan or for the majority of their repayment period.

APPENDIX ONE – Draft of the latest version of the ERA Safety Net (this document will replace the current version without making any significant alterations to it)

ERA Safety Net

Protecting Vulnerable Customers from Disconnection

Introduction

The main domestic energy suppliers in Great Britain - British Gas, EDF Energy, RWE npower, E.ON, Scottish Power, and Scottish and Southern Energy – aim to protect their customers, and in particular their most vulnerable, by offering the most appropriate support for their circumstances. Each customer who has been identified as vulnerable is treated as an individual; no two individuals' circumstances are the same and their situation must be addressed on a case-by-case basis.

Identifying vulnerable customers who are struggling to pay their bills can be difficult, so energy suppliers work with third parties to ensure that their practices are as robust as possible. Therefore the Energy Retail Association, the trade association for the main domestic energy suppliers, has produced this guide for advice agencies to illustrate the steps that suppliers may take, so that the advice agency is aware of the support which may be available for their clients.

What does 'vulnerable' mean?

A common definition of 'vulnerable' has been agreed to allow suppliers to undertake a preliminary assessment of a customer's potential vulnerability based on basic information. Defining vulnerability has to be done on a case-by-case basis as these customers each have their own needs. To enable suppliers to offer the most appropriate support, each customer's individual circumstances must be taken into account. However, ERA members have agreed a definition to provide a framework within which they can assess customers' potential vulnerability. This definition is:

“A customer is vulnerable if for reasons of age, health, disability or severe financial insecurity, they are unable to safeguard their personal welfare or the personal welfare of other members of the household”

Suppliers are ultimately responsible for deciding whether a customer is vulnerable and where a supplier determines that a customer is, for reasons of age, health, disability or severe financial insecurity, unable to safeguard their personal welfare or the personal welfare of other members of the household, the customer will not be disconnected. In order to ensure that genuinely vulnerable customers are not excluded from the definition the Energy Retail Association has provided guidance on identifying vulnerability.

For example, if suppliers identify households in the following circumstances, then they will consider whether the customer is vulnerable, according to the definition above:

- A customer is caring for an elderly person in the household;
- A permanent member of the household is disabled or has a long-term medical condition (i.e. chronic illness) and is therefore unable to support themselves;
- An informed third party, such as a carer, social worker, health visitor or physician has indicated that a member of the household may be vulnerable;

- The age of any children living in the household; or
- A customer dependent on medical equipment that is operated by electricity e.g. a stair lift, electric wheelchair, defibrillator or dialysis machine.

This list is an illustrative guide and is to be used in conjunction with the definition – it is not possible to provide an exhaustive list of every condition that could indicate vulnerability, as all customers have their own needs.

Suppliers may also work with charities and support agencies when they identify signs of vulnerability in a household.

The Energy Retail Association ‘Safety Net’

ERA members aim to help their customers, and in particular their most vulnerable, and provide them with the appropriate support they need to manage their energy use. Therefore members have signed up to a ‘Safety Net for Vulnerable Customers’ pledging to never knowingly disconnect a vulnerable customer at any time of year, where for reasons of age, health, disability or severe financial insecurity, that customer is unable to safeguard their personal welfare or the personal welfare of other members of the household.

In addition, the Safety Net provides enhanced measures that are integrated into all suppliers’ debt management processes, an agreed universal definition of a potentially vulnerable customer, improved communication with support agencies, a range of debt management and repayment options and follow-up procedures to support vulnerable customers.

Energy suppliers will:

- Apply the agreed definition of vulnerability within a framework of best practice guidance
- Wherever possible, attempt to capture information about their customers and identify potential vulnerability
- Ensure that vulnerable customers’ internal records are updated to indicate that special attention is required
- Work, where appropriate, with advice agencies, support services and charities to offer vulnerable customers the most suitable support to help with their energy debt
- Have specialist teams to assist vulnerable customers and to support the implementation and ongoing administration of vulnerable customer policies
- Offer a range of debt repayment options in order to find the most appropriate solution for vulnerable customers to manage any debt
- Make attempts to contact all customers following a disconnection with the aim to agree a repayment plan with the customer
- Obtain senior management authorisation prior to any disconnection being carried out
- Re-connect any customer who has been found to be vulnerable after disconnection as a priority, and usually within 24 hours of confirming that the customer is vulnerable
- Ensure follow up contact with customers, where necessary, after the payment option has been agreed

- Ensure all business functions, both internal and external, who may have contact with vulnerable customers, are aware of the provisions of the Safety Net

The Safety Net in operation

Suppliers will put the Safety Net into practice in different ways, depending on how their businesses are structured. However relevant operational practices include:

- Making every effort to identify a vulnerable customer based on ERA guidance and other relevant sources
- Continuing to capture information, where available, about customers' circumstances from trained call centre and field agents
- Attempting to contact customers on a number of occasions, throughout the debt path through, for example, letters and telephone calls, as well as where possible, face-to-face contact
- Training of all field agents to recognise signs of vulnerability and empowering them to halt the disconnection, pending further investigation by the supplier
- Encouraging personnel involved in smart meter installation to report any concerns to vulnerable customer teams that arise during home visits
- Seeking debt management solutions that are appropriate for the customers' circumstances, such as repayment schemes, prepayment meters, Fuel Direct, referral to debt advice agencies, and social services via dedicated support teams
- If a customer's wellbeing is assessed to be at risk, disconnection will be halted and, if appropriate, social services will be informed (taking into account guidance provided by the Information Commissioner's Office regarding disclosure of personal information)

Any disconnected customer will be monitored post-disconnection and contacted by the supplier, as part of the overall customer contact experience. This contact will be recorded as part of the audit trail.

Contact with customers

Suppliers make considerable efforts to encourage all customers to discuss their circumstances with them directly so that an appropriate payment arrangement can be put in place to recover any debt.

Suppliers make numerous attempts to contact indebted customers, by various means and at various times of day, based on the information they hold for that customer, before resorting to disconnection. Individual suppliers' processes may vary, and will be contingent on the customer's behaviour; however typically suppliers will make:

- 6 attempts to contact through correspondence
- 1 attempt to contact by telephone
- 1 attempt to contact by personal visit to property where no previous contact has been made, including visually checking the property for signs of vulnerability.
- 1 attempt to contact by visit to court if a warrant is required
- Final attempt to contact at warrant execution or at the point that a senior manager has authorised remote disconnection.

If during a contact with an indebted customer, (either by telephone or face-to-face), suppliers' frontline staff are made aware that a customer is unable to pay the bill, they will attempt to capture and record information about the customer, subject to the customer being willing to provide this. This may include details such as the customer's age, whether they are currently receiving benefits, the age of children and any special circumstances, such as whether any members of the household are disabled or have special needs. Suppliers aim to promote a dialogue to encourage customers to volunteer information about themselves and their dependants, although they recognise that customers may sometimes be reluctant to do so.

Suppliers will, where appropriate, seek to meet the customer face-to-face to reach agreement on the recovery of a debt, whilst using the opportunity to obtain further information about the individual circumstances of the customer, enabling an initial assessment to be made as to their degree of vulnerability and the most appropriate action thereafter.

Sample debt collection path:

Suppliers' debt collection paths vary, between companies, for different types of customers and potentially type of meter. However, below is an illustration of the steps suppliers may take between issuing a bill and the warrant visit or approved remote disconnection, along with the indicative timescales for each stage. At each point of the contact with customers, if vulnerability is identified this process will stop and the customer will be referred to a specialist internal team.

- Bill Issued: Day 1
- Reminder notice: Day 10 – 28
- Second reminder notice: Day 20 – 40
- Outbound call: Day 21 – 70
- Final demand notice: Day 28 – 68
- Pre-disconnection letter: Day 35 – 92
- Human rights letter: Day 48 – 104
- Warrant (if required): Day 60 – 120
- Pre disconnection visit (if required): Day 50 – 130
- Disconnection: Day 80 – 180
- Post-disconnection follow-up: 1 – 10 days after disconnection

Suppliers will look at a customer's payment history to determine the most appropriate debt follow-up process which may therefore vary from the above.

Customers who are potentially vulnerable will have their records updated accordingly, which will be apparent to relevant staff whenever the customer and supplier are in contact.

Debt management

In many cases vulnerable energy customers have multiple debts and their circumstances may require a more holistic approach in order to provide effective support. In these cases suppliers will encourage customers to seek independent advice from an advice agency, for example, CABx.

Where a supplier's agent can establish that a customer is receiving any form of state benefit this will be taken into account in order to assess the customer's ability to make repayments.

Regard is taken of the customer's ability to repay their debts at a rate higher than the minimum equivalent weekly amount for Fuel Direct, set by the Department for Work and Pensions. Suppliers may also offer benefit entitlement checks as part of their wider programmes of social initiatives to ensure that that household is claiming all of the benefits it is entitled to.

The role of prepayment meters

Prepayment meters, including smart meters operating in prepayment mode, are used where the customer cannot pay their balance in one payment and/or may have refused or failed to comply with other suitable repayment options. The prepayment meter can be fitted or the meter switched to PPM mode with or without the customer's consent, where it is safe and practical to do so.

A prepayment meter will not be fitted or PPM mode applied to recover debt where there are practical difficulties, such as customers not being able to physically use the meter or not having full time access to the meter position.

Where it is not safe and practicable for households to use a prepayment meter suppliers will ensure that the principles of the Safety Net continue to apply. In this situation disconnection will not take place if the customer is vulnerable, and other routes to recoup the debt will be followed. For example:

- offering to move, adapt or replace the prepayment meter so it is safe and practical to use, where appropriate
- offering alternative payment methods, including fuel direct

To ensure that a recently installed meter is being used and the customer is coping with the repayments, suppliers will check on the customer's account and if necessary contact the customer, sometimes in conjunction with a carer or a third party where appropriate.

As part of their Supply Licence and the Disability Discrimination Act, suppliers have a duty to move a meter if the customer is unable to reasonably access it and as such poses a safety issue. Suppliers will not install a Pre Payment Meter if the customer is unable to use it safely, such as being unable to re-charge their payment device.

Data Protection Act 1998

Guidance from the Information Commissioner's Office states that when an energy supplier has reason to believe that a customer is vulnerable and that disconnection may well cause real risk to the customer's health and safety, or to others within the household, the energy supplier may legitimately disclose the customer's name and address to a person or organisation who it is reasonable to assume may be able to intervene on the grounds that this is in the best interests of the customer.

Advice agencies

Suppliers have links with a range of local organisations, including Citizens Advice Bureaux, Local Authorities, Housing Associations, charities and advice agencies and can often work with these organisations to resolve customers' difficulties.

Priority Service Register

Domestic electricity and gas suppliers have licence obligations to offer special services to customers who are of pensionable age, blind, deaf, disabled or have a long-term medical condition (i.e. chronically sick).

These services are available to these customers on their supplier's Priority Service Registers (PSR) and cover:

- password schemes,
- repositioning of pre-payment meter where the customer finds it difficult to use,
- redirecting bills to third parties,
- quarterly meter readings where relevant to the technology used
- free gas safety checks.

Suppliers must also provide appropriate communication services for customers to contact them who are visually impaired, deaf or hard of hearing.

Suppliers may also move a meter free of charge if it is in an unsuitable position. For example, a meter may be lowered from an overhead cupboard if the customer is wheelchair bound.

Suppliers encourage eligible customers to take up their PSR options and the industry continues to work towards improving awareness of the PSR such as working with advisers, health workers and social service providers, to encourage eligible customers to register themselves on the PSR.

Disconnection of customers subsequently identified as vulnerable

Under the Safety Net, suppliers will not disconnect a customer who, for reasons of age, health, disability or severe financial insecurity, is unable to safeguard their personal welfare or the personal welfare of other members of the household. However, if such a customer is disconnected and subsequently identified as vulnerable, suppliers will aim to reconnect the customer as a priority. This will normally take place within 24 hours of the supplier confirming that the customer is vulnerable. Suppliers will also endeavour to understand why the situation arose and take steps to prevent it happening in future.

Smart metering should enable significantly faster reconnection than within 24 hours.

Disconnections in error

Suppliers will do everything in their control to ensure that disconnections in error do not occur. Where a disconnection in error does take place, suppliers will endeavour to understand why the situation has occurred and take appropriate steps to address the issue in the future. In cases of disconnections in error, suppliers will take all reasonable steps to ensure that the customer is reconnected as rapidly as possible, and normally within 24 hours of ascertaining the circumstances. Smart metering should enable significantly faster reconnection than within this timeframe.

Where a supplier or their agent disconnects a household in error, the supplier will give that customer a guaranteed minimum compensation payment of £50, or a higher amount appropriate to the circumstances of the case, normally on their energy bill.

Suppliers would not expect to provide such a payment where they had taken all reasonable steps to identify whether the customer or any occupants of the customer's premises were vulnerable prior to disconnection and only became aware of any such vulnerability following disconnection.

Domestic customers with non-domestic supply

Where a domestic customer takes their electricity through a non-domestic supply, for example, a flat above a shop or pub, energy suppliers will ensure that their business teams are aware of the provisions within the Safety Net to minimise the risk that any vulnerable domestic customer who has this kind of supply is disconnected for reasons outside of their control.

External debt collection agencies

Should a supplier use an external debt-collection agency, they will ensure that they adhere to the same principles on vulnerability and have similar processes to their in-house debt management teams.

Further support

Energy efficiency

Suppliers have a variety of initiatives to help their customers reduce their energy consumption, and hence lower their bills. For example, for a priority group of customers suppliers may offer free, or reduced price, loft and cavity wall insulation. By ensuring lofts are fully insulated, this can save the customer £150 a year; insulating a cavity wall can save £115 a year, and solid wall insulation can save £400. Other measures, such as energy efficient light bulbs and draft proofing can also save on energy bills, and suppliers can help vulnerable customers by advising them of the measures which would be the most appropriate for their circumstances, as well as of the cost of installing them.

Home Heat Helpline

The Home Heat Helpline is a free, not for profit phone line set up to help British energy customers who are struggling to pay their fuel bill and keep warm. It was launched by the Energy Retail Association in October 2005 and has become a cornerstone service for low-income and vulnerable households in urgent need of heating help and advice. Calls to the Home Heat Helpline — **0800 33 66 99** — are free and answered by expert advisors at the call centre in Glasgow. The advisors are trained to give quick, clear information on the grants, benefits and payment schemes that customers may be entitled to as well as basic steps that can be taken to save money on heating bills by making their home more energy efficient.

Not every caller contacts the Home Heat Helpline for themselves. Many are phoning on behalf of friends, relatives and neighbours. The Home Heat Helpline also handles calls from care professionals and other organizations such as the Citizens Advice Bureau and housing associations.

Case studies

Ms C

Ms C was contacted by her energy supplier by telephone having been sent a letter about an outstanding debt. Ms C had logged a dispute against the latest bill. The advisor taking the call requested a meter reading from Ms C to confirm the accuracy of the bill. She advised that she was unable to do this as she was disabled and could not get access to the meter. The advisor who took the call arranged a special meter reading request in order to establish the correct reading. A senior advisor then called to discuss the account and subsequently set up a payment arrangement to recover the amount owed over two years, this being based on what Ms C said she could afford to pay. Ms C was advised that she would be sent a Priority Service application pack so that the company could provide additional help and advice on her energy needs. Notes have been added to Ms C's account highlighting the vulnerable status.

Mrs A

Mrs A had a balance outstanding for 6 months; despite numerous telephone calls and letters, she would not communicate with the supplier. When the agent went out to the pre-disconnection visit, he discovered that the customer was elderly and deaf and therefore did not proceed with disconnection. The agent then made sure that the customer was placed on the PSR and that someone contacted Social Services about the situation.

Mr F

Mr F had got into severe debt with his energy supplier but had not responded to any of the communications from the supplier. Following a warrant notice Mr F then got in contact via a local advice and support agency who communicated with the supplier on his behalf. They explained that Mr F was on a variety of benefits and had long term mental health issues which meant that he was unable to manage his finances. The supplier set up Fuel Direct for the customer to pay for current energy consumption and agreed the amount of previous energy consumption to be paid by Mr F with him and the advice agency.