

Energy debt: Everyone pays



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Executive summary

The household energy debt crisis is spiralling out of control. In the last three years alone, total energy debt and arrears have more than doubled. **Official figures suggest the total value now stands at nearly £4.5 billion.¹ The reality is more sobering; Energy UK's analysis shows that the true figure is around £5.5 billion.**

The negative impact that energy debt has on the mental and physical health of billpayers, and others in the household, has been well documented. Rationing energy use can result in cold, damp homes that are linked to respiratory conditions, cardiovascular disease, and childhood development issues. Energy suppliers continue to dedicate time and resources to continually improving the support and services they offer to all customers, particularly those in the most need. The [Energy UK Vulnerability Commitment](#) highlights the work energy suppliers do to deliver positive outcomes for their customers and shares good practice to help improve customer service.

The new Citizens Advice 'Consumer Energy Debt Advice' (CEDA) service has recently been set up in partnership with other debt advice charities to address the record-high, and still rapidly rising, energy debt levels. It offers customers expert advice on managing debt, negotiating with suppliers, identifying potential grants, and income maximisation. Extra support for customers in energy debt is welcome, but this crisis is growing. The rapid increase in energy debt and arrears has had profound implications for every household across the country. **The typical dual-fuel household now pays an extra £50 per year on their energy bill to cover debt related costs**, while standard credit customers pay an astonishing £140.² **Without urgent intervention, the total amount of debt and arrears owed is likely to hit £7 billion by the end of the year.³ This would require a further £10-£15 per year to be added to energy bills.**

Energy affordability remains a challenge across the economy. But it is striking that **no other utility has seen similar increases in debt and arrears**, and that this has occurred after, not during, a period of historically high prices in 2022 and 2023.

The reason for such a dramatic increase in energy debt and arrears is that **a series of regulatory actions have made it much easier to get into debt, and harder to get out of debt.** Ofgem is belatedly starting to intervene, albeit with solutions that are simply inconsistent with the scale and urgency of the crisis.

¹ [Ofgem \(2026\) Debt and arrears indicators](#)

² [Ofgem \(2026\), Energy price cap \(default tariff\) levels](#)

³ [Baringa \(2025\), Millions of UK households to face cost squeezes this winter as financial vulnerability increases: Energy UK analysis](#)

The proposed Debt Relief Scheme is welcome, but the limited scope of the scheme and delayed implementation mean that it is unlikely to deliver a net reduction in energy debt and arrears, given the considerable underlying growth.

A trial of new rules around change of tenancy is a step in the right direction. Energy UK data suggests that there are now more than a million households for which energy suppliers have no details, presenting significant hurdles to preventing arrears occurring, or addressing them when they do build. **But Ofgem has opted for a limited trial rather than the immediate rule changes that are required** to stem the tide of new debt and arrears.

And whilst there is widespread acceptance – by both industry and consumer rights groups – that increasing the adoption of Smart Pay As You Go (PAYG) is a vital step in reducing arrears, little has been done to make this a reality. Although smart PAYG offers the cheapest energy provision available to households today, industry can only go so far without support from Government and Ofgem in making installations available to more properties, and in highlighting the clear benefits it provides.

Alongside serious implications for both indebted households and all customers who are at risk of having to pay increasingly amounts to socialise debt and arrears, the consequences for energy suppliers also impact the resilience and affordability of the energy market. Energy suppliers' finances are heavily dented by the scale of debt and arrears, due to higher operating costs from trying to recoup unpaid bills and having to make provisions where they are deemed unrecoverable. This situation damages the investability of the energy retail sector and, if left unchecked, could threaten the viability of suppliers. It reduces the ability of suppliers to invest in innovative products and services that can bring down bills.

Around two million households face some form of energy indebtedness. This figure is increasing rapidly, **and the number of households not on a repayment plan – nearly three fifths of all customers with unpaid bills – has escalated dramatically** over recent years. **The devastating, self-fulfilling prophecy of rising debt is that it increases energy bills, leading to more debt.** And once households are in debt, they risk falling into a reinforcing loop that becomes ever more difficult to escape. This vicious cycle must be broken.

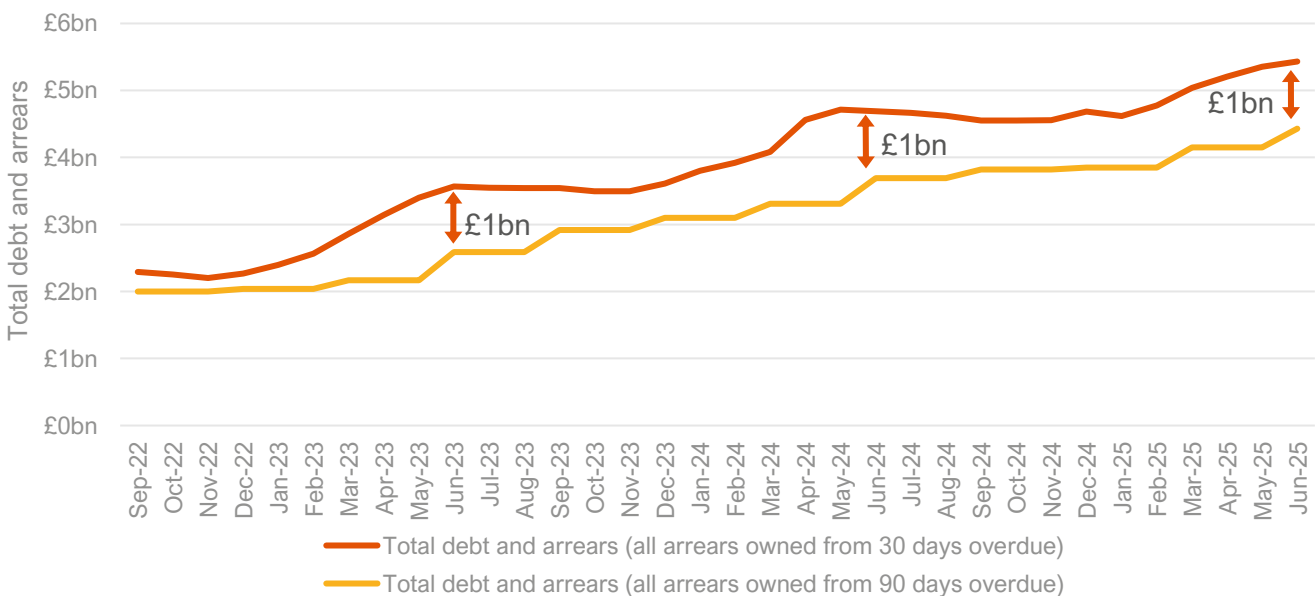
The scale of this crisis requires the **urgent implementation of a comprehensive energy debt mitigation strategy delivered jointly by Government, Ofgem, energy suppliers and debt advice agencies.** The strategy must incorporate improving targeted support, enhancing data sharing, modernising regulation, and widely communicating the benefits of smart PAYG. Nothing short of the swift and successful execution of this strategy will deliver on the promise of a fair, affordable energy system.

Energy debt has grown into a crisis

High levels of debt have become an unwelcome and unsustainable characteristic of the UK energy market. Overall household energy debt and arrears have doubled since the start of 2023, and tripled since the beginning of the decade, with official figures suggesting the total value now stands at nearly £4.5 billion.⁴

However, these figures materially underestimate the scale of the problem. When accounting for debt and arrears of over 30 days, rather than starting at 90 days, data collected by Energy UK show that the true figure is around £5.5 billion.⁵ As shown in Figure 1, the differential is consistently around £1 billion through the year and over time, illustrating that suppliers face challenges recovering unpaid bills from this point, and debt and arrears over 30 days are a good indicator of bills that may remain unpaid.

Figure 1: Total debt and arrears under two definitions



Suppliers incur considerable debt-related costs, due to operating expenditure increasing as they spend money trying to recover unpaid bills, and because of the negative impact on their own cash or debt position. If suppliers judge any debt or arrears to be unrecoverable, they make a provision, damaging their profitability and balance sheet.

As suppliers need to recover their costs, this situation leads to higher energy bills for all customers. Under the April 2026 price cap, the debt allowance for the typical dual-fuel (gas

⁴ [Ofgem \(2026\) Debt and arrears indicators](#). Ofgem defines debt as unpaid bills due for over 90 days where there is an arrangement to repay, and arrears as unpaid bills due for over 90 days where there is no arrangement to repay them.

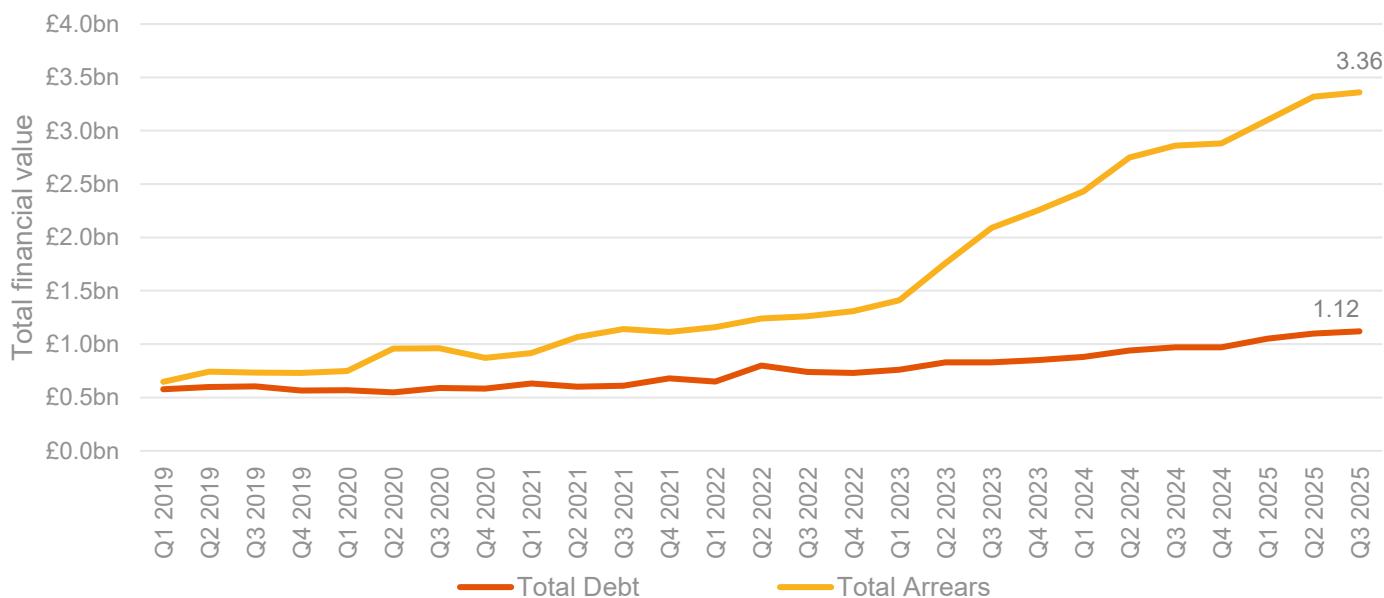
⁵ Data collected by Energy UK – accounting for debt and arrears due for more than 30 days, the metric used to calculate the bad debt allowance in the price cap.

and electricity consuming) household paying by direct debit is around £50 per year, but it is around £140 for customers paying by standard credit, who on average accrue a significantly higher proportion of debt and arrears.⁶ The debt allowances are indexed to the overall price cap, so they are set to fall by around 7% in April, despite debt and arrears continuing to rise sharply. This will increase financial risk for suppliers, further hitting market investability.

The number of customers in arrears is rising and the amount they owe is increasing

The underlying trends are even more concerning than the headline figures. The total value of household energy arrears - where there is no repayment plan in place and money is less likely to be recovered - has been escalating at a much faster rate than debt, in which there is a repayment plan, as shown in Figure 2. Arrears now represent three-quarters of the value of debt and arrears.⁷

Figure 2: Total financial value of household energy debt and arrears (Ofgem)⁸



The number of customers in debt or arrears has increased substantially since pre-energy crisis levels, with around 2 million indebted electricity accounts (a good proxy for number of customers) compared to roughly 1.7 million in Q3 2021.⁹ However, as shown in Figure 3, the number of customers in debt is at a similar level to late 2021, having dropped back following

⁶ [Ofgem \(2026\), Energy price cap \(default tariff\) levels](#); The price cap will fall by £117 (7%) in April 2026.

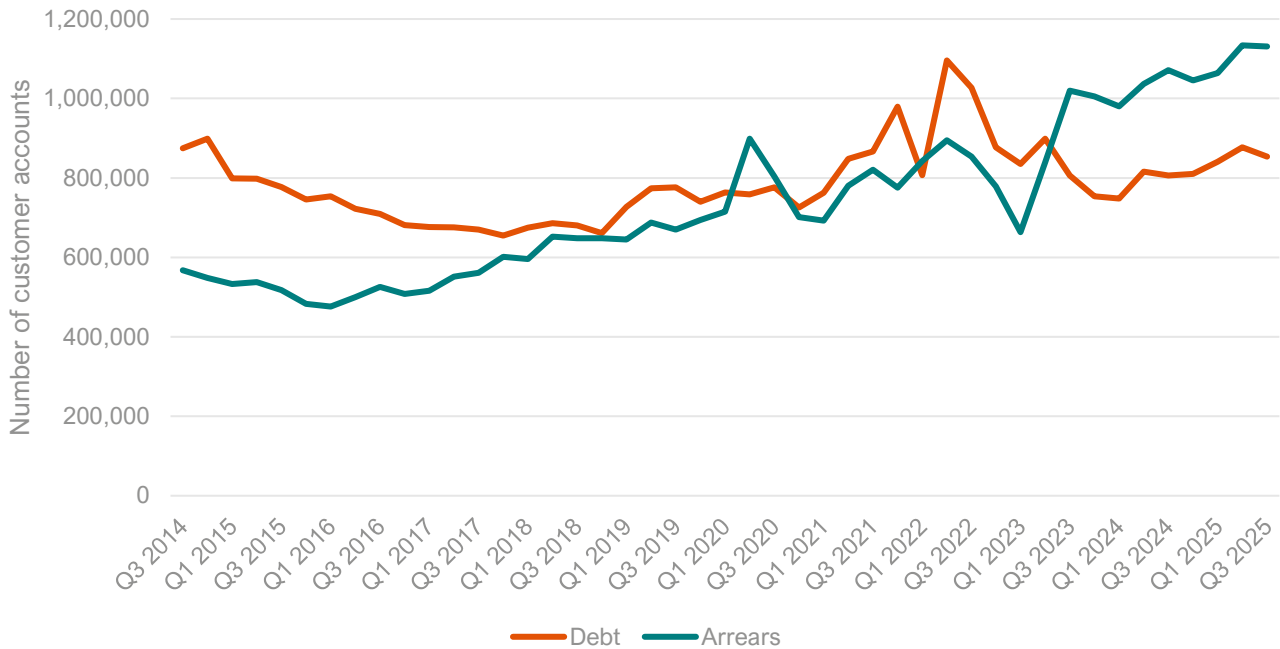
⁷ [Ofgem \(2026\) Debt and arrears indicators](#). While Energy UK data suggest that Ofgem underestimates the scale of energy debt, these figures allow for a more detailed breakdown.

⁸ [Ofgem \(2026\) Debt and arrears indicators](#)

⁹ [Ofgem \(2026\) Debt and arrears indicators](#)

an initial spike at the start of the crisis. In contrast, the number of customers in arrears has risen substantially from 820,000 to over 1.1 million.¹⁰

Figure 3: Number of electricity accounts in debt or arrears (Ofgem)¹¹



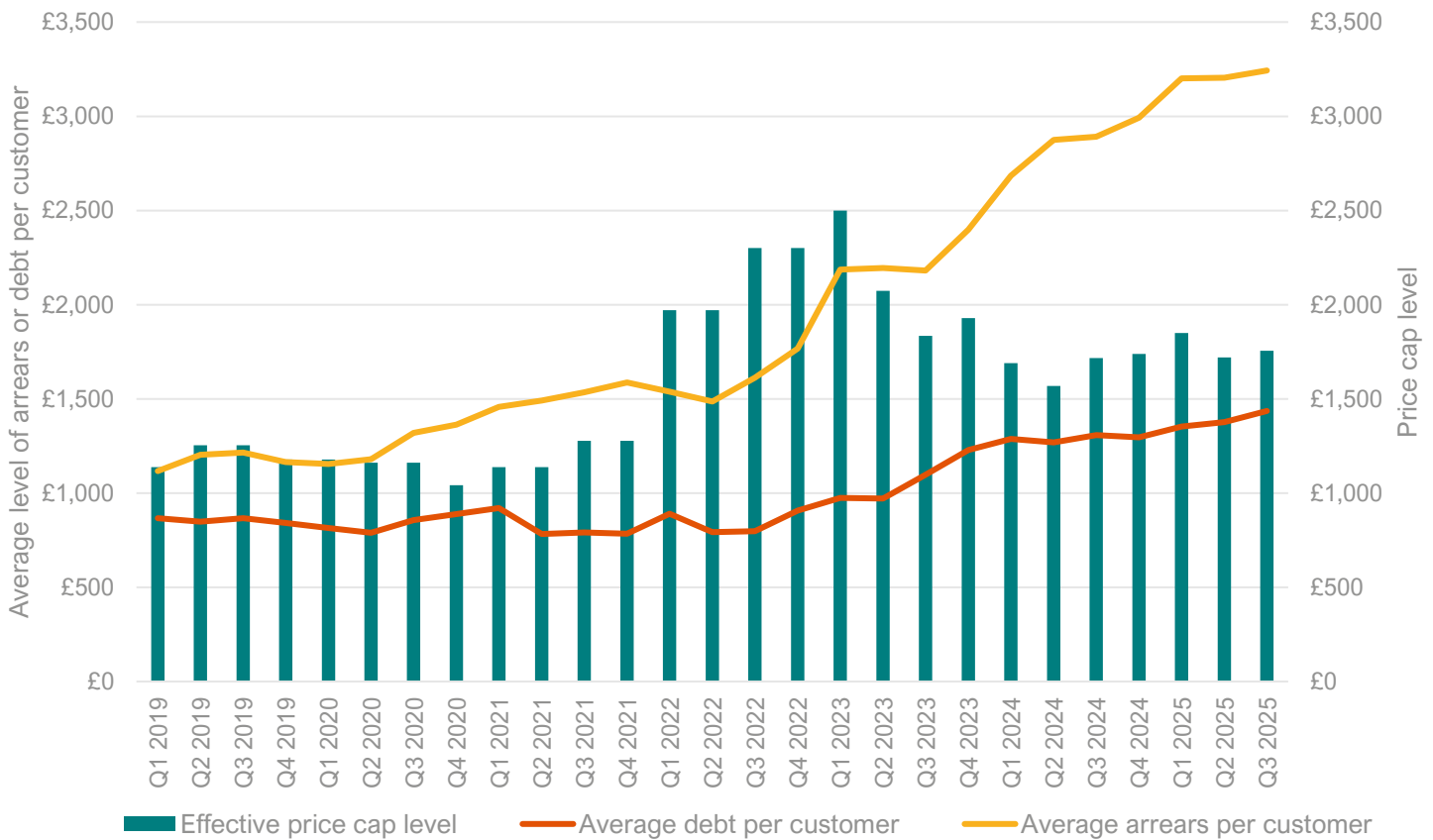
While the number of customers in debt has remained relatively stable in recent years, the amount they owe has increased dramatically, from around £800 in Q3 2021 to over £1,400 in Q3 2025, despite having repayment plans in place.

The amount owed by those in arrears has escalated much more dramatically, rising from around £1,500 to more than £3,200 in the same time period. As shown in Figure 4, this growth has continued even as energy prices have fallen considerably from the levels during the crisis.

¹⁰ [Ofgem \(2026\) Debt and arrears indicators](#)

¹¹ [Ofgem \(2026\) Debt and arrears indicators](#)

Figure 4: Average debt or arrears per customer and effective price cap (Ofgem)¹²

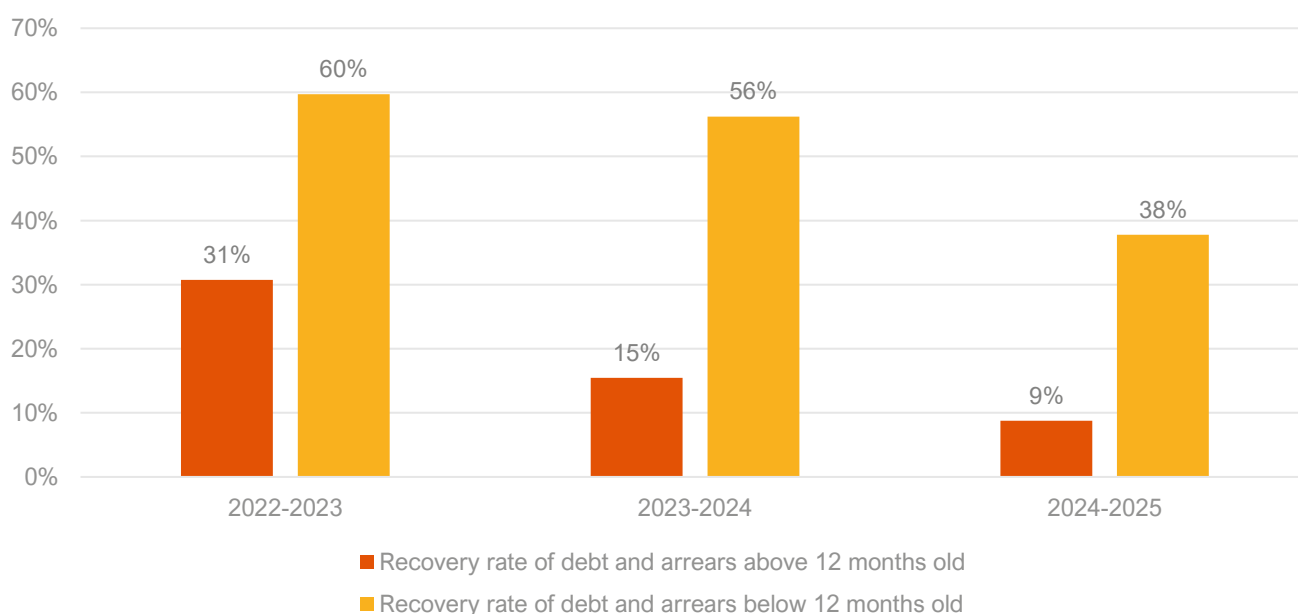


Older, higher-risk arrears have been growing quickly, while overall debt and arrears are forecast to continue rising rapidly

To develop a more granular understanding of energy debt and arrears trends, Energy UK has collected and analysed data from a number of large suppliers. Figure 5 shows that recovery rates for debt and arrears have fallen considerably in recent years. The data also demonstrate that collection rates on debt and arrears due for more than 12 months (“aged debt and arrears”), are only a quarter of the rates for those due for less than 12 months. This indicates that aged arrears generate disproportionately high managing costs and are more likely to be provisioned as unrecoverable by suppliers. Aged arrears have risen from 52% of total arrears in 2023 to 65% in 2025, illustrating that risk is increasing.

¹² [Ofgem \(2026\) Debt and arrears indicators](#); [Ofgem \(2026\), Energy price cap \(default tariff\) levels](#). Note: Effective price cap excludes costs paid by the Government during the energy crisis through the Energy Price Guarantee and Energy Bill Support Scheme.

Figure 5: Recovery rates for debt and arrears below and above 12 months¹³



Overall, the analysis showed that over the past 18 months, the growth in supplier provisioning has been slower than the corresponding rise in arrears. Therefore, suppliers appear to be growing a stock of older, high-risk arrears. This will ultimately lead to higher costs for all households.

Consulting firm Baringa estimates that household energy debt and arrears could grow by £1.6 billion in 2026 without a material intervention.¹⁴ Using the Energy UK definition of debt and arrears due for over 30 days, this would take the total financial value towards £7 billion. The consequence of this will be more provisioning by suppliers, deepening the hit to their balance sheets, and higher debt management costs. We estimate this would require another £10-£15 of debt recovery costs to be added to the energy bill for a typical dual-fuel household.

Energy debt is growing far more quickly than other forms of debt

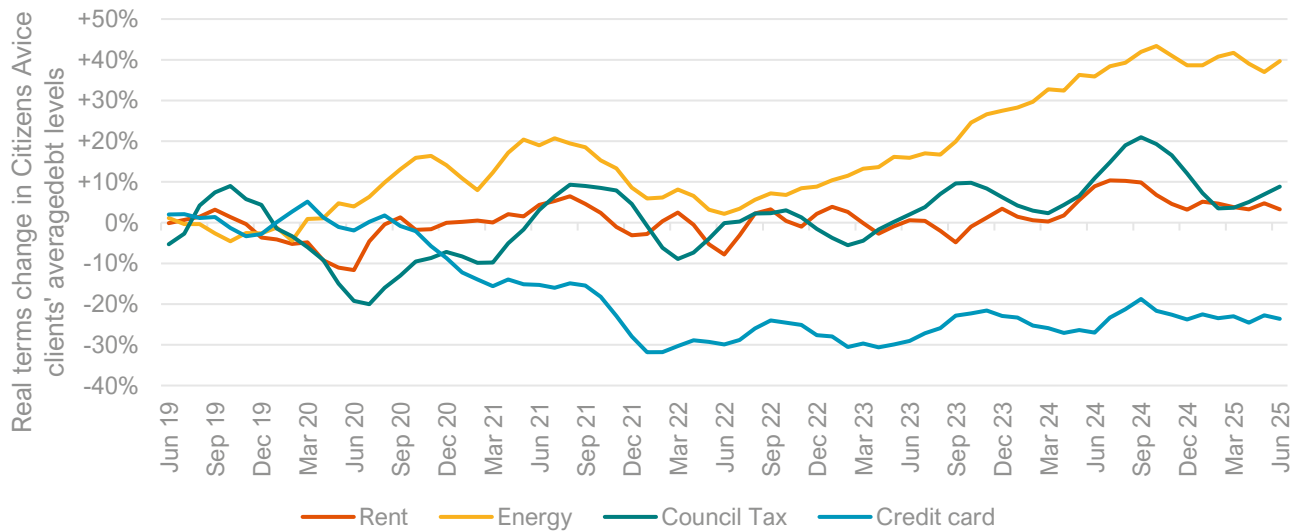
The recent trends in energy debt are unique to the sector, making it a distinct crisis. As shown in Figure 6, Resolution Foundation analysis of Citizens Advice data illustrates that among those seeking debt advice, energy debt has grown rapidly in the last two years, while other debt has been relatively flat or fallen.¹⁵

¹³ Energy UK's analysis

¹⁴ [Baringa \(2025\), Millions of UK households to face cost squeezes this winter as financial vulnerability increases](#)

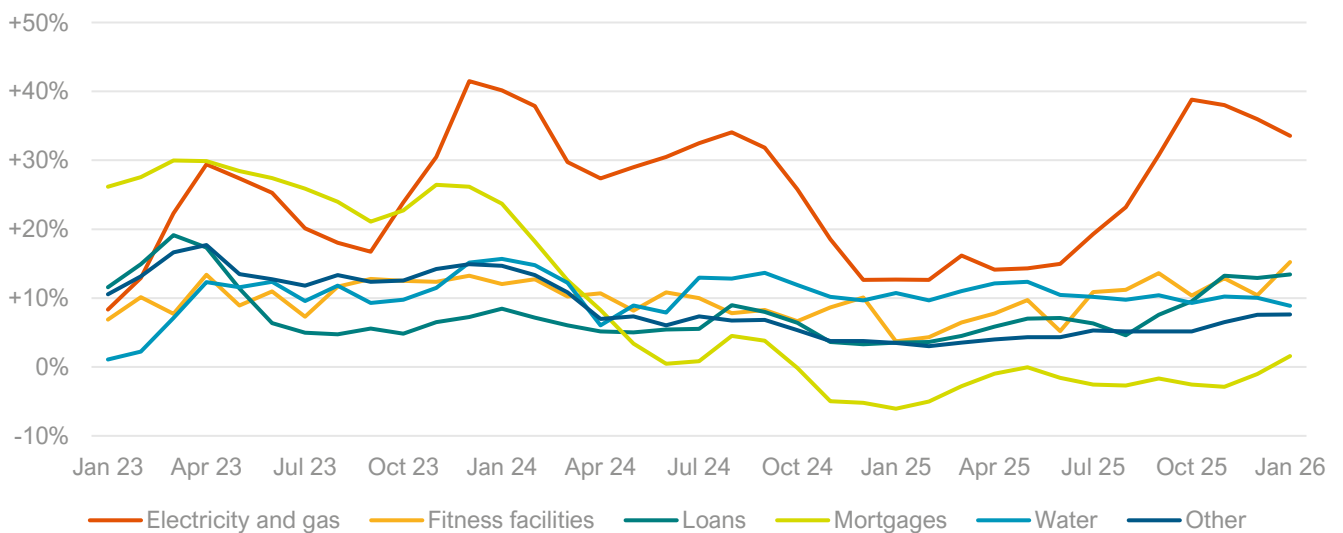
¹⁵ [Resolution Foundation \(2025\) Money on my Mind](#)

Figure 6: Year-on-year change in debt by type among households seeking debt advice (three-month rolling average)¹⁶



Data from the Office for National Statistics indicate that direct debit failures of electricity and gas bills have increased at a far greater pace than any other regular household payments, including water bills, as shown in Figure 7.¹⁷

Figure 7: Year-on-year growth in monthly direct debit failure rates (three-month rolling average, seasonally adjusted)¹⁸



¹⁶ [Resolution Foundation \(2025\) Money on my Mind](#)

¹⁷ [Office for National Statistics \(2026\), Monthly Direct Debit failure rate and average transaction amount](#)

Drivers of energy arrears

Although the amount owed by customers with energy debt has risen substantially in recent years, it has been dwarfed by the growth in arrears. Due to the lack of repayment plan, arrears are at much higher risk of going unpaid and, therefore, drive greater cost to suppliers, which ultimately increases energy bills for all customers. While this chapter focuses on the drivers of energy arrears, many of the factors described are also relevant to customers with debt.

Arrears are linked to affordability, but engagement is also an issue

Energy UK analysis of supplier data indicates that around 10% of the value of arrears comes from pre-scheme expansion Warm Home Discount (WHD) recipients.¹⁹ These customers either receive pension credit or other means-tested benefits and have high cost to heat. This is not a perfect measure of being in fuel poverty, but it is an indicator of customers who may struggle to afford their energy bills.

Supplier data also show that around one-quarter of arrears derives from customers who have characteristics that make prepayment meters unsuitable for them ('do not install prepayment meter' (DNI PPM)). This includes households with solely elderly occupants, children under two, or occupants with severe health conditions, including those requiring continuous supply for medical reasons. These characteristics do not, on their own, indicate affordability challenges, but when combined with being in arrears, they provide a possible signal of limited capacity to pay.

There will be cross over between WHD recipient and DNI PPM customers, suggesting that around 70% of energy arrears are accounted for by customers where there is no clear indicator of their circumstances. It is very difficult to ascertain these customers' ability to afford their current energy bills and repay arrears, and this group is likely to include customers in a wide variety of circumstances. Indeed, broader analysis by Baringa shows that around one-quarter of UK households that are in debt are extremely financially vulnerable, while roughly half are financially vulnerable, and the remaining quarter are either at-risk or non-vulnerable.²⁰

The combination of Energy UK analysis and Baringa figures suggests that energy arrears permeate society. From a family living in social housing that depends on universal credit to a median income owner-occupier household, energy arrears are a growing problem not just in scale but also in scope. Illustrative examples of the various profiles of customers in arrears are shown in Appendix 1, incorporating households with the following characteristics:

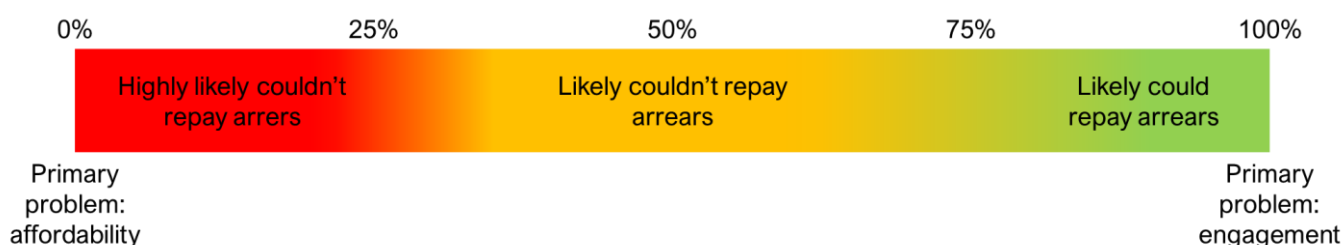
¹⁹ [DESNZ \(2025\), Expanding the Warm Home Discount Scheme, 2025 to 2026: government response](#). Note: Ahead of Winter 2025/26, DESNZ expanded the Warm Home Discount to a further 2.7 million customers by removing the high cost to heat threshold

²⁰ [Baringa \(2025\), Millions of UK households to face cost squeezes this winter](#)

special medical needs, low-income, state pension, lower middle-income, occupant with disability, and median income.

The data also show that there is a range of customer circumstances and attitudes when it comes to unpaid bills. At one end, there are customers with indicators that suggest they may have limited ability to pay their current bills let alone contribute to arrears. Here, there is a distinct affordability problem. At the other end, there are those that are paying their current bills and likely could repay their arrears but are choosing not to. Here, the problem is instead one of engagement as suppliers outreach efforts may struggle to gain any response, or customers might not agree to repayment options. Between the two ends, customer circumstances vary significantly and, in many cases, the problem will be a combination of affordability and engagement (such as Profiles 3 and 4 in Appendix 1).

Figure 8: Indicative breakdown of customers in arrears by ability to repay unpaid bills



The affordability problem

The significant increase in the cost of living in recent years has resulted in a considerable rise in the number of households struggling with their bills. Resolution Foundation's report, "Money on my Mind", shows that during the past five years the proportion of all customer bills in arrears increased across four of the five-income quintiles, and now nearly 20% of the poorest quintile are behind on at least one priority bill.²¹

Baringa data show that nearly seven million households are financially vulnerable, representing 24% of all households, up from 22% one year earlier. 2.3 million of those are extremely financially vulnerable, living at or below subsistence levels, with minimal income and savings.²² The growth and scale of financial vulnerability is mirrored in fuel poverty statistics, with National Energy Action estimating that the number of UK households in fuel poverty has increased from 4.5 million in 2021 to 6.1 million now.²³

While energy costs have fallen considerably since their peak in early 2023 and the Government is taking action to reduce them from 1 April 2026, bills are still projected to be

²¹ [Resolution Foundation \(2025\) Money on my Mind](#)

²² [Baringa UK \(2025\) – Financial Vulnerability Outlook](#)

²³ [National Energy Action, What is fuel poverty?](#)

more than one-third higher than they were pre-crisis throughout this year.²⁴ As a result, many households may not have capacity to repay historic arrears, while some face considerable pressure to keep up with their current energy bills, causing arrears to increase further.

Meanwhile, energy bill support is insufficient for those who are struggling the most. The Warm Home Discount (WHD) provides a £150 rebate to means-tested benefit recipients (a net saving of only £105 when the costs of paying for the scheme through energy bills are accounted for), far below the average fuel poverty gap of more than £400.²⁵ For a typical dual-fuel household, the net WHD saving equates to just 6% of the bill.²⁶ In contrast, social tariffs in the water industry provide discounts of up to 40%.²⁷ Further, even following the recent WHD expansion, 2.2 million low-income, disabled and older households still miss out on support due to a lack of accurate targeting, according to analysis from consultancy Public First.²⁸

The engagement problem

Suppliers play a significant role in trying to support customers in debt and arrears

Energy suppliers have multiple, varied initiatives to engage and support customers in arrears and have been adapting their approaches as the debt crisis has continued, including:

- Using data triggers like missed or cancelled payments or usage changes, to identify customers who might be struggling to pay before significant arrears accumulate.
- Investing heavily in training and vulnerability specialists that ensure frontline staff can handle debt conversations sensitively and with confidence, with some even employing social workers.
- Providing direct referral routes to debt advice agencies, charities, and income maximisation services so that customers receive holistic wellbeing and financial support. In some cases, the partnerships focus on specific vulnerabilities, such as bereavement, domestic abuse or mental health.

²⁴ [DESNZ \(2025\), What does the Autumn Budget mean for your energy bills?](#); [Ofgem \(2026\), Energy price cap \(default tariff\) levels - Annex 9](#); [British Gas \(2026\), Price Cap Predictions and Changes](#); [EDF \(2026\), Energy Price Cap Predictions & Forecast - How Will Prices Change](#); [E.ON \(2026\), Energy Price Cap Predictions and Insights](#); [Octopus Energy \(2026\), Energy price cap predictions](#)

²⁵ [House of Commons Library \(2025\), The Warm Home Discount \(WHD\)](#); [Department for Energy Security and Net Zero \(2025\) Annual Fuel Poverty Statistics report 2025](#)

²⁶ [Ofgem \(2026\), Energy price cap \(default tariff\) levels](#); Energy UK analysis

²⁷ [The Guardian \(2026\), Households in England and Wales must splash out more as water bills to rise by 5.4%](#)

²⁸ [Public First \(2025\) Closing the Fuel Poverty Gap](#). Note: Ahead of Winter 2025/26, DESNZ expanded the Warm Home Discount to a further 2.7 million customers by removing the high cost to heat threshold

- Working with charities and other partners to support customers and to build information about customers' circumstances. This includes a wide range of organisations including debt advice agencies.
- Offering matched payments schemes where every amount repaid by the customer is matched by the supplier, which helps customers clear debt whilst encouraging engagement. One large supplier reported having nearly doubled the total voluntary support they provide to customers in two years.

Satisfaction with energy suppliers' customer service among those in financially vulnerable and highly financially vulnerable circumstances has increased significantly in recent years, with the percentage satisfied now standing at 65% and 73% respectively.²⁹ This illustrates that the steps suppliers are taking to improve their engagement with struggling customers, many of whom will be in arrears, are being well received. Suppliers are continuously innovating to raise standards and find solutions for customers, and during 2026 the Vulnerability Commitment will be stepping up its work on energy debt.

It is too easy for customers to avoid engaging with their energy supplier

Despite the array of repayment options and other forms of support suppliers offer, and their significant efforts to reach customers through various routes, nearly three-fifths of customers with unpaid bills are not on a repayment plan.³⁰ One of the main reasons for this is that market design disincentivises engagement and interaction with suppliers. This means that customers who could repay arrears are instead able to free ride on the protections put in place for customers in vulnerable circumstances and bad debt being socialised across all customers.

The disproportionate increase in energy debt compared to other key household payments, as shown in Figures 6 and 7, demonstrates that the crisis is not purely driven by affordability. Households appear to be prioritising other payments over their energy bills.

The Resolution Foundation explains that this trend is driven by a combination of higher borrowing costs for other payments alongside a regulatory framework that creates a lack of immediate consequences for falling behind on energy bills.³¹ Unlike most debt, energy customers do not accrue interest on the money that they owe, and there are robust protections which result in an extremely low risk of disconnection from energy supply.³² This results in a situation where, for some households, energy arrears are inevitably viewed as a low priority in relation to other bills where non-payment would have more immediate consequences.

²⁹ [Ofgem \(2025\), Energy Consumer Satisfaction Survey: July to August 2025](#)

³⁰ [Ofgem \(2026\), Debt and arrears indicators](#)

³¹ [Resolution Foundation \(2025\) Money on my Mind](#)

³² [Ofgem \(2026\), Debt and arrears indicators](#)

The engagement problem starts from the moment people move into a new home

The regulatory framework enables a lack of interaction with the supplier right from the start of a customer consuming energy in their home. When someone moves into a new home (change of tenancy), energy accounts are switched to an unnamed 'occupier' in standard credit, also known as paying on receipt of bill. The account remains anonymous until one of the occupiers contacts a supplier to register.

However, there is no requirement for customers to set up an account and provide their details at any point, whereas suppliers are obligated to continue providing energy to these households even if they are not paying their bills and they have no way of engaging them. It is, therefore, extremely difficult for suppliers to recover unpaid bills in this scenario.

Energy UK data suggest that there are now more than one million households for which energy suppliers have no details. This is a significant concern given that our figures also indicate that change of tenancy drives between 10% and 15% of the total outstanding energy debt and arrears.

This process contrasts with the way change of tenancy works in many other countries across the world, such as the US, Australia and much of western Europe, where consumers are required to set up energy accounts to get on supply.³³ In the UK, customers are also required to set up accounts for broadband or to take on credit more generally, such as through a bank loan.

In November 2025, Ofgem announced plans to trial new processes during home moves, which would incentivise customers to quickly contact suppliers to set up an account. However, if this approach does not expand to the whole market swiftly, the debt crisis will worsen further before it begins to have a meaningful impact.

Standard credit payment is too widely used

Direct debit is the dominant form of energy bill payment, with 72% of households using this method, while 16% use standard credit where customers pay on receipt of a bill.³⁴ However, according to Energy UK data, households paying by standard credit represent around 50% of accounts in debt or arrears and contribute around 75% of the total financial value of debt and arrears. While standard credit customers pay almost £100 more in debt related costs than those paying by direct debit, this does not fully account for the additional costs they cause.³⁵ Ofgem chooses to protect standard credit customers to a degree by socialising some of the cost across direct debit customers.

Some standard credit customers are in circumstances where alternative payment methods may not be appropriate, such as having do-not-install (DNI) PPM characteristics. According

³³ [Ofgem \(2025\), Tackling energy debt when moving home](#)

³⁴ [Department for Energy Security and Net Zero \(2025\), Quarterly domestic energy customer numbers](#)

³⁵ [Ofgem \(2026\), Energy price cap \(default tariff\) levels](#)

to Ofgem, one quarter of customers paying by standard credit state that being required to change payment method would be a big inconvenience, half of whom are over 65.

Customers who choose to pay on receipt of bill (standard credit) often express concerns about difficulty keeping on top of finances, concerns about being overcharged, and other payment methods being more expensive.³⁶ In reality, standard credit is significantly more expensive than other payment methods, with the annual costs for a typical dual-fuel household almost £140 higher than direct debit and over £180 higher than PPM.³⁷

PPM installations have been severely restricted and support credit too widely applied

Smart PPMs (also known as Pay As You Go (PAYG)) are an effective tool for customers to manage their energy budgets, and straightforwardly monitor credit and top-up, while they also provide a 10% discount on bills compared to standard credit.³⁸ Many customers prefer smart PAYG to other meter options because of these benefits. Smart PAYG also allows a supplier to anticipate if customers are at risk of self-disconnecting and take action to remotely apply support where necessary. The meters also reduce the costs of managing debt and arrears, by ensuring higher rates of collection and allowing suppliers to better predict debt and arrears levels across their portfolio.

Following concerns raised, in early 2023, regarding the involuntary installation of PPMs in the homes of customers in vulnerable circumstances, Ofgem understandably placed a temporary ban on involuntary installations, launched a review into supplier practices, and expanded protections to a larger group of customers.³⁹

However, three years on from these issues first being raised, Ofgem has still not fully concluded its review of involuntary PPM processes. In addition, without a thorough assessment of their continued necessity, it has maintained until 2027 additional protections placed on PPMs installed under warrant.⁴⁰ While Ofgem has permitted many suppliers to restart involuntary PPM installations, they are placed under very heavy scrutiny, with the regulator adopting a burdensome approach.

The combination of severely restrictive rules, significant monitoring requirements, and the lack of conclusion of the review, makes it difficult for the sector to take the learnings from past mistakes and move forward. It also creates a very high administrative burden, which means suppliers are unable to be more proactive and offer customers smart PAYG where it is safe to do so, in order to get a grip on escalating energy arrears.

This situation has not just affected the involuntary installation of PPMs, but also voluntary installations, where customers request them. Energy UK data show that the number of

³⁶ [Ofgem \(2025\), Consumer impacts of market conditions survey: wave 6 \(January to February 2025\)](#)

³⁷ [Ofgem \(2026\), Energy price cap explained](#)

³⁸ [Ofgem \(2026\), Energy price cap explained](#)

³⁹ [Ofgem \(2023\), Involuntary prepayment meter decision](#)

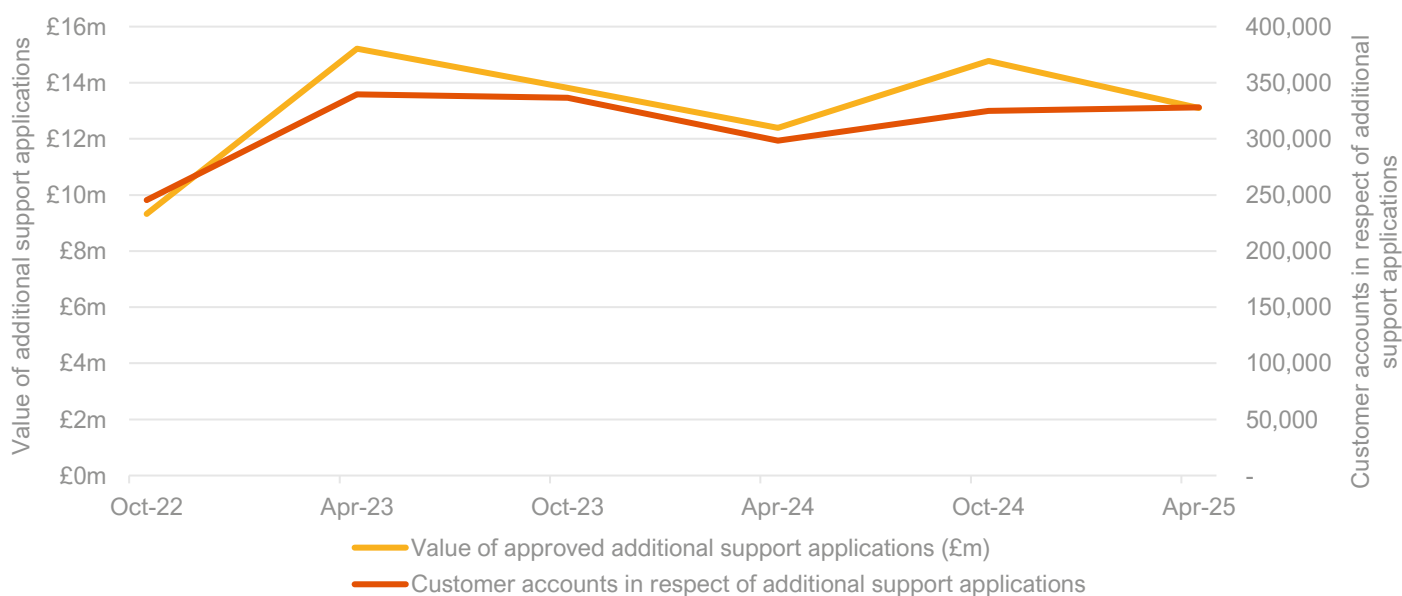
⁴⁰ [Ofgem \(2025\), Ofgem decision to extend protections on prepayment meters installed under warrant](#)

voluntary moves to PAYG fell by 70% between 2022/23 and 2024/25. This is likely in part due to the negative connotations surrounding PPMs following the media attention, but it is also driven by suppliers' concern over potential enforcement action for installations in all but the clearest of suitability cases, despite customers wanting the meters in these instances.

The dramatic decline in installations has resulted in PAYG becoming a smaller part of the energy market. Overall, the proportion of households with PAYG has dropped from 15% in mid-2023 to just 12% in 2025.⁴¹ This decline correlates very strongly with the growth in energy arrears during the past two years. Although Energy UK figures indicate that around 25% of the value of arrears are contributed by customers with DNI PPM characteristics, 75% of arrears are derived from customers on standard credit, suggesting that much wider use of PAYG to address arrears is possible.

Where customers have PAYG meters, past guidance for energy supplier provision of Additional Support Credit (ASC) also undermined their effectiveness as a budget management and debt prevention tool. Guidance provided by Ofgem in 2023 placed a significant emphasis on any indication of vulnerability requiring suppliers to act as a creditor to keep customers on supply, which led to considerable growth in the provision of ASC.⁴² Figure 11 shows that both the number and value of additional support applications have increased substantially in recent years. Given the lack of link to a sustainable payment solution, regular ASC provision risks exacerbating arrears.

Figure 11: Additional support applications over the last two years⁴³



⁴¹ [DESNZ \(2025\), Quarterly domestic energy customer numbers](#)

⁴² [Ofgem \(2023\) Letter on Additional Support Credit bad debt allowance](#); [Ofgem \(2025\) Additional Support Credit: our expectations](#)

⁴³ Estimation of market-wide ASC applications based on data representing between 72% and 82% of the market.

In August 2025, Ofgem updated its guidance, highlighting that ASC is not intended to provide ongoing affordability support and noting that suppliers can limit provision or reject applications if they think a customer may be misusing credit.⁴⁴ This has been a helpful intervention, giving suppliers more confidence to start restricting ASC provision where appropriate. However, it can still be difficult for suppliers to clearly assess whether it is in a customer's 'best interest' not to provide credit, especially in situations where information on the customer's circumstances is very limited.

Lack of data limits suppliers' ability to tailor solutions to customers' needs

Underlying many of the problems highlighted above is a lack of data on household circumstances. The change of tenancy process leaves one million customers remaining completely anonymous to suppliers. Even when customers do register, they may provide little information on their circumstances. Further, data shared by the Government, such as WHD eligibility, are very limited in scope and have restrictive rules on their use.

Therefore, suppliers are largely reliant on their own initiatives to determine customers' affordability and vulnerability circumstances, which can be difficult when market design disincentivises engagement. As a result, it is a major challenge for suppliers to ascertain which solutions are suitable for a given customer, such as smart PAYG or a multi-year repayment plan, and the chances of a customer considering any options can be very low.

Poor data can also cause problems in situations where customers in energy arrears are being supported by debt advice agencies. These organisations provide crucial support to customers that are struggling with their energy bills or finances more broadly and may, on the customer's behalf, submit applications to a supplier for a bespoke repayment plan, based on the customer's financial and vulnerability circumstances.

However, despite the creation of the Standard Financial Statement by the Money and Pension Service (MaPS), suppliers often find that information is inconsistent and unreliable, meaning they are unable to accept the applications and still lack sufficient information about the customer.

⁴⁴ [Ofgem \(2025\) Additional Support Credit: our expectations](#)

A comprehensive energy debt mitigation strategy

Household energy debt and arrears have escalated into an undeniable crisis over the past few years. It is no longer a problem solely for the indebted customers themselves. It has reached a point where it is causing significant damage to supplier finances, discouraging investment in the energy retail market and adds a considerable amount to all households' energy bills.

The debt crisis is driven by significant affordability challenges for many customers, with energy costs still far higher than before the gas crisis, but also market design that fails to encourage customers to engage with suppliers. While Ofgem is considering regulatory changes and implementing schemes that will be incrementally helpful, on their own they will be seriously insufficient.

The only way to effectively tackle the crisis is for all involved organisations, including the Government, Ofgem, energy suppliers and debt advice agencies, to come together to deliver a comprehensive energy debt mitigation strategy. The strategy must implement solutions that will address both the existing stock of debt and arrears, and the flow of new debt and arrears. To do this, it needs to introduce policies, regulations and working practice changes that deal with both the affordability problem and the engagement problem. The range of solutions needed to achieve these aims and the organisations responsible for delivering them are illustrated in Figure 12, while Appendix 2 shows which solutions would be applicable to the customer profiles.

Figure 12: Comprehensive energy debt mitigation strategy solutions by category and responsibility

	Affordability	Affordability and engagement	Engagement
Stock of debt and arrears		<ul style="list-style-type: none"> Well-designed Debt Relief Scheme phase two (1, 2) 	
Stock and flow of debt and arrears		<ul style="list-style-type: none"> Enhance data sharing (1, 2) 	<ul style="list-style-type: none"> Improve debt advice agency, supplier interaction (3, 4)
Flow of debt and arrears	<ul style="list-style-type: none"> Enduring targeted support scheme (2) 	<ul style="list-style-type: none"> Increase smart PAYG adoption (1, 2, 3, 4) Modernise payment obligations (1, 3) 	<ul style="list-style-type: none"> Reform change of tenancy process (1) Improve ASC provision (1, 3)

Responsible organisation: 1. Ofgem, 2. Government, 3. Energy suppliers, 4. Debt advice agencies.

Affordability solutions

Develop an enduring, targeted energy bill support scheme (Responsible organisation: Government)

The Warm Home Discount provides an insufficient discount for most of the customers that receive it, with a £105 net saving comparing to an average fuel poverty gap of at least £400, leaving them still struggling with current bills as well as debt or arrears.⁴⁵ Moreover, there are many households who need support but are ineligible.

There is urgent need for a Government-led enduring, targeted bill support scheme, based around five key principles:

- **Better targeting:** Use income, health, and energy usage data to identify which customers should be eligible for the scheme.
- **Tiered support:** Link the level of support to need, so that households facing the greatest affordability challenges and those essential energy requirements, such as medical equipment, receive greater energy bill discounts.
- **Variable support:** The level of support should vary with energy prices. This will ensure those that need support receive what they need if energy bills rise, without requiring expensive universal support as seen during the gas crisis.
- **Larger scale:** At current energy prices, the scheme would need to be at least £1.5 billion to adequately address the fuel poverty gap, although official figures may be an underestimate.⁴⁶
- **Progressive:** Funding for the scheme should move from energy bills to government spending, so that the cost can be distributed progressively. If there is insufficient fiscal capacity, hybrid funding between energy bills and taxation could be an option.

These changes would mean that customers like “Profile 1 - Special medical needs household”, which do not currently receive WHD, would be eligible for targeted support, while “Profile 2 – Low-income household” would receive a discount that more closely matches their needs.

⁴⁵ [House of Commons Library \(2025\), The Warm Home Discount \(WHD\); Department for Energy Security and Net Zero \(2025\) Annual Fuel Poverty Statistics report 2025](#)

⁴⁶ [Department for Energy Security and Net Zero \(2025\), Annual fuel poverty statistics report: 2025](#)

Affordability and engagement solutions

Enhance data sharing to enable the use of affordability and vulnerability indicators in debt and arrears processes (Responsible organisation: Government and Ofgem)

One of the key challenges when trying to engage indebted customers is that suppliers often have minimal information about them, so it is not possible to determine the right solutions for their circumstances. Energy suppliers are trying to improve their use of data through accessing credit reference agency information and open banking, but much greater changes are needed.

Currently, Government shares very limited data and tightly restricts their use, which provides little help to suppliers in these situations. However, it has shown considerable interest in making better use of data to deliver better services to consumers, including through the data sharing working group led by the Department for Energy Security and Net Zero (DESNZ) and the recently announced kickstarter projects.⁴⁷ It should expand the ambitions of this work to not only improve targeted energy bill support, but also enhance data sharing more broadly to help the energy sector tackle the debt crisis.

Improving data sharing requires a clear programme with several strands. The Government needs to make more data available, most importantly income and health data. It must also allow a wider range of use cases. Currently data can only be used to help alleviate fuel poverty. The scope should be expanded to addressing debt and arrears cases, and determining vulnerability. DESNZ should include legislation in the Energy Independence Bill to enable these data types and use cases. Meanwhile, multiple departments need to collaborate to process and clean data into a usable format. Industry stands ready to support Government in this work. Ofgem should also work with the Information Commissioner's Office, and local and health authorities, as well as consumer groups, to standardise data sharing agreements with suppliers.

The aim of this programme should be to provide the energy sector with a prepopulated vulnerability register and clear affordability indicators. This could help improve both affordability and engagement. Suppliers would be able to better tailor solutions, such as offering longer repayment plans, which could help customers such as "Profile 2 – Low-income household" and "Profile 3 – State pension household". It would also help suppliers efficiently ascertain that certain payment methods, such as PAYG, are not appropriate for some customers, including "Profile 1 – Special medical needs household". With suppliers better able to offer appropriate solutions from the start, customers may be more willing to engage.

⁴⁷ [Department for Science, Innovation and Technology \(2026\), Targeted energy bill support and simpler access to legal guidance among plans to put data to work to improve lives](#)

Create the capability to deliver a successful second phase of the Debt Relief Scheme (Responsible organisations: Ofgem and Government)

Since late 2024, Ofgem has been developing a Debt Relief Scheme with the aim of cutting the rising stock of debt and arrears. 15 months later, the regulator is finally close to launching the scheme, although this is still a couple of months away. The first phase of the scheme will be eligible to customers that receive means-tested benefits and either made a payment in the most recent billing period or agree to engage with their supplier in some way to address their unpaid bills. It will write-off debt and arrears accrued between 1 April 2022 and 31 March 2024.

This first phase of the scheme will improve affordability for customers receiving debt and arrears write-offs as they will have fewer unpaid bills to repay, as well as encourage those customers to engage with their supplier. However, the scheme is too small to have a material impact on the debt crisis. It is only expected to write-off between £312 million and £473 million of the total value of debt and arrears, less than 10%.⁴⁸ It is also narrowly targeted at a specific cohort of customers in debt or arrears.

A second phase of the Debt Relief Scheme would address the limitations of the first phase. In particular, it could reach customers that are in fuel poverty or other vulnerable circumstances causing affordability challenges, but do not receive means-tested benefits. However, it will not be possible to do this without creating a burdensome application process or enhanced data sharing from the Government. Therefore, Ofgem needs to immediately start working with Government to determine what additional affordability and vulnerability indicators could be made available in the near term, to ascertain whether a second phase could be delivered successfully and efficiently. If health data could be utilised, for example, “Profile 1 – Special medical needs household” could benefit from a second phase of the scheme.

Increase smart PAYG adoption (Responsible organisations: Ofgem, Government, energy suppliers and debt advice agencies)

Smart PAYG is a useful tool for customers that need to manage their energy budget tightly, offer cheaper tariffs than standard credit, and enable customers to become active participants in their energy use. The control and insight that a customer gains from a smart PAYG is far superior to that of standard credit, while the ability to manage the meter via a mobile device has many similarities to other customer experiences. The decline in PAYG use correlates very strongly with the growth in energy arrears during the past two years. This indicates that raising the adoption of smart PAYG is an essential component of tackling the debt crisis.

Increasing the use of smart PAYG requires higher rates of both involuntary and voluntary installations. Ofgem’s initial response to the issues raised regarding involuntary PPM

⁴⁸ [Ofgem \(2025\), Debt Relief Scheme: Statutory Consultation](#)

installation practices was justified. However, three years on the restrictions appear disproportionate, particularly in light of the financial and budget management benefits that smart PAYG offers, and the significant impact that low PAYG installation rates appear to have had on debt and arrears. There are various low-risk, practical changes Ofgem should make, which would improve the focus on customer outcomes and have a meaningful impact on installations, including:

- Adjust the pre- and post-install rules to be less prescriptive, such as by dropping the requirement for ten pre-install contacts and having a specific debt level trigger of £200 or more per fuel.⁴⁹ Process regulations should instead focus on the quality of customer experience.
- Review where some DNI PPM characteristics, such as a household with children under two, could shift to being a component of a holistic assessment of a customer's circumstances rather than automatically ruling out an installation.
- Provide more clarity surrounding the 'further assessment needed' criteria, including Ofgem's risk tolerance and approach to compliance and enforcement, as well as updating the safe and reasonably practicable assessment guidance given advancements in smart meter performance and the ability to immediately remotely switch a customer into credit mode should the need arise.
- Where it is reasonable to do so, allow suppliers to more routinely ask for verification of circumstances. This could come alongside an expectation that suppliers deploy all tools at their disposal to reduce unnecessary burden on customers, such as using credit bureau information to validate the age of occupants.

To increase voluntary uptake of smart PAYG requires efforts from multiple organisations to improve sentiment and remove stigma attached to them. Ofgem, the Government, energy suppliers, and debt advice agencies should collaborate to deliver multi-channel communications initiatives to highlight the benefits of smart PAYG, such as helping manage energy budgets, enabling straightforward credit monitoring and topping-up, and providing discounts compared to other payment methods. Ofgem should also consider officially renaming prepayment meters as 'Pay As You Go' meters, as many suppliers already call them. Further, it should assess whether a less restrictive stance towards 'further assessment needed' cases could be taken for voluntary installations given this would support positive customer outcomes.

Increasing adoption of smart PAYG would improve both affordability and engagement. Customers, such as "Profile 4 – Lower middle-income household", would move onto cheaper tariffs and would benefit from interacting with their supplier if they are struggling with affordability. Suppliers will also be able to better predict if these customers are likely to go into arrears and intervene early to support them.

⁴⁹ [Ofgem \(2023\), Involuntary prepayment meter decision | Ofgem](#)

Modernise payment obligations (Responsible organisation: Ofgem and energy suppliers)

Suppliers are obligated to allow customers to use any of the main payment methods, including standard credit. This is no longer a tenable position given standard credit customers' overwhelming contribution to the scale of the energy debt crisis, accounting for around 75% of the value of debt and arrears.

Suppliers already work to encourage and support customers to shift away from standard credit, including by communicating that they pay more than necessary. It is important suppliers continue these efforts, but they need to be backed up by regulatory change for a material transition to occur.

Some standard credit customers are in circumstances where alternative payment methods may not be appropriate, such as "Profile 1 – Special medical needs household". However, many others, for example "Profile 6 – Median income household", could shift to smart PAYG or direct debit. Ofgem should update its billing rules so that suppliers only have to offer standard credit to customers who cannot pay by direct debit or smart PAYG due to their circumstances. These customers could be easily identified in the future as a result of the Government's data sharing work, if its scope is expanded.

Customers moving across to direct debit could potentially be supported by allowing flexible payments. While this would not be appropriate to apply universally, in certain circumstances it could provide some customers with more control and lead to fewer failed billing attempts for a supplier. Given the scale of the debt crisis and the need for multiple solutions, the industry and Ofgem should promptly collaborate to ascertain the role flexible payments could play in tackling the challenge and explore how innovation in this space can be supported.

Modernising payment obligations will help to improve engagement by requiring more customers to register accounts and set up direct debits or move onto smart PAYG. It will also help affordability by shifting customer away from the most expensive payment method.

Engagement solutions

Reform change of tenancy process (Responsible organisation: Ofgem)

The lack of requirement for a household to set up account details with their energy suppliers makes Great Britain an international outlier and is a meaningful contributor to the debt crisis, accounting for 10% to 15% of total debt and arrears.⁵⁰ Therefore, it is crucial that the change of tenancy process evolves to prevent further unnecessary build-up of arrears.

⁵⁰ [Ofgem \(2025\). Tackling energy debt when moving home](#)

Ofgem has announced plans to trial a new process to switch smart meters into prepayment mode in situations of domestic customers moving homes. This is a sensible proposal, but unless it moves from a trial to a market-wide solution swiftly, these situations will continue to drive significant arrears growth. The regulator is understandably concerned about the potential impact on customers in vulnerable circumstances, but it is important to note that this process already occurs whenever anyone moves into a home with an existing PAYG meter. The key aim of the trial should be to understand any additional risks and determine how to mitigate them. Ofgem should also aspire to move quickly, fully introducing this change before winter 2026/27.

While smart meters operating in smart mode now account for around two-thirds of all meters, there is a substantial proportion of the market for which this solution would not apply.⁵¹ Thus, Ofgem also needs to examine possible alterations to the change of tenancy process for homes with traditional meters.

Improve Additional Support Credit (ASC) provision (Responsible organisations: Ofgem and energy suppliers)

Historical Ofgem guidance for the provision of ASC led to a significant proliferation in its use. While in many cases this will have provided much needed support, it meant that ASC was both adding to the debt crisis itself and making PAYG a less effective debt management tool. More recent guidance has helped to rebalance expectations towards limiting provision, where possible, and providing alternative support. This could help customers like “Profile 2 – Low-income household” to reduce its reliance on ASC.

To be effective, suppliers need to be comfortable that they will be supported by Ofgem where they have assessed that providing ASC is not appropriate. The regulator needs to provide greater clarity regarding what it considers to be in a customer’s ‘best interest’, which is a key element of ASC rules, and its risk tolerance in this area. It should also monitor whether the new guidance has been effective in restricting ASC provision and if not, assess further options to provide suppliers with the confidence to adapt their approach. Equally, suppliers need to utilise this change of guidance to try to engage PPM customers that are currently reliant on ASC and help them adopt more sustainable solutions.

Nevertheless, it must be acknowledged that some customers who are currently reliant on ASC would really struggle without it, so helping them into a more sustainable position is dependent on the Government implement an improved targeted support scheme.

⁵¹ [Department for Energy Security and Net Zero \(2025\), Smart meters in Great Britain, quarterly update September 2025](#)

Improve debt advice agency, supplier interaction (Responsible organisations: energy suppliers and debt advice agencies)

Many suppliers have partnerships, or long-standing relationships, with consumer groups and debt advice agencies. However, both sides often report challenges of working with each other. Ultimately, this exacerbates the debt crisis, because fewer customers are able to agree manageable repayment plans, and arrears continue to be unpaid. It is crucial there is a strong working relationship between energy suppliers and debt advice agencies. This could lead to solutions for various customer types, including “Profile 2 – Low-income household”.

The [Energy UK Vulnerability Commitment](#) is taking on this challenge in 2026 by bringing together suppliers and debt advice agencies in various activities across the year. This will include running dedicated shared learning sessions on debt and affordability to help improve collaboration, and ensure both sides are providing the information and correspondence the other needs.

Conclusion

If successfully implemented, the comprehensive energy debt mitigation strategy would immediately improve engagement levels, translating into more repayment plans being agreed and repayment rates increasing. In time, it would result in overall debt and arrears falling substantially due to both historical debt and arrears being cut, as well as the prevention of new arrears accruals. Industry stands ready to work with Government, Ofgem, debt advice agencies and other key stakeholders to put these proposed solutions into practice and overcome this crisis together.

Appendix 1: Energy arrears indicative customer profiles

Profile 1 – Special medical needs household	
Household characteristics: <ul style="list-style-type: none"> • Occupants: Two adults and a child with special medical needs • Tenure: Private rented • House type: Two-bedroom flat • House efficiency: EPC 67 – D • Income quintile: Second (Lower middle) 	
Energy profile: <ul style="list-style-type: none"> • Consumption: Very high, driven by high electricity usage for medical equipment • Payment method: Standard credit • Warm Home Discount recipient: No 	
Arrears profile: <ul style="list-style-type: none"> • Arrears accumulation start: Early energy crisis – Q1 2022 • Arrears accumulation end: Not available – continuing to accumulate • Payment of current consumption: None • Contributions to repaying arrears: None • Repayment capacity: None – Cannot afford current consumption 	

Arrears	Monthly income	Monthly expenditure, including current energy bills	Remaining funds at month end – without debt repayment
£3,194	£2,275	£2,301	-£26

Profile 2 – Low-income household

Household characteristics:

- Occupants: Two adults and two children
- Tenure: Social rented
- House type: Three-bedroom semi-detached
- House efficiency: EPC 62 – D
- Income quintile: First (Lowest)

Energy profile:

- Consumption: Higher than a typical household due to size of home and lower building efficiency
- Payment method: Prepayment Meter
- Warm Home Discount recipient: Yes

Arrears profile:

- Arrears accumulation start: Early energy crisis – Q1 2022
- Arrears accumulation end: Not available – continuing to accumulate
- Payment of current consumption: No – regularly receives Additional Support Credit
- Contributions to repaying arrears: None
- Repayment capacity: Very limited – a two-year repayment plan would result in a significantly negative budget, and even an extension to 6 years would leave the household with no remaining funds.

Arrears	Monthly income	Monthly expenditure, including current energy bills	Remaining funds at month end – without debt repayment	Remaining funds - with potential debt repayment of 2 years	Remaining funds - with potential debt repayment of 6 years
£3,194	£1,859	£1,825	£34	-£87	£2

Profile 3 – State pension household

Household characteristics:

- Occupants: One retired adult
- Tenure: Owner occupier
- House type: One-bedroom bungalow
- House efficiency: EPC 65 – D
- Income quintile: First (Lowest)

Energy profile:

- Consumption: Slightly below due to small house size
- Payment method: Direct Debit
- Warm Home Discount recipient: Yes

Arrears profile:

- Arrears accumulation start: Mid energy crisis – Q4 2022
- Arrears accumulation end: Q1 2024
- Payment of current consumption: Yes, but occasionally fails direct debit payment
- Contributions to repaying arrears: Occasional
- Repayment capacity: Limited – a two-year repayment plan would leave the household with a negative budget. An extension to a four-year or six-year repayment plan would leave the household with a reasonable positive budget.

Arrears	Monthly income	Monthly expenditure, including current energy bills	Remaining funds at month end – without debt repayment	Remaining funds - with potential debt repayment of 2 years	Remaining funds - with potential debt repayment of 4 years	Remaining funds - with potential debt repayment of 6 years
£1,916	£1,001	£929	£73	-£1	£39	£52

Profile 4 – Lower middle-income household

Household characteristics:

- Occupants: Single adult and three children
- Tenure: Owner-occupier
- House type: Large semi-detached house
- House efficiency: EPC 65 – D
- Income quintile: Second (Lower middle)

Energy profile:

- Consumption: Higher than typical, due to large, inefficient house
- Payment method: Standard Credit
- Warm Home Discount recipient: No

Arrears profile:

- Arrears accumulation start: Early energy crisis – Q1 2022
- Arrears accumulation end: Q4 2024
- Payment of current consumption: In full
- Contributions to repaying arrears: Occasional
- Repayment capacity: Limited – a two-year repayment plan would leave the household with almost no budget, but an extension to a four-year repayment plan would leave them with a comfortable positive budget.

Arrears	Monthly income	Monthly expenditure, including current energy bills	Remaining funds at month end – without debt repayment	Remaining funds - with potential debt repayment of 2 years	Remaining funds - with potential debt repayment of 4 years
£2,555	£2,275	£2,190	£85	£4	£57

Profile 5 – Household with disability

Household characteristics:

- Occupants: Two adults, one of which has a disability, and two children
- Tenure: Social rented
- House type: Typical three-bedroom terraced house
- House efficiency: EPC 70 – C
- Income quintile: Second (Lower-middle)

Energy profile:

- Consumption: Typical
- Payment method: Standard Credit
- Warm Home Discount recipient: No

Arrears profile:

- Arrears accumulation start: Late energy crisis – Q1 2023
- Arrears accumulation end: Not available – continuing to accumulate
- Payment of current consumption: In full
- Contributions to repaying arrears: Occasional
- Repayment capacity: Reasonable – a two-year repayment plan would leave a reasonable budget. A four-year repayment plan would leave a comfortable budget.

		Monthly expenditure, including current energy bills	Remaining funds at month end – without debt repayment	Remaining funds - with potential debt repayment of 2 years	Remaining funds - with potential debt repayment of 4 years
Arrears	Monthly income				
£1,880	£1,771	£1,671	£99	£31	£60

Profile 6 – Median income household

Household characteristics:

- Occupants: Two adults and three children
- Tenure: Owner occupier
- House type: Large four-bedroom detached house
- House efficiency: EPC 65 – D
- Income quintile: Third (Middle)

Energy profile:

- Consumption: Slightly higher than typical due to inefficient house
- Payment method: Standard Credit
- Warm Home Discount recipient: No

Arrears profile:

- Arrears accumulation start: Early energy crisis – Q2 2022
- Arrears accumulation end: Q1 2024
- Payment of current consumption: In full
- Contributions to repaying arrears: None
- Repayment capacity: Significant – a two-year repayment plan would leave a comfortable budget.

Arrears	Monthly income	Monthly expenditure, including current energy bills	Remaining funds at month end – without debt repayment	Remaining funds - with potential debt repayment of 2 years
£2,685	£3,058	£2,862	£196	£84

Appendix 2: Comprehensive energy debt mitigation strategy solutions by applicability to indicative arrears customer profiles

Solutions	1	2	3	4	5	6	7
Profile 1 – Special medical needs household	✓	✓	✓				
Profile 2 – Low-income household	~	✓	~	~		✓	✓
Profile 3 – State pension household	~	✓	~	?			✓
Profile 4 – Lower middle-income household	✓		✓	✓	✓		✓
Profile 5 – Household with disability	✓	✓	✓	?	✓		✓
Profile 6 – Median income household				✓	✓		

Solutions

1. Enduring targeted support scheme (~ represents WHD recipient)
2. Enhance data sharing
3. Well-designed Debt Relief Scheme phase two (~ represents eligible for phase one)
4. Increase Smart PAYG adoption (~ represents existing PAYG user; ? represents age-dependent or disability-dependent)
5. Modernise payment obligations
6. Improve ASC provision
7. Improve debt advice agency, supplier interaction

Note: Change of tenancy process excluded as dependent on moving home.



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