**Prepayment – self-disconnection**

SC and DD customer disconnections are rare but no parity of protections for PPM customers**.** Aims:

- o Understand causes of self-disconnection
- o Explore potential solutions
- o Explore potential for better monitoring

| Cause | Issue | Prevention/solution | Prevention smart | Comments |
|-------|-------|---------------------|------------------|----------|
| **Lack of money** | Customer has insufficient funds to be able to top up the meter. Can be ongoing or temporary: e.g. due to low income; benefits delayed. Particular problems with rollout of universal credit – delays in processing; penalties, eligibility problems. | • Short-term fixes e.g. provide credit; temporary debt holiday<br>• Debt holidays during winter months<br>• Reduction in debt repayment levels – should already be considering ability to pay<br>• Wipe-off debt<br>• Referrals – food banks, assistance such as WHD, financial advice, benefits entitlement checks<br>• Cheapest tariff check<br>• Energy efficiency advice<br>• Referral to ECO<br>• Don't allow customers onto PPM if they are 'high risk of financial detriment'<br>• Better policy coordination<br>• Crisis loans<br>• Better communication between energy companies and DWP – when coming where | Non-disconnection periods for gas and electricity at least mean have energy at key times<br><br>Non-disconnection periods throughout winter<br><br>Faster provision of support - remote credit to the meter – don't need expensive home visit<br><br>Doesn't solve the problem | Consider which solutions allow the customer to pay back debt over a longer period of time versus those that encourage debt build up which might not be in the customer's interest<br><br>Not allow customer onto a PPM if high risk of disconnection, i.e. severe financial vulnerability.<br><br>Non disconnection during winter arguably provides parity of protections, but debt build up, and how incentivise customer to continue to top up?<br><br>Acceptable repayment rates differ between DWP.<br><br>Lack of wider support available if customer simply can't afford to pay.<br><br>Consider which change behaviour and which don't.  Key issue money management. |

| Lack of understanding/engagement | Customer uses previous tenants' key or card – unwittingly paying more than need to/ paying off someone else's debt.<br><br>Don't realise the meter is low on credit – as meter outside of the house/asleep. Temporary disconnection<br><br>Don't understand how to access key information on the meter – makes managing energy use and budgeting more difficult. | • Tenancy – raise awareness of issues via landlords (don't just hand over the old payment device)<br>• Training on using PPM<br>• Face to face support<br>• Simple information on the website – not widely available<br>• Suppliers don't know when change of tenancy and customer changed – so need to send communications regularly | Smart meter installation – key trigger point to explain PPM<br><br>Design of smart meters and displays should mean key information easier to find and access<br><br>Low credit alerts e.g. on IHD, or text alerts by phone prevent disconnection in error.<br><br>Potential to send messages via IHD<br><br>Are ways through smart top up process to require customer to identify themselves e.g. top up cards/help suppliers keep in touch. E.g. some solutions don't require payment card.<br><br>Remote top up means likely shorter times off supply. Friendly credit tailored to needs more? | Ensure SMICOP fit for purpose. Concerns requirement for PPM demonstration does not cover PPMs where WAN not working and this may be sizeable number of customers.<br><br>Customers with mental health issues/learning difficulties<br><br>Need to train staff.<br><br>Under safe and reasonably practicable guidance suppliers should ensure customers be able to understand PPM – are suppliers complying? |
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| Standing charge build up over summer | Customers don't top up energy meter over summer – either as been away or as only using electricity. Then when start to vend, have to pay back money owed. | • Regular communications – pre summer.<br>• Identify customers not vending over summer and target them.<br>• Work with CitA<br>• Website<br>• Messages on receipts<br>• Information and support<br>• Not just suppliers, other organisations<br>• Standing charge holiday<br>  Remove two-tier tariff<br>• Derogation for PPM customers? | Installation visit – opportunity to communicate need to top up over summer<br><br>Messages via IHD?<br><br>Single wallet – mixed views as customers lose control | Single tariff – flat rate easier – not practical though?<br>Challenges identifying customers |
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| **Location of the meter** | Meter located in a place that the customer can't access either permanently or temporarily e.g. communal cupboard | • SLC in place to move for free if it's not right – are suppliers complying?<br>• Promote awareness of rights | IHD/PPMID – could address access – but need to ensure reliable before 'safe and practicable'<br><br>Move meters during installation visit – require this by putting in SMICOP | Up high – temporarily immobile due to ill health |
| **Using the wrong key/card** | Customer uses wrong key or card. In today's world still get supply in smart world, may be left off supply. | • Raise awareness among landlords/estate agents on change of tenancy | Easier to replace – depends on design | Unclear what solutions will be in place |

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| **Chaos – lifestyle – forget** | Customer forgets to top up. When needs to top up closed, or night-time or can't leave house as children at home. | • Text reminders<br>• Ensure meters in accessible place so hear low credit warning? | Greater convenience in terms of top up options – makes easier to get back on supply if disconnect in error.<br>Can monitor their usage and text reminders when low on credit | |
| **Lost, faulty, stolen payment devices** | Customer loses card or key – or it is faulty or stolen. | • Replacement cards can take up to 7 days to replace. Industry cooperation on replacing cards.<br>• Suppliers come out to wind on meters in some instances. | Multiple cards, rather than one.<br>Remote top up, not need a payment device at all? | |
| **Smart meters – communications blocked due to location** | Wireless communications may not work meaning the customer's top up does not meet the meter. | • Support system<br>• Can choose warning mode<br>• Remote key in code | | |

**How can we best monitor/identify households who are self-disconnecting?**

| Options | Comments | Smart |
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| **Vend patterns** -  frequency, amount, time of year | Need to factor in seasonal variations in behaviour. Issues with optimal timeframes.  Theft issues. Frequency is a crude tool. Demographics changing – some top up large amounts infrequently. Need to cross reference with other data. | Improves data especially for gas. |
| Vend amount  - those that top up small amounts frequently | | Instant notification for disconnection |
| Target monitoring at certain groups e.g. PSR, health records, LSOA, cross referencing with housing data, cancellation of standing charge, tags e.g. mental illness. | e.g. WHD, PSR – problems of reliability of vulnerability flags. Use non vend report and PSR together. Energy dependent customers | More data, but need better understanding of patterns linked to self-disconnection |
| High electricity vends and no gas – esp. for standing charge build up issues. | Potential for non-purchase reports – reasons | Quicker insight but not real time- still batch over night. More insight to have a conversation with customers. |
| Repeat use of emergency credit/friendly credit | Some people just operate this way | Contact levers will change |
| When monitor – post installation | Even when suppliers do monitor customers may not need or want help.  Trust issues with supplier. Finding customers is main problem. | Prioritisation becomes more impt given levels of data.  Remains a difficult conversation. |
| Follow-up consider good practice | Issues in terms of if they do or don't have contact information – should there be a home visit? | Picks up patterns linked to pay day/benefits payments |
| Patterns linked to pay day | Potential privacy concerns | Alarm on change of pattern – problems if high vend |
| Triggers | Hard to find. | |

**Consumer protections – next steps**

- Should we be aiming for parity of protections – if so what does that mean?
    - Same protections regardless of payment method?
    - Same outcomes
- If a customer is in extreme financial difficulty should they be on a PPM?
    - Would companies carry more debt, debt smeared across other bill payers – or does this happen to a large extent now anyway?
- Debt breaks during winter? Debt build up but effectively what happens now if can't pay
- Update guidance e.g. be more prescriptive about what suppliers have to do to identify customers, or help them when they identify a problem.
- Monitor meter positions – people send in meter location – pair up with that website?/SMICOP
- Promote customer rights issue – change of tenancy
- Customers in vulnerable situations never disconnected in winter – e.g. load limiting or friendly credit
- Some kind of back stop tariff/ link up PPM with WHD?
- Targeting landlords – change of tenancy issues
- Should suppliers report on self-disconnection. If so:
    - What, who, how frequently?
- More do to on enforcement of existing conditions
- ICO advice on data sharing inconsistent – but no real privacy issues raised by consumers so far
- Need to start prevention at the installation.
- Remote switching safeguards – what are suppliers actually doing?
- What is safe and reasonably practicable is higher in a smart world

Should we/can we?

1. Update guidance – more prescriptive on this issue
2. Monitor self-disconnection
3. Debt holidays for vulnerable customers during winter October-March
4. Customer in 'severe financial hardship' deemed not to be safe and practical
5. Joint letter to DWP about communicating role out