

Report

Debt communications messaging: Evidence from customer and behavioural insights

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This report outlines the methods and findings of a two-phased research project, undertaken in July–August 2021 by Ofgem’s Customer and Behavioural Insights team. The purpose of this research was to provide empirical evidence to inform what constitutes ‘good’ practice for energy supplier debt communications. It combined qualitative interviews with an online behavioural experiment for over 1,500 GB domestic energy customers.

This research was designed to understand how the content and tone of energy debt communications can influence not only customers’ intentions to engage with suppliers, but also their attitudes towards, and the emotional impact of, receiving the communication, as well as their comprehension of key information.

Collectively, the findings from this research project provide evidence in favour of communicating debt information in a compassionate tone, and that providing information about available debt solutions and support should be the primary focus of initial debt communications from suppliers.

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Contents

Executive Summary	4
1. Introduction	5
2. Summary of findings.....	7
3. Research methods	10
Section summary	10
Phase One: Qualitative user interviews.....	11
Phase Two: Quantitative online experiment.....	12
The advantages and disadvantages of online experiments	13
Experimental design	14
Debt communications design	15
4. Results.....	18
Section summary	18
Phase One: Qualitative user interviews.....	18
The customer context	18
Qualitative findings.....	20
Phase Two: Quantitative online experiment.....	21
Intentions to make contact	22
Self-reported intentions.....	22
Intentions of others	24
Perceptions of suppliers	26
Comprehension of key information.....	28
Other findings	31
Perceived tone of the communications	31
Ranking of priorities.....	33
Impact of engagement over multiple pages	34
5. Discussion and conclusions.....	36
Implications for supplier debt communications	36
Conclusions.....	38

Executive Summary

Ofgem’s job, as energy regulator, is to protect the interests of consumers in the energy market. The Covid-19 pandemic has put pressure on the finances of many households. Increases in global gas prices are feeding into higher energy bills for consumers, as seen by the rise in the level of the price cap from 1 October 2021. Taken together, these effects mean that more households may struggle with their energy bills this winter.

In order to protect consumers, we have put in place rules on energy suppliers to treat their customers fairly. This is particularly important in terms of how suppliers communicate and engage with customers experiencing financial difficulty. Here, there are three core outcomes that we want suppliers to meet:

- Customers know that they can contact their energy supplier easily, and be treated fairly when they do;
- Customers are aware that energy suppliers will directly provide support where appropriate, or signpost to a relevant organisation who can; and
- Customers understand that energy suppliers must take into account an individual’s ability to pay.

This report outlines the methods and findings of a two-phased research project, undertaken by Ofgem’s Customer and Behavioural Insights team. Its aim was to understand how the content and tone of energy debt communications can influence customers’ intentions to engage with suppliers, their attitudes and the emotional impact of receiving the communication, and their comprehension of key information. The first phase consisted of 30 qualitative interviews with GB domestic energy customers. The second phase was an online behavioural experiment for over 1,500 GB domestic energy customers.

The research found that energy debt communications that are more ‘harsh’ in tone (as described by participants), and focus on encouraging immediate repayment of debt, do not increase intentions to engage with energy suppliers. In fact, engagement may reduce when compared to communications that are ‘friendlier’ in tone (as described by participants) and focus on the availability of alternative debt solutions. ‘Harsh’, immediate payment-focused communications performed worse in measures to probe belief that a supplier would meet Ofgem’s core outcomes for effective debt communication. They also resulted in reduced objective comprehension of key information and were less likely to be read in full.

Collectively, these findings emphasise the importance of tone in communicating debt information, and of providing clarity about available debt solutions and support.

1. Introduction

- 1.1. The Covid-19 pandemic has caused an increase in worry about falling behind on energy bills as a result of lost income¹. Increases in global gas prices are feeding into higher energy bills for consumers, as seen by the rise in the level of the price cap from 1 October 2021. As we move to the next phase of the pandemic ahead of Winter 2021, it is therefore important that the energy industry is prepared for the potential challenges that may arise, especially since the increase in energy consumption during colder months could exacerbate existing issues. Coupled with other external factors (such as the ending of the furlough scheme) this raises the risk of an increase in customer indebtedness, as well as an increased risk of customers finding themselves in debt for the first time.
- 1.2. When an energy customer is informed that they are in debt to their supplier, they must proactively engage with their supplier or an independent source of advice, to discuss the solutions and support available to them in resolving the debt. This means that the way in which this information is communicated to the customer could affect their desire to respond, or their understanding of appropriate steps to take.
- 1.3. Ofgem’s Consumer Protection Report: Autumn 2021² has identified areas for improvement by some suppliers throughout their customer billing journey, including the need for more support for customers who are struggling to pay, and through communications of debt recovery intentions. As part of our duty to protect customers, Ofgem wants suppliers to ensure that communications meet three core outcomes:
- Customers know that they can contact their energy supplier easily, and be treated fairly when they do;
 - Customers are aware that energy suppliers will directly provide support where appropriate, or signpost to a relevant organisation who can; and
 - Customers understand that energy suppliers must take into account an individual’s ability to pay.

¹ Ofgem (2021). [Consumers’ experiences with energy during the Covid-19 pandemic](#)

² Ofgem (2021). [Consumer Protection Report: Autumn 2021](#)

- 1.4. This means that, to meet these outcomes, it is not enough for communications to be written in a way that simply maximises the likelihood of customer engagement by any means. Rather this must be achieved in a way that is respectful of a customer's perceptions of the emotional and practical consequences of engagement, and their understanding of supplier obligations.
- 1.5. This report outlines the methods and findings of a two-phased research project, undertaken by Ofgem's Customer and Behavioural Insights team. This research aimed to understand how the content and tone of energy debt communications can influence customers' intentions to engage with suppliers, their attitudes towards, and the emotional impact of, receiving the communication, as well as their comprehension of key information. The purpose of this was to provide empirical evidence to inform what constitutes 'good' practice for energy supplier debt communications as outlined in Ofgem's Consumer Protection Report: Autumn 2021.
- 1.6. The research prioritised understanding how customers' desire to respond and understanding of appropriate steps to take is affected by the first communication that they would receive from a supplier informing them of their debt. In reality, it may be necessary for suppliers to send multiple communications to indebted customers who do not respond to initial contact. However, we focused on the first communication sent, as this presents the greatest opportunity to influence initial attitudes and intentions of customers in dealing with their debt.
- 1.7. To achieve this, we developed a two-phased design, first drawing on insights from qualitative research with 30 GB domestic energy customers, and then utilising findings from an online behavioural experiment for over 1,500 GB domestic energy customers. This approach reflects the increasing application of behavioural science and controlled experimental methods in informing policy and regulatory decision-making in Great Britain and internationally.

2. Summary of findings

2.1. The purpose of this research was to understand how the content and tone of debt communications could influence a customer's intentions to engage with the communication, their attitudes and emotional reaction to it, and their comprehension of key information. Across both phases of research, there are four broad findings:

Most respondents said they would contact the supplier or independent support after receiving any communication version.

2.2. In general, very few participants reported that they would actively seek to evade eventual repayment. In the qualitative phase, some respondents were more forthcoming in conceding that the negative emotional effect of receiving a communication might stall them in responding. Only a small proportion of participants indicated that they would actively choose to ignore the communication in the online experiment.

2.3. In the online experiment, the Control debt communication version (V0), which was 'harsh' in tone (as described by participants), and focused on immediate repayment, did not increase customers' reported likelihood to want to contact their supplier or independent support, compared to those that were 'friendlier' in tone and/ or focused on immediate solutions. In fact, in questions where 'self-reporting bias' was reduced, evidence suggested that instead the 'friendlier' and/ or solutions-based, communications actually increased the likelihood to make contact. This suggests that attempting to intimidate or scare customers into action is not likely to be effective in prompting engagement, and may actually reduce it.

Communications that were 'harsh' in tone and focused on immediate repayments reduced positive attitudes and emotional reactions across both phases

2.4. In the qualitative interviews, these left customers feeling 'threatened' or 'scared'. A small number reported that this tone would result in them either leaving the communications until they felt brave enough to deal with the consequences, or disregarding it all together. These tended to be those who had received communications like this in the past.

2.5. In general, acknowledgement that the cause of debt may be due to circumstances outside of the customer's control, including mention of specifics (e.g. the Covid-19

pandemic) was well received in the qualitative research, and was also a potential contributor to the increased perceptions of friendliness of the alternative versions (V2 and V3) that it featured in during the online experiment.

- 2.6. Overall in the online experiment, participants perceived V0 to be less friendly, more threatening, and more harsh, than alternative versions. Participants who saw V0 also reported worse scores on measures designed to probe belief that the supplier could meet Ofgem core outcomes for effective debt communication.

Communications that were 'harsh' in tone and focused on immediate repayments reduced objective comprehension of key information in the online experiment.

- 2.7. Objective comprehension of information about alternative debt solutions and signposting of support was significantly worse in V0. However, the tone of the text matters in addition to the focus of the communication. Simply changing the focus of the letter, from immediate repayment to debt solutions (i.e. comparing V1 to V0) did not result in significantly improved comprehension. It was only when the tone was made to be 'friendlier' in addition to the change in focus (i.e. in V2/ V3) did comprehension significantly improve. The implication of this is that tone may be important in encouraging engagement with the communication.
- 2.8. One way in which this could manifest itself is through encouraging readers to read all pages, which was lowest among those who saw V0. Where communications run over multiple pages, information on the second page was less likely to be read, and less likely to be comprehended even if read. This is consistent with existing behavioural evidence on the impact of primacy and order effects. In general, ensuring key information is on the first page is likely to be important for comprehension.

Many participants believed that if they did choose to contact their supplier, the main priority would be to 'find a suitable outcome that works for me'.

- 2.9. Almost half of all participants in the online experiment believed that the supplier ultimately would prioritise finding an appropriate outcome if they did make contact with them, compared to other possible priorities. This proportion was roughly the same regardless of which communication version a participant saw. Similarly, the number who thought that the supplier would aim to punish them was low.
- 2.10. However, in probing the perceptions of interaction with the supplier in more detail in the qualitative interviews, some felt that the level of empathy in the communication

did alter how they felt the supplier would treat them if contact was made. In the online experiment, this was perhaps captured in the variation in perception score that was designed to probe how much participants believed the supplier was meeting Ofgem’s core outcomes for effective debt communication.

3. Research methods

Section summary

To understand what constitutes effective energy debt communication, this research project took a two-phased approach. The first phase was qualitative; 30 one-to-one interviews with GB domestic energy customers, who had a range of debt experiences. The second phase was an online behavioural experiment conducted with over 1,500 GB domestic energy customers, designed to quantify and understand their intentions to act, their attitudinal and emotional reaction, and their comprehension of key information, in response to different hypothetical debt communications. Both phases were delivered in-house, by Ofgem’s Customer and Behavioural Insights team.

- 3.1. To inform the initial design of our research, we first conducted a short review of existing debt communications research, to identify what works in increasing engagement of debtors. The review primarily focused on empirical testing of debt communications, rather than general guidance. The literature was identified through two primary routes:
 1. Websites of organisations that work with and/or provide guidance to customers in debt e.g. Citizens Advice, Energy Savings Trust, energy suppliers.
 2. Academic literature search using combinations of the following search terms:
 - Energy; Debt Communications; Debt collection communications;
 - Behavioural science; Experimental testing.
- 3.2. A small number of relevant research papers were found relating to the water sector³, rent arrears⁴, and the utilities sector⁵. These studies all tested versions of debt

³ Anglian Water/ The Behaviouralist (2018). *Applying behavioural science to bad debt collection*. <https://www.anglianwater.co.uk/siteassets/household/about-us/pr19-11b-applying-behavioural-science-to-bad-debt-collection.pdf> [Last accessed: 30/09/2021]

⁴ Capita Property (2017). *Nudging your way to reduced rent arrears*. https://www.capitaproperty.co.uk/media/2666/2017_02_the-nudge-report_hi-res.pdf [Last accessed: 30/09/2021]

⁵ PwC (2018). *Behavioural economics: Human-led design to improve your bottom line*. <https://www.pwc.co.uk/assets/pdf/pwc-uk-behavioural-economics-brochure.pdf> [Last accessed: 30/09/2021]

communications in-field. The primary measures of success were either 'engagement with the relevant authority' or 'payment of the debt'.

- 3.3. A number of common techniques were found to be effective across the studies. Adopting a friendlier, personal tone was found to increase engagement^{2,3}. Simplifying the layout of a letter and highlighting key actions were also found to aid engagement^{2,3}. In addition, personalising the communications and using a social comparison was also found to increase the number of debtors who make a payment^{1,2}.

Phase One: Qualitative user interviews

- 3.4. In the first phase of research, 30 hour-long qualitative online depth interviews were conducted over two weeks in July 2021. Participants were independently recruited by an external market research agency and included a diversity of characteristics, including supplier type and age, and who had a range of debt experiences, including those that are new to debt (due to the pandemic) or struggling to pay their energy bills. Interviews were conducted by Ofgem's Customer and Behavioural Insights team in line with Market Research Society (MRS) and Government Social Research (GSR) guidance.
- 3.5. The interviews, conducted over three waves, took an iterative approach. Communications were refined and iterated based on participants' feedback from the previous wave. The purpose was to understand how differences in the emphasis towards different information and the overall tone influenced participants' attitudes towards responding to, and emotional response to receiving, different debt communications.
- 3.6. Three initial debt communications versions were designed in line with existing internal research, current practices from suppliers, and insights from behavioural science. They represented a broad spectrum of potential approaches to debt communication, for example varying the tone of the communication; or emphasising immediate repayment vs. alternative debt solutions.
- 3.7. Although the specific content, wording and layout of communications were amended after each wave, in response to the participant feedback, broadly they followed the same overall format:

- Communication A: Focused on immediate repayment, outlining consequences of non-response;
- Communication B: Less emotive and more factual, setting out routes to support and resolution;
- Communication C: Focusing on empathy and support, with specific reference to the pandemic.

3.8. Nine different communications were tested over the three waves of fieldwork. The final three communication versions were taken forward as templates for the second phase of research.

3.9. Participants were invited to discuss their current and previous experiences with debt and debt recovery solutions. Each participant was shown each of the three letters in turn⁶. For each communication, participants were given freedom to talk about the things that mattered to them in that communication and were relevant to their circumstances, including:

- How receiving that communication would make them feel;
- How they felt they would act if they received such a communication;
- What they thought the outcomes would be from action or inaction as a result;
- Any other topics that they chose to highlight.

Phase Two: Quantitative online experiment

3.10. The second phase was designed to quantify customers' intended behaviours and attitudes in response to different possible versions of debt communications if they were to receive them in real life. To achieve this, an online behavioural experiment was designed for a broadly demographically representative sample of over 1,500 GB domestic energy customers.

⁶ The order that the communications were shown rotated for each participant (e.g., one-third saw A first, one-third saw B first, and so on) to avoid order effects systematically influencing responses.

The advantages and disadvantages of online experiments

- 3.11. A key benefit of online experiments is that they allow for experimental control, meaning that the environment and scenario in which a debt communication is received and read can be held constant across all participants. This allows the experimenter to vary only the things that they want to vary (i.e. the differences between the communications versions) and keep all else constant. This ensures that any differences in responses should only be a result of the differences in the communications version seen (provided that socio-demographics and other individual characteristics are sufficiently randomised across versions).
- 3.12. However, a limitation of online experiments is that responses are hypothetical. To measure the real effectiveness of different potential interventions, the preferred approach to evaluation is often a real world 'randomised controlled trial' (RCT). Here, indebted customers would actually be sent different communications, and the real response rate of each version would be measured and compared.
- 3.13. However, for the current research aims, this approach was not deemed appropriate. The aim was not only to encourage contact with a supplier or support, but also to determine the effect on comprehension and emotional reactions or perceptions. Such measures are difficult to capture when communications are actually sent to homes.
- 3.14. In addition, intentions, emotional reactions, and perceptions may be subject to other external, and uncontrollable, factors in the real world. While these would be unavoidable with the real roll-out of debt communications, these confounds make it difficult to effectively isolate the impact of differences in communication versions. Measures of engagement, such as response time and self-reported engagement with a stimulus, can easily be built into online experiments and accounted for.
- 3.15. Lastly, although the alternative versions were designed to improve on those currently used by some suppliers, there are potential ethical concerns in sending indebted customers untested communications, where there is a potential for these to result in negative unintended consequences (i.e. to lead to worse customer outcomes). Online experiments offer a low-risk and low-cost approach to pre-testing communications prior to the development of full-scale RCTs in the field, or the roll-out of new communications.

- 3.16. One specific concern of online experiments is the potential 'self-reporting bias' associated with asking customers what their intentions to act would be if they received a debt communication. Returning unpaid moneys and resolving debt to energy suppliers is arguably a morally and socially desirable thing to do. A hypothetical online response may thus evoke greater levels of intentions to make contact than would be expected in reality. This is not necessarily an issue for online experiments where the primary interest is the relative effectiveness of different communications versions (as opposed to measuring absolute levels of intention to act). However, if the social desirability for a positive response is sufficiently strong, such that a disproportionately large number of customers indicate they would choose that outcome, then it may be difficult to record any meaningful differences between communication versions.
- 3.17. To overcome this potential concern, we measured intentions to act in two ways. The first, primary measure, explored how likely the respondent would be to want to respond after receiving the debt communication themselves. Here, the potential for self-reporting bias is strong. However, we also showed participants stories (or 'vignettes') about other (hypothetical) energy customers. After reading these vignettes, we asked participants how likely they thought those customers would be to respond to the same communication that they had read. This provides a second measure to evaluate the effectiveness of the different debt communications, but in a way that reduces the risk of self-reporting bias, by asking the respondent to consider the actions of another person rather than themselves.

Experimental design

- 3.18. The experiment was designed, programmed, and set-up in-house by Ofgem's Customer and Behavioural Insights team. It was hosted on Gorilla Experiment Builder, an online platform for running behavioural science experiments⁷.
- 3.19. Participants were asked to imagine that they had fallen behind on their energy bills and had received a letter from their energy supplier informing them of this debt. They were then randomly assigned one of four debt communication versions and were asked to take time to read it. Approximately the same number of participants

⁷ Anwyl-Irvine, A. L., Massonnié, J., Flitton, A., Kirkham, N., & Evershed, J. K. (2020). Gorilla in our midst: An online behavioral experiment builder. *Behavior research methods*, 52(1), 388-407.

saw each version⁸. After reading the letter, they were asked attitudinal and comprehension questions, in relation to the following key outcome measures:

1. What would their intentions to act after receiving the communications be (i.e., would they want to contact the supplier or independent advice, or not);
2. What would their attitudes and perceptions of receiving the communication be?
3. Did they understand key information in the communication?

3.20. Participants were recruited by an external market research agency and were chosen to be a broadly representative sample of the GB population, and so were not necessarily in debt. However, to maximise the proportion of respondents who were currently experiencing financial concerns, efforts were made to over-sample on characteristics that were correlated with a negative financial impact of the Covid-19 pandemic; in particular, those with lower annual household incomes.

3.21. To understand whether different types of respondents responded differently to the communications, we also collected basic socio-demographic information of participants as well as broad indicators of debt risk and experience, including:

- Age;
- Gender;
- Educational attainment;
- Annual household income;
- Current experience of financial difficulty⁹.

Debt communications design

3.22. Utilising the qualitative findings and insights from behavioural science, four different versions of debt communications were created. Table 1 reports the key differences between these. These communications are provided in Appendix 2.

⁸ While the number of participants who saw each version was initially equal, because some participants were subsequently excluded from analysis (see section 4.6), the final allocation was not perfectly equal.

⁹ We also collected other general measures to ensure that the sample was broadly representative across GB energy customers, including: location, employment status and regular type of energy payment.

- 3.23. Three versions were lifted from the qualitative research, and varied in content, tone and emphasis. The Control version (V0), styled on version A in the qualitative research, emphasised the importance and ease of immediate repayment of the debt and outlined the consequences of non-response. Many respondents in the qualitative phase used words such as 'harsh' or 'threatening' when describing the tone of this version. For brevity, we describe the overall tone in this communication as 'harsh' throughout. An alternative version (V2), styled on version B, emphasised available solutions as well as consequences of non-response, while using more empathetic language. A third version (V3), styled on version C, made debt solutions and independent support even more salient, and attempted to be more empathetic still, including acknowledgement that the Covid-19 pandemic may have made personal financial circumstances more difficult. Many respondents in the qualitative phase used the word 'friendly' to describe the tone of these two versions. For brevity, we describe the overall tone in these communications as 'friendly' throughout.
- 3.24. For the purposes of controlled testing, a fourth version was designed (V1). While the tone remained 'harsh' as in V0, the emphasis of information shifted to alternative solutions. Comparing this to V0 would measure the impact of varying the emphasis of information only, while comparing it with V2 would measure the impact of changing the tone of communications only. Such comparisons would provide richer information about what specific aspects of a communication could influence intentions, comprehension, and attitudes.

Table 1. Features of the four debt communication versions used in the online experiment

	Version 0 (Control)	Version 1	Version 2	Version 3
Heading	Negative consequences	Negative consequences	Factual	None
Tone of wording	'Harsh'	'Harsh'	'Friendly'	'Friendly'
Primary emphasis	Payment & consequences	Debt solutions	Debt solutions	Debt solutions
Secondary emphasis	Debt solutions	Payment & consequences	Payment & consequences	Independent support
Ways to pay immediately	1 st page	2 nd page (flagged at start of 1 st page)	2 nd page (flagged at start of 1 st page)	2 nd page (flagged at end of 1 st page)
Independent support information	2 nd page	2 nd page	2 nd page	1 st page
Box to increase salience of primary focus	No	Yes	Yes	Yes
Recent circumstances mentioned	No	No	Yes	Yes + Covid-19 specific
Explanation of repayment plan	No	No	No	Yes

4. Results

Section summary

Across both phases, most participants reported that they would want to make contact with their supplier or independent support. In the online experiment, communications that were 'harsh' in tone and focused on immediate repayment (V0) did not increase the likelihood a participant would want to make contact. In fact, once the potential for self-reporting bias was reduced, evidence suggested that they may have resulted in a reduced likelihood to engage, compared to communications that were 'friendly' in tone and/ or focused on alternative debt solutions. Communications intended to be more 'harsh' in tone and focused on immediate repayments performed worse in measures to probe belief that a supplier would meet Ofgem's core outcomes for effective debt communication. They also resulted in worse objective comprehension of key information and were less likely to be read in full.

Phase One: Qualitative user interviews

The customer context

Financial worries related to the Covid-19 pandemic

4.1. The pandemic had impacted the lives of many of the customers that we spoke to during this research:

- Many talked about increased working from home and were concerned about what this meant for their energy consumption and bills;
- Having children at home or taking on extra caring responsibilities also resulted in participants being apprehensive about future energy bills;
- Others had experienced reduced working hours and income, furlough and, for a few, redundancy;
- For many of these participants, they said it was the first time they had to think about the affordability of energy.

Figure 1: Quotes about financial worries related to the pandemic

'I was furloughed. I'm a consultant... my furlough payment is based on the previous year, which was a really bad one... I'm starting to struggle. I'm using a lot more energy being at home. Bigger bills will come, I will struggle to pay them.'

'Overall, I think we took a hit of about £15k during lockdown. I was furloughed and my wife's business took a real hit. I've had to take a mortgage holiday. We're using more energy. I've seen my credit with [supplier] erode. They keep increasing my direct debit though.'

'I had to give up work to care for my disabled daughter [due to the pandemic]. I'd been earning a good wage, which is now down to £60 a week. The car was repossessed recently. I'm really struggling financially.'

Existing debt issues

- 4.2. There were some in the sample that had first-hand experience of being in debt to their energy supplier. The reasons for the debt varied hugely covering long term illness, relationship breakdowns and financial issues. For these customers, debt was still a concern. However, there were other things going in their lives that they had to deal with. Their debt issues were prioritised when they became more urgent.
- 4.3. These particular customers were less likely to think that the pandemic alone was a 'valid' reason for people to fall behind with their payments. In some cases, they felt that Covid-19 could be used as an 'excuse' for someone's debt. This was often the case even when it was apparent through the conversations that Covid-19 was a factor to their continuing debt. This impacted how well communications that only acknowledged the pandemic were received by this cohort.
- 4.4. For example, a single mother reported that she gave up work to care for her three young children. She was relying on universal credit to get by but was amassing debt with all her utilities and council tax. She had always been in debt to some degree, so saw her situation as 'normal'. The reason she'd given up work was because the schools and nursery had been closed or the children had to isolate. Having no support network or educational setting for the children to attend were perceived to be the actual cause for accruing further debt, rather than Covid-19.

Figure 2: Quotes about existing debt issues

'I've always been in debt. It comes from when I was having chemo, you don't care about paying for anything. I'm still trying to catch up.'

'I built up debt with my previous supplier. It was a combination of my fault and theirs, now I'm having to pay off £80 a month with my new supplier. I eventually phoned the supplier to sort... I'm used to getting repayment plans sorted.'

'I'm well versed in letters like this. When I can't afford to pay, I just stop my payments. Then the letters start. Let me tell you, there are other letters out there that are less nice than this...' [when reviewing communication A]

Qualitative findings

4.5. Overall, the qualitative research found that:

- Most respondents would contact the supplier regardless of the level of empathy within the communication. What differed was how they expected the supplier to treat them once they made contact. The more empathetic the letter, the more likely the customer felt the supplier would work with them to find a resolution. The outcome of this contact would be a repayment they can afford based on their circumstances, rather than a demand for full payment with no negotiation.
- Terms showing understanding and co-operation resonated well, for example 'work together', 'affordable' and 'finding a solution'.
- Regardless of their debt experience, customers thought that 'harshly' worded communications were most consistent with how they would expect, or had experienced, supplier contact to be. These still left them feeling 'threatened' or 'scared.' This was particularly true where 'legal proceedings and potential negative impact on credit ratings' were mentioned. A few reported that this tone would result in them either leaving the letter until they felt brave enough to deal with the consequences or disregard it all together and wait for the 'red letter'. These tended to be people that had received letters like this in the past. This cohort were also most likely to say that letters of this sort were what they would expect to see when they were in debt.
- Letters that accepted that the cause of debt may be due to circumstances outside of your control (including the pandemic) were also well received. Customers felt that the supplier wasn't laying the blame solely on them. This made the supplier

appear to be more understanding and have a 'human touch'. However, those that had previous or long-term experience of debt felt that this acceptance of the pandemic, in isolation, could be used as an excuse by some. For these customers, wording that accepted 'circumstances have made it difficult' without explicit reference to Covid-19 were better received, because it allowed the recipient to interpret what that means to their own personal circumstance.

- The ordering of the content also affected how they were received. In the sterner letters, the request to pay was up front, followed by the offer of assistance and potential consequences for non-payment. Participants were more likely to respond positively to letters that were less demanding and offered assistance from the outset.

Phase Two: Quantitative online experiment

- 4.6. The online experiment took place in August 2021. 1,797 participants initially completed the experiment¹⁰. The experiment took approximately 10-15 minutes to complete and participants were incentivised with a small financial payment for their participation. We excluded participants from analysis who took a disproportionately short (< 10 seconds – approximately 11% of participants) or long (> 7 minutes – approximately 1% of participants) time reading the communications, and those who admitted to not really reading the communications (< 1% of participants). Results are not sensitive to these specific cut-offs. After these exclusions, 1,569 participants remained for analysis.
- 4.7. Socio-demographic information of these participants can be found in Appendix 1. Randomisation checks confirm that socio-demographic characteristics were sufficiently randomised across the four different communication versions. This means that any differences between communication versions in subsequent analysis should not be a result of differences in the types of participants who received them.

¹⁰ As this research was exploratory, and designed based on qualitative input from respondents in the first phase, sample size was not determined by formal power analyses with anticipated effect sizes. Instead, we sought to ensure that there would be a reasonable sample across different socio-demographic characteristics for each communication version, within feasible constraints for the market research agency to recruit. We aimed for 400 participants per communication, after exclusions. The final sample size after exclusions fell slightly short of this (n = 1,569).

Intentions to make contact

Self-reported intentions

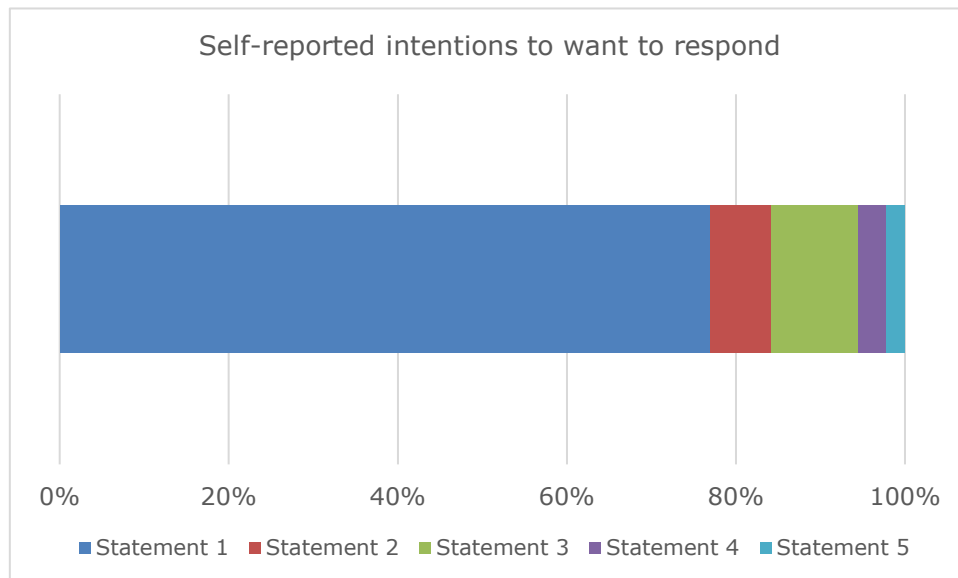
4.8. Our primary outcome measure was participants' self-reported intentions to want to respond to the debt communication. After reading one of the four versions, participants were asked to select which of the five statements below best reflected if and how they would want to respond, if they had received such a communication from their energy supplier:

1. It would make me want to contact my energy supplier to work out with them what the best outcome would be for me.
2. It would make me want to contact someone else (e.g. charity, independent advice) to work out what the best outcome would be for me.
3. It wouldn't make me want to contact my energy supplier or someone else, but I would do it anyway because it would be important to find an outcome.
4. It wouldn't make me want to contact my energy supplier or someone else, and so I probably wouldn't do anything until they contacted me again.
5. It wouldn't make me want to contact my energy supplier or someone else, and I wouldn't want to do so even if they contacted me again.

4.9. Figure 3 outlines the distribution of responses across all participants. A large majority (84.2%) reported the communication *would* make them want to contact their energy supplier or someone else (i.e. statements 1 and 2). A further 10.3% reported that they would not want to make contact, but would do so given the importance of finding an outcome (i.e. statement 3). That 94.5% reported that they would make contact (whether wanting to or not), suggests an over-reporting compared to what could be expected in reality, and is indicative evidence of self-reporting bias¹¹. Very few (5.6%) reported that they would be unlikely to respond in some way (i.e. statements 4 and 5).

¹¹ Real world evidence from the water company trial³ outlined in section 3.2 indicated that the proportions of participants who paid some (~60%) or all (~28%) of their debt in response to the communications was much lower than reported intentions here. Although not directly comparable, this disparity is indicative evidence of self-reporting bias.

Figure 3. Distribution of responses of participants to main outcome measure



4.10. Our primary outcome of interest was *willing* engagement with a supplier or independent support. We pooled those who responded that they “...would want to contact...” (i.e. statements 1 and 2) to create a single binary variable of “would want to contact”, for comparisons between the four communications versions.

4.11. Figure 4 reports the predicted probabilities of wanting to contact someone by communications version, estimated from a logistic regression model reported in Appendix 3. Overall, those more likely to say that the communication would make them want to contact someone were those who were:

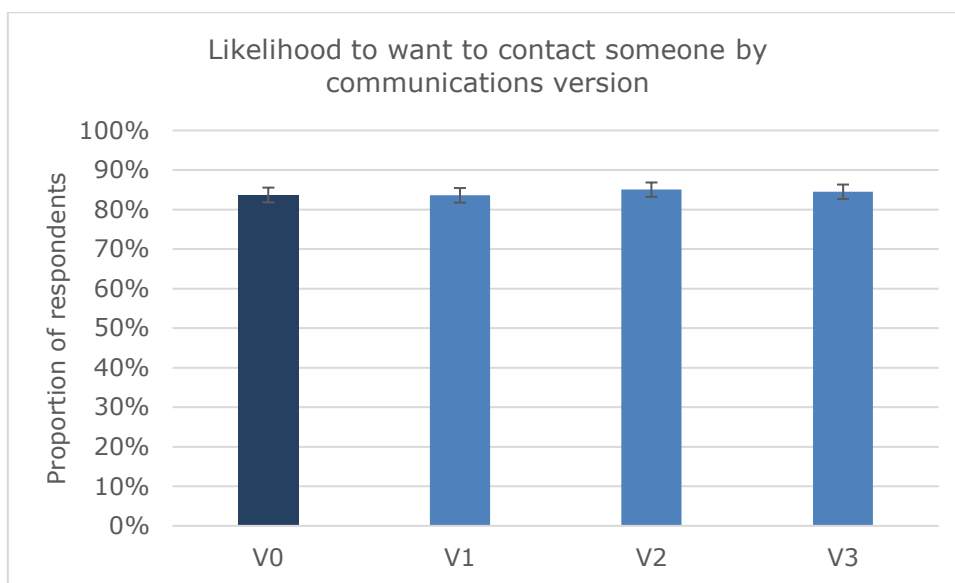
- Aged over 55 (compared to those aged between 35-54);
- Educated below degree level¹².

4.12. Among those who saw the Control version (V0), an estimated 83.7% of respondents would want to contact someone. The outcomes for all other communications were very similar. Evidently, the ‘harsh’ tone and focus on immediate repayment in V0

¹² While it is of interest to note significant differences by socio-demographic type, we cannot be certain whether this represents genuine differences in our outcome measures or whether this is a manifestation of general engagement with the experiment itself.

was no better or no worse in making participants want to contact someone than those versions that were ‘friendlier’ in tone and/ or emphasised alternative solutions. This lack of effect persisted when including those who would make contact, even if they did not want to (i.e. statement 3). It was also not significantly influenced by whether a participant was currently financially struggling or not (see Appendix 11).

Figure 4. Predicted probabilities of likelihood to want to contact someone by communications version, controlling for socio-demographics and financial circumstance. Error bars represent robust standard errors.



Intentions of others

- 4.13. As described in section 3.17, to attempt to mitigate the potential of self-reporting bias, we also included a vignettes task which asked respondents to read descriptions of two fictional indebted energy customers, and to report how likely they thought these customers would be to contact their supplier if they had read the same communication (on a 5-point Likert scale ranging from “very unlikely” to “very likely”).
- 4.14. There were four possible customer stories, and these differed across two dimensions: whether the customer was a first time debtor or not, and whether the customer’s journey into debt was influenced by the Covid-19 pandemic or not. Each participant was randomly shown two of these four possible vignettes. The names of the customers in the vignettes, and the order of the vignettes, were randomised for each participant.

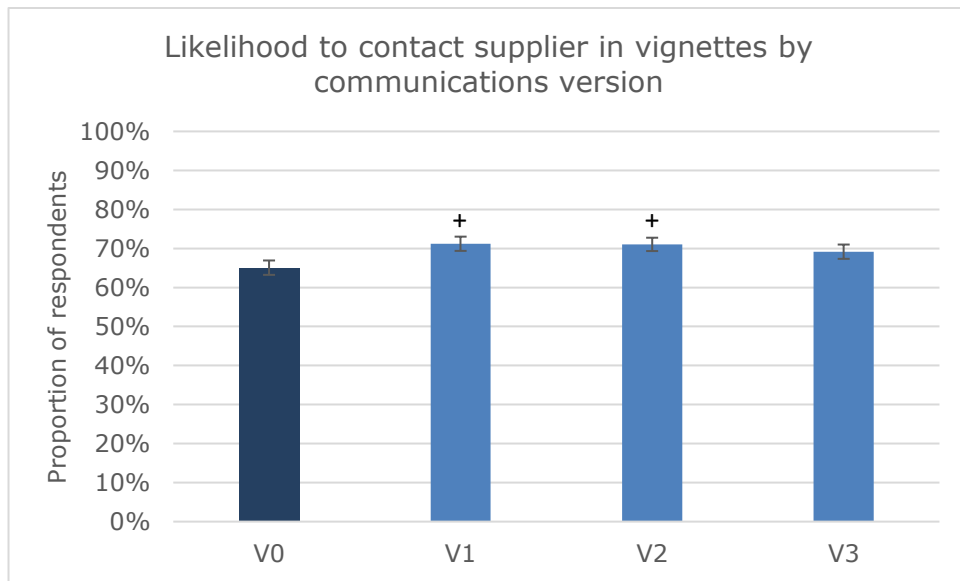
- 4.15. While direct comparisons cannot be made between responses to the vignettes and the primary outcome measure (as exact questions and response options differed), the proportion of participants who believed that another person was “very” or “quite” likely to contact their supplier (whether they wanted to do so or not) was lower (69.1%) than even just those who would have wanted to contact their supplier themselves (i.e. those who selected statement 1 – 77.0%) – consistent with the notion that self-reporting bias might have influenced responses to the primary outcome measure.
- 4.16. Figure 5 reports the predicted probabilities of those who thought the customers in the vignettes were “very” or “quite” likely to contact their supplier, estimated from a logistic regression model reported in Appendix 4. In general, participants were more likely to think the customer would contact their supplier if:
- The Covid-19 pandemic was a factor in the customer in the vignette being in debt;
 - The customer in the vignette was in debt for the first time;
 - The participant had reported themselves as intending to contact someone in the main outcome measure;
 - The participant was not currently financially struggling;
 - The participant was female;
 - The participant was aged over 35 (compared to those aged under 35);
 - The participant was aged over 55 (compared to those aged under 55).
- 4.17. The findings above indicate that the circumstances in which a person find themselves in debt (e.g. whether as a result of the Covid-19 pandemic, or whether they were a first time debtor) could influence intentions to engage overall.
- 4.18. Comparing differences between communication versions, both V1 and V2 indicated higher rates of reported likelihood to contact the supplier when compared to V0. These differences were marginally statistically significant^{13,14}. The increase for V4 relative to V0 was not statistically significant. The implications of these findings are that the ‘harsh’ tone and focus on immediate repayment in V0 may actually reduce

¹³ Statistical significance is a concept that reflects the likelihood that any difference in outcome between different groups is not a result of chance.

¹⁴ To account for the multiple comparisons being made against the Control version (V0), all reported *p*-values have been calculated subject to a Bonferroni correction.

the likelihood of contacting a supplier, when compared to a 'friendlier' tone and/or solutions-based focus present in alternative versions, when self-reporting bias is reduced.

Figure 5. Predicted probabilities of likelihood that customers in the vignettes would contact their supplier by communications version, controlling for vignette characteristics, socio-demographics and financial circumstance.



*** $p < 0.001$, ** $p < 0.01$, * $p < 0.05$, + $p < 0.1$ ¹⁵.

Perceptions of suppliers

4.19. In addition to intention to make contact, we were also interested in understanding how the different communications affected participants' belief that a supplier would meet Ofgem's core outcomes for effective debt communication. The primary measure of this was a collection of four distinct statements, styled on the core outcomes identified by Ofgem that an effective debt communication should be able to meet. The four statements were:

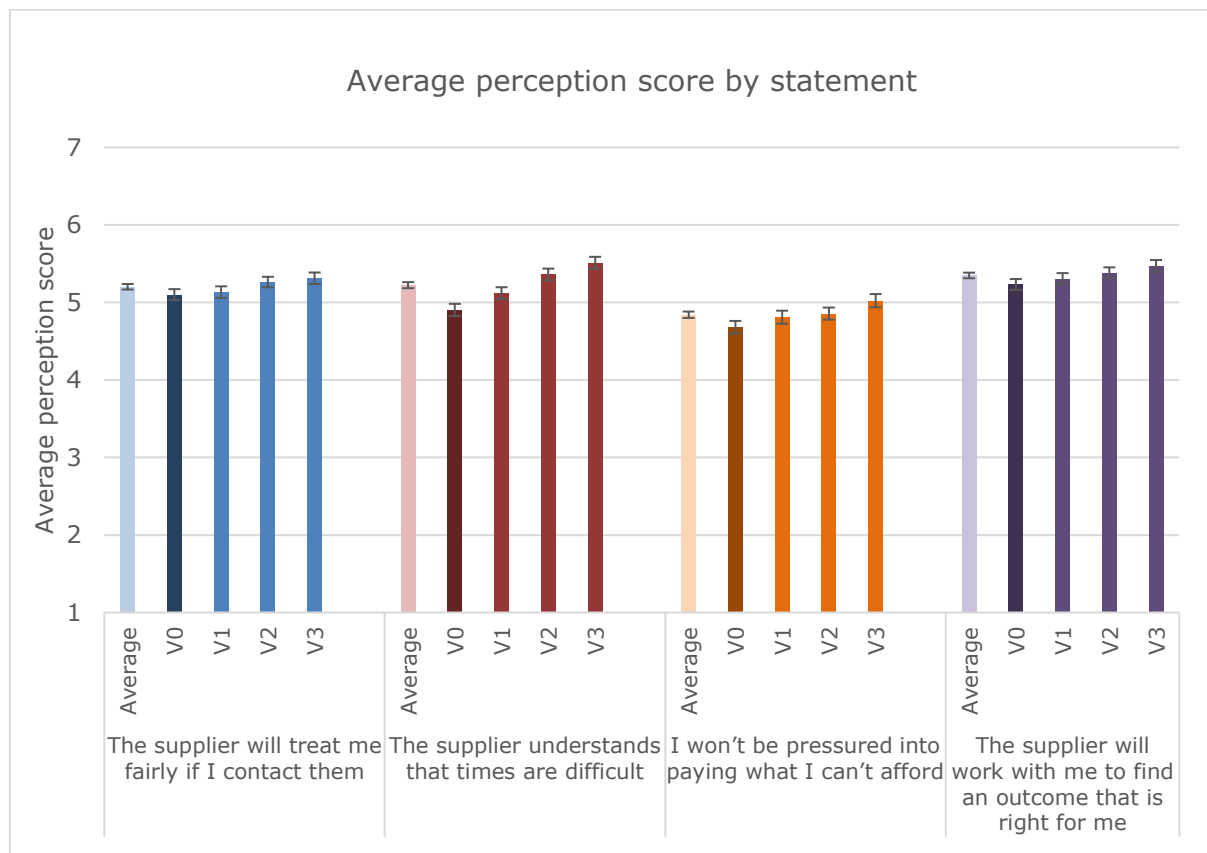
- The supplier will treat me fairly if I contact them;
- The supplier understands that times are difficult;

¹⁵ These are conventional thresholds to indicate levels of statistical significance.

- I won't be pressured into paying what I can't afford;
- The supplier will work with me to find an outcome that is right for me.

4.20. Participants were asked to what extent they agreed with each statement. Responses were elicited via 7-point Likert scales, ranging from "disagree completely" to "agree completely". Figure 6 reports the average perception score for each statement, both overall and by communication version.

Figure 6. Average perception score by statement



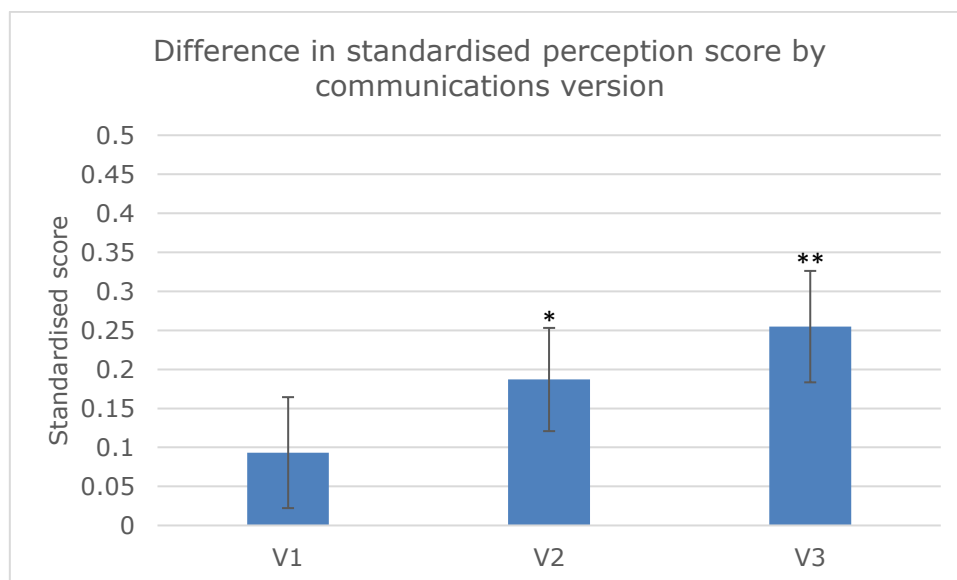
4.21. Two notable findings are borne out in this data. The first is that overall agreement with the statement "I won't be pressured into paying what I can't afford" is lower (*Mean*: 4.8) than the other three statements (*Means*: 5.2-5.3), and this holds for each communication version. The second is that that the average score for each statement is lowest for V0.

4.22. To enable us to observe the effect of communication version on overall perceptions, responses to all four statements were pooled and standardised. All pairwise comparisons across the four statements reveal medium-to-high positive correlation (0.49-0.82). Figure 7 reports differences in standardised perception scores across

the communications versions, using V0 as the reference category, estimated from a linear regression model reported in Appendix 5. In general, across all communications, perceptions were higher for those who were:

- Not currently struggling financially;
- Female;
- Educated below degree level;
- Aged over 55 (compared to those aged under 55).

Figure 7. Differences in standardised perception score by communications version, using V0 as the reference category, controlling for socio-demographics and financial circumstance



4.23. Compared to V0, standardised perception score is significantly higher for V2 and V3. Both of these were written to be 'friendlier' in tone compared to V0 (in addition to focusing on alternative debt solutions). In V1, where the only change from V0 was altering the focus of the communication to alternative solutions, the increase was short of statistical significance. These effects were not significantly influenced by whether a participant was currently financially struggling or not (see Appendix 11).

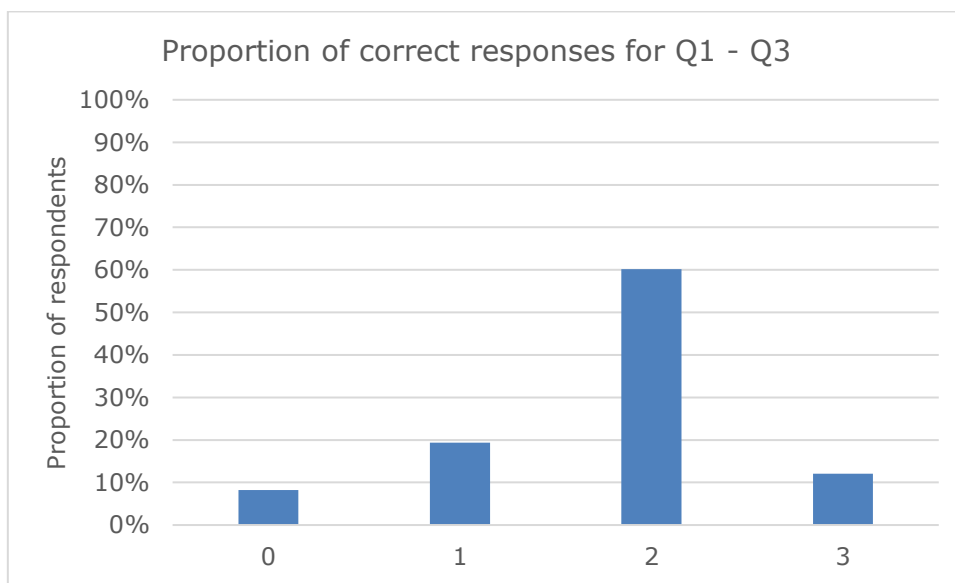
Comprehension of key information

4.24. Another key criteria of effective debt communication is to ensure that recipients are able to easily comprehend the key information within them. Participants were asked three multiple choice questions to measure their understanding and recall of key information in the communication they had read. They were also asked two

additional comprehension questions relating to other specific aspects of the communications¹⁶.

4.25. We also asked participants to self-report their perceived understanding via a 7-point Likert scale, from “Didn’t understand at all” to “Understood completely”. 52.1% reported that they “Understood completely”. This contrasts with objective comprehension, measured by performance in the multiple choice questions. As Figure 8 shows, only 12.1% of respondents correctly answered all three key comprehension questions. Analysis of the individual questions indicates this was being driven by a low incidence of correct responses for one specific question (Q3) which was answered correctly by only 17.1%. For comparisons of the impact of communications version, we pooled participants who scored either 2/3 or 3/3. 72.3% answered 2/3 or 3/3 correctly.

Figure 8. Proportion of correct responses for Q1 – Q3



4.26. Participants were asked these questions having read the communications only once, and were not able to refer back to the communications, which may explain the low correct response rate for recall of the specific names of sources of independent support (Q3). Of course, in reality, customers would be able to consult their communications to clarify their understanding of the content. This method was

¹⁶ All five questions and responses are presented in Appendix 6.

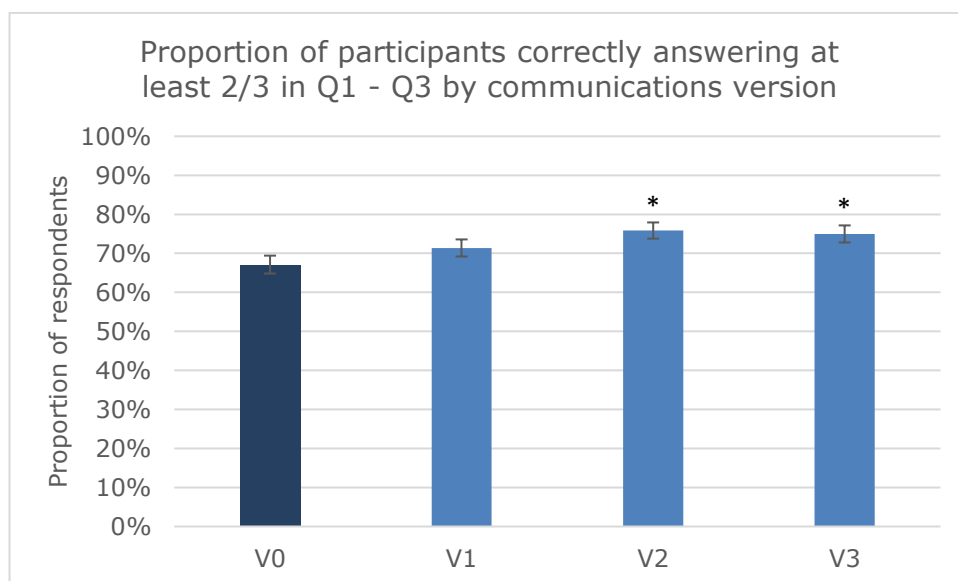
designed to measure how easy the different communications made it for participants to recall and comprehend key information from an initial read.

4.27. There were no differences in self-reported comprehension across the different communication versions. Figure 9 reports the predicted probabilities of correctly answering at least 2/3 questions by communications version, estimated from a logistic regression model reported in Appendix 7. In general, across all communications, comprehension was better for those who were:

- Not currently struggling financially;
- Female;
- Aged over 35 (compared to those aged under 35);
- Aged over 55 (compared to those aged under 55).

4.28. Those who saw V2 or V3 had significantly better comprehension of the key information than those who saw V0. As with perception scores, simply changing the focus of the information (i.e. comparing V1 to V0) did not significantly improve comprehension. These results hold when just comparing those who scored 3/3 only. They were also not significantly influenced by whether a participant was currently financially struggling or not (see Appendix 11).

Figure 9. Predicted probabilities to correctly answer at least 2/3 objective comprehension questions by communications version, controlling for socio-demographics and financial circumstance



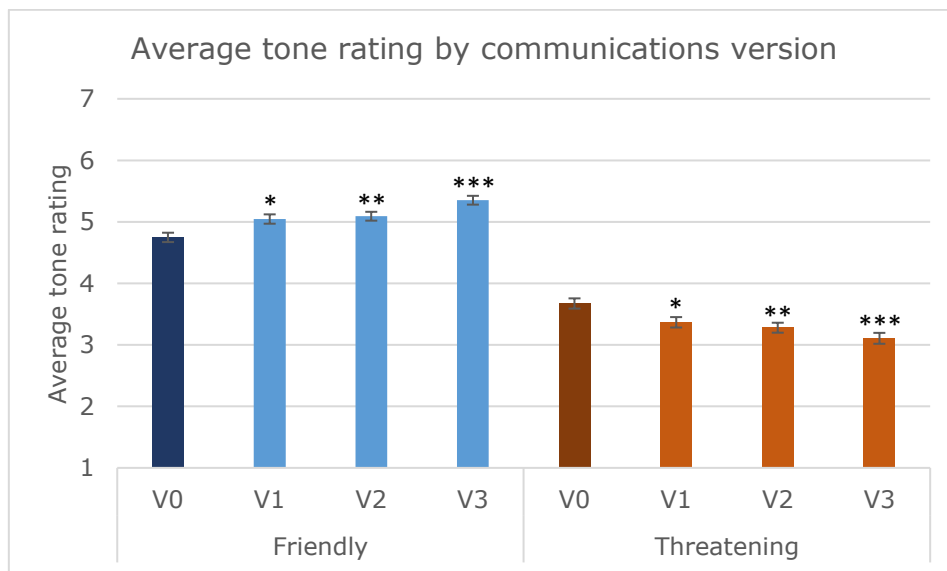
Other findings

Perceived tone of the communications

4.29. While we intended the tone of the communications to vary in ‘friendliness’, ‘harshness’, and perceived ‘threat’, in light of the qualitative research, it was important to assess whether this was perceived by participants who received them. We first asked participants to rate their perceived tone of the communications individually for ‘friendly’ and ‘threatening’. They responded on a 7-point Likert scale, from “Not at all” to “Extremely” for each.

4.30. Figure 10 reports the average scores for ‘friendly’ and ‘threatening’, by communication version, estimated from linear regression models reported in Appendices 8 and 9. There is a clear trend for both perceived friendliness and threat. All alternative versions were perceived to be significantly friendlier than V0, and the general trend was increasing across the three alternative communications. The reverse was true for perceptions of threat.

Figure 10. Estimated tone rating by communications version, controlling for socio-demographics and financial circumstance



4.31. In addition, the vignettes task asked participants to report whether they felt the communication was too harsh or too friendly given the circumstances of the customer in the vignette. Figure 11 reports the predicted probabilities of a participant reporting the communication as ‘Much’ or ‘A little’ too harsh after reading the vignette, by communication version, estimated from a logistic regression model

reported in Appendix 10. In general participants were more likely to perceive the communications as too harsh if:

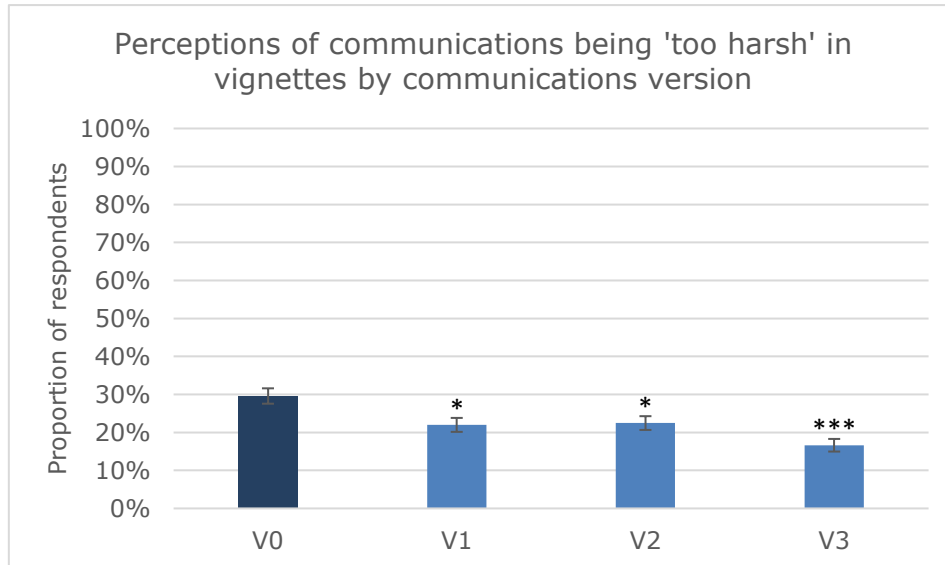
- The Covid-19 pandemic was a factor in the customer in the vignette being in debt;
- The customer in the vignette was in debt for the first time;
- The participant had not reported themselves as intending to contact someone in the main outcome measure;
- The participant was currently struggling financially;
- The participant was male;
- The participant was aged under 35 (compared to those aged over 55);
- The participant was educated at degree level or above.

4.32. The findings above indicate that the circumstances in which a person find themselves in debt (e.g. whether as a result of the Covid-19 pandemic, or whether they were a first time debtor) could influence perceptions of the tone of the communication.

4.33. Comparing differences between versions, those who saw V0 were significantly more likely to perceive the communication as 'too harsh' in tone than those who saw any of the alternative versions.

4.34. Across these findings, the implication is straightforward; participants interpreted the tone of the different communications in the way that they were intended to be by design. The trend across all measurements was also consistent with the intention for V3 to be perceived as most friendly, least harsh, and least threatening in tone.

Figure 11. Predicted probabilities of communications being judged 'too harsh' in the vignettes task, by communication version, controlling for vignette characteristics, socio-demographics and financial circumstance



Ranking of priorities

4.35. Another task asked participants to imagine that they had made contact with their supplier. We then asked them to consider what they thought the priority would be for the supplier after contact was made. Participants were asked to rank four objectives, from “highest priority” to “lowest priority”. The four objectives were:

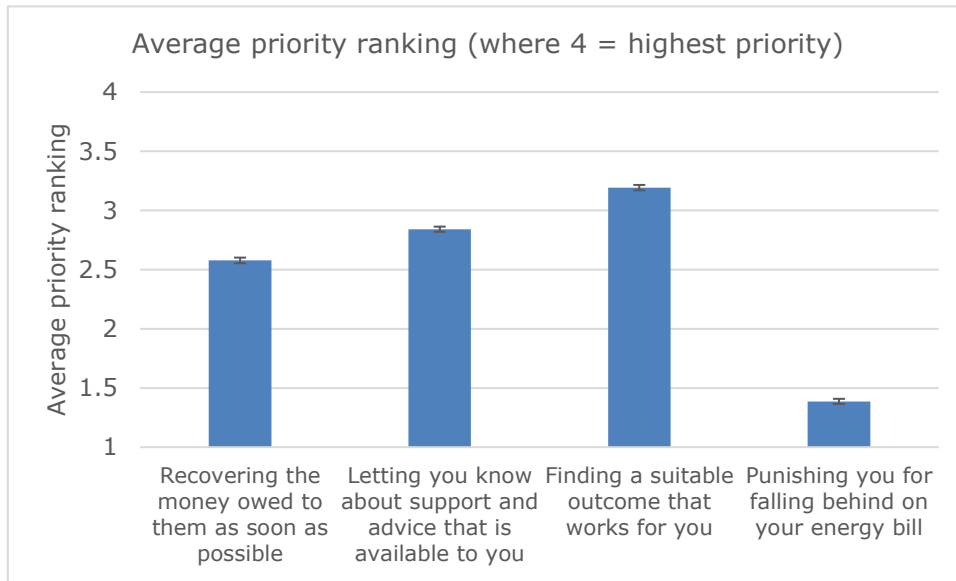
- Recovering the money owed to them as soon as possible;
- Letting you know about support and advice that is available to you;
- Finding a suitable outcome that works for you;
- Punishing you for falling behind on your energy bill¹⁷.

4.36. Figure 12 reports the average priority ranking score for each of the four objectives. On average, the highest priority objective was “Finding a suitable outcome that works for you”. Across the four communication versions, this objective was ranked highest priority by 43.7%-48.0% of participants. “Punishing you for falling behind on

¹⁷ These options were taken from perceptions raised in the qualitative research. For example “Punishing you for falling behind on your energy bill” reflected concerns that there would be negative consequences related to the debt (e.g. impact on credit rating, installation of prepayment meter).

your energy bill” was not judged to be a high priority, and the vast majority of participants ranked this as the lowest priority of the supplier (between 75.1%-83.6% across the four communication versions).

Figure 12. Average ranking of perceived priority of objectives of a supplier if a customer makes contact



Impact of engagement over multiple pages

4.37. All four communication versions ran across two pages. Participants were encouraged to view both pages (and the buttons to change the page on the screen were made prominent), but they were not forced to. We recorded how many participants viewed both pages across each communication version. On average, fewer participants read both pages of V0 (68.5%) than those who saw the alternative versions (74.4%-83.1%).

4.38. Since the focus of the text in the different communications varied, the location of specific information varied across both pages too. Two additional objective comprehension questions probed recall of information that was located differently for different communications.

4.39. One probed recall of the telephone number required to contact the supplier about alternative debt solutions. This was on the second page for V0, but the first page for all alternative versions. Fewer participants correctly identified the correct contact

number having read V0 (24.4%) compared to those who read the alternative versions (31.5%-37.7%).

4.40. The other question probed recall of the correct ways in which the debt could be repaid immediately. This information was on the first page of V0, and the second for the alternative versions. This time more participants correctly identified the correct answer having read V0 (39.6%) than those who read the alternative versions (30.9%-36.7%).

4.41. These trends persist even when excluding those who did not read both pages. This suggests that there are two effects of communicating over multiple pages: information on the second page is less likely to be read, but even if it is read, it is still less likely to be properly comprehended.

5. Discussion and conclusions

- 5.1. Across both phases of research, and across different metrics, the overwhelming consensus is that the communications that were 'harsh' in tone and focused on immediate repayments resulted in reduced positive emotional reaction to the communication and perceptions of the supplier.
- 5.2. There could be an argument that such a hard-line approach to prompt engagement is necessary if it would otherwise not materialise. However, the other metrics in this research refute this potential rationale. Participants were no more likely to say they would want to contact their supplier or independent support after receiving the 'harsh'-toned, immediate payment-focused Control version (V0). In fact, there is some tentative evidence that making communications more 'friendly' in tone and/ or focusing on alternative debt solutions increased the likelihood to make contact, in tasks that aimed to reduce the impact of self-reporting bias. Receiving V0 also resulted in lower levels of objective comprehension of key information.
- 5.3. Put another way, not only did 'friendly'-toned, alternative solution-focused communications make participants feel more positive when they received them, they also increased understanding of key information, and may even have helped to increase the likelihood that the customer would want reach out to their supplier or independent support after having read them.

Implications for supplier debt communications

- 5.4. The purpose of this research was to provide empirical evidence to inform the design of effective debt communication. However, the intention of this research was not to be prescriptive over the specific wording or terminology used; rather it was to provide insights about the broad themes of messaging structure, content, and tone that led to variations in our target outcomes.
- 5.5. This means that, where there were multiple things being varied across different communication versions, it is not possible to identify specifically whether any one factor was more or less responsible for driving change in response. Nevertheless, in tandem with the findings from the qualitative research, we can be reasonably confident of the factors that influenced customer response.

5.6. Collectively, the two phases of research have highlighted some actions that suppliers could take that, informed by the above findings, demonstrate good practice:

- Communicating in empathetic language. Specific examples from both phases include:
 - Avoiding the presumption that paying a bill is ‘not top priority’;
 - Using terms to evoke co-operation such as ‘work together’, ‘affordable’ and ‘finding a solution’;
 - Avoiding the threat of ‘legal proceedings and potential negative impact on credit ratings’ in initial contact with customer if not necessary;
- Making alternative debt solutions the primary focus rather than immediate repayment;
- Making key information visually more prominent (e.g. by including it in the first page of a multi-page communication);
- Acknowledging that the cause of debt could be outside of the customer’s control (e.g. in general terms, as well as in relation to specific circumstances).

5.7. From the perspective of promoting customer wellbeing, we found that using a disproportionately strong or threatening tone is not conducive to increasing customer engagement, rather, it is more likely to cause a negative emotional impact, such as worry or feeling threatened needlessly.

5.8. These findings have informed our consideration of what constitutes ‘good’ practice for debt communications in Ofgem’s Consumer Protection Report: Autumn 2021. They are also consistent with obligations on suppliers as set out by Ofgem in the Standards of Conduct¹⁸, which require suppliers to treat all domestic energy customers in a fair, honest, transparent and professional manner. Suppliers must also make an extra effort to identify and understand the characteristics, circumstances and needs of vulnerable customers, ensuring that their actions are resulting in vulnerable customers being treated fairly.

¹⁸ See Standard Licence Condition 0 in the [gas](#) and [electricity](#) supply licence: Treating Domestic Customers Fairly

Conclusions

- 5.9. This research has utilised insights from qualitative interviews in understanding customer intentions, attitudes and concerns in relation to debt communications, and has applied controlled, online experimentation to enable a quantification of these. Together, they have provided valuable insight into the relative impact of tone and content in debt communications on customers' intentions and attitudes in response to these communications, and of their comprehension of key information.
- 5.10. However, the research has not measured actual behaviour change. Evidence from the vignettes task indicates that communication version can influence intended behaviours. In both phases of the project, participants had the debt communications opened as part of the research design. In reality, and as highlighted by some in the qualitative research, communications sent to homes may remain unopened. Drawing on the findings from this research, future RCTs could be employed to trial alternative debt communications against existing ones, to evaluate their real world impact in prompting actual engagement with suppliers or independent support.
- 5.11. Overall, this research has highlighted the potential value in taking a behaviourally-informed approach to regulatory and policy decision-making. Such an approach helps to ensure that decisions are made with empirical evidence underpinning them, and ultimately, leads to a better understanding of the impact that different decisions will have on customer behaviour, engagement and wellbeing.

Appendices

Index

Appendix	Name of Appendix	Page No.
1	Socio-demographic breakdown of participants	40
2	Debt communications templates	41
3	Logistic regression of 'would want to contact'	49
4	Logistic regression of vignettes: contact	50
5	Linear regression (OLS) of supplier perceptions	51
6	List of objective multiple choice questions	52
7	Logistic regression of objective comprehension	53
8	Linear regression (OLS) of tone: friendly	54
9	Linear regression (OLS) of tone: threatening	55
10	Logistic regression of vignettes: too harsh	56
11	Various regressions with interactions	57

Appendix 1

Socio-demographic breakdown of participants in online experiment

Socio-demographic characteristic	Breakdown of participants
Age:	
18 – 24	3.5%
25 – 34	12.5%
35 – 44	23.8%
45 – 54	25.4%
55 – 64	21.0%
65+	13.8%
Prefer not to say (PNTS)	0.0%
Gender:	
Male	49.8%
Female	49.7%
Other/ PNTS	0.5%
Employment type:	
Employed FT/ PT	55.6%
Self-employed	10.2%
Retired	15.1%
Other/ PNTS	19.1%
Annual household income:	
< £10,000	7.9%
£10k - £20k	19.4%
£20k - £30k	20.9%
£30k - £40k	20.0%
£40k - £50k	11.5%
£50k - £60k	5.5%
£60k +	13.3%
PNTS	1.6%
Current financial struggle:	
Yes	39.6%
No	53.7%
Not sure/ PNTS	6.7%

Appendix 2

Debt communication Version 0 (Control)



Energy Supply Inc.

1st September 2021
Account number: 1234567

Hello [your name],

Your bill is now overdue - Act now to avoid additional charges

We know that paying your energy bill probably isn't your top priority. However the bill of **£282.75** we previously sent you remains unpaid. Please make payment or contact us by **15th September**. If you do not, you may be charged additional fees. It may also negatively affect your credit rating and could result in legal proceedings.

We have a number of different ways for you to pay:

- Log into your Energy Supply Inc account online (**www.esinc/account**) and make a payment directly from your bank. Your account number is 1234567.
- You can send a payment directly to our bank account using your account number as the reference. Our bank details are on the back of this letter.
- If you do not have an online account, you can call **XXXXX XXX XXX** and make an automated payment over the phone **or** send a cheque using the address on this letter.

Even if you cannot pay in full, you can call us and we can advise on a suitable course of action for you to get your account back on track. This could include one of a number of measures, including a repayment plan.

There is independent support available to help you manage your energy costs and advice on paying your bills on the back of this letter.

If you've already paid in full within the last few days, thank you for your payment and please disregard this letter. To avoid this situation in the future, you can contact us to set up a payment arrangement.

Yours sincerely,

Jane Smith

Pay on your online account

1. Log into your Energy Supply Inc account online (**www.esinc/account**)
2. Click 'Make an online payment' on the left hand-side of the page
3. Input your card details and follow the instructions to proceed with payment

Pay directly to our bank account by bank transfer

Please include your account number (1234567) as the payment reference:

Account number: XXXXXXXXX

Sort code: XX-XX-XX

Payment reference: *Your account number (1234567)*

Advice on paying your bill

Our trained advisors are here to help and understand any difficulties you have in paying your energy bills. Call us on 03303 222 222 to talk about your options and the help we can give you.

There is also free, independent and confidential advice available to you:

- StepChange - XXXX XXX XXX
- Citizens Advice - XXXX XXX XXX
- Age UK - XXXX XXX XXX

Debt communication Version 1



Energy Supply Inc.

1st September 2021
Account number: 1234567

Hello [your name],

Your bill is now overdue - Act now to avoid additional charges

We have previously sent you a bill of **£282.75** but you have not yet paid it. Turn the page over to find the most suitable way for you to make a payment.

We know that paying your energy bill probably isn't your top priority. But even if you cannot pay in full, you can call us and we can advise on a course of action to get your account back on track.

What can you do if you cannot pay in full?

- Even if you cannot pay in full immediately please contact us on **03303 222 222** and we can find a course of action that works for you, such as arranging a repayment plan or alternative measure.
- There is independent support available to help you manage your energy costs and advice on paying your bills. Please turn over for contact details for this independent support.

Please make payment or contact us by **15th September**. If you do not pay us in full or call to arrange a suitable plan, you may be charged additional fees. It may also negatively affect your credit rating and could result in legal proceedings.

If you've already paid in full within the last few days, thank you for your payment and please disregard this letter. To avoid this situation in the future, you can contact us to set up a payment arrangement.

Yours sincerely,

Jane Smith

Pay on your online account

1. Log into your Energy Supply Inc account online (**www.esinc/account**)
2. Click 'Make an online payment' on the left hand-side of the page
3. Input your card details and follow the instructions to proceed with payment

Pay directly to our bank account by bank transfer

Please include your account number (1234567) as the payment reference:

Account number: XXXXXXXXX

Sort code: XX-XX-XX

Payment reference: *Your account number (1234567)*

Alternative payment methods

You can call **XXXXX XXX XXX** and make an automated payment over the phone **or** send a cheque using the address listed on this letter.

Advice on paying your bill

Our trained advisors are here to help and understand any difficulties you have in paying your energy bills. Call us on 03303 222 222 to talk about your options and the help we can give you.

There is also free, independent and confidential advice available to you:

- StepChange - XXXX XXX XXX
- Citizens Advice - XXXX XXX XXX
- Age UK - XXXX XXX XXX

Debt communication Version 2



1st September 2021
Account number: 1234567

Hello [your name],

There is an outstanding balance of £282.75 on your gas and electricity account

We have previously sent you the bill but you have not yet paid it. Turn the page over to find the most suitable way for you to make a payment.

We understand that recent circumstances have made it more difficult for many people to pay their energy bills. Even if you cannot pay in full, we would like to work together find a solution that works for you.

What steps can I take to find a solution that works for me?

- If you are having difficulties in paying this outstanding balance, please contact us on **03303 222 222** and we may be able to arrange a repayment plan or find another solution for you.
- Independent support is also available to help you manage your energy costs and advice on paying your bills. Please turn over for contact details for this support and advice.

Please contact us by **15th September**. If you do not pay us in full or call to arrange a repayment plan or another solution, you may be charged additional fees. It may also negatively affect your credit rating and could result in legal proceedings.

If you've already paid in full within the last few days, thank you for your payment and please disregard this letter.

Yours sincerely,

Jane Smith

Pay on your online account

1. Log into your Energy Supply Inc account online (**www.esinc/account**)
2. Click 'Make an online payment' on the left hand-side of the page
3. Input your card details and follow the instructions to proceed with payment

Pay directly to our bank account by bank transfer

Please include your account number (1234567) as the payment reference:

Account number: XXXXXXXX

Sort code: XX-XX-XX

Payment reference: *Your account number (1234567)*

Alternative payment methods

You can call **XXXXX XXX XXX** and make an automated payment over the phone **or** send a cheque using the address listed on this letter.

Advice on paying your bill

Our trained advisors are here to help and understand any difficulties you have in paying your energy bills. Call us on 03303 222 222 to talk about your options and the help we can give you.

There is also free, independent and confidential advice available to you:

- StepChange - XXXX XXX XXX

- Citizens Advice - XXXX XXX XXX

- Age UK - XXXX XXX XXX

Debt communication Version 3



Energy Supply Inc.

1st September 2021

Account number: 1234567

Hello [your name],

We're writing to you because there is an outstanding balance of **£282.75** on your gas and electricity account.

It is important you get in touch with us by **15th September** to help us understand how we can work together to find a payment solution for you.

We are here to help

We understand that circumstances change which can make it more difficult for many people to keep up with their bills. The COVID pandemic has made this true now more than ever. We want to help.

By talking to each other, we will be able to find a solution that works for you or offer you advice and services for your circumstances.

What steps can I take to find a solution that works for me?

- Call **03303 222 222** to speak with one of our advisors.
- We could arrange an **affordable repayment plan** for you, which could spread the amount you owe into manageable monthly payments.
- Alternatively, we could work with you to find another solution that suits your needs.

Independent advice is also available

If you would like to speak to someone independent, there are a number of charities and organisations who are able to offer impartial advice and support:

- StepChange – XXXX XXX XXX
- Citizens Advice – XXXX XXX XXX
- Age UK – XXXX XXX XXX

If you are in a position to pay the outstanding balance now, please turn the page over to view our payment options.

Yours sincerely,

Jane Smith

What if I can pay now?

We understand that you may not be in a position to pay the bill in full immediately. But if you do want to make a full payment, you can:

- Log into your Energy Supply Inc account online (**www.esinc/account**) and make a payment directly from your bank. Your account number is 1234567.
- You can send a payment directly to our bank account using your account number as the reference. Our bank details are below.
- If you do not have an online account, you can call **XXXXXX XXX XXX** and make an automated payment over the phone **or** send a cheque using the address listed on this letter.

Our bank details:

You can make a direct payment to our bank account with these details:

Account number: XXXXXXXX

Sort code: XX-XX-XX

Payment reference: Your account number (1234567)

Appendix 3

Logistic regression estimating likelihood of self-report to want to contact someone by communications version, controlling for socio-demographics and financial circumstance

Would Want To Contact Someone	Model 1	Model 2	Model 3
Comms Version (Baseline: V0)			
V1	-0.0338 (0.192)	0.0017 (0.193)	-0.0070 (0.195)
V2	0.1045 (0.197)	0.1225 (0.199)	0.1044 (0.200)
V3	0.0645 (0.196)	0.0782 (0.195)	0.0617 (0.199)
Financial Struggle (Baseline: No)			
Yes		-0.2692+ (0.147)	-0.2398 (0.149)
Gender (Baseline: Male)			
Female			0.0380 (0.140)
Age Category (Baseline: 18-34)			
35-54			-0.0278 (0.193)
55+			0.2524 (0.212)
Education (Baseline: Below Degree)			
Degree or Above			-0.3264* (0.147)
Household Income (Baseline: <£30,000)			
£30,000+			0.0876 (0.150)
Constant	1.6402*** (0.137)	1.8145*** (0.149)	1.8471*** (0.245)
Observations	1,569	1,569	1,569

Log odds reported. Robust standard errors in parentheses.

*** p< 0.001, ** p<0.01, * p<0.05, + p<0.1

(Bonferroni correction applied for comparison of communications version against the Control version (V0))

Appendix 4

Logistic regression estimating likelihood that customers in the vignettes would contact their supplier by communications version, controlling for vignette characteristics, socio-demographics and financial circumstance (standard errors clustered at participant level)

Would Contact Supplier - Vignettes	Model 1	Model 2	Model 3
Comms Version (Baseline: V0)			
V1	0.2806 ⁺ (0.130)	0.3225* (0.131)	0.3077 ⁺ (0.131)
V2	0.2754 ⁺ (0.126)	0.2958 ⁺ (0.126)	0.2995 ⁺ (0.126)
V3	0.2268 (0.128)	0.2406 (0.127)	0.2023 (0.129)
Would Contact Someone - Self (Baseline: No)			
Yes	0.7138*** (0.122)	0.6510*** (0.124)	0.6324*** (0.125)
Vignette – Covid-19 a factor (Baseline: No)			
Yes	0.6108*** (0.078)	0.6372*** (0.078)	0.6494*** (0.079)
Vignette – First time debtor (Baseline: No)			
Yes	0.3750*** (0.074)	0.3864*** (0.075)	0.3872*** (0.076)
Vignette – Order (Baseline: 1 st)			
2nd	-0.2849*** (0.066)	-0.2897*** (0.067)	-0.2944*** (0.068)
Vignette – Name (Baseline: Amrish)			
Dina	0.0805 (0.107)	0.0797 (0.108)	0.0890 (0.110)
Claire	0.1193 (0.105)	0.1150 (0.106)	0.1216 (0.108)
Bob	0.0945 (0.102)	0.0843 (0.104)	0.1097 (0.105)
Financial Struggle (Baseline: No)			
Yes		-0.3062** (0.096)	-0.2378* (0.100)
Gender (Baseline: Male)			
Female			0.2538** (0.094)
Age Category (Baseline: 18-34)			
35-54			0.4419*** (0.126)
55+			0.7662*** (0.139)
Education (Baseline: Below Degree)			
Degree or Above			0.0789 (0.094)
Household Income (Baseline: <£30,000)			
£30,000+			-0.0887 (0.097)
Constant	-0.3726* (0.164)	-0.1444 (0.171)	-0.7520** (0.220)
Observations	3,138	3,138	3,138
Groups	1,569	1,569	1,569

Appendix 5

Linear regression (OLS) estimating standardised perception score by communications version, controlling for socio-demographics and financial circumstance

Perceptions Score	Model 1	Model 2	Model 3
Comms Version (Baseline: V0)			
V1	0.0875 (0.072)	0.1077 (0.071)	0.0933 (0.071)
V2	0.1840* (0.068)	0.1940* (0.067)	0.1870* (0.066)
V3	0.2721*** (0.072)	0.2741*** (0.071)	0.2548** (0.071)
Financial Struggle (Baseline: No)			
Yes		-0.2492*** (0.052)	-0.2463*** (0.054)
Gender (Baseline: Male)			
Female			0.1323** (0.050)
Age Category (Baseline: 18-34)			
35-54			0.0707 (0.069)
55+			0.1837* (0.072)
Education (Baseline: Below Degree)			
Degree or Above			-0.1858*** (0.050)
Household Income (Baseline: <£30,000)			
£30,000+			-0.0008 (0.051)
Constant	-0.1354** (0.049)	-0.0087 (0.053)	-0.0717 (0.091)
Observations	1,569	1,569	1,569
R-squared	0.010	0.036	0.056

Appendix 6

List of core (1-3) and additional (4-5) objective comprehension multiple choice questions and response rates (correct answers underlined)

1. Which of the following statements is true if you can't pay now in full?

- You can choose to arrange a repayment plan if it is the right option for you, but there are other options available [78.1%]
- You will automatically be put on a repayment plan if you don't pay what you owe by a certain date [7.1%]
- A repayment plan is your only option, but it is your choice whether you want to arrange one [8.5%]
- You have to pay as much of the bill as you can first before you can be considered for a repayment plan [6.3%]

2. What happens with a repayment plan?

- The amount you owe is broken down into manageable monthly payments to pay back over time [80.9%]
- You are given an extension to a fixed date by when you have to pay what you owe back in full [9.4%]
- The debt is written off and your future bills are based only on what you can afford [3.3%]
- You will have a short 'payment holiday' where you don't pay any more for your energy until you are in a position to start repaying what you owe [6.4%]

3. What were the names of the charities and advice lines offering independent support?

- StepChange, Citizens Advice, Age UK [17.1%]
- Citizens Advice, StepChange, National Debtline [56.2%]
- National Debtline, StepChange, Age UK [11.0%]
- Age UK, National Debtline, Citizens Advice [15.7%]

4. What was the number you could call if you wanted to speak to an advisor about the options available to you?

- 03303 222 222 [32.1%]
- 03303 337 337 [26.0%]
- 0800 138 138 [24.0%]
- 0800 101 101 [17.9%]

5. Which of these was **NOT** given as an option to pay off the balance of your energy bill in full in the letter?

- Make a payment at any Payzone location [35.4%]
- Send a cheque to the given address [36.3%]
- Pay via your online account [10.7%]
- Make a payment directly to the supplier's bank account [17.6%]

Appendix 7

Logistic regression estimating likelihood to correctly answer at least 2/3 objective comprehension questions by communications version, controlling for socio-demographics and financial circumstance

Objective Comprehension – 2/3	Model 1	Model 2	Model 3
Comms Version (Baseline: V0)			
V1	0.2166 (0.154)	0.2545 (0.156)	0.2149 (0.161)
V2	0.4476* (0.159)	0.4712** (0.159)	0.4610* (0.164)
V3	0.4756** (0.160)	0.4863** (0.161)	0.4108* (0.167)
Financial Struggle (Baseline: No)			
Yes		-0.4240*** (0.120)	-0.3043* (0.127)
Gender (Baseline: Male)			
Female			0.5348*** (0.119)
Age Category (Baseline: 18-34)			
35-54			0.5390** (0.155)
55+			1.3111*** (0.179)
Education (Baseline: Below Degree)			
Degree or Above			-0.1807 (0.120)
Household Income (Baseline: <£30,000)			
£30,000+			0.0403 (0.123)
Constant	0.6855*** (0.107)	0.9078*** (0.121)	0.0159 (0.212)
Observations	1,569	1,569	1,566

Appendix 8

Linear regression (OLS) estimating tone rating of 'friendly' by communications type, controlling for socio-demographics and financial circumstance

Tone - Friendly	Model 1	Model 2	Model 3
Comms Version (Baseline: V0)			
V1	0.2918* (0.109)	0.3201** (0.108)	0.2988* (0.108)
V2	0.3410** (0.107)	0.3550** (0.105)	0.3442** (0.105)
V3	0.6281*** (0.105)	0.6303*** (0.104)	0.6045*** (0.105)
Financial Struggle (Baseline: No)			
Yes		-0.3600*** (0.078)	-0.3645*** (0.081)
Gender (Baseline: Male)			
Female			0.1211 (0.075)
Age Category (Baseline: 18-34)			
35-54			0.0513 (0.107)
55+			0.1797 (0.110)
Education (Baseline: Below Degree)			
Degree or Above			-0.2673** (0.077)
Household Income (Baseline: <£30,000)			
£30,000+			-0.0286 (0.078)
Constant	4.7437*** (0.077)	4.9246*** (0.081)	4.9375*** (0.131)
Observations	1,569	1,569	1,569
R-squared	0.022	0.045	0.060

Appendix 9

Linear regression (OLS) estimating tone rating of ‘threatening’ by communications type, controlling for socio-demographics and financial circumstance

Tone - Threatening	Model 1	Model 2	Model 3
Comms Version (Baseline: V0)			
V1	-0.3081* (0.122)	-0.3441* (0.121)	-0.3060* (0.119)
V2	-0.3904** (0.120)	-0.4089** (0.118)	-0.3935** (0.116)
V3	-0.6288*** (0.125)	-0.6259*** (0.123)	-0.5663*** (0.122)
Financial Struggle (Baseline: No)			
Yes		0.5705*** (0.090)	0.5581*** (0.092)
Gender (Baseline: Male)			
Female			-0.3965*** (0.085)
Age Category (Baseline: 18-34)			
35-54			-0.2968* (0.126)
55+			-0.6526*** (0.131)
Education (Baseline: Below Degree)			
Degree or Above			0.3453*** (0.086)
Household Income (Baseline: <£30,000)			
£30,000+			0.1388 (0.087)
Constant	3.6878*** (0.085)	3.4196*** (0.092)	3.7299*** (0.164)
Observations	1,569	1,569	1,569
R-squared	0.017	0.048	0.093

Appendix 10

Logistic regression estimating likelihood of communications being judged ‘too harsh’ in the vignettes task, by communication version, controlling for vignette characteristics, socio-demographics and financial circumstance (standard errors clustered at participant level)

Too Harsh - Vignettes	Model 1	Model 2	Model 3
Comms Version (Baseline: V0)			
V1	-0.4250* (0.150)	-0.4576** (0.151)	-0.4238* (0.153)
V2	-0.3833* (0.148)	-0.4035* (0.149)	-0.3943* (0.151)
V3	-0.8355*** (0.160)	-0.8325*** (0.161)	-0.7875*** (0.163)
Would Contact Someone - Self (Baseline: No)			
Yes	-0.6658*** (0.139)	-0.6456*** (0.141)	-0.6314*** (0.143)
Vignette – Covid-19 a factor (Baseline: No)			
Yes	0.2315** (0.078)	0.2270** (0.078)	0.2190** (0.079)
Vignette – First time debtor (Baseline: No)			
Yes	0.2456** (0.077)	0.2442** (0.078)	0.2609** (0.080)
Vignette – Order (Baseline: 1 st)			
2nd	-0.0630 (0.054)	-0.0632 (0.055)	-0.0653 (0.056)
Vignette – Name (Baseline: Amrish)			
Dina	-0.1392 (0.115)	-0.1212 (0.116)	-0.1089 (0.117)
Claire	-0.0015 (0.106)	0.0113 (0.108)	0.0134 (0.110)
Bob	-0.1336 (0.106)	-0.1317 (0.108)	-0.1379 (0.109)
Financial Struggle (Baseline: No)			
Yes		0.5988*** (0.115)	0.6306*** (0.121)
Gender (Baseline: Male)			
Female			-0.3720** (0.114)
Age Category (Baseline: 18-34)			
35-54			-0.2397 (0.150)
55+			-0.3667* (0.166)
Education (Baseline: Below Degree)			
Degree or Above			0.4400*** (0.115)
Household Income (Baseline: <£30,000)			
£30,000+			-0.0118 (0.117)
Constant	-0.4438* (0.179)	-0.7420*** (0.194)	-0.6008* (0.256)
Observations	3,138	3,138	3,132
Groups	1,569	1,569	1,566

Appendix 11

Logistic (Models 1 and 3) and linear (Model 2) regressions estimating incidence of primary outcome measures, by communication version, controlling for vignette characteristics, socio-demographics and financial circumstance, with interactions for whether participant is currently struggling financially

Primary Outcome Measures	Would Contact Someone	Perceptions Score	Objective Comprehension
Comms Version (Baseline: V0)			
V1	0.0433 (0.282)	0.0528 (0.117)	0.4204 (0.243)
V2	0.4151 (0.302)	0.2984* (0.105)	0.5035 (0.250)
V3	0.5566 (0.321)	0.3516* (0.121)	0.3620 (0.257)
Financial Struggle (Baseline: Yes)			
No	0.6545* (0.297)	0.2998** (0.101)	0.3889+ (0.235)
Comms Version * Financial Struggle			
V1 * Financial Struggle: No	-0.1999 (0.413)	0.0667 (0.149)	-0.4459 (0.331)
V2 * Financial Struggle: No	-0.7342 (0.419)	-0.1539 (0.137)	0.0620 (0.347)
V3 * Financial Struggle: No	-0.8124 (0.432)	-0.1347 (0.150)	0.0834 (0.350)
Gender (Baseline: Male)			
Female	0.0301 (0.141)	0.1356** (0.050)	0.5472*** (0.119)
Age Category (Baseline: 18-34)			
35-54	-0.0185 (0.195)	0.0795 (0.069)	0.5412*** (0.155)
55+	0.2648 (0.213)	0.1955** (0.072)	1.3192*** (0.179)
Education (Baseline: Below Degree)			
Degree or Above	-0.3237* (0.148)	-0.1895*** (0.050)	-0.1915 (0.121)
Household Income (Baseline: <£30,000)			
£30,000+	0.0729 (0.151)	-0.0025 (0.051)	0.0422 (0.124)
Constant	1.4202*** (0.264)	-0.3650*** (0.099)	-0.3474 (0.229)
Observations	1,569	1,569	1,566
R-squared	--	0.060	--