

Ofgem Consumer First Panel

Affordability and supplier support

(Fieldwork conducted November 2021)

September 2022

ofgem

REVEALING REALITY

Context and purpose of the research

Ofgem is Great Britain's independent energy regulator. We work to protect energy consumers, especially vulnerable people, by ensuring they are treated fairly.

As the energy regulator, our primary objective is to protect the interests of consumers. In order to do that we need to fully understand consumers' needs, expectations and concerns, ensuring the voices and perspectives of energy consumers are embedded in our everyday thinking and decision-making.

This research took place in November 2021, shortly after the global gas crisis caused significant disruption across the energy market. The findings resonate more so today following further price rises, placing more pressure on affordability.

Supporting customers struggling with their bills and driving significant improvements in customer service for vulnerable groups are key parts of our Consumer Vulnerability Strategy 2025. This research indicates that our Panellists feel there is room for improvement. It also shows that customers struggling to make ends meet do receive positive outcomes and support from their energy supplier, once they overcome the barriers of reaching out. This really makes a difference in improving their situations.

Customers are facing unprecedented increases in their energy bills and will need their supplier to support them during this period more than ever. This research provides strong evidence for understanding and acting on the expectations of customers whilst breaking down the barriers that may prevent them from seeking support before things reach a crisis point. We hope it is of use and interest to a wide range of stakeholders.

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The overarching objectives of the Consumer First Panel

Ofgem's Consumer First Panel is a group of everyday energy customers who are engaged for a year and can be consulted about a range of issues that Ofgem have.

The Consumer First Panel is a key insight tool for Ofgem, which allows it to:

- Consider and consult with consumers when developing new policies or considering change
- Understand consumer views and experiences on key energy market issues
- Analyse and compare consumer attitudes and behaviour to design policy conclusions that may benefit consumers

It is important to carry out this work in order to ensure that consumer views are adequately captured, so that their views and concerns can be represented in the design of policy.

Qualitative Research

- Qualitative research, including deliberative approaches such as the Consumer First Panel, are used to provide a thorough understanding of the current consumer perspective on complex issues that consumers may have never thought about before. It also allows for a more in-depth exploration of consumers' experiences and understanding of some topics. This provides insight into why participants have certain views. It is important to note that this research is intended to be illustrative rather than statistically reliable and, as such, does not permit conclusions to be drawn about the extent to which something is happening in the wider population.
- Throughout the report, verbatim comments have been included to illustrate particular viewpoints. It is important to remember that the views expressed do not always represent the views of all participants or all of the wider population. In general, verbatim comments have been included to illustrate where there was a particular strength of feeling during the discussions.
- To ensure anonymity, all participant names within this report are pseudonyms.

This wave involved focus groups and depth interviews with Panellists from across Great Britain

This year, the Panel was formed of over 40 Panellists from Edinburgh, Bangor, Barnsley and Plymouth. The groups took place in November 2021, a time at which energy price changes and suppliers going out of business were in the news.

The Panellists come from a range of backgrounds and experiences of the energy market. The group sessions were not specifically recruited to include consumers who had struggled to pay their bills, although the subsequent depth interviews focused on this group.

Panellists attended a 90-minute remote focus group with other Panellists from their area, to discuss their needs regarding support from their supplier.

Alongside the groups, there were ten depth interviews with customers from across Britain who have struggled with paying their energy bills. These interviews explored their motivations for and experiences of contacting their energy supplier for support.



We explored consumer understanding and perceptions of support offered by suppliers to customers struggling financially

This wave aimed to understand the extent to which energy customers know and appreciate that:

- Their **supplier will help them** if they need support.
- They should be able to **contact their supplier with ease** and should be **treated fairly**.
- Their supplier knows times are difficult and they **won't be pressured** into paying what they can't afford.

Other objectives include understanding:

- Any barriers that consumers perceive in terms of interacting with their supplier.
- The experiences of customers who have experienced affordability issues and those who have reached out to their energy supplier for support.

Executive summary

Awareness and perceptions of supplier support varied based on Panellists' personal experiences. Those who were more engaged with the energy market or who had experience of support in other sectors were generally more aware of what suppliers could do. Unsurprisingly, those Panellists who hadn't experienced affordability issues didn't always see how support would be helpful or what could be available.

Overall, Panellists perceived that suppliers don't want to help people who are struggling. This means that people who are struggling often don't get in touch with their supplier until they reach a crisis point where they have no other choice. These perceptions were shaped by:

- Negative past experiences with their supplier and in other sectors
- Perceptions that their suppliers' priority is making money
- Energy bills feeling non-negotiable compared to other bills.

Panellists felt they would be more likely to contact their supplier if:

- They felt their issue would be taken seriously or treated with empathy by their supplier
- They had the confidence to argue their case for support or to make suggestions for the help they wanted.

However, those Panellists that had the confidence to ask their supplier for help reported largely positive experiences and outcomes.

**Awareness of supplier
support**

Spontaneous awareness of supplier support was limited

When prompted Panellists could imagine how suppliers could support someone who was struggling to pay their bills. Detailed knowledge of the support was patchy. Some of the most commonly suggested ideas included:

- Payment plans
- Payment holidays – often with reference to mortgage holidays
- Reviewing tariffs and costs to ensure customers are on the lowest tariff
- Installing a prepayment meter

Panellists were even less aware of the non-financial support suppliers could offer, or the less direct ways they could help people. These included:

- Signposting to advice charities and consumer groups
- Assessing their eligibility for applications for discount schemes
- Putting customers on the Priority Service Register

They were unclear as to what exactly these types of support would involve and how they might improve a customer's situation.

“You only ever look for that message when you need the help”

-A, Barnsley

[Focus group, struggling, not contacted supplier]

“I would educate the customer on how to optimize their energy and help reduce their bills”

-L, Bangor

[Focus group, not struggling, not contacted supplier]

“Waiving bills around expensive periods like Christmas time, try a payment holiday”

-K, Edinburgh

[Focus group, not struggling, not contacted supplier]

“There is always stuff out there to help, you’ve just got to look for it”

-R, Bangor

[Focus group, not struggling, not contacted supplier]

Panellists who had knowledge of the market or similar support in other sectors were more aware of the support suppliers could offer

This was true for both those who had and hadn't struggled to pay their bills. This increased awareness was either due to knowledge of the energy market or previous experience of seeking support in other areas, such as support for those with health conditions.

Some of these Panellists were more engaged with the energy market. They tended to be more 'savvy' and 'shopped around' for energy deals or engaged more with information about the market or from their supplier. Being more engaged made them more likely to read communication around energy, and therefore more aware of the types of things suppliers could do for customers.

Some Panellists had looked for support in other markets, either for themselves or family members. Panellists with family members with health conditions or disabilities in particular were more accustomed to seeking support and generally knew the types of support they were entitled to.

"Every year or so I'll go on a price comparison site and see what's on offer. I will only go to a supplier if they offer the warm home discount"

-G, Bangor

[Focus group, struggling, had contacted supplier]

"I'm in this 'parents with disabled children community group'... they tell you all about what you are entitled to and how to get it"

-L, Colchester

[In-depth interview, struggling, not contacted supplier]

"I would first contact Citizens Advice to see what my rights were, just to have information for what I can and can't say and can and can't do"

-C, Barnsley

[Focus group, not struggling, not contacted supplier]

Panellists who had struggled to pay their bills in the past were able to see the value of supplier support more easily

Most Panellists could imagine things that suppliers could do to help people who were struggling. However, there was a noticeable contrast between Panellists who had and hadn't struggled to pay their bills in the past when it came to how much *value* they saw in the support available.

Those who had struggled financially often felt that supplier support would be beneficial for them, and could appreciate the value of all types of support.

As mentioned previously, those who hadn't struggled financially found it difficult to see the benefits of supplier support, or to imagine ways they could help. They often raised the point that suppliers 'can't make the payments stop'. They felt they'd still have to pay the full amount they owed at some point, and so questioned the long-term value of reaching out for help.

Despite not seeing the benefit of support for themselves, those who had not struggled to pay their bills were empathetic towards people who were struggling and could imagine being in their position, in which some support or relief would be better than none at all.

"They could soften the blow for those who are struggling, they could give you different payment options"

-D, Plymouth

[Focus group, struggling, had contacted supplier]

"There is an onus on companies to offer you a support plan, how effective that is I'm not completely sure"

-S, Bangor

[Focus group, struggling, not contacted supplier]

"I don't really know what more you can expect from them [suppliers] apart from tips. They can't give you free energy, so I'm not sure what else they can do for you"

-G, Plymouth

[Focus group, struggling, not contacted supplier]

Panellists agreed that suppliers should treat customers who are struggling to pay their bills with empathy, respect and understanding

The Panellists were aware that there are a lot of different situations that can lead people to struggle with paying their bills.

When asked about who might be eligible for support with paying their energy bills, people who were on a low income were top of mind for most people on the panel.

More specifically, Panellists mentioned job loss and suffering from long-term health conditions as situations that might cause someone to struggle with their bills.

When asked about how someone struggling to pay their bills should be treated by an energy supplier, Panellists unanimously agreed that anyone struggling for any reason should be treated with empathy and understanding by their supplier.

Some felt there were baselines for the level of support that a supplier should offer customers. For example, some were aware that suppliers aren't able to 'cut you off' if you're unable to pay. This feeling that suppliers must continue to supply struggling customers gave some the impression that suppliers wouldn't simply 'abandon' customers in need, and that they would be exercising a minimum level of empathy and support by doing so.

"They should treat you with respect and dignity, and have the capacity to put something in place for you. I'd hope they would have some sort of plan they could do for you"

-L, Bangor

[Focus group, not struggling, not contacted supplier]

"There are baselines of what they are expected to do. They can't cut people off anymore. There should be increased pressure for suppliers to be more supportive"

-S, Bangor

[Focus group, not struggling, not contacted supplier]

"...treat you with empathy, they used to be harsh and turn off the power, but this has changed"

-D, Plymouth

[Focus group, struggling, had contacted supplier]

**Perceptions of support -
Preconceptions and past
experience**

Panellists say that they don't always trust that suppliers will want to help them

Many Panellists assumed that suppliers didn't want to help them. Panellists spoke about several barriers to contacting their supplier:

1) Panellists believed their supplier's priority was making money

They felt that suppliers mainly cared about customer acquisition and profit, rather than caring about and investing in relationships with individuals. They often described suppliers as 'big corporations' and 'big businesses', which led them to believe that they wouldn't be empathetic if they asked for help.

2) Energy bills felt like a necessity and non-negotiable compared to other bills

Panellists had the feeling that they had less freedom to choose a price that worked for them when it came to energy. They felt a greater ability to choose cheaper packages with other service providers, and felt that energy suppliers would be less likely to negotiate tariff prices and they'd be less able to 'haggle' for lower prices. This seemed to be a general feeling, not just related to the crisis, and it meant some Panellists felt there was little point in getting in touch for financial support.

Most Panellists were uncertain as to whether suppliers had any ethical motivations or regulatory obligations to help customers. Some Panellists mentioned suppliers having a 'moral duty' to help, or legal obligations to not disconnect their energy, but there was little awareness beyond this.

"Empathy would be ideal, but it would be too much for a business to do. Businesses are for profit. We are paying customers because they are not a charity. I would not think to find empathy"

-C, Plymouth

[Focus group, not struggling, not contacted supplier]

"Mobile phone companies make up the tariffs so you have more leeway to haggle... you can't really haggle with them [energy suppliers]. I don't think they'd waive a bill"

-K, Edinburgh

[Focus group, not struggling, not contacted supplier]

"With other things, you can go for the more budget services... You don't have that option with gas or electricity the same as with the phone bill or the TV... all of that you pay at the rate that you can afford"

-S, Bedfordshire

[In-depth interview, struggling, had contacted supplier]

Negative past experiences shaped the Panellists' perceptions of suppliers

Panellists reported many reasons as to why they felt negatively about their supplier. These related to direct experiences with their supplier, as well as poor experiences in other sectors. Where Panellists had negative experiences in other sectors (such as with other utilities or services), they often expected the same from their energy supplier. Panellists spoke about the following, both from the perspective of their energy supplier and other sectors:

- Being overcharged for a long time, and feeling they had been deliberately deceived
- Receiving letters demanding payments that weren't meant for them
- Finding it difficult to contact their supplier/other utility provider
- Negative experiences in other sectors around missing or making incorrect payments

In many cases, Panellists had personally experienced these issues, but word-of-mouth also had an impact.

“The dentist fined me £50 for using the free dental care card when it was out of date. If I didn't pay my energy bill on time, God knows what would happen”

-L, Colchester

[In-depth interview, struggling, not contacted supplier]

E, Manchester

[In-depth interview, struggling, had contacted supplier]

E contacted her supplier to negotiate a cheaper tariff, as she had moved into a new property and remained on the higher tariff from the previous occupants.

“They [suppliers] try and get as much as they can out of you. They made a lot of money out of me when I was paying £120 a month, when I could have only been paying £68”

“After we had agreed £68/month, they were taking £89. I don't trust them. They just take whatever they want”

Case study - Lack of trust in ‘big corporations’

Abi (21) was unaware of support and untrusting of suppliers

In-depth interview, struggling, not contacted supplier

Abi lives in Barnsley with her fiancé. Abi was in-between jobs when the pandemic began meaning she received limited furlough payments of around £300 a month.

Despite finding another job at Amazon, around Christmas time Abi became ill with Covid and ended up losing her job, the third she had lost in three months. During this time, she had applied for Universal Credit and had been rejected, leaving her with no income at all.

It was at this point that Abi and her fiancé began to struggle. Having spent most of their savings, the pair were struggling to cover all their expenses. Abi would never miss a bill, having seen how they were treated by the council, but it was reaching ‘crisis point’ for them both. In the past, Abi had been wrongly accused of council tax evasion, receiving nasty emails and aggressive phone calls. This experience had altered the way she saw ‘big corporations’ and instilled in her an understanding they only wanted your money, not to help.

In general, Abi didn’t like taking help and receiving support from anybody, and she perceived her situation as ‘short term’ and wanted to fix it on her own. Even in crisis point it was her fiancé’s family who gave them “overly generous birthday presents” to help them through until she found another job.

This was the first time either of them had engaged directly with the energy market. As well as being untrusting of suppliers, as she was new to the market, Abi had limited confidence in approaching suppliers for the support she needed and so hadn’t done.

She now works as a warehouse operative and her and her fiancé are paying back the money the family gave to them. Even now knowing the kinds of support suppliers could offer, Abi was still sceptical of their motives and probably wouldn’t reach out for help.

“They are big and heartless... I don’t think they would have any sympathy”

Panellists highlighted three areas where they said they would feel confident enough to contact their supplier

For some Panellists, this was based on actual experience when they had reached out for supplier support.

Feeling they had an issue that would be taken more seriously or treated with more understanding by their supplier

All Panellists reflected that they would feel more comfortable telling their supplier about issues which seemed longer-term or out of their control, such as long-term illness or disabilities. They assumed that suppliers would treat these issues with the most empathy and expected them to be flexible around payments. Those that had contacted their supplier because of illness or disability reported positive experiences and outcomes.

However, Panellists reflected that they would feel less comfortable telling their supplier about issues which seemed shorter-term or felt to have a set end point, such as furlough or unemployment. These issues seemed to come with an expectation that customers would resolve the issues themselves. Panellists often said that they might feel embarrassed by seeking support, and so they would attempt to get out of the situation or find other means to make their payments themselves.

“I suffer from arthritis and sought long term help. You’re more likely to reach out when you think something would be long term”

-A, Edinburgh

[Focus group, struggling, had contacted supplier]

“Having a diagnosis of cancer made a profound difference. I’ve had nothing but kindness from my utilities companies, which really was a surprise”

-D, Plymouth

[Focus group, struggling, had contacted supplier]

“[Someone on furlough] might not want to admit that they are struggling and they might think they can cope by themselves”

-M, Plymouth

[Focus group, not struggling, not contacted supplier]

Panellists said they need to have the confidence to ‘make an argument’ to their supplier about what they needed or would like them to do

When Panellists felt that their supplier wouldn’t take their issue seriously, they felt less confident in reaching out. They felt as though they would have to persuade the supplier to help them or argue their case. Those who felt their supplier would be disinterested in helping them rectify the situation were more concerned about ‘saying the wrong thing’ and jeopardising their chances of receiving support.

In some cases, those who had contacted their supplier about struggling financially felt they were more likely to receive help – and would feel more confident reaching out for help – if they could approach the suppliers with an idea of the support they would like. To gain this understanding and to build their confidence to ask for it, some of those who had contacted their suppliers looked at sources including local charities and Citizens Advice prior to getting in touch.

When Panellists were clear about what support was available, they felt more confident in approaching suppliers for support.

K, Bristol

[In-depth interview, struggling, had contacted supplier]

K contacted her supplier about struggling to pay her bills whilst she was off work due to illness. Before doing so, she decided to contact a charity for advice so that she had the knowledge and confidence she needed.

“I contacted them [local charity] the day before I rang my supplier... Thought they’d go through the ‘do’s and don’ts’”

“I’m a big believer in if you go in with an agenda, like a thing you want, then it’s more likely you’ll get it”

Feeling that they had reached ‘crisis point’ would also prompt Panellists to contact their supplier for help

Some Panellists said they would rather rectify their financial situation themselves, by or cutting back on their spending and energy usage. Others thought they would look for other jobs, or finding other ways to make money.

However, some Panellists struggled financially and ‘ran out of money’, despite their best efforts. When they could no longer make their payments, they felt they had no choice but to reach out to their supplier for support.

These Panellists said they immediately contacted their supplier at this point, and would often receive support. However, a few still said they would rather resolve the issue themselves. The reasons for not reaching out to their suppliers included not knowing what support was available, being unable to accept they were struggling, or to admit the severity of the issue. They also appeared to have a preference for less formal types of support, such as financial help from family and friends.

The result of not seeking supplier varied for these Panellists. They either continued to struggle longer term or were said they were making cutbacks, found other ways to pay their bills but continued to be careful. Only one Panellist said that this approach had improved their financial situation.

“We were in our usual lifestyle and the money was just running out, until one day, that’s when the penny dropped... We’ve never worried about money before”

-R, London

[In-depth interview, struggling, had contacted supplier]

“You don’t really have time to dwell on that kind of thing. The first thing I did was contact the people I owed money to, to explain the situation to them. So I contacted my supplier to let them know I’m looking at my finances. I’m just not going to be able to pay next month”

-S, Bedfordshire

[In-depth interview, struggling, had contacted supplier]

Case study - Reaching out at 'Crisis Point'

Rocky (35) felt he could resolve the issue himself

In-depth interview, struggling, not contacted supplier

Rocky is a single dad. He and his partner split up 4 years ago. As a result of the separation, Rocky took on the debt they had both, amounting to around £30,000.

Since the split, he has begun to work 60+ hours a week, believing that if he worked hard, he would be able to repay what he owes. But having five different credit cards to pay off, maintenance and other living costs, Rocky was barely paying off the interest.

He had approached StepChange for support but found the individual assisting him rude and solutions unhelpful. This had put him off reaching out for support with his situation in the future.

Rocky regularly borrowed money from friends and family, and had no issue being late on bills and payments. He would pay off 'essential bills' first (rent, maintenance and council tax) then rotate between paying other bills which, in his eyes, had lesser repercussions for late/nonpayment (Wi-Fi, phone).

Due to changing jobs and mismatch of paydays, Rocky has begun to really struggle. As a result, he has been late on energy bills. In response to the late payment, he received 6 consecutive identical emails enforcing him to pay, but by the third he was unfazed.

Rocky has only recently realised the extent of his financial situation, admitting his pride got in the way of him accepting his debt was insurmountable.

A few months ago, he approached StepChange again and they have created a repayment plan for him, with realistic payment targets for him to stick to.

At the time when he was struggling, Rocky didn't accept just how bad his situation was and so didn't think he needed support. He was also unaware that support was available. Now he knows what help he can receive, he reflected that he would reach out and ask for support in the future.

Experiences of support

Panellists who did contact their supplier when struggling financially generally had positive experiences

Those Panellists who did contact their supplier to seek help generally reflected that they had positive experiences. These included:

- Getting the support they wanted, or getting support that is useful to them and eases their financial burden
 - Staff being helpful and supportive of their situation, or receiving personalised contact
- Panellists were often surprised by this. The actual experience didn't match up to their previous expectations or preconceptions.

However, in some instances, Panellists who had contacted their supplier for support did think that their experience could have been better. Panellists described:

- Their supplier trying to implement measures or solutions without enough conversation with the customer
- Their supplier not being fully understanding or empathetic towards their situation
- Feeling their supplier could have listened more to their concerns

"I am shocked and surprised that I am being treated so well"

-D, Plymouth

[Focus group, struggling, had contacted supplier]

"They did try hard to work with me and see how I may be able to pay my bills"

-A, Edinburgh

[Focus group, struggling, had contacted supplier]

"I contacted them when I began to struggle and generally, they have been very good. I do like the personal customer service that technology is replacing"

-B, Bangor

[Focus group, struggling, had contacted supplier]

Case study - A positive experience when seeking help from an energy supplier

Ralph (65) hadn't struggled financially before

In-depth interview, struggling, had contacted supplier

Ralph lives in London with his wife. He was working as a Property Developer but lost his job at the start of the pandemic as the property market 'dropped'.

He continued to live the same lifestyle which involved high spending on leisure and funding his daughter's education. As he was used to this lifestyle, he did little to keep track of his finances. After three months, he made the sudden realization that he had run out of money. He made significant cutbacks to his lifestyle, such as changing his supermarket, and phone contract, but still struggled to afford his bills.

Ralph had never struggled financially in the past. This meant that he was unaware of financial support he could receive and didn't know that suppliers could offer help to anyone struggling financially.

He first looked on the Citizens Advice website for information about what to do if you're struggling financially and saw he could contact his supplier and local council for help with bills. He then visited his supplier website to find out how to contact them.

He immediately contacted his supplier on a live chat and received a call back the following day to discuss his financial situation and review his options.

Ralph was put on a payment plan of £50 per month from the following day and now pays what he can each month. He is hoping to find a new job and pay off his bills as soon as possible. He has ongoing contact with his supplier – a standout moment was when they noticed he had paid above his minimum one month.

Ralph felt he had a very positive experience with his supplier. He felt they were empathetic, which reassured him and put him at ease. He was surprised at the support he received, having been unaware of supplier support before his experience.

"She said after the first couple of months, 'it's good that you're making that attempt, you're fine. I saw last month you paid extra on your bill'... I felt warm inside, that she recognised our plight and understands it"

"After this scenario, I've been very positive... I have said to family, if you've ever had any financial problems, the electricity company or your council, they're very supportive"

Opportunities for suppliers

Opportunities for improving perceptions and experiences of support

Awareness of supplier support was limited and Panellists found it difficult to believe that suppliers would help if they were struggling. Suppliers therefore have an opportunity to make customers more aware of the support available and improve the overall experience of seeking support.

Raising awareness of supplier support

- Whilst there was some awareness of what suppliers could do, it varied greatly. Panellists didn't know the full extent of how suppliers can support their customers or how to get it. Customers may be more likely to seek support if there was more transparency around what help they could receive.

Demonstrate empathy and understanding to increase customer trust

- Panellists say there are lots of small negative experiences which make it difficult for customers to trust that their supplier genuinely wants to help. Suppliers need to demonstrate that they are being more empathetic and supportive of their customers when they reach out to foster trust.

Making customers feel legitimate in their claims for support

- Currently, it seems that the Panellists would feel more comfortable asking their supplier for help around longer-term problems. There could be an opportunity here to help customers have more confidence when asking for support with shorter-term issues.

Building on positive experience

- Where Panellists have looked for supplier support, they say that the experience has been mainly positive. Suppliers should reflect on how to ensure that all customers continue to receive positive interactions.