



Making a positive difference
for energy consumers

Supplier CEOs and Directors of Regulation

Date: 07 November 2022

Dear colleagues,

Concern over remote switching of smart meters to prepayment mode

Recently I have been made aware of what appear to be serious failings regarding how suppliers treat vulnerable smart meter consumers. Specifically, that smart meters operating in credit mode have been switched to prepayment without full regard to the licence conditions, leading to serious detriment to these consumers. Most worryingly, some vulnerable consumers have been left off supply. The cases shared are so concerning, and placed consumers at such risk, that we need to write to you to make you aware of the situation and remind you of your obligations. This is in parallel with work we are already doing on the Market-wide Compliance Reviews.

Suppliers' obligations are clear. The Standards of Conduct (Standard Licence Condition 0) contain enforceable overarching principles that suppliers must treat all domestic consumers fairly and that suppliers need to make extra effort to identify and respond to the needs of their consumers in vulnerable situations. These obligations include how a supplier behaves, and that they must seek to identify each consumer in a vulnerable situation in a manner that is effective and appropriate and has regard to their interests. Suppliers must also apply the Standards of Conduct in a manner which takes into account any vulnerable situation a consumer is in.

Standard Licence Condition 28 stipulates prepayment meters should only be used where it is safe and reasonably practicable. Prepayment meters should not be installed or remotely switched without carrying out appropriate assessments, including identifying any vulnerability.¹

The guidance to these assessments further sets out that following the remote switching of the smart meter, we expect suppliers to take proactive steps to ensure that it is safe and reasonably practicable for the consumer to stay in prepay mode, which could include monitoring of self-disconnection. Where the supplier becomes aware or has reason to believe that the smart meter being in prepay mode is no longer safe and reasonably practicable in all circumstances, then the supplier should make alternative arrangements as per SLC 28.1A.

Suppliers must also adhere to protections in place when switching a smart meter from credit to prepayment mode. SLC 23.8A includes requirements that suppliers must be able to satisfy to change payment methods. This includes the requirement that suppliers

must provide notice of at least seven working days in advance of the change to the prepay method on the smart meter.

As part of the Market-wide Compliance Reviews into Consumers in Payment Difficulty and Vulnerability, we have already engaged suppliers and sought action to improve processes on prepayment practices. All suppliers should review their obligations and processes on smart prepayment meter practices as a matter of urgency, including ensuring that all customer service representatives are briefed on the severity of the impact poor practices can have on customers.

We will be working closely with consumer groups to monitor consumer outcomes in this area, including enhanced reporting from our Tripartite engagement with Citizens Advice and Ombudsman. We will not hesitate to take further action if we continue to see these unacceptable practices continue.

Yours sincerely,

Neil Lawrence
Director of Retail