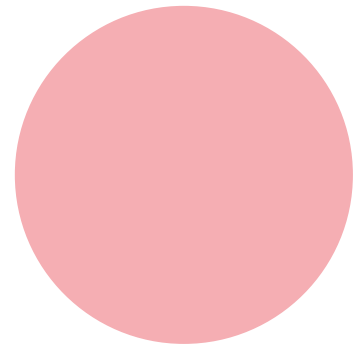
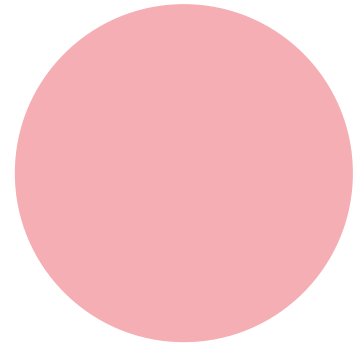


# **Prepayment Meter Customer Journey– Qualitative Research**



## **A report for Ofgem by Savanta**

Published 13th September 2023

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# Ofgem Foreword

Prepayment meters are a payment option that can help households to control their spending on energy and avoid getting into debt. In addition, where a smart PPM is fitted, energy suppliers can better monitor when customers are changing their top-up patterns or self-disconnecting and provide support more quickly.

As a result of the unprecedented surge in energy prices and wider cost of living challenges, households across the country are facing significant energy bills and this has meant many are finding themselves in debt. Some customers choose to move to a prepayment meter (PPM). In other cases, energy suppliers have installed a PPM both with and without a customer's consent. However, PPMs are not suitable for all consumers. PPM customers in vulnerable situations could be at risk of harm if they 'self-disconnect' or 'self-ration'.

There are existing rules around the use of PPMs intended to ensure consumers, especially the vulnerable, are protected. Despite this, there have been continued reports of suppliers not going far enough to support and protect consumers in vulnerable circumstances.

Ofgem have been concerned about reports of poor supplier practice and the way customers in distressing situations are being treated when suppliers move them involuntarily onto PPMs so earlier this year announced a package of work focussed on PPMs.

It is within this context that Ofgem commissioned research to build a more in-depth evidence base on the experiences, journey, and key challenges that different types of PPM customers face. This is an important piece of research for Ofgem. The research highlights the benefits that a PPM offers. However, it also demonstrates that there are pain points along the journey. Participants have highlighted elements of their PPM journey that need improving to make the overall experience more positive.

The findings from this research have informed our decision to introduce rules for Involuntary PPM into Supply Licence Conditions, following our Call for Evidence published in February 2023 and our statutory consultation published in June 2023. These rules, alongside our programme of Market Compliance Reviews and our proposals on consumer standards, will drive up standards for consumers. The research will also add to Ofgem's evidence base to understand the needs of prepayment meter consumers and help Ofgem develop further policy in this area.

# Executive Summary

Ofgem commissioned Savanta to undertake qualitative research to explore the consumer journey of some households who pay for energy with a prepayment meter (PPM). This focused on gaining rich insights into the journeys of different groups of PPM consumers. We explored how participants came to be on a PPM, their experiences of this payment method, their interactions with their energy supplier, and affordability challenges faced by these customers.

Our methodology to achieve this included 50 in-depth interviews conducted in April-June 2023 with participants who had acquired a PPM within the previous 3 years. As such, the experiences of a number of participants pre-date more recent PPM reforms such as the introduction by Ofgem of a Supplier Code of Practice for Involuntary PPM. Recruitment quotas were used to represent a mix of reasons for coming onto a PPM, with an intentional upweighting of those who were involuntarily changed to a PPM by their supplier and may have experienced more challenges as a result of this. This group are of particular interest for policy makers and so we ensured that we would have sufficient participants to explore their experiences thoroughly.

This research is qualitative in nature and designed to provide a deep, thematic understanding of the views and experiences of this audience. Where possible, we have indicated the proportion of the participants who expressed certain views but as this is not quantitative research, the findings should be treated as indicative.

The research indicates that PPMs are perceived to have some benefits, including increased visibility and control over energy usage and spend. Flexibility around payment – being able to choose when to top up and how much by – is also seen as a positive. PPMs reportedly can make household budgeting easier, especially as energy prices and other bills rise, and they help participants to avoid large and overwhelming bills. Some of those who previously had incurred debt feel reassured that this won't happen again with a PPM.

*“The benefit is thinking I could manage my money in a better way, because I have to top up and use, so I know what I'm using. It's not like the energy company's going to give me a big bill after 1 month or 3 months.”*

- Participant who actively chose to have a PPM installed.

*“The good thing about having a [prepayment] meter is that there is no more debt. I know I'm not going to get into debt with that meter. I know I'm not going to have another bill that's going to come that I can't pay, because it's all paid upfront.”*

- Participant who was involuntarily moved onto a PPM, under warrant.

However, the PPM customer journey has a number of pain points and potential areas for consumer harm. This is particularly for those who were involuntarily moved onto a PPM by their supplier but also applies to some who moved into a property which had a PPM or who chose to be on this payment method:

- **Moving onto a PPM:** Participants often reported getting little information regarding the installation process or how to use the PPM. A number of those who were involuntarily moved onto a PPM felt their supplier didn't take their personal circumstances and, in some cases, vulnerabilities into account. Those whose PPM was installed under warrant found the experience to be intimidating and forceful which caused them anxiety.

*“I think they could have given more of a demonstration. [...] I think they could have showed me what button is what, because it's a lot more*

*complicated than the old [PPMs], the smart meters are. I still don't know how to do the emergency [credit], I just press every button until it comes on. I don't know the specific process. I just know that pressing every button does it."*

- Participant who actively chose to have a PPM installed.

- **Living with a PPM:** Some participants faced challenges with topping up their PPM, both remotely and physically, and in getting their supplier to resolve these issues. Whilst PPMs help some participants with budgeting there is recognition that this payment method has more expensive tariffs. There were some examples of rationing of energy use amongst those struggling to top up their PPM. No one in our sample mentioned having been proactively contacted by their supplier with advice or support around energy affordability.

*"I have once been in that position [where the top-up machine wasn't working] when I didn't have a car. It was an absolute nightmare. I remember going out with the kids and a trolley. It's very difficult to walk to all of those different places."*

- Participant who was involuntarily moved onto a PPM under warrant.

*"[When topping up I don't like doing so] face-to-face with anyone or speak[ing] to anyone. It's just embarrassing to be honest. You've got to explain all your circumstances and things, and go through everything all again, and repeating yourself over and over again. You know, it does get a bit sickening but I've got to do it, there's no choice."*

- Participant who was involuntarily moved onto a PPM and was notified.

- **Moving off a PPM:** Participants wanting to move away from this payment method reported various difficulties such as unwillingness from their supplier.

*"I said, like, 'When the debt is repaid, could we switch back?' And they said that they would have to look into it at the time because we might be risky, like, to go back into debt which I didn't realise that they could refuse to put you back apparently."*

- Participant who was involuntarily moved onto a PPM, under warrant.

*"Well, I paid off the debt and when I paid off the debt, no one came back to me and said, would you like to go back to how you were doing it before, which was quite strange."*

- Participant who was involuntarily moved onto a PPM remotely, without being notified.

Particularly at the early stages of their PPM customer journey, some participants emphasised the anxiety caused by interactions with their suppliers and, if relevant, third-party agents. This could be caused by difficult conversations around debt repayment, bailiffs arriving at their door, or being left with a PPM they could not initially work meaning that they went without electricity or gas for a period of time. These experiences have had long-lasting emotional impacts for some participants.

A number of participants suggested that the supplier customer communication around PPMs should be improved. Participants who had been involuntarily moved onto a PPM often felt that suppliers had not considered their circumstances or provided alternative options before installation. Several participants do not feel they received sufficient information on the installation process or how to use the PPM. Additionally, few participants were aware that they can move off a PPM and there were no reports in this research of suppliers proactively discussing this with customers, even after those who were in debt had been paid this off.

Participants made several suggestions about how suppliers could improve communication, service and support provided to PPM customers. Some of these particularly relate to PPMs installed to repay customers' debt to their energy supplier:

1. Providing more proactive communication, such as advice to prevent customers from falling into debt in the first place and understand all other options available to them (e.g. payment plans) if they are having affordability challenges.
2. Using multiple channels to notify households that they are behind on payments and seeking confirmation of customers' receipt of these notifications before proceeding with debt collection or changes to payment methods.
3. Having an open discussion with customers about what repayment options are available to them and best suited to their situations and including a period of 'grace' to ensure they have time to make the decision that is right for them.
4. Providing better upfront explanations to help reduce the stigma and sense of punishment for those who will be involuntarily moved onto a PPM to repay debt.

In addition, there were some more general suggestions made which included:

1. Providing consistent follow-ups to ensure people understand how to use their PPM.
2. Creating a simpler, clearer way to demonstrate instalment amounts, standing charges and emergency credit charges.
3. Making improvements to top-up infrastructure, including physical and online services.
4. Proactively communicating the range of financial support that is available to any customers having affordability issues.

# Background and Objectives

## Background and policy context

A prepayment meter (PPM) requires energy consumers to pay for their energy upfront. PPMs, which can either be physical or smart, can help customers by offering a payment method that supports them to control their spending and avoid getting into debt. In addition, where a customer uses a smart PPM, their supplier can better monitor when they are changing their top-up patterns or self-disconnecting and provide support more quickly. Those with smart PPMs can add credit to their meter via an app, whereas those with physical PPMs use cash-in-hand options in a local shop or Post Office at their convenience.

In the context of the cost-of-living crisis and rising household energy bills, Ofgem was concerned that PPM customers may self-disconnect their supply if they cannot afford to top up. Ofgem was also concerned that, whilst there are some instances where people opt to use PPMs as a preferred way to pay, there are increasing numbers of people who are being moved onto PPMs involuntarily as a way to repay debt.

Ofgem sets rules around the use of PPMs, intended to ensure consumers, especially the vulnerable, are protected but, despite this, there were reports of suppliers not going far enough to support and protect consumers in vulnerable circumstances. In January 2023, Ofgem announced a package of work focused on PPMs. As well as investigating reports of poor supplier practice, Ofgem also reviewed relevant licence conditions and guidance to consider what else they should cover to further protect consumers, particularly vulnerable consumers. It is in this context that the research was commissioned, as increased knowledge would support the development of appropriate policy protections and reduce the likelihood of consumer harm.

## Research objectives

Ofgem commissioned this research into PPMs to provide insight into what the PPM customer journey looks like in practice. From the decision made by the customer or supplier to get a PPM, to having one installed, to living with a PPM, through to possibly transitioning onto another payment method, this research sought to provide evidence on people's lived experience of this payment method. The research also sought to understand any challenges faced along this journey and how these could be addressed.

With more people falling behind on energy bills<sup>1</sup> and people being moved to PPMs to repay that debt, there are more people facing the risk of self-disconnection. This research also sought to understand the experiences of people that are involuntarily moved onto PPMs, how this is explained and customers' needs throughout the process.

The three broad aims of the research can therefore be summarised as follows:

1. To gain an understanding of how participants came to be on a PPM and the experience of moving onto a PPM.
2. To build knowledge of participants' experience of living with a PPM and interactions with their supplier.

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<sup>1</sup> Increasing numbers of households are struggling to pay their bills and are finding themselves in debt, with Ofgem estimating there to be 1.75 million households behind on their electricity bills and 1.52 million behind on their gas bills in June 2023.

3. To gain insight into affordability challenges facing customers with PPMs.



# Methodology

In order to conduct the research sensitively and to enable us to explore participants' experiences of having a PPM in detail, we adopted a multi-modal approach. This involved pre-tasks, in-depth qualitative interviews and a reconvened deliberative workshop. We used qualitative interviews to build a rich picture of different participant journeys in a confidential and non-confrontational environment. Building trust and ensuring participants feel at ease is particularly important when speaking with those in vulnerable situations and on topics that are sensitive, such as energy bills and personal financial situations.

There were three phases to the research:

- **Phase 1 - Set-up and immersion:** this phase was used to develop an understanding of the project objectives and build on existing knowledge of PPM customers' experiences. Savanta worked closely with Ofgem to ensure our approach to sampling was inclusive of a diverse spread of PPM customers, including those living with vulnerabilities. We also developed an in-depth recruitment plan to ensure the typical challenges associated with recruiting under-represented groups were effectively mitigated. This phase took place from 1<sup>st</sup> March to 20<sup>th</sup> April 2023.
- **Phase 2 - Capturing the experiences of PPM customers:** this phase involved research with 50 PPM customers and included an interview pre-task completed by all participants, in-depth interviews (40 online and 10 in-home) and 10 participants of the 50 who undertook an additional diary task. The main focus of the interview pre-task was to build an understanding of participants' opinions about being on a PPM through a user diary. The user diaries consisted of 15-min daily tasks spread over a fortnight to provide an in-the-moment view on how people experience PPMs in their day-to-day lives. The in-depth interviews focused on experiences of moving onto, and living with a PPM, including views on their suitability and affordability. Interviews took place between 20<sup>th</sup> April and 19<sup>th</sup> June 2023.
- **Phase 3 – Devising suggestions for improving the experience of PPM customers:** this phase brought seven participants from phase 2 together to deliberate and co-design improvements to the PPM customer journey. The key focus of this workshop was how to improve communication from suppliers at all stages of the journey. The workshop was a valuable way of building lived experiences into potential solutions. It took place on 20<sup>th</sup> June 2023.

Within phase 2, we interviewed a spread of participants across demographic factors – including gender, age, ethnicity, housing tenure, GB region – as well as supplier size. However, we recognise that the sample does not represent the full spread of customers in Great Britain in the way that a large-scale quantitative project would. In particular, we specifically recruited and interviewed a large number of PPM customers who were involuntarily moved onto PPM, given the importance of understanding this group's experiences. Our qualitative methodology and sampling decisions, whilst appropriate for the research objectives, mean we cannot draw definitive conclusions about the experiences of all PPM customers.

Savanta and Ofgem drew on existing literature to identify different PPM customer typologies which formed the basis of the research sample. These typologies reflect the mix of reasons for coming onto a PPM. We intentionally upweighted those who were involuntarily changed to a PPM by their supplier and may have experienced more challenges as a result of this. This group are of particular interest for policy makers and so we ensured that we would have sufficient participants to explore their experiences thoroughly:

1. **Involuntarily moved (n=26)**, which was split into:
  - a. **Notified (n=10)**: participants whose households were contacted by their energy supplier informing them they will be changed to a PPM to repay debt or were notified alongside being issued a warrant. The change to a PPM occurred in-person or remotely if the household had a smart meter.<sup>2</sup>
  - b. **Not notified (n=16)**: participants whose households were involuntarily moved onto a PPM for debt repayment without prior notification, either:
    - i. Remotely via a smart meter (n=10), or
    - ii. A physical PPM installation under warrant (n=6).
2. **Active choice (n=18)**: households who proactively decided to change to or stay on a PPM as their preferred method of payment.
3. **Moved-in (n=6)**: households who moved into a property where there is a PPM already installed, removing an element of choice. In this scenario, households either decided to remain on this PPM or faced difficulties in trying to change to another payment method.

Our recruitment efforts targeted participants who had begun their PPM journey (either through installation or moving into a property with a PPM) within the last 3 years so that their experiences would be relatively fresh in their mind.

The sample was split between those who live with vulnerabilities (n=26) and those who do not (n=24). By vulnerability, we mean those who are significantly less able than a typical customer to protect or represent their own interests; and/or, those who are significantly more likely to experience detriment, or for that detriment to be more substantial.<sup>3</sup> A table is included below to show the diversity of the vulnerabilities that the participants reported experiencing. Please note that the total number adds up to more than 26 because some participants experienced multiple vulnerabilities.

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<sup>2</sup> A smart meter is a digital device that measures and records electricity consumption. Households who have a smart meter in place can have a PPM installed remotely without the need for in-person installation.

<sup>3</sup> <https://www.ofgem.gov.uk/publications/consumer-vulnerability-strategy-2025>. Whether a customer is vulnerable in the energy market will depend not only on personal characteristics, such as age or disability, but also the situation they are in, and how the market may or may not respond to those needs. The types of personal characteristics that may represent risk factors may include living with physical health issues or mental illness, cognitive impairment, or not speaking English as a first language. Circumstances that may increase vulnerability may include living alone, not having internet access, or being on a low income, or wider circumstances such as living in a rural area or living in private rented accommodation. These examples are not exhaustive and nor do they suggest that a customer in such circumstances will always face harm.

<b>Vulnerability<sup>4</sup></b>	
Long-term disabilities / Medical conditions	15
Medically dependent on energy	5
Digitally excluded	2
Single parent	5
Parent/s with child/children under 5 years	4
Struggling with finances	5
Not in work	6
Low income	10
Run out of credit/self-disconnected	8
Elderly (65+)	4

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<sup>4</sup> It is important to note that ‘vulnerability’ can mean a variety of things – people can live with multiple, or intersecting, vulnerabilities and their level of vulnerability may change with time at different points in their life. For example, given the cost-of-living crisis, more people are finding themselves vulnerable to debt due to increasing energy prices. This is a transient vulnerability as these same households may find themselves less concerned in summer when there is less of a need to heat their homes. We also captured and drew out these transient vulnerabilities within our sample. Vulnerability was self-reported by participants during the recruitment phase of the research.

# Chapter 1: Start of the PPM journey

This section explores how people come to be on PPMs. It looks at the initial experiences of participants who actively chose to be on PPMs, moved into a property with a PPM already installed or were involuntarily moved onto the payment method for debt repayment reasons.

The section outlines the factors that influence people to move onto a PPM (if applicable) and interactions with suppliers in the process.

There are a number of ways that participants can come to be living with a PPM in their home. Their level of agency and the extent to which it was their choice varies significantly between these journeys, which in turn impacts participants' perceptions of the move and payment method itself. Below we have explored participants' experiences of each type of journey in detail:

## Journey 1: Participants who actively chose PPMs

Participants who chose to have a PPM installed generally did so to provide them with greater control in two areas:

1. **Energy usage.** Participants felt that a PPM would improve their understanding of their household energy use, enabling them to reduce this where possible.
2. **Payment amount, timing and frequency.** PPMs are perceived to provide greater payment flexibility in terms of when and how much participants pay for their energy. The ability to pay 'when you want, how much you want' is seen as attractive, particularly for those who have historically struggled to budget for their energy bills.

*"With all the news going on with the energy price increases, and nothing can be guaranteed. So I just said that 'If we can have a bit of more control, we'll just go onto prepaid."*

- Participant who actively chose to have a PPM installed.

*"The benefit is thinking I could manage my money in a better way, because I have to top up and use, so I know what I'm using. It's not like the energy company's going to give me a big bill after 1 month or 3 months."*

- Participant who actively chose to have a PPM installed.

Some participants faced financial hardship and chose to move to a PPM to safeguard themselves from falling into debt. Others are more financially stable and chose this payment method to provide greater visibility over how their energy usage matches up with their bills. A small minority moved to a PPM to track and conserve their energy use for environmentally conscious reasons.

*"It made it easier, but it is to do with budgeting and planning as well you see, because I feel like, you know when sometimes they give you an estimate and sometimes, I feel like it probably isn't even estimated, the kilowatts and stuff to the estimate, so I feel like it is..., being over-charged for some of the months..."*

- Participant who actively chose to have a PPM installed.

## **Journey 2: Participants who moved into properties with PPMs**

Participants who moved into a property where a PPM was already installed often felt ill-informed about this payment method. A lack of information on how to use the PPM was perceived both by homeowners and renters who had moved to a property where a PPM was already present.

Despite this, most participants who had bought or rented a property with a PPM did not question this or discuss moving to a different payment method with their supplier. This stemmed from either being satisfied with their PPM or unaware that they could ask to move to a different method (and in some cases, both).

*“I felt positive about it. Finding out I had a PPM in my new place. My main benefit is that, as I said, I wouldn't have any bills being put through my letterbox every month, or every quarter...I wouldn't have any hefty surprise.”*

- Participant who moved into a private rental property with a PPM installed.

Some participants who moved into a rental property said that their landlord did not provide them with information about their PPM. This meant that they found it difficult to set up the account or communicate with their supplier, which resulted in them initially not being able to use the PPM effectively.

*“We transferred the account into our name from the landlord's. There wasn't any documentation or anything like that, we just went online, made a new account, attached those meters to that account and started paying them instead of the landlord.”*

- Participant who moved into a private rental property with a PPM installed.

## **Journey 3: Participants who were involuntarily moved onto a PPM**

For participants who were involuntarily moved onto a PPM by a supplier, their journey had two phases:

1. Debt accumulation
2. Debt repayment

### ***Phase 1 – Debt accumulation***

Being in debt to their energy supplier was the first step on this journey for this group of participants. Given increases in energy prices and the cost of living, participants reported that they typically needed to prioritise some bills over others. Some said that they chose to focus on other expenses or bills (e.g. rent, mortgages, food) ahead of energy bills because they cannot adequately meet all their costs.

In addition, some participants assumed that it would take a long time before their energy supplier would seek repayment. This was particularly felt by those who owed what they regarded to be relatively small amounts. For example, some participants believed they would be chased up more quickly for money owed to the council than to their energy supplier, which led them to prioritise repayment of council tax arrears over energy arrears.

*“The council was probably who I was most scared of, to be honest, so I tried to stay on top of [my council tax at the expense of my energy bills. [...] I didn't know that the council could be so understanding [...] It's only now that I'm finding out that they're quite accommodating.”*

- Participant who was involuntarily moved onto a PPM remotely, without being notified.

As a result, some participants decided to put repayment to their energy supplier on hold until they found themselves in a more stable financial situation. They generally did not communicate this to their supplier, due to not knowing that discussing repayment options would be a possibility or that suppliers could provide support or advice in these cases.

In addition, some vulnerable participants, such as those with young children at home with or without a partner, believed that their supply could not be disconnected due to their household circumstances. Again, this assumption was not discussed with their supplier.

*“Everything was manageable and then as soon as I was towards the end of my maternity, it was just bad. It was pay for the roof over our heads or gas and electric. My logic was because we've got a child and children at young ages, they're not going to cut us off.”*

- Participant who was involuntarily moved onto a PPM and was notified.

As well as participants whose energy debt was due to financial problems, some had found themselves in this situation because of what they saw as technical issues or administrative errors on the part of their supplier e.g.:

- **Sudden large bills due to payment or meter issues.** Some participants reported being sent large bills that they could not pay at short notice. These were felt to be the result of smart meters underreporting usage or direct debit payments not being processed successfully.

*“We thought we were doing fine... We'd get the bill through and we'd pay the bill and then that would be it. The bill would fluctuate according to the season. And that was fine. And then we got a request from the power company to manually input our numbers on-, even though we have a smart meter, to manually put in our numbers. And then they presented us with a bill for £2,000.”*

- Participant who was involuntarily moved onto a PPM remotely, without being notified.

*“I think it was in regard to a direct debit that didn't go through or something but then it was paid. So, there actually wasn't any debt. We've never been notified that we hadn't paid on time. So, that's why it was even more strange that they just changed us to the prepayment meter with no reason.”*

- Participant who was involuntarily moved onto a PPM remotely, without being notified.

- **Debt from previous tenants' bills inappropriately charged to new tenants.** Some participants reported inheriting debt from previous tenants' bills shortly after moving in. Some contacted their supplier to try to remove the debt from their account or involved their landlords to try to get the previous tenants paid their bill. However, this was not always successful. One participant in this situation describes being moved onto a PPM at this point and being forced to pay the money back himself.

*"[My supplier asked] 'Who's living here, who's in charge of the bill?' I gave my name. [...] After, like, one-and-a-half months I got a bill for £1500. Our bills used to be £120–£150, you know [so clearly something was wrong...]. It turns out £1300 was for the old tenant. But the bill was only in my name because [...] I told them 'I am the sole person in charge of paying the bills here [at present]'".*

- Participant who was involuntarily moved onto a PPM and was notified.

Regardless of the reason for the debt accumulation, many felt anxious to be in this situation. Communication from suppliers about debt reportedly often exacerbated this feeling due to the direct tone and demands for immediate repayment. This led some to *'bury their head in the sand'* (participant who had a PPM installed under warrant) and ignore the problem for as long as possible.

*"It's just another stress that makes you run away from it because you can't, it literally makes you feel suffocated...There was not really any nice conversations."*

- Participant who was involuntarily moved onto a PPM under warrant.

*"I think they might have just been sending demand letters, and I think it just got to the point where I got overwhelmed, and you, kind of, just start ignoring them.... Until it got to the point then where they are like, 'Right, we're fitting a meter.'"*

- Participant who was involuntarily moved onto a PPM under warrant.

## **Phase 2 – Debt repayment**

Participants perceive that the focus of debt-related letters from suppliers is to demand full and immediate repayment. Some participants shared examples of letters from their suppliers which highlighted the amount of debt owed and warned that, if left unpaid, the supplier is entitled to source a warrant or remotely move them onto a PPM. The option to contact the supplier to explore alternative repayment plans is felt to be less prominent, often at the end of the letter, which could be missed by the recipient.

[Describing the part of the letter where alternative repayment methods could be explored]: *"It's just like, it's, 'By the way, we do this as well...I know, that's it, have it in bold.'"*

- Participant who was involuntarily moved onto a PPM under warrant.

Participants felt 'pushed' towards transitioning to a PPM given that other repayment options were often not made available to them. In the minority of cases where the option of repayment plans was provided as an alternative to a PPM, the level at which these were set felt unfeasible in their financial position. This reinforced the view that suppliers do not consider the ability of the customers to repay when offering a repayment plan. Some participants were willing to explore more appropriate levels of repayment but report that their proposed instalments were turned down by their supplier without much engagement.

*"I can afford to pay this much. Starting this date, I can afford to pay this amount.' And they said, 'No, we can't do it.' So then I said, 'Well, then you won't be getting anything.' So like, 'I'm trying to rectify the situation, I know I can do it but I just can't start until this date.'"*

- Participant who was involuntarily moved onto a PPM and was notified.

Only a small minority of participants recall their supplier asking whether anyone in the household had particular needs which would require an ongoing connection to an energy supply. One participant explained that even though they proactively told the supplier they had children under 5 within the home, the supplier continued to pursue a PPM.

*“They didn’t ask if we had any needs to take into consideration. They just came in. They just went along and did what they wanted to do. I think I mentioned needs because I’ve got children under 5, but they didn’t check that was the case.”*

- Participant who was involuntarily moved onto a PPM under warrant.



## Chapter 2: Moving onto a PPM

This section discusses the experience of moving onto a PPM, with a focus on two areas:

1. Participant sentiment towards the fact that they are being move onto a PPM, and
2. Experiences of the installation process.

### Participant sentiment towards moving onto a prepayment meter

Those participants who proactively chose to have a PPM reported being confident that this type of meter will allow them to get their energy consumption and spend under control, and give them the flexibility to pay how much and when suits them.

However, participants who did not actively choose a PPM tended to have negative perceptions about moving onto this payment method. For those who moved into a home with a PPM, this was primarily driven by limited understanding of PPMs. At this stage, some participants understood the basic functionality of PPMs but not how it would impact their day-to-day lives. As well as uncertainty about costs, some participants were under the impression that topping up in person is the only way to add credit to a PPM which led to them being perceived as inconvenient.

*“The only thing that I knew was just that I have to keep topping it up to make it last. I didn't really know about how much money it used per hour, or anything like that. I still don't know much about that either.”*

- Participant who moved into a property with a PPM installed.

Those who were involuntarily moved onto a PPM to repay debt shared this lack of knowledge. They also describe feeling punished by the decision to move them onto a PPM which resulted in a feeling of shame and a loss of control.

This sense of punishment is particularly pronounced for those whose meter was installed under warrant. Participants in this position who were not notified of the installation felt they had no time to question the decision. Those who were notified and had their PPM installed under warrant also tended not to feel prepared for the installation as they typically received only limited information about the process.

Participants who had PPMs installed under warrant reported feeling intimidated by the presence of multiple people involved in the installation. Some participants described answering the door to an engineer and a group of 2-3 bailiffs. The use of a warrant made them feel helpless, as ultimately the installers had a legal right to enter their home to carry out the installation, regardless of the customer's own views and preferences. More detail on participants' installation experiences is provided in the section that follows.

*“[I feel] angry and frustrated just that I didn't have a choice. It felt [...] intrusive, invasive. It's kind of like, 'we're coming into your property to do this, and there's nothing you can do about it.' At that point, I actually asked them if I could ring and make a payment plan. I think the answer was no, because they'd already obtained the warrant, they could not revoke it.”*

- Participant who was involuntarily moved onto a PPM under warrant.

## Experiences of the installation process

We explored four areas related to the installation process with participants:

1. Information and conversations in advance of the installation
2. Information given during the installation process about how to use the meter
3. Feelings about those who attended the installation
4. Disruption caused by the installation

Experiences in each of these areas differ according to the circumstances in which participants moved onto a PPM, however there were also some common findings.

### **1. Information and conversations in advance of the installation**

All participants felt that the installation process for their PPM was underexplained and many consequently had a limited understanding of what the experience of having a PPM would be like.

*“I received a letter that said, ‘you’ve been put to go on a [prepayment meter]’, but, as I said, I didn’t know what exactly it was. I remember them saying ‘it’s the best way for you to see what you’re spending, it’s really a good thing for you to have’ without really going into [the reasons or anything more specific].”*

- Participant who was involuntarily moved onto a PPM and was notified.

Despite this lack of information, participants who actively chose to be on a PPM tended to be more trusting of the process and their supplier. Some of these participants also conducted research in advance of moving onto a PPM, so felt that they required less information.

Participants reported that the date and time range provided for installation was too wide. This was particularly difficult for those working, as some could not work from home on the installation date. These issues were compounded by the fact that engineers sometimes rescheduled the installation at short notice.

In addition to providing limited information, suppliers also reportedly made little attempt in most cases to engage with participants’ specific accessibility needs for the PPM needed to be placed in a specific location. Being asked about accessibility by suppliers in advance was reportedly the exception rather than the rule and isolated to participants who actively chose to move onto a PPM. There are several examples where the lack of consideration of accessibility had a negative bearing on participants’ experience of living with a PPM after the installation. For example, some participants told us that their PPM is located in a place that is difficult or impossible for them to access due to their mobility issues or older age.

### **2. Information given during the installation about how to use the meter**

In addition to providing information about the installation process, suppliers should also provide customers with information about how to use their prepayment meter as part of the process of moving them onto it. Ofgem’s supplier code of practice requires that customers who are involuntarily moved onto a PPM receive “*clear supporting information [...] including how*

to use the PPM, what to do in the event of self-disconnection and materials needed to top-up”, as well as “easy access to appropriately trained priority customer service team”.<sup>5</sup>

However, participants commonly reported a lack of simple to understand and accessible information being provided. Some participants said that they received little or no information, while others reported receiving thick manuals, which they found were difficult to navigate and use. As such, the information provided was not found to be helpful with either understanding how to use a PPM or resolving any issues they incurred.

In cases where the PPM was installed in person, participants relied upon the engineer who installed it to provide or signpost information. Some installers gave them a demonstration of the basic functionality of the meter and brief instructions on how to top up, but information on how to troubleshoot was often lacking. This meant that customers needed to seek out this information in other ways, such as from their supplier’s customer service helpline, other online sources, or from friends or family

*“But, you know, this is so general information. Until you try on your own, yes, you don't know what you will face and how easy or difficult it is. So this could be improved. Somebody to give you some details and an idea of how it really works.”*

- Participant who actively chose to have a PPM installed.

*“I think they could have given more of a demonstration. [...] I think they could have showed me what button is what, because it's a lot more complicated than the old [PPMs], the smart meters are. I still don't know how to do the emergency [credit], I just press every button until it comes on. I don't know the specific process. I just know that pressing every button does it.”*

- Participant who actively chose to have a PPM installed.

Participants who were involuntarily moved onto a PPM remotely and without notification received even less support, as not having an engineer in attendance meant that they did not get any in-person demonstration or explanations. Some participants whose meter is situated outside their property also had this experience as the installation happened without any interaction with them.

### **3. Feelings about those who attended the installation**

Most participants describe having had a positive experience with the engineers who installed their meter, notwithstanding the light touch explanations they provided. Where problems arose later due to a lack of detailed information, participants did not frame this as an issue with the individual engineer but as a more general shortcoming of the process of moving them onto a PPM.

However, the experience of those who are moved onto a PPM via warrant tended to be very different. Rather than a single engineer, warrant installations usually included a larger group of people which felt intimidating to participants who experienced this. This was particularly where bailiffs were in attendance, with some reports from participants of bailiffs deliberately trying to intimidate or upset them, or forcing entry into their homes.

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<sup>5</sup> <https://www.ofgem.gov.uk/sites/default/files/2023-4/Involuntary%20PPM%20Code%20of%20Practice%20-%20Final%20Publication%20Template.pdf>, p. 7

At the time of the research some participants were still distressed about their experience of having a PPM installed under warrant. They regard the treatment they received at the time as disproportionate and inappropriate, particularly if their debt levels were not perceived to be high or they planned to make repayment once their financial situation had stabilised. Participants who went through this experience feel that their supplier failed to properly engage with their individual situation, which adds to the belief that they were unfairly ‘punished’ with the forced move onto a PPM.

*“A bailiff came with a court order. And dogs and all sorts, there are loads of them. The dog patrol van, they aren't the police, it was some...person, cocky as hell. It felt like [it was just to intimidate me]. I thought, 'why have they brought dogs up?' And then the woman that I was dealing with, she talked to me as though I was a baby, like a little kid.”*

- Participant who was involuntarily moved onto a PPM under warrant.

*“They actually forced entry into the home when I wasn't here and my daughter was at home. She was 14, nearly 15. They shouldn't have come in the house, and they did. [...] She opened the door, and then she was like, 'no, no, don't come in,' they said they are coming in. It was really bad.”*

- Participant who was involuntarily moved onto a PPM under warrant.

#### **4. Disruption caused by the installation**

For some participants, the installation process was followed by an extended period without gas or electricity at home. This was typically due not having the required information on how to top up and use the PPM. Problems with the supply itself being interrupted only formed a minority of cases.

These disruptions were particularly prevalent amongst those whose installation occurred remotely and where the supplier did not notify them about the change of meter. For example, one participant recounted calling an engineer to his property due to what he thought was a disruption to his supply, whilst under the impression he was still paying by direct debit. He was then informed that he had been changed over to a smart PPM remotely and the issue he experienced was due to his credit having run down. The participant in question was charged a callout fee and was confused about how this could have happened given that he felt he was in regular contact with his supplier.

*“There's no way I would have missed [my supplier informing me]. No missed calls. I found out [...] during winter [when] the heating is not coming on. I looked at the boiler, it had like a Ao something error. That usually means I need to call the engineer out [...] He said, 'You need to top up your gas,' I said, 'What do you mean 'top up my gas', I pay monthly.' He goes, 'You've got a prepayment meter downstairs.' I didn't know. [...] I looked so stupid as well and I got charged for calling him out.”*

- Participant who was involuntarily moved onto a PPM remotely, without being notified.

In addition, some participants faced disruption due to being away from their home when their smart meter was changed into PPM mode. We heard examples of participants, having returned from holiday or a stay in hospital, finding out that not only had they been moved onto a PPM, but their emergency credit had run down whilst they were away. Returning home to a new payment system and no energy was a source of significant distress to these participants, with some having to stay with relatives for several days. Participants who found themselves in this

situation usually struggled to find the funds both to pay back the emergency credit and to put credit onto their meter. Some also faced technical issues with getting to grips with their new payment system.

## Chapter 3: The day-to-day experience of living with a PPM

This section discusses participants' day-to-day experiences of living with a prepayment meter.

The topics covered are:

1. How PPM participants think about their energy consumption
2. How participants use their meter and manage their balance
3. Outcomes of living with a PPM
4. What participants like and dislike about having a PPM

### How PPM participants think about their energy consumption

Almost all participants feel that having a PPM makes them considerably more aware of how they use their energy and how this translates into cost. There is a split amongst participants, however, between those who view this increased awareness as a positive or a negative.

Those who view it positively find this increased awareness of how consumption links to spend (how much energy different appliances use, how time of use changes spend etc.) can allow them to adjust their habits and ultimately reduce spend. By knowing how much energy they typically use in a given period, and being better able to predict how much energy they will use, participants find they are better able to budget.

*"I was coming from the experience of not being able to judge what's coming next – was there going to be an increase, a decrease? [The PPM has] given me a bit more control ... I'll be more aware of how I'm actually using the energy within the household, and how I can actually reduce that."*

- Participant who actively chose to have a PPM installed.

However, some participants report that having a PPM has led to them *"becoming a bit obsessive with looking at it, checking the balance every day"* (participant who was involuntarily moved onto a PPM), and feeling more anxious about their energy spend as a result. This outcome is prevalent amongst those who are struggling with the affordability of energy bills, as being reminded about usage and costs can cause distress if participants cannot meet those costs.

In addition, even though some participants built up large amounts of debt, it is not until they were moved to a PPM that they were forced to confront this debt. The ability to ignore the debt that came with paying by direct debit was less stressful for some participants. When the direct debit was not paid but the energy remained on, it masked the severity of the debt. However, this situation is ultimately not sustainable for participants in this situation.

### How participants use their PPM and manage their balance

#### *Attitudes towards topping up*

Participants tend to take one of three approaches to topping up:

1. **Whenever their credit falls to a set level.** The exact threshold varies considerably across participants – for some, it is as high as £150, for others it is whenever they receive a notification that their credit is running low. This notification may come from a text alert, via an app or from the physical PPM warning that they are approaching zero. A minority of participants receiving such alerts manually change these limits to thresholds they are comfortable with, but most retain the default settings. Participants who top up whenever their credit falls to a set level tend to add a fixed amount of credit whenever they top up.
2. **A fixed amount at set intervals, normally weekly or monthly.** They tend to adjust their usage rather than their spend or budgeting weekly or monthly. However, they may still adjust their spend and/or the frequency of their top ups on a seasonal basis (e.g. in winter they may top up twice rather than once a week or increase the amount they top up during these months).
3. **Whenever they feel they need to do so, or whenever they are near a physical location where they can top up.**

Whilst it is not the case that all participants fit neatly into one of these categories, the majority think about topping in one of these three broad ways.

Most participants, especially those who were previously in debt to their supplier, regard being able to choose when to top up as a positive of living with a PPM. This means they can make payments little and often, or as and when they get paid in contrast to receiving monthly or quarterly bills.

### ***Topping up challenges***

Whilst participants mostly appreciate the flexibility of PPMs, topping up is not without its challenges. The specific issues faced depend on whether participants top up at a physical, in-store location or remotely.

#### ***Topping up in-person***

When topping up in person, some participants have faced challenges with regards to:

1. Initial information around top-up services
2. The infrastructure

When they first move onto a PPM, those who top up at a physical location sometimes faced challenges due to a lack of or inaccurate information from suppliers or engineers at the point of installation. Participants report being directed to locations where top up is only possible with certain keys or cards which are associated with other energy suppliers to their own. This can be a short-term source of frustration but once participants find a suitable top-up location it ceases to be an issue.

Ongoing issues with top-up equipment in stores are also reportedly common due to these machines being out of service or not functioning correctly. Depending on how close to zero a participant's balance or emergency credit is, they either wait to top up or travel further afield to another top-up location. Several participants mentioned finding this difficult, especially if they do not have access to a car or have caring responsibilities.

*“I have once been in that position when I didn't have a car. It was an absolute nightmare. I remember going out with the kids and a trolley. It's very difficult to walk to all of those different places.”*

- Participant who was involuntarily moved onto a PPM under warrant.

In addition to these logistical difficulties, some participants who were involuntarily moved onto a PPM report that they feel a sense of shame when topping up in person. As discussed across this report, it is common for participants to feel ‘punished’ for being in debt and to worry that others will look down upon them for having a PPM. This feeling is more acute when they have to top up in person, in a public setting.

*“[When topping up I don’t like doing so] face-to-face with anyone or speak[ing] to anyone. It’s just embarrassing to be honest. You’ve got to explain all your circumstances and things, and go through everything all again, and repeating yourself over and over again. You know, it does get a bit sickening but I’ve got to do it, there’s no choice.”*

- Participant who was involuntarily moved onto a PPM and was notified.

### ***Topping up remotely***

Topping up remotely allows participants to sidestep the issues related with a physical top up, but has its own challenges. These were widely reported among participants with a smart PPM, who regularly faced issues. The most prevalent relate to the apps used to top up and include:

1. **A delay or lag between topping up and the credit ‘registering’ on the meter.** This delay can last several hours or even an entire day, and it can cause uncertainty over whether the payment has gone through and if this will impact their energy connection. Participants tend to ‘wait out’ this issue rather than contacting their supplier but doing so can cause them stress.
2. **A delay or lag in energy usage being reflected in the app.** Some participants can think that there is an issue with their meter, given their app and meter do not always display the same information. This makes it difficult for them to accurately budget or plan.
3. **A ‘glitch’ or error which prevents users from using the app altogether for a period of time.** The only alternatives in this instance are topping up in person or calling an automated phone line to receive a code that they can manually enter on the meter. Both of these are regarded as much more onerous than the app by those who tend to top up remotely.
4. **The app being slow or difficult to use.** Whilst this does not prevent participants from topping up, challenging app usability can make the experience of living with a PPM a more frustrating one.

In addition to challenges related to the apps, in a minority of cases participants report that they have to manually reset their smart PPM before topping up again when their credit falls to zero. This is perceived to undermine the convenience of topping up remotely. It is unclear whether this particular issue is a result of the functionality of the meter or a lack of understanding among participants.

### ***Attitudes towards emergency credit***

Much like attitudes to topping up meters, there is no single approach towards using emergency credit<sup>6</sup>. There is a split amongst participants between those who:

1. Use it regularly, and regard it as an extension of their balance, and
2. Are more hesitant to use it except as a very short-term measure.

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<sup>6</sup> Emergency Credit” means a fixed amount of credit provided to a Domestic Customer when that Domestic Customer’s Prepayment Meter credit runs low or runs out to ensure continuity of electricity supply or return on supply.



Most participants in this research have the latter attitude and are hesitant to use emergency credit, mainly due to being unclear on how it works. A lack of information from suppliers about emergency credit can lead to participants viewing repayment of emergency credit as 'hidden charges' or 'unexpected'.

Those who have used emergency credit were surprised by the fact they have to repay it in full in one go. This can leave them repeatedly without energy as they only have money to repay emergency credit without additional funds for actual energy.

*"I used to use the emergency gas [credit] all the time. But what I was not being told, and I don't think you'll find it in print anywhere, is that when [you add credit again], you think that you paid that £6 back, so you're alright. You're not. What they're doing is charging you 40 pence a day, because [of] that emergency money that you are using."*

- Participant who moved into a property with a PPM installed.

### ***Rationing energy usage***

Participants typically become more informed about energy usage when on a PPM due to the closer monitoring of spend and consumption it facilitates compared with a direct debit. The increased ability to link time of use or type of appliance to consumption and spend empowers some participants to adapt their behaviour and reduce spend if needed. A large majority of participants describe monitoring consumption and rationing energy on a regular basis (not just as they approach zero credit).

*"I'm always thinking about our energy use and always looking for ways to try and reduce our usage and keep an eye on what we are spending and how we can reduce..."*

- Participant who actively chose to have a PPM installed.

It is less common for participants to purposely keep their credit at zero and temporarily stop using energy altogether as a way of managing their spend. Those who have children, for example, explained that not turning on the heating during winter months is not feasible.

*"That's [going without electricity] not an option. ... You know, I'm not going to say I'm affluent because I'm not, but I tell you what, you can't be so careless, you just can't."*

- Participant who actively chose to have a PPM installed.

The minority who purposefully keep their credit at zero tend to be older participants or those who live alone. Either they go without energy entirely for multiple days, or if one of their electricity or gas is paid using direct debit, they use only that energy source until they have enough money to top up the PPM for the other.

*"I can manage without light. I can manage without the cooker because I've got a gas hob, but you just have to be a little bit creative in what you're cooking and things. I have to boil a saucepan of water to have a hot drink and stuff like that. It just takes longer but actually you do soon get used to it."*

- Participant who was involuntarily moved onto a PPM remotely, without being notified.

## Outcomes of living with a PPM

Participants have differing opinions on whether living with a PPM has been a 'success.' Some feel that PPMs effectively support them with debt repayment. For participants who are stressed by the initial buildup of debt, being moved onto a PPM can be a source of 'relief' as it feels as if the problem is being addressed and they will not get into energy debt again.

*“The good thing about having a [prepayment] meter is that there is no more debt. I know I'm not going to get into debt with that meter. I know I'm not going to have another bill that's going to come that I can't pay, because it's all paid upfront.”*

- Participant who was involuntarily moved onto a PPM, under warrant.

Participants also acknowledge that PPMs provide a greater ability to monitor spend.

However, for a majority of those whose PPM was involuntarily installed, the journey of getting to this point – including the negative experiences during the initial PPM installation process and interactions with their suppliers - detracts from the perceived overall 'success' of the PPM.

These negative associations are compounded by the perception that unit rates on a PPM are higher than for other payment methods. This perceived 'premium' is a source of particular frustration amongst customers who have been involuntarily moved to a PPM to repay debt, as it feels unfair and punitive. Some explicitly frame this as 'being punished for being poor'. Even those who have chosen to have a PPM note this as a downside and would like to see this negative outcome addressed.

*“I do think [PPMs] could be improved by making the unit rate slightly cheaper though because I do think you kind of get penalised for being on a prepayment meter when we're all using the same energy. [...] I do think that we're paying quite a significant amount more.”*

- Participant who actively chose to have a PPM installed.

## Chapter 4: Experiences of affordability challenges

This section explores how PPMs can help with affordability challenges, as well as the ways in which participants deal with and pre-empt financial difficulty.

This section also explores the strategies participants have adopted to help combat the financial and affordability challenges that they have experienced. This includes:

1. Government issued vouchers
2. Contacting suppliers for advice
3. Contacting charities for support and advice
4. Rationing energy usage or stopping entirely

### Affordability challenges experienced whilst living with a PPM

Struggling financially is not unique to those who were involuntarily moved onto PPMs. Our research found that many participants, regardless of how they came to be on a PPM, feel impacted by increases in energy prices and wider cost of living challenges.

As described in Chapter 3, PPMs can be helpful in this context to monitor usage, keep control of spending and avoid surprise bills. For example, one participant noted that it was helpful to be on a PPM throughout the period that energy prices first increased. She found that she was able to closely monitor how much her spending was increasing and to reduce her energy use accordingly.

*“I’m quite glad that I actually got one because I would not like them to be telling me [to pay] £1000, they’re going to take that from my account. I would be like, ‘How do I use that amount?’ Because you’re not going to know officially know that you’ve ever used that amount, but I can physically see.”*

- Participant who actively chose to have a PPM installed.

### Strategies to combat affordability challenges

Participants told us that they adopt the following strategies to deal with affordability challenges:

1. Using Government issued vouchers
2. Contacting suppliers for support and advice
3. Contacting charities for support and advice
4. Rationing energy usage or stopping use entirely

#### 1. Using Government issued vouchers

Vouchers issued by the Government played a key role in helping people afford their energy bills during the winter. A majority of participants in this research received and used these vouchers. Both participants with physical and smart PPMs spoke positively about these vouchers in terms of the amount offered and the ease of the process to redeem them.

*“To be fair, it was quite easy, you know. They do it, like, in the first week of every month, you see. Because when I check my meter, it was automatically on the actual meter. So when I checked it, the balance would be updated with the credit that they’ve applied.”*

- Participant who actively chose to have a PPM installed.

*“I know the Government comes in for a lot of criticism but I mean for me that was a fantastic initiative, it was a real saviour.”*

- Participant who was involuntarily moved onto a PPM remotely, without being notified.

However, participants expressed frustration at a perceived inflexibility of the vouchers. Some believed they could only spend them on a specific energy source (only gas or only electricity). This appears to be where participants received vouchers only for the energy source for which they had a PPM. For example, if they had a PPM for gas and a direct debit for electricity, they may not have noticed the vouchers were automatically applied to their electricity. This points to a general confusion about how vouchers worked – when they would be applied automatically by the supplier or when the customer would discount them themselves. This highlights the need for improved communication regarding the use and application of these vouchers.

*“They just automatically put it on the electric. No, they didn't ask you before, to say, 'How would you like this amount paid?’”*

- Participant who actively chose to have a PPM installed.

## **2. Contacting suppliers for support and advice**

None of the participants had been proactively contacted by their supplier about affordability challenges. Some felt the onus was on the customer to get in touch with their supplier in these instances while others did not know that this was an option available to them.

Those who did contact their supplier about affordability issues had decided to reach out for help without knowing what type of advice or support they could be offered. The outcome of these interactions varied considerably, even for participants in similar situations. Some were pointed to charities, some were given loans by their suppliers, while others reportedly received no support or advice.

*“I just took my chances and hoped they could help...just to see if there was any help available. Otherwise, I would have gone to the local council welfare provision, but that would have taken a couple of days.”*

- Participant who was involuntarily moved onto a PPM, under warrant.

*“I was told I was eligible for support and so rang up, but they were absolutely useless. They just told me there is nothing in my area, and all they could give me was an electric blanket.”*

- Participant who was involuntarily moved onto a PPM remotely, without being notified.

## **3. Contacting charities for support and advice**

Some participants contacted charities, including Citizens Advice, LEAP and StepChange, for support. Some initially contacted Citizens Advice and were then signposted or referred to other specialist charities. Participants valued the support provided by charities, which included benefit eligibility checks, direction to sources of financial assistance and energy efficiency advice.

*“[LEAP] are a team of people, they will get an advisor who comes round to your house and spends some time with you, going through how you can keep your house warm...They come in to, like, sort of, as I say, to look around and see ways they can help you to conserve your heat.”*

- Participant who actively chose to have a PPM installed.

#### ***4. Rationing energy usage or stopping use entirely***

As mentioned in Chapter 3, most participants described rationing energy on an ongoing basis to reduce spending rather than just when their credit is approaching zero. Similarly, it was rare for them to keep their credit at zero intentionally if they could afford to top-up. Participants were more likely to reduce their usage than stopping use entirely.

## Chapter 5: Moving off a PPM

This section explores the experiences and challenges that participants face when trying to move off a PPM onto a different energy payment method.

### The decision to remain on a PPM

As discussed previously, many participants feel that this payment method works for them. This is particularly true for participants who have themselves chosen to move on to a PPM. Benefits include being better able to manage budgets and keep in control of costs. Some feel confident that they could move to a different payment method if they wanted to, but they prefer to remain on a PPM.

*“I’m satisfied, I’m not planning on changing at the moment, I’m not looking for any deals, but I’m sure that if I were to look for deals, I’d be able to see what they’re offering and stuff.”*

- Participant who actively chose to have a PPM installed.

Many of those involuntarily moved to a PPM by their supplier also accept the decision and have perceive benefits associated with using a PPM. As a result, most have not tried to move to a different payment method.

*“I definitely don’t want that, no. I’m happy as I am. Even though it is a pain doing what I do, like, with the money sometimes but it is much more manageable doing like this, that’s all. I’ve got no big letter, debt coming through, no things to pay, bills to pay, one less one to worry about.”*

- Participant who was involuntarily moved onto a PPM and was notified.

*“If you’ve got 2 kids, you’re working full time, you’re coming home and you’ve got to make dinner and stuff like that, you haven’t got the time to make those phone calls, to do these things.”*

- Participant who was involuntarily moved onto a PPM, under warrant.

No participants recalled any supplier-initiated discussions about whether their circumstances have changed meaning that they could change to another payment method or it is no longer appropriate for them to be on a PPM (e.g. due to a new vulnerability such as a recent illness or job loss).

*“Well, I paid off the debt and when I paid off the debt, no one came back to me and said, would you like to go back to how you were doing it before, which was quite strange.”*

- Participant who was involuntarily moved onto a PPM remotely, without being notified.

## Trying to change payment method

A minority of the participants did want to move away from having PPM. This is for a variety of reasons including experiencing difficulties with topping up, feeling that they pay more money for energy on a PPM or believing that they have made a sufficient reduction in their debt to justify a change of payment method.

In such cases, there were some reports about encountering difficult conversations with suppliers, including questions about their financial situation and querying their ability to pay by another method.

*“I said, like, 'When the debt is repaid, could we switch back?' And they said that they would have to look into it at the time because we might be risky, like, to go back into debt which I didn't realise that they could refuse to put you back apparently.”*

- Participant who was involuntarily moved onto a PPM, under warrant.

There were also some who experienced suppliers asking for security deposits or credit checks in order to consider changing them to a credit meter.

*“I think [supplier] were trying to charge me to take the meter out and put a normal meter in. So you did feel a bit trapped. Then I was reading that Martin Lewis said that you can change to a different provider, go with them, and then they will then, not straight away, but they will eventually put you on a meter and not charge you. So you did feel a bit trapped.”*

- Participant who was involuntarily moved onto a PPM, under warrant.

*“The upshot was that I'd failed the credit check so I had to stay on prepayment meter. But at the time my bills were up to date, I didn't owe them any money.”*

- Participant who actively chose to have a PPM installed.

Some others felt that they were refused without reasonable grounds or explanation. For example, one participant who actively chose to have a PPM tried to change their payment method after facing difficulties with topping up, but their supplier refused. The participant understood this to be because they accessed emergency credit in the past, which the supplier counted as debt. The participant expressed confusion and frustration at this explanation because they have only accessed emergency credit because of a top-up issue.

*“I asked when I first moved to [my supplier] and they said no then and I asked again when we nearly got cut off and they are like 'No, it disqualifies you, you have to wait 6 months' and they were really adamant about it and I was like 'I just can't be bothered with the argument'. I've got health issues myself and I just didn't really want the stress.”*

- Participant who actively chose to have a PPM installed.

These experiences left affected participants feeling like they had no other option than remain on a PPM even if it is not their preferred payment method.

*“No, I'd be quite happy to switch to direct debit if that was a possibility. I mean, [my supplier] won't change the meter. They are adamant that they're*

*not going to change the meter, that we can't have an alternative, and that we can't pay by direct debit”*

- Participant who moved into a property with a PPM installed.



## Chapter 6: Improvements to the PPM customer journey

This section explores possible solutions to the areas of improvement identified throughout this report.

These solutions were co-designed with participants and are focused on communications across the PPM customer journey.

As part of the research project, seven participants from the in-depth interviews took part in a deliberative workshop. The purpose of this session was to identify potential solutions to the challenges experienced through the PPM customer journey as identified in the qualitative research.

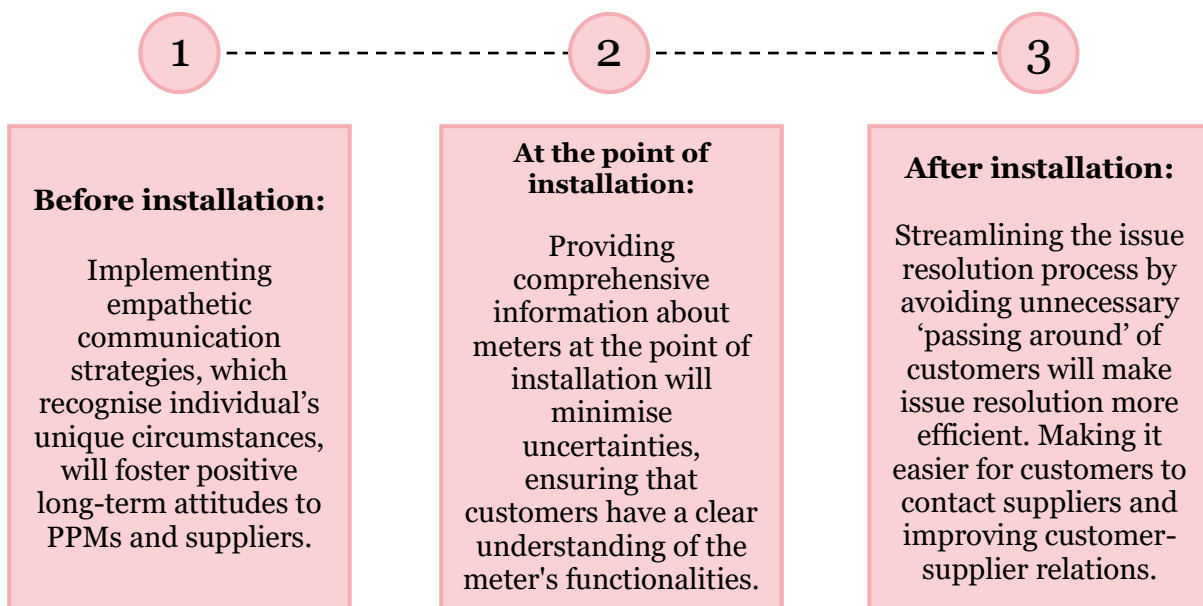
There were three elements to the deliberative discussions:

1. **Recap of the PPM customer journey:** how people came to be on PPMs, their ongoing experience of using them and relationship with their suppliers.
2. **Prioritising the key areas of improvement along this journey:** participants discussed which improvements were most pressing to address the challenges of PPM customers.
3. **Co-designing effective solutions:** once the key areas of improvement were identified, participants worked together to design solutions and support for PPM customers or those facing the possibility of moving onto PPMs.

In the co-design part of the discussion, participants were asked to consider the following chronological stages within the customer journey and how they could be improved:

1. **Notification of debt (before installation):** initial conversations between suppliers and customers to notify customers they are behind on payments.
2. **Repayment options (before installation):** follow-up conversations to discuss suitable repayment methods.
3. **Installation process:** helpful information needed at the installation stage, about the installation process and how to use the PPM.
4. **Follow-up:** what customers need from suppliers on an ongoing basis.

When asked to prioritise areas of improvement, there were common areas where participants feel the process can be improved. These centre around the following steps of the PPM journey:



## Notification of debt

Participants had two suggestions for how the point of being notified about debt could be improved:

1. Have upfront constructive communication about repayment options
2. Use multiple channels of communication

Participants feel the tone of the communications is important to encourage customer engagement. They felt that suppliers should communicate in a sincere and trustworthy manner so that feelings of anxiety amongst customers can be reduced.

### ***1. Have upfront constructive communication about repayment options***

As discussed in Chapter 1, participants feel that current written communication from their supplier about being behind on payments gives customers who are in arrears few options except paying the debt as soon as possible. This led some participants to ignore the issue because they knew they could not afford to pay right away. To avoid this, participants would like people in this position to receive more upfront information about different repayment options. They also made suggestions about how to ensure the tone of communication is constructive rather than feeling like a punishment, including: 'We have noticed you are behind on payments. Please be in contact to discuss the best options to get you back on track'. These changes are expected to help customers to engage with their situation sooner rather than putting it off.

### ***2. Use multiple channels of communication***

Some customers, particularly those who are financially struggling, found that receiving debt-related letters made them feel very anxious. They suggest that receiving a text notification, email or phone call instead could be less overwhelming. They feel that through these channels, they could have immediate conversations or easily be directed to someone who could help by replying to an email or clicking a link in a text message. More generally, participants feel that having multiple channels of communication will increase the likelihood that intended recipients see the communication in good time and it will also be inclusive of the different ways people engage with and digest information.

*“I was very depressed, stressed and wasn’t paying attention to my mail, wasn’t opening any mail...Then when you do open a letter, and there isn’t any communication in terms of how they can help, you do just ignore it because what can you do?”*

- Participant who was involuntarily moved onto a PPM, under warrant.

Whilst multi-channel communication is the preference, participants acknowledge that they do not normally receive regular communication from suppliers, and therefore, they may ignore a text or phone-call from unknown numbers. They believe that energy suppliers need to consider how to overcome text messages, emails and phone-calls initially seeming like scams to some customers.

The case study below is an example of one participant’s experience of being notified about their accumulated debt. It highlights the context of their situation with the energy supplier, their support needs during the process, and the outcome of their journey to using a PPM. The case study also identifies areas where improvements could have been made during the notification process to address the participant's specific needs. Please note that to protect their identity and privacy, the names of the participants have been changed throughout the case studies.

## Case Study

**Name:** Shaneen\*

**Reason for being on a PPM:** PPM installed for debt repayment reasons, under warrant.

### Context

Shaneen is a single parent with two teenage children at the time her PPM was installed. She lost her job around November/December and describes falling behind on payments because she simply did not have enough money to cover winter heating, rent and put food on the table. She started prioritising certain bills and deprioritising her energy bills. Not long after she started doing this, she noticed letters coming from her supplier.

She describes reading one and not knowing what to do with the information that she may be put onto a PPM to repay the debt she owed. She felt convinced that she would be able to repay the full debt at her next direct debit payment in 4 months' time. As such, she decided not to contact her supplier and instead hoped the letters would stop. She had never been in debt to her supplier before this and believed that because she perceived the debt she owed to be small, the supplier would not follow through with their demand to install a PPM.

### Needs and Support

At the time, Shaneen 'buried her head in the sand' and did not want to confront the idea that moving to a different payment method would not be on her terms. She found it easier to ignore the letters as they did not feel real or following them up felt too overwhelming. She reflects now that she would have preferred multi-channel communications from her supplier, not only to ensure she understood what was going on but also to have a human being that she could talk through options with. During such a period of high stress, she did not have the energy to ring her supplier to resolve the issue. Similarly, by the tone of the letters she received, she did not know there may be alternative options.

### Outcome

Shaneen found the installation process highly traumatic, with an engineer and bailiff arriving and asking to be let in by her teenage daughter. Since Shaneen was not in at the time and therefore, was unable to consult the engineer, she did not feel confident operating the PPM and neither did she know what was agreed around the proportion of payments going towards debt repayment. She thought the process felt disproportionate to the amount of money she owed and wished instead she had had a conversation with her supplier to understand her options and if she could wait till her situation stabilised.

*\*Please note that names have been changed to protect participant's identity and privacy.*

## Repayment options

Participants often felt their repayment options were not outlined in a clear or digestible way. As a result, they made several suggestions of how to improve customers' experience at the point of discussing debt repayment options:

1. Outline repayment options and conduct open discussions about these options
2. Include customers in the decision-making process
3. Include a 'grace period'
4. Provide regular written confirmation of next steps

## **1. Outline repayment options and conduct open discussions**

Participants who were involuntarily moved onto PPMs commonly felt they lacked information of the other repayment options available. As a result, they felt unable to challenge the decision to put them on a PPM because they were not aware of other options that might be suited to their circumstances.

Participants suggest there should be a discussion of the customer's circumstances and available payment options before the decision is made by suppliers to involuntarily move customers in debt to a PPM. This could include a conversation about their working status, spending habits, how they got into debt and if their situation may change in the short-term. Customers would then benefit from their supplier recommending a repayment method based on what they think is the best option for them rather than unilaterally deciding to move them onto a PPM.

## **2. Include customers in the decision-making process**

While most participants find PPMs helpful in monitoring their finances, those who were moved onto a PPM for debt repayment often perceive this to be a negative option or a punishment. More upfront explanation about how a PPM can help spread debt repayments and with ongoing budgeting may help customers to feel more comfortable with this option and involved in the decision-making process. This could reduce the stigma and sense of punishment associated with PPMs.

*"I think if I had...known what it was...If it was explained to me and if I knew the possible outcomes or risks of what I was doing and what needed to be done afterwards, I think I would not have panicked as much as I did."*

- Participant who was involuntarily moved onto a PPM remotely, without being notified.

## **3. Include a 'grace period'**

Participants feel that there should be some 'grace' time allowed for customers in debt to decide which repayment method to opt for. Effective implementation of the 'grace period' would require good communication between different supplier customer service teams. For example, if a customer is given time to decide they should not receive letters demanding repayment simultaneously. Likewise, if a customer needs to re-contact their supplier for further information, an agent should have the necessary details to hand to avoid the customer having to repeat their case back to them.

*"I phone every month, trying to get them to actually fix the smart meter. So we go through a charade...It's just repeating the same thing multiple times."*

- Participant who was involuntarily moved onto a PPM remotely, without being notified.

## **4. Provide regular written confirmation of next steps**

Finally, participants felt that the process from receiving notification of being behind on energy payments to a PPM being installed happens too quickly. Some participants describe going from having conversations with suppliers about owing money to suddenly discovering their smart meter has been moved into prepayment mode or having bailiffs on their doorstep. To avoid this sense of sudden escalation, customers who are in debt to their energy supplier would benefit from regular written confirmation of next steps in the process. For example, if it is confirmed via phone call that they are allowed a 'grace period' to make a decision on a repayment option,

this should be confirmed via another channel, such as text, email or letter. This would make customers feel more involved in the process, aware of what's to come and able to challenge their supplier if required.

The case study below highlights one participant's journey to being remotely moved onto a PPM by their supplier. This example shows how a lack of communication from their supplier can negatively impact customers.

## Case Study

**Name:** Georgia\*

**Reason for being on a PPM:** PPM installed for debt repayment reasons, remotely

### Context

Georgia lives with her dad and prior to having a PPM installed was satisfied with paying via direct debit. She found the routine nature of direct debit useful, as she always knew when to expect her bill; although, she did note that at times she found herself having to pay bills that were more than she had expected. Georgia was moved on to a PPM after an issue seemingly occurred with her direct debit payment. Initially, she had thought the payment to her supplier had not gone through, but a short while later received an email saying her payment had been received and so did not investigate further.

Then having not received a letter or email from her supplier about the payment being late and having not accrued any debt, Georgia was surprised to find out that her energy supplier would be moving her to a pre-payment meter. After receiving the letter, Georgia waited for further communications, as the letter suggested the supplier would be in contact again. However, when she returned from holiday, she found that she had been remotely moved to a PPM and was without energy, despite not being notified of when the change would occur.

### Needs and Support

Georgia had a limited understanding of PPMs at the time and was not expecting to be moved to one when she was. She feels that if she had a better understanding of when the change would happen, the positives and negatives of prepayment meters and what to expect she would have been better prepared and felt more comfortable with the change.

### Outcome

Georgia found moving to a PPM highly stressful. As having returned from holiday to a house without electricity, she had attempted to top up her new PPM only to struggle to do so when she went to her local shop. She rang her supplier to be told there was a technical issue and so to try again in a few days. So, with little other option Georgia went to stay with her sister. Along with the technical issue on the supplier's side, Georgia struggled to manage the issue due to not being registered as an account holder, as it was registered to her dad instead. She found that her supplier's customer service team continually referred her on to other departments, meaning she had to communicate the issue multiple times to different people. Georgia felt as if no one understood the importance of the issue or the stress it was causing her and in turn feels dissatisfied with the help she received. It took around a week for the issue to be resolved.

*\*Please note that names have been changed to protect participant's identity and privacy.*

## Installation process

To address the needs of customers during the installation of their PPM, participants identified the following as key in making the installation process run more smoothly:

1. Supplier confirmation with customers

2. Digestible and focused instructions

### **1. Supplier confirmation with customers**

Participants who were involuntarily moved onto PPMs called for more information about the installation process. Many participants were unaware of basic details such as how the installation would take place. This lack of information increased participants' anxiety because the process felt unknown to them.

To address this, participants suggest that suppliers should confirm with customers that they understand and are aware of how the installation process will work before proceeding. Some participants who were notified about installation missed the letters due to their personal circumstances, such as avoiding post due to mental health issues or having limited access to their property's post box. To ensure key information is not missed, participants recommend that communication about the installation process should come through multiple channels in an easy-to-understand format.

### **2. Digestible and focused instructions**

As discussed in Chapter 2 of the report, the details around how PPMs work and the instructions provided to customers vary considerably:

- A number reported only receiving high-level instructions from the engineer
- Some do not recall receiving any information
- Some received lengthy booklets that they found to be inaccessible.

All three scenarios could cause confusion for participants, especially if they did not have the opportunity to interact with an engineer (e.g., if they are remotely moved to a PPM or the meter is outside their property).

At the point of installation, customers want shorter and more specific information, especially about topping up, using emergency credit and how to troubleshoot.

## **Follow-up**

Once a PPM has been installed, participants who were previously in debt want their suppliers to be proactive in supporting them throughout the rest of their debt repayment journey. They suggest this can be achieved through:

1. Regular account statements
2. Aftercare calls

### **1. Regular account statements**

Participants who had a PPM installed to repay debt report that any contact with their supplier after installation of their PPM was initiated by themselves. A lack of updates or proactive communication from suppliers can cause a range of problems for participants in this situation, such as not being aware of how much debt they owe and struggling with accessing emergency credit.

To combat this, they would like to receive regular statements or updates from their supplier to regularly demonstrate outstanding debt and length to debt repayment if they remain on current instalment amounts. This should also be followed up with a discussion with their supplier once the debt has been repaid to understand what their ongoing options are around payment methods.



## **2. Aftercare calls**

Participants who were previously in debt express concern about the risk of falling into financial difficulty again. They are not confident their supplier would proactively support them to prevent this from happening. Participants who were moved onto PPMs for debt repayment reasons feel that their supplier should monitor their spend and set up aftercare calls to regularly check in with them about their financial circumstances. These could be quarterly or bi-annual catch-up calls, the tone of which should be empathetic and supportive.

*“Aftercare: possibly to prevent you getting back into debt, put things in action once you've cleared and you've got back to some sort of normality, some sort of aftercare. So if there's no issues like you like spending a little bit much, then they're getting touch with you and let you know, say, oh, by the way.”*

- Participant who was involuntarily, remotely moved onto a PPM, without being notified

These check-in calls could also open up discussions about potentially moving customers off their PPM once their debt is repaid.

*“I think if you have paid the debt off, it certainly would be nice to be informed and given another option.”*

- Participant who was involuntarily moved onto a PPM and was notified

*“I think it is the suppliers right to actually get in contact with you to see if everything's OK and to see if they can offer you alternative options in regards to if you still need to be on a prepayment meter or if you're about to pay off your debt and if there's anything else they can do to offer support.”*

- Participant who was involuntarily moved onto a PPM remotely, without being notified

The following case study illustrates the frustration that one participant experienced in part due to a lack of proactive follow-up from their energy supplier following a PPM installation to recover debt.

## Case Study

**Name:** Douglas\*

**Reason for being on a PPM:** PPM installed for debt repayment reasons, remotely without being notified.

### Context

Douglas was involuntarily moved onto a smart PPM because of debt that had accumulated due to a faulty smart meter. On manually sharing smart meter readings, as requested by his supplier, Douglas and his partner were informed there was a mismatch between the smart meter readings the supplier received remotely and the amount of energy being used. This meant that Douglas and his partner owed the supplier a considerable amount of money to account for this mismatch.

Douglas was met with an ultimatum from his supplier to either repay the full amount immediately or they were to be moved onto a PPM. Whilst Douglas and his partner were considering these options, they noticed their PPM had been changed to prepayment mode.

### Needs and Support

Unfortunately, despite being moved onto a PPM, the existing smart meter errors remain. So, although now Douglas and his partner are able to repay the debt they owe, the mismatch in readings continues to persist. As such, Douglas, every month, has to ring his supplier to provide readings. Despite enquiring, the supplier has refused to update or fix the smart meter, saying it can only be fixed if all gas stops running into the building. As Douglas lives in a multi-resident home, he doesn't think this will ever happen.

### Outcome

Douglas and his partner have now managed to repay all their debt. They only know this because Douglas has closely monitored debt repayment and energy spend. He explains how he had to inform his supplier that he thought he had repaid the debt and then got them to adjust repayments manually. He wonders if he would still be paying towards a debt that had been paid if he had not raised it with his supplier. Douglas would now like to come off the PPM, because making manual payments every month is time consuming. He was surprised this was not offered as an option on repaying his full debt and intends to raise this with his supplier the next time he makes a manual payment.

*\*Please note that names have been changed to protect participant's identity and privacy.*

# Summary and conclusion

## Summary of key points

1. Customers come to be on PPMs for a variety of reasons – they may actively choose to have one, they may have moved into a house with a PPM already installed, or they may be moved onto one involuntarily by their supplier for debt repayment reasons.
2. Participants who chose to have a PPM installed have a diverse set of motivations for doing so, including seeking to avoid debt, enabling greater financial oversight and saving energy to reduce environmental impact.
3. Participants who were moved onto a PPM by their supplier to repay debt often reported that they were given a choice by their supplier to either repay immediately or move to a PPM, with limited exploration of alternative solutions. There was little evidence of suppliers discussing or considering the suitability of PPMs with such participants, many of whom were living with vulnerabilities.
4. When their PPM was installed, participants felt that they received limited information about the process or how to use the payment method. Among those who were notified ahead of the installation, they were typically only made aware of the date of installation and little else. This means that some were unable initially to top-up their meter, or to troubleshoot where problems occurred. This contributed to a feeling of anxiety, particularly for those whose PPM was installed involuntarily by their supplier to recover debt.
5. Participants who were moved onto a PPM under warrant had a particularly stressful installation experience. They described the process as being punitive and humiliating. Some felt that bailiffs deliberately tried to intimidate or upset them, or to force entry into their homes. These experiences have had long-lasting emotional impacts for some involved in this research.
6. Some participants who were remotely moved to a PPM also reported a challenging experience. A lack of warning and communication reportedly resulted in a period without gas or electricity at home for some participants.
7. Regardless of the circumstances in which their PPM was installed, many participants ultimately feel positive about their PPM as a payment method, as it can help make them feel more in control over their energy usage and spend at a time of increasing energy prices. Some of those who were involuntarily moved to a PPM for debt reasons feel a sense of relief that their debt is now being reduced and is under control. However, negative experiences at early stages of the PPM journey can influence perceptions of this payment method. In addition, there is a perception of PPM unit prices being higher than for credit meters which is felt to be unfair.
8. Some participants have faced challenges with topping up, particularly in the period immediately after installation. For those with physical PPMs, these include shops not offering top-ups for their supplier or the top-up service being out of order. Among those with smart PPMs, there were some reports of difficulties with the app resulting in delays in their account being credited. These participants reported that supplier assistance with these challenges and general troubleshooting was not forthcoming.
9. Many participants used both Government vouchers and energy rationing to manage affordability challenges. Some also contacted charities or their suppliers for advice and

support. Those participants who had contacted their supplier for financial reasons received varied responses, with some receiving financial support, some being signposted to charities and others feeling that they had not received anything. No one in our sample mentioned having been proactively contacted by their supplier with advice or support around energy affordability.

10. Whilst most participants were content to continue paying for energy with a PPM, a few had tried to move away from this payment method. They reported having difficult conversations with suppliers, including questions about their financial situation and queries as to their ability to pay by another method. Some felt that they were refused without reasonable grounds or explanation.
11. Across the different PPM customer journeys, participants believed communication with their suppliers at all stages of the process could be improved. This is particularly in the lead up to a PPM being installed and immediately following installation.

## Conclusion

This research shows that PPMs can provide customers with greater control and visibility over their usage and help those in debt to make repayments. However, the PPM customer journey reportedly has a number of problems, particularly for those whose PPM has been installed by the supplier to recover debt.

Participants felt that many of the issues they experienced could have been mitigated with improved supplier communication, particularly at early stages of their customer journey (before, during and immediately following installation). In particular, participants would like to see:

- A more collaborative approach taken to determine how to recover debt from customers in this position.
- Clear, simple to use information provided to all new PPM customers on the installation process and how to use the PPM.
- Ongoing support to resolve any issues experienced with using the PPM.
- Longer term, supplier-initiated conversations with PPM customers about whether a PPM is still the most appropriate payment method for their household.

Collectively, such improvements would do much to improve the customer journey, which in turn can be expected to improve general perceptions of PPMs among those using them.