

Statutory Consultation – Involuntary PPM

Citizens Advice Response



Introduction

Citizens Advice welcome this consultation, which has the potential to improve the regulatory landscape for people affected by prepayment meters. We support the proposals to integrate the Prepayment Meter (PPM) Code into the supplier license conditions. As part of this process, Ofgem should amend the code in the following ways:

- Include children under the age of 5 in the Do Not Install category.
- Include the treatment of certain serious mental and developmental health conditions in the Do Not Install category.
- Clarify the treatment of chronic obstructive pulmonary disease (COPD) and its constitutive conditions in the Code by moving it into the high risk category.
- Clarify the timetable for the 10 contact attempts to engage with the consumer.

As we outlined in our response to March's call for evidence on prepayment rules and protections¹, the impact of high energy prices and the wider cost of living crisis has meant that the risks associated with force-fitting a prepayment meter are far more significant now compared to when the rules around involuntary PPM were first introduced. As such, we believe that Ofgem is taking the correct steps to supplement principles-based regulation with more detailed guidance in this area. We support formalising these changes by integrating them into the supply licenses.

Enforcement and monitoring will be vital to ensure that these changes deliver meaningful and lasting improvements in suppliers' actions and in outcomes for consumers. We have been encouraged both by Ofgem's recent approach to monitoring and enforcement through tools such as Market Compliance Reviews, and by the proposed monitoring arrangements set out in the statutory consultation. Together, these provide a more secure basis to safeguard vulnerable consumers in the future.

However, the success of these changes will rely on prioritising monitoring and enforcement, especially over the course of the first winter that they apply (2023/24) to ensure meaningful changes have been implemented by suppliers and are leading to better outcomes for consumers.

¹ Citizens Advice (2023) [Citizens Advice response to Ofgem call for evidence on prepayment rules and protections](#)

1. Do you agree with our proposals to integrate the Code into the supply licences?

The integration of the Code into the supply licenses should be used to clarify some existing ambiguities and oversights in the Code. These are as follows:

1. The treatment of chronic obstructive pulmonary disease and its constitutive conditions in the code
2. The treatment of certain serious mental and developmental health conditions
3. The timetable for the 10 contact attempts to engage with the consumer

Firstly, we are concerned that the requirements under high and medium risk categories are not mutually exclusive and this may cause confusion for customers, suppliers, and third parties. For example, chronic bronchitis and emphysema are listed under the do not install category. However, chronic obstructive pulmonary disease, which is a blanket term for a range of lung conditions but primarily refers to chronic bronchitis and emphysema², is listed under medium risk. Our view is that COPD should be listed under high risk, which will bring much-needed clarity.

Secondly, we believe there is a significant oversight around the treatment of serious mental and developmental health conditions in the Code as currently written. In the current wording of the Code, these conditions would place a customer in the medium-risk category *unless* the customer's condition prevented them from operating their prepayment meter. The implication is that the only high-risk element someone with a serious mental or developmental condition faces is in the physical act of topping up their meter. This does not reflect the seriousness of harm associated with these conditions.

For example:

Carl³ has a serious case of dementia. He rang Citizens Advice in a state of confusion. He was off supply but was unable to tell our advisor if his name was on the account, and was unsure who his supplier was. Carl's wife, who usually helps him, had gone out. Carl told our advisor that he was cold, had no hot water, and had been awake for 24 hours.

In integrating the Code into the supply license we recommend that the guidance should be updated to move dementia and Alzheimer's into the Do Not Install category.

² NHS (2023) [COPD](#)

³ All names in case studies included in this response have been changed

Thirdly, an ambiguity exists around the timetable for 10 contact attempts to engage with the consumer. From our ongoing engagement activities with suppliers, we have noted that some suppliers have interpreted this to mean that they should attempt to contact the customer 10 times in the 90 days from the time they go into debit on their account. According to the Supplier License Conditions a customer has 28 days to pay the balance on their account before the balance is treated as outstanding charges⁴. The Gas Act 1986⁵ and Electricity Act 1989⁶, further clarify that customers have 28 days after a supplier makes a demand in writing for relevant payments before the supplier can install a prepayment meter. As a result, there is an open question over whether contact attempts made in these first 28 days count towards the required 10 attempts. If they do not, this in effect shortens the time for the 10 contacts to 62 days. Other suppliers have interpreted the 90 days to begin from the time the customer falls into arrears, which provides a longer timetable for the contact attempts, but also makes the debt process overall longer. Our preference is that Ofgem clarifies that contact attempts within the first 28 days do not count towards the required 10 attempts.

Identifying and addressing ambiguities such as these will help to ensure the robustness of the regulations. As a result, we recommend that Ofgem revise the Code before it is incorporated into the license conditions to ensure that consumers are appropriately protected from unintended consequences.

2. Do you agree with our approach to integrating the relevant parts of the Code into the Safe and Reasonably Practicable guidance?

Citizens Advice fully supports the proposals to integrate the relevant parts of the Code into the Safe and Reasonably Practicable guidance. As stated above, we believe that implementing the code in this way will help to avoid significant detriment to consumers, provided it is accompanied by comprehensive monitoring and enforcement.

⁴ Ofgem (2023) Supplier License Conditions, p.35

⁵ UK Government (1986) Gas Act 1986, Schedule 2B S7

⁶ UK Government (1989) Electricity Act 1989, Schedule 6 S2

3. Can you provide evidence on whether we should retain the 'over 85s' in the 'do not install' category?

Citizens Advice strongly supports the retention of over-85s in the Do Not Install category. Our research and case notes clearly demonstrate that older people are likely to face significant detriment as a result of being switched to prepayment meters. For example:

John is an elderly man who lives alone. He recently went to top up his gas and electric but was told that his gas card was not working. John reached out to his supplier but was given conflicting information about why his card was not working and what he needed to do to get a new one, which he found distressing. While he was waiting to find out about a new gas card, John fell into debt on his meter. When he did receive a new card, he only had £5 to top up, which was taken against the debt now on the meter. John also has mobility issues, which means he finds it hard to top up and reach his meter to top up.

A review of our contacts to Citizens Advice suggests that people over-85 are at higher risk of self disconnecting because they are more likely to:

- Be on fixed incomes and to have significant essential costs such as social care and therefore less likely to have significant financial flexibility.
- To be digitally disadvantaged than younger people, limiting their options for contacting their energy supplier for relevant support⁷
- Incur higher energy costs on average due to needing a greater amount of energy to feel comfortable in their homes.

Periods of self disconnection are particularly detrimental to this age group due to the higher prevalence of serious long-term health conditions or disabilities. This includes respiratory conditions which are associated with and exacerbated by living in cold or damp conditions.

Given the higher risk associated with disconnection as a result of these factors, we believe that it is clear that retaining the over-85s category is the right decision at this stage. Our view is that the safest way forward is to retain a blanket category of over-85's within the do not install category.

⁷ Citizens Advice (2023), [Access Denied: Digital disadvantage and exclusion in the energy market](#)

4. Can you provide evidence on whether we should include children under the age of 5 in the 'do not install' category?

We have evidence from our casework that children under 5 are currently enduring significant detriment because of prepayment meters. For example:

Alex is a single parent who lives with her 5 children. This includes her 15-month-old, who has severe asthma and needs to use an inhaler. She is on universal credit. Because her house is damp and mouldy, Alex needs to keep the heating on during the day and run two humidifiers or risk her baby's asthma symptoms worsening. This means her energy usage is high, and she struggles to find the money to keep her meter topped up, which means her and her children are often left without heat or power.

Citizens Advice strongly believes that no child should face the level of lifelong harm that regular and extended self-disconnection can cause. As a result, we support the proposal to include children under the age of 5 in the do not install category. As we have highlighted previously, and as is noted in the statutory consultation, the harm that cold homes can cause to the development of a child ranges from impacts on educational attainment to severe medical impacts. The risk of these impacts cannot be ignored.

As a result, we welcome consultation on this vital question, and would further welcome every effort to ensure that households with very young children are prevented from moving onto prepayment meters and given significant support to move off PPMs where they have been installed. The Code is the right vehicle for these crucial changes, which will prevent further serious harm to children under 5.

Children over 5 are not immune from health and welfare implications of regular and extended self-disconnection. We note that the negative outcomes experienced by a child are unlikely to be alleviated by virtue of leaving a narrow age category, and would therefore urge suppliers and Ofgem to ensure that all children under the age of 16 receive due assessment and attention under the Code, in line with their protected characteristics under the Equality Act.

We note that public trust in energy suppliers and the regulatory framework has been hugely undermined by inappropriate PPM installations. The introduction of the Code represents an opportunity to reset public acceptance of PPMs. However, suppliers must acknowledge that care must be taken to identify where all children are in the home and ensure that their processes reflect the harm that these installations can cause.

5. Can you provide any further evidence on the potential costs and benefits of our proposals?

We believe that integrating the code into existing regulations would have broader ancillary benefits beyond those mentioned in the impact assessment.

Highly publicised stories of wrongdoing by energy suppliers have undermined confidence in the domestic energy market. As the integration of the code represents a significant upgrade in terms of protections for consumers, we would also expect the proposals to positively impact trust and engagement with suppliers on the part of consumers. Ensuring that consumers are protected from unsafe practices around involuntary PPMs should help to promote consumer engagement with suppliers. The Code could also help to bring equitable and sustainable resolutions to some debt processes, which could encourage additional benefits to the market as a whole.

6. We are consulting separately on an increased Additional Support Credit allowance to mitigate any impacts on bad debt. Do you have views on how we can ensure suppliers spend this ASC allowance to help PPM consumers stay on supply?

We will respond to the Additional Support Credit Consultation separately. In line with the focus on this consultation, it is important to note the role that inappropriate supplier practices around the installation of PPMs in the past may have had an impact on the requirement for ASC in the present.

ASC was designed to ensure continuity of supply over a period where a customer's circumstances change. For example, ensuring that someone can continue to use energy while they apply for benefits.

However, firms with a high appetite for regulatory risk who have installed prepayment meters where it is not safe for them to do so may now be using ASC to maintain supply to customers who are in highly vulnerable circumstances, even where switching to credit mode or a credit meter is more appropriate.

We therefore think it is proportionate to ensure that the existing Marketwide Compliance Review on Involuntary Installations provides sufficient insight into the

processes related to Additional Support Credit, with a specific ASC MCR launched if the evidence gap remains. We hope to continue to work closely with Ofgem to share the insight from the front line to uncover poor practice within energy suppliers.

We have flagged elsewhere our concern that the price cap has become a lobbyists charter⁸, providing the opportunity for well-resourced energy suppliers to secure additional funding to cover costs associated with the delivery of minimum-level compliance.

This consultation on new standards to secure the safety of consumers emerged from poor outcomes for consumers, particularly consumers in vulnerable circumstances. It is difficult to conclude that an appropriate response to poor standards at suppliers is to increase supplier profits as a result of increased allowances⁹.

⁸ Citizens Advice (2023) [Future fantastic? Remaking an energy supply market that's fit for the future](#)

⁹ Citizens Advice (2023) [Is increasing energy supplier profits really the answer to poor customer experiences and an affordability crisis?](#)

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