

# Ofgem Statutory Consultation – Involuntary PPM

## A response from Scope

July 2023

Scope welcomes the opportunity to respond to Ofgem’s statutory consultation on involuntary prepayment meter (PPM) installs. Our position on the forced installations of PPMs and forced remote switching of smart meters to prepay mode is clear – this process should be banned for households where a disabled person is present. Energy suppliers have behaved appallingly, and Ofgem has previously failed to protect consumers from this practice being abused.

The Code of Practice<sup>1</sup> introduced by Ofgem was a welcome first step, and putting this into licence conditions is necessary. This should be done as soon as possible, and ideally, we would like to see protections strengthened for disabled households.

### Context

The cost-of-living crisis is the biggest issue disabled people are facing right now. We already know that life costs more if you’re disabled. Scope has found that disabled people already faced extra costs of £975 per month on average. The average extra costs rise to £1,248 per month where there are two disabled adults in the household and at least two children. And for households with one disabled adult, one non-disabled adult and at least one child, the average extra cost is £634.<sup>2</sup>

High energy bills are making the situation far worse - even with the current government schemes in place. Over a third of disabled adults feel that their impairment or condition has an impact on how much energy they use<sup>3</sup>.

Lots of disabled people need to use more heating because they can’t regulate their body temperature. Some disabled people need to charge equipment like electric wheelchairs and hoists. We’ve heard from people

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<sup>1</sup> Ofgem (2023), Involuntary PPM – Supplier code of practice, <https://www.ofgem.gov.uk/publications/involuntary-ppm-supplier-code-practice>

<sup>2</sup> Scope (2023), Disability Price Tag – Policy report, <https://www.scope.org.uk/campaigns/extra-costs/disability-price-tag-2023/>

<sup>3</sup> Scope (2022), Cost of living – Policy report, <https://www.scope.org.uk/campaigns/cost-of-living-crisis/>

who use life-saving machines like ventilators to breathe, or dialysis machines. This is lifesaving equipment; these costs can't be avoided.

Scope's dedicated Disability Energy Support (DES) service has seen a 670% increase in the number of referrals, compared with this period last year. Disabled people feel let down and forgotten by the government, Ofgem and suppliers, and are struggling with the price of essentials such as energy or food, often having to make devastating decisions about what to prioritise.

### **Impact of forced installs and remote switching on disabled people**

Ever since energy suppliers stopped forcibly disconnecting customers on credit meters for reasons of debt (and the introduction of Energy UK's Safety Net commitment), the tactic of recovering debt by the forced installation of PPMs has become the norm.

This has led to the rise of what Ofgem and the industry terms 'self-disconnection' and 'self-rationing' – in effect disconnection by the back door as the customer often has no choice in the matter if they simply cannot afford to top up. For disabled people who rely on medical equipment or who need warm homes, this can be life-threatening.

This is not a new issue. The cost of living crisis has only exacerbated this and is hitting disabled people the hardest. Scope's helpline is inundated with calls from disabled people and their families who have cut back everything they can, are racking up debt and have nowhere to turn. Instead of receiving the help they need, many are having PPMs forcibly installed.

Callers to Scope's Disability Energy Support service regularly tell us about poor supplier practice. Often this is in relation to the forced installations of PPMs. These are often used by energy suppliers to recover a debt when customers cannot pay. Ofgem regulations make clear that PPMs should only be installed where it is appropriate to do so, namely where a disabled customer would not be at immediate risk if they went off supply, is able to easily top up, and can afford to do so.

Scope's Cost of Living report from November 2022<sup>4</sup> found that almost three quarters of disabled people on PPMs (72%) experienced problems

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<sup>4</sup> Scope (2022), Do the Right Thing – Policy report, <https://www.scope.org.uk/campaigns/research-policy/cost-of-living-report/#The-impact-of-Government-support>

in the last 12 months. This includes being forced to ration their energy usage in order to not go off supply (50%) and going off supply either to save money (26%) or because they were not physically able to top-up due to their impairment (14%). Of those who have self-rationed or been cut-off, nearly half (47%) mention they have had to cut down on essentials such as using their fridge, cooker or phone, and a quarter (25%) say their or someone else in their household's health has been put at risk.

Worryingly, over a quarter (28%) of those who experienced an issue with their pre-payment meter said their supplier didn't offer them any support.

We have heard from many disabled people who have had PPMs either incorrectly installed or been forcibly remote switched, which has caused real hardship and distress and is unacceptable. These include:

- A disabled customer who needs to keep medication in the fridge and going off supply would render that medication unfit for use and be dangerous to their health. Yet their supplier still tried to forcefully install a PPM to recover debt and were only prevented from doing so when a Scope advisor spoke to the bailiffs on the phone whilst they are the customer's front door.
- A disabled customer who needs electricity for medical equipment but was wrongly put on prepayment mode on their smart meter. A complaint has been raised with their supplier, but they are still on prepayment for time being. They have had to call Scope for vouchers numerous times or else they would have gone off supply.
- A disabled customer who needs heating for health reasons but is on a PPM so has struggled to be sufficiently warm over winter and their health has suffered as a result. Scope has helped the customer raise a complaint with their supplier to get off a PPM, but the supplier has not been willing to engage to sort out this issue. The result being further worry and stress for the customer, especially ahead of cold spells of weather.

Scope's position on the forced installation of PPMs and the forced remote switching of meters into prepay mode is clear. We are calling for:

- A total ban on the forced switching of smart meters to prepay mode for households where a disabled person is present.

- A total ban on forced installations under warrant of prepayment meters (PPMs) for households where a disabled person is present.
- Energy suppliers must urgently review all instances where a disabled person had a meter forcibly installed or has been forcibly switched into prepay mode and offer to switch them back to a credit meter.
- Ofgem should order suppliers to pay compensation to disabled people forcibly switched to prepay mode or had a meter forced installed under warrant.
- Remove the higher costs for people on prepayment meters compared to customers on credit meters who pay by direct debit.
- Review standing charges on energy bills - especially for PPM customers.

Whilst Ofgem has stressed to charities and consumer groups already that it does not have the power to permanently ban the practice of forced installs and switching, Ofgem calling for a total ban on this practice would still be influential and send the right message. Ofgem has already done this with social tariffs.

**It is Scope's view that energy suppliers must find ways of recovering debt that do not involve putting disabled customers' health, and indeed lives, at risk. To do so, by continuing with the practice of forcibly installing PPMs and remote switching smart meters into prepay mode, is completely unacceptable.**

## Consultation questions

### **Q1. Do you agree with our proposals to integrate the Code into the supply licences?**

Yes, and we would like this done as soon as possible. As stated in this consultation, Ofgem acknowledges that suppliers are not adequately supporting or protecting vulnerable consumers<sup>5</sup>. Integrating the code into the supply licences would hopefully help maintain a consistent standard and approach across suppliers. The requirement for suppliers to be

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<sup>5</sup><https://www.ofgem.gov.uk/sites/default/files/2023-06/Statutory%20Consultation%20-%20Involuntary%20PPM%20-%20Ofgem.pdf>, page 25 (3.17.)

proactive in contacting consumers who have repaid their debt via PPM and offer a move to a different payment method<sup>6</sup> is promising, though still limited where consumers have bad credit and would be unable to switch to Direct Debit (DD).

Ofgem highlights that while the proposal should protect and support vulnerable consumers at risk of involuntary PPM installation, the restructuring will not protect all consumers; an increase in supplier costs would likely impact non-vulnerable consumers<sup>7</sup>. Depending on the level of increase in supplier costs, Ofgem's opinion<sup>8</sup> that PPM is the cheapest and preferred payment type for consumers on a lower income, may change.

Scope supports comments made by the Money Advice Trust (MAT) during July's Consultation Workshop regarding the function of PPMs. PPMs first take money owed when the meter is credited; this seems counterproductive in helping consumers repay debts when a certain percentage is deducted before consumers can use energy they have paid for. This may have the potential to drive consumers further into debt if the amount owed is significant<sup>9</sup>.

**Q2: Do you agree with our approach to integrating the relevant parts of the Code into the Safe and Reasonably Practicable guidance?**

Yes, as the integration should allow for quicker updates to the guidance where necessary.

**Q3: Can you provide evidence on whether we should retain the 'over 85s' in the 'do not install' category?**

**Source – Scope's Disability Energy Support (DES) service.**

Yes. From 2021 up to 04 July 2023, DES has received 87 referrals from consumers aged 85 and above.

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<sup>6</sup><https://www.ofgem.gov.uk/sites/default/files/2023-06/Statutory%20Consultation%20-%20Involuntary%20PPM%20-%20Ofgem.pdf>, page 25 (3.20.)

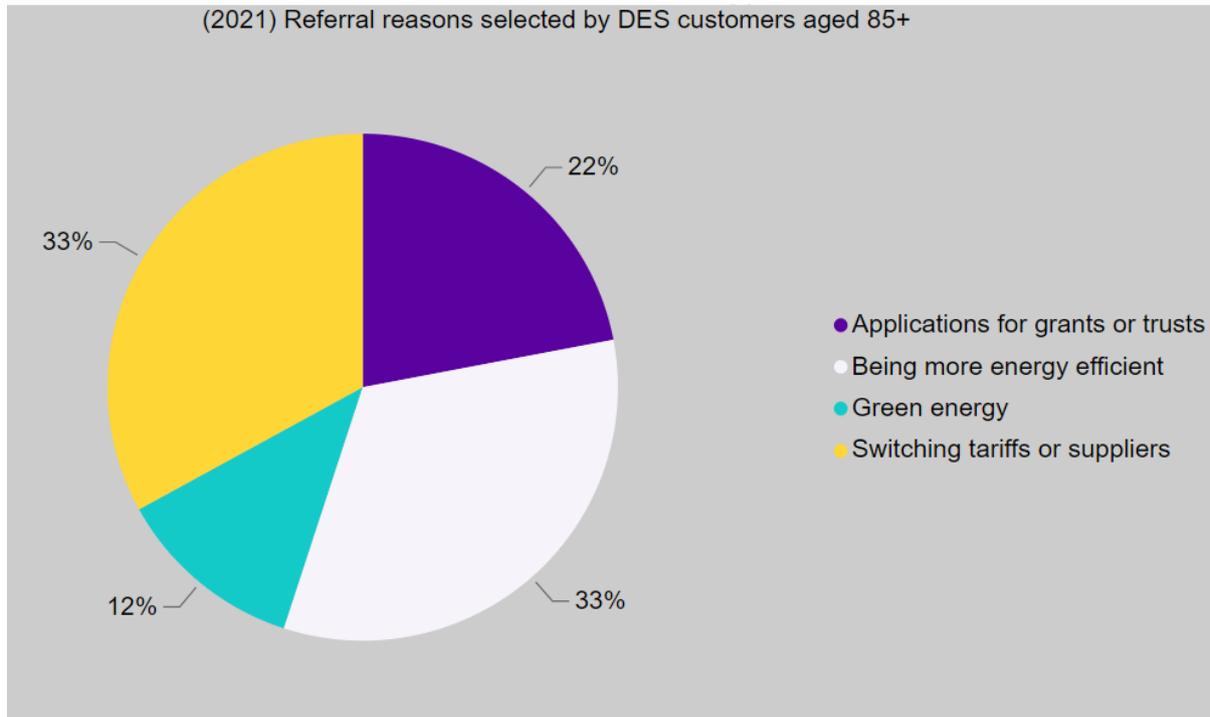
<sup>7</sup><https://www.ofgem.gov.uk/sites/default/files/2023-06/Statutory%20Consultation%20-%20Involuntary%20PPM%20-%20Ofgem.pdf>, page 25 (3.21.)

<sup>8</sup><https://www.ofgem.gov.uk/sites/default/files/2023-06/Statutory%20Consultation%20-%20Involuntary%20PPM%20-%20Ofgem.pdf>, page 15 (2.3.)

<sup>9</sup>[https://moneyadvicetrust.org/wp-content/uploads/2023/03/Joint\\_debt\\_advice\\_charities\\_briefing\\_Ofgem\\_energy\\_debt\\_-\\_July\\_2022.pdf](https://moneyadvicetrust.org/wp-content/uploads/2023/03/Joint_debt_advice_charities_briefing_Ofgem_energy_debt_-_July_2022.pdf), page 5

In 2021, all 85+ referrals were from consumers aged between 92 and 99 years old, and the top three reasons for referring were for help with:

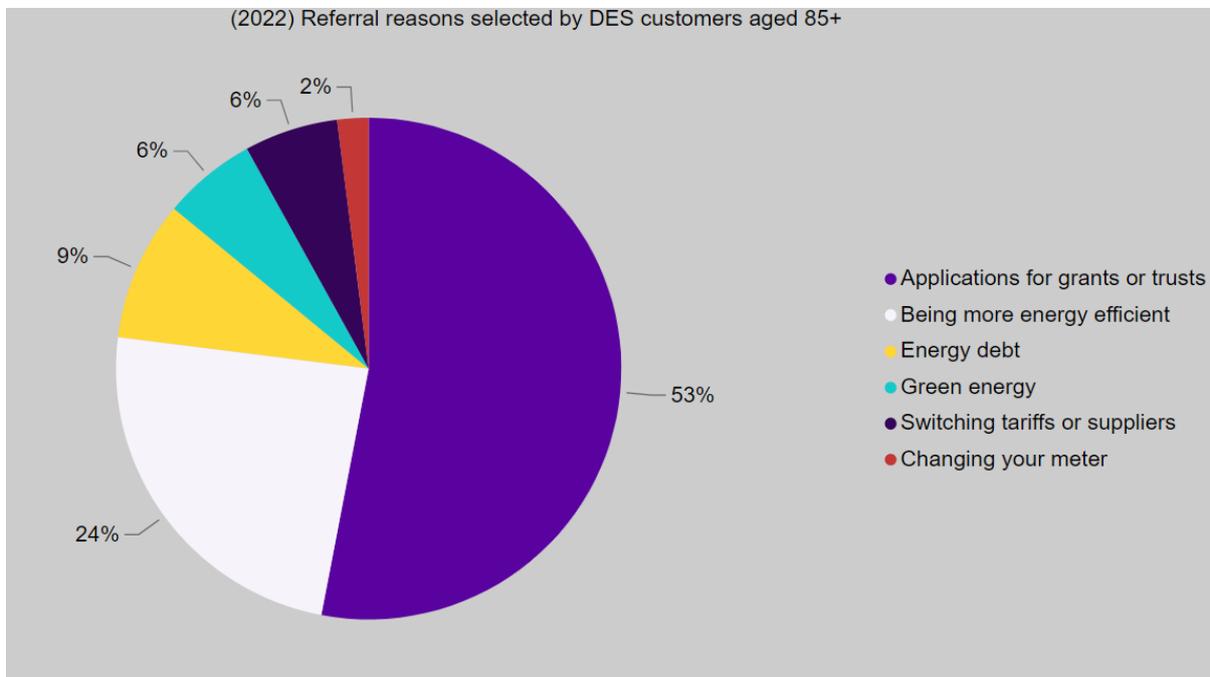
- Being more energy efficient (33%)
- Applications for grants or trusts (22%)
- Switching tariffs or suppliers (33%)



These consumers struggled with communicating (25%), mobility (50%) and their memory (25%).

In 2022, all 85+ consumers were aged between 85 and 101 years old. The top three reasons for referring were for help with:

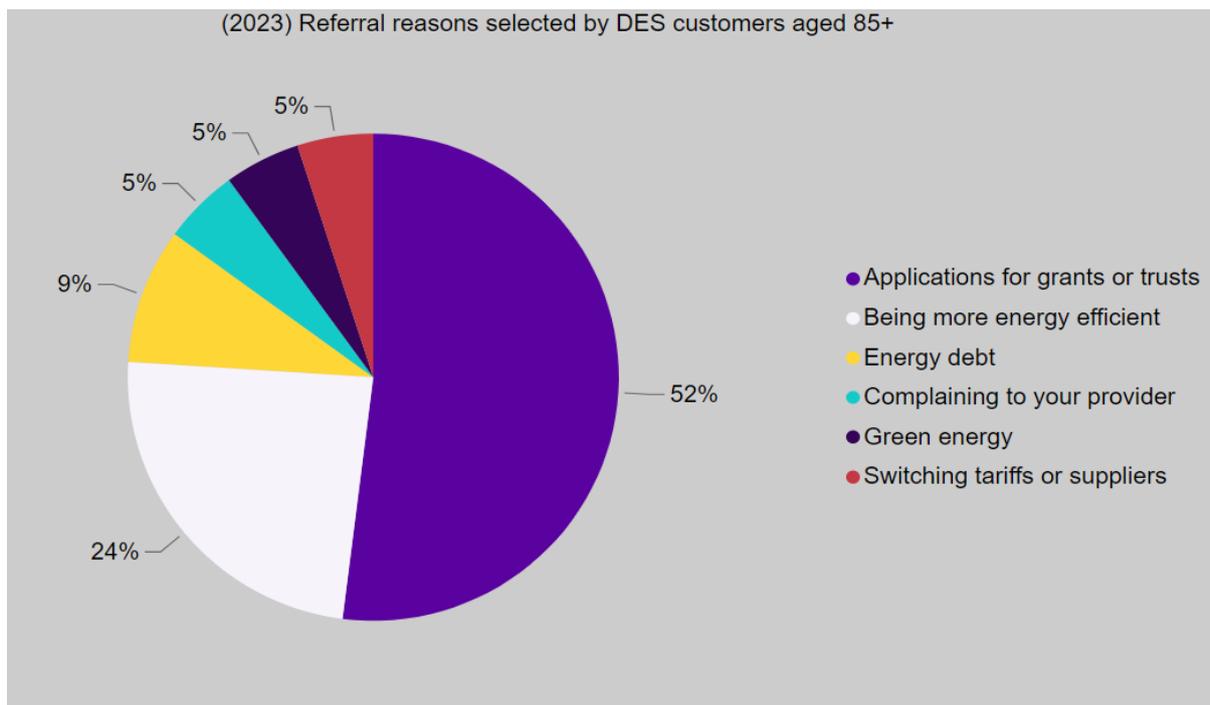
- Applications for grants or trusts (53%)
- Being more energy efficient (24%)
- Energy debt (9%)



These consumers struggled with mobility (27%), their memory (14%), or had chronic or long-term pain (14%).

Between January and July 2023, all 85+ consumers were aged between 85 and 96 years old. The top three reasons for referring were for help with:

- Applications for grants or trusts (52%)
- Being more energy efficient (24%)
- Energy debt (9%)



These consumers struggled with chronic or long-term pain (17%), mobility (17%), their memory (10%), dexterity (10%), and hearing (10%).

For the last three years, ‘applications for grants or trusts’ has remained one of the top referral reasons, as well as ‘being more energy efficient’. However, there was a shift in 2022 after the energy crisis began in late 2021, and this pattern has carried through to 2023, with age 85+ consumers selecting ‘energy debt’ as one of the top reasons for seeking Scope’s help.

Scope is not alone in consumers requesting help or advice with applications for grants or trusts. Citizen’s Advice June Cost of Living report<sup>10</sup> highlighted that between January 2022 and May 2023, over 1.3 million people have enquired about applications for grants or trusts.

<sup>10</sup> [https://public.flourish.studio/story/1634399/?mc\\_cid=37c414fa63&mc\\_eid=0e2c988d05](https://public.flourish.studio/story/1634399/?mc_cid=37c414fa63&mc_eid=0e2c988d05) slide 5.

Scope's insight is further supported by a July 2023 Age UK report evidencing the struggles of elderly consumers. Older people (aging from 65 to 85 in this report) are utilising their savings to pay for energy through the colder months; multiple consumers explain how they are having to choose between food and energy<sup>11</sup>, cannot afford Christmas presents, have resorted to selling household items, and have even been hospitalised due to the knock-on effect of the cost of energy. Elderly consumers with a disability or long-term health condition continue to be impacted, with some with debt in the thousands, unable to work, and having to rely on credit cards to pay for essentials<sup>12</sup>. In 2022, the British Medical Journal (BMJ) found that older people in fuel poverty were more likely to be at risk of experiencing strokes and heart attacks, and contracting respiratory diseases such as flu, as well as sustaining falls, and suffering from hypothermia<sup>13</sup>.

#### **Q4: Can you provide evidence on whether we should include children under the age of 5 in the 'do not install' category?**

Yes. The Priority Services Register (PSR) already recognises that households with children aged 5 and under qualify for extra help/support from their energy provider. The BMJ also reported that children growing up in cold homes are more likely to have ill health, and have above average numbers of infections, illness, and disability<sup>14</sup>. Children living in such circumstances can be exposed to mould and damp, which when unresolved, can kill<sup>15</sup>, such as occurred in the case of 2-year-old Awaab Ishak. While passing a new law to protect Social Housing tenants will have a positive impact, the energy sector could do more to strengthen that protection by ensuring that the most vulnerable members of society remain warm in their homes.

See below figures concerning children aged 5 and below, taken from analysis of multiple Scope family services:

#### **Scope's Family Services and 'do not install'. Navigate**

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<sup>11</sup> <https://www.ageuk.org.uk/globalassets/age-uk/documents/reports-and-publications/reports-and-briefings/money-matters/tackling-the-cost-of-living-crisis-july-23.pdf>, page 4

<sup>12</sup> <https://www.ageuk.org.uk/globalassets/age-uk/documents/reports-and-publications/reports-and-briefings/money-matters/tackling-the-cost-of-living-crisis-july-23.pdf>, page 5

<sup>13</sup> The British Medical Journal (2022), Fuel Poverty is ultimately linked to poor health - <https://www.bmj.com/content/376/bmj.o606.full>,

<sup>14</sup> The British Medical Journal (2022), Fuel Poverty is ultimately linked to poor health - <https://www.bmj.com/content/376/bmj.o606.full>,

<sup>15</sup> <https://www.itv.com/news/granada/2023-07-20/awaabs-law-bill-sparked-by-death-of-toddler-due-to-mould-becomes-law>

Scope's Navigate service provides support to parents who have a child or children going through a diagnosis or have been diagnosed/acquired an impairment or disability. Between January 2019 and July 2023 there have been 1,083 referrals for children aged 5 and under, accounting for 38% of all referrals.

### **Sleep Right London, Leeds, and Peterborough**

Scope's Sleep Right London, Leeds, and Peterborough services provide support to parents or carers of disabled children aged 4 and above. With a total of 3,737 referrals between 2019 and July 2023, children aged 4 to 5 account for a quarter of all referrals.

### **Sleep Right Northamptonshire**

Scope's Sleep Right Northamptonshire service is for children aged 2 and above. With a total of 3,140 referrals between 2018 and 2023, children aged 2 to 5 account for just short of a quarter (24%) of all referrals.

### **DES and PSR**

Additionally, between January 2021 and December 2022, Scope's Disability Energy Support service (DES) saw a 180% increase in the number of disabled or impaired single parents referring to the service for help with their energy. When compared to the whole of 2021, the first seven months of 2023 has had a 41% increase in referrals from this demographic. Women remain the most likely to seek help from DES; in 2021, 73% of single-parent referrals were from women, 72% in 2022, and 70% so far in 2023.

Scope's DES service collects information on PSR. Of the total consumers that responded 'yes' to being on PSR, the first seven months of 2023 accounts for 91% of all responses.

**Note: as consumers can be on more than one PSR type (energy supplier, network distributor, or water supplier), the 5,505 'yes' responses do not correlate directly to the total number of referrals for this year; PSR confirmation numbers are higher than total 2023 DES referrals.**

Since 2021, there have been 6,070 DES consumer confirmations of being on PSR.

An example of the importance of introducing and strengthening consumer protection for involuntary PPM installation or switching, is

illustrated in a January 2023 Citizen's Advice press release<sup>16</sup>. In the case study, Rona – who is disabled and lives with her daughter who has special educational needs – shared how the energy supplier, with no consideration of her disability, vulnerabilities, financial position, potential dependents or PSR status, switched her meter to prepayment mode and left her with no household energy during winter.

Although not the current focus, it may be reasonable to consider whether the other circumstances (in addition to children 5 and under, and consumers aged 85+) that meet the PSR criteria<sup>17</sup> be included in the 'do not install' category for PPMs. Ofgem's research and acknowledgement that consumers on PSR are self-disconnecting<sup>18</sup> is encouraging and has the potential to lead to further improvements in consumer protection.

### **For more information, please contact:**

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### **About Scope:**

We're Scope, the disability equality charity. We won't stop until we achieve a society where all disabled people enjoy equality and fairness. At home. At school. At work. In our communities.

We're a strong community of disabled and non-disabled people. We provide practical and emotional information and support when it's needed most. We use our collective power to change attitudes and end injustice.

We campaign relentlessly to create a fairer society. And we won't stop until we achieve a society where all disabled people enjoy equality and fairness.

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<sup>16</sup> <https://www.citizensadvice.org.uk/about-us/about-us1/media/press-releases/millions-left-in-the-cold-and-dark-as-someone-on-a-prepayment-meter-cut-off-every-10-seconds-reveals-citizens-advice/#:~:text=Citizens%20Advice%20has%20found%20more,or%20cook%20a%20hot%20meal.>

Rona's story.

<sup>17</sup> <https://www.ofgem.gov.uk/information-consumers/energy-advice-households/getting-extra-help-priority-services-register>

<sup>18</sup> <https://www.ofgem.gov.uk/sites/default/files/2023-06/Statutory%20Consultation%20-%20Involuntary%20PPM%20-%20Ofgem.pdf>, page 67. (1A.67.)