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Date: 21 May 2025

Dear stakeholder,

## **Ofgem decision to extend protections on prepayment meters installed under warrant**

This letter sets out our decision to extend the duration of Standard Licence Conditions (SLC) 28.10 to 28.13<sup>1</sup> of the electricity and gas supply licences. This continues protections for consumers who may have a prepayment meter (PPM) installed under warrant (a court order allowing an energy supplier to enter a customer's home even if the customer refuses). The extension comes into force today and will continue to have effect until 30 June 2027. For the avoidance of doubt, this letter is the statement in writing, as referred to in SLC 28.19 of the electricity and gas supply licences.

### **Background**

In 2018, Ofgem introduced restrictions on suppliers exercising a warrant and recovering costs, a cap on warrant costs, and a proportionality principle for domestic customers in the debt recovery process.<sup>2</sup> Most of these provisions had a sunset clause linked to the original smart meter rollout completion date of December 2020 as the use of warrants will become unnecessary when consumers have smart meters. Smart meters allow for remote switching without the supplier needing access to the consumer's home.

The relevant supply licence conditions are SLC 28.10 to 28.13 which include:

- **A prohibition on suppliers using warrants in certain exceptional cases:**  
suppliers should not install a PPM under warrant for debt where the process would

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<sup>1</sup> [Licences and licence conditions | Ofgem](#)

<sup>2</sup> [Ofgem caps prepayment meter warrant charges for indebted consumers | Ofgem](#)

be severely traumatic to the customer or any member of their household due to their mental capacity and/or psychological state.

- **A prohibition on suppliers levying warrant-related costs in certain other cases:** where either the consumer's vulnerability has significantly impaired their engagement during the debt recovery process or where the costs would exacerbate a consumer's existing financial vulnerability.
- **A £150 cap on the total amount of costs associated with a warrant that a supplier can recover in all other cases:** includes the application and execution of the warrant, but not installation of a PPM.

In 2020, we extended the duration of the restrictions to 30 June 2025 to align with a refreshed framework of the smart meter rollout.<sup>3</sup> In our decision, we said that we would conduct an interim review of the extension which would include reviewing the level of the £150 cap.

In 2022, the UK experienced an energy affordability crisis and we saw an increase in involuntary installations of PPMs related to unpaid energy use. We asked suppliers to pause involuntary PPM installations because of our concerns for the most vulnerable consumers for whom a PPM may not be a safe option.

In 2023, we introduced revised rules on the installation of involuntary PPMs<sup>4</sup> following the moratorium on installations. Some suppliers restarted this activity from January 2024.<sup>5</sup>

## **Our decision and reasoning**

We have based our decision as set out in this letter on the following, and we will keep this under review. We notified stakeholders in March 2025 of our intention to extend the protections and we will engage with stakeholders on this before the rules expire in 2027.

In summary, we do not think it is appropriate to carry out a full review of the protections at this time. First, the unprecedented events in the energy market and society since 2020 have left many households struggling to pay for energy due to the ongoing cost of living crisis. Second, progress on smart meter installations and performance has not yet met targets, and completion of the roll-out was a key condition against the original warrant protections. Third, given the uncertain economic and energy market environment, we consider it would be prudent to review these protections alongside debt recovery practices

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<sup>3</sup> [Extending protections on prepayment meters installed under warrant: decision | Ofgem](#)

<sup>4</sup> [New prepayment meter rules extend protections for vulnerable people | Ofgem](#)

<sup>5</sup> [Ofgem sets out prepayment meter expectations to energy bosses as EDF, Octopus and Scottish Power meet regulator's restart conditions | Ofgem](#)

and price cap operating costs more widely, ensuring that suppliers are able to recover debt while also protecting the interests of consumers, especially those in vulnerable situations. This is, therefore, a short-term extension of an existing provision to protect consumers where evidence shows that warrant activity has reduced significantly since 2020.

### *Debt and affordability*

In March 2024, we published a Call for Input into affordability and debt in the domestic retail market<sup>6</sup> in response to the record levels of debt in the sector. In December 2024, we published our Debt Strategy<sup>7</sup> outlining our proposals to reset domestic energy consumer debt and raise debt standards.

The Strategy also discussed how we might look at features of the energy market to prevent debt being built up in the first place whilst enabling appropriate debt recovery by suppliers. We have also had recent consultations into operating costs and debt allowances<sup>8</sup>, and standing charges.<sup>9</sup> We are also working with the Department for Energy Security and Net Zero (DESNZ) on the Warm Home Discount and other affordability policy. We, therefore, think it is right to review the warrant protections in the context of this wider work. The two-year extension will allow us to do so as we consider the long-term future of the market in relation to debt recovery and affordability.

### *Operating costs*

The price cap provides suppliers with an allowance for operating costs and debt-related administration costs which is being updated to reflect the overall level of costs incurred, drawing on data from the past two years. While we acknowledge that warrant activity has been low during this period, the large increase in overall debt-related allowances reflects an in-the-round assessment of the costs facing suppliers. We have said we intend to keep these allowances under close review for future changes in debt costs and as such consider that the price cap adequately accounts for the cost of warrant activity.

While we acknowledge that inflation has increased since 2020, the financial resilience of many households has deteriorated, and the number of warrants applied for has fallen significantly. We note that price cap allowances are also inflation linked.

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<sup>6</sup> [Affordability and debt in the domestic retail market – a Call for Input | Ofgem](#)

<sup>7</sup> [Debt Strategy: a 'reset' and 'reform' for customers in debt | Ofgem](#)

<sup>8</sup> [Energy price cap operating cost and debt allowances consultation | Ofgem](#)

<sup>9</sup> [Introducing a zero standing charge energy price cap variant | Ofgem](#)

We remain concerned that removing the warrant cost cap could see a return to inconsistent and excessive costs for consumers in vulnerable situations. As we outlined in our 2020 decision, we consider the cost cap remains substantial enough to incentivise customer engagement with their supplier to arrange a debt repayment plan but also incentivises suppliers to exhaust all other options before the application and execution of a warrant.

### *Smart meters*

The original protections were linked to the original smart meter rollout date. The current government installation target framework aims to achieve smart meters in at least 74.5% of domestic premises by the end of 2025.<sup>10</sup> However, many suppliers have failed to achieve their respective installation targets meaning that there is still a proportion of consumers at risk of warrant activity. We consider, therefore, that it is appropriate to extend the warrant protections to allow time for more smart meters to be installed. DESNZ are also currently considering what future policy will look like after the current target framework ends.

### **Next steps**

We welcome a dialogue with stakeholders on these protections during the course of this extension. We will continue to monitor the outcomes for PPM consumers, including the number of warrant installations, through our monitoring of Social Obligations Reporting data. We will also monitor compliance with our rules on involuntary PPM installations as outlined in SLC 28 of the gas and electricity supply licences.

If you have any questions about this decision, please contact the Consumer Vulnerability and Debt team at [ConsumerVulnerability@ofgem.gov.uk](mailto:ConsumerVulnerability@ofgem.gov.uk)

Yours sincerely,

Beth Martin

**Director, Consumer Protection and Competition**

*Signed on behalf of the Authority and authorised for that purpose*

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<sup>10</sup> [Smart Meter Targets Framework: minimum installation requirements for Year 3 \(2024\) and Year 4 \(2025\) - GOV.UK](#)