



**Scottish Pensioners' Forum**  
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This response may be published with the name of our organisation

This response may be shared with other departments dealing with this consultation

We may be contacted again, if necessary, to discuss the details of our response

**Scottish Pensioners' Forum Response:**  
**OFGEM: Call for Input**  
**Debt Strategy: Next Steps**  
**[DebtConsultations@ofgem.gov.uk](mailto:DebtConsultations@ofgem.gov.uk)**

**The Scottish Pensioners' Forum (SPF) argues that the paper does not recognise the fundamental reasons why the accumulated level of individual indebtedness is now unsustainable and therefore asks whether the proposed policy is primarily aimed at supporting consumers or suppliers?**

**The following comments should be taken in this context.**

1. UK energy pricing has pushed the cost of a basic necessity beyond the means of an increasing section of the population, as evidenced by rising levels of Fuel Poverty, with more than 34% of Scottish households now estimated to fall into this category and nearly 20% identified as living in Extreme Fuel Poverty.
2. The SPF appreciates that energy prices may be influenced to a degree by global economic factors, but the situation is exacerbated by relating prices to the wholesale price of gas whether costs of generation match these or not, profit taking at every level of a complex distribution system, and social, environmental and infrastructure levies piled onto the basic cost of energy so that the poorest and most vulnerable in our society – the elderly and infirm, single and small households – are disproportionately affected.
3. Real incomes and pensions have been progressively eroded by price inflation, especially of basic necessities. The annual rate of price inflation affecting foodstuffs alone is currently 5.7%.
4. For many, essential energy needs cannot be realistically met because wage, pension and benefit levels are not adequate to sustain a basic standard of living. This situation should be recognised by Government which is in a position to offer support through general taxation yet is evading its responsibilities by leaving consumers to shoulder the financial burden – a 'stealth tax' in everything but name.
5. Any measures aimed at tackling the debt problem which ignore these fundamentals merely tinker with the symptoms - a short term fix - rather than addressing their underlying cause.
6. The SPF cannot endorse any programme aimed at tackling the energy debt problem which presupposes that other consumers, many of whom will have struggled to pay their bills, will pick up the tab. Levies on consumers make energy prices more unaffordable and have the potential actually to exacerbate levels of debt.
7. In Scotland, a substantial number of households do not have access to mains gas and so rely on more expensive alternative fuels for heating but may not be eligible for support.
8. Consumers who may need support but who are not in receipt of a Means Tested Benefit, will only benefit from an eventual roll out of Phase II of the programme whose development is still in its infancy.
9. Dual fuel households appear to benefit disproportionately. Given that the majority of suppliers are involved in both the gas and electricity markets, do electricity only consumers effectively subsidise those who are gas grid connected?
10. 52% of consumers with electricity-only connections are most likely to experience fuel poverty compared with 32% of gas connected consumers.

- 11.** Increases to Network charges have a disproportionate impact on small or single households, especially since these are applied in the case of electricity users whereas gas consumers are levied according to volumes consumed.
- 12.** Using Pension Credit and similar Means Tested Benefits as a yardstick for judging levels of debt support means that poorer consumers, whose income is just a fraction above the benefit eligibility cut-off, will find themselves substantially worse off than recipients.
- 13.** The proposed measures are to be applied by suppliers who appear only to need to self-certify that their systems are compliant before they can receive reimbursement for debt write-offs. After write-off, will there be a guarantee that any additional debt recovery monies obtained are clawed back? Will individual consumer accounts whose debts form part of the supplier write-offs be adjusted appropriately?