



Resetting the energy debt landscape: the case a debt relief scheme

Ofgem consultation

6th February 2025

[Groundwork](#) supports practical action to create a fair and green future in which people, places and nature thrive. We believe that working with individuals and communities is vital if we are to tackle hardship in a way that achieves a just transition to net zero, reduces inequality, and leads to a society where people lead healthier, happier lives. We work with people who are facing multiple challenges and live in places that are lacking infrastructure, and many of the places we prioritise are increasingly vulnerable to extreme weather events. We have four decades' experience of building partnerships in order to help people improve their prospects, create better places, and protect the planet. We are responding to this consultation as we are experienced in helping vulnerable customers save energy, reduce their bills, and live more comfortably in warmer homes.

Groundwork's [Green Doctors](#) are trained energy advisors with particular expertise in engaging vulnerable people at risk of fuel poverty and social isolation. They offer advice and guidance on how to increase energy efficiency within the home, facilitate sustainable behaviour change, and install energy-saving 'warm home' measures. Green Doctors identify their customers through skilful partnership working with local stakeholders, such as Housing Associations, social care organisations, VCSEs, and other Groundwork community-based projects and outreach. They also work with these services to provide wrap-around support to vulnerable households, and make onward referrals for specialist support with benefits, debt, home safety, and food poverty.

Groundwork agree that there is a need to clear debt accrued during the energy crisis, particularly for vulnerable customers with low levels of income. As bills are still more expensive than in winter 2020/21, we believe that a time-limited scheme will only go so far to clear or reduce debt over the long term. We advocate for additional schemes of support to ensure low income customers can live without fear of falling into debt.

The average energy bill remains around 40%, or £700 a year, more than in 2020/21, leaving four fifths of households worried about the potential for further energy price rises.¹ These sustained high prices have led to a record £3.82bn of energy debt and arrears,² which will be impossible to clear or reduce substantially through a time-limited debt relief scheme. While the review of the standing charge by Ofgem in 2024 was welcome, the charges have already increased a large amount which, on top of higher energy prices, have caused a major increase to bills, meaning that it is not a sustainable way of covering debts.³ Groundwork advocate for other measures that can protect customers from accumulating debt. Ofgem, for example, could temporarily instruct suppliers to not charge standing charges on days when PPMs show no or very low usage. Moreover, debt-related costs could be covered through a Help to Repay

¹ End Fuel Poverty Coalition, 'Public reveal energy security fears as price cap increases', 1 Jan 2025. UK Parliament, 'Fuel poverty in the UK', 4 Nov 2024.

² Ofgem, 'Debt and arrears indicators', 10 Dec 2024

³ NEA, 'Standing charges response', 16 Nov 2023.

scheme that offers eligible households support by matching each pound repaid with an equivalent amount of debt relief.⁴ We would also echo calls from other third sector bodies that the huge increase in supplier profits should be used to support vulnerable households.⁵

While debt relief is essential given the current situation, Groundwork believe that more permanent solutions (such as tariff reform or whole home retrofit programmes) are the only way to prevent future crises in energy debt accrual. There is a responsibility to future proof low income and vulnerable homes in a way that also includes everyone in the transition to Net Zero, by offering these households affordable and appropriate support. Ofgem has found that consumers want to take part in the transition, however they are suspicious, confused, or unaware of what is on offer.⁶ Suppliers must demonstrate to consumers that implementing measures to help the UK transition to net zero will save them energy, and therefore money, rather than it being perceived as a burden.

Groundwork agree with the objectives of the scheme; in particular, the need for suppliers to (re)build their relationships with consumers. This will take more than wiping debt, and will require understanding the reasons why people fall into debt in order to offer compassionate and consistent advice.

Despite the fact that non-payment is rarely done wilfully,⁷ Ofgem has previously acknowledged that suppliers are failing to treat customers with compassion, leading to guidance that should be informing working practices and training materials.⁸ Unfortunately, our Green Doctors still frequently support customers who have had no or very poor-quality communications from suppliers, sometimes resulting in debt that could be avoided. At some visits, Green Doctors fill in knowledge gaps that suppliers could provide easily to customers to reduce their bills and prevent more intensive support, like expensive debt relief, being necessary. One beneficiary of our [Energy Redress Scheme](#), funded by the Energy Saving Trust, had a smart meter installed in his home. There was an error that meant his electric payment was in credit mode, rather than prepayment mode, which resulted in a large debt. His child was undergoing treatment for leukaemia, and he struggled to reach out to his energy company to discuss the debt that had amassed. The Green Doctor assured the beneficiary that there were multiple options for payment plans and rang the energy company on his behalf to discuss the support they were eligible for. Only at this point was it arranged for the meter to be put back into prepayment mode and an affordable plan was put in place for the debt.

Groundwork understand that it may not be feasible for a debt relief scheme on this scale to continue indefinitely, however we advise that the scheme should be measured in terms of output rather than timeframe. This may prevent those with barriers to access from missing out due to difficulties with applications or appeals.

⁴ Money Advice Trust, 'Help to Repay – Letter to Chancellor', 25 Oct 2023.

⁵ End Fuel Poverty Coalition, 'Energy profits hit £420bn in recent years as standing charges rise', 1 Apr 2024.

⁶ Ofgem, 'The role of the consumer in achieving net zero', Oct 2020.

⁷ Citizens Advice, 'More than two million people will be cut off from their gas and electricity this winter because they can't afford to top up, Citizens Advice warns', 23 Jan 2024.

⁸ Ofgem, 'Good practice for supporting customers in payment difficulties', Sept 2022.

It is known that many of the households most vulnerable to fuel poverty and energy debt are those who may need additional support with accessing the scheme.⁹ This includes lone parent families, people with disabilities and health conditions, and pensioners. In addition, there are an increasing number of energy customers who do not fit a traditional notion of vulnerability that are at-risk of fuel debt due to sustained high prices and previous poorly targeted schemes. When surveyed, 64% of Green Doctors had experienced a change in the demography of those in need, including 25% observing more working people and 10% highlighting the increase in demand from young families and those who “may otherwise be seen as comfortable”. There was great similarity reported in experiences of the “working poor” who were struggling to “make ends meet”, such as earning “just a little too much” to be eligible for government support schemes.¹⁰ These households may miss out if there is a limited window of opportunity for them to engage with the scheme, meaning that any debt relief scheme must be designed to capture all customers that may be vulnerable, either through adequate identification or via an appropriate application and appeal window.

The support offered by third parties who work with and support vulnerable customers have patchy information and delivery coverage. Simultaneously, there is a lack of consistency from suppliers across the country in their customer engagement. Groundwork believe that there is an opportunity for successful partnership working to deliver the scheme.

We, in theory, advocate for supplier delivery of the scheme at the national level due to their access to customer data, however there are various opportunities for co-delivery that will facilitate the success of the scheme. There must be an application route to allow for third party organisations, such as Groundwork, to refer individuals in to the scheme who may have been missed in supplier data, especially in light of the fact that many households will not voluntarily apply for help they are entitled to. This cannot be done properly without providing additional financial support to third party organisations. Without additional funds, third party organisations will find it challenging to take on the additional duty effectively, which risks further damaging client trust through sub-optimal communication. This teamed-up method, where supplier delivery is underpinned by third party support, will facilitate fast and equitable implementation.

It is necessary to set out different benchmarks for receiving debt relief to reflect the reality of households who have vastly different housing and energy supply circumstances.¹¹

It could be problematic, for example, to consider the trajectory of debt accrual for a household residing in an electric-only, privately rented flat with that of an owner-occupied home with central gas heating as those using traditional electric heating suffer from both high standing charges

⁹ Baringa, ‘Britain’s poorest face doubling of debt’, 23 Feb 2024. EDF, ‘Action needed for most vulnerable to tackle rising debt on bills’, 21 Aug 2024.

¹⁰ Groundwork UK, ‘Green Doctor Survey 2023’, Feb 2024.

¹¹ Resolution Foundation, ‘Paid in full’, 24 Dec 2024. Nesta, ‘How different households use energy and how much it costs them’, 2024.

and much higher unit rates compared to gas. There must also be separate considerations made for households accruing debt more slowly, but significantly, such as households who use PPMs.

Groundwork believe that there is a middle-ground between a flat rate and individualised system approach. In addition, there may also be scope for conditionality requirements to be a benefit for households and suppliers.

As the data implies, there is a level of similarity in the amount of debt accrued by households – mostly between £500 and £3,000, with exceptional cases that go over £5,000. Groundwork suggest that a grouping system may be an effective route to support households. The debt relief scheme could provide a two-tier system that ensures support is given effectively yet without unaffordable expense. Households in ‘less severe’ debt (up to £3,000), for example, could receive a flat rate and blanket advice whereas an individualized service could be offered for households with ‘more severe’ debts over £3,000. This may allow for more vulnerable customers to receive specialized support, such as that delivered by Green Doctors. This would allow households to work towards living in a more permanent state of being free from debt as they can better understand and tackle their financial position. The creation of this stream of the debt relief programme will not only bolster the service provided through the debt relief scheme, but will also allow third party providers to maintain a link with particularly vulnerable households who may be at risk of de-engaging. This could also be an opportunity for Ofgem and energy suppliers to promote materials created by charities and other organisations. Groundwork’s [Get Energy Help](#) is an easy-to-use website that offers clear, simple advice, predicated on effecting long-term change and empowering customers to make changes that they understand.

In a similar vein, we believe that carefully considered ‘conditionalities’ may be beneficial for some households; however, these must be built in as carrots rather than sticks. It is foreseeable that completing an income and expenditure assessment, for example, would not only be useful for accurate debt relief but could understandably empower households to become more in control their spending. Making built-in conditionalities greater than the sum of their parts will require all households to be supported when completing these steps by service providers like Green Doctor. It is also essential that conditionalities are tailored to household circumstance, rather than applied universally, as this may cause further harm. One such example would be smart meter installation, as this is not appropriate for all customers given their tenure, energy use and type, or ability to use the technology or spot problems.¹²

¹² NEA, ‘Our view on the smart meter rollout’, 2024.