

Mencap's response to Ofgem's energy debt relief scheme consultation

About Mencap

Our vision is for the UK to be the best place in the world for people with a learning disability to live happy and healthy lives. We do this by supporting the 1.5 million people with a learning disability in the UK and their families, improving access to health and care services as well as education and employment. We directly support over 5,000 people with a learning disability to live their lives the way they want.

A learning disability is caused by the way the brain develops before, during or shortly after birth. It is always lifelong and affects intellectual and social development. Those people with a learning disability with eligible needs for care and support will therefore likely need to access support for their entire adult lives.

Learning disability and debt

People with a learning disability have been disproportionately affected by the energy crisis due to their typically reduced income, significant extra costs and increased energy needs. Mobility and hygiene needs can require increased consumption of energy e.g. to charge electric wheelchairs, whilst some people with a learning disability have additional health barriers and require medical equipment like oxygen concentrators, ventilators and food pumps. Important non-medical sensory or communication needs might also involve significantly increased use of electrical devices, or homes may need to be heated to a high temperature through the night because the person with a learning disability is supported by 24-hour carers.

Ofgem's consumer research indicates that 44.2% of customers in debt have a disability or illness in the household (compared to 29.5% of customer not in debt).¹ Similar patterns are evident in Mencap's insights too; our energy and money advisers support people with a learning disability and their households who are in energy debt and our Policy Shaper group have highlighted energy arrears as an area of concern.

"I've had to get credit cards and loans to get through every month and pay my bills and ultimately had to move into temporary accommodation"...I'm still paying back the arrears from last year...'My energy company said they couldn't really do anything to help me, they just put me on the Priority Services Register.' (Parent of a child with a learning disability)

'Debts attached to pre-payment meters make it difficult for people to budget and estimate costs for usage as amounts towards debts are taken when they top up.' (Mencap energy and money adviser)

Consultation questions

Q1. Do you agree with our case for change?

¹ Ofgem Debt relief consultation, (2025) Table A2.2 Vulnerability characteristics of customers in energy debt compared to customers not in debt, debt relief scheme consultation

Currently, the costs of unrecoverable debt are paid for by consumers through the price cap allowance, at an average consumer contribution of around £70 per year. However, customers do not necessarily see the direct impacts of supplier debt write offs on their accounts as there is no direct link between £1 from debt allowances in the price cap and £1 of consumer debt write-off. A lack of intervention from Ofgem would likely lead to unsustainable levels of debt and arrears and resultant increases in debt-related costs, potentially spreading further cost pressure across different customer types through the price cap.

Inaction would also have an impact on the wider wellbeing of vulnerable customers and their households. Leaving disabled consumers with high levels of problem debt and arrears can increase the likelihood of debt enforcement action. Furthermore, it increases likelihood of ongoing harms such as self-rationing and self-disconnection which impact the physical and mental health of consumers. This is particularly dangerous for people with a learning disability given their increased vulnerability to health conditions that are exacerbated by living in a cold home and which make the supply of affordable heating vital, as highlighted by NICE and the Learning Disability Mortality review.²

Q2. Should we intervene through the introduction of a debt relief scheme?

Yes; without intervention the impact of unsustainable debt on consumers will be substantial. We also welcome the role that charities and consumer groups could provide to provide a more holistic view of an individual's debt status and any markers of vulnerability.

However, whilst we wholeheartedly support the introduction of a debt relief scheme, we reiterate our calls for a scheme of similar scale that addresses affordability issues for disabled and low-income households, through the introduction of an energy social tariff and extension of the Warm Home Discount scheme to recipients of disability benefits.

Q3. Do you agree with the proposed design principles for a debt relief scheme? (Avoid perverse incentives; fairness and consistency; targeted; timely)

We welcome Ofgem's focus on consumers with demonstrable affordability issues and their intention to deliver the scheme by summer/autumn 2025. We also support the proposed principle of consistency between suppliers as many people with a learning disability and their households already face significant accessibility barriers when engaging with suppliers and seeking debt relief.

However, like many other consumer groups we are yet to see compelling evidence that there is a sizeable portion of (disabled) customers who *can* pay towards their energy bills but choose not to pay. We encourage Ofgem to weight this issue appropriately in its design of the scheme.

Q4. Do you agree with our key objectives for a scheme?

² NICE (2015) *Excess winter deaths and illness and the health risks associated with cold homes*.
https://www.nice.org.uk/guidance/ng6/chapter/1-Recommendations#fn.footnote_2.

Yes, we agree with Ofgem's key objectives for the scheme, in particular it's aims to '*reduce the levels of domestic debt and arrears in the energy sector and have this shown directly on customer accounts.*'

However, given the disproportionate impact that energy debt has on disabled people and their households, we would welcome additional focus on '*the interests of vulnerable consumers*' in line with Ofgem's principal objective and vulnerability duty in the Gas Act 1986 and the Electricity Act 1989.

Q5. What are your views on how we could best reduce the lead time between our proposed policy decision on a scheme and introduction of a scheme, balancing this with robust audit and readiness assurance processes?

Q6. Do you agree with our proposals in relation to a scheme time limits for a debt relief scheme?

The appropriate time limits for the scheme will depend on the eligibility criteria so we await further detail in the statutory consultation. Nevertheless, people with a learning disability who are eligible for the scheme may have complex cases or need enhanced support which might lead to unexpected delays in processing applications. Therefore, we support proposals for a discretionary extension period to allow for the distribution of funds following official closure of the scheme.

Ofgem would also need to ensure communications relating to the scheme were accessible and available in Easyread and should work closely to charities and consumer groups to reach vulnerable groups prior to the introduction of a scheme.

Q7. What are your views on the type and level of support that could be provided by a debt relief scheme?

Ofgem's initial estimates place a debt range of £500 - £1,500 and arrears of £1,500 - £3,000 as the most common debt levels for households in the bottom three income deciles. This cohort is likely to include people with a learning disability and their households; Joseph Rowntree Foundation analysis of low-income households with a person who has a learning disability showed that 85% were going without essentials and 67% were behind on at least one household bill.³ Mencap's BGET money and energy advisers have supported households with debt ranging from £150 - £7000 so we would welcome a more flexible range of debt level.

We would favour a level of support that was proportionate to the amount of debt and arrears, possibly through income and expenditure assessments that exempted income from disability benefits. However, given the urgent need for support and the projected timeline we also see the merits of a flat rate of support that is easier to administer and distribute.

Consumer access to support:

We welcome proposals for a dual model of an automated route and an application route. For the former, suppliers would utilise data they already hold, or which can be easily provided to them, to identify eligible customers and directly issue support so customers eligible for debt write-off would

³ Joseph Rowntree Foundation analysis of Savanta survey. Savanta surveyed 4,092 UK adults aged 18+ in households in the bottom 40% of equivalised household incomes online between 26th April and 9th May 2024. Data were weighted to be representative by age, gender, region, ethnicity and housing tenure. Data relates to the 6 months before May 2024, A full method note can be found as part of the briefing [The scale of the challenge: JRF's pre-election cost of living tracker | Joseph Rowntree Foundation](#)

not have to engage. This would be particularly beneficial to eligible people with a learning disability, many of whom face accessibility barriers when the onus is on them to contact support providers.

We also welcome Ofgem's recognition that an application route is necessary to ensure eligible customers aren't missed. Suppliers would identify potentially eligible consumers who have failed to meet the affordability assessment of the primary eligibility criteria and will refer them to participating CGCs to undergo an income and expenditure assessment, with the supplier ultimately deciding on eligibility.

However, this route is still supplier dependent; given the poor level of customer support that many people with a learning disability have received from their supplier, Ofgem should explore the merits of a reciprocal arrangement where consumer groups could highlight potentially eligible customers to suppliers too.

Q8. Do you agree that a scheme should be implemented through supplier delivery with Ofgem oversight (Delivery option 1) or through an independent administrator appointed by Ofgem (Delivery option 2)?

A debt relief scheme needs to be implemented quickly and we agree that setting up a new delivery body under option 2 would not be feasible given suggested timelines; therefore, we support Option 1 (if Ofgem are appropriately resourced to oversee a scheme of this scale and to sufficiently audit suppliers' delivery).

Q9. Do you have any views on the audit options presented? Q10. Do you have any views on how the supplier funding claims process should work under audit option 2? Q11. Are there any other considerations for the delivery mechanism for a debt relief scheme we have not explored?

N/a

Q12. Are there any other financing or administrative considerations for your organisation that we have not considered as part of Chapter 4 or the initial Impact Assessment

Q13. Do you have any views on the funding options presented, considering the balance between the temporary addition to customer bills against period of recovery?

If the eligibility of the debt relief scheme sufficiently targets support to disabled households in energy debt and in the absence of central government funding, we provisionally support both funding mechanisms: funding provided by network companies and recovered through network charges or funding provided through suppliers, supported by a price cap allowance.

We also support options that allow for costs to be recovered over a longer period as it could increase wider consumer acceptability by lowering the yearly impact on customer bills e.g if total scheme support was £500 million recovered over 5 years, the average annual bill impact would be £4.⁴

Q14. Do you have any views on reducing supplier funding claims to account for historical debt write off that has been funded via the price cap and supplier contributions?

Q15. What are your views in relation to the approach which should be taken to account for debt which has already been provided for by historical price cap allowances or provisioned for, for a debt relief scheme's eligible customers?

⁴ Ofgem debt relief scheme, Impact Assessment

Ofgem must account for instances where suppliers have already recovered costs through previous debt related cost price cap allowances, so customers don't pay twice and to reduce overall customer contributions to the scheme. Therefore, we provisionally support a level of '*netting off*' where suppliers make reduced claims under a debt relief scheme to reflect either the level of debt they had previously provisioned for, or the amount accounted for under the cap. We await further details in the statutory consultation.

We also strongly support suggestions that suppliers should make direct voluntary contributions to the scheme to provide an additional opportunity to support eligible disabled customers.

Q16. Should debt matching be included in a debt relief scheme? Q17. If debt matching is included, what are your views on how we could differentiate eligibility thresholds for debt matching and debt write-off and what would you consider is a reasonable ratio for suppliers to match support to customer payments?

We know that some people with a learning disability and their households have been unable to afford their ongoing energy usage and have cut back on essentials; these households may also be unable to afford to contribute to debt matching. Therefore, Ofgem needs to design a scheme that assesses whether vulnerable customers and their households were able to make payments towards the scheme before they enter into a debt matching arrangement. Customers deemed unable to pay according to the eligibility criteria should instead be eligible for debt write-off.

It is also vital that the debt-matching arrangements under the debt relief scheme consist of clear parameters of support so people with a learning disability and their households understand how long the arrangement will be in place for and the conditions associated with it.

Q18. Should networks pay approved debt relief scheme claims to suppliers in winter 2025/26, or only later when networks have received the funding via higher network charges? Q19. Over how many years should networks recover the cost of a debt relief scheme – for example, 1, 3 or 5 years?

N/A

Q20. What are your views on the proposed primary eligibility criteria? We welcome views on our proposals for arm 1 and 2 of the eligibility criteria, considering the options for debt write-off and debt matching.

We provisionally support the use of Arm 1 of the primary eligibility scheme (indebtedness or level of indebtedness). Preferably, consumers would only be required to have energy debt of any value as opposed to a minimum level of energy debt. Some people with a learning disability and their households that we support have comparatively low levels of energy debt that may not meet a minimum threshold; however, the level of energy debt is still insurmountable to them given their low income and the extra costs of disability they face. We are keen to see a more comprehensive impact assessment on how a minimum level of indebtedness at a fixed level or a percentage of the cost of ongoing consumption would impact disabled low-income customers.

We also provisionally support the use of Arm 2 of the primary eligibility scheme; where debt must have been accumulated during the energy crisis from 1st April 2022 to 31st March 2024.

Q21. What are your views on proposals for arm 3 of the primary eligibility criteria (affordability assessment)? We would welcome views on both the feasibility of relying on each data proxy and

the suitability of each data proxy to target consumers. We welcome views on eligibility criteria, considering the options for debt write-off and debt matching.

We provisionally support the use of an affordability assessment to ensure support is targeted to those most in need. However, it must only use data-proxies that allow for the exemption of income related to disability benefits or which adequately include disabled people. We also support the use of combined data sets to ensure a sufficiently wide pool of disabled people, and their households are eligible for support:

- **Credit reference agency data and/or income assessments undertaken by suppliers.** Whilst this data is used by some suppliers, assessments should exempt disability benefits as they are intended to meet the extra costs of disability regardless of income. There should also be consistency in implementation across suppliers.
- **Warm Home Discount eligibility.** WHD eligibility criteria does not include people in receipt of disability benefits so would not sufficiently target support to the people we support who are in energy debt.
- **WHD plus** - We support the use of this data-proxy as it would include some non-means tested benefits, such as disability related benefits. Whilst this might present operational challenges and new processes for government departments and suppliers, expansion of WHD is already being considered by the department and work is already ongoing. The exact definition of WHD Plus remains open at this stage so we anticipate further details in the statutory consultation.
- **Do Not Install Involuntary PPM** – using this category to complement existing data sets would increase accessibility of support by allowing Ofgem to target a group of consumers who are considered vulnerable including people who use medical equipment. If used, it should be extended to the ‘should not install’ category which includes people with a learning disability.
- **Council tax** – We do not support the use of council tax bands as a data proxy as they are not reflective of the current financial circumstances of the occupant and differ by jurisdiction.

Q22. What are your views on the proposed application route for eligibility? We welcome views on our proposals for arm 1 and 2 of the eligibility criteria, considering the options for debt write-off and debt matching.

Q23. What are your views on proposals for arm 3 of the application route for eligibility (affordability assessment through a CGC)? We welcome views on eligibility criteria, considering the options for debt write-off and debt matching.

We agree that there are strong benefits to including a process which facilitates engagement between consumers, their suppliers, and participating charities and consumer groups. However, feasibility of including the application route option in the design will depend on the capacity of participating CGCs to process these applications.

Q24. Do you agree with our proposals for eligibility in relation to closed customer accounts? What administrative challenges may be faced with these proposals and how can these be overcome?

Q25. What are your views in relation to the removal of arm 3 of the primary eligibility criteria or the use of indices of deprivation as the affordability assessment? Would you support debt write-off or debt matching for this group?

N/a

Q26. Should conditionality be built into the design of a debt relief scheme and, if so, which elements of conditionality should we include?

We oppose the use of conditionality for customers in the design of the debt relief scheme as it creates barriers, restricts access and leads to adverse outcomes for people with a learning disability. For example, proposed requirements that consumers should have paid towards their ongoing consumption in the six months leading up to the start of a debt relief scheme does not allow for instances where disabled households have been unable to pay due to unavoidable extra costs of disability.

We have some concerns about proposed requirements that acceptance of a smart meter is a condition of debt relief scheme support. Whilst this would make it easier to deliver future financial support, existing smart meters are inaccessible for many people with a learning disability and can create additional barriers; this would need to be resolved before it became a prerequisite for support.

Due to the poor levels of debt support available to many people with a learning disability and their families, supplier access to funds should be contingent on complying with Standard Licence Conditions on debt management. Suppliers who are not meeting this condition could be required to fund the debt write-off for eligible consumers themselves providing an incentive to improve their practices.

Q27. Are there significant data sharing challenges which we should consider in the selection of design options?

The eligibility criteria options outlined by Ofgem largely rely on alternative data sources (particularly those held by or easily accessible to suppliers) to inform the criteria. The limitations to them are further evidence that current government's data-matching work need to be expedited.