



Response to Ofgem's consultation on Future of the Ban on Acquisition-only Tariffs (BAT) after March 2026

23rd September 2025

About Fair By Design

Fair By Design is dedicated to reshaping essential services such as energy, credit, insurance and payments so that they don't cost more if you're in poverty – also known as the poverty premium. Fair By Design works with regulators, Government, Parliament and industry to eliminate the poverty premium. Fair By Design is managed by the Barrow Cadbury Trust on behalf of a group of foundations.

In the context of the energy market, we believe that households on low incomes/living in poverty should not incur a poverty premium based on not being a consumer who actively shops around for the best deal or due to the way they pay for their energy.

Please note that we consent to public disclosure of this response.

For more information about this response please contact Maria Booker:

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Background

Ofgem is consulting on whether to extend its temporary ban on acquisition-only tariffs until March 2027 whilst longer term decisions are made on the future of price protection.

Response from Fair By Design

1. Do you agree that we should renew the temporary Ban on Acquisition-only Tariffs (SLC 22B) until 31 March 2027?

Yes. The BAT has played a vital role since its introduction in 2022. It has delivered fairer outcomes for customers by ensuring all loyal and new customers are able to get the best deals. It also ensures that millions of customers in debt, who may not be able to switch to a new supplier for months or even years, are able to access a better deal with their current energy provider. We firmly believe that it's only fair that loyal customers are able to access the same deals from their supplier as new customers.

When Fair By Design was established in 2018, the loyalty premium was the biggest part of the poverty premium. The Personal Finance Research Centre at University of Bristol found that nearly half of the average poverty premium faced by low-income households (£233) at that time came from not being on the best fuel tariff¹.

There is an ongoing assumption by policymakers that people will exercise choice in markets, and this in turn drives competition and better outcomes for all. However, the evidence suggests that relatively few people actively engage in complex markets. The Competition and Market Authority's report into the GB Energy Market found that a third (34%) of respondents said they had never considered switching supplier. Over half (56%) said they had never switched supplier, did not know if it was possible or did not know if they had done so². This is even more true of people on low incomes and those that are digitally excluded. The research by the Personal Finance Research Centre (2016) found that three-quarters (73%) of low-income households had not switched fuel supplier in the last two years, and 83 % of those that were digitally excluded had not switched in the last two years. Ofgem's most recent consumer research³ confirms that financially vulnerable consumers are less likely to have switched to a new tariff with their current supplier or to a new supplier within the last five years (37% compared to 30% of all those surveyed). This confirms to us that the BAT needs to stay.

Finally, we know trust in energy suppliers continues to be low despite some recent signs of improvement⁴. Moving forwards, customers need to have greater trust in their energy supplier, to help them provide the right solutions for upgrading their home with green technologies. That will require deeper and longer-term relationships with customers. Incentivising switching penalises those who cannot take advantage of it and will do nothing to increase trust in energy suppliers.

We therefore strongly support Ofgem's proposal to extend the BAT and associated market derogation until 31st March 2027.

2. If you consider that SLC 22B should be removed from 31 March 2026, please share specific evidence to support your arguments.

We do not support removal. There is no evidence that this requirement has had a negative

¹ University of Bristol, (2016). *Paying to be Poor: Uncovering the scale and nature of the poverty premium* [pdf] Fair By Design. Available at: <https://fairbydesign.com/wp-content/uploads/2019/08/University-of-Bristol-Paying-to-be-poor.pdf>

² Competition and Markets Authority, (2016). *Modernising the Energy Market*. Available at: [CMA publishes final energy market reforms - GOV.UK](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/544441/CMA_publishes_final_energy_market_reforms_-_GOV.UK.pdf)

³ [Consumer impacts of market conditions survey: wave 6 \(January to February 2025\)](https://www.ofgem.gov.uk/publications-and-research/consumer-research/consumer-impacts-of-market-conditions-survey-wave-6-january-to-february-2025)

⁴ [Consumer impacts of market conditions survey: wave 6 \(January to February 2025\)](https://www.ofgem.gov.uk/publications-and-research/consumer-research/consumer-impacts-of-market-conditions-survey-wave-6-january-to-february-2025)

impact on customers switching, in fact Energy UK and Ofgem market reports suggest that switching is on the increase, and more customers are moving off variable tariffs, even with the BAT in place. At the same time Ofgem's most recent consumer impacts of market conditions survey⁵ confirms that those who are financially vulnerable are less likely to have switched at all in the last five years. Therefore, the risk of a loyalty premium remains and SLC22B should remain in place.

Q3. Do you agree that we should also retain the BAT's associated Market-wide Derogation until 31 March 2027, alongside the extension of the BAT?

Yes. We agree that the market-wide derogation that allows suppliers to offer tailored 'retention-only' deals to customers nearing the end of fixed-term contracts should be retained. It offers indebted consumers or consumers who cannot face the upheaval of changing supplier the chance to benefit from their loyalty and access a cheaper deal.

Q4. If you consider that the Market-wide Derogation should be removed after 31 March 2026, please share specific evidence to support your arguments.

We do not support removal.

⁵ [Consumer impacts of market conditions survey: wave 6 \(January to February 2025\)](#)