

Penalty notice

NOTICE OF PROPOSAL TO IMPOSE A FINANCIAL PENALTY PURSUANT TO SECTION 30A(3) OF THE GAS ACT 1986 AND SECTION 27A(3) OF THE ELECTRICITY ACT 1989

Date: 10 03 2026

Proposal of the Gas and Electricity Markets Authority ("the Authority") to impose a financial penalty, following a Provisional Order ("PO") served on Maxen Power Supply Limited ("Maxen") on 12 September 2025 in relation to its non-compliance with obligations under Standard Licence Conditions ("SLCs") 12A.12(g) and 12A.13, of the gas supply licence, and 12.A.11(h) and 12.A.12, of the electricity supply licence (the "relevant SLCs").

This penalty proposal notice relates only to Maxen's non-compliance with the relevant SLCs. The investigation into its non-compliance with other SLC's is ongoing and may be subject to further enforcement action.

1. Summary

- 1.1. The Authority is of the opinion that Maxen has contravened the relevant SLCs by failing to provide customers subject to a Revenue Protection¹ ("RP") fee clear, timely and accurate information and advice in relation to the RP fees applied to their account. Maxen has failed to communicate to those customers subject to a RP fee the basis of any assessments that a theft occurred, how the charges were calculated, how

¹ As per the [UK Revenue Protection Agency \("UKRPA"\)](#), the term 'Revenue Protection' is used to refer to the prevention, detection and recovery of losses caused by interference with electricity and gas supplies. A Revenue Protection fee can be applied when supply interference (energy theft) is detected, and is done so to cover costs incurred by the supplier i.e. to recompense other suppliers who have picked up any loss, to pay the distributor the correct Use of System charges and to pay for the costs of the investigation and replacement meter etc.

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the customer could dispute these charges and instructions on how to reconnect their energy supply.

- 1.2. The Authority is of the opinion that Maxen has failed to keep a record of its compliance with its obligations under the SLCs.
- 1.3. An investigation was launched by the Authority on 16 July 2025 and an independent audit was commissioned and carried out. A report of its findings was submitted to the Authority on 1 September 2025.

Audit 1

- 1.4. 4,397 customer accounts were identified where at least 1 RP fee had been applied. Of these a sample of 500 customer accounts were audited, all chosen by Maxen, covering a five-year period showing:
 - (i) Maxen's RP policies were applied consistently but lacked version control and changes were not documented. Maxen has now resolved this and implemented version control.
 - (ii) Customers are not provided with a breakdown of RP fees, legal fees and other costs associated with energy theft applied to their accounts.
 - (iii) Maxen attempted to contact the customer in 100% of the accounts audited at least once either through a letter, phone call, SMS or an email. However, Maxen provided no evidence to show that any communication attempts with customers were successful and could not confirm that customers were made aware of the RP fees.
 - (iv) No customer was provided with an itemised bill which clearly communicated RP charges and, therefore, customers could not be aware of what they were being charged for, how these charges were calculated, how to challenge these charges or how to reinstate supply (where required).
 - (v) Maxen presented RP charges as "payments and adjustments" within bills with no itemisation. This obscures the nature of these charges, does not allow the customer to reconcile the charges and understand how they were applied.

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Customers were not informed of the methodology used by Maxen to calculate any settlement.

(vi) Only 48% of the audited accounts were clearly informed of how to reinstate energy supply.

- 1.5. The audit report also highlighted gaps in the evidence available for audit, caused by system design, data retention practices and a reliance on third-party service providers for the provision of relevant information. The report noted that this limited the completeness of the audit trails available for assurance. This is indicative of a failure to maintain a record of its compliance as required under SLCs 12A.13/12.A.12.

Provisional Order

- 1.6. The Authority issued a Provisional Order ("PO") to Maxen on 12 September 2025.
- 1.7. Pursuant to this PO, Maxen commissioned a second independent audit from an auditor with forensic accounting capabilities. A report of the audit's findings was submitted to the Authority 17 November 2025.

Audit 2

- 1.8. This second audit was required under the PO to allow for the examination of 4,589 RP fees, applied to 2,910 customer accounts, and establish compliance with the relevant SLCs. These 4,589 RP fees were not available for examination under the first audit commissioned by Maxen.
- 1.9. The auditor examined a sample of 1,110 RP transaction references, relating to 540 customer accounts, to establish compliance with the relevant SLCs.

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- 1.10. The auditor found sufficient evidence to show that energy theft had occurred in 36 sample transactions². The review of these 36 transactions found:
- (i) 2 transactions comprise an email referral regarding energy theft but have no corresponding investigation report.
 - (ii) In all 36 cases, Maxen did not communicate to customers:
 - The basis of assessment for applying the RP fee
 - The basis for the calculation of the RP fee
 - Steps the customer should take to dispute the fee
 - Steps the customer should take to reinstate energy supply.
 - (iii) Maxen has failed to keep a record of compliance with its obligations under the relevant SLCs.
- 1.11. This second audit report noted a difficulty in identifying and following audit trails as a result of relevant documentation being stored by Maxen across a number of different repositories. The report also noted that key documents were not stored within the CRM and had to be retrieved from employees' hard drives. This illustrates a failure by Maxen to maintain a record of its compliance as required under SLCs 12A.13/12.A.12.

Conclusion

- 1.12. This penalty notice is limited to Maxen's contravention of the relevant SLCs, as per para 1.1 above. Reference to this second audit report, required under the PO, is limited to its findings regarding the 36 transactions where sufficient evidence of energy theft has occurred.

² For those remaining accounts for which an RP fee was applied, but the auditor has deemed there was insufficient evidence to show that energy theft had occurred, the continuing investigation will examine the basis for these fees.

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- 1.13. Applying the criteria in section 3 of this Notice, the Authority considers that a penalty ought to be imposed for the contravention of the relevant SLCs. In determining the amount of the proposed penalty, the Authority has considered the factors set out in section 4 of this Notice. The Authority considers the proposed penalty to be reasonable in all the circumstances of this case.
- 1.14. In these circumstances, and mindful of its principal objective to protect the interests of existing and future consumers, the Authority hereby gives notice under section 30A (3) of the Gas Act 1986 ("GA86") 27A (3) and of the Electricity Act 1989 ("EA 89") of its intention to impose a penalty of **£1,250,000** on Maxen.
- 1.15. Any written representations or objections to this notice must be received by email to penaltyreps@ofgem.gov.uk or by post to Sam Wood, Head of Enforcement, Ofgem, Enforcement, 4th Floor, 10 South Colonnade, Canary Wharf, London E14 4PU by **4pm on 8 April 2026** . Any representations received by this date will be considered by the Authority before it makes a final decision on imposing a penalty.
- 1.16. The Authority may publish any representations or objections that are not marked as confidential. Should you wish your response or part of your response to remain confidential, please indicate this clearly. The Authority will consider whether to comply with any such requests on a case-by-case basis

2. The authority's view on the contravention

The Relevant Standard Licence Conditions

2.1. SLC 12A.12(g) Gas Supply Licence

"The licensee must provide (and ensure that any Representative provides) in plain and intelligible language, clear, timely and accurate information and advice to the Customer about:

- (i) the basis of any assessment made by the licensee (or its Representative) that Theft of Gas occurred;*
- (ii) the basis for the calculation of any Charges for the Supply of Gas associated with the Theft of Gas made to the Customer;*

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(iii) what steps the Customer should take if they wish to dispute that Theft of Gas occurred; and

(iv) the steps a Customer may take to reinstate supply if the licensee (or its Representative) has exercised the Statutory Disconnection Power.

SLC 12A.13 Gas Supply Licence

"The licensee must keep (and ensure that any Representative keeps) a record of its compliance with its obligation under this licence condition."

SLC12.A(h) Electricity Supply Licence

"The licensee must provide (and ensure that any Representative provides) in plain and intelligible language, clear, timely and accurate information and advice to the Customer about:

(i) the basis of any assessment made by the licensee (or its Representative) that Theft of Electricity occurred;

(ii) the basis for the calculation of any Charges for the Supply of Electricity associated with the Theft of Electricity made to the Customer;

(iii) what steps the Customer should take if they wish to dispute that Theft of Electricity occurred; and

(iv) the steps a Customer may take to reinstate supply if the licensee (or its Representative) has exercised the Statutory Disconnection Power."

SLC 12.A.12 Electricity Supply Licence

"The licensee must keep (and ensure that any Representative keeps) a record of its compliance with its obligation under this licence condition."

The Investigation

- 2.2. On the 24 June 2025 the Authority conducted a site visit to Maxen's offices. During this visit, and as part of an examination of Maxen's Customer Relationship Management ("CRM") system, it was noted that RP fees had been applied to customer accounts without any recorded evidence of an energy theft referral, an energy theft

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investigation or correspondence notifying customers of any RP charge or a basis for its calculation.

- 2.3. On 1 July 2025 the Authority issued an Information Request (“IR”) to Maxen for further information relating to the application and administration of RP fees. Maxen’s response, and the information enclosed, did not provide substantial evidence to show that Maxen had undertaken all actions required under the relevant SLCs when administering RP fees.
- 2.4. On 16 July 2025 the Authority opened its investigation into Maxen and issued a further IR. This required Maxen to commission an independent audit, the terms of which included the examination of customer accounts for which RP fees had been applied to establish compliance with the relevant SLCs.
- 2.5. An independent auditor was commissioned to carry out the audit which commenced on the 4 August 2025. The audit report was submitted to the Authority on 1 September 2025.

Audit 1

- 2.6. The audit report identified a total of 4,397 customer accounts for which at least one RP fee had been applied within the last five years. A sample of 500 of these customer accounts were examined by the auditor. The total amount charged in RP fees to these 500 customers was £317,661.33.
- 2.7. The audit report found that RP fees had not been communicated appropriately to customers, either within a bill, notice or verbal communication and there was no clear traceability that customers were informed of how to formally contest any RP charges.

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- 2.8. The audit report also found that RP charges were applied as “Payments and adjustments” within 100%³ of statements available for examination and without a breakdown of RP fees, legal fees and other costs applied to accounts.
- 2.9. Maxen did not communicate to customers:
- (i) The basis of how RP fees were calculated when it applied these charges to the customer accounts.
 - (ii) The basis of Maxen’s assessment that an energy theft had occurred.
 - (iii) Information and guidance of the steps that should be taken to dispute the RP fees added to their account.
 - (iv) The steps that may be taken to reconnect their supply (where required).
- 2.10. The audit also identified non-compliance issues relating to SLCs 12.A.12 and 12A.13. The report noted that evidence gaps within report were as a result of system design, data retention practices, and reliance on third-party service providers such as Gentrack. The auditor added that it was these constraints that limited the completeness of audit trails available for assurance. This is indicative of a failure to maintain a comprehensive record of compliance.

Provisional Order

- 2.11. On the 12 September 2025 the Authority issued a PO requiring that Maxen commission a further independent audit under SLC 5B from an auditor with forensic accounting capabilities to assess Maxen’s compliance and ongoing ability to comply with the relevant SLCs.

³ The calculation % of customers affected is based on the 500 accounts examined by the auditor.

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- 2.12. This second audit was required in order to allow the examination of 4,589 RP fees applied to customer accounts that were not available for examination as part of the first audit.
- 2.13. An independent auditor was appointed, and its audit report was submitted to the Authority on 17 November 2025.

Audit 2

- 2.14. The auditor examined a sample of 1,110 transactions, applied across 540 customer accounts, for which the original transaction reference was labelled as RP.
- 2.15. Of these 1,110 transactions, just 36 (applied to 27 customer accounts) were identified by the auditor as containing sufficient evidence to show that energy theft had occurred. Compliance with the relevant SLCs in respect of these 36 transactions will be addressed by this penalty proposal.
- 2.16. In relation to the remaining 1,074 transaction references⁴, Maxen made representations to the auditor to state that 679 did not relate to RP but were in fact other billing adjustments and corrections. Maxen provided no explanation regarding the use of RP in relation to 366 transactions. The final 29 transactions have been classified by the auditor as 'Other'.
- 2.17. Of the 36 transaction references identified by the auditor as having sufficient evidence to show energy theft, 2 had no corresponding report detailing any investigation carried out by Maxen. These transactions were referrals received via email from a third party.

⁴ All transaction references, where sufficient evidence to establish energy theft was not present, will be subject to review as part of the Authority's ongoing investigation into Maxen's compliance with SLCs 0A, 4A, 4C and 5A.

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- 2.18. A licensee must provide information to the customer and keep a record of its compliance as prescribed under the relevant SLCs. Maxen provided 27⁵ letters to the auditor to support compliance with the SLCs. However, Maxen was unable to provide any evidence to show these letters were sent to customers by either post or email. These letters were also not saved by Maxen within its CRM system.
- 2.19. 16 of the letters supplied by Maxen to the auditor had inconsistent metadata i.e. the date of the letter did not correspond to the document creation date. The authority is therefore unable to determine whether letters were sent to customers in a timely manner and in accordance with the timing of the RP fee.
- 2.20. The letters provided by Maxen did not include information and guidance on the basis for the application of the RP fee, the basis for the calculation of energy theft charges applied, the steps that the customer should take to dispute the charges or the steps that the customer may take to reinstate supply as prescribed under the relevant SLCs.
- 2.21. Maxen's CRM system is used to document customer activity. Interactions with customers are documented in the "Activity Stream" and individual line items include:
- (i) "account notes": internal notes made by Maxen staff or its Customer Services team, including written records of telephone conversations with customers and recordings attached to the account notes;

⁵ Maxen provided 32 letters; the Authority has not taken account of five letters as these do not relate to the 36 transactions where evidence of energy theft has been identified and are subject to this penalty notice for breach of the relevant SLCs.

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(ii) emails and text messages: both system-generated and messages sent from Maxen staff or its Customer Services team to customers and responses from customers;

(iii) financial transactions which includes monthly bills, records of payments, fees and bill adjustments;

(iv) documents such as invoices and reports

2.22. Despite the capability of this system, the auditor noted that it was difficult to identify and follow the audit trail relating to RP charges because documents and other information were stored by or on behalf of Maxen across a number of different repositories.

2.23. Letters supplied by Maxen for examination under the audit were not stored within its CRM but instead had to be retrieved from employees' hard drives. There was also no evidence to confirm that these letters had ever been sent to customers (either by email or post).

2.24. This indicates a failure to keep a record of its compliance with the relevant SLCs.

Conclusion

2.25. For the reasons set out above, the Authority is of the opinion that, in breach of the relevant SLCs, Maxen has failed to provide in plain and intelligible language clear, timely, accurate information and advice to its customers about the basis of any assessment and calculation of charges associated with the theft of energy. Maxen has failed to communicate to customers the steps that should be taken to dispute these charges and what steps are required to reinstate supply.

3. The authority's view on whether to impose a financial penalty

3.1. In deciding whether to impose a penalty, and in determining the amount of any penalty, in respect of a contravention or failure, the Authority is required to have

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regard to its Statement of Policy with Respect to Financial Penalties and Consumer Redress⁶.

- 3.2. The Authority is required to carry out its functions under Part 1 of the GA 86 and Part 1 of the EA 89 including the taking of any decision as to the imposition of a penalty, in the manner which it considers is best calculated to further its principal objective set out in section 4AA GA 86 and section 3A EA 89 having regard to its other duties.
- 3.3. The Authority is clear that regulated persons should not benefit financially from any contravention or failure. Indeed, the Authority considers that non-compliance should normally cost significantly more than compliance and that financial penalties should act as a significant deterrent to future non-compliance.
- 3.4. When determining the amount of a financial penalty and/or consumer redress payment, the Authority will consider any remedial measures that have been taken by a regulated person. However, the Authority may impose a financial penalty significantly in excess of the gain or detriment whether or not it has been mitigated in full. The authority considers that this may be necessary in order to deter non-compliance and provide appropriate encouragement for all regulated persons to comply with their obligations.
- 3.5. The Authority will take into consideration various factors when deciding to impose a financial penalty. The following factors are applicable in this case:

⁶ [Statement of Policy with Respect to Financial Penalties and Consumer Redress 2022 | OFGEM](#), drafted in accordance with Section 27B(2) EA 89 and section 30B GA 86

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Seriousness and impact of the contravention or failure.

- 3.6. Maxen has failed to communicate to its customers in a transparent manner RP fees applied across a five-year period. Customers were not given a clear and transparent breakdown of fees being applied denying them the opportunity to effectively reconcile these payments.
- 3.7. Should the customers want to challenge these fees Maxen has provided no clear information or guidance as to how the customer could proceed.
- 3.8. Maxen has failed to keep a record of its compliance with its obligations under the SLCs, which could be detrimental to customers who wish to dispute the RP fees. A clear audit trail would assist both the customer and Maxen.

Deterrence, including whether financial penalty and /or restitution payment is necessary to deter future contraventions or failures by all market participants and encourage compliance.

- 3.9. Customers must have confidence that suppliers will manage accounts effectively and communicate in a clear and transparent manner fees applied. Customers should have the appropriate information and guidance to understand any fees applied and effectively challenge any fees applied to their account.
- 3.10. Maxen has previously been subject to an enforcement investigation which concluded on the 5 December 2024. Maxen accepted an Alternative Action agreement, upon closure of this investigation, Maxen paid into the Voluntary Redress Fund £1,650,000. A strong deterrent message must be sent to focus its attention on taking its licence obligations seriously.
- 3.11. The Authority also considers it necessary for a strong deterrent message to be sent to the wider market, to encourage the compliance of all suppliers and put them on notice that breaches of this nature will be penalised.
- 3.12. Taking all these factors into account, the Authority considers it necessary to impose a financial penalty.

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4. Determining the amount of the financial penalty

4.1. The Penalty Policy outlines the steps that should be taken in calculating the penalty amount for any given case. This is a six-step process, and the Authority's views and determinations for each of these steps is laid out below.

Step 1 – calculate the detriment and gain

The Authority, in reviewing all the available evidence, has attempted to obtain information that would allow it to quantify any gain to Maxen and any detriment suffered by the consumer. However, in this case the Authority is not able to quantify with any accuracy the potential gain or detriment. Accordingly, the Authority has considered the seriousness of the contravention to determine the appropriate penalty, in accordance with its statement on financial penalties and consumer redress.

Step 2- Assess the seriousness of the breach

4.2. In assessing the seriousness of the breach, the Authority has given due regard to factors outlined in the Penalty Policy (Paragraph 5) and considers all those listed within Step 2 to be applicable in this case. These are outlined below:

Factors relating to the nature of the breach

4.3. The Authority considers the contravention to be serious. It occurred over a substantial period (five years), demonstrating a long-term systemic failure of Maxen to comply with the relevant SLCs. Maxen should have been aware that payments were being taken from customers who were not informed of the nature of the charges or given the knowledge which would have allowed customers to challenge the fees applied. Maxen has failed to act in the spirit of the SLCs to the potential detriment of its customers.

Impact of the contravention or failure, including any detrimental effect on the ability of Ofgem or the Authority to fulfil its statutory duties and whether there was any consumer or market participant detriment or gain (financial or otherwise) made by the regulated person

4.4. Customers affected were all small or micro-businesses which are likely to be at higher risk from financial harm than larger businesses due to lower turnover and profit

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margins. Micro-businesses should have confidence that energy suppliers will communicate accurately in a clear intelligible format any fees that are applied to their account so that they are fully informed and, where necessary, are able to challenge these fees.

- 4.5. Across both audits, 7,307 customer accounts have been identified where Maxen has applied at least 1 RP fee over a period of five years.
- 4.6. Of the 500 accounts sampled and examined as part of the first audit, Maxen failed to comply with the relevant licence conditions in 100% of cases.
- 4.7. In the second audit, only 36 RP transactions were identified that contained sufficient evidence to support a conclusion that energy theft had taken place. Maxen failed to comply with the relevant SLCs in each of these 36 cases.

Step 3 – Consider aggravating or mitigating factors

- 4.8. The Penalty Policy provides a non-exhaustive list of aggravating factors and mitigating factors that ought to be considered when determining a penalty. In this case, the Authority deems the following aggravating factors (table 1) and mitigating factors (table 2) to be applicable.

Table 1 Aggravating factors

No	Aggravating Factor (factors tending to increase penal element)	Applies Y/N/P (partial)	Detail
1	Compliance history	Y	Maxen was subject to an enforcement investigation which concluded on 5 December 2024. Maxen accepted breaches of SLC's 0A, 4A and 7.3, and agreed to pay into the Voluntary Redress Fund £1,650,000 and rectify the failings. Maxen was subject to a period of enhanced monitoring which has brought

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No	Aggravating Factor (factors tending to increase penal element)	Applies Y/N/P (partial)	Detail
			to light further contraventions which necessitated the opening of a new investigation and subsequent issuance of the PO.
2	Actions, or lack thereof, taken after becoming aware of the contravention or failure prior to Ofgem's investigation	P	<p>The Authority first made Maxen aware of non-compliance with the relevant SLCs at the beginning of July but submitting an Information Request.</p> <p>Whilst Maxen has not provided evidence to demonstrate any immediate action to review and update any policies and procedures governing compliance in this area, it has since responded to further enquiries and the PO by providing a remedial plan and updated policy documents.</p>
3	Actions, or lack thereof, taken after becoming aware of the contravention or failure during Ofgem's investigation	N	Maxen has worked with the Authority and an independent auditor to amend the letters and information sent to customers, whilst also updating and amending policies.
4	The involvement of senior management in any contravention or failure	Y	Senior management should maintain regular oversight of compliance with the relevant SLCs. In this case this amounts

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No	Aggravating Factor (factors tending to increase penal element)	Applies Y/N/P (partial)	Detail
			<p>to how Maxen communicates with consumers with regards to energy theft and maintains a record of its compliance.</p> <p>The lack of appropriate communication issued to consumers over a significant period, and a failure to maintain a record of compliance has resulted in a breach and is indicative of senior managements failure to ensure compliance with these SLC's.</p>
5	The absence of any evidence of internal mechanisms or procedures intended to prevent contravention or failure	P	Policy and procedure with regards to the application of RP fees was in place. However, these were never robust enough to ensure compliance and did not contain instruction with regards to appropriate customer communication and instead focussed on future unauthorised energy use. The polices while in place lacked the appropriate focus to ensure compliance with the relevant SLC's. These are not up to the standard the Authority would expect.
6	The absence of any evidence that such internal mechanisms and procedures as exist within the regulated person have been	P	Whilst policies and procedures were in place regarding energy theft and the application of RP fees, it is evident that

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No	Aggravating Factor (factors tending to increase penal element)	Applies Y/N/P (partial)	Detail
	properly applied and kept under appropriate review by senior management		<p>these were never robust enough to ensure compliance with the relevant SLCs.</p> <p>These policies and procedures have been periodically reviewed and updated, but there is no evidence to indicate that the issue around non-compliance with the relevant SLCs has been identified or acted upon as part this process.</p> <p>Senior management bears ultimate accountability for ensuring adherence to the licence conditions, and any failure to establish and maintain an effective, systematic process for the periodic review of policies and procedures constitutes a fundamental breach of that responsibility</p>

Table 2 – Mitigating factors

No	Mitigating Factor (factors tending to decrease penal element)	Applies Y/N/P (partial)	Detail
1	The extent to which the regulated person had taken steps to secure compliance either specifically or by maintaining an appropriate	P	While energy theft policies were in place and applied consistently the policies lacked clarity around how it communicated with consumers, particularly when applying RP fees. Maxen

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No	Mitigating Factor (factors tending to decrease penal element)	Applies Y/N/P (partial)	Detail
	compliance policy, with effective management supervision		has poor record keeping in relation to energy theft and its compliance with the relevant SLCs. Non-compliance has taken place over a 5-year period and should have been identified under effective management supervision.
2	Evidence that the contravention or failure was genuinely accidental or inadvertent	N	The SLCs are clear and unambiguous, energy suppliers have a duty to its customers to be transparent and communicate to customers fees that are being applied. Maxen failed in 100% of the accounts audited (as part of the first audit) to give customers the information and guidance required to enable them to make informed decisions and the opportunity to challenge fees applied.
3	Promptly, accurately and comprehensively reporting the contravention or failure to Ofgem (self-reporting breach)	N	This breach was found by the Authority during a period of enhanced monitoring following Enforcement action taken in respect to a previous investigation, which closed in December 2024, Maxen therefore should have been acutely aware of its responsibility to comply with the conditions of its licence and should have taken action to fully review all of its

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No	Mitigating Factor (factors tending to decrease penal element)	Applies Y/N/P (partial)	Detail
			policies, processes and procedures and self-report any compliance failures.
4	Appropriate action by the regulated person to remedy the contravention or failure	Y	Maxen have taken steps recommended by the auditor and worked with the Authority to improve how it communicates with consumers in respect of energy theft and the application of RP fees, moving towards full and sustainable compliance with the relevant SLCs.
5	The terms of the Order are likely to have already led to some financial penalty for the supplier	Y	The PO issued on the 12 September 2025 required Maxen to commission an independent audit by forensic accountants likely at a considerable cost.

Step 4- consider an adjustment for deterrence

- 4.9. As outlined elsewhere in this Notice, the Authority considers that a strong deterrent message ought to be sent to Maxen, to focus attention on complying with its relevant regulatory obligations, specifically its communication obligations to customers regarding energy theft and the application of RP fees and its obligation to maintain a record of its compliance as required under SLCs 12.A.12/12A.13.
- 4.10. The Authority close a previous enforcement investigation into Maxens compliance with its licence conditions at the end of 2024. The case was closed via an Alternative Action arrangement whereby Maxen admitted to breaches of licence conditions 0A, 4A, 7.3 and 5A and paid £1.65M into the Voluntary Redress Fund. This previous enforcement action should have served as a clear and unequivocal deterrent to any

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further non-compliance and should have compelled the Maxen to undertake a thorough and systematic review of all of its obligations under the licence conditions.

- 4.11. Equally important to this, is sending a clear deterrent message to the wider market that this kind of misconduct will not be tolerated and will be appropriately penalised.
- 4.12. For this reason, the Authority proposes an appropriate uplift to the penal element for deterrence.

Step 5 – Apply a discount in settled cases

- 4.13. The Authority may offer a regulated person the opportunity to settle a case, where this would be in the interests of consumers. In cases, such as this one, where a provisional order has been made, and given the statutory time restrictions therefore apply, the Authority does not intend to apply the voluntary settlement process.

Step 6 – Establish the total final liability

- 4.14. Having considered all the available evidence, and the factors outlined earlier in this section, the Authority proposes to impose a penalty of £1,250,000.

5. The authority's decision

- 5.1. The Authority is of the opinion that Maxen breached SLCs 12A.12(g) and 12A.13 of its gas supply licence, and SLCs 12.A.11(h) and 12.A.12 of its electricity supply licence. Having considered the relevant facts and circumstances in its possession, and having regard to the Penalty Policy, the Authority hereby proposes to impose a penalty of **£1,250,000** on Maxen, which it considers to be an amount that is reasonable in all the circumstances of the case.
- 5.2. In reaching its decision, the Authority took the relevant factors under the Penalty Policy into account, including but not limited to:
 - The very serious nature of the breach.
 - The significant period over which this breach has taken place (5 years) and the number of consumers affected.
 - Maxens failure to heed recent enforcement action as a deterrent to further non-compliance. The aggravating and mitigating factors outlined in Tables 1 and 2, that are either applicable or partially applicable in this case.

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- Sending a strong deterrence message to Maxen and the market.
- 5.3. The Authority hereby gives notice under section 30A(3) of the GA 86 and section 27A (3) of the EA 89 of its proposal to impose a penalty of **£1,250,000** on Maxen, in respect of the contraventions set out above.
- 5.4. Any written representations or objections to this notice must be received by Sam Wood (penaltyreps@ofgem.gov.uk) or Ofgem, 10 South Colonnade, 4th floor, Canary Wharf, London E14 4PU by **4pm on 8 April 2026**.
- 5.5. Any representations or objections received by this date will be considered by the Authority before it makes a final decision on imposing a penalty. If as a result of representations or objections the Authority proposes to vary the penalty as per section 30A(3) of the GA 86 and section 27A(3)(a) of the EA 89, it will consult again in accordance with section 30A(4) of the GA 86 and section 27A(4) EA 89.
- 5.6. Any representations or objections received that are not marked as confidential may be published on the Ofgem website. Should you wish your response or part of your response to remain confidential, please indicate this clearly. The Authority will consider whether to comply with any such requests on a case-by-case basis.

Signed

Cathryn Scott (Director – Market Oversight & Enforcement)

Gas and Electricity Markets Authority

Date: 10 March 2026