

Decision document

DECISION TO CLOSE INVESTIGATION INTO BRITISH GAS PREPAYMENT METER PRACTICES

Date: 15 May 2026

1. Background

In February 2023, Ofgem opened an investigation into British Gas Trading Ltd's (BG's) pre-payment meter (PPM) practices. The investigation covered the preceding five-year period and focused on BG's fitting of PPMs under court warrant and the remote switching of smart meters from credit to pre-payment mode [1]. On 18 May 2023, the scope of the investigation was widened to cover a broader set of licence obligations relating to the treatment of vulnerable customers[2].

To support the investigation into BG, Ofgem commissioned PricewaterhouseCoopers LLP (PwC) to conduct an external audit of a statistically significant random sample of 383 customer journeys. These were drawn from a total relevant population of 202,617 customer journeys which related to customers who were remote-switched to PPM mode or who were subjected to warrant activity resulting either in a PPM being force-fitted or where the warrant was not executed. PwC's findings were considered alongside evidence from Citizens Advice and the Energy Ombudsman.

Some of the failings underlying these breaches had been brought to the attention of BG's management, through an external review in 2018 and an internal audit in 2021, which flagged certain organisational performance deficiencies. Whilst remedial actions were undertaken in response to those findings, in Ofgem's view, these actions were inadequate, improvements were not sustained, and sufficient action to address those issues was taken only following the commencement of Ofgem's investigation.

BG accepts that it fell short in its treatment of vulnerable customers in the installation of PPMs. It fully recognises and regrets that the experience of these customers was unacceptable. There were a number of cases where the installation of a PPM under warrant was not safe or appropriate, and processes designed, and remedial action taken, to protect vulnerable consumers did not work as intended.

BG has not been active in installing PPMs under warrant since it voluntarily suspended

Decision document

the activity at the beginning of February 2023 and has taken steps to compensate PPM customers where specific instances have been identified, applying Ofgem's compensation guidelines in line with Ofgem's Market Compliance Review of eight other suppliers. BG has also implemented a number of improvements and changes since the start of the investigation in February 2023, including strengthening governance and oversight; operational procedures; enhancing escalation practices; improving data and vulnerability identification; and introducing additional safeguards, including as a result of its consideration of Ofgem's new PPM Code of Practice published in April 2023 and its new rules and guidance which came into force in November 2023.

We have resolved this investigation via alternative action and have closed our investigation in light of BG's admission of responsibility and its agreement to make a payment to Ofgem's voluntary redress fund, to pay compensation to customers using PPMs, to provide a support package to enable debt write-off for vulnerable customers in accordance with a framework agreed with Ofgem and, building on the improvements it has implemented since its investigation, to take further action to support vulnerable customers in debt.

Customers who are due compensation will be contacted by BG and do not need to take any action. Compensation will be credited, or paid directly to customer accounts.

Set out below is a summary of the most serious breaches identified through our investigation.

2. SLC 26.1(c)(i) and (ii), SLC 0.3(d)(i): failure to seek to identify vulnerable customers, failure to take all reasonable steps to identify customers who may require Priority Services and therefore failure to maintain the Priority Services Register (PSR)

SLC 0.3(d) requires that all suppliers seek to identify customers in a vulnerable situation *"in a manner which is effective and appropriate, having regard to the interests of the Domestic Customer"*.

PwC found that in 32 instances of the random sample cases, BG could not evidence that it adequately attempted to identify vulnerabilities. Processes intended to identify vulnerable customers were not adequately applied: quality assurance checks were weak but nevertheless provided evidence of poor performance, training was delayed,

Decision document

and performance concerns - particularly with an offshore contractor - persisted across several years. Although performance issues were identified in a 2018 external review and a 2021 internal audit, and some measures were adopted, BG failed adequately to address them during the period under investigation. These shortcomings led to non-compliance with SLC 0.3(d)(i) and related PSR duties (SLC 26.1(c)(i)-(ii)) during the five-year period.

3. SLC 27.6(a)(iii), 28.1A and 28.1B: moving/switching customers on to a PPM when it is not safe and reasonably practicable; failure to review safety and practicability where there is a change in customer circumstances

Our investigation found that British Gas moved or switched some customers onto prepayment meters in circumstances where it was not safe or reasonably practicable to do so, and in some cases failed to reassess safety and practicability when customer circumstances changed. Suppliers are required by our rules to ensure that any use of a PPM is safe, reasonably practicable and supported by proper checks.^[3] We found non-compliance with those standards which exposed some vulnerable customers to avoidable risk.

The investigation revealed that BG's policies and procedures failed to ensure that in all cases there was a proper assessment of whether it was safe and reasonably practicable to install PPMs, including for some customers with significant vulnerabilities. Some vulnerable customers were subjected to PPM installations without adequate safeguards. These failures led to the risk of significant impact or harm to these customers who, given their circumstances, may have been unable to safely use the PPM or maintain their energy supply.

PwC reviewed the random sample of customer accounts and identified that in 40 instances of the sample of 383 cases (10.4 per cent), PPMs were installed or customers remained on PPMs when it was not safe and reasonably practicable for them to do so. Ofgem's view is that these results could reasonably be extrapolated to the total relevant population and, based on evidence from the statistical exercise, that there was an unacceptable rate of non-compliance.

Decision document

4. SLC 28B.1, 0.3(d)(i) and/or 0.3(d)(ii): progression of warrants likely to be harmful for vulnerable customers

Under the SLCs, a supplier must not progress to warrant in respect of customers where warrant execution would be severely traumatic to the customer due to an existing mental health/psychological vulnerability. All suppliers are required to take into account the vulnerable situation of the customer when applying the Standards of Conduct set out in the SLCs^[4].

When progressing to warrant, BG did not adequately consider the psychological or mental health vulnerabilities of some customers. Its processes could have led to warrant progression in circumstances which were not compliant with the SLCs.

In 23 instances in the random sample of customer accounts, warrants progressed despite risk markers, but without adequate risk assessment. We concluded, based on similar statistical analysis and modelling, that if these results from the random sample were replicated across the total relevant population, an unacceptable number of customers would have been put at risk of suffering harm during warrant execution.

5. SLC 27A.1(a): failure to take all reasonable steps to identify on an ongoing and continuous basis whether a domestic customer is self-disconnecting

BG did not maintain adequate ongoing monitoring of self-disconnection. The company used an approach that did not differentiate between traditional and smart PPMs, despite smart meters offering more detailed data. Some customers were excluded from monitoring - for example, those who opted out of monitoring or those recently in contact with BG, and BG capped interventions at four times per year.

As a result, a number of self-disconnecting customers, including some vulnerable individuals, may not have been identified or assisted promptly.

6. SLC 27A.1(b): failure to offer appropriate support to self-disconnecting customers

BG did not consistently offer Additional Support Credit (ASC) to some vulnerable customers who were self-disconnecting. Default limits were applied to the amount

Decision document

and frequency of ASC payments rather than a case-by-case consideration of the circumstances of the vulnerable customer. These limits were enforced by customer service agents. Although an escalation route existed that might have allowed departures from these limits, the guidance on when and how agents should use that process was unclear. In 2023 that escalation process was replaced by an Open Banking process requiring customers with ASC debt to share financial data before receiving further ASC; those who refused were normally declined support. This process was also found to be non-compliant. Some vulnerable customers were likely therefore to have been denied the support they needed to maintain supply.

7. SLC 0.3(a): unfair treatment

In almost 20% of the customer accounts examined by PwC, we found examples of conduct where there were breaches of the fair treatment obligations under the Standards of Conduct. These varied in severity but in some cases included:

- inappropriate or unfair conduct during interactions with indebted customers;
- pursuing warrants even when customers sought payment plans or voluntary PPMs; and/or
- charging warrant costs to some vulnerable customers in financial difficulty.

8. SLC 0.3(c)(iii): inadequate customer service arrangements and processes

The investigation found issues in relation to the standards of customer service. These included poor alignment of processes, weak data quality, incomplete training records, and ineffective quality assurance.

In particular, PwC found that in a substantial proportion of cases, because of inadequate records, customer accounts could not be properly assessed as to whether BG put sufficient emphasis on identifying whether the PPM would be safe and practicable for the customer.

In relation to the training of staff, PwC found evidence that customer service agents had discussed relevant topics with customers before receiving appropriate training.

These deficiencies led to inconsistent interactions and insufficient support for some vulnerable customers.

Decision document

- [1] The investigation examined BG's compliance with Standard Licence Conditions ("SLC") 0, 13.1 (a) and (d), 27, 28 and 28B.1 of the Gas and Electricity Supply Licences. These SLCs relate to the Standards of Conduct ('SoC'), arrangements for access to customer premises, disconnections, prepayment meters and the installation of prepayment meters under a Relevant Warrant.
- [2] The widened investigation also examined compliance with SLCs 23 (Notification of Domestic Supply Contract Terms), 26 (Priority Services Register), 27A (self-disconnection) and 32 (Reporting on Performance).
- [3] SLC 27.6(a)(iii), 28.1A and 28.1B and [open letter - authoritys decision to modify the safe and reasonably practicable guidance - final.pdf](#)
- [4] The Standards of Conduct are detailed at SLC 0.3.