

By email only: debtstrategy@ofgem.gov.uk

20 January 2026

Dear Sophia,

RECCo response to: Tackling Energy Debt in the Supplier Home Move Process– Call for Input

We welcome the opportunity to respond to Ofgem's call for input on Tackling Energy Debt in the Supplier Home Move Process. This response is non-confidential and reflects the views of the Retail Energy Code Company Ltd (RECCo) in our role as the administrator of the Retail Energy Code (REC). RECCo is a not-for-profit, corporate vehicle ensuring the proper, effective, and efficient implementation and ongoing management of the REC arrangements. We seek to promote trust, innovation and competition, whilst maintaining focus on positive consumer outcomes. Through the REC, the services we manage, and the programmes we run, we are dedicated to building a more effective and efficient energy market for the future.

We agree that debt and unbilled consumption at change of tenancy (CoT) contribute to wider systemic debt issues, and support exploring smart meter-enabled solutions to reduce unbilled consumption, including remote switching in tightly defined circumstances.

Ofgem indicates that it proposes to establish an industry working group to support the development of the detailed operational approach for tackling energy debt in the home move process. RECCo would welcome this forum and would be keen to participate, given our role in governing and evolving the REC and supporting cross-industry implementation. In particular, defaulting an incoming occupier to prepayment is a material change to the consumer experience, with well-evidenced risks around affordability and self-disconnection. To deliver fair and enduring outcomes, the working group should undertake further consumer and distributional impact assessment, and ensure the framework is underpinned by clear minimum safeguards, robust governance and effective monitoring.

While our detailed responses to the consultation question are set out in the appendix, we draw attention to the following key points that the working group should focus on:

- **Protecting consumer choice and fair treatment at CoT:** ensuring an incoming occupier is not disadvantaged by debt or unbilled consumption associated with a previous occupier, and has a clear, prompt route to move to credit mode and an appropriate tariff. This should include minimum safeguards on reversibility, defined timeframes and communications, and the avoidance of unfair barriers (including deposits where appropriate) that could frustrate a customer's ability to access credit supply. This policy represents a material change to the default position for new accounts. While the consultation proposes that suppliers undertake a "safe and practicable check" to determine the suitability of a prepayment meter, we recommend the working group considers whether updated rules or guidance are needed on requirements to demonstrate ability to pay and/or undertake credit checks. The working group should also consider post-implementation

monitoring (e.g. reductions in unnamed accounts and overall debt, and any overall or excessive increase in enduring PPM accounts).

- **Supporting vulnerable consumers and reducing self-disconnection risk:** strengthening early identification and suitability assessment at (or shortly after) CoT, including clear expectations on prioritisation and escalation where prepayment is not safe or practicable. The framework should also address practical challenges where Priority Services Register data is not available at the point of move-in and include monitoring of outcomes (including self-disconnection indicators) so that protections can be adjusted if harm emerges.
- **Applying the approach consistently, with robust governance and assurance:** avoiding different consumer outcomes based solely on meter type by applying the approach across smart meter types where possible; if a limited-scope pilot is necessary, it should be justified by evidence and accompanied by mitigations and a roadmap to wider coverage. Delivery should combine clear regulatory intent and minimum protections with detailed, testable operational requirements in industry codes (notably the REC), supported by auditability, performance monitoring and proportionate assurance arrangements for remote switching decisions.

We are happy to discuss any of the points raised in this response.

Yours sincerely,

Jon Dixon, Director,

Strategy and Development

Appendix: RECCo response to consultation questions

Q1: Please provide evidence or data with respect to levels of debt or arrears in the sector relating to change of tenancy. Where relevant please include information associated with unnamed accounts such as the number of unnamed accounts, average length of unnamed accounts, average debt and the overall debt associated with these accounts.

No specific views/evidence to add.

Q2: Please provide evidence or data you may have about a customer's experience when moving into a new property and setting up their energy account. This may include any common issues such as billing issues or queries that may be experienced in this time, the average duration for a new householder to set up an account, and whether enhanced processes exist for the identification of vulnerable consumers.

No specific views/evidence to add.

Q3: Do you have views or preferences regarding the approach we take to enabling the proposed changes to the supplier home moves process? For example, should the approach be set out in SLCs and / or associated guidance or could it be covered through industry rules or elsewhere?

We welcome Ofgem's commitment to preventing unbilled consumption and agree that delivery will require both a clear regulatory framework and detailed, testable operational requirements.

In our view, supply licence conditions and/or associated guidance should set the policy intent and minimum protections (for example, preventing incoming occupiers being unfairly defaulted to prepayment, safeguarding consumer choice, and ensuring appropriate treatment of vulnerability).

Detailed technical processes, notifications and data flows are best delivered through industry rules, particularly the Retail Energy Code (REC), where they can be developed collaboratively and amended through established governance.

Operational areas likely to require code-level detail include:

- Triggers and evidence for a CoT event (including how suppliers are notified that a CoT has occurred).
- Billing and liability rules where an outgoing occupier does not notify (to avoid incoming occupiers being held responsible for historic consumption).
- The remote switching process itself (including controls, audit trail, and how/when customers can be reverted to credit mode).
- Consumer communications and timeframes (what information must be provided to the incoming occupier, through which channels, and by when).
- Suitability assessment and support for vulnerability, including how suppliers should prioritise assessment and respond where Priority Services Register data is not available.

RECCo is ready to work with Ofgem and the working group to develop these arrangements, ensuring alignment with existing REC obligations and avoiding conflicts with supply licence requirements. We would also support the development of monitoring and performance assurance arrangements proportionate to the risks associated with remote switching at CoT.

Q4: Do you prefer a outcomes-based approach or something more prescriptive for consumer protections in Change of Tenancy?

We support an outcomes-based framework that sets clear objectives (preventing unbilled consumption and debt build-up and protecting consumers) while allowing flexibility in delivery.

However, because switching an occupied home into prepayment mode is a material change with well-documented risks (including affordability impacts and self-disconnection), the outcomes should be underpinned by prescriptive minimum requirements to ensure consistent protections across suppliers.

In particular, the framework should include minimum safeguards on:

- **Consumer choice and reversibility:** clear rights and a defined process for an incoming occupier to move to credit mode and an appropriate tariff promptly, without unfair barriers such as deposits where appropriate.
- **Communications:** timely, accessible information to the incoming occupier about what has happened, why, and the steps to move to credit mode where appropriate.
- **Vulnerability:** a clear expectation for early identification, suitability assessment and rapid escalation/reversion where prepayment is not safe or practicable.

Prescriptive elements in industry codes (including the REC) can then set out the detailed processes and data flows needed to deliver these safeguards, while licence conditions or guidance articulate the consumer outcomes suppliers must achieve.

Q5: Do you have any views on the above suggestions for consumer protections or have any alternatives that should be considered?

We support the principles proposed in the call for input - reducing reliance on prepayment, recognising that moving home is not a proxy for vulnerability, and aligning with Ofgem's duties around fairness and consumer protection. In our view, consumer protections should go further in the following areas:

- **Distributional impact assessment and monitoring:** assess which groups are most likely to be affected (for example, private renters and low-income households) and design safeguards accordingly, with a clear plan for monitoring outcomes during any pilot.
- **Consumer choice safeguards:** ensure an incoming occupier is not penalised for inheriting a prepayment configuration, including a clear and prompt route to credit mode and appropriate tariffs, without unfair barriers (including deposits) or unnecessary credit-access friction (e.g. routine credit checks, disproportionate evidencing, or delays). Any checks should be proportionate and transparent, with alternative routes where credit checks cannot be met.
- **Vulnerability and suitability:** clarify how suppliers will identify and support vulnerable consumers at or shortly after CoT, including arrangements where Priority Services Register data is not available, and how suppliers will rapidly revert customers to credit mode when required.
- **Meter type scope:** apply the approach consistently across smart meter types where possible. A SMETS2-only scope risks different outcomes based solely on meter type and may undermine trust in smart meters; if a limited-scope pilot is necessary, mitigations and a roadmap to wider coverage should be set out.
- **Governance and assurance:** build in robust controls, audit trails and performance assurance for remote switching decisions, reflecting recent enforcement experience on inappropriate or poorly safeguarded prepayment use.
- **Monitoring:** introduction of monitoring of how new accounts are assessed, this could be achieved by considering whether there has been a reduction in unnamed accounts; are there reductions in overall debt levels and whether there is no overall or excessive increase in the number of PPM accounts.

These measures, combined with robust enforcement and performance assurance, will help Ofgem achieve its objectives while avoiding unintended harm.