

Market compliance review: prepayment meter installations

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Executive Summary

The Market Compliance Review (MCR) was launched in response to media coverage and initial investigations in late 2022, focusing on the involuntary installation of Pre-payment Meters (PPMs) by domestic energy suppliers. The primary aim of the review was to provide a comprehensive assessment of supplier practices, customer outcomes, and adherence to regulatory standards. Particular attention was given to safeguarding vulnerable customers and ensuring fairness throughout the energy sector.

Key outcomes from the Review

- **No widespread instances of inappropriate PPM installations but some cases where vulnerable customers were put at risk**

The review did not uncover widespread instances of inappropriate PPM installations. While most suppliers were found to be acting in accordance with expectations, there were a small number of cases where suppliers had not implemented sufficiently rigorous policies and procedures. These shortcomings, in some instances, had the potential to put customers at risk.

- **Supplier Actions and Remediation**

As a direct result of these findings, suppliers reached out proactively to customers who might have been affected during the review period. In circumstances where issues were identified, appropriate compensation was provided to impacted customers.

- **Variations in Supplier Practices**

The MCR brought to light significant differences in supplier operations, reflecting a range of maturity and effectiveness across the sector. These variations influenced both the scale of customer impact and the types of concerns identified. Some suppliers had not consistently met the required standards.

- **Strengthened Regulatory Framework**

In parallel with the review, the rules governing the involuntary installation of PPMs were reinforced. Supplier compliance was subject to heightened scrutiny and monitoring to ensure that standards were maintained and vulnerable customers protected.

Conclusion

In summary, the MCR found that suppliers generally complied, but some procedural issues existed. These have been addressed, with improved rules and enhanced monitoring of practices by suppliers and Ofgem to better protect vulnerable customers. Suppliers have paid **£7 million** in compensation, written off **£13 million** in customer debt, and provided **£55 million** in support through hardship payments and debt relief. If any customer who was involuntarily switched or had a PPM fitted feels that they should have been contacted by their supplier but hasn't been, they should contact their supplier to raise the matter.

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1. Background

Pre-payment meters (PPMs) are an option that can help households manage their spending and avoid getting into debt. When used responsibly, they can strike an effective balance between protecting consumers from building up unmanageable debt and enabling suppliers to recoup debt. Smart PPMs make managing energy easier and more flexible by letting customers top up from home, reconnect quickly if their credit runs out, and avoid the hassle of keys or cards. It also gives more accurate, real-time information to help customers stay in control of their spending, while allowing suppliers to spot when customers might need support sooner, reducing the risk of self-disconnection.

In January 2023¹, following allegations in the media and building on preliminary investigations opened towards the end of 2022, Ofgem announced that we would open a Market Compliance Review (MCR) into involuntary PPM practices across domestic energy suppliers. The aim of the review was to provide a comprehensive assessment of supplier practices, customer outcomes, and adherence to regulatory standards. Particular attention was given to safeguarding vulnerable customers. All suppliers agreed to stop involuntary installations and remote switches of PPMs whilst we reviewed and strengthened the rules.

We have since reviewed every step of the involuntary PPM process for each supplier. We looked at how customers were contacted and supported, when and how they were given advice and what the suppliers did to follow up both before and after a PPM installation or remote switch took place. Suppliers were required to assess every customer with a PPM to confirm if it was safe and reasonably practicable and must now complete an assessment annually. We required suppliers to commission an independent audit of all their processes and procedures and take swift action to address any shortcomings uncovered. We also worked with consumer groups and charities to review the cases referred to them.

Our strengthened rules came into force in November 2023². Suppliers have had to demonstrate that they meet the new requirements before restarting any involuntary PPM activity. This had to be supported by a second independent audit verifying their readiness to restart. The first suppliers restarted involuntary PPM in January

¹ <https://www.ofgem.gov.uk/publications/letter-jonathan-breareley-secretary-state-business-energy-and-industrial-strategy-tackling-inappropriate-energy-supplier-prepayment-meter-practices>

² <https://www.ofgem.gov.uk/decision/involuntary-prepayment-meter-decision>

2024³. All⁴ can now carry out involuntary PPM activity, although not all have chosen to do so.

Following restart, Ofgem monitored involuntary PPM installation activity to protect customers by ensuring continued compliance in relation to involuntary PPM installations or remote switches. Involuntary PPM activity carried out by a supplier was reported to Ofgem on a weekly basis and information relating to a sample of the accounts that have gone through the process was then submitted and reviewed. Information submitted included system notes, communication attempts, bodycam/ audio footage from site visits and calls, and was reviewed to assess compliance with the rules.

In November 2024, Ofgem published that it had opened an Enforcement investigation into Utilita's compliance with the rules around the installation and use of pre-payment meters for domestic customers. In May 2025, an ongoing Enforcement investigation into OVO's pre-payment meter practices was extended to include the PPM MCR. As a result, the assessment of both suppliers was moved out of the MCR. British Gas has never been part of the PPM MCR as it was subject to a separate Enforcement Investigation. All other domestic suppliers, including those changing ownership due to trade sales, Special Administration Regime and/or the Supplier of Last Resort process, fell into the scope of the MCR and we worked with the new licence holders to ensure customers were appropriately compensated.

2. What we found during the PPM MCR

Ofgem did not find widespread instances of PPMs being installed where they should not have been. However, we did find instances where suppliers' policies and procedures were not as robust as they should have been, which may have put customers at risk of harm.

Suppliers have now contacted their customers who fell into the period of the PPM MCR and informed them if they found any issues with their involuntary PPM process. Suppliers have paid compensation in line with guidelines developed by Ofgem which take into account the issues identified in the MCR and which reflect the potential impact the behaviours may have had on customers.

³ <https://www.ofgem.gov.uk/news/scottish-power-edf-and-octopus-meet-new-rules-install-prepayment-meters-recovering-debt>

⁴ British Gas has never been part of the PPM MCR. It was subject to a separate Enforcement Investigation and does not currently carry out involuntary PPM activity.

Market compliance review: prepayment meter installations

Detriment	Compensation level
Process misalignment, data quality and record keeping	Goodwill payments of £40 - £60 paid by supplier on a case-by-case basis
Insufficient debt support	£250
Unfair customer treatment	£250
Vulnerability not considered	£500
Inappropriate installation, switch or use of PPM	£1000

In the event that any customer who was involuntarily switched or had a PPM fitted feels that they should have been contacted by their supplier but hasn't been contacted, they should now contact their supplier and raise the matter with them. If they are unable to resolve the matter with their supplier, the customer can raise a complaint following the supplier's complaints procedure. If a resolution cannot be agreed or the customer is dissatisfied with the outcome, then they can refer their complaint to the Energy Ombudsman.

Supplier operations were at different levels of maturity at the time of the MCR, and their respective developed processes and policies varied. Dependent upon the size of the customer base and the debt issues, the scale of customers affected, the types of concerns found across suppliers varied. Suppliers accepted that they had fallen short of the required standards in some cases. The rules have since been strengthened and suppliers' practices monitored closely to ensure ongoing compliance.

This report provides a summary of concerns that Ofgem saw across suppliers during the PPM MCR.

PPM not safe and reasonably practicable

In line with the rules at the time of the MCR, suppliers were required to give consideration to whether it was safe and reasonably practicable⁵ for a customer to have a PPM. For example, if a customer has a physical or mental disability that prevents them from being able to appropriately use a Prepayment Meter, then it would not be safe and reasonably practicable.

An example that we saw during the MCR is where a PPM was installed and the customer required to top-up their PPM via cash and had mobility issues that prevented them from accessing a top-up location. These circumstances could make a

⁵ https://www.ofgem.gov.uk/sites/default/files/docs/2016/03/open_letter_-_authoritys_decision_to_modify_the_safe_and_reasonably_practicable_guidance_-_final.pdf

Market compliance review: prepayment meter installations

traditional PPM, or a smart PPM fitted in a digitally excluded household, or one that becomes inoperable in smart mode, unsuitable for the customer because, if they are unable to access a top-up location, they may end up disconnected. Where a customer had informed their supplier of these circumstances and the supplier proceeded with involuntary PPM, PPM would have been considered unsafe.

The independent audits of supplier practices assessed compliance with these rules. Once we shared our concerns with suppliers, all relevant customers were re-assessed. That reassessment found that involuntary PPM were installed when it was not safe and reasonably practicable in less than 2% of all the customer accounts that were reviewed. This is 1,925 instances where PPM should not have been installed out of over 150,000 accounts reviewed.

While the number of cases where a PPM was wrongfully installed is relatively low, we have been clear throughout our engagement with suppliers that it is vital that they protect vulnerable customers and that the risks in those cases should have been mitigated. This is reflected in the new PPM rules.

Most of the cases where a PPM should not have been installed were due to poor quality assurance or human error, for example where agents did not act in line with the suppliers' procedures and there were insufficient controls in place to prevent this occurring, or being picked up and stopped.

Suppliers did not meet the standards expected

At the time of the MCR, there were various rules that suppliers had to follow. For example, suppliers had to:

- regularly ask customers about their circumstances and take any vulnerabilities into account, including whether those circumstances might make PPM unsuitable, and check this before proceeding with an involuntary PPM;
- treat customers fairly, including responding to customer requests and concerns in a timely manner, and ensuring that all information shared was complete and not misleading;
- have regular account reviews to monitor debt levels, review affordability and provide customers with advice or signpost them to third parties for support;
- send information on specific issues in line with the requirements set out in the Standard Licence Conditions (SLCs), such as notification of tariff changes or debt repayment rates.

We found examples of different procedural issues that meant suppliers did not always meet the standards expected based on the rules at that time. These kinds of issues were not likely to cause as severe harm as an involuntary PPM installation that was not safe and reasonably practicable, however, they had the potential to cause some consumer harm. Examples of what this might look like for a customer include:

Vulnerability not considered

- We found examples where some suppliers did not automatically consider relevant vulnerabilities to be exempt from the involuntary PPM process, for example customers with medically supply dependent Priority Services Register markers. By not automatically excluding these customers during the process, the customer was at increased risk of being moved to involuntary PPM when it would not have been safe for them. However, on most occasions, the suppliers had other processes in place that ensured an involuntary PPM did not go ahead.
- We also found that some suppliers had poor processes for identifying and categorising customer vulnerability. We saw examples where the supplier did not record vulnerability when notified by the customer, which could lead to suppliers making a decision to proceed to involuntary PPM based on incorrect information.

Unfair customer treatment

- For the purposes of the PPM MCR, we looked at customer treatment in the full debt pathway leading to involuntary PPM. We found examples of inappropriate interactions between suppliers' agents and customers, application of inappropriate charges to customers' accounts and failure to recognise or handle a complaint accurately.
- We found instances where some suppliers provided incorrect information to customers. One practice included notifying customers of a shorter timeframe to top up their new meter than was the case, which is misleading and had the potential to cause stress and pressure for customers who are already struggling to afford their energy consumption.

Insufficient debt support

- We found instances where suppliers set unaffordable default debt repayment rates when customers were not present during an involuntary installation or when the supplier had not been able to contact them prior to a remote mode switch. Some suppliers used a range of rates and, when a customer got in contact with the supplier, an affordable repayment rate was agreed. However, the default rate remained high meaning that financially vulnerable consumers or those who could not get in touch with their supplier could potentially be unable to afford to top-up their PPM, leading to self-disconnection.
- In addition, we found that in some cases suppliers did not accept customer offers to set up a payment plan via direct debit as an alternative to a pre-payment warrant installation, therefore not exploring all appropriate payment methods. These suppliers would not allow customers to make part-payment or to set up payment arrangements on the day of a warrant, instead only allowing payment in full or the installation of a PPM.

Process misalignment

- We also found examples where suppliers' processes did not follow the requirements set out in the rules, but where this was unlikely to have caused consumer harm, or where suppliers had the necessary policies and procedures in place, but these were not always followed.
- An example of this is where a supplier did not have sufficient quality assurance (QA) processes in place to ensure involuntary PPM was conducted consistently in all circumstances, or where communication of a customer's debt repayment rate was sent out after the PPM was installed.

Supplier compensation by category

The table below sets out the total number of customers and the value of compensation paid broken down by the categories set out in this report:

	Total number of customers identified	Total compensation paid⁶
Inappropriate installation/switch or unsafe use of PPM	1925	£1,629,865
Vulnerability not considered	805	£295,276
Unfair customer treatment	9933	£2,680,332
Insufficient debt support	2382	£556,834
Process misalignment	30982	£1,874,695
Total	46,027	£7,037,003

In our update on the PPM MCR published in May 2025, we confirmed that suppliers would pay £5.6 million in compensation, however, since carrying out this exercise, suppliers have identified some more customers due compensation, which has now been finalised. This table shows the confirmed monies paid.

⁶ The differences between compensation owed under the Compensation Framework and compensation paid are due to occasional payments above the Framework, as well as payments due for untraced customers. Unpaid amounts will be reconciled and paid to the [Energy Industry Voluntary Redress Scheme](#) (EIVRS)).

EIVRS is Ofgem's voluntary redress fund, which is used when customers cannot be traced or individual payments are not feasible. The fund is managed by the Energy Saving Trust on behalf of Ofgem to support eligible energy-related projects.

Market compliance review: prepayment meter installations

In addition to paying compensation, suppliers have also written off **£13 million** worth of debt from customers' accounts where standards were not met. This is on top of **£55 million** of financial support provided directly to affected customers before completing this review, in the form of hardship payments and debt write-off.

Ofgem remains firmly committed to ensuring that prepayment meters are only used where appropriate and in a way that safeguards consumers, particularly those in vulnerable circumstances. We have strengthened the rules, monitored involuntary PPM activity and used mandatory audits to address the concerns identified. Looking ahead, we will continue to develop the regulatory framework in partnership with stakeholders, while maintaining high standards and requiring clear evidence that customers are contacted, supported and treated fairly throughout the process. This supports the responsible deployment of both traditional and smart PPMs, with suppliers expected to take swift corrective action where issues arise, and ensures that consumer protection, especially for those most at risk, remains central to our regulatory oversight.