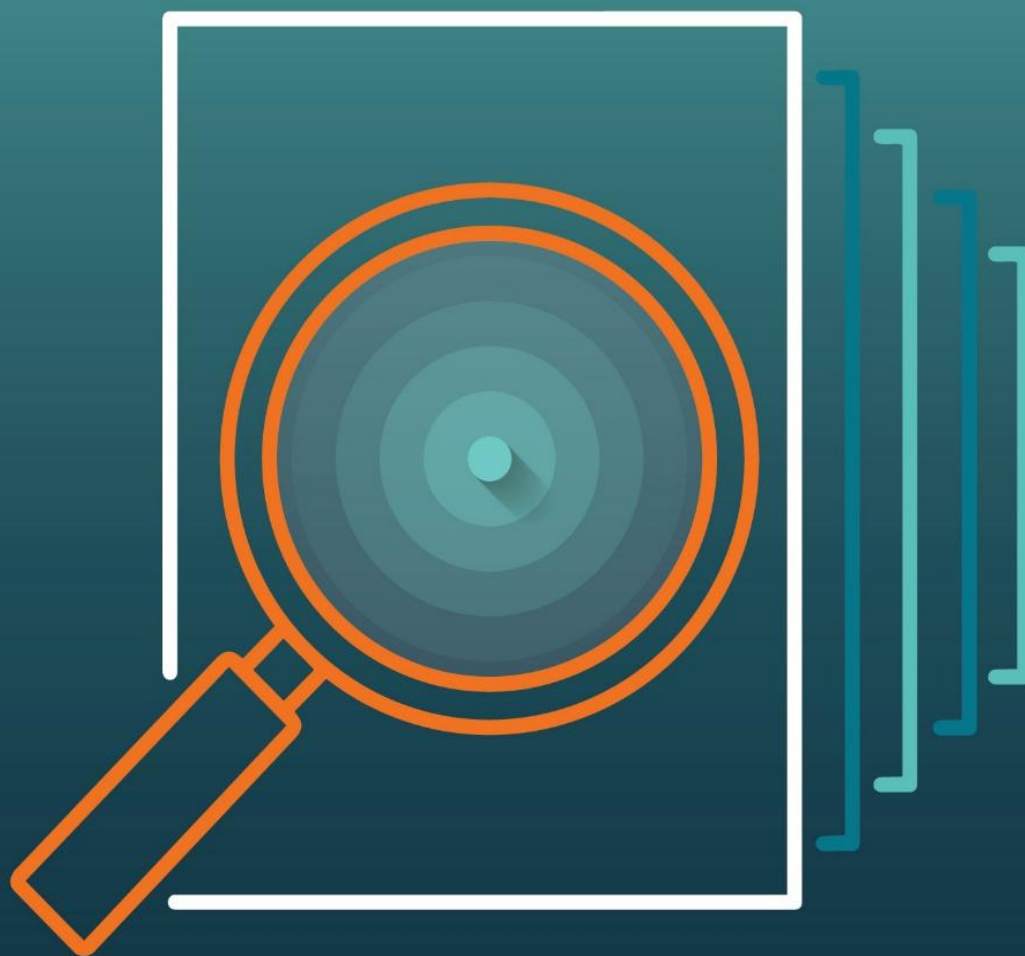




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Discussion paper

# Prepayment Meter Protections

2026

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**ofgem**

Making a positive difference  
for energy consumers

# PPM Protections: discussion paper

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Publication date: 28 October 2026

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Evidence from compliance activity, evaluation and stakeholder feedback suggests that parts of the Prepayment meter (PPM) framework create uncertainty, inconsistent practice, operational burden and risk-aversion, limiting suppliers' ability to manage and prevent rising energy debt. This discussion paper begins a conversation on whether Ofgem's rules for involuntary PPM installations remain clear, proportionate and effective.

The protections introduced in 2023 appear to have reduced serious harm and strengthened safeguards for consumers in vulnerable situations. This paper seeks evidence on which consumers should receive the strongest protection; how suppliers should consider consumer choice when vulnerable situations are present; how affordability and ability to pay should be assessed; which process requirements should be retained or changed; how suppliers can verify customer circumstances proportionately; and whether involuntary PPM protections should align more closely with voluntary PPM and Additional Support Credit (ASC) rules. It does not set final policy.

Its purpose is to support stakeholder engagement ahead of more detailed proposals and consultation, while balancing protection from self-disconnection with fair, proportionate debt prevention, support and recovery, and supporting the future role of smart meters in PPM mode, also known as Smart Pay as You Go (SPAYG).

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## PPM Protections: discussion paper

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## PPM Protections: discussion paper

## 1. Overview

This chapter sets out the background to the involuntary PPM rules, why Ofgem is reviewing them now and the role of PPM and Smart PAYG in the energy market. It outlines the case for change and the background to the review.

- 1.1 In 2023 we strengthened the rules suppliers need to follow when installing a prepayment meter for the recovery of debt without customer consent (Involuntary PPM). **We now want to start a conversation with stakeholders about the balance the rules strike between protecting the most vulnerable and allowing suppliers to exercise their legal right to recover debt in a proportionate way, ahead of developing more detailed policy proposals.**
- 1.2 We want to work with suppliers and consumer groups over the coming months to determine what changes may be necessary to ensure those most in need remain protected, whilst balancing debt prevention, support and recovery.
- 1.3 This work is one strand of the DESNZ/Ofgem Energy Debt Circuit Breaker, published today, that sets out how government and Ofgem are tackling domestic energy debt.
- 1.4 The Energy Debt Circuit Breaker sets out a vision for the future of Smart PAYG – one that emphasises the benefits it can have for consumers and the energy system, through innovation aimed at widening the range of modes of operation, consumer propositions/ tariffs and types of consumer protection. There is a strong foundation to build on - most PPM installations are smart meters already, and consumers report high levels of satisfaction with them.
- 1.5 As we take the review of the involuntary PPM rules forward, we want to help destigmatise PPM, demonstrate the value of Smart PAYG to consumers, suppliers and the system and expand the role it can play. **Further, we want to ensure any changes to the rules support the effective use of Smart PAYG features and innovations that can benefit consumers, while avoiding unnecessary constraints on their development or use.**

### How you can respond

- 1.6 Given the significant impact these rules have on consumers, we want to ensure all stakeholders can input meaningfully to the policy development process.
- 1.7 Please answer any questions that are relevant to you and include evidence or examples where possible.
- 1.8 Written responses can be sent to [ConsumerVulnerability@ofgem.gov.uk](mailto:ConsumerVulnerability@ofgem.gov.uk) by the submission date of 23 December 2026. We plan to hold meetings and workshops

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in the next few weeks ahead of developing more detailed policy proposals for consultation in early 2027.

## Your response, data, and confidentiality

- 1.9 You can ask us to keep your response, or parts of your response, confidential. We will respect this, subject to obligations to disclose information. For example, under the Freedom of Information Act 2000, the Environmental Information Regulations 2004, statutory directions, court orders, government regulations, or where you give us explicit permission to disclose. If you do want us to keep your response confidential, please clearly mark this on your response and explain why.
- 1.10 If you wish us to keep part of your response confidential, please clearly mark those parts of your response that you do wish to be kept confidential and those that you do not wish to be kept confidential. Please put the confidential material in a separate appendix to your response. If necessary, we will contact you to discuss which parts of the information in your response should be kept confidential and which can be published. We might ask for reasons why.
- 1.11 If the information you give in your response contains personal data under the General Data Protection Regulation (Regulation (EU) 2016/679) as retained in domestic law following the United Kingdom's withdrawal from the European Union ("UK GDPR"), the Gas and Electricity Markets Authority will be the data controller for the purposes of GDPR. Ofgem uses the information in responses in performing its statutory functions and in accordance with section 105 of the Utilities Act 2000. Please refer to our Privacy Notice on consultations, see Appendix 4.
- 1.12 If you wish to respond confidentially, we will keep your response confidential, but we will publish the number, but not the names, of confidential responses we receive. We will not link responses to respondents if we publish a summary of responses, and we will evaluate each response on its own merits without undermining your right to confidentiality.

## Background to PPM rules

- 1.13 In response to concerns about supplier debt management practices leading to significant consumer harm, we introduced strengthened rules for the Involuntary PPM process. The rules introduced prescriptive processes that suppliers have to follow (such as making 10 contact attempts before installing a PPM and carrying out a customer welfare visit). Most significantly they also introduced two categories of consumers:
  - the Do Not Install (DNI) category, including, for example, households dependent on supply for health reasons and households with children under two.

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- the Further Assessment Needed (FAN) category, where suppliers could install a PPM only if they were satisfied the customer could afford to top-up and no harm would be caused because the consumer would be less likely to self-disconnect. More detail can be found in Annex 2.

1.14 We also conducted a Market Compliance Review and took enforcement action for breaches of the pre-2023 rules. Eight suppliers agreed to pay a combined £73.6 million in compensation, debt write-off and hardship payments following compliance action. Another supplier agreed to pay more than £100m in redress and compensation to settle its enforcement case.

## Background to this review

1.15 We committed to keeping the rules under review not only as part of regulatory good practice, but also to ensure they were achieving the intended outcomes. We were clear at the time that we would monitor outcomes and debt levels, and if necessary, adjust the rules.

1.16 Since 2023, we have learned a huge amount about how the rules work in practice. Our Compliance team has worked extensively with suppliers as they restarted involuntary PPM installations following the 2023 moratorium, testing and learning as installations and remote switches increased.

1.17 Our Office for Research and Economics (ORE) has carried out a process evaluation, gathering views from stakeholders including suppliers and consumer groups on what the rules do well and what they do less well (published alongside this paper), and is also undertaking an impact evaluation of the rules.

1.18 Stakeholders have also told us how some consumers have responded to the rules. Consumer groups and charities report that for struggling households, many are in debt to multiple creditors meaning they need to make hard decisions on which essential bills to pay. This may contribute to some households prioritising other commitments over energy, although the scale and causes are difficult to quantify, and may be influenced by the support and incentives available in different sectors. Separately, independent data suggests that some households, with energy debt, may, with the appropriate advice and support, have the capacity to meet their ongoing energy costs and make affordable repayments. This reinforces the importance of distinguishing between an inability to pay and circumstances where earlier engagement and a suitable repayment arrangement could help prevent debt from increasing.

1.19 We now want to assess what that foundation of evidence tells us about the consumer, supplier and market outcomes the rules have driven and whether they need to change. This includes considering which groups of consumers should never have PPM involuntarily installed; how suppliers should consider consumer

## PPM Protections: discussion paper

choice when vulnerable situations are present; how affordability should be considered; whether the PPM process suppliers follow needs to evolve; and how to ensure suppliers have accurate information about customer vulnerabilities and ability to pay. We will also explore whether there should be closer alignment between the requirements on involuntary PPM with those for voluntary installations, as well as on Additional Support Credit.

## 2. Why now?

This chapter explains why the involuntary PPM rules are being reviewed now. It covers the scale and wider impacts of energy debt, evidence on how the current protections operate, links to the joint DESNZ/Ofgem Energy Debt Circuit Breaker and how the review supports Ofgem's wider regulatory priorities.

2.1 DESNZ/Ofgem published the Energy Debt Circuit Breaker alongside this paper, which sets out why we need to act collectively to address debt and arrears in the domestic energy market:

- **Debt and arrears in the domestic energy market have risen significantly and is one of the biggest risks in the energy sector.** It is now over £5bn with three quarters of those in arrears not on a repayment plan. Although the majority of growth in energy debt has been from indebted customers getting deeper into debt, there has also been a recent increase in the number of households in energy debt.
- **Debt affects all consumers:** Being in energy debt is harmful for households and can lead to additional stress and worry, particularly if they also owe to other creditors. However, it affects all consumers too. Households pay on average more than £60 per year towards managing and writing off energy debt. This is likely to rise even further without intervention. This means that people who are just managing to pay their energy bills are under additional pressure due to debts built up elsewhere.

2.2 It is right that we examine the role of prepayment meters in this context:

- **The rules have protected the most vulnerable but have also led to supplier risk-aversion:** The ORE evaluation has found a 36% decline in 'severe' (over 3 hours) smart PPM self-disconnection since 2023, and consumer groups and charities have reported fewer cases of serious harm when suppliers install them. The rules appear to have protected the intended groups of consumers in vulnerable situations, and the evaluation has recommended we ensure effective protections are in place for those most in need. However, suppliers have found it challenging to distinguish between DNI and FAN. We have heard that some suppliers equate being on the Priority Services Register with DNI, causing risk-

## PPM Protections: discussion paper

averse decision making, and we have identified concerns with compliance to the rules.

- **For consumers in the DNI category, the rules operate as a prohibition regardless of their financial circumstances:** this means there may be consumers protected from involuntary PPM because of a vulnerability characteristic even where they may have the ability to pay, where a PPM could help prevent further arrears from building, or where they choose to have a PPM.
- **Some of the prescriptive steps in the Involuntary PPM rules are not working as well as they could.** The evaluation and compliance work has found that process requirements such as the requirement to make at least 10 contact attempts and the rule that a supplier cannot install an involuntary PPM unless the three month/£200 debt trigger has been met is adding burden to the suppliers' debt pathways and slowing the process, which can allow additional debt to accumulate before consequential action can be taken.
- **Suppliers have reported that they are limited in confidently verifying customers' vulnerabilities:** when a customer says they have a vulnerability that places them in a DNI category, suppliers do not feel able to ask the customer for relevant evidence and have no way of verifying their DNI status if a customer does not engage further with them. Further, investigations have demonstrated suppliers can improve their use of available information. This links to supplier risk-aversion and over-classifying into DNI. We consider that this could be contributing to rising debt in the domestic energy sector.
- **Rules on PPM and Additional Support Credit (ASC) are not as well-aligned as they could be.** When a customer asks their supplier for ASC there is no specific guidance on what is in that customer's 'best interests' and how that relates to a customer's vulnerable situation. There are prescriptive DNI and FAN categories for involuntary PPM but not for Safe and Reasonably Practicable assessments or ASC. We will explore if these need to align to make it clearer for suppliers and consumers who may be eligible for ASC.

## Our work with government to tackle rising energy debt

- 2.3 The joint DESNZ/Ofgem Energy Debt Circuit Breaker recognises the challenge that rising debt and arrears poses for consumers and suppliers, and sets out the work we will do with stakeholders to tackle it. The Circuit Breaker is built on the principles of relief, repayment and reform - providing targeted, one-off debt relief for vulnerable households to give them breathing space, helping households repay their debt and take practical steps to stop it accumulating again and tackling the root causes of energy debt through reforms. The key components of the Circuit Breaker include:

## PPM Protections: discussion paper

- This review of involuntary PPM rules to explore whether the rules remain appropriate;
- A review of the role of Standard Credit in the energy market, with a view to developing alternative arrangements;
- A review of the wider PPM landscape, including Smart PAYG innovation to maximise the benefits available to consumers;
- Deliver a Debt Relief Scheme (DRS) in spring 2027, to provide targeted support to customers in genuine financial need;
- A consultation on the home moves process to standardise the process and protections; and
- Improving access to data, and greater use of Variable Recurring Payments.

## How this review fits with Ofgem's priorities

- 2.4 This work is also critical to our Markets Regulatory Strategy and Vision to 2030. Our aim is an energy market that works for all consumers, with regulation that provides confidence and protections while enabling innovation, investment and long-term system resilience.
- 2.5 It also aligns with the direction set out by government in its April 2026 [Ofgem Review](#), which signals a more strategic, outcomes-focused and accountable regulatory model. Through this policy work we want to focus on how we deliver the best outcomes for all consumers. This includes strong consumer protection where needed, clearer regulatory boundaries and greater emphasis on enabling innovation, investment and the clean energy transition.
- 2.6 Finally, the Involuntary PPM rules are relatively prescriptive. Given our move towards outcomes-based regulation, it is important to explore the compatibility of a prescriptive process with an outcomes-based approach across the retail market. We have consulted on a more outcomes-based framework, with a stronger focus on delivering the right outcomes for consumers rather than relying solely on principles or prescriptive rules. While we recognise some degree of prescription may well be necessary to protect consumers in vulnerable situations, we intend to consider whether elements of the current prescriptive framework could be improved by shifting towards a more outcomes-focused approach.

## 3. The role of prepayment meters in the market

This chapter explains the role of prepayment meters and Smart PAYG in the energy market. It covers their benefits for consumers, the risks associated with self-disconnection, the protections in place, their role in debt prevention and recovery, and comparisons with approaches in other countries.

## PPM Protections: discussion paper

- 3.1 Historically, in GB suppliers primarily used disconnection to prevent and recover unpaid energy debt. Disconnection for non-payment was very substantial in GB around the turn of the 1980s, running into well over 100,000 domestic disconnections a year.<sup>1</sup> Since then, as PPMs have become a more common tool to manage debt, given the harm suffered by disconnected households, and we have observed significant decreases in debt-related disconnections, falling to a few thousand a year in the 2000s, and are now rightly, very rare. This is a welcome development which has resulted in, PPM playing a more vital role in GB's debt recovery framework.

## The benefits of prepayment and Smart PAYG for consumers

- 3.2 PPM, when used appropriately and supported by clear consumer safeguards, can deliver real benefits for households - in particular greater control over their energy use and budgeting. Under the price cap, PPM tariffs are the cheapest method of payment, around £45 cheaper than Direct Debit (DD) and £183 cheaper than Standard Credit (SC) [Energy price cap | Ofgem](#)<sup>2</sup>
- 3.3 The benefits are particularly true for Smart PAYG which makes up the vast majority of PPM installations (81% during the restart monitoring period between January 2024 and August 2026) and offers additional benefits. These meters automate readings, help remove the need for manual top ups, offer greater ease of access through the use of In-Home Displays (IHD), Prepayment Meter Interface Devices (PPMIDs), apps, real time alerts and warnings, and provide accurate, real-time consumption data. This helps households make informed decisions about how and when they use their energy. For some consumers in vulnerable situations, this can reduce the cognitive load of managing energy day-to-day.
- 3.4 Smart PAYG also enables suppliers to tailor support more effectively. This can include proactive outreach based on consumption patterns and more tailored, timely support in times of crisis. As such, we are interested in stakeholder views on how we can better promote and incentivise consumers to utilise the benefits of smart PAYG.
- 3.5 Consumer satisfaction amongst those on PPM has increased significantly in recent years and has consistently remained higher than those on standard credit (figure 1). Additionally, we know that consumers on PPM and Standard Credit (SC) are disproportionately financially vulnerable compared to those on Direct Debit (DD). Research from our latest [Key Drivers Analysis](#) shows that, if demographic factors including financial vulnerability were equal across payment types, PPM

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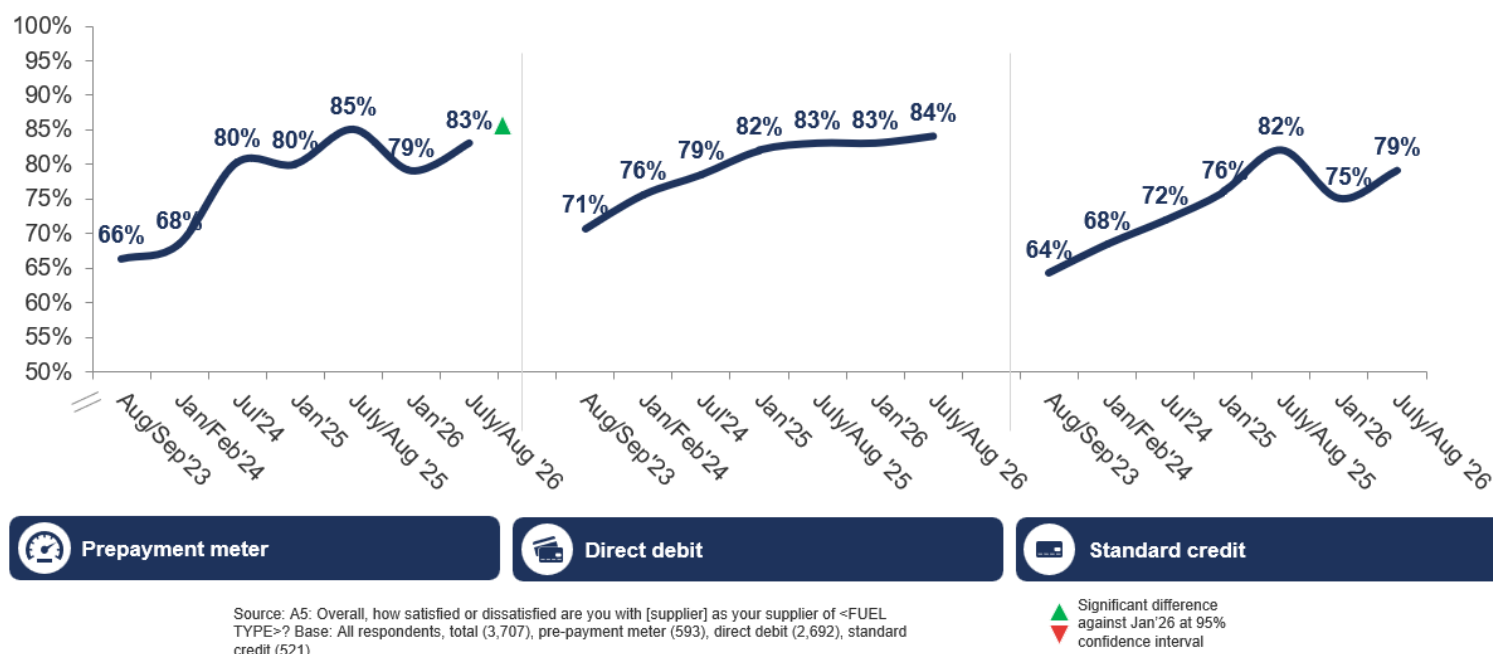
<sup>1</sup> 31 March 1980: electricity boards recorded 98,894 domestic disconnections for debt, while gas boards recorded 38,235, totalling 137,129 [Disconnections \(Statistics\) \(Hansard, 19 January 1981\)](#)

<sup>2</sup> Oct -31 Dec 2026: DD £1,723; PPM £1,678; SC £1,861

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customers would be the most satisfied with their supplier, whilst SC consumers would remain the least satisfied.<sup>3</sup>

Figure 1: overall satisfaction by payment type, Aug/Sep 23 – July/Aug 26 (% satisfied), using data from [Energy Consumer Satisfaction Survey: July to August 2026 summary | Ofgem](#)



## The increased risk of harm from self-disconnection when using PPM

- 3.6 Under standard credit and to a lesser extent, direct debit, consumers may accrue energy debt that grows to unsustainable levels, creating financial stress, delayed engagement and the risk of debt enforcement at some point in the future. In the past, households who did not or could not pay for their energy faced a real risk of disconnection. In GB, that is now extremely rare for these payment methods.
- 3.7 PPM, by contrast, brings payment and consumption closer together in time. [Ofgem consumer survey data](#) shows that some consumers value PPM because it can help manage spending; 34% of PPM consumers say it is easier to budget using this payment method. Consumers also cite greater control over their energy use (32%) and a better understanding of their energy consumption (21%). However, one way they may do this is through self-disconnection which carries

<sup>3</sup> To account for the difference in demographics, KDA used regression modelling to control for a range of demographic and energy-related characteristics, including financial vulnerability, to estimate the relationship between payment type and satisfaction while accounting for these factors. The analysis shows, after controlling for these factors, PPM customers are the most satisfied payment group.

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the risk of harm that can come from being off supply, particularly for extended periods of time. If more consumers are moved onto PPMs for debt reasons, it will be important to understand whether this changes the prevalence or nature of self-rationing, and the extent to which consumers are being required to trade off adequate energy consumption against debt repayment and other essential household costs.

## Ofgem's rules aim to protect consumers in vulnerable situations from this harm

- 3.8 Ofgem's priority is to protect consumers. This includes those in vulnerable situations and those who find themselves in payment difficulty.
- 3.9 The intent of the current rules is to protect groups of consumers who we considered required absolute protections from involuntary PPM due to the heightened risk of significant harm associated with self-disconnection. There is a clear requirement on suppliers to identify whether a consumer is in a vulnerable situation and conduct robust assessments (including an affordability assessment under FAN) before taking action.
- 3.10 ASC, which is repayable, forms another core component of the PPM protections framework, providing short-term, targeted support to consumers in vulnerable situations who have self-disconnected or are at risk of doing so. Its primary purpose is to mitigate the immediate harm associated with loss of supply, ensuring households can remain connected while longer-term solutions, such as repayment plans or wider affordability support, are put in place.

## PPM for debt prevention, support and recovery

- 3.11 Prepayment meters are an important tool for suppliers in recovering debt. In a system where customers rarely have their supply cut off for non-payment, it is important to have an alternative where people can pay for energy as they go and pay off debt at the same time.
- 3.12 Persistent lack of engagement or repayment by those who can afford to do so is unfair on customers who try to do the right thing. Consumers remain responsible for paying their energy bills and making repayments when they fall into debt, and only through them acting can energy debt be properly tackled.
- 3.13 Where a consumer is in arrears and not engaging with supplier communications or attempts to establish ability to pay and repayment, suppliers have a legal right to install a PPM to manage ongoing consumption, recover debt and help prevent the build-up of future debt. Suppliers have a statutory right to install PPMs to recover debt under the [Gas Act 1986](#) (Schedule 2B) and the [Electricity Act 1989](#) (Schedule 6). Suppliers can secure rights of entry under warrant granted by the [Rights of Entry](#) (Gas and Electricity Boards) Act 1954.

## International comparisons

- 3.14 Data on different international approaches to energy debt is limited, but it is clear that approaches to limit and recover energy debt vary considerably. While Ireland, Belgium and parts of Australia place greater emphasis on PPM as a debt management tool, many other countries rely more heavily on disconnection, usually accompanied by safeguards such as minimum debt thresholds, seasonal moratoria, financial assistance and protections for vulnerable consumers. These comparisons suggest that GB's approach is more protective of indebted households than most other comparable countries. More detail on international comparators can be seen in Annex 1.
- 3.15 It is important to note differences in debt related social and economic policies can vary significantly. In some countries, affordability is less of a challenge due to a combination of lower energy bills and targeted affordability support for some groups, and this helps contain energy debt, reducing the need for more robust interventions such as Involuntary PPM and disconnections.
- 3.16 Further, in EU member states, EU directives set out provisions for legislative and regulatory protection requirements across a wide range of areas, including vulnerability. For instance, that PPM customers must not be disadvantaged because they use a PPM and requirements to pursue preventative debt-support measures before disconnection.

## 4. Is there a case for change on Involuntary PPM?

This chapter examines whether there is a case for changing the involuntary PPM rules. It sets out evidence from compliance work and evaluation, explores five themes covering eligibility for protection, affordability, supplier processes, verification and alignment across the PPM framework, and outlines the proposed next steps.

### Evidence from compliance and enforcement work and the ORE evaluation

- 4.1 Our compliance and enforcement work, ORE evaluation and feedback from stakeholders suggest the involuntary PPM rules have improved safeguards for consumers in vulnerable situations. Evidence shows the rules have contributed to fewer involuntary PPM installations for consumers in vulnerable situations. Consumer groups report fewer serious cases of installations where vulnerabilities are present, and our monitoring data indicates a reduction in prolonged self-disconnection among consumers in vulnerable situations. This supports the case for maintaining protections for those most at risk.

## PPM Protections: discussion paper

- 4.2 However, the rules have also introduced operational and cost pressures for suppliers, which feed through to wider system costs and consumer bills. And some parts of the involuntary PPM process may not be resulting in additional consumer benefit or protection. Examples of this include the requirement for suppliers to make 10 contact attempts and the ‘debt trigger’, where arrears have to reach three months/£200 per fuel before a supplier can install an involuntary PPM.
- 4.3 Taken together, the evidence suggests there is a case for reviewing how the involuntary PPM rules are operating in practice. The rules have strengthened protections for consumers in vulnerable situations, but they also have created areas of uncertainty, inconsistency and risk-aversion that affect how suppliers manage debt and identify when PPM may be appropriate.
- 4.4 We want to explore these issues through five connected themes, each focused on whether the current framework remains clear, proportionate and targeted towards the consumers most at risk of harm.
- Theme 1: Which consumers should be protected from involuntary PPM.
  - Theme 2: Assessing affordability by consistently assessing ability to pay.
  - Theme 3: What processes should suppliers follow when installing involuntary PPM.
  - Theme 4: Verification of customer circumstances.
  - Theme 5: Aligning the PPM framework – Additional Support Credit and PPM.

## **Theme 1: Which consumers should be protected from involuntary PPM?**

- 4.5 Defining ‘those most in need’ was, and remains, the most contentious and polarising part of the current rules. In 2023, some stakeholders thought we had gone too far, and others thought we had not gone far enough. The judgement was therefore nuanced, complicated and meant that we had to balance competing views, taking the best available evidence into account. We recognise that this continues to be the most sensitive part of the PPM policy and that any decision on this will have a resulting impact for consumers.
- 4.6 In developing the updated rules and guidance for Involuntary PPM we identified vulnerable situations that we considered needed prescriptive protections to be put in place. These were categorised into the two DNI/FAN groups.
- 4.7 The DNI medical category examples, for the most part, link to Priority Service Register (PSR) needs codes, and form the core group we considered to be dependent on supply for health reasons. The exception in this group relates to the age-based categories (households with children under the age of 2 and those aged over 75 with no other support in the household).

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- 4.8 The FAN category examples have slightly more cross-over to PSR needs codes. PSR needs codes such as those relating to chronic/serious illness cover a wide range of situations that can be challenging to separate into one category or another. See Annex 2 for full descriptions and associated PSR needs codes.
- 4.9 The ORE evaluation (p15-16) has found a decline in smart PPM self-disconnection since 2023, and consumer groups and charities have reported fewer cases of serious harm when suppliers involuntarily install them. The rules appear to have protected the intended groups of consumers in vulnerable situations, and the evaluation has recommended we ensure effective protections are in place for those most in need.

## How could these protections evolve?

- 4.10 Current protections focus heavily on non-financial individual characteristics and household circumstances. We want to examine which consumers should never have an involuntary PPM installed and whether affordability should play a more explicit role in determining who requires protection, and if so, how we take that into consideration.
- 4.11 For example, how should age-related groups be categorised and is it proportionate to retain the broad groups in the DNI category without an accompanying assessment of financial circumstances?
- 4.12 We could also explore whether protections should be restricted to those medically dependent on an energy supply. This would ensure that the highest level of protection is provided to those who need energy for a medical reason (for example to power medical equipment). More consumers could therefore theoretically have a PPM installed if they are not medically dependent.
- 4.13 However, it does raise the question of what we mean by ‘medically dependent’ and which groups are most impacted by being off supply or rationing their energy. We may also need to consider whether being medically dependent on electricity should not prevent a PPM being installed for gas and vice versa.
- 4.14 One of the key challenges in developing the 2023 rules was determining which health conditions should be included within the protections and which should not. We expect this to remain an area of debate, with stakeholders holding differing views on where the boundaries should be drawn. However, it is an important conversation to have.

### Question 1

Which groups of consumers should be protected from involuntary PPM? Please set out your reasons why and whether you consider any circumstances in which a PPM might be appropriate for these customers.

## **Theme 2: Assessing affordability by consistently assessing ability to pay**

- 4.15 Our current DNI rules only restrict when an involuntary PPM can be installed if there are certain vulnerable characteristics or situations present. A PPM cannot be installed in these households even if there is evidence the customer can pay for their energy. This raises the question of whether we need guidance and/or consistent processes to establish ability to pay alongside any assessment of vulnerable circumstances.
- 4.16 At present, affordability is expressly considered only for consumers in the FAN category, where suppliers must assess whether a customer can afford to top up before installing involuntary PPM. We want to explore whether this distinction remains appropriate, or whether a more consistent approach to assessing ability to pay could help avoid unnecessary debt accumulation while maintaining strong safeguards for those at greatest risk of harm.
- 4.17 Suppliers often determine a customer's ability to pay their debt using a form of income and expenditure assessment. This supports the process of setting up a repayment plan and in some cases referrals for income maximisation support.
- 4.18 However, income and expenditure assessments can vary in scope and breadth. More comprehensive assessments can be cognitively burdensome on consumers, with many misestimating their spending. We are also aware of inconsistencies across the market when determining ability to pay, for example the timing, use and acceptance of third-party financial assessments.
- 4.19 To improve consistency, suppliers could make greater use of Standard Financial Statement-compliant processes or making full effective use of those provided by partners to take out ambiguity and better support the customer journey.
- 4.20 More generally, we recognise the vital role that debt advice organisations and consumer groups and charities can play in helping consumers get onto an affordable debt repayment plan. There are examples of partnerships between these organisations and suppliers leading to positive outcomes and helping consumers to repay debt where they may have complex financial situations, deficit budgets or multiple debts alongside energy. We have previously highlighted our views in our [Debt Standards](#) policy consultation (December 2024) and in a [letter](#) and [good practice guide](#) on effective partnership working with debt advice providers (including the use of income and expenditure assessments) in January 2026.
- 4.21 We welcome views on what balanced good practice can deliver for consumers in different circumstances, and whether there is scope for greater consistency in how income and expenditure assessments are conducted across the sector.

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## Credit reference data and open banking

- 4.22 Suppliers can and do access financial information on a customer from credit reference agencies or, with the customer's consent, through open banking. While useful, both of these mechanisms have the potential to provide an incomplete picture for some consumers if no additional context is considered, assumptions are made or errors influence credit scores. For example, expenditure can mask addictions such as gambling, economic abuse, or informal loan repayments to friends and family. Access to bank account information through open banking shows what a customer is paying, not what they should be paying to creditors.
- 4.23 We consider that responsible use of credit reference agency data can be a useful tool to support verification of financial situations. Credit reference agencies in particular produce a score based on a customer's ability to repay that credit which is an effective debt prevention tool. However, while credit scores may indicate high affordability, that could be because they are managing their credit well, not necessarily that they can afford it.
- 4.24 We are engaging with relevant organisations to support improved use of credit reference data.

**Question 2**

How should ability to pay be considered when thinking about the groups that should be protected?

**Question 3**

Should we introduce guidance on assessments for ability to pay before installing involuntary PPM? If so, what aspects of the assessment should we focus on, including the approach, process or evidence suppliers use?

### **Theme 3: What processes should suppliers follow when installing PPM?**

- 4.25 In 2023, alongside the DNI/FAN categorisations, we also introduced extensive prescriptive rules on the process suppliers must follow before an involuntary PPM installation. These can be seen in full in Annex 3.
- 4.26 The ORE evaluation found that the prescription in the DNI category has made it easier to operationalise. However, it found that the FAN category was harder to work with and more subjective, particularly regarding mental health and chronic illnesses (ORE Process Evaluation Report p12). Compliance work on restart has found similar - suppliers have taken a risk-averse approach because of the uncertainty with FAN. Suppliers have tended to classify consumers in the DNI category, effectively removing them from the debt recovery process, which allows debt to build.

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- 4.27 Other prescriptive protections introduced as part of the Involuntary PPM process are seen as burdensome and not adding particular welfare benefits. This includes the requirement to make 10 contact attempts, the three month/£200 debt trigger and the site welfare visit (ORE Process Evaluation Report p.12).
- 4.28 Given the evidence we think there is a case for changing some of the process steps in the PPM rules. For example, we could remove the 10 contact attempts and the three month/£200 debt trigger, which would allow suppliers to develop their own processes to suit their own operations and customer bases. We could retain the site welfare visit, which is an important step to ascertain greater understanding of a consumer's situation for the supplier's representative, and gives the supplier the best opportunity to see for themselves if it is appropriate to install a PPM. We could also explore greater use of Smart PAYG in 'do not disconnect' mode as a way of keeping the most vulnerable on supply but still providing the benefits of Smart PAYG compared to standard credit.

### Question 4

Which parts of the Involuntary PPM process do you think should be retained and which should be prioritised for change? Please provide views on which processes provide clear and specific protection from harm.

## Theme 4: Verification of customer circumstances

### Our rules on identifying vulnerability

- 4.29 While suppliers may be able to make greater use of the information and data already available to them, we recognise that the energy sector differs from many other sectors in its limited use of evidential requirements. By comparison, government bodies and other service providers commonly ask consumers to provide evidence, such as proof of age, receipt of benefits or medical certification, in order to access particular forms of support or protection. This raises the question of whether there may be circumstances where proportional evidence requirements could support more targeted and effective consumer protections.
- 4.30 Our current rules require suppliers to:
- Identify customers in vulnerable situations;
  - Efficiently and effectively identify risks of consumer harm and mitigate for them;
  - Take account of information from third parties (e.g. charities) when ascertaining a customer's ability to pay; and
  - Ensure treatment is fair, proportionate and timely.

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- 4.31 Overall, the outcome we want to see suppliers achieving, as set out under outcome 1 in our Consumer Vulnerability Strategy, is that “consumers in vulnerable situations should have their needs identified, be able to easily notify and update their circumstances, and have good understanding of and access to support services designed to suit their circumstances and meet their needs.”

## How suppliers currently approach verification

- 4.32 We do not consider that our rules prevent suppliers from seeking verification of customers’ circumstances. However, our compliance and evaluation work suggests suppliers have been risk-averse about doing so, contributing in some cases to consumers being classified into DNI categories where their circumstances may not have been fully understood. Suppliers are now increasingly interested in whether proportionate verification could form part of the involuntary PPM process. This raises an important question about how suppliers should make decisions where a customer’s circumstances cannot be verified, or where the customer does not engage with attempts to understand their situation.
- 4.33 We have engaged with some suppliers that are beginning to trial approaches to understand what verification evidence customers may be able to provide if asked. Some suppliers are also interested in testing whether receiving this evidence could support more robust and consistent decision-making on whether an involuntary PPM installation is appropriate.

## The benefits of verification for consumers and suppliers

- 4.34 We know that verification could therefore enable better targeting of support to those who need it most, giving greater confidence that those most at risk benefit from the strongest safeguards and support proportionate debt recovery. But there are challenges too. Consumers may not have control over the evidence (for example if someone is a victim-survivor of economic abuse) or they may not have documentation that the supplier is looking for. The supplier may find it helpful to verify circumstances, but how does it store that sensitive information and how long for? And how does this interact with the Priority Services Register? It would bring complexity to operational processes that each supplier would need to work through.
- 4.35 Our starting point is that suppliers should be able to ask consumers for evidence, but they need to do so sensitively, and at the right time in the customer journey. Consumers would need to be given sufficient time to source and submit any evidence requested. There must also be considerations for the most appropriate approach when consumers are simply not engaging with their supplier. These are complex questions, but we do think there is merit in working this through with stakeholders.

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- 4.36 We will also explore the potential for improved data sharing (for example access to government-held data) to help suppliers access reliable evidence and reduce the burden on consumers.
- 4.37 Ultimately, we think the sector could benefit from guidance or good practice examples to help them make the right assessments at the right time. We want to build on the collaborative work that suppliers, consumer groups and Ofgem have done together on PPM to get this right for consumers and the sector.

### Question 5

How can suppliers best gather accurate information on the vulnerabilities and ability to pay of a household? Please consider evidence on how verification works in other sectors and any other factors we should consider.

### Question 6

To what extent should we develop additional guidance on verification to help suppliers ensure evidence is proportionate and at the right time in the customer journey? Are there particular issues, or regulatory barriers to overcome, that guidance could help with?

## Theme 5: Aligning the PPM framework – Additional Support Credit (ASC) and voluntary PPM

- 4.38 Due to the potential harm associated with involuntary PPM installations, and the rapid development of strengthened protections in response, a disconnect has emerged between how suppliers are expected to assess voluntary and involuntary cases. The enhanced safeguards for involuntary installations may have created a precedent and expectation among consumers and their advocates as to how S&RP assessments should be conducted for voluntary installations and provision of ASC as well.
- 4.39 We also need to consider fully informed consumer choice and the extent to which this results in a good consumer outcome. For example, we have heard of cases consumers requesting a PPM but suppliers feeling unable to grant that request as the consumer has a DNI vulnerability. Further, we also want to ensure that the framework enables suppliers and consumers to fully utilise the benefits of SPAYG solutions.
- 4.40 For Additional Support Credit, when a customer asks their supplier for ASC there is no detailed guidance on what is in a customer's 'best interests' and how that relates to a customer's vulnerabilities. That has meant suppliers have developed inconsistent practices, leading to some poor outcomes for consumers on the provision of ASC, partly because the rules on PPM set out prescriptive categories of vulnerability that do not currently align with ASC requirements.

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- 4.41 If we make changes to the PPM rules on DNI and FAN, we propose aligning these more broadly to wider PPM safe and reasonably practicable assessments and to ASC, to ensure consistent classification of vulnerabilities that require the strongest protections. We also expect this would reduce administrative burden and cost.

### Question 7

Should we align ASC rules and protections with Involuntary PPM protections?

### Question 8

Should we introduce requirements to respect customer choice for PPM, regardless of their vulnerable situation? Which groups, if any, should not have a PPM in any circumstance?

## Next steps

- 4.42 Any changes to the involuntary PPM rules have the potential to increase the use of involuntary PPM installations and, in some cases, where affordability remains a concern, result in a higher risk of self-disconnection. We will move carefully through the policy development process, maintaining our focus on ensuring that protections are targeted towards those at greatest risk while allowing suppliers to recover debt in a fair and proportionate way. We are working towards consulting on policy options in the first quarter of 2027, depending on the evidence we receive, with any changes in rules coming into effect by the end of 2027. We will also ensure alignment with the Smart PAYG review outlined in the Ofgem/DESNZ Energy Debt Circuit Breaker as we take that forward.
- 4.43 The ORE evaluation made three other recommendations. We set these out below along with how we plan to address them.
- **Review data sharing practices and scope potential to improve verification processes and/or a more targeted vulnerability register:** the evaluation found that it is challenging for energy companies to identify consumers with non-financial vulnerabilities consistently. This is because consumers are not always on the Priority Services Register even though they are eligible, and data sharing could be more effective to help characteristics of vulnerability be tracked across organisations. We continue to work with energy and water on PSR data sharing and will continue to work with government on how government data could be used to support better identification of vulnerability across sectors, as well as on the development of a Share Once Support Register. Separately, we will continue our review of the current PSR to assess its role in meeting the needs of consumers in vulnerable situations.

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- **Review wider factors driving high debt in the energy sector:** we have done extensive work on drivers of debt in the energy sector. We know that it is a mix of affordability, supplier practices and how consumers prioritise paying different bills. However, whilst affordability is undoubtedly the biggest driver, it is challenging to quantify the contribution each driver makes to overall debt with any certainty. We expect the Energy Debt Task and Finish group announced as part of the Energy Debt Circuit Breaker will play a key role in continued evidence gathering.
- **Agree a consistent approach for the registration of consumer financial defaults between suppliers, credit rating agencies and the appropriate oversight body.** The Ofgem/DESNZ Energy Debt Circuit Breaker sets out that we will work with suppliers, consumer groups, charities and the credit information industry to explore how credit reference data can be used more effectively and consistently, while ensuring appropriate consumer protections are maintained.

## 5. Annex 1 – International comparisons

International comparisons can be challenging due to differing definitions and limited data availability; however the data we have for Germany, Ireland and Flanders appears to be broadly comparable with GB data.

Even where data is broadly comparable, it is important to recognise the differences in the wider context in which energy debt is managed. Countries vary in their energy costs, welfare provision, targeted affordability support and protections for consumers in payment difficulty. These factors affect both circumstances in which debt arises and the options available for managing it. Ireland, Germany and Flanders provide useful comparators, illustrating different combinations of affordability support, protections for consumers in payment difficulty and mechanisms for recovering debt.

### Ireland

Ireland combines the use of PAYG meters for debt management and repayment with relatively strong protections for consumers in payment difficulty. Disconnection is an action of last resort, with suppliers expected to pursue alternatives such as repayment arrangements before disconnecting, alongside winter moratoria and protections for certain vulnerable consumers. In 2025, 3,527 domestic Irish energy consumers were disconnected (2,272 electricity and 1,255 gas) representing 0.14% of all domestic consumers (counting electricity and gas separately). Ireland's approach sits within a wider framework combining debt recovery, wider income and energy support, and protections against loss of supply.

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## Germany

Germany takes a different approach, with relatively strong emphasis on suppliers' ability to recover unpaid debt. The wider framework also includes a significant role for local welfare officers, including support with energy costs for some benefit claimants and help to prevent disconnection. In 2025, there were 1.24 (gas) and 4.6 million (electricity) disconnection notices issued for non-payment of energy bills. Official estimates are that- on average between 3 and 5% of all disconnection notices result in disconnection- with the remainder resulting in arrangements to pay. On the working assumption that 4% of disconnection notices result in disconnection, around 234,000 domestic supply points would have been disconnected for non-payment in Germany in 2025.

Germany has 41m households (all of which are assumed to have an electricity connection) with roughly 19m having a gas connection. As such around 0.4% of German domestic energy customers were disconnected in 2025.

## Flanders

Flanders, a region in Belgium, uses a different combination of interventions to manage payment difficulty, including repayment plans, prepayment and load limiting, with social welfare services also able to be involved in repayment. Disconnection following persistent non-payment remains possible but sits at the end of this wider process.

Flanders has around 5.1m domestic energy consumers (3.0m households with an electricity supply and 2.1m with a gas supply). In 2025, 3,551 were disconnected (1,943 for electricity and 1,608 for gas), representing 0.07% of all domestic consumers.

These examples demonstrate the importance of considering disconnection rates within the wider context in which energy debt is managed. Differences in energy costs, affordability support, welfare provision and protections for consumers in payment difficulty affect both the circumstances in which debt arises and the options available for managing it. The experience of Ireland, Germany and Flanders should therefore be considered as part of their wider social, economic and regulatory frameworks, rather than comparing individual debt recovery interventions in isolation.

### Table 1: International approaches to energy debt – selected comparator countries

Note: the focus of this table on disconnection data is due primarily to the lack of reliable comparable data on other aspects of the debt issue, such as the level of energy debt or number of households in energy debt.

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| Country/Region | Disconnections as a % of total consumers (counting gas and electricity separately) p/a | Protections                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Other protections                                                                                                                 |
|----------------|----------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------|
| GB             | 0 <sup>4</sup>                                                                         | Effective moratorium<br><br>Safe and reasonably practicable assessment prior to PPM installation                                                                                                                                                                                                                                                                                                                                                                                         | Repayment arrangements must take account of customers' ability to pay                                                             |
| Ireland        | 0.14% <sup>5</sup>                                                                     | Two winter moratoria. A shorter one for all residential electricity customers and a longer one for Special Services Register customers.<br><br>Customers on a PSR, including those who are critically dependent on electrically powered assistive devices, are protected from disconnection at any time for reason of non-payment of bills<br><br>Ban on disconnections where consumer is actively engaging on repayment arrangements<br><br>PPMs used for debt management and repayment | Energy Engage Code places significant emphasis on supplier recovery                                                               |
| Germany        | 0.4% <sup>6</sup>                                                                      | Ban on disconnection for some vulnerable households<br><br>Suppliers must consider disconnection a "proportionate"                                                                                                                                                                                                                                                                                                                                                                       | Unpaid arrears can be pursued via courts<br><br>Significant role for local welfare officers (including in energy funding for some |

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<sup>4</sup> Ofgem Debt and Arrears Data Q2 2026. [Debt and arrears indicators | Ofgem](#)

<sup>5</sup> CRA Arrears and Disconnections, April 2026 update. Figure represents total disconnections in 2025.

[CRU2026124 Arrears and NPA disconnection update April 2026.pdf](#)

<sup>6</sup> SMARD disconnection data for 2025. [SMARD | Electricity and gas disconnection trends in 2025](#)

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| Country/Region | Disconnections as a % of total consumers (counting gas and electricity separately) p/a | Protections                                                                                                                                                                                                                                                                                                                                                                                     | Other protections                                                                                                                      |
|----------------|----------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------|
|                |                                                                                        | No disconnection where consumer owes less than €100                                                                                                                                                                                                                                                                                                                                             | benefit claimants and help preventing disconnection)                                                                                   |
| Flanders       | 0.07% <sup>7</sup>                                                                     | <p>No immediate disconnection for non-payment of bills</p> <p>Payment plans and PPMs used before disconnection</p> <p>PPMs ensure minimum electricity supply, when emergency credit has been used up</p> <p>Network operator will supply electricity and gas if customer cannot obtain a commercial contract</p> <p>Full disconnection generally requires Local Advisory Committee approval</p> | <p>Load limiting as a precursor to disconnection</p> <p>Credit control via PPMs</p> <p>Social welfare can be involved in repayment</p> |

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<sup>7</sup> Statistiek Vlaanderen data for 2025. [Energiearmoede en wanbetalingen bij de netbeheerder | Vlaanderen.be](https://www.vlaanderen.be/energiearmoede-en-wanbetalingen-bij-de-netbeheerder)

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## 6. Annex 2 - Involuntary PPM and PSR needs codes

As set out in the [PPM Safe and Reasonably Practicable Guidance](#)

### **Do not Install**

Suppliers must not install a PPM if, within the household, there is no one able to access, operate and/or top up the meter due to physical or mental incapacity or for technical reasons and/or have any of the below personal circumstances and characteristics. These fall under 'Do not install' (DNI) category:

Household requires a continuous supply for health reasons, including:

- Dependency on any powered medical equipment (such as heart/lung ventilators, dialysis equipment, stair lift, hoist or refrigerated medication);
- dependency on carelines or health and wellbeing alarms;
- a medical dependency on a warm home; (for example due to illness such as, circulatory disease, sickle cell disease).

Households with an elderly occupant (75+), without support in the house;

Households with children under 2

Households with chronic/severe or terminal health conditions (such as cancer, cardiovascular/respiratory disease (COPD such as emphysema, chronic bronchitis) and organ failure).

### **Further assessment needed**

Suppliers must consider the below personal circumstances and characteristics, alongside the Precautionary Principle, in making their assessment of safe and reasonably practicable. These circumstances and characteristics fall under 'further assessment needed' (FAN) category:

Age: Children 5 and under;

- Other serious medical/Health Conditions (such as neurological diseases (Parkinson's, Huntingdon's, Cerebral Palsy) Respiratory conditions, Nutritional issues (such as Malnutrition) and mobility limiting conditions (Osteoporosis, Muscular Dystrophy, Multiple Sclerosis));

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- Serious mental/developmental health conditions (such as clinical depression, Alzheimer's, dementia, learning disabilities and difficulties, Schizophrenia); and
- Temporary situations (such as pregnancy, bereavement).

The table below demonstrates how the PSR needs codes interact with the DNI/FAN categories. Where a needs code is marked with \*, it means the needs code does not exclusively align to the categories included.

| DNI                                                                                                                                                                                                                                                                                                                             | FAN                                                                                                                                                                                                                                 |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>• Dependency on powered medical equipment, carelines or health and well being alarms</li> <li>• Medical dependency on a warm home</li> <li>• Chronic/severe or terminal health conditions</li> <li>• Age &lt;2/&gt;75</li> </ul>                                                         | <ul style="list-style-type: none"> <li>• Other serious health conditions</li> <li>• Serious mental/developmental health conditions</li> <li>• Temporary situations</li> <li>• Age &lt;5</li> </ul>                                  |
| Nebuliser and apnoea monitor<br>Heart, lung & ventilator<br>Dialysis, feeding pump and automated medication<br>Oxygen concentrator<br>*Chronic/serious illness<br>Oxygen Use<br>Stair lift, hoist, electric bed<br>Medicine refrigeration<br>Careline/telecare system<br>*Families with children 5 or under<br>*Pensionable age | *Chronic/serious illness<br>Physical impairment<br>Developmental condition<br>Dementia/Cognitive impairment<br>Families with children 5 or under<br>Mental health<br>Temporary – life changes<br>Temporary – Post hospital recovery |

## 7. Annex 3 - Involuntary PPM Process requirements

### Identification process

#### Debt trigger:

- Minimum level of £200 per fuel, and outstanding for more than 3 months before the supplier can proceed with installation of Involuntary PPM

#### Communications:

- Supplier must make a minimum of 10 contact attempts, using multiple communications channels and at different times of the day.
- Translation and accessible formats must be provided
- Following installation, suppliers must attempt to contact the customer within the first 3 days, check customer understanding and ensure the customer has been provided with all necessary information.

#### Site welfare visit:

- Suppliers must conduct a site welfare visit at least once before progression to Involuntary PPM.
- Site welfare visit is defined as a visit to a customer's premises, by appropriately trained staff, to attempt to make contact with the customer to help identify and/or further assess personal circumstances and characteristics to identify any vulnerabilities that may be present.
- If no contact is made during the welfare visit and engagement attempts have been exhausted, supplier may proceed with Involuntary PPM.
- Each case progressed to Involuntary PPM must be assessed by a team or individual independent of the debt recovery and installation teams.
- A welfare officer (person with responsibility for overseeing the safeguarding of consumer protection for Involuntary PPM) must be present or contactable for decision on edge cases. (circumstances are on the boundary of S&RP and assessment is not possible or inconclusive)

#### Internal process:

- Suppliers must retain all assessment documentation for a period of 5 years
- Suppliers must conduct monthly Quality Assurance of a sample of all cases to be used for continuous improvement and training.

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