Citizens Advice response to Ofgem's consultation on the Renewal of Ban on Acquisition-only Tariffs (BAT) after March 2027

citizens advice

September 2026

Executive Summary

Citizens Advice strongly supports the consultation proposal to extend the BAT for at least another year, until 31 March 2028. The BAT continues to:

- help ensure fair pricing for all customers
- help ensure low price tariffs are available for indebted and/or vulnerable customers
- help rebuild customer trust in energy suppliers

The extension of the BAT is particularly important when considering the prospect of higher energy prices on the horizon. Energy UK's latest switching report also shows another increase in customers switching tariffs. In fact, the number of customers that switched their electricity provider in July 2026 was 10% higher than the same time last year.[1] This provides further evidence that the BAT has neither led to a decline in supplier competition nor a reduction in consumer engagement.

Citizens Advice also agree with the proposal to retain the Market-wide Derogation until March 2028. Suppliers can then continue to offer cheaper tariffs to their existing vulnerable and/or indebted customers. Retaining the market-wide derogation will also help increase customer trust in their energy supplier, which in turn will likely increase customer engagement.

Please find our detailed response to the consultation questions below.

[1] Energy UK, Switching report July 2026, 25 August 2026

Q1. Should the temporary BAT (SLC 22B) be renewed until 31 March 2028?

Citizens Advice strongly supports the consultation proposal to extend the BAT for at least another year, until 31 March 2028. One of the key points made in favour of the BAT reflects our own view that vulnerable and/or indebted consumers would not have to face another variable affecting higher prices. Continuing with the temporary BAT will help maintain fair pricing for all consumers. In turn, this will avoid subsidising those more able to pay. This is particularly important given the growing cohort of consumers in debt; so far this year we've helped over 70,000 people with energy debts, which is higher than all other years on record.

Energy prices appear to be on the precipice of another sharp increase, with predictions for the next price cap now moving above £1,800 per year for a typical household.[2] In these circumstances, it is essential that all consumers, and particularly those who are indebted and/or vulnerable, have access to the cheapest tariffs. This point is also recognised in Ofgem's consultation.

Consumers classified as "highly financially vulnerable" are far less likely to be satisfied with their energy supplier compared to those that are recorded as "doing well."[3] The potential decrease in consumer trust in the energy market following the removal of the BAT is also noted in the consultation. By ensuring pricing is fair, this should help to improve how consumers perceive their energy supplier. Indeed, findings from the May 2025 Energy Consumer Satisfaction Survey show fair prices were the most cited reason for customer satisfaction.[4] Further evidence for the importance of price fairness was also highlighted by consumer polling from 2024, in which 82% of consumers said they would have

[2] E.ON Next, Understanding the energy price cap predictions, 15 September 2026; Cornwall Insight, Default Tariff Cap (Price Cap) Predictions & Insights, 26 August 2026.
[3] BMG, What drives consumer satisfaction with energy suppliers? July 2025.
[4] Ofgem, Energy Consumer Satisfaction Survey, May 2025.

less trust in their suppliers if they only offered their best deals to new customers.[5]

From our data, we can see that many customers with energy debt are vulnerable; of the people we have helped with their energy debts in the last 12 months, over two thirds of those that shared their disability status have a disability or long term health condition. Consumers in vulnerable situations, including those on low incomes, are also less likely to switch relative to the average consumer.[6] Moreover, households that have moved into deep poverty, with incomes far below the poverty line, are disproportionately represented by people from racially minoritised groups[7]. Renewing the BAT will help to ensure that people with vulnerabilities and other protected characteristics have access to cheaper deals with their existing supplier.

When considering the overall distribution of costs and benefits among engaged consumers, the removal of the BAT would likely lead to higher prices for consumers who switch internally, and therefore lead to an increase in the loyalty penalty.[8] This is because suppliers would no longer need to offer the cheapest deals to existing customers at a price point low enough to attract external customers. Survey evidence suggests that engaged consumers, who switch tariffs more often, are more likely to have switched tariffs internally, while a smaller proportion have switched externally.[9] Although the overall proportion is not the same for occasional switchers, they are also more likely to switch internally. Given that this is a larger group of consumers, many people would likely face higher prices after removing the BAT.

[5] Ofgem, Consumer Confidence 2024.
[6] Citizens Advice (2021) Rough trade? Balancing the winners and losers in energy policy, page 7.
[7] Joseph Rowntree Foundation (2024), Bangladeshi, Black African and Pakistani households at higher risk of very deep, long-term poverty, 2 December 2024.
[8] Which?, Which? response to Ofgem's statutory consultation on the future of the Ban on Acquisition-only Tariffs (BAT), 10 June 2024
[9] Ofgem/BMG, Household CIMC Survey report Waves 1 & 2, September 2022

Q2. If you consider that SLC 22B should not be renewed from 31 March 2027, please share specific evidence to support your arguments

We support the renewal of SLC 22B. We welcome future opportunities to input into the discussion around retaining the BAT as a permanent feature of the market.

Q3. Should the BAT's associated market-wide derogation be retained until 31 March 2028 alongside our proposal to extend the BAT for the same time period?

We agree with the proposal to retain the Market-wide Derogation until March 2028, and our arguments in favour of its retention broadly align with Ofgem's rationale. We believe that retaining the Market-wide Derogation can have the following positive impacts:

- The ability to offer cheaper deals to vulnerable and/or indebted customers, who may be unable to switch. Suppliers are able to offer cheaper prices to existing customers, which may reflect cheaper servicing costs, without the need to offer the same discount to prospective customers. Without the degradation, suppliers would likely offer a lower discount for all customers, and so some existing customers may face higher prices in its absence.
- Retention-only tariffs can benefit existing customers, which in turn can have the benefit of increasing consumer trust in those suppliers.
- By improving consumer trust there is an increased likelihood that consumers engage with a greater range of tariffs, including those that are considered 'riskier' products. In doing so, competition between suppliers would likely increase, while improving consumers' access to the benefits of net zero.

Q4. If you consider that the Market-wide Derogation should be removed after 31 March 2027, please share specific evidence to support your arguments.

We do not support the removal of the Market-wide Derogation and welcome future opportunities to input into discussions regarding improvements or amendments to the Market-wide Derogation.

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Published September 2026.

Citizens Advice is an operating name of The National Association of Citizens Advice Bureaux.

Registered charity number 279057.