Making a positive difference for energy consumers

Phase 1 Process Evaluation: Involuntary Prepayment Meter Rules

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This evaluation assesses the overall effectiveness and impact of Ofgem's involuntary prepayment meter (PPM) rules. This is being undertaken in two phases, a process evaluation and an impact evaluation. In the first phase, the process evaluation published in this document examines the extent to which the design and implementation of the involuntary PPM rules have been proportionate and effective. The second phase impact evaluation will assess the impacts of the rules on key outcomes. Taken together, the evaluations will allow us to understand how well the rules have worked in practice, to what extent they have protected consumers in vulnerable situations from involuntary PPM installations, their wider impacts on arrears and debt, and what learnings can we bring forward to the PPM rules and other similar policies.

Note: This phase is a **process evaluation,** and the report emphasises that observed quantitative trends are descriptive and stakeholder views reflect perceptions rather than objective measures. The process evaluation draws on readily available data up to early 2026, with additional data subsequently collected for the impact evaluation. Attribution of outcomes to the policy (including debt impacts) is reserved for the later impact evaluation.

Report

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Report

Executive summary

Context

Concerns about supplier use of involuntary prepayment meter (PPM) installations in early 2023 exposed weaknesses in consumer protections, particularly for people in vulnerable situations. In response, Ofgem introduced a moratorium on involuntary PPM installations and then developed a voluntary Code of Practice, which was later formalised through Safe and Reasonably Practicable Guidance and Supply Licence Conditions in 2023.

This process evaluation looks at how these protections were designed and put into practice. It examines how the policy was developed, how it has been implemented, and what key stakeholders believe is working well or less well.

Key findings

1. Positive policy design and delivery approach.

Stakeholders generally regarded the development of the rules as collaborative, with stronger engagement processes than in previous policy development despite the constrained timeframe. Following implementation, the monitoring and compliance approach was also viewed positively.

2. Protection of consumers in vulnerable situations.

The rules appear to have strengthened protections for consumers in vulnerable situations to involuntary PPM installations. Early evidence indicates a significant reduction of adverse PPM-related incidents reported to consumer groups and charities since introduction of the rules.

3. Early indications of reduced harms.

There is indicative evidence of a reduction in harms associated with PPM use, including a 36% decrease in severe self-disconnection. This is accompanied by improvement in other measures, including a 11 percentage points increase in customer satisfaction for consumers in vulnerable situations from 61% to 72%, although this should be considered in the context of broader improvements in overall consumer satisfaction over the same period.

4. Operational challenges for suppliers.

Suppliers have faced significant operational and cost challenges in identifying and categorising complex vulnerabilities, contributing to variation in the application of the rules. It has led to more precautionary behaviour such as a reduced willingness to undertake involuntary PPM installations in some cases and in others it has led to inconsistent use of vulnerability data and potential non-compliance.

5. Rising debt levels.

Since the moratorium in February 2023, average household arrears increased from around £1,200 to £1,770 for electricity (45% increase) and from around £960 to £1,500 for gas (57% increase) by end of 2025. Over the same period, average debt for customers with repayment arrangements rose from around £550 to £800 for electricity, and from around £420 to £650 for gas. The number of households in arrears rose sharply during the moratorium, from 880,000 to 1.3m (65% increase) and has remained broadly stable since. The number of households in debt declined during the moratorium and has remained broadly stable at just over 1m since the rules were introduced.

These findings reflect themes consistently raised by multiple stakeholder groups. These findings have been supported, where possible, with assessments of all other available evidence including published reports and analysis of all available data up to early 2026. However, it is not possible at this stage to determine with confidence the extent to which each trend is attributable to the policy. This will be examined further in the impact evaluation.

Interim recommendations

At this interim stage, the findings suggest that the rules have protected those in the most vulnerable situations from involuntary PPM installations but have created significant complexity and may be contributing to the escalating debt problem. We make the following interim recommendations, which can be taken forward now.

1. **Ensure effective protections are in place for those most in need.** Early evidence suggests that adverse incidents associated with involuntary PPM installations have reduced significantly. Protections should be in place for those in the most vulnerable situations.
2. **Review existing SLCs and SRP Guidance**, with the aim of simplifying and reforming the PPM framework by identifying requirements that create significant burden without improving the welfare of customers in vulnerable situations.
3. **Review data sharing practices and scope potential to improve verification processes and/or a more targeted vulnerability register** to address data gaps and provide a more coherent basis for the assessment of vulnerability.
4. **Review wider factors driving high debt in the energy sector**, including affordability consumer behaviour and engagement, and supplier debt collection practices.
5. **Agree a consistent approach for registering of consumer defaults** between suppliers, credit rating agencies and the appropriate oversight body to reduce inconsistencies in registering defaults and potential impacts on consumer's ability to access finance.

Next steps

Ofgem’s Office of Research and Economics is currently undertaking a full impact evaluation of the rules. This evaluation will assess, and where possible attribute, (i) the extent to which the rules have reduced harms for protected consumers in vulnerable situations, (ii) affected debt and debt-related outcomes, and (iii) resulted in any wider or unintended effects. Full recommendations will be set out following completion of the impact evaluation.

1. Introduction

Context and timeline

1.1 Prepayment meters or 'pay as you go' electricity and gas meters, where the customer pays for their energy before they use it, are a widely used payment option in the UK and other countries.

1.2 PPMs can bring some benefits to both consumers and suppliers. For consumers, it provides awareness of energy consumption, enabling budgeting and helping to avoid the build-up of debt. And for suppliers, PPMs can support better credit and collection management and reduce the risk of bad debt. This is particularly the case for smart PPMs, which can be topped up remotely and may allow suppliers to better monitor consumption patterns, intervening when a customer may need support. PPMs are widely used as a debt recovery method for suppliers, with 41% of domestic electricity and 38% of domestic gas customers in debt and repaying a debt to their supplier using a PPM as of Q4 2025.[1]

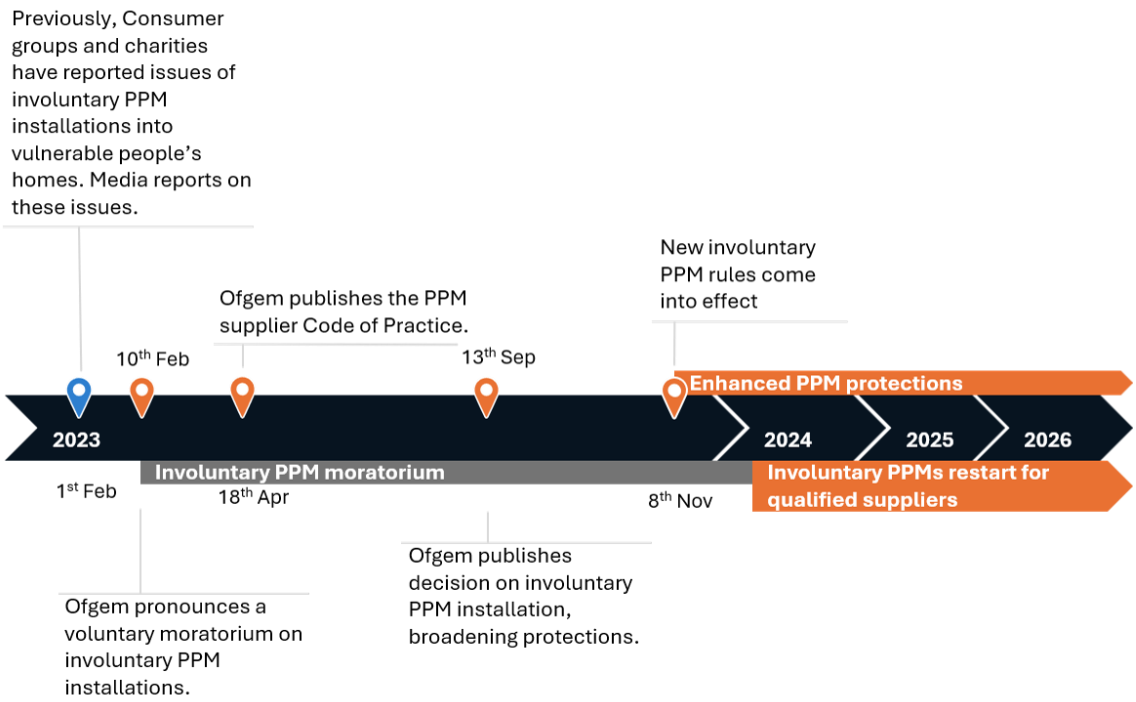
1.3 However, PPMs are not suitable for every consumer. Those in vulnerable situations who rely on the consistency of their energy supply may be at risk of harm when they experience difficulties in topping up PPMs.[2]

1.4 In early 2023, Ofgem became aware of serious issues regarding the approach taken by some suppliers to involuntary PPM installations.[3] Ofgem was concerned that some suppliers were attempting to recover debt through attempts to install PPMs in households in highly vulnerable situations, placing them at risk of harm.

1.5 Ofgem agreed with suppliers to introduce a voluntary moratorium in February 2023 on involuntary PPM installations. In September 2023, Ofgem published a decision to translate the requirements of the Code of Practice into Supply Licence Conditions and updated PPM Safe and Reasonably Practicable guidance ("the rules").[4] Certain suppliers could resume involuntary PPM installations shortly afterwards, subject to these enhanced rules. Figure 1 below shows a timeline of key events.

[1] Debt and arrears indicators | Ofgem
[2] Previous Ofgem qualitative research from September 2023 presents benefits and challenges associated with PPMs: Prepayment meter qualitative research, September 2023 | Ofgem.
[3] In this document we use the terms 'Ofgem' and 'the Authority' as well as the terms 'we', 'us' and 'our' interchangeably. Ofgem is the Office of the Gas and Electricity Markets. The Authority is the Gas and Electricity Markets Authority, the governing body of Ofgem.
[4] Involuntary prepayment meter decision | Ofgem contains our decision; updated PPM Safe and Reasonably Practicable Guidance; and the electricity and gas supply licence modification.

Figure 1: Timeline showing key milestones in the introduction of the involuntary PPM rules



Key policy objectives

1.6 Our recently published Markets Regulatory Strategy and Vision to 2030 aims to provide the conditions for energy markets that work for all consumers, through regulation which provides confidence and protections to consumers whilst enabling innovation and investability, supporting Clean Power 2030 (CP2030) targets and economic growth.[5]

1.7 The rules aim to ensure a robust foundation for a market where customers are not put onto PPMs unless safe and reasonably practicable, and where suppliers consistently protect their consumers in vulnerable situations. The policy objectives were to:

- *Reduce harms associated with a PPM for* consumers in vulnerable situations*;*
- *Ensure better support for customers currently on or being moved to a PPM; and*
- *Enhance customer service standards for* consumers in vulnerable situations *on and switching to a PPM.*

1.8 The rules must strike a balance between protecting consumers in vulnerable situations and allowing for suppliers to exercise their statutory right to recover

[5] Markets Regulatory Strategy and Vision to 2030 | Ofgem

debt. When developing the rules, Ofgem carefully considered the trade-offs between increasing protection for consumers in vulnerable situations and potentially rising debt, as evidenced by the original statutory consultation.[6]

Overview of process and impact evaluation

1.9 In line with the key policy objectives, the evaluation overall aims to broadly assess:

1. *How well the policy was designed, developed and implemented, and what future improvements could be made to the rules to ensure proportionality and effectiveness; and*
2. *Whether we got the balance right between protecting consumers (especially those in vulnerable situations), and allowing suppliers to recover debt; and*
3. *To what extent can any learnings inform Ofgem's wider approach to debt, or Ofgem's understanding of vulnerability.*

1.10 This evaluation programme covers the process and impact evaluations, utilising a mixed methods approach. Both the process and impact evaluation have been developed around the Theory of Change (in Annex 1), which helps us to map out how we expect the intervention to work and informs the evaluation questions.

Mixed methods approach bring together evidence generated by using several evaluation methodologies, including quantitative and qualitative analysis of primary and secondary data, including desk-research, stakeholder interviews and econometric modelling.

1.11 The **process evaluation** aims to assess how the policy is working, what is working well and initial insights into the impact of the policy. It will provide key learnings on:

- *How well was the policy designed and implemented, and how have those factors contributed to its effectiveness?*
- *What is working well and for whom?*
- *What is working less well and could be improved?*

1.12 The approach for the process evaluation is primarily comprised of 60-minute semi-structured interviews with a range of stakeholders, including consumer groups and charities (CGCs), suppliers, and Ofgem staff. The interviews sought to understand stakeholders' roles in relation to the policy, their experiences of the policy design process and early implementation, engagement with Ofgem, and wider impacts of the rules.

1.13 To establish the evidence base for the key learnings, we asked the key questions for the process evaluation across:

[6] These were set out in Statutory Consultation – Involuntary PPM | Ofgem.

- **Policy design** – *topics covering policy development and policy coverage*
- **Policy implementation** – *topics covering feasibility and general implementation*
- **Barriers and enablers** – *topics covering challenges which ensure intended outcomes*.
- **Wider implications of the rules** – *topics covering interactions with wider economic conditions such as debt*.

1.14 Where possible, these findings are supplemented with quantitative analysis which uses existing evidence to verify insights, examine early data patterns, and provide early insights into the outcomes and potential scale of impact. A detailed methodology for the process evaluation can be found in Annex 2.

1.15 The **impact evaluation** then aims to quantify the impact of the key objectives of the policy such as:

- *The impact on reduced harms for protected groups;*
- *Impact on debt and debt related costs;*
- *Any other unintended consequences*.

1.16 Additional detail on the impact evaluation questions and data we intend to use can be found in Section 6. This report will only present the findings of the process evaluation, which will complement the impact evaluation which will be published later in 2026.

Limitations of the evaluation

Policy context

1.17 This evaluation provides learning on policy development and delivery under conditions of heightened media and political scrutiny. As a result, the policy was developed and implemented at pace, requiring resource-intensive approach from both Ofgem and suppliers to mitigate the risks of rising debt and provide timely clarity. These particular circumstances may not reflect standard policy development and implementation processes and may limit the extent to which findings can be generalised to more routine policy settings.

Limitations of data and methods:

1.18 Primary data collected through stakeholder interviews should be interpreted with caution. As with interpretation of all qualitative research limitations include:

(1) The small sample size of participants,

(2) The sample of participants is self-selecting and therefore the findings may not be fully representative, although efforts were made to collect balanced samples

(3) The views and opinions reported are the views and perceptions of participants and are not necessarily objective measures. During synthesis, efforts were made to identify key alignments and divergences.

1.19 Where possible, we've drawn on quantitative analysis alongside the qualitative assessment to corroborate findings. This analysis is descriptive in nature and is intended to highlight potential trends in key outcomes, informed by and supported with stakeholder evidence. In addition, not all suppliers had fully resumed involuntary PPM installation processes at the time of the evaluation. As a result, observed trends in installations and outcomes may reflect partial implementation and may not fully capture the effects of the policy. The intention of the process evaluation is not to establish causal relationships and findings should be interpreted accordingly. The impact evaluation will build on this analysis and assess outcomes and causal effects where feasible, subject to data availability.

Acknowledgements

1.20 We would like to thank all stakeholders who contributed to this evaluation, including suppliers, consumer groups and charities, and Ofgem staff. Their willingness to share their time, insights, and experiences has been invaluable in informing the findings. We are also grateful to those who provided data and supporting evidence to underpin the analysis presented in this report and for the future impact evaluation.

2. Findings on policy design

Key finding 1 – Positive policy design.

Clear overall objectives: Ofgem had clearly identified market risks, the issues with involuntary PPM installations, and the need to standardise the rules. Most stakeholders agreed the intervention was necessary to improve clarity and consistency.

Positive and novel engagement: Most stakeholders reported a more open and collaborative engagement process than in previous policy work. The workshop approach, which brought together suppliers and CGC representatives to discuss policy issues was widely welcomed. However, some stakeholders felt clearer facilitation from Ofgem during these sessions was needed.

Tight timelines handled well: Most stakeholders felt that, despite short timescales, they were able to engage effectively and contribute meaningfully to policy development.

Supplementary findings

Feasibility not fully tested: Stakeholders felt implementation challenges were not fully anticipated, particularly for identifying some vulnerability categories. Testing or piloting could have reduced the operational issues.

Limited clarity on timing: Some stakeholders perceived that external scrutiny influenced the timing of the intervention. CGCs wanted clearer information on why issues surrounding inappropriate PPM installations were not identified earlier.

Unintended consequences: A few stakeholders felt that the fast-paced development limited consideration of wider impacts, including effects on debt, stigma of PPMs, burden with other regulatory requests, and long-term policy goals. Ofgem interviewees noted that the risk of rising debt was carefully considered during policy development.

Clear "Do Not Install" (DNI) criteria: The prescriptive definition of the DNI group reduced ambiguity for suppliers and CGCs. Stakeholders have been appreciative of the clarity of the DNI categorisation.

Greater clarity requested on the rationale for certain vulnerability groupings: Some stakeholders would have liked greater justification on why certain groups were included, such as the specific age thresholds for older people and young children. This was particularly noted where these groupings differed from existing vulnerability frameworks such as the Priority Services Register.

Limited communication of changes from Code to SLCs: Changes in the categorisation of protections for elderly groups between the Code of Practice and Supply Licence Conditions created concerns about regulatory stability. Pre-implementation adjustments had increased operational burden.

Design of the involuntary PPM rules

Clarity of the policy objectives

2.1 Stakeholders reported that the overarching objective of the intervention was clear: to introduce additional protections for consumers in vulnerable situations. This view was broadly shared by suppliers and CGC, who acknowledged the need to address risks associated with involuntary PPM installations. Ultimately, Ofgem recognised the need to introduce a new framework, a view shared by other stakeholders.

2.2 However, some suppliers raised concerns about the longer-term direction of the policy. Suppliers reported that communication on longer-term plans and timelines was limited.

> "[The old rules] were a little bit too vague or allowed a little bit too much interpretation... We recognise that this might not just be one company interpreting the rules differently." (Ofgem representative)

Stakeholder engagement processes

2.3 During the policy development phase, stakeholders reported a higher level of engagement experienced than in previous policy processes. Engagement was described as more consistent, frequent, and collaborative, and was widely seen as a positive change. Ofgem had used a novel round-table approach to policy development, in which Ofgem, suppliers, and consumer group representatives came together to discuss solutions and challenges. Stakeholders felt this approach supported greater constructive dialogue and contributed positively to policy development and outcomes.

2.4 However, some stakeholders noted that Ofgem often adopted a listening role rather than an active facilitation role during discussions. They reported that, at times, this made it more difficult to challenge strongly held views or to steer discussion towards resolution, which may have limited the exploration of ideas.

Considerations of the intervention context

2.5 As set out in Section 2, the policy was developed under conditions of heightened scrutiny and compressed timelines. Ofgem recognised early that new ways of working were required to support faster-paced policy development. This included the establishment of a task-force, additional engagement touchpoints, and the use of novel engagement approaches. Most stakeholders acknowledged that, despite the time constraints, these adaptations helped ensure they were still able to engage and provide input into policy development.

2.6 However, some suppliers expressed concerns that the wider implications of the policy were not fully explored within the available timeframe. There were also

concerns about the extent to which media scrutiny influenced the pace and timing of the work. A few suppliers highlighted that the moratorium limited opportunities to test the policy in practice before full implementation.

2.7 As evidenced by the published Impact Assessment, the potential impact of the rules on debt and bad debt were of primary concern for Ofgem, alongside protecting vulnerable consumers. Detailed quantitative and qualitative analysis was undertaken to assess a range of potential impacts and implications of the policy, including scenario analysis and behavioural assessments. However, some uncertainties remained, including challenges to the analysis from limited data on debt trajectories, uncertainties over expected consumer and supplier responses to the rules, and difficulties in establishing precise eligibility numbers.

2.8 Given time constraints limiting further data collection and modelling, a judgement was made to prioritise consumer protection, with risks assessed as acceptable based on the available evidence at the time.

Design approach of guidance and group categorisations

2.9 Overall, stakeholders described a collaborative approach to the design of the vulnerability framework, including the categorisation of customers into the “Do Not Install” (DNI). There was broad agreement with many of the vulnerability definitions, with several stakeholders highlighting the DNI category as particularly clear and practical. One CGC noted that the protected groups defined by Ofgem for the Involuntary PPM categorisations had been adopted for their other UK government initiatives.

2.10 By contrast, stakeholders reported less clarity around certain vulnerabilities within the “Further Assessment Needed” (FAN) category. They highlighted the need for clearer definition of subcategories within mental health conditions and chronic illnesses. These conditions were described as variable in nature and intensity, which has created challenges for consistent identification.

2.11 The intervention placed a strong emphasis on clarity and prescriptiveness. Many stakeholders considered this necessary to support consistency across suppliers. However, some suppliers and Ofgem staff felt that certain requirements were overly prescriptive and did not impact intended outcomes. Examples cited included requirements on contact attempts, the 90-day window of failed engagement before an involuntary PPM, £200 debt trigger and site visits.

2.12 Stakeholders raised concerns about the limited communication of evidence for the rationale behind the categorisation of certain vulnerability categories. For example, the elderly age thresholds and children age thresholds. At the same time, Ofgem stakeholders recognised that defining these categories required a degree of judgement, with decisions reflecting a balance between available evidence and policy intent.

2.13 Suppliers also questioned both the need for additional vulnerability categories alongside already existing frameworks (such as the Priority Service Register) and changes made when transitioning from the Code of Practice to the Supply Licence Conditions. They noted that changes made from the Code of Practice created increased operational burden for suppliers that had begun implementation and other stakeholders reporting that the change wasn't communicated.

3. Findings on policy implementation

Key finding 2 - Protection of consumers in vulnerable situations ; and
Key finding 3 - Early indications of reduced harms.

Reduction in serious issues: Most consumer groups reported few or no serious cases since implementation. Some highlighted a marked reduction in serious cases since the rules were introduced, including fewer cases involving very young children.

Reduction in harms associated with PPM: Initial analysis suggests that there has been a reduction in both non-severe (less than 3 hours) and severe self-disconnections and improvement in customer satisfaction associated with PPMs since introduction of the policy.[7]

Key finding 4 - Operational challenges for suppliers.

Challenges with FAN categories: Ambiguities in FAN definitions made some aspects of implementation difficult, particularly where consumer engagement was low or conditions were transient.

Higher operational costs: Stakeholders reported higher-than-expected operational costs, with one estimating an additional £15 per account. Smaller suppliers were more affected than larger suppliers.

Variation in supplier behaviour in response to categorisation requirements: Where customer circumstances were unclear, some suppliers reported adopting a cautious approach by categorising these customers as DNI. If this is protecting a wider group than originally intended, then this may have implications for debt recovery and overall debt levels. However, evidence also indicates the opposite with instances where vulnerability information has not been consistently used to mitigate risks associated with involuntary PPM installation. Based on the current evidence, it is not yet possible to determine the extent to which these behaviours are driven by operational challenges.

Implementation of the involuntary PPM rules

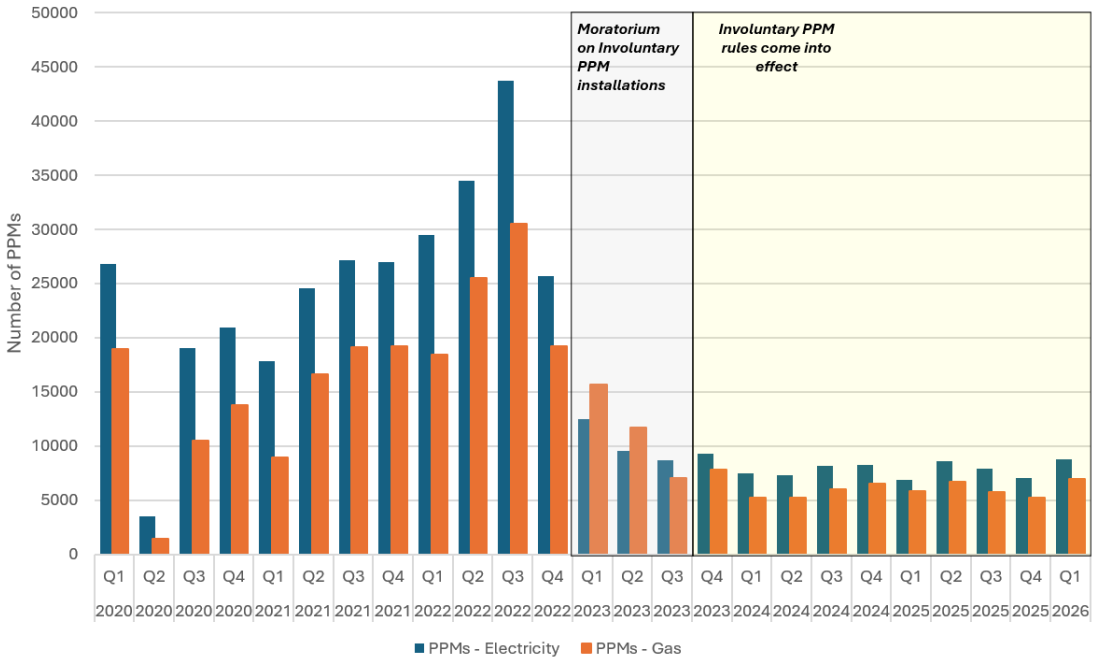
3.1 At the time of the evaluation not all suppliers had resumed involuntary PPM installations and the interviews conducted were with suppliers who had and had not re-started. Therefore, the observed trends in installation and outcomes may represent only a partial effect of the policy.

[7] However, due to current data limitations we are not able to assess the impact on vulnerable households, where self-disconnection is a particular problem. This will be a focus of the impact evaluation

Initial policy outcomes

3.2 Ofgem monitoring data from our Social Obligation Reporting[8], presented in Figure 2, shows that the number of prepayment meters (both involuntary and voluntary installations) being installed to recover debt has declined significantly since the rules were introduced. Pre-moratorium peaks for debt-related PPM installations were significantly higher, averaging around 45,000 quarterly installations for electricity and 30,000 for gas. These numbers do not include smart meter remote switches to PPM mode.

Figure 2: Quarterly PPM (involuntary and voluntary) installations for debt by fuel type – excluding remote switches to PPM mode



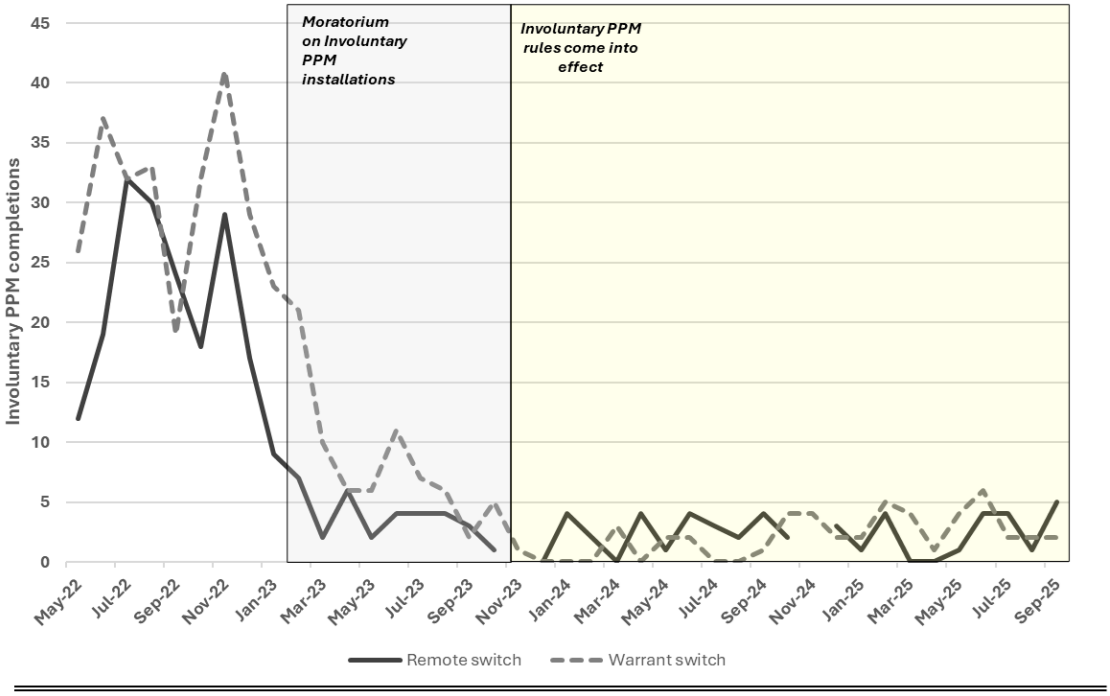
Notes: The number of quarterly PPM installations for debt separated by **electricity** debt and **gas** debt between Q1 2020 and Q1 2026. Vertical lines indicate the moratorium on involuntary PPM installations which was introduced in February 2023 and the involuntary PPM rules coming into effect in November 2023. **Source**: Social Obligation Reporting, Ofgem.

3.3 This is coroborated by external data from Citizens Advice Extra Help Unit, which shows a sharp decline in completed involuntary PPM installations following the moratorium (Figure 3), which could be interpreted as a sustained change in supplier behaviour. Moreover, while EHU data also indicate some re-emergence of threats of forced switches since mid-2024, these remain low in absolute terms,

[8] The Social Obligation Reporting (SOR) guidance provided by Ofgem outlines the requirements for domestic electricity and gas suppliers to monitor their performance under Standard Licence Condition (SLC) 32.

typically involving only a small number of cases per month (hence this evidence is described qualitatively rather than shown separately in Figure 3 below).

Figure 3: Involuntary PPM actions referred to the Citizens Advice Extra Help Unit



Notes: The number of completed involuntary PPM switches using both **Remote switch** and **Warrant switch** between May 2022 and September 2025. Vertical lines indicate the moratorium on involuntary PPM installations which was introduced in February 2023 and the involuntary PPM rules coming into effect in November 2023. **Source:** Citizen's Advice Extra Help Unit

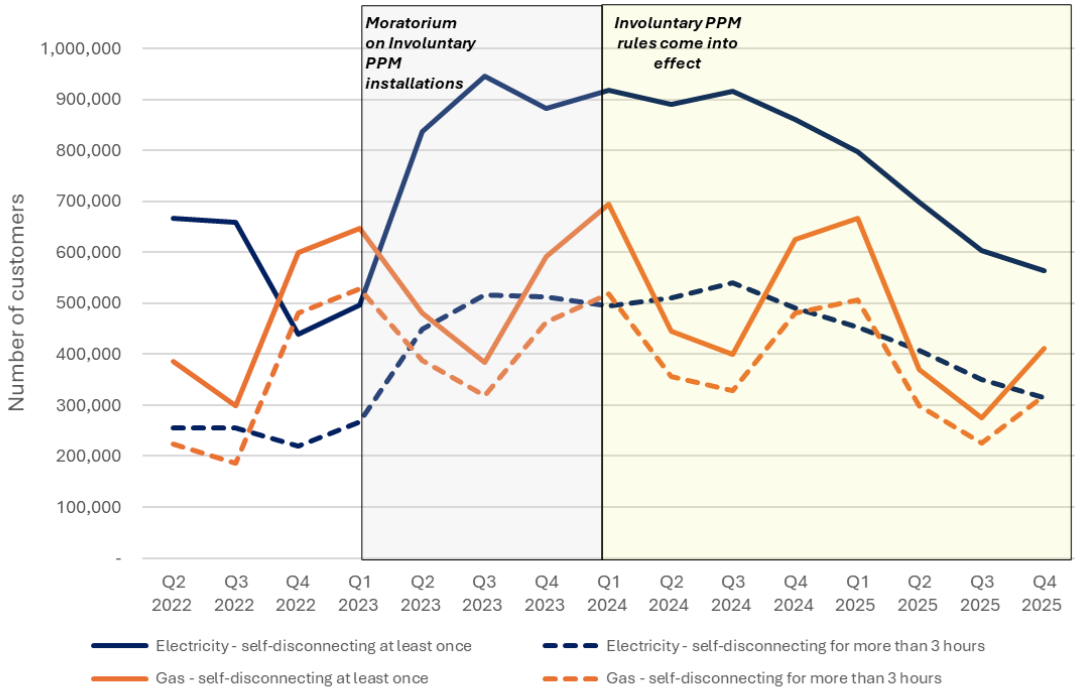
3.4 All CGCs interviewed reported a reduction in serious cases following implementation of the policy. All CGCs interviewed also noted fewer incidents received, with an example being given of a reduction of 48 cases per month after the rules were implemented and a decline in cases involving very young children.

3.5 Harms from PPMs, such as self-disconnections, have followed a similar trend. Significant self-disconnection, defined as a loss of fuel supply lasting longer than three hours, can indicate potential welfare concerns, in particular for consumers in vulnerable situations. A reduction in their occurrence is consistent with the policy's intended protective effect.

3.6 Evidence from Ofgem monitoring data suggests that the introduction of the rules is associated with a reduction in severe self-disconnection cases (see Figure 4). Electricity self-disconnections rose during the moratorium but have since stabilised, with the percentage of customers experiencing severe self-disconnection starting to decline. The August 2023 Price Cap allowance for bad debt associated with Additional Support Credit (ASC), alongside guidance setting for supplies on issuing ASC may have also played a role. This guidance sets a high threshold for suppliers to deem that issuing ASC is not in a vulnerable customer's

best interests, and may also have contributed to fewer self-disconnections.[9] While we are not able to establish causality at this stage, the observed downward trend provides indications of improved outcomes for consumers in vulnerable situations.

Figure 4: Number of smart PPM self-disconnecting at least once and for more than 3 hours



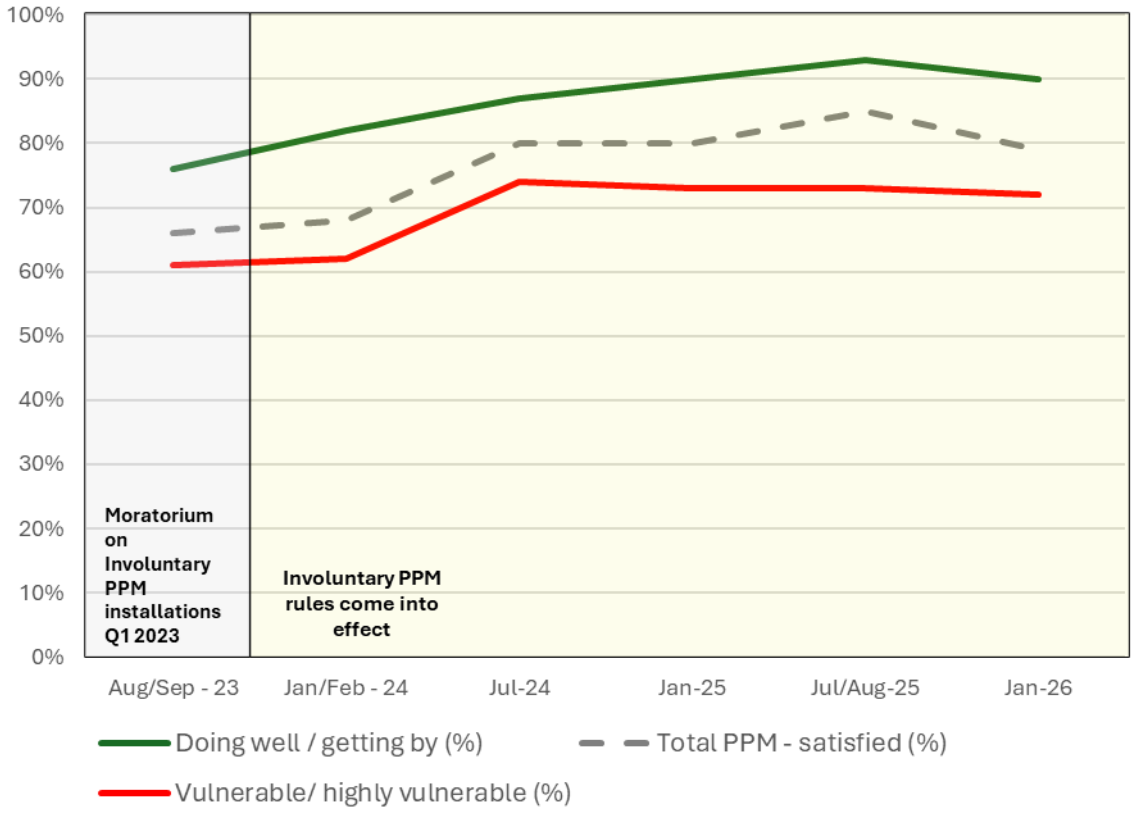
Notes: Number of **electricity** and **gas** customers self-disconnecting **at least once,** and for **more than three hours**, between Q2 2022 and Q4 2025. Vertical lines indicate the moratorium on involuntary PPM installations which was introduced in February 2023 and the involuntary PPM rules coming into effect in November 2023. Source: Household RFI, Ofgem.

3.7 Evidence from Ofgem's Energy Consumer Satisfaction Survey suggests satisfaction levels have increased across payment types including among PPM customers. Within the PPM customer group (see Figure 5), satisfaction levels remain lower for customers identified as financially vulnerable, although these have improved since August 2023. As with other early impact findings, these trends are descriptive and cannot directly be attributed to the rules.

3.8 However, CGCs reported mixed experiences regarding supplier engagement with customers following implementation. Some CGCs observed improvements in communication, noting greater consideration of vulnerability. Others reported little change and raised concerns that some suppliers were instead encouraging customers to move onto PPMs on a voluntary basis. Ofgem staff generally perceived an overall improvement in supplier engagement with customers through the internal monitoring process to assess compliance.

[9] Ofgem Decision: Allowance for additional support credit bad debt costs

Figure 5: Overall satisfaction of PPM customers grouped by financial classification



Note: Chart shows ESAT tracking survey results for PPM customers, split by two groups: those reporting they are **"doing well / getting by"** and those who are **vulnerable or highly vulnerable**. Percentages show the share of customers on PPM who are satisfied with their supplier. The shaded period marks the moratorium on involuntary PPM installations (from Q1 2023), with the yellow area indicating the period after involuntary PPM rules came into effect. **Source**: Energy Consumer Satisfaction Survey, Ofgem

Operational implications of the FAN categorisation

3.9 Suppliers reported a range of operational difficulties when identifying and categorising customers in the FAN group. Some examples suggested were age thresholds of households with children and elderly, chronic and mental health conditions. They reported that accurate categorisation would require either clinical expertise or access to more detailed customer data. Suppliers also noted that building medical expertise would significantly increase costs. These factors contributed to higher-than-expected operational costs. One supplier estimated that the requirement for independent assessment for categorisation has added approximately £15 per assessed account, with minimal impact on the outcomes of categorisation.

3.10 In response to these challenges, some suppliers reported taking a more precautionary approach when categorising customers. Suppliers stated that they had categorised some customers as DNI rather than FAN, explaining that, in the

absence of reliable data, customer engagement, or specialist expertise, categorisation decisions relied too heavily on judgement. If this is leading to a wider group of consumers that being categorised into DNI than originally intended, this could lead to implications for increasing debt in the market.

"A full comprehensive decision can still be a real challenge to take comfort that you always got it right, which was actually why our initial position was to exclude FAN customers as if they were DNI." (Supplier representative)

3.11 More recent evidence compliance and enforcement work with suppliers suggests that some suppliers may have taken a different approach to categorisation. In these cases, suppliers were not consistently using available vulnerability information to mitigate risks associated with involuntary PPM installations. Taken together, this may indicate variation in how the rules have been operationalised, with potential implications for consumer outcomes where vulnerability is not fully identified or acted upon. However, based on the evidence currently available, it is not possible to determine whether supplier behaviour is being driven more by precautionary approaches or by inconsistent application of the rules.

4. Barriers and enablers

[Barriers] Key finding 4 - Operational challenges for suppliers.

Increased stigma around PPMs: Suppliers and Ofgem staff reported that media attention has increased stigma around PPMs. This may limit consumer choice, even where PPMs could be a suitable option, and has highlighted the need for clearer processes for voluntary PPM use.

Data limitations: Limited data sharing between industry and government constrained suppliers' ability to identify vulnerability consistently, leading to greater reliance on judgement and potentially more cautious categorisation.

The Priority Services Register (PSR): The PSR was identified as an area for potential reform, as the current approach relies on consumer self-identification and supplier verification, which can increase administrative burden and result in information becoming outdated.

[Enabler] Key finding 1 - Positive delivery approach.

Collaborative compliance approach: Suppliers reported positive experiences with Ofgem's compliance team. This approach supported more collaborative working to address potential consumer harms, and helped manage operational challenges.

Experiences of barriers and enablers for policy effectiveness

PPM stigmatisation

4.1 Some suppliers reported that PPM have become increasingly stigmatised in recent years. If this is the case, it may also be as a result of the media attention which preceded Ofgem's moratorium and introduction of Involuntary PPM rules.

4.2 A few stakeholders across all groups have suggested there has been a reduction in the uptake of PPMs due to the negative perception. A few stakeholders suggested that this has also been shaping supplier behaviour, with one supplier describing a shift towards avoidance of involuntary installations. A few stakeholders suggested a more positive narrative focused on debt prevention could improve uptake and address rising debt levels.

Data limitations

4.3 Several Ofgem staff and suppliers highlighted limitations in the availability and granularity of data on customer vulnerability. In particular, stakeholders noted that limited access to detailed or timely data made it more difficult to identify vulnerability and affordability concerns accurately and consistently. Some suppliers pointed to the potential value of enhanced data-sharing arrangements

across government departments, which they felt could reduce operational burden and support more effective identification of consumers in vulnerable situations. There was also strong stakeholder interest in improved data sharing, including access to a more comprehensive Priority Services Register (PSR)

"Suppliers rely on getting data from customers regarding their eligibility for being put into the DNI - this can be automated via access to government data e.g. through a PSR system - easier for suppliers to use and deliver" (Supplier representative)

4.4 Ofgem staff further noted that data limitations restricted the ability to conduct detailed analysis and to assess or predict longer-term outcomes associated with the policy. In addition, suppliers and Ofgem staff raised concerns about the quality and accuracy of PSR data. In particular, the register relies on customers to self-identify and update their circumstances, and stakeholders reported that this does not always occur in practice. As a result, some customers may remain on the PSR despite no longer meeting vulnerability criteria, while others may not be captured at all. Stakeholders suggested that reform of the PSR could improve clarity of vulnerability categories and reduce the presence of outdated or legacy data.

Monitoring and compliance experience

4.5 Overall, suppliers reported positive experiences during the initial implementation of the policy. This has been a significant enabler, allowing suppliers to navigate some of the difficulties in identifying complex vulnerabilities. Many welcomed Ofgem's more flexible and pragmatic approach to monitoring and compliance, alongside clearer guidance. Suppliers highlighted increased and more varied engagement with Ofgem, which they felt supported collaborative problem-solving during early implementation. There was also appreciation of the clarity provided by the defined aftercare period, which helped set expectations around ongoing monitoring and compliance activity.

5. Wider implications

Key finding 5 - Rising debt levels.

Growth in debt: The level of energy debt has grown significantly since the PPM moratorium and rules were introduced presents ongoing challenges. This period initially coincided with high energy prices and wider cost of living pressures which continue today. The evidence on the relationship between the PPM rules and debt is inconclusive based on the focus of current work. We also note significant divergence across stakeholders on the main the drivers of the growth in debt, with some attributing general affordability concerns and others to the policy.

Debt recovery: Suppliers have raised significant concern about changes in consumer behaviour, and the rise of "won't pay" (as opposed to "can't pay") consumers.

Concerns around consumer de-prioritisation of energy bills: Suppliers interview responses suggest that the policy may have impacted consumer incentives, and that energy debt is being deprioritised relative to other household debt since implementation. Our data do not allow us to confirm this claim yet, but preliminary evidence suggests energy is an outlier compared to other household bills.

Supplementary findings

Innovation: Some suppliers have developed novel methods to identify consumers in vulnerable situations, such as advanced data processing methods to identify vulnerability characteristics.

Implications for credit outcomes: Reduced use of warrants under the new rules has affected how defaults are recorded, with some customers remaining in arrears for longer rather than being formally classified as in default. A credit rating agency noted this may delay the start of the six-year removal period for defaults, with potential implications for consumers' credit records and access to finance.

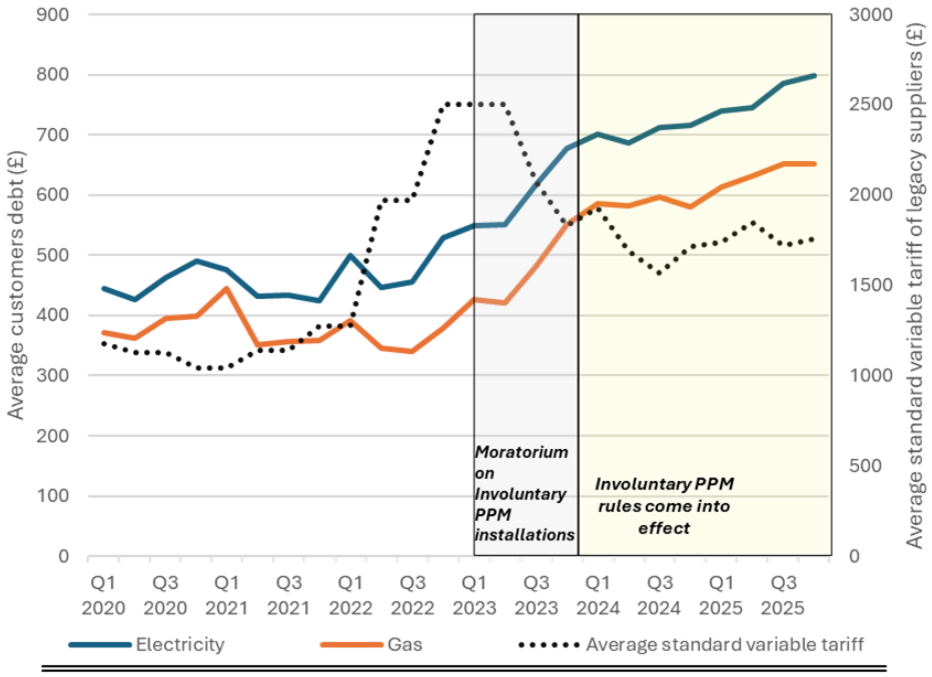
Other policies: Some stakeholders noted the interaction between the Involuntary PPM rules and other interventions. In particular, stakeholders highlighted proposals related to the Debt Relief Scheme and the potential relationship between rising debt levels and the use of Additional Support Credit (ASC). They noted that inconsistent application of the ASC by suppliers may be contributing to higher debt outcomes.

Growth in household debt and arrears

5.1 Debt among domestic customers with and without repayment arrangements has grown significantly since the energy crisis in 2022 and the subsequent introduction of the moratorium on involuntary PPMs. As shown in Figure 6, the average amount of debt with a repayment arrangement owed by these

customers[10] has risen steadily over the period, increasing from around £450 for electricity and £370 for gas at the beginning of 2020 to around £800 and £650, respectively, by the end of 2025[11]. These broadly coincide with movements in the average standard variable tariff, which rose sharply during 2022 as a result of increases in the global gas prices during the energy crisis. The introduction of Energy Price Guarantee in October 2022 capped the typical dual-fuel bill to £2500.[12] Tariffs began to decline in early 2023 as wholesale prices eased, although remained elevated relative to pre-crisis. While the decline in tariffs suggests reduced price pressure, debt continues to accumulate among some customers despite easing price conditions.

Figure 6: Average debt owed by domestic customers with a debt repayment arrangement



Note: Average outstanding **electricity** and **gas** debt (£ per customer) for domestic customers with a debt repayment arrangement, shown quarterly from Q1 2020 to Q4 2025. Also shown, the average standard variable tariff of legacy suppliers over the same period. Vertical lines indicate the moratorium on involuntary PPM installations which was introduced in February 2023 and the involuntary PPM rules coming into effect in November 2023. **Source**: Debt and arrears indicators, Ofgem

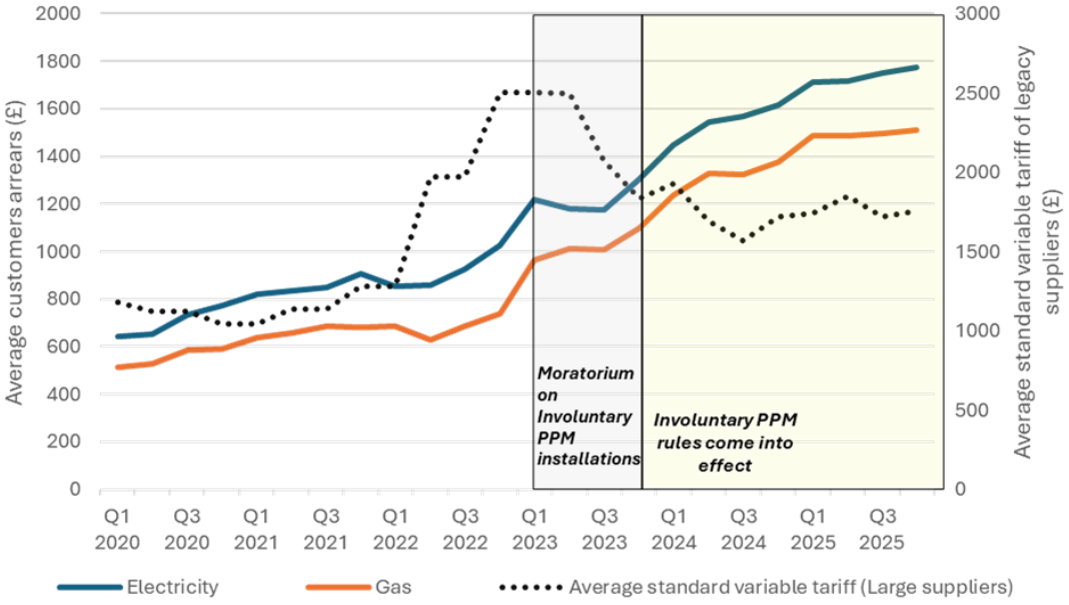
[10] Debt and arrears indicators | Ofgem - Average amount of debt owed by domestic customers who had a debt repayment arrangement set up between Q3 2012 and Q4 2025.

[11] It is important to note that debt (and further trends presented in this section) not necessarily reflect changes in debt (or arrears) held by the same cohort of customers over time, as some customers will have paid off their debt and exited repayment arrangements during this period, while others may have entered. Trends over this period should be interpreted in the context of elevated wholesale and retail energy prices in 2022–23 and the introduction of temporary government support measures, such as the Energy Bills Support Scheme, which affected both bills and debt dynamics.

[12] Energy Price Guarantee up to 30 June 2023 - GOV.UK

5.2 Arrears among domestic customers who were in arrears[13] and did not have a debt repayment arrangement in place has also increased significantly over the period. As shown in Figure 7, the average amount of arrears owed by these customers rose from around £640 for electricity and £510 in gas in early 2020 to around £1,770 and £1,500, respectively, by the end of 2025. Similarly with debt, arrears continue to increase despite easing price conditions.

Figure 7: Average amount of arrears owed by domestic customers who were in arrears and did not have a debt repayment arrangement in place



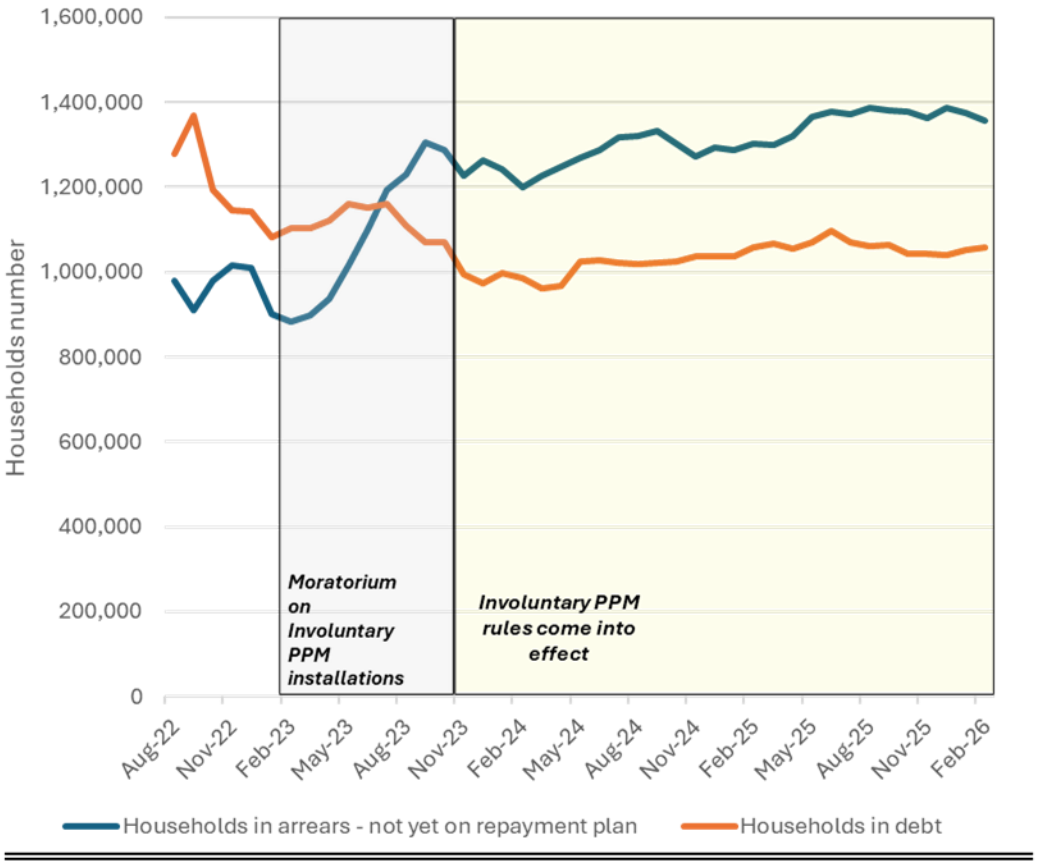
Note: Average **electricity** and **gas** arrears (£ per customer) for domestic customers in arrears without a debt repayment arrangement, shown quarterly from Q1 2020 to Q4 2025. Also shown, the average standard variable tariff of legacy suppliers over the same period. Vertical lines indicate the moratorium on involuntary PPM installations which was introduced in February 2023 and the involuntary PPM rules coming into effect in November 2023. **Source**: Debt and arrears indicators, Ofgem

5.3 The number of households in arrears and debt (Figure 8) has stabilised at around 1.3–1.4 million for households in arrears and 0.9–1.1 million for households in debt since the introduction of the new rules in November 2023. During the moratorium, the two series diverged, with a marked increase in households in arrears alongside a decline in households in debt. This pattern is consistent with heightened affordability pressures during the energy crisis, leading to more households accumulating arrears, and may also reflect constraints in the

[13] The definition of arrears in this context is customers who owe a debt to their supplier, but do not yet have a debt repayment arrangement in place. Customers in debt have entered a formal arrangement with their supplier to repay outstanding debts, including all prepayment (PPM) customers repaying a debt, and non-PPM customers on debt repayment arrangements extending beyond 91 days/13 weeks.

transition from arrears into formal debt repayment arrangements when recovery through PPMs was limited.

Figure 8: Number of households in debt and in arrears



Note: Number of households in arrears (not on a repayment plan) and in debt (on a managed repayment plan). Vertical lines indicate the moratorium on involuntary PPM installations which was introduced in February 2023 and the involuntary PPM rules coming into effect in November 2023. **Source**: Household RFI, Ofgem

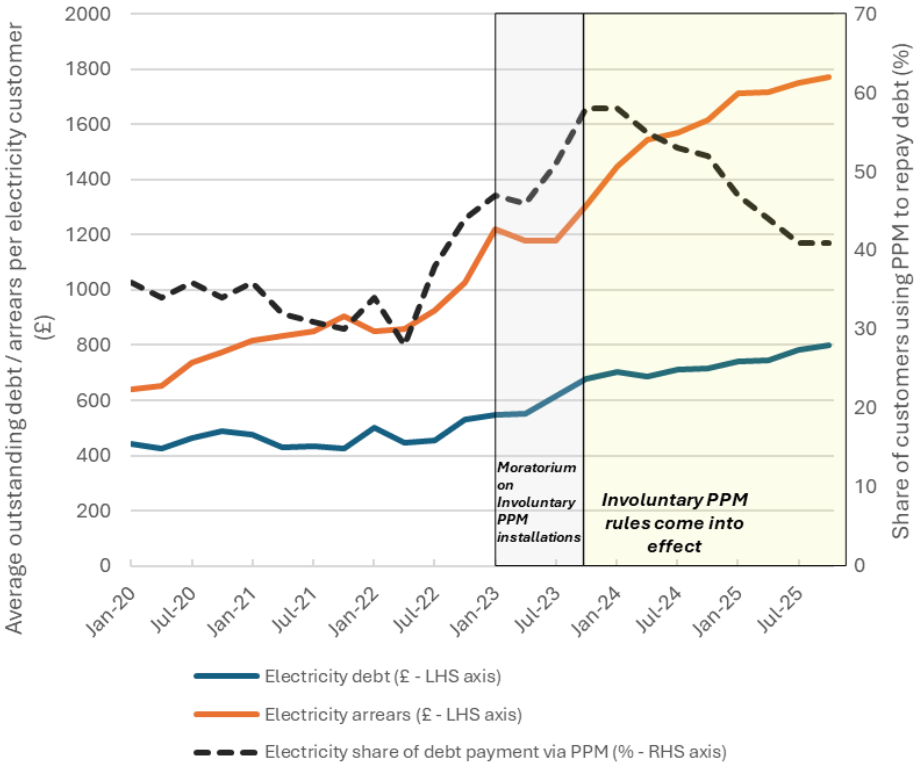
5.4 While the number of households in arrears and in managed repayment plans (debt) has remained broadly stable since November 2023 (Figure 8), evidence from arrears and debt balances (Figure 6 & 7) shows that arrears and debt have continued to increase among these households over this period. This suggests that the stabilisation reflects a deepening of arrears and debt within a relatively fixed group of households, rather than an improvement in the severity of payment difficulties.

5.5 Several interviewees from all groups interviewed held the view that the Involuntary PPM rules could have had an unintended consequence of increasing debt but understand it is difficult to isolate the effects of the policy from other economic factors. Suppliers have suggested the broad inclusion criteria and operational difficulties are contributing factors.

5.6 Figure 9 below shows trends in average debt and arrears (left-hand axis, £ per customer) alongside the share of debt repaid via prepayment meters (right-hand axis, %) for electricity (gas trends are broadly consistent, hence not presented in this graph). Debt and arrears levels increase steadily from 2021 onwards (as seen earlier), with a more pronounced rise during the energy crisis period. Over the same period, the share of debt repaid via PPMs also increases, rising from around one-third to a peak above 50% in early 2023.

5.7 Following the introduction of the moratorium in early 2023 and the involuntary PPM rules in November 2023, the share of debt recovered via PPMs declined steadily, falling to around 40% by the end of 2025 (see Figure 9). In contrast, average arrears and debt levels continue to increase over this period. This pattern suggests a reduced reliance on PPMs for debt recovery following the policy changes. Arrears (and debt) were already increasing prior to the policy period, driven by broader factors, including the impact of the energy crisis on households' ability to pay.

Figure 9: Average outstanding electricity debt and arrears per customer (£) and share of debt repaid via PPM (%)

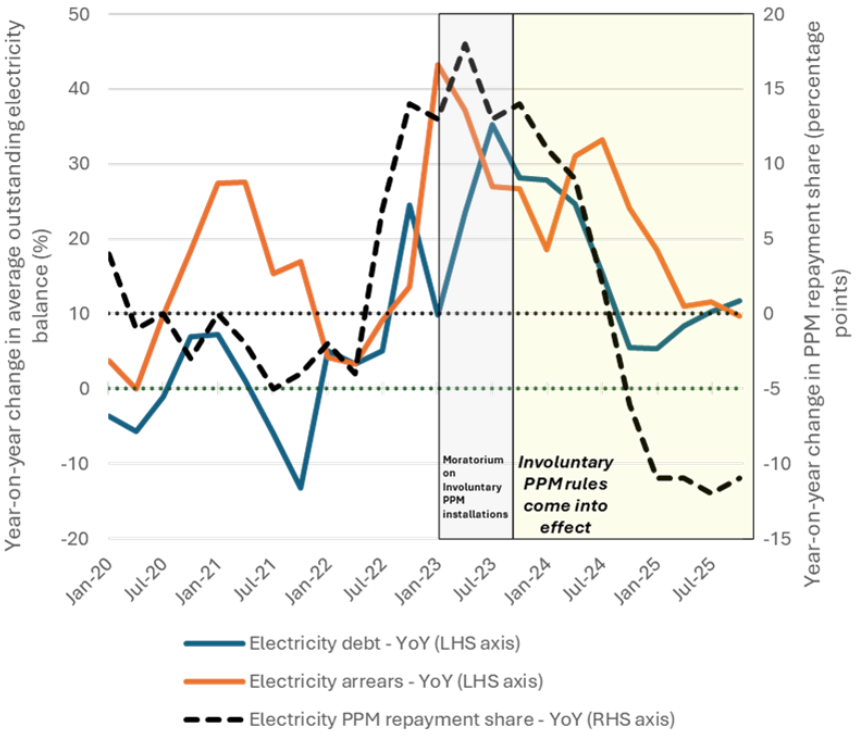


Note: Average **electricity debt** and **arrears** (£ per customer, left-hand axis) alongside the share of electricity customers **repaying debt via prepayment meters** (right-hand axis, %), shown quarterly from Q1 2020 to Q4 2025. Vertical lines indicate the introduction of the moratorium on involuntary PPM installations (Q1 2023) and the new involuntary PPM rules (Q4 2023). **Gas trends are broadly consistent, hence not presented in this graph. Source**: Debt and arrears indicators, Ofgem.

5.8 To explore the dynamic relationship between PPM use, debt, and arrears, Figure 10 presents year-on-year (YoY) growth rates for average electricity debt and arrears alongside changes in the share of debt repaid via PPMs, calculated from Q1 2020 onwards for electricity (gas trends are broadly consistent, hence not presented in this graph). YoY growth rates are used instead of levels to remove trends and non-stationarity, so that any relationship reflect genuine co-movement in changes rather than spurious correlation driven by common trends.

5.9 Figure 10 shows that the YoY growth rate of the PPM repayment share for electricity customers rises sharply during the energy crisis and then declines following the introduction of the moratorium and the involuntary PPM rules, turning negative through much of 2024 and 2025. Over the same period, electricity customers' debt and arrears continue to grow, but at a slower pace than during the peak of the crisis. Despite the decline in PPM-based debt recovery, there is no corresponding acceleration in debt or arrears growth. This may suggest that factors beyond PPM use - such as wider affordability pressures and the persistence of existing balances - are likely to be the main drivers of debt and arrears outcomes.

Figure 10: Year-on-year change in average electricity debt and arrears (%) and change in the share of debt repaid via PPM (percentage points)



Note: Year-on-year (YoY) percentage changes in average **electricity debt and arrears** (left-hand axis) alongside the YoY change in the share of debt **repaid via prepayment meters** (right-hand axis, percentage points), shown quarterly from Q1 2020 to Q4 2025. Vertical lines indicate the introduction of the moratorium on involuntary PPM installations (Q1 2023) and the new involuntary PPM rules (Q4 2023). **Gas trends are broadly consistent, hence not presented in this graph. Source**: Debt and arrears indicators, Ofgem.

5.10 We also conducted correlation analysis using longer-run quarterly data from 2012 onwards. Lagged variables are included to account for the fact that changes in PPM use are likely to affect customers balances with a delay rather than immediately. While correlations between debt, arrears, and PPM use are evident in levels, these relationships weaken when examined with lags, suggesting that shared trends (i.e., external pressure of energy prices and other costs) may be driving much of the association observed in levels. Overall, the evidence points to mixed and inconclusive relationships, reinforcing the need for a more formal impact evaluation.

Drivers of increased debt in the energy sector

5.11 Stakeholders had mixed opinions on the drivers of the growth in debt. Affordability issues such as low incomes and high cost of essential bills were widely cited across all groups.[14] However, others emphasised the impact of the PPM rule changes. Several interviewees held the view that the Involuntary PPM rules had an unintended consequence of increasing debt but understand it is difficult to isolate the effects of the policy from other economic factors. A few suppliers have suggested the broad inclusion criteria and operational difficulties are contributing factors.

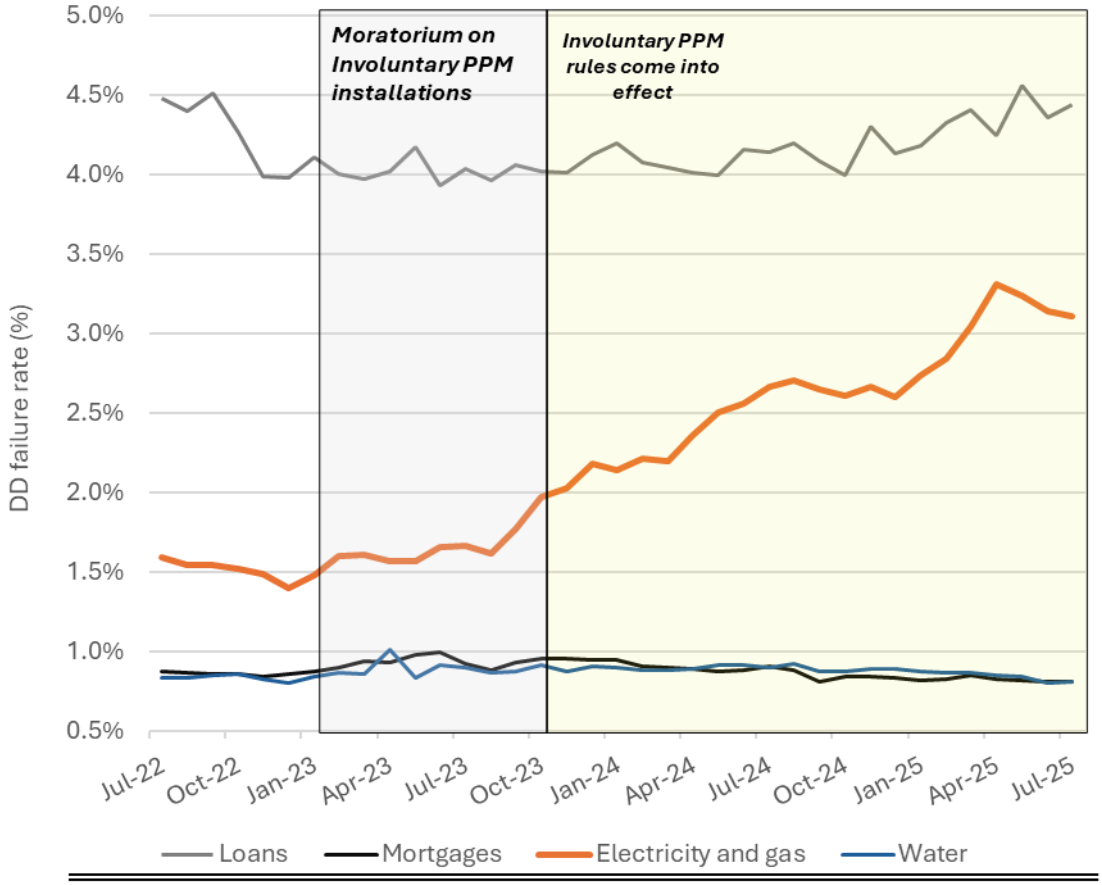
5.12 Our analysis of Office of National Statistics direct debit failure rate data indicates that energy is an outlier relative to other sectors. Figure 11 shows an increase in direct debit failure rates for gas and electricity since the moratorium. In contrast, failure rates for other household bills have remained relatively stable.

5.13 Other work does point to shifting consumer behaviour regarding how people are coping with debt. For example, the Resolution Foundation[15] found that In April–June 2025, the average Citizens Advice client owed 40% more in energy arrears and 30% less in credit card debt compared to 2019, despite increasing value and number of credit card transactions.[16] This suggests that people are taking out more credit using credit cards, but managing it better, potentially a consequence of rising interest rates. [17] Additionally, a range of regulatory and prudential measures introduced over this period may also have influenced consumer behaviour, and it is therefore not possible to isolate the underlying drivers of these trends.[18]

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[14] Citizens Advice, writing PPM Report (2023) before the involuntary PPM rules, commented "Prepayment meters themselves cannot be siloed from the wider lives of those experiencing detriment from them."
[15] Money On My Mind (2025)
[16] UK Finance Card Spending Update. August 2025
[17] Average Credit Card Interest Rate (APR) 2026 | NimbleFins
[18] New FCA rules (PS24/2) require lenders to: Identify customers at risk earlier (not just those already behind), Offer forbearance options (e.g. reduced interest, payment holidays), Clearly signpost free debt advice, Consider the customer's overall indebtedness.

Figure 11: Direct Debt failure rates of household bills



Note: Percentage of direct debit failures for **loans, mortgages, electricity and gas, and water** bills between July 2022 and July 2025. Vertical lines indicate the introduction of the moratorium on involuntary PPM installations (Q1 2023) and the new involuntary PPM rules (Q4 2023). **Source**: Office of National Statistics.

5.14 Evidence from Experian suggests that most people behind on their utility bills are up to date on other commitments (such as telecoms, car finance, buy-now-pay later). [19]

5.15 In our interviews, suppliers highlighted low levels of customer engagement as driver of debt within the energy sector. Many reported that customers progressing toward involuntary PPM installation were less likely to engage when asked to provide information relating to vulnerability. This increased the effort required to identify customers and added to operational burden. Some suppliers suggested that enhanced protections may also be reducing customer incentives to engage, with concerns that some customers may be deprioritising energy bills as a result.[20]

[19] Update on key utilities trends: Unpicking arrears in energy - Experian UK

[20] In Money On My Mind (2025), the Resolution Foundation notes that "regulatory changes have softened the immediate consequences of falling into arrears". They do still argue, however, that "[PPMs] are a harsh remedy and should only ever be a last resort".

5.16 Suppliers have also reported that the additional complexity associated with identifying and categorising customers combined with low levels of customer engagement has encouraged a more precautionary approach. This includes over-categorising customers as DNI which may have implications for debt growth.

5.17 However, while engagement and customer behaviour is likely a factor, other factors include industry processes. These include notable concerns regarding supplier practices. The same Experian report notes that energy utilities lag behind best-practice in collections and support for customers in difficult circumstances. As observed in household arrears trends section above, some concerns include debts that could be written-off remaining on the books for long periods and poor use of data to inform payment plans.

5.18 While it appears that people are managing debt better in other areas compared to energy, this is driven by a complex relationship between consumer behaviour, affordability, regulations, and behaviour of firms.

Implications for consumers – consumer defaults and debt

5.19 Other evidence has shown that indebtedness can result in a wide range of adverse physical and mental health impacts.[21] In our discussions, a credit-rating agency noted the reduced use of warrants following the introduction of the rules has implications for how defaults are recorded. Previously, the application of a warrant or forced installation of a prepayment meter could act as a trigger for registering a default. However, under the current rules, some customers who might previously have been classified as in default may instead remain in arrears for extended periods of time. This could have long-term negative implications for consumers' credit records, including delays in defaults being registered, and therefore, later removal from credit files, which may affect access to finance.

5.20 There have also been concerns by several CGCs on the impact of the increase in debt in the market on consumers. There were concerns that increasing debt has been impacting wellbeing due to rationing of energy consumption.[22] Ofgem shared similar concerns of how debt can be as much of a detriment as the harms resulting from involuntary installations.

Innovation

5.21 Stakeholders reported a number of innovative approaches emerging following the introduction of the involuntary PPM rules. In relation to vulnerability identification, suppliers described using a wider range of data sources and analytical tools to improve identification of vulnerable customers. Examples included the use of

[21] Health effects of indebtedness: a systematic review | BMC Public Health | Springer Nature Link

[22] Prioritising energy bills can also have "deleterious" effects on consumers' health. Pay (for it) as you go: Prepaid energy meters and the heat-or-eat dilemma - ScienceDirect (2022) explores the 'heat-or-eat' dilemma.

affordability and external datasets, enhanced keyword identification to flag potential welfare considerations, the development of vulnerability scorecards to provide a more holistic view of customer circumstances, and more proactive identification of vulnerability outside of debt-related interactions. Stakeholders also reported innovation in customer engagement approaches. Examples included trialling different engagement methods and channels, introducing incentives to encourage customers to engage with suppliers, and working with third parties, such as credit reference agencies, to support engagement efforts. Ofgem will further assess any potential policy benefits associated with these approaches as part of the impact evaluation.

Interactions with and implications for other policies

5.22 A few stakeholders noted the need to consider links between PPM rules and other retail market policies. For example, there has been concern about the use of Additional Support Credit (ASC). A few stakeholders have noted that applying the use of ASC has been difficult given the difficulty in identify certain vulnerabilities. With the previous implications of suppliers over-categorising DNI, suppliers have been inconsistently applying the ASC. One supplier reported that they have had to provide Additional Support Credit (ASC) to maintain customers on PPMs where these customers had voluntarily chosen this payment method, which contributes to increasing debt balances over time. Stakeholders also highlighted the difficulty in distinguishing between short-term or exceptional use of ASC and more sustained or habitual reliance, particularly in the context of wider economic pressures. As a result, inconsistent ASC usage has potentially contributed to the debt problem

6. Recommendations and next steps

6.1 Although the evaluation is ongoing, it has already identified several areas that are working well and some that require action or further analysis. The recommendations focus on practical, low-regret improvements to support delivery, without materially affecting policy impacts.

Key Recommendations

1. **Ensure effective protections are in place for those most in need.**

   Early evidence indicates that the rules are associated with a reduction in adverse incidents linked to involuntary PPM installations. All consumer groups interviewed reported fewer serious cases, including a decline in cases involving very young children. Ofgem monitoring data also suggests a reduction in severe self-disconnection (defined as interruptions exceeding three hours - which can be viewed as a proxy for customers struggling to pay for their gas and electricity supplies), supporting the case for maintaining strong protections for those consumers in the most vulnerable situations. However, this sits alongside evidence which highlight variability in how the rules are being implemented and indicate that adverse outcomes continue to occur.

2. **Review existing SLCs and SRP Guidance.**

   Identifying and categorising vulnerability has proven complex and resource-intensive for suppliers. Assessing the need for simplifying or reforming certain protected categories, particularly those relating to chronic and mental health conditions, could reduce operational burden and costs. In addition, reviewing requirements that stakeholders identified as highly burdensome but with limited welfare benefits may further reduce operational burden. Examples could include contact attempt requirements, the 90-day engagement window, and the £200 debt trigger.

3. **Review data sharing practices and scope potential to improve verification processes and/or a more targeted vulnerability register.**

   Limitations in consumer-led PSR updating, low engagement, and restricted data sharing create challenges in identifying vulnerability and financial situations consistently. A review into current data practices to explore opportunities for better data provision could support earlier identification and verification, improve accuracy and consistent application. Improvements could include an enhanced vulnerability register, building on emerging use of DNI categories by certain CGCs across different policy areas, and increasing use of advanced data processing by suppliers to identify people at risk.

4. **Review wider factors driving high debt in the energy sector**

   Evidence suggests that rising debt is influenced by multiple factors beyond the rules themselves, including wider cost of living pressures, low customer engagement and potential de-prioritisation of energy bills. Potential other factors include PPM stigmatisation, variation in the use of Additional Support Credit and supplier debt collection practices. Further analysis of these drivers would support broader debt reduction objectives across the market. This will be explored further in the impact evaluation.

5. **Agree a consistent approach for registering of consumer defaults**

   A credit-rating agency highlighted potential negative outcomes for consumers arising from delays and inconsistencies in registering defaults, particularly where warrants are no longer pursued. We recommend that suppliers and credit rating agencies, with approval from the Steering Committee on Reciprocity (SCOR)/the Financial Conduct Authority (FCA) develop a clear, agreed approach for reporting of defaults. This would improve consistency and reduce the risk of unintended long-term impacts on consumers' credit records and ability to access finance.

6.2 We make the following interim recommendations now to highlight areas where policy development and consultation can begin in parallel with the impact evaluation. Full recommendations will be provided on completion of the impact evaluation.

Next steps: impact evaluation

6.3 The impact evaluation will build on the process evaluation by assessing whether outcomes for customers protected by the involuntary PPM rules differ from those for appropriate comparison groups, and whether observed patterns align with the policy's intended effects. Table 1 sets out the high-level impact evaluation questions. The impact evaluation will draw primarily on supplier-provided customer-level data, supplemented by external datasets and Ofgem monitoring data. It will focus on longer-term outcomes and observable impacts for protected groups, debt and arrears outcomes, and potential unintended effects, using comparative and before-and-after analysis where possible. The approach will remain proportionate to data availability and mindful of known data gaps and the evolving policy and market context.

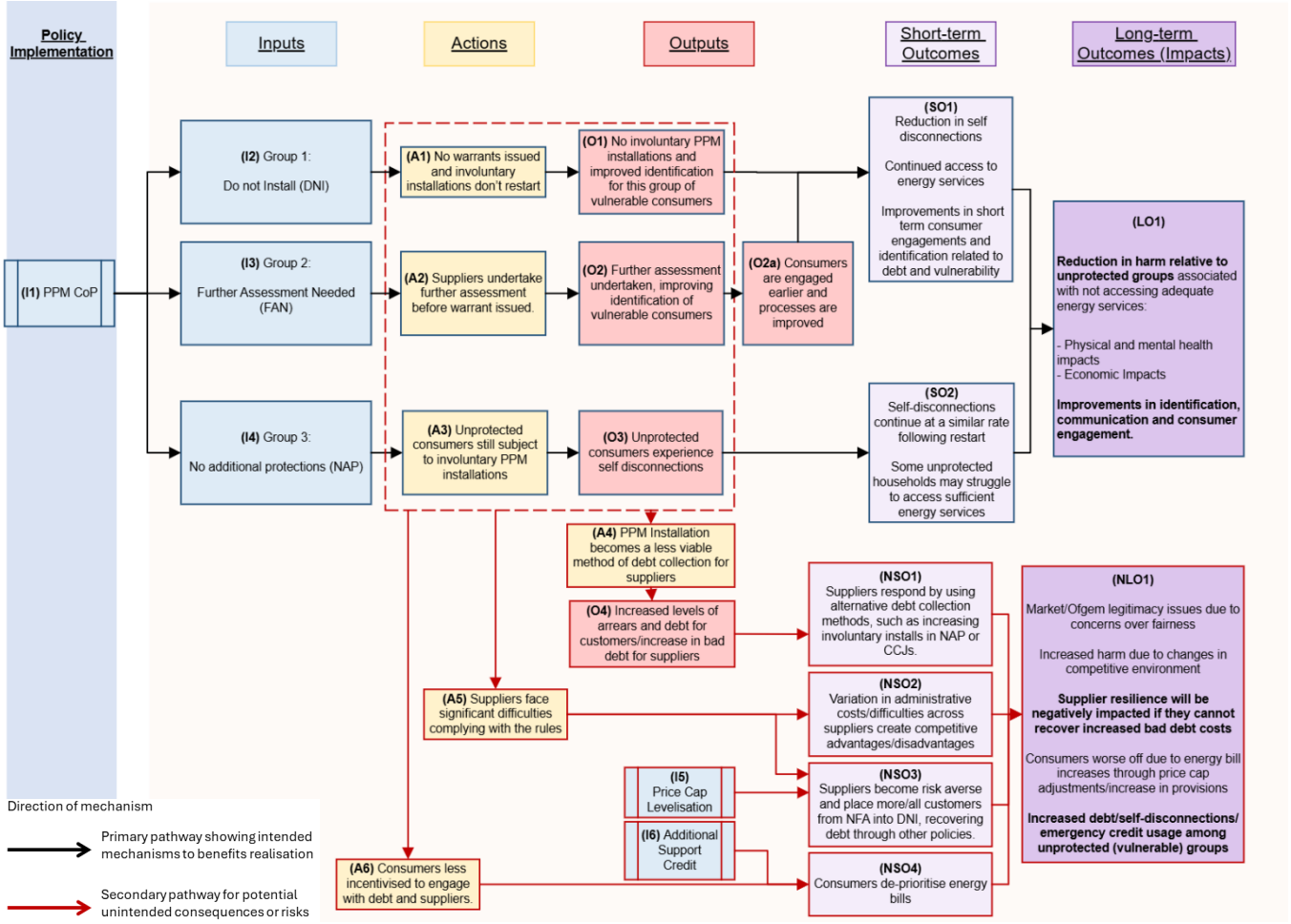
Table 1: Impact evaluation questions

Benefits to protected groups	Impact on debt	Implications for debt recovery	Unintended consequences
Do outcomes for protected customers differ from comparable non-protected customers?	How do debt and arrears outcomes evolve for protected customers relative to comparison groups?	Are there changes in repayment patterns, arrears persistence, or engagement that may have implications for debt recovery?	Are there wider or unintended effects on customer behaviour, supplier behaviour, or debt recovery?
Is there evidence of reduced harms associated with involuntary PPM for protected customers?	How do outcomes for protected customers compare with those previously eligible under the old rules?	Are there indications of changes in customer or supplier behaviour relevant to managing debt, relative to the pre-rules period?	Have other vulnerable groups not explicitly protected by the rules been affected by the policy?

Annex 1: Theory of Change

A logic model sets out how a policy is expected to work, linking actions to outcomes. As no formal model existed, one was developed for this evaluation using policy documents and input from the policy team.

The rules (I1) categorise customers into DNI, FAN, and NAP, guiding actions such as preventing or reviewing installations. This leads to reduced involuntary installations and improved identification of vulnerability, supporting lower harms (SO1) while recognising wider risks (SO2; NSO1–NSO4). Over time, the policy aims to reduce harm for vulnerable groups (LO1).



Key

- **Inputs (I):** Policy elements introduced (e.g. rules, guidance)
- **Actions (A):** Potential actions stakeholders will do
- **Outputs (O):** Immediate changes resulting from actions
- **Short-term outcomes (SO):** Early effects on customers and systems
- **Long-term outcomes (LO):** Intended long-term impacts of the policy
- **Unintended outcomes (NSO / NLO):** Potential indirect or adverse effects

Annex 2: Data collection methodology

Stakeholder interviews approach

A1.1 To understand the process of delivering the involuntary PPM rules, we invited suppliers, CGCs, Ofgem staff and special interest groups to participate to a 60-minute semi-structured interview.

A1.2 The evaluation approach was shared with supplier regulatory directors and CGC directors through Ofgem's regular stakeholder meetings. These meetings provided an opportunity for stakeholders to express interest in participating in the process evaluation interviews. Interviewees were invited on the basis of having direct experience of aspects of the policy's design and/or implementation. Follow-up engagement was undertaken to support broad representation across stakeholder groups.

A1.3 These interviews took place from July 2025 to October 2025.

A1.4 In total, 27 stakeholder interviews were conducted. These included:

- 11 supplier and supplier representatives were interviewed, covering organisations of different sizes and areas of specialisations;
- 6 consumer groups and charities; and
- 10 Ofgem staff across policy, monitoring and compliance, enforcement and legal teams, and spanning a range of seniority levels.
- 2 special interest groups.

A1.5 The interviews sought to understand stakeholders' roles in relation to the policy, their experiences of the policy design process and early implementation, engagement with Ofgem, and wider impacts of the rules. These were used to provide findings for the wider evaluation questions.

A1.6 Discussions followed a semi-structured topic guide which was structured as follows:

- Stakeholder roles
- Observations on the process of the design
- Observations on the process of the choice of vulnerabilities in each category
- Observations on the implementation
- Observations on barriers and enablers
- Observations on wider impacts of the policy

Evaluation Questions

A1.7 The key questions for the process evaluation across policy design and implementation are set out in table 2 below.

Table 2: Process evaluation questions

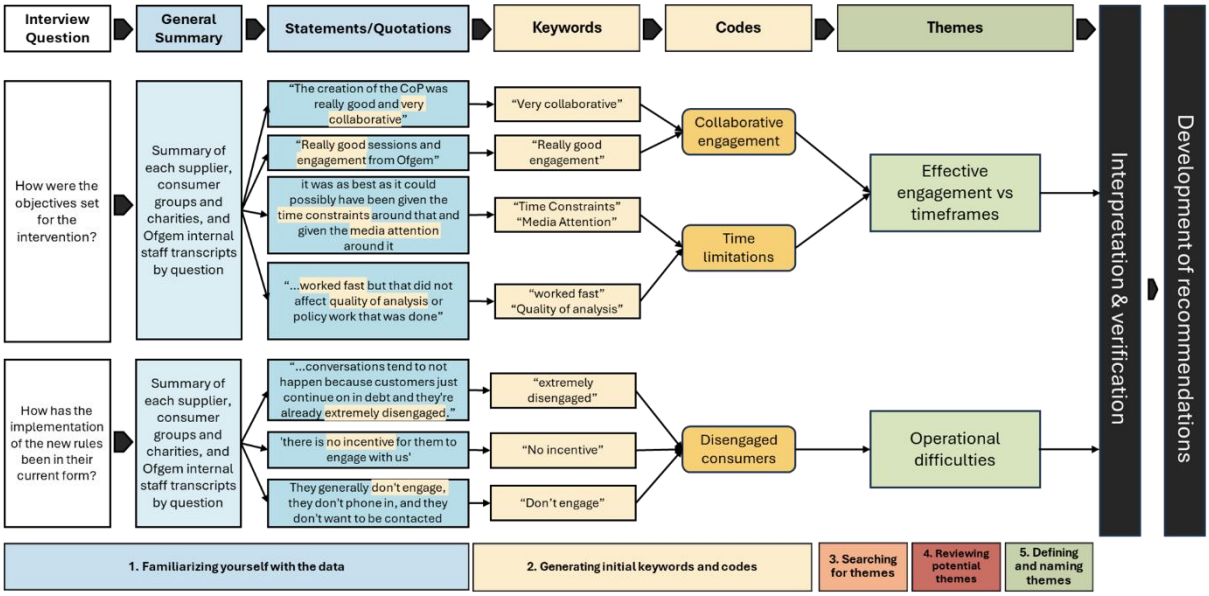
Policy design	**Development** ▪ How were the objectives set for the intervention? o E.g. were they clear? ▪ How were the needs of the stakeholders considered? ▪ Were potential unintended consequences considered?
	Coverage ▪ How did we identify which groups to be protected? o E.g. Should protections be expanded or reduced?
Policy Implementation	**Feasibility** ▪ How well can the rules be implemented in their current form? ▪ Was there clear and practical guidance?
	General implementation ▪ Were there any unexpected consequences reported because of the policy? ▪ Have the processes for consumer engagement changed?
Barriers and enablers	▪ How have stakeholders approach to compliance impacted the efficacy of the rules? ▪ How have the rules affected the behaviours of stakeholders? ▪ What operational issues and costs have licensees faced? ▪ What other unintended consequences have there been?
Wider implications of the rules	▪ How have the rules interacted with existing regulatory policies? ▪ How have the rules impacted licensees ability to collect debt? ▪ Have there been incentives changes that affect PPM as a viable debt collection mechanism?

Synthesis and reporting

A1.8 The data underwent thematic analysis[23] wherein each write-up was read several times and emergent core messages were clustered together to devise higher-order themes. Thematic alignments and divergences were then devised between stakeholders to highlight practices that were effective and those which need improvement. An example of the process can be found in figure 12.

[23] Thematic Analysis: A Practical Guide. Braun, Clarke 2021

Figure 12: Diagrammatic illustration of the thematic analysis process



A1.9 As with the interpretation all qualitative data, the following should be noted:

- The small sample size of participants recruited,
- The sample of participants is self-selecting and therefore the findings do not aim to be representative of the general population
- The views and opinions reported are the views and perceptions of participants and are not necessarily factually correct

Secondary data collection

Analytical objectives

A1.10 The overall objective was to provide a descriptive analysis of changes in key outcomes and provide verification and interpretation of the interview observations. This involves using:

- Providing a comparative trend analysis using pre-policy and post-implementation data,
- Provide an overall descriptive analysis of changes in key outcomes, and;
- Highlight emerging findings and data gaps.

A1.11 This analysis was not used to attribute key outcomes and impacts to the policy. The main objectives were to:

- **Observe trends** pre- and post-moratorium and introduction of the PPM rules timelines using Comparative trend analysis.
- **Benchmark against IA forecasts** on debt trends across different payment methods (Direct Debit, Standard Credit, PPM).
- Align indicators with **Impact Evaluation questions** on protected group outcomes, debt/arrears impacts, and unintended consequences.

A1.12 This analysis was not used to attribute key outcomes and impacts to the policy.