



PRESS RELEASE

R/9 (Ofgem)

THURSDAY 3 JUNE 2010

OFGEM, CONSUMER FOCUS AND CITIZENS ADVICE WORK TOGETHER TO PROTECT ENERGY CUSTOMERS WHO ARE IN DEBT

A joint review carried out by energy regulator Ofgem and Consumer Focus has found that suppliers continue to make good progress in the way they deal with customers in debt and have made genuine efforts to help those struggling to manage bills in difficult economic times.

Nevertheless, there is more suppliers can do and although the report particularly highlights progress suppliers are making, it also raises concerns about the way they take into account customers' ability to pay when setting debt repayment levels. While it is important that debt is recovered, it must be done in a way which takes account of the individual customer circumstances.

Ofgem has established a set of key principles which suppliers should consider to ensure they are properly and proactively taking account of a customer's ability to pay. These include making proactive contact with the customer and ensuring they understand the repayment arrangements. Ofgem and national charity Citizens Advice met with suppliers who gave their support to the key principles and suppliers are due to meet with the Energy Retail Association to discuss implementation.

Sarah Harrison, Ofgem's Senior Partner for Sustainable Development, said "While the number of energy customers in debt has remained relatively stable over the past 18 months, the amount that they owe has been increasing. In these difficult economic times it is particularly important that suppliers set debt repayment levels appropriate to individual customers' circumstances and ability to pay. We are pleased that the industry supports the key principles we have identified to improve the way suppliers deal with indebted customers."

Audrey Gallacher, Head of Energy Policy, at Consumer Focus said: 'We welcome commitments from energy suppliers to improve how they treat consumers in debt. However, there are still problems with suppliers setting unaffordable debt repayment levels.

"On a daily basis customers contact both us and Consumer Direct saying they are worried about paying their debts. Given the continued difficult economic situation, it's more important than ever that suppliers understand their customers' personal circumstances and agree realistic and affordable debt repayment plans.'

Teresa Perchard, Director of Policy at Citizens Advice, said "It is clear that many people continue to struggle to pay for their gas and electricity bills – our latest statistics reveal that fuel debt problems dealt with by bureaux were up 33 per cent last year. Energy suppliers should do all they can to help people who are in debt. We are pleased to be collaborating with Ofgem and the energy industry to make this a reality, and are particularly keen to ensure that suppliers set repayment rates based on a customer's ability to pay, in keeping with Ofgem rules."

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Notes to editors:

1. See the full report, *Review of suppliers' approaches to debt management and prevention* here:
<http://www.ofgem.gov.uk/Sustainability/SocAction/Publications/Pages/Publications.aspx>
2. The review was carried out jointly with Consumer Focus as part of Ofgem's wider project looking at debt and disconnection. It follows a joint review of protection for vulnerable customers from disconnection published in October 2009.
3. The key principles that suppliers must consider to ensure they are properly and proactively taking account of a customer's ability to pay have been grouped under six areas:
 - having appropriate credit management guidelines and policies;
 - making proactive contact with customers;
 - understanding individual consumers' ability to pay;
 - setting repayment rates based on ability to pay;
 - ensuring the customer understands the arrangement; and
 - monitoring payment arrangements after they have been set up
4. Ofgem is the Office of the Gas and Electricity Markets, which supports the Gas and Electricity Markets Authority, the regulator of the gas and electricity industries in Great Britain. The Authority's powers and duties are largely provided for in statute, principally the Gas Act 1986, the Electricity Act 1989, the Utilities Act 2000, the Competition Act 1998, the Enterprise Act 2002, the Energy Act 2004 as well as arising from directly effective European Community legislation.

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