

Falling into Energy Debt for the First Time

The Customer Experience



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Ofgem

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1 Management Summary

1.1 Background and Introduction

- Over the past few years rises in energy prices coupled with the recession have resulted in an increase in the number of people finding it difficult to pay their energy bills. Customers who find themselves in arrears are at risk of running up large debts, and ultimately, being disconnected although there are protections in place for customers including those who are vulnerable. Ofgem has been working with the industry to try to reduce the level of debt and minimise disconnections. In 2003 it launched the 'Preventing Debt and Disconnection' good practice guidelines, in 2005, it commissioned a report on the progress made by the six main energy suppliers and in 2008 a further review was undertaken.
- Given the continuing economic uncertainty and rise in unemployment it is likely that increasing numbers of energy customers are falling into debt for the first time. The overall aim of the project was to enable Ofgem to develop their understanding of the experiences of energy customers who are new to energy debt and use the research findings to inform a wider review of debt prevention and management practices.
- A total of 42 depth interviews were carried out with customers of the six main energy suppliers. Additionally, ten telephone interviews were undertaken with Citizens Advice/Citizens Advice Scotland (CAB) and Money Advice Trust (MAT) advisors.
- There was a very high degree of consistency between the experience of customers new to energy debt and the third party advisors in terms of how suppliers are dealing with people who have found themselves in energy debt. This provides added confidence that the research findings are robust.

1.2 Experiences of Customers New to Energy Debt: Key Findings

- One of the objectives of the research was to identify examples of where suppliers were adopting good practice in dealing with customers new to energy debt. Although we identified a few examples of good as well as some of bad practice, in the majority of cases we would say suppliers' practices are falling somewhere between these extremes.
- We also found considerable variability in terms of how suppliers were dealing with individual customers. It was not so much that any one supplier was performing better than another – there was variation not just between suppliers but also between the experiences of different customers of the same supplier. The picture that emerges is one where the customer experience seems to depend very much on which call centre a customer gets directed to and which member of staff happens to pick up the phone. The result is a marked lack of consistency from one customer to the next.
- Overall, more customers were satisfied with how their debt was dealt with than were dissatisfied, and this is clearly a welcome result. However, in some cases

'satisfaction' ratings reflected more a sense of relief on the customers' part that the problem had been sorted out, rather than overt satisfaction with the supplier in terms of the help they received in arranging repayment. There was a correlation between satisfaction ratings and the ease with which repayment arrangements were agreed – those with more straightforward situations tended to be more satisfied. Those with complex situations and / or large arrears, and particularly where the supplier was felt to be a contributor to those arrears, were generally less satisfied.

- One of the key findings was that neither suppliers nor respondents were proactive in making contact with the other party about the arrears. Suppliers were relying on standard reminder letters and all but the most proactive (and confident) of customers tended to wait until they received 'red letters' before they made any contact with their supplier. Even where there were warning signals (cancellations of direct debits, missed payments etc) there was no evidence that suppliers were acting on these. The onus was on the respondent to telephone the supplier.
- There was very little evidence of suppliers offering all of the potentially appropriate repayment methods to customers. For example, eligible customers are not always identified and directed to Fuel Direct. At least some of the respondents in the sample would have benefitted from this method. There was also little evidence that suppliers were providing customers with any information about the advantages and disadvantages of repayment methods to allow them to make an informed decision.
- There was no evidence that suppliers were exploring with customers in any systematic way their ability to pay when calculating repayment amounts. This resulted in some respondents, including some who were potentially vulnerable, paying more than they felt they could afford. In some instances, this may result in the customer facing further difficulties in the future.
- A number of respondents were experiencing financial problems that were over and beyond their energy bills and would have benefited from some advice about how to cope. Knowledge of third parties who might be able to help was patchy and there was limited evidence that suppliers were signposting customers to third parties. There was also no evidence that suppliers were seeking to assist customers by finding out if they could be eligible for assistance via social tariffs or charitable trusts or by arranging a benefit entitlement check.
- There was little evidence that suppliers were following up with customers once a repayment plan was in place to check if they were finding it manageable. This seemed to be the case even when there were warning signs that the customers might be struggling.

1.3 Embedding Best Practice: Recommendations

- One of the key recommendations is that suppliers should be significantly more proactive in terms of responding to 'warning signals' by initiating contact with customers to establish if there is a problem.

- We also recommend that suppliers start off by adopting a ‘we are here to help’ attitude, explaining to customers that there are a variety of ways of repaying their arrears, and that the supplier’s aim is to help their customers find the most appropriate method to suit their circumstances. This, in turn, may encourage customers to initiate contact with their supplier earlier than they currently do.
- Regular meter readings can help customers from falling into arrears, and suppliers could do more to remind customers that they can provide their own up to date meter readings, as well as providing them with assistance to do this.
- Suppliers should also take a much more proactive approach in terms of signposting customers to third party organisations that could help, by including contact details with their bills and suggesting appropriate third parties when speaking to customers on the phone.
- We would recommend that suppliers implement systematic processes to establish every customer’s circumstances. Appropriate questions need to be asked, for example, to establish whether the respondent is working or not, whether they are in receipt of benefits, whether they feel the arrears were a one-off, or if they think there will be an on-going problem. Customer responses should be recorded for future reference so as to avoid the customer having to provide this information again if further contact needs to be made. Suppliers could also consider offering a benefit entitlement check whenever a customer is deemed eligible.
- We recognise that suppliers have a duty to ensure all customers pay for the energy they use; however, debt recovery needs to be done in a way that takes into account customer circumstances. Suppliers should adopt the practice of explaining the full range of repayment methods available, including the advantages and disadvantages – and to do this effectively suppliers must ensure they have established the customers’ circumstances. It could be argued that where a customer suggests a repayment method that is acceptable to the supplier, a discussion of their circumstances is not appropriate. However, customers may not be aware of all the options available to them and they may suggest payment methods that are less than optimal. We recommend that suppliers establish the circumstances of all customers, regardless of whether the customer suggests a specific method.
- There is clearly scope for suppliers to be far more proactive in helping customers arrive at an affordable level of payment. For them to be able to do this, again, it is essential that customers are asked questions about their circumstances and the supplier should be prepared to accept a realistic repayment amount.
- While we recognise that suppliers may be reluctant to do anything that might upset the recovery of debt once a payment method and amount has been established, this may not be in their own or their customers’ best interests. We suggest regular follow-up calls are made (possibly on a quarterly basis) until the arrears have been cleared and that all customers in debt receive a regular reminder of both their arrears and their current energy consumption.

2 Introduction

2.1 Background

Over the past few years rises in energy prices coupled with the recession have resulted in an increase in the number of people finding it difficult to pay their energy bills.

Customers who find themselves in arrears are at risk of running up large debts, and ultimately, being disconnected although there are protections in place for customers including those who are vulnerable. Ofgem has been working with the industry to try to reduce the level of debt and minimise disconnections:

- In 2003 it launched good practice guidelines (Preventing Debt and Disconnection) which encouraged suppliers to develop strategies to tackle the issue
- In 2005 it commissioned a report on the progress made by the six main energy suppliers
- In 2008 a further review was carried out.

Given the continuing economic uncertainty and rises in unemployment it is likely that increasing numbers of energy customers are falling into debt for the first time. As part of a wider review Ofgem were keen to broaden their understanding of the experiences of such customers and the way suppliers are dealing with them.

2.2 Aims and Objectives

The overall aims of the research project were to enable Ofgem to develop their understanding of the experiences of energy customers who are new to energy debt, and to use the findings to inform a wider review of debt prevention and management practices.

Depth interviews were undertaken with both customers and Citizens Advice Bureaux and Money Advice Trust Advisors. The overall objectives were to establish from both a customer and advisor perspective:

- examples of good practice as well as things that cause dissatisfaction

- whether there was any proactive contact from the supplier – that is, did the supplier identify that the customer may be in payment difficulty
- what methods of debt repayment were offered
- whether the supplier explored with the customer their ability to pay when calculating the debt repayment rate.

Additional objectives related to the customer experienced were to explore whether:

- customers had to engage a third party to assist in their discussions with their supplier
- once a repayment method had been agreed, any follow-up was undertaken by the supplier to ascertain whether the debt repayment rate was manageable.

Additional objectives related to the Advisor perspective were to understand:

- the kind of people who contact third parties about energy debt and the extent of the debt
- advisor views on the communications their clients typically have with suppliers as well as their own experiences of communicating directly with suppliers on their clients' behalf
- whether advisors feel there are any improvements suppliers could make in their dealings with customers in energy debt.

2.3 Methodology and Sample

2.3.1 Customers

Each of the six main energy suppliers (British Gas, EDF, E.ON, npower, Scottish and Southern Energy, and Scottish Power) provided details of around 100 customers each, resulting in a sample of just over 600 customers from which to arrange appointments. The energy suppliers were asked to provide the details of individuals who had fallen into debt for the first time during the first part of 2009, and with whom they had come to an agreed method of repaying the debt, excluding anyone who was paying by direct debit.

Profile data about people new to energy debt does not exist so it was not possible to use quotas to ensure a representative sample. We did, however, aim to recruit a good cross-section of different types of customers who are new to energy debt. Our aim was to conduct 48 face-to-face depth interviews with a cross-section of customers in terms of their:

- demographics, including gender, life stage, ethnicity, disability and country (England, Scotland, Wales)
- energy supplier, energy type (gas, electricity, dual) and method of debt repayment.

When a customer agreed to take part in an interview they were taken through a screening questionnaire to firstly ensure they were in energy debt for the first time (that is, they had not been in energy debt within the last three years with either the same or a different supplier), and to establish both demographic and energy related criteria (see 10.1 for a copy of the screening questionnaire).

In reality recruitment proved to be challenging:

- just over 100 of the sample refused to take part
- in the case of 119 the telephone number was either wrong, not accepting incoming calls, a dead line, or the number was missing
- despite repeated call backs another 176 either consistently went straight to voicemail, or there was no reply, or the phone was switched off
- 38 were either away at the time of the fieldwork or requested that they be called back at a later date
- 21 were out of quota, that is, they were either paying by direct debit or were not in arrears.

This meant we were left with around 150 contacts from which to recruit the sample of respondents.

In total 49 appointments were made, from which we achieved 42 interviews. Of these 37 were face-to-face depths and 5 were telephone depths. The telephone depths were carried out towards the end of the fieldwork period with respondents who were willing to take part but lived in more remote locations, or where the respondent cancelled a face-to-face appointment due to unforeseen circumstances but was still willing to take part.

2.3.2 Advisors

Ofgem provided us with the contact details of third party advisors who had agreed to take part in the research. We succeeded in conducting 10 telephone interviews, six with Citizens Advice Bureau advisors in England, two with Citizens Advice Bureau advisors in Scotland and two with Money Advice Trust Advisors.

2.4 Interview Content

2.4.1 Customers

The face-to-face interviews with customers typically lasted up to 45 minutes (telephone interviews lasted around 30 minutes) and followed a discussion guide that enabled the moderator to capture key points in a systematic way. A copy of this can be found at 10.2 but for the purposes of putting the findings into context an outline is included below:

- **Background and Personal Circumstances** – the initial part of the interview was to confirm the nature of their energy debt and which supplier this was with. We also established if respondents had a second energy supplier and whether or not they were in arrears with them. Respondent history with the supplier with which they had arrears was explored, including the length of time they had been with that supplier, whether they had been in arrears with them previously (and if so, when), and the method by which they were making payments before they had got into arrears
- **Circumstances, arrears and how they got into difficulty with their energy bill** – although we did not explore respondents' income, we asked them to tell us which benefits and / or working tax credits, if any, they were in receipt of. We found that respondents were often also willing to share with us how much they received in benefits, which gave us a good understanding of their financial circumstances. We also explored if respondents had any other arrears in

addition to energy, how much of a priority they gave to paying their energy bills, and the circumstances that led them getting into difficulty with their energy supplier

- **Contact with the Supplier about the energy arrears** – the aim was to achieve an understanding of the nature of the contact respondents had had with the supplier in order to agree a repayment method and amount. We wanted to find out the extent to which suppliers had contacted respondents and *vice versa* and how contact had been made (by phone call, letter etc). We explored what was said and what happened during the initial contact, and if the issue had not been resolved at that point, what happened during any further contact, including when a repayment agreement had been reached
- **Third Party Assistance** – we explored the extent to which respondents had received any help and / or advice from a third party. If they had, we ascertained why they felt the need to do this, what had happened as a result and whether they felt that going to a third party had benefited them or not
- **Reaching a payment agreement** – the aim was to establish how respondents and suppliers had come to an agreement about how the arrears were going to be repaid, what the repayment amount was going to be and whether this would be paid weekly, monthly etc. This included exploring whether the supplier had asked the respondent any questions about their circumstances (to establish which method and payment amount would be most suitable), whether they had offered different options in terms of payment method, and whether there had been any negotiation around the amount. We also explored respondents' views on the payment methods and amounts as well as if they had been offered any reduced, alternative and / or social tariffs
- **Follow-up contact** – we explored if there had been any follow-up contact after the repayment arrangement had been put in place, and, if so, the nature of this, and whether respondents found it helpful or not. In particular, we were interested in finding out if suppliers had contacted respondents to ensure repayment amounts were considered affordable by respondents

- **Comparisons with previous experiences of debt** – where there had been a previous experience of energy debt (either with the same or a different supplier) we explored with respondents how their most recent experience of dealing with their energy supplier compared
- **Satisfaction ratings** – these were obtained at various points during the interview to capture respondents' satisfaction with the supplier before they fell into arrears, with the way they handled the situation as well as with different aspects of the process including the initial contact, any follow up contact, the repayment method, the repayment amount and any additional support they received from the supplier (if applicable).

2.4.2 Advisors

The interviews typically lasted 30 minutes and followed a discussion guide. A copy of this can be found at 10.3, but for the purposes of putting the findings into context an outline is included below:

- **Background and context** – the aim was to establish some contextual information about the advisors' role and responsibilities, including the 'type' of people who come to them for advice, why they do so, the extent to which they are in debt and where energy debt fits with this. We also wanted to understand from an advisor perspective the main reasons for their clients' energy debts and whether they feel suppliers contributed to the problem in any way
- **Supplier identification of arrears** – to understand advisors' views around how initial contact is made with the customer when they start to get into difficulties with paying their energy bill. The main aim was to find out if advisors felt that suppliers were proactive enough in terms of contacting people who were getting into energy debt and if not, what they could do to be more proactive
- **Communications** – the aim was to explore advisors' thoughts on the kind of communications their clients have typically had or are having with their supplier when they access a third party for advice. We also wanted to understand the nature of communications third party advisors were having directly with suppliers

on behalf of their clients and if and how this differed from the communications suppliers had directly with their customers

- **Reaching a payment agreement** –we wanted to find out from an advisor perspective whether they felt suppliers were doing enough to establish their customers' circumstances before attempting to agree a repayment method and amount. We also wanted to establish their thoughts around how repayment methods and amounts are generally agreed, the extent to which they have had to get involved and the outcome of any involvement. We also explored advisor views on various repayment methods including payment cards, Fuel Direct and prepayment meters as well as their thoughts on social tariffs and charitable trusts and whether they felt energy suppliers were offering these to customers
- **Improvements** – throughout the interviews we aimed to explore any examples of particularly good or bad practice and how (if at all) suppliers could improve their dealings with customers in first time energy debt.

2.5 A Note on the Sample and our Findings

The sample provides a robust **qualitative** picture of the experiences of people new to energy debt, but may not be representative of all such customers. Additionally, our findings are based on information respondents reported to us so it is important to bear in mind that this might not always be an entirely accurate reflection of what happened:

- respondents were relying on their memory and their perceptions of what happened and this was often several months before the interview took place
- some respondents were not especially articulate and found it difficult to express themselves – so it was sometimes difficult to arrive at a clear narrative of what happened
- in a couple of cases, respondents may have put a particular slant on what happened to present themselves in a more favourable light, but, overall, the research team felt that respondents were being honest and reporting events as they remembered them.

2.6 Structure of Report

An overview of the respondent sample in terms of demographic information and the extent of their money management skills is provided in Section 3. Alongside this, we provide an outline of the third party advisors who took part in the research and their views on the kind of clients who contact them about their energy debt. Section 4 focuses on the kind of energy debt respondents were in (with whom, which energy etc), how they had ended up in arrears and the extent to which they felt their energy supplier was to blame for the arrears. Customer satisfaction with various aspects of their experience is covered in Section 5. An overview of the process of contacting suppliers and coming to an agreement in terms of repaying the debt is provided in the first part of Section 6. Following this, respondent and advisor views on energy supplier customer service staff are considered.

Section 7 is concerned with the establishment of a repayment method and includes the extent to which respondent circumstances were explored before coming to an agreement, how a repayment method and amount were agreed, and respondent perceptions on affordability. Views on alternative types of repayment methods including Fuel Direct, payment cards and prepayment meters are also outlined. The extent to which respondents were threatened with disconnections and warrants for prepayment meters is outlined in Section 8, and this is followed by a consideration of whether suppliers are offering social tariffs and charitable trust fund payments. Finally, the degree to which customers were accessing third parties is covered, with advisors' views on why clients typically access third party help with their energy debt. Our conclusions and recommendations are provided in Section 9.

3 The Customers and Advisors

3.1 Overview

This section begins by providing an overview of the customer sample in terms of their demographics (gender, life stage, ethnicity, disability and location), energy supply and supplier. An overview of respondents' personal circumstances follows, including the extent to which they are working, in receipt of benefits, and their money management ability – case studies are provided to illustrate the variance in the personal circumstances of the sample. The final section provides an overview of the roles and responsibilities of the third party advisors as well as an indication of the kind of clients who typically approach them for help and advice.

3.2 The Customers

3.2.1 Demographics

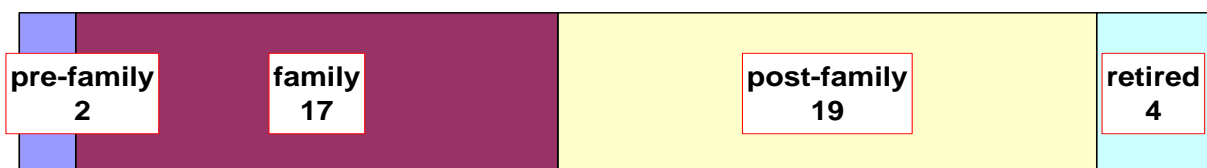
Just under two thirds (n=28) of respondents were female and just over a third were male (n=15).

Figure 1: Gender



Due to the constraints of the sample we were provided with it was not possible to achieve an equal spread of respondents across the life stages as originally hoped. However, in terms of age, a good spread was achieved with just over half the sample (n=23) being over the age of 45 (post-family or retired) while just under half (n=19) were under the age of 45 (pre-family and family, including single parents).

Figure 2: Life stage



The majority of the sample (n=34) described themselves as 'White British', while four described themselves as 'White Other' and four as of Black, Asian or Other Minority Ethnic origin.

Figure 3: Ethnicity



Just over a third of the sample (n=15) categorised themselves as either disabled or as having a long term illness or health condition that affected their day to day lives. 27 respondents had no such condition or disability.

Figure 4: Disability or Long Term Health Condition / Illness



The majority of the sample (n=37) lived in England, while two respondents lived in Scotland and three in Wales.

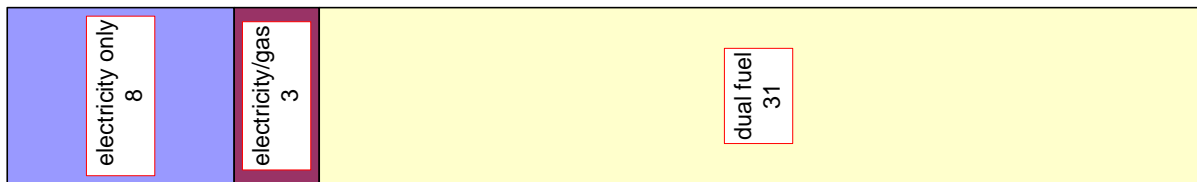
Figure 5: Location



3.2.2 Energy and energy suppliers

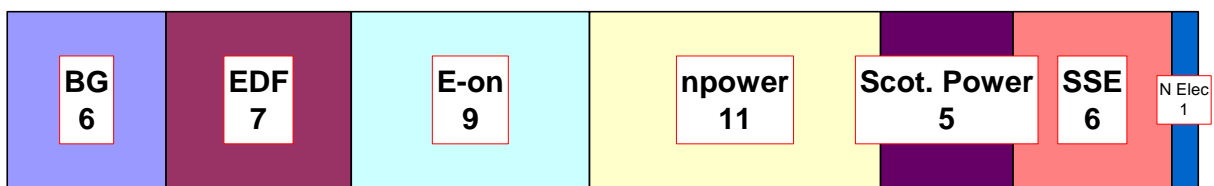
The majority (n=31) were dual fuel customers, while eight had electricity supply only (no gas supply). Three respondents had both electricity and gas from different suppliers.

Figure 6: Energy Supply



A reasonable spread of customers across the different suppliers was achieved. The chart below includes three customers with a second supplier, which is why n=45. Two respondents had changed to a different supplier by the time the research took place.

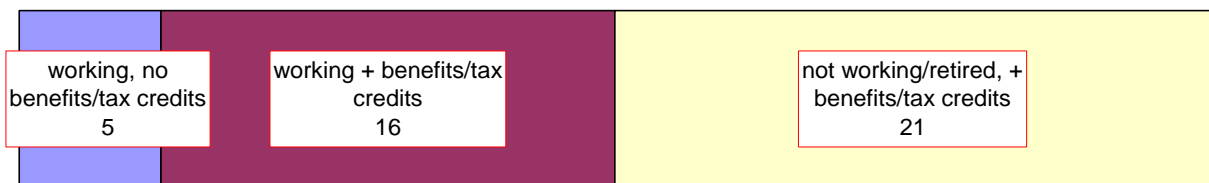
Figure 7: Energy Supplier



3.2.3 Personal circumstances

Although half the sample (n=21) were in either in full or part time employment it is worth pointing out that in most cases their income was limited. Most who worked were also receiving tax credits and / or benefits (n=16), which indicated that their income is likely to have been below the national average. A number of those who worked talked about how they struggled to always meet their financial commitments.

Figure 8: Employment and Receipt of Benefit / Tax Credits



Many of the respondents who were not working were coping with difficult circumstances. Some were living with disabilities and / or illnesses, and some of these, for example arthritis, obstructive pulmonary disease and incontinence, meant they needed to use more energy to keep warm or to use appliances more than they would normally or more than other customers thus increasing the size of their energy bill.

In some cases, lower educational attainment and, in a few cases, literacy problems, hampered respondents ability to articulate their point of view. This was also evident in

their lack of understanding of financial bills and information. In particular, a number of respondents (not just those with literacy problems) had a lack of understanding of different tariffs and how energy costs are calculated and in some cases respondents were unsure about how to read their gas and/or electricity meters. Additionally, a number of respondents (particularly those with a lack of educational attainment) also lacked confidence when it came to dealing with suppliers, and they would avoid putting themselves in such situations until they absolutely had to – that is, not contacting their supplier until they could no longer avoid it.

3.2.4 Money management skills

The research team categorised each of the 42 respondents into one of three categories to summarise how effective they felt the respondent was in terms of managing their money. Along with asking the respondent how ‘effective’ they felt they were at managing their finances and organising their financial responsibilities, the researcher was also able to gauge further information from the way respondents talked about their situation, how they had got into arrears with energy and how they dealt with the situation. The three categories were:

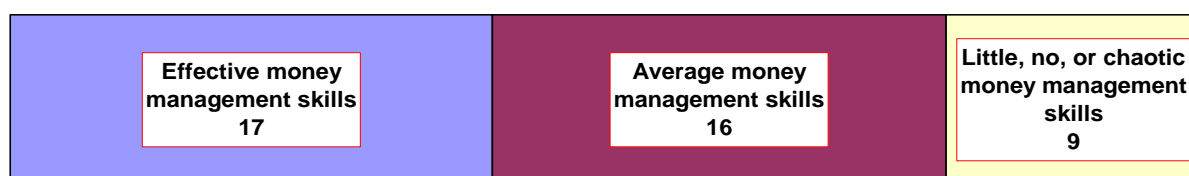
- **Effective money managers** – this category included respondents who were generally uncomfortable with the idea of being in debt. They were often able to meet bill payments with the arrears sometimes being the result of a ‘one off’ mistake. However, this was not always the case and some effective money managers had arrears in a few areas, but were very adept at ‘juggling’ their payments to ensure suppliers were ‘kept happy’. Generally, such respondents were able to prioritise what needed to be paid and what could wait and they were more proactive and confident in contacting their supplier than the other two categories. They were less likely to exhibit ‘head in the sand’ behaviour, although they might not necessarily contact suppliers immediately. They had a good grasp of their finances, characterised in an understanding of the amount of money they had ‘going in’ and the amount of money that needed to ‘go out’.
- **Average money managers** – this group was characterised by their propensity to leave things to ‘the last minute’ in terms of making payments and contacting suppliers. Being in debt was sometimes uncomfortable for them, but they also exhibited signs of being able to ‘put up with it’ or ‘ignore’ it until they were forced

to take action. Although they were able to manage their finances to some extent, they generally found it a chore and saw it as something they had to do, rather than something they found relatively easy or satisfying to do. This group was quite likely to exhibit a ‘head in the sand’ attitude, until the result of doing nothing became too stressful, then they would contact their supplier.

- **Little, no or chaotic money managers** – for respondents in this category, debts and paying their bills tended not to be their first priority. Often they had other ‘things’ going on in their lives which take precedence, for example illness or disability, and often the most vulnerable respondents fell into this group (those living in poverty, with literacy problems etc). They generally offered a very confused narrative of what happened in terms of contacting their suppliers and often had little or no idea of their income and outgoings. They also showed a marked lack of confidence in contacting suppliers, presumably because they have such little understanding of financial matters, they feel out of their depth.

Just under a quarter of the sample were characterised as having little, no or chaotic money management skills. The remaining three quarters were split evenly between those who could effectively manage their money and those who had average money management skills.

Figure 9: Money Management Skills



Although we did not ask for proof of income and for respondents to provide exact amounts paid towards energy use, it is likely that a number of respondents would be living in energy poverty. That is, they would be paying 10% or more of their income towards gas and electricity.

3.2.5 Customer Circumstances: Case Studies

To illustrate the variety of respondents who took part in this research and their circumstances, we have outlined below three case studies.

The effective money manager – John and Samantha¹ live with their two children in a smart and nicely decorated house in the suburbs in Southern England. John works and Samantha has recently been made redundant, they receive a ‘small’ amount of child benefit. They have a dual fuel supplier and their arrears were with the gas account only. They were very uncomfortable with debt and Samantha was very keen to point out, from the start of the interview, that the arrears had been cleared. They are managing financially, but since her redundancy they have had to re-organise their finances, which for them, mainly meant reducing the number of monthly payments that came from her bank account. They have no other debts and had not been in energy debt previously. The gas arrears were more a ‘one off’ due to a winter gas bill not being received and this, coupled with Samantha’s mind being elsewhere (on her redundancy) caused her not to notice the missing bill immediately, rather than the arrears representing an on-going problem.

The average money manager – Anita and Joe are a BAME family who live with their teenage child and Anita’s mother-in-law in a small urban house. Joe has not worked for two years now due to an alcohol problem. They are in arrears with both their gas and electricity. They have no other arrears in any other areas. They appeared to lack any knowledge of energy efficiency and the researcher noted that during the interview the house was extremely warm (more than would have been expected for the time of year). Meeting all of their outgoings was described as a ‘struggle’ and in order to meet all of their outgoings, they sometimes made cut backs on food. Their situation is complex and they are currently paying off arrears to one supplier for arrears related to a previous property, while being billed by another supplier for their new property (they are waiting to be switched to the first supplier so they can repay their arrears and pay for their usage to the same supplier). Anita admits to not being confident in dealing with suppliers and avoids doing so when she can.

Little, no or chaotic money manager – Jane is an older disabled single woman with literacy problems living in a dirty and unkempt house with her daughter (who possibly has learning difficulties). She had dual fuel arrears with her supplier. Jane lives on £96 per week, which is made up of various benefits. She could be described as living in considerable poverty and struggles to cope on her income. She finds it difficult to keep on ‘top of things’ and although she aimed to pay the bills every three weeks at the Post Office, she often leaves payments to the very last minute. She has a number of other debts with other suppliers but she still considers energy a high priority in relation to these. She has had a prepayment meter installed to repay the arrears and since this happened she has once gone without energy for two or three days.

3.2.6 Priority of energy bills

Before getting into debt, and regardless of their money management skills, paying for energy was considered a priority by respondents. It was usually ranked as the next

¹ The names used for the case studies are fictitious.

most important bill to pay after accommodation (rent or mortgage) and, to some extent, food.

“There’s no point in having food if you haven’t got the power to do anything with it. If you bought food, it’s got to be kept cool, if you haven’t got the electric, it’s no good having a fridge and if you buy stuff that’s got to be cooked, it’s no good having it if you haven’t got the gas to cook it.” (Post family, disabled)

One respondent described how energy was a priority in that if she was presented with a choice between paying her other debts or paying for her energy (and water), the utility payments would always come first:

“If it was the [other] debts or the electric and gas, I’d make sure I’d got my electric and gas for heat and home obviously, that would be my first priority and my water, because I want water.” (Post family, disabled)

3.3 The Advisors

The interviews were undertaken with eight CAB Advisors (six CAB England and two CAB Scotland) and two advisors from the Money Advice Trust. In terms of their roles and responsibilities the main difference is that CAB advisors can (and will) contact energy suppliers on behalf of their clients and take on specific cases, whereas Money Advice Trust advisors do not do this. The Money Advice Trust’s role is to provide advice to their clients (mainly over the phone although sometimes by letter / email) which empowers them to go back to their supplier fully aware of the options available to them, for example an understanding of alternative payment methods or social tariffs (if they were potentially eligible).

3.3.1 Roles and responsibilities

In the case of both CAB and Money Advice Trust advisors their roles focussed primarily on providing their clients with advice and assistance related to their financial situation. However, a couple of CAB advisors noted that, as their clients’ financial situation can often impact other areas, they might provide some basic information and / or signposting to an alternative third parties who could provide more detailed advice about other issues, for example housing:

“So, in a nutshell, it’s all about looking at the whole situation and along the way we would probably deal with benefit issues, housing issues as well because it is all connected.” (Advisor)

Most of the advisors (n=8) had a remit wider than energy debt and dealt with other areas of debt including mortgage and rent, council tax arrears, credit cards, mobile phones, etc:

“They’ve got lots of other debts, not just only gas, the electric, the energy suppliers. They’ve got lots of other debt and we deal with them all.” (Advisor)

“When someone comes to me with problems paying any of their commitments whether it’s rent, utilities, credit cards, loans, what I would do is look at their whole situation.” (Advisor)

The remaining two advisors focused specifically on energy debt, but they had both previously been working in more generalist positions at the CAB:

“[Town] CAB has applied for Grant Aid from [name of energy company] for a project to help with Fuel Poverty. So I applied and I got it. Strictly speaking, it’s a day a week over 12 months but because I didn’t start till March I’ve done a day and a half, you know, to catch up, and I think I’m extending the contract next year and maybe another year after that.” (Advisor)

In the case of three advisors, their work tended to focus on the customers of one or two energy suppliers. One only dealt with the customers of two energy companies, however, this was more down to the location she worked in (these were the only suppliers her clients used) rather than any restrictions put on her. Of the remaining two advisors, one dealt with customers of two energy companies, and the other dealt with customers of just one company. One of them explained that if a client was a customer of a different energy company they would provide them with the relevant help lines so they are able to contact their suppliers direct:

“My customers are [name of energy company] and [name of energy company]. Well, there are others as well but all I can do for the others is give them their help lines, but I actually [only] see one to one, and provide face to face advice for [names of energy companies] customers.” (Advisor)

3.3.2 Overview of clients

Most advisors were keen to point out that they provided advice and assistance to a variety of people, who were described by a couple of advisors as being from ‘all walks of life’. A few noted that it is not only those on low incomes who find themselves in arrears – sometimes individuals who earn above average salaries are not effective at managing their money and can find themselves in arrears. Conversely, they also mentioned that those living on low incomes can be very good at managing their money, because they have to manage it so precisely:

“It can be anything at all, this morning I spoke to somebody, a single parent on Income Support, again struggling with rent and fuel debt, general credit debts and lots of sub-prime lending, so doorstep lending. I’ve also spoken to someone in a £300,000 house who’s got mortgage arrears and earns £40,000 a year, so it could be anything at all.” (Advisor)

There was also the view from some advisors that within the past few years (due to the economic climate, redundancies and potentially stress related illnesses) they have been contacted by more individuals who perhaps, would not have struggled to pay their energy bills (and other bills) in the past:

“We see a lot of people on low incomes, perhaps receiving minimum wage, we see quite a lot of people who are on benefits, even jobseekers from a range of backgrounds, single parents, families come to us. It is quite hard to narrow it down. I would say at the beginning of last year we started to see more people who perhaps didn’t traditionally struggle to pay, but through redundancy and illness they’ve found they are struggling.” (Advisor)

One or two, mainly due to the locations they worked in tended to deal with people living in social housing and living on very low incomes and / or benefits:

“We are not postcode restricted, but obviously we’re set up to look at the wards of [locations] in [city] county council, which are some of the most deprived in the country. So that’s why we got the funding.” (Advisor)

The clients advisors dealt with typically had other debts in addition to energy - rarely did they see someone in the position where their only debt was with their energy supplier:

“I’m finding that because people have arrears in other areas, maybe they’ve got council tax arrears or rent arrears or mortgage arrears, they’re trying to pay off everybody at the same time and they can’t manage. I’ve known of cases of people not using gas and electricity because they need to catch up on their mortgage payments, it’s pretty desperate for some people.” (Advisor)

4 Energy Debt

4.1 Energy Supplier History

Nearly half of the sample had only been with their supplier for up to two years. The main method of payment used by respondents before they had got into energy debt was cheque, cash or debit card (n=22). Around a quarter of the sample (n=10) had previously paid by direct debit and a similar number (n=8) paid using a payment card. Three customers had been unable to pay for their energy as they were not receiving a bill.

A small number were paying a second energy bill by prepayment meter or Fuel Direct, this could either be with the same supplier (if they were a dual fuel customer) or a second supplier.

4.2 Extent of Energy Debt

Just over half (n=24) of the sample were in arrears with both their gas and their electricity, while the remainder was split equally into those who only had electricity arrears and those who only had gas arrears (n=9 in both cases).

Figure 10: Energy Debt



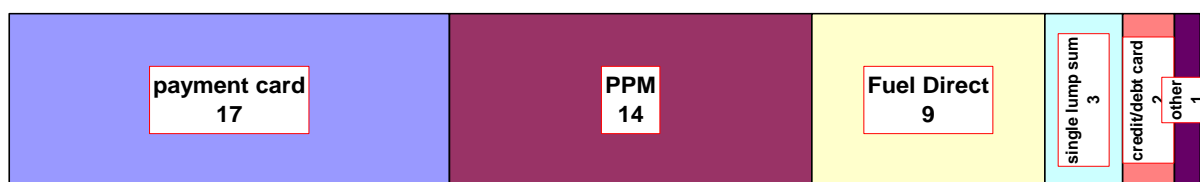
The size of arrears varied and respondents often found it difficult to remember the exact amount. However, just under half the sample had arrears of £300 or less, about the same number had larger arrears of £300 to £700, while five respondents had substantial arrears of over £1,000 and, in one case, £3,000. As would be expected from the sample selection criteria, most had got into arrears in the last 12 to 18 months. A couple did have arrears dating back further than this, but they were still paying them off at the time of the interview.

Around a quarter had experienced previous energy debts with a different supplier, and where this was the case, it had generally been more than three years ago. Just three

respondents had experienced previous debt with the same supplier, and again, this was more than three years ago.

The most frequent method of debt repayment was the payment card (n=17), followed by the prepayment meter (n=14). Just under a quarter (n=9) were paying by Fuel Direct, while three cleared the arrears with a lump sum payment, two by using a credit or debit card (usually in two or more instalments) and one by some other repayment method (see 7.3 for a more detailed account of how these repayment methods were arrived at).

Figure 11: Repayment Method



4.3 Reasons for Energy Debt

4.3.1 Personal circumstances

The most frequently mentioned reasons for getting behind in their payments and subsequently ending up in debt with their energy supplier related to respondents' personal circumstances. Around a quarter of the sample had been made redundant, lost their job or had taken on a lower paid job, and obviously, this had resulted in a significant loss of income:

"I'd just been made unemployed so I held off with that [paying the energy bill] for a bit because I had trouble with the work. They were withholding money and I had a six month battle at work because they had a big restructuring programme and my wage was more or less reduced by about £7000 a year." (Post family)

The trigger for others had been either their own or a partner or spouse's ill health, and again this often resulted in a loss of income. Another impact of illness was often higher energy consumption, as firstly respondents were at home more often, and secondly, a few were suffering from illnesses that meant they needed to keep warm, for example, arthritis and pulmonary obstructive disease:

"I was taken ill. I'm an asthmatic and I was in hospital. If I'm in hospital, I'm not in work." (Family, disabled)

"I moved from my last address to this address. I was used to central heating and these were storage heaters and I was finding I couldn't quite meet the bills

because I have to be warm, but the heater in question wasn't doing what it should so it had to be on virtually 24/7 to keep the flat warm enough and dry enough." (Post family, disabled)

Various other changes in personal circumstances were mentioned including:

- loss of Carer's Allowance when one respondent's mother had moved into residential care:

"Because mum went into residential care, my Carer's Allowance stopped and I didn't get that allowance and I just found it difficult to keep up." (Post family, disabled)

- a death in the family and the associated impacts, for example travel and / or funeral costs:

"Well I lost my brother three years ago and I was backwards and forwards, because he lived in [town], and backwards and forwards to my sister in law because she got very depressed and what have you. So obviously I needed money to get down there and just everything got left because the only money I had to rely on, was the money I should be paying out and I wasn't paying out." (Retired, disabled)

- an ex-spouse leaving unpaid bills and debts
- having a baby which coincided with the winter months meaning more energy was used for heating / bathing etc:

"I had another baby and I had to have the heating on all the time because he was a new born and he had a cold. We had a lot of snow and ice at the time it all happened, below freezing, having a toddler and a baby you have to have the heating and you do use a lot of electric for the steaming bottles." (Single parent)

Advisors agreed, and felt that often their clients' personal circumstances had played a significant role in them getting into debt with their energy:

"What we call 'life changing experiences', circumstances beyond their control. Extra expenses, deaths, funerals, moving, things we consider to be outside of normal every day living expenses, that they wouldn't have money put away for. Having to find the money immediately, so everything else stops, that's life, but actually they're not in a financial position to pay for it." (Advisor)

"Basically, they can't afford it. Say they're on quarterly bills and they have a change of circumstances and they'd now be on benefits or retired or sick and the bills come in and they can't pay it." (Advisor)

A few noted that their clients' personal circumstances not only affected them financially and practically, in terms of not actually having the funds to pay their bills, but that they

could, and often did, have an emotional impact. For example, if a customer (or their partner) had become ill, or they were going through a particularly stressful and upsetting situation, such as a relationship breakdown or divorce, their minds would often be elsewhere rather than focusing what bills did and did not need to be paid and what debts were accruing. Advisors also noted that often, clients are left with debts from previous partners that they are forced to pay because they have no way of tracing the individual and the debt is in the their own name (rather than their ex-partners):

“So it could be, you know, ill health, redundancy, relationship breakdown. Something’s happened and they might have been giving money to a partner who’s meant to be paying a debt and hasn’t paid.” (Advisor)

4.3.2 The gradual accruing of arrears

Some respondents were not aware of a specific event or ‘trigger’ that caused them to fall into arrears and felt that they had simply ‘crept’ up to an unmanageable level:

“It’s just one of them things that crept up. Just one minute it was a small bill and the next it went sky high.” (Single parent)

One, who had recently been re-housed (after losing her home) and was trying to furnish her new flat, admitted she had put the bills on the ‘back burner’, and that they had gradually reached a level where she was not able to pay:

“Well, the bill came in, I paid it and then the next one came in and I’m struggling to get everything for the house, where I lost my house and everything before. I’m trying to get things done here and you seem to put the bills on the back burner.” (Post family single).

Quarterly bills in particular, seemed difficult for people. There were instances where respondents had started to pay quarterly bills in instalments with a view to paying it in full before the next quarterly bill arrived, but had not managed this. This then resulted in the next quarterly bill being even larger which again they might try (unsuccessfully) to pay off before the next quarter:

“I was on a quarterly bill, I thought I’d be able to pay it [before the next quarter] and then oh, I must have been paying other things, and then another bill came in and that was it. So I asked if I could go on a prepayment meter.” (Retired)

Advisors also felt that quarterly bills were an issue, particularly for those who find it difficult to budget:

“Clients tend to pay off what isn’t necessarily the priority, so with quarterly bills it’s easy to forget about it until the bill comes in and then panic and they would either miss payments on other things or borrow money off friends and family, just to pay some of it, what they could pay or have a plan in their head about how they are going to pay it off over the next three months.” (Advisor)

A couple of respondents had found it difficult to keep up with weekly payments, and when they missed the payment a couple of times, the amount they owed continued to grow, until they got to the point where they did not expect to be able to catch up again:

“Then it came to a time that one or two other bills and I just couldn’t keep up my weekly payments, so of course the bills got bigger and each time they were coming in there was arrears.” (Retired, Disabled)

4.3.3 Rising prices coupled with a particularly cold winter

Some respondents placed at least part of the blame on both rising energy costs and a particularly cold 2008/09 winter. If they were paying quarterly, this sometimes resulted in a quarterly bill that was significantly higher than was anticipated:

“I think it was the beginning of this year, I think it must have been the cold weather, I had heaters, [they] were on 24/7 and it was a main big bill for us. I think it was £500 odd.” (Family, BME)

Advisors also commented on the rising prices of energy and how it could have an impact on customers’ anticipated budgets – which often had very little in the way of leeway if bills were larger than expected. It was also recognised by advisors that high prices can have a particularly large impact if the individual is at home more often because they are ill and they need to keep warm:

“The massive hike in prices, people have been used to budgeting certain amounts and then all of a sudden following a bad winter or if you’re sick or disabled and you’re spending more time at home with the heater on, it’s going to be a big shock to you to receive your winter bill.” (Advisor)

4.3.4 Energy supplier at fault

Just under a fifth of respondents (n=8) felt their energy supplier was to blame either in part or entirely for their arrears. Advisors agreed that suppliers could cause the energy debt.

Non-existent or missing bills were the cause of the debt for three respondents, and advisors agreed that this can be a big issue. In the case of one respondent, two suppliers had both claimed they were not responsible for supplying her gas. The

respondent had made numerous phone calls to both suppliers to try and resolve the issue, only to be continually be told by both suppliers that it was the other who provided her gas. It was eventually resolved when she moved her electricity to one and was then informed by the other, that they had in fact, been supplying her gas all along and that she was in arrears for just over £1500:

“I’d always paid my electricity, but I’d been phoning up trying to find out my gas supplier and it ended up dead confusing. [Name of first energy company] said they didn’t supply the gas, [name of second energy company] said they didn’t supply it so I didn’t know where the gas was coming from. So it went on like that for like a year and a half. And down the line I get a bill for £1500 or something like that.” (Single parent)

Another respondent had not received a bill for around four years, although he mentioned that somebody had come to read the meter and the respondent had ‘assumed’ gas was included in his rent payment (although, he had not attempted to confirm this). Additionally, he had not attempted to find out who his supplier was by asking the person who came to read the meter. He then received a bill for around £3,000 – it was not entirely clear why the bill had suddenly been sent or what had triggered it, although he alluded to accessing price comparison sites and attempting to ‘change’ supplier. Although the supplier was clearly at fault in not billing this customer for a number of years, this example also indicates how some customers were not particularly proactive in sorting out difficulties with their bills (see section 6.2 for further details):

“It was for just short of £3000. I phoned them and asked them, ‘where have you got the bill from?’ They said, ‘it’s going back for several years.’ I said, ‘can you tell me why I’ve not received bills in the past?’” (Post-family).

One family couple, who had not been in arrears previously, had got into debt when they did not receive their winter quarter bill for 2008/09. The respondent, who had not initially noticed the missing bill, had been prompted by her redundancy early in 2009 to check on her bill payments. She phoned her supplier, who told her that due to some changes with their bill production processes, some customer bills might not have been sent out – this respondent then received a bill for six months of usage, for which the supplier demanded immediate payment:

“They didn’t send the bill and the bill was due, I think, December time. So when I phoned them up just to check I said, ‘I can’t find a bill since September 2008, can you tell me if you have sent me one because I can’t find a copy of it here?’ and

she said 'no we haven't.' It [being made redundant] prompted me to think, 'oh my god, I need all the bills up to date'. It might have been February time.'
(Family)

A couple of respondents had been 'caught out' by not paying a sufficient amount on their monthly direct debit payment, which they realised when they received a bill demanding the outstanding amount:

"I know we should have thought, 'we should be paying more than that', but they said £35 [a month] so we said 'okay'. Prices went up and then we got the thing which said they wanted to put it up to £281 a month because we were so far behind." (Post-family, disabled)

Advisors also felt that suppliers were often unhelpful in their management of direct debit payments. Advisors described instances of the supplier automatically raising direct debits amounts (without the customers' approval) if the amount that was being paid did not cover current usage. This higher amount (along with heightened risk of accruing bank charges if they had insufficient funds in their account), would often prompt the customer to cancel the direct debit payment without making alternative arrangements resulting in a build up of arrears:

"Most of the clients that have come in have had direct debit payment schemes which they were very happy with until they started to put them up to a point where it was more than their income, so what they've done, because it's out of their control, they've just cancelled the direct debit but they don't put a payment scheme in place and that's where the debt builds up." (Advisor)

A few respondents placed the blame on the build up of estimated bills, where the supplier had not read the meter for some time, only for them to be 'hit' with a large bill once a correct meter reading was taken. Advisors also felt this was a significant contributor on the suppliers' part along with issues related to direct debit payments:

"A lot of clients are in debt because of estimated bills and they haven't actually read the meter themselves, the utility company haven't been out either and hence the fact the arrears have built up." (Advisor)

4.4 Perceived Inevitability of Energy Debt

Most respondents thought the energy debt was inevitable given their circumstances at the time:

"It was inevitable, because the job wasn't exactly the best paid job, but it was a job, and once you lose your job and your money, what you're earning in a week, you get less in a fortnight and it does create a lot of difficulties." (Post family, disabled)

There was a distinct lack of acknowledgement from respondents that they could have acted sooner by getting into contact with their energy supplier and a propensity to wait until the red letter / final demand stage (see section 6.2). There were also very few suggestions about what the supplier could have done to help them avoid the debt:

*“I don’t think they could have done anything because I pay my bills, although I always waited for the red letter. I’m not a prompt payer, I always wait for the red letter and then I just pay anyway so they probably weren’t even worried about it.”
(Post family)*

Where there were suggestions about what the supplier could have done, most of these referred to the debt itself. For example the supplier could have fitted a prepayment meter sooner, which would have avoided the respondent getting further into debt, although this would not have prevented them getting into debt in the first place. There was some recognition from a few respondents that suppliers must have ‘computers’ or ‘systems’, and that they should be able to tell when somebody has not paid – but again, there was little in the way of suggestions of proactive action the supplier could have taken if they noticed a customer was not paying:

*“Well I mean, I don’t know how they work, whether they have flags up on their computer, I don’t know how they do their bills, but I would have thought if somebody misses a direct debit, they only have to miss two direct debits and then surely something must flag it up to them, so why can’t somebody on a quarterly bill have the same flag up rather than let them run over to six months.”
(Family)*

Only a couple of respondents indicated that they thought the supplier could have contacted them earlier:

“Yes, they could have told me to go on the [prepayment] key sooner, or given me an alternative, they could have realised with all these computers. They should have realised the account was going up.” (Retired)

The exception to this was where the supplier was more obviously at fault for the arrears. In such cases, there were suggestions from respondents about what suppliers could have done, for example, sent the missing bills, told the customer who the supplier was, read the meter and based the bill on an accurate reading etc.:

*“Yeah [the supplier could have done something], explaining the reasons why they did not send me a bill for three years, and I wouldn’t have been in this situation.”
(Post family)*

“I’m a little disappointed, it’s only once a year that they read the meter. That might have helped a lot.” (Post family)

5 Satisfaction with the Process

5.1 Overview

Satisfaction ratings with various elements of the customer 'journey' were recorded during the interviews with customers. In this section of the report we start off with an overview of customers' satisfaction ratings. We then go on to consider the main drivers behind the satisfaction levels. A key finding was that, although the satisfaction ratings were often positive, and this is clearly a welcome result, nevertheless this conceals a number of issues – these are highlighted below and explored in more detail in the remainder of the report.

There were respondents who clearly had a largely positive experience, and these tended to be the more straightforward cases. Where there were difficulties, it was generally left to the customer to repeatedly contact the supplier to try to come to an agreement, and while this was happening they would continue to be sent 'red' letters, which are likely to cause distress, as well as continuing to build up their arrears.

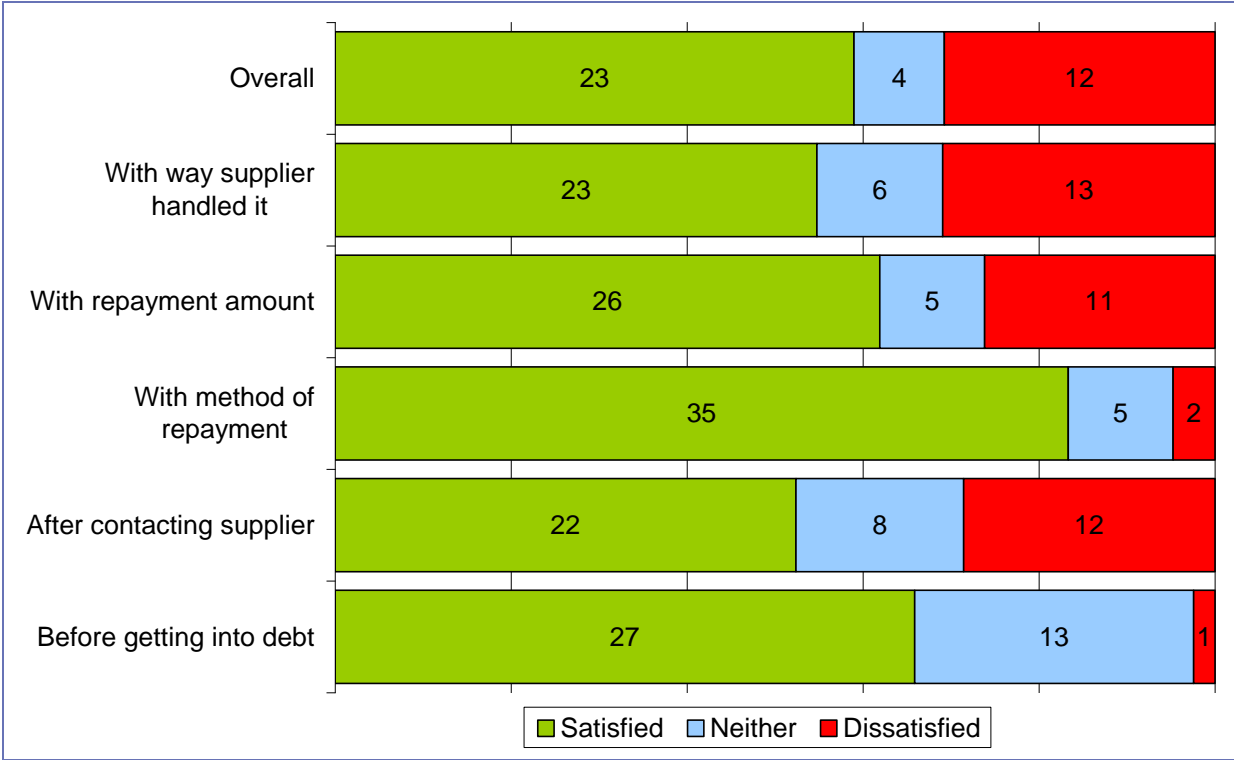
5.2 Satisfaction: The Full Picture

Figure 12 provides an overview of the satisfaction ratings at various points during the customer journey.

A key observation is that the number of dissatisfied customers increased when comparing satisfaction with the supplier before they got into arrears with their satisfaction after they got into arrears and they were trying to come to a repayment agreement. Just one respondent was dissatisfied with their supplier before they got into debt compared to over a quarter (n=12) who were dissatisfied after they had got into contact with the supplier to come to an arrangement to repay the arrears.

This level of dissatisfaction was also reflected in respondents' views in terms of the way the supplier handled the situation (n=13), the repayment amounts that were arrived at (n=11) and their overall view of the entire process (n=12). Although there was a higher degree of satisfaction with the payment method arrived at (n=35), this conceals a number of issues, which are expanded on below.

Figure 12: Overview of Satisfaction Ratings



5.3 Drivers of Satisfaction / Dissatisfaction

This section explores in more detail some of the reasons behind the satisfaction ratings.

Before getting into arrears all but one respondent were either satisfied, or had no views either way about their energy supplier. Satisfaction was generally equated with the fact that respondents reported ‘no problems’ as opposed to ‘good service’ from suppliers:

“Well I was satisfied. I was satisfied because I wasn’t getting any grief from them at that time.” (Retired)

There were a few references from some respondents about how they thought their particular supplier represented better value than others – and for that reason they were satisfied:

“Yeah I thought they were cheap, I thought they were very cheap. I mean I did think the bills was cheap but I just couldn’t match ‘em [pay them].” (Post family).

“Well, just because the bills seemed to be okay, they didn’t seem to be over-excessive.” (Family)

Levels of satisfaction with how their debt was sorted out varied. Customers who gave higher ratings tended to have more ‘straightforward’ circumstances, often falling into one or more of the following categories:

- **immediate resolution:** the customer had managed to speak to a customer service agent who could help them straightaway and where resolution was achieved during the initial telephone call
- **an affordable repayment sum:** it was evident that some of the ‘better off’ customers were able to accept the first repayment amount put forward by the supplier, without too much concern about whether they could afford the repayment amounts
- **agreed repayment method:** higher ratings were also evident where the customer and supplier agreed on the repayment method, particularly if the customer had suggested it and the supplier had agreed:

“They’re alright, you know what I mean? They accepted what I offered so I haven’t really got a problem with them.” (Single parent)

“I think they were good because I phoned them and they were good because I said to them, ‘I can’t afford to pay my bills’ and they said to me, ‘would I like to try and pay monthly through my bank’ and I said, ‘no, I would like a prepayment meter’ and they said that was ‘fine, they’ll get someone out’.” (Post family)

- **smaller arrears:** ratings also tended to be higher where the amount owed was lower, perhaps because the repayment could often be paid off quickly. For example, there were a few instances where customers could afford to pay off the arrears over a period of a couple of months
- **a sense of relief:** respondents often talked about a ‘sense of relief’ at getting the problem ‘sorted out’ and this often led them to give a higher rating even when they felt their supplier had not handled things especially well:

“I was disappointed with the outcome because, as I say, I thought it was too much, but then again he’s done what he can do. I was disappointed in one aspect but relieved in another because it’s another bill which I got back on track, it was no longer going to bother me.” (Post family)

- **third party intervention:** on some occasions, respondents may have been satisfied with the outcome because of the part played by a third party as opposed to anything their supplier did; for example, some customers only ended up paying via Fuel Direct because of the intervention of a third party.

In contrast, the least satisfied customers were often those whose circumstances were more complicated. The main drivers of dissatisfaction included:

- **no immediate resolution:** if the customer and the supplier disagreed on the repayment method and / or the repayment amount this was sometimes not resolved immediately. It often took a number of telephone calls to resolve the issue and this could lead to frustration and dissatisfaction on the part of the customers:

“Even though I did finally make a breakthrough I still wasn’t satisfied with them, it just took too long. It got to the stage, I was starting to get a wee bit peed off and it takes a lot to rattle my cage. In the end I was getting fed up, I just wanted it sorted out.” (Single parent)

- **supplier errors / at fault:** not surprisingly, dissatisfaction was evident when the customer felt the supplier was at fault and did not feel they had been listened to by the customer services staff, or where there was a lack of admission of the mistake and no explanation provided by the supplier:

“What’s bothering me about all this is that there’s no explanation why it took them four years to send me a bill.” (Post family)

“It just annoyed me, they just didn’t seem to listen and it was as though it was my fault that they didn’t send their bills out.” (Family)

- **repayment method imposed on the customer:** the method of repayment arrived at mainly evoked high satisfaction levels, however, as we report later (see 7.3), suppliers were not offering the full range of repayment options to customers, and it is possible that some customers would have been more satisfied with a different repayment method. Had they known that other options were available to them, they may have given lower ratings. Customers who felt forced to take on a particular method when they did not want to expressed dissatisfaction:

“Dissatisfied, because they didn’t give me any relevant information and they weren’t willing to give me the option of anything else.” (Family)

- **repayment amount imposed on customer:** due to their lack of knowledge about what was being paid back towards the arrears, a number found it difficult to talk about their satisfaction with the repayment amount and talked more generally about their satisfaction with the total amount they paid, which included

current energy use. The main reason for dissatisfaction was where the repayment amount was considered 'too high', and in some instances, because they felt the supplier had been inflexible

- **poor internal communications / systems management:** if further final demands or notices of disconnection were sent to customers after they had agreed a repayment method and amount, then unsurprisingly this caused dissatisfaction.

6 Contact with the Energy Supplier

6.1 Overview

This section starts by providing an overview of the process respondents typically went through when contacting their supplier about their energy arrears and where in this process they were able to come to a repayment agreement. Customer and advisor views of supplier customer service staff follows and after this we highlight an example of particularly good and particularly bad practice. Finally, the views of third party advisors are outlined in terms of their direct contacts with suppliers on their clients' behalf.

6.2 Process and Nature of Contact

When exploring with respondents what had happened between the point they realised they were in arrears and the point at which a repayment method and amount was agreed, it was evident that there were a number of very different experiences. There seemed to be no relationship between the nature of these experiences and the energy suppliers in question. There was as much variation in the way a single supplier handled different customers as there was variation between suppliers. That is, where two different customers contacted the same supplier, they were likely to have a different experience to each other. It seemed that experience depended largely on 'who picked up the phone', a point that was reinforced by the advisors we interviewed.

One of the key findings from this research was the lack of proactive behaviour both on the part of the supplier and the customer. Customers tended not to get into contact with the supplier when they first got behind with their bills. A number view the reminders almost as an extension of the bill and do not contact their supplier until a 'final notice' is received. For some, particularly when they have competing priorities, it is only when the loss of supply or some other serious action becomes a potential reality and / or the debt is well on its way to accelerating out of control that they take action and contact their supplier:

"I definitely had their red bills. I don't think I had any enforcement notices or anything like that..."

...So what prompted you to phone them?...

...The fact I saw the debt accelerating and I thought if I don't do something now I'm never going to be able to." (Pre-family)

“Yeah it got to the red letter. It didn’t actually get to the one next to that because they send it to the bailiffs, don’t they? It nearly got to that point.” (Family)

“I probably waited until the red letter before I got in touch.” (Single parent)

Additionally, those who lacked money management skills (chaotic money managers in particular, but also in a number of instances, average money managers) often lacked confidence and were ‘scared’ of contacting their supplier. Third party advisors also commented on this lack of proactive behaviour on the customers’ part, and felt it was a key component in enabling the arrears to accumulate:

“I think quite often the initial contact is a reminder letter, so it just goes down the debt collection path route, that’s the kind of contact they will get. They won’t get any kind of courtesy calls or kind of reminders to say, ‘you haven’t paid’ or, you know, ‘we’ve noticed the last three bills are estimates’.” (Advisor)

A couple of advisors described experiences where particularly fearful customers would come into their offices for help with unopened letters and bills, which they dare not read, because they were too scared to do so:

“It’s a fear thing. ‘I might owe £400 now but if I read the meter it might turn into £600 - £700’. It’s like head in the sand. We’ve got a lot of people who come in with unopened envelopes. They don’t want to look at the bill.” (Advisor)

It was very evident that suppliers relied on standard letters and they were not proactive in contacting respondents in any other way:

“When you [do] not pay them, they keep sending letters. You feel stressed already, because everybody has difficult times. These people they don’t care, they just keep sending your bills, tell you to pay, pay, pay.” (Family, BME)

“They contacted me and told me, you know your bog standard letter, that you’re in arrears and you have so many days to pay it and a giro slip at the bottom. So then I rang them, the customer services - and that’s when the haggling starts.” (Post family, Disabled)

This was still the case even when ‘alarm bells’, such as the cancellation of direct debits, missed payments on payment cards etc., would have been evident to suppliers.

This lack of proactive behaviour on the part of both the customer and the supplier is likely to result in people ending up having to deal with far larger arrears than they would have done if they were contacted or had made contact sooner:

“When I contacted the supplier, they said the client should have read her bills. We felt that somebody should’ve notified [her] along the way by a letter or a telephone call to say ‘you’re not covering your usage and you have £500 of

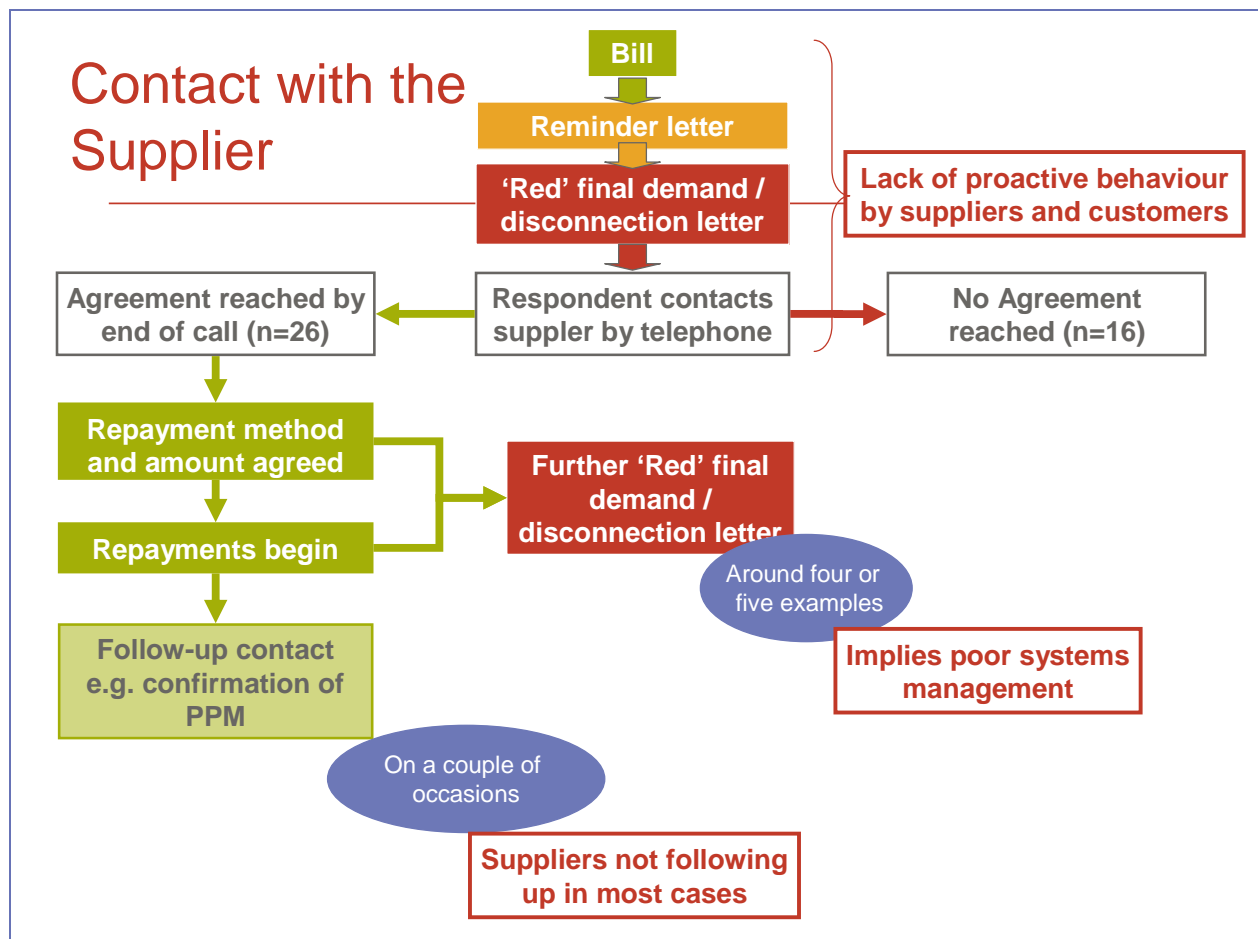
arrears' [and] not waiting until it got to an unmanageable amount, which was obviously very worrying for her." (Advisor)

It was also clear that the onus was on the customer to contact the supplier, rather than the other way around. Aside from the reminder and / or red letters, the first two-way contact was invariably when the customer telephoned their supplier:

"It was only me calling them up just querying because I couldn't find a particular bill for that quarter and they said 'oh no, I'm sorry we changed bill suppliers'." (Family)

Figures 13 and 14 illustrate the two main types of 'customer journey' outlined to us by respondents. Figure 13 focuses on the 26 respondents where an agreement was reached by the end of the initial contact, while Figure 14 focuses on those (n=16) where no agreement was reached during the initial contact.

Figure 13: Customer Journey - Agreement Reached during Initial Contact



The predominant experience for the 26 customers who came to an agreement at the end of the initial telephone call was that the repayment method and amount would be

set up and the repayments would begin. Only on a couple of occasions was there any follow-up contact, for example to confirm that a prepayment meter will be installed. Even when this confirmation was received, it varied in terms of its content – in some cases it would give a date as to when the meter would be fitted, while in others it would also give the repayment amount that would go towards the arrears.

Overall, there was little evidence that suppliers were following up the agreement with customers to check that they are managing to keep up the payments.

There were four or five examples within this group of respondents which illustrate poor systems management on the part of suppliers. This was where respondents who had agreed, or had even started paying back the arrears, were sent a further 'red' or final demand letter, sometimes informing them that they would be disconnected.

Unsurprisingly, this tended to annoy respondents, who thought the issue had been resolved. They then had to get in contact with the supplier once again to check, whether, according to the suppliers' records, the issue had indeed been resolved. One example of this was where a respondent who had agreed with their supplier to pay by Fuel Direct (and was otherwise happy with the supplier) received a letter about their non-payment of bills, and, when he contacted his supplier, they initially told him that they had no record of the agreement to pay by Fuel Direct:

"[Fuel Direct] had been set up and I got a letter staying the bills hadn't been paid and I thought 'well I've set up this plan with them'. So I rang them up and I got talking to this chap and I said, 'this has already been set up, it's been agreed' and he didn't know anything about it." (Post family)

Another customer had originally spoken to the customer service department and had been told that she could pay the arrears off in three monthly instalments of around £200 each, with a view to having her arrears clear by the next quarterly bill. She paid the first instalment, and, was about to pay the second when she received a letter demanding the balance in full. When she contacted the supplier, she was then told that the method should never have been agreed and that she needed to change to either direct debit or payment card (which she was not comfortable doing):

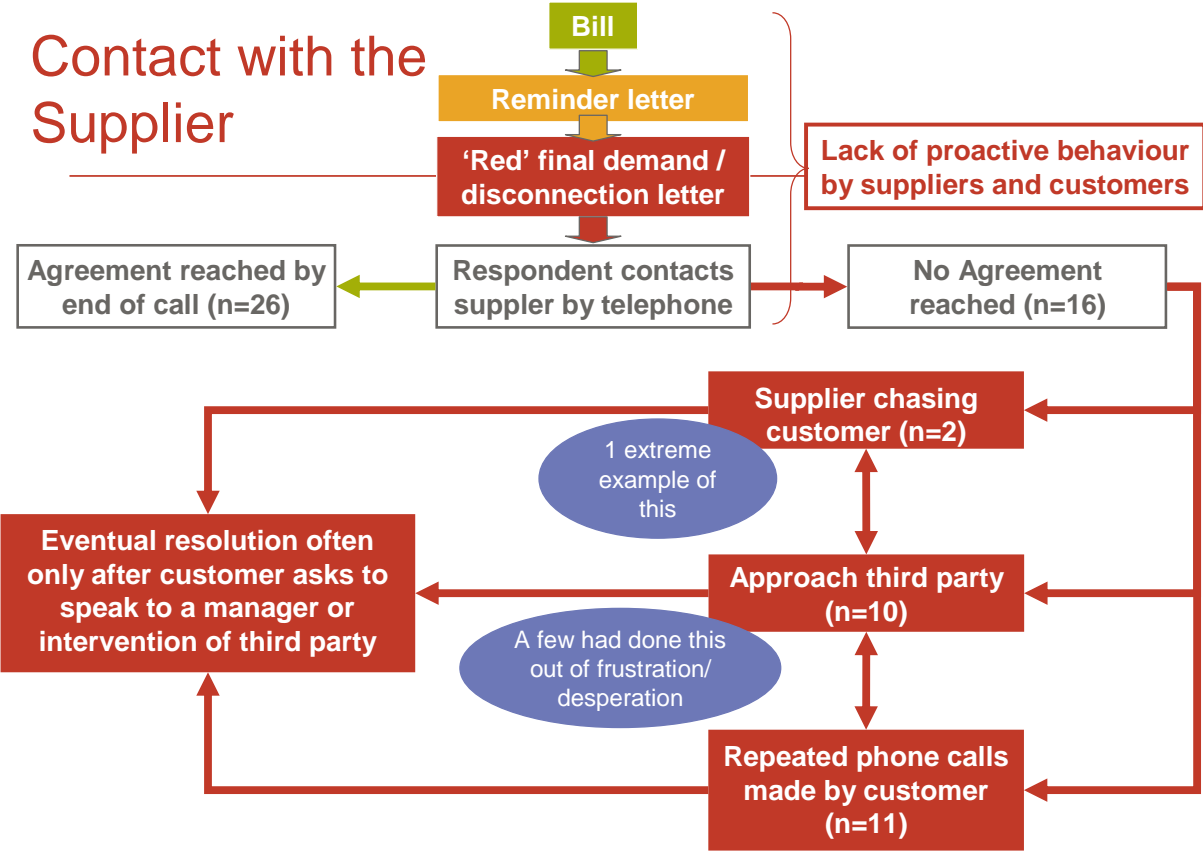
"Well it was a couple of days before I was due to pay the second cheque and I got this letter through saying that I still owe £400 and they want it asap. And that's when I called again and they said, 'well, she shouldn't have advised you to do it that way. You really either pay it up or go on direct debit or have this payment card thing'." (Family)

Another customer had not been able to resolve the issue which had resulted in very large arrears being accrued over four years because he never received a bill. After being told by the customer services staff that somebody would call him back once they had been able to find out what had happened, he then received a letter informing him that he would be disconnected:

“I was waiting for them [the supplier] to get back to me and the next thing I get a letter saying they’re threatening to cut me off.” (Post family)

Figure 14 focuses on the 16 respondents where no agreement was reached during the initial contact.

Figure 14: Customer Journey - No Agreement Reached during Initial Contact



The most common issue that faced these respondents was the need to make repeated telephone calls to the supplier to try to address the issue. The number of calls made before the issue was resolved ranged from two or three to around ten, which unsurprisingly, was very frustrating for the customer:

“It was a few phone calls, pretty much the same as the first one [not getting anywhere]. I think it was about the forth phone call, where I phoned up, I didn’t

even explain my situation, I just said, 'I've already phoned a few times', would you please put me onto a manager?' and then when I spoke to the manager, I explained everything that had happened about my bill and that I couldn't pay it and she said, 'would you get a prepayment meter put in?' and I said, 'yeah' and that was it." (Single Parent)

"I kept phoning them and on the 7th or 8th call, when I said, 'look, I've had enough, I'm going to go and see CAB about this' and the next thing they said, 'hang on, we'll put you through to the relevant department', which they did." (Post Family, disabled)

"At least two or three calls and then I did speak to one lady who said to ring the benefits agency because that would be the best option to go as they would be able to help." (Single parent)

Overall, 10 respondents had got into contact with a third party (not including family and / or friends). Often the reason cited for doing so was because they felt they were getting no closer to a resolution with their supplier. This was mainly because they were not being offered a payment method suitable for them and / or the amount being suggested by the supplier was consistently too high.

A couple of respondents had approached a third party before speaking to the supplier and one in particular had done this to 'arm' herself with information so she could deal with the supplier confidently and with an understanding of what her position was. The third party advisors described how, typically, their clients would have had considerable on-going communications before they contacted a third party, and that they were often at their 'wits end' with not being able to come to a repayment agreement that they would be able to meet.

Two respondents had been chased by their supplier; for one the experience was relatively positive. She had cancelled her Fuel Direct arrangement (because the amount was too high) and her supplier had contacted her with the view to installing a prepayment meter, to which she agreed. The other had not had such a benign experience; she had been repeatedly chased, almost to the point of harassment. The customer services advisor had called her every day for a week to check her meter readings and request payment and it was only when she broke down in tears that she was transferred to another department who suggested a prepayment meter, to which she agreed.

Once again, there was evidence of poor systems management on the part of suppliers. On more than one occasion, a dual fuel customer had been told they were behind with

their energy bill and had taken steps to resolve the situation only to then be told they still owed money for their second fuel.

It was very evident from the research that where a repayment method and amount was not agreed during the initial call and / or the situation was complex, it often was only when the customer spoke to a more senior member of the customer services team that the situation was sorted out. By this point, most customers were very annoyed at having to have made a number of phone calls, but also expressed relief that the issue had finally been resolved.

6.3 Ease of Contact

There were a few comments about the difficulties inherent in making the telephone calls to suppliers, such as being kept hanging on, not being able to get through etc, however, a number were surprised about how quickly they had managed to get through to somebody:

“You’ve got to listen to all of the options and then obviously you wait until an operator answers or one of the people answers and then obviously you’ve got to go through it all with them.” (Family, Disabled)

“It was more or less straight away, I didn’t wait very long because I got put onto music and I thought I’d be on it for 40 minutes, but they were like, ‘hello, this is [name of energy company], I was quite surprised.” (Single parent)

Third party advisors considered this to be more of an issue and talked about the difficulties customers face, including how those who only have pay-as-you-go mobile phones facing higher call charges and being cut off when their credit ran out. They also mentioned superfluous menu options and the entering of codes and numbers to access the right department and how this can be frustrating and confusing for the customer:

“There have been the usual problems in actually trying to get through in the first place. If you don’t have a landline then you’re going to struggle. If you have a mobile phone you’re going to be paying over the odds to get through so people can’t do that if they’re on a low income or benefits, it’s not easy to get through.” (Advisor)

The main issue concerning the practicalities of the telephone calls themselves was, when a number of calls needed to be made which resulted in the respondent having to repeat their situation a number of times to different advisors:

“They [customer service staff] weren’t rude, I would say they weren’t unhelpful, they were as nice as they could be. My only problem was that I felt I must have said what my situation was about 20 times.” (Single parent)

“I think clients feel that they never speak to the same person twice and whenever they phone up, they have to explain the story from scratch again.” (Advisor)

6.4 Perceptions of Energy Supplier Staff

Overall, the energy company customer services staff were considered polite, and there were very few mentions of aggressive or rude behaviour. However, a number of customers, and particularly those who were not able to meet the repayment options put forward, did not consider the customer service staff particularly helpful. The kind of words used to describe them included ‘mechanical’, ‘neutral’ and ‘emotionless’, and the way they went about coming to an agreement was considered as ‘just going through the motions’ to get the debt repaid:

“But yeah he was just doing his job, he was neither here nor there, he wasn’t impolite and he wasn’t over helpful.” (Post family)

“Not so much unhelpful, they were, ‘this needs to be paid’ and quite methodological in what they did, no they weren’t sympathetic.” (Family)

There was very much a feeling that whether the issue was resolved, and how helpful the supplier was, depended on who happened to answer the phone. There were also instances where respondents were given different information on different occasions, for example that they were able to repay the arrears by one method, and then later being told that they shouldn’t have been told this and they would, in fact, have to repay using an alternative method. Unsurprisingly, respondents found this dissatisfying:

“I explained that I had already spoken to [name] who said I could clear the debt in three equal amounts and then we would be clear for the next quarter and the guy on the phone said, ‘no, she shouldn’t have told you that, you’re not allowed to do that’.” (Family)

This lack of consistency and the apparent lack of clear procedures within the same supplier was reinforced by third party advisors.

Advisors felt there was some differentiation in terms of the way customers were dealt with that depended on which point they were at in the debt recovery process. They explained that **customers services staff**, in the main, were relatively polite and not too aggressive (although, like respondents, they felt such staff were often unwilling or unable to negotiate payment amounts), whereas if the case had moved to the **debt**

recovery team, they were generally more aggressive and there was an indication that the supplier would then start to chase the customer (and that this could also happen in the evening).

A number of advisors thought that customers who either speak English as a second language or do not speak English at all face significant barriers. If customers do not have the option to receive written communications in alternative languages or to speak to a customer service representative in a language other than English, they are going to find it extremely difficult to sort out their debt:

“None of that information is available in a different language. You can’t call your supplier and say, ‘I can’t talk to you in English, can I talk to you in a different language’, there’s no option, you’ve got to speak to them in English.” (Advisor)

“A lot of my clients, English is not their first language, and although I’m able to understand them because of my experience, I’ve got used to the way they word things, perhaps [Customer Service] staff are not familiar with their accents, so that would cause problems and frustrations.” (Advisor)

Given that suppliers do offer information in other languages, it would appear that this is not being communicated to customers or their Advisors.

6.5 Suppliers Contacting Customers: Good and Bad Practice

Although most respondents’ experiences fell somewhere between especially ‘good’ and ‘bad’ practice, the case studies below aim to illustrate two examples where suppliers have followed particularly good practice or demonstrated particularly bad practice. It is important to point out that these examples are not necessarily indicative of the way the two suppliers handled all of their customers.

Good Practice

Nigel² has around £1,000 in dual fuel arrears. He lives on a very low income and his wife is disabled – he would be considered a vulnerable customer, and is potentially at risk of being in fuel poverty.

He received a letter from his supplier that explained that his bill had not been paid and outlined alternative repayment options available to him, including Fuel Direct. The letter did raise the possibility of disconnection, but Nigel did not feel that this was threatening and thought the supplier had raised it as something they wanted to avoid doing.

He then phoned his supplier who again mentioned Fuel Direct as a potential repayment method, and, after checking his income Nigel agreed to repay using Fuel Direct. He was then sent written confirmation of the arrangement.

“I was satisfied because they were so good about it. Now these people, they listened rather than just bashing you around the head with different things, they just listened.” (Post family, disabled)

Bad Practice

Susan has around £600 in electricity arrears. She was initially asked to repay the arrears by debit card split into two instalments, which she could not afford. There were also problems with her meter readings and she was in the process of disputing the amount of the bill.

An advisor called her every day for a week to repeatedly check her meter readings and chase her for payment. It was only when she broke down in tears on the phone that she was transferred to somebody else. She considered the ‘lady’ she spoke to after this was much more helpful and a repayment method (prepayment meter) was arranged.

“His first solution to me was, ‘if you have a debit card, I can take the payment now...how about we cut it in half?’ I said to him, ‘you can split it 1500 ways, £600, are you having a laugh?’ And the way he was talking to me!” (Single Parent)

6.6 Third Party Advisor Experiences of Contacting the Supplier

In contrast to their clients’ experience of contacting suppliers, advisors generally felt they had an easier time. They explained that they were more able to negotiate the system and unsurprisingly, had a better awareness of how to access the people they

² The names used in case studies are not respondents’ real names.

needed to talk to, for example, the social responsibility team. Advisors also mentioned that they had direct lines to specific departments for some suppliers and that this made it easier to access people who could help:

“[Names of two suppliers] have given us special help lines we can contact, where we have a problem and the people on those are more experienced Advisors and 95% [of the time] I would contact these people, I get extremely good help.”
(Advisor)

“There are a few suppliers that we have a specific number for third party liaison and that does tend to get us through a lot faster with people that have more experience and are trained to deal with third parties and know what to expect and the way we work so generally it is a lot faster but not everybody [all suppliers] provide that service.” (Advisor)

A few noted that suppliers sometimes gave them the names and telephone numbers of the people they needed to talk to, so presumably advisors are able to build up contacts as they continue in their role:

“They are usually quite good, they are usually quite helpful. They go through a lot of details and some of them pass you on. Some companies will pass you on to various sections dealing with PPMs or the quarterly bills. But you are speaking at a higher level, I mean you get people’s names and they will normally give you a direct number.” (Advisor)

A particular advantage of being able to contact particular individuals or departments within an energy supplier meant that advisors were able to speak to people with more knowledge of social tariffs and social responsibility compared to the customer service staff that their clients would generally speak to:

“But some of the advisors we are speaking to and the numbers we are phoning aren’t the general call centres, we have more direct lines that usually gets through to the social responsibility team and the debt collection teams and they tend to be at a higher level than the standard call centres.” (Advisor)

However, when advisors are forced to take the same route as customers (where they do not have a direct line, for example) they often face similar problems to the customers. In the main, this involved being passed around to different people, but they also gave examples of where they had been kept hanging on the phone or when they could not get through.

With only one exception, advisors did not feel that suppliers used ‘data protection issues’ as a barrier to talking to them about customers. Advisors described how, in most cases, their client would be in the room when they made the first call to the

supplier and could provide verbal consent to the supplier there and then. When this was not sufficient, the advisor would fax through a signed consent form, and then call the supplier straight back; there were no issues reported in doing this:

“The form of authority is the data protection form, they’ve got to sign it. If the client is in the room they [the supplier] will speak to the client and get permission to speak to me and I will conduct the conversation then, if there are any concerns I will fax the form of authority immediately while the client is still there.” (Advisor)

Only one advisor had experienced problems and thought some suppliers hid behind ‘data protection’ when they did not want to work with a third party to resolve the situation.

7 Reaching a Repayment Agreement

7.1 Overview

This section focuses on the details of the customer 'journey' in terms of coming to a repayment agreement with their supplier. We begin by considering whether the supplier took into account the customers' circumstances, and then provide an outline of the repayment methods offered and taken up, together with customer and third party views on different payment methods. We move on to consider how a repayment amount was agreed, whether there was any negotiation on this, whether the amounts were considered affordable or not and the extent to which suppliers followed up customers to ensure they were able to afford the repayments.

7.2 Establishing Client Circumstances

There were a number of things suppliers could do to gain an understanding of customers' circumstances, ideally with a view to suggesting the most suitable repayment methods. In only half of cases (n=22) did the supplier talk to respondents about their circumstances, what they could afford to pay and / or ask relevant questions to determine their financial situation, for example, whether they were working, in receipt of benefits etc. Moreover, it was pointed out on a few occasions by respondents that although their supplier did talk to them about their circumstances, they had initiated this conversation rather than the supplier taking the lead and asking them the relevant questions at the outset:

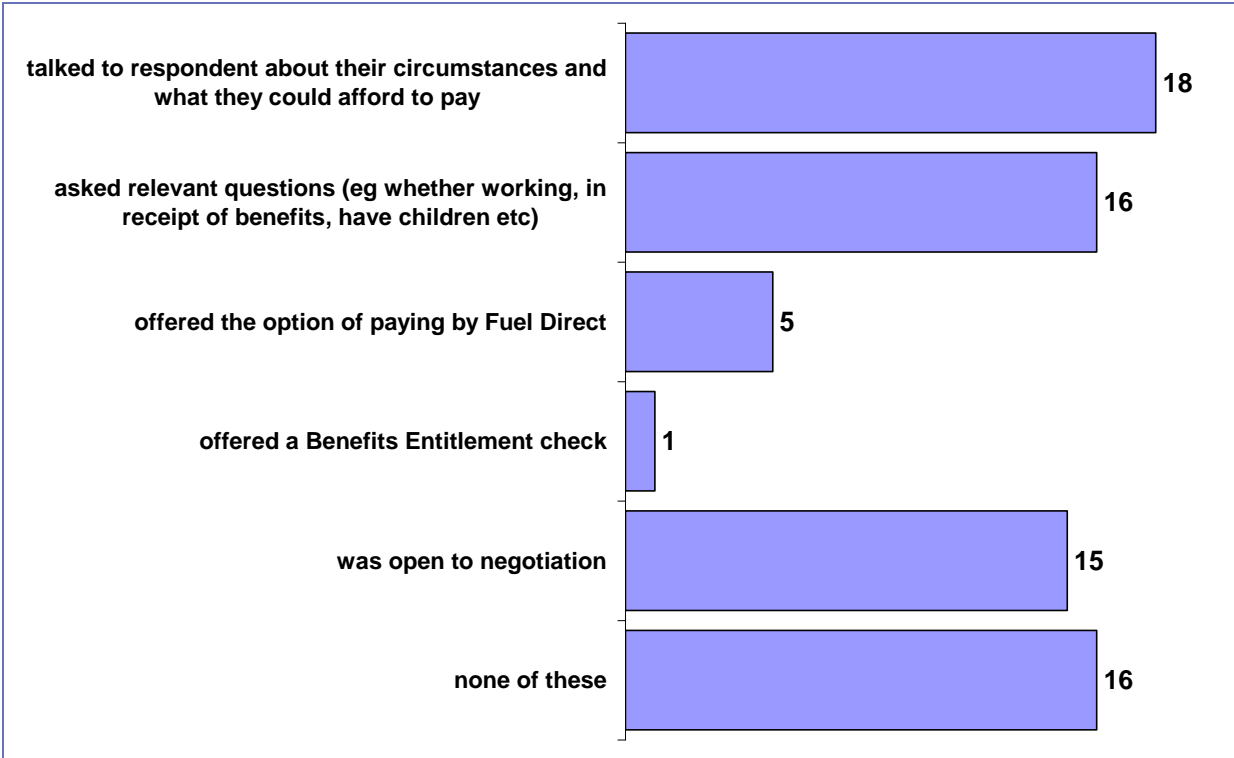
"I had to explain to them and nothing came back from them basically, so none of this, 'you're saying to me'. You know, I said it all to them and it was, 'you just need to pay your bill'." (Family)

On the basis of what we were told, we estimate that the customers' ability to pay in relation to their circumstances was not discussed in around half of all cases. It follows from this that suppliers may not be basing any suggested repayment amounts on concrete evidence of what the customer could afford.

Additionally, given the number of respondents in the sample who were in receipt of benefits, it is perhaps surprising that Fuel Direct was only suggested in five instances. It is also worth pointing out that in the case of at least one respondent, she had contacted

the supplier some seven or eight times, before she was transferred to the department that helped her arrange repayment by Fuel Direct.

Figure 15: Establishing Client Circumstances



Another respondent, who also paid by Fuel Direct (which she had found out about from CAB), was very clear in her view that suppliers needed to take a more proactive approach in determining whether customers were on benefits or not and what they could afford, before they demanded unrealistic repayment amounts:

“Obviously if you’re on a benefit, that should be one of the first questions they ask you when you’re in debt and offer you the choice of doing it through Income Support.” (Post family, disabled)

A benefits entitlement check was only offered to one of the 42 respondents interviewed. In a sample where low incomes and changes in circumstances were common, it is likely that a number of customers may have benefited from such a check to help them establish which benefits they may have been entitled to (see 7.2.1 for an example of such a customer).

Some of the more confident and articulate customers phoned up their supplier and immediately suggested a repayment method and amount to which the supplier agreed – so in some cases, discussion around their circumstances may have not been so

important. However, there was no evidence to suggest that suppliers were adopting any kind of systematic method of asking for such information, and what was asked (if anything was asked at all) seemed to depend a great deal on which member of customer service staff took the call.

This certainly ties in with the advisors' thoughts – in their experience suppliers did very little to establish what their clients could afford:

“Particularly with redundancy, in the current climate because you’ll find obviously when people lose their jobs, they’re then going onto benefits, a massive drop in income but the bills stay the same and that brings me onto another issue, when fuel companies do contact them, they appear not to be checking on financial circumstances.” (Advisor)

There were comments that suppliers were almost ‘plucking a figure out of the air’, for example suggesting £10 or £20 per week to an individual on Income Support when, in fact, they would be eligible to pay £3.25 per week on the Fuel Direct scheme. One or two advisors commented that they could not understand how suppliers could think that a realistic payment plan could be derived without the supplier first establishing the customers' circumstances and some kind of ‘budget assessment’ having taken place:

“We’ll regularly see someone come in on Income Support, if they have arrears, they can be set up for Fuel Direct taking out £3.25 per week and you’ll see them being ordered to pay £10 to £20 per week, they should be checking these things, a lot of companies don’t do it.” (Advisor)

A couple of the third party advisors commented that whether a discussion around circumstances took place depended in part on who the customer spoke to. If they managed to speak to staff in the team with responsibility for these issues for example, advisors felt customers would be more likely to be asked questions about their circumstances and what they could afford. However, advisors pointed out that suppliers generally do not automatically transfer customers who say they cannot pay to this team, and it is often only after customers continue to refuse to pay the amounts demanded that they are transferred:

“It depends on who you are speaking to. If you just get through to the general call centre they’re not, if you can get through to the teams that deal with Priority Service Register or deal with the social tariff they do seem a bit more sensitive. But if you get through to general billing enquires they don’t listen as much.” (Advisor)

7.2.1 Case studies: establishing circumstances

The lack of processes designed to identify an individual's circumstances resulted in some vulnerable customers' difficult circumstances not being identified. The case studies below illustrate two respondents whose circumstances were not picked up by the supplier. Again, these examples are used to illustrate the experiences of customers, they are not indicative of a particular supplier's standard procedure.

Dual Fuel Customer

Lucy receives £96 a week in benefits and has literacy and health problems. She has a daughter, who potentially has learning difficulties, living with her at home. Lucy was asked by her supplier about her benefits and whether she was working or not. They did not establish that she has health problems.

They suggested that she repay her arrears using a payment card, which Lucy did not want to do. Lucy suggested a prepayment meter as an alternative and they agreed – they did not discuss the repayment method with her or suggest Fuel Direct as an alternative.

Since Lucy's prepayment meters have been fitted she has had to go without fuel on one occasion for two to three days.

Lucy would have clearly benefitted if her vulnerable situation had been picked up and other options, particularly Fuel Direct, had been considered as an alternative to a prepayment meter.

Dual Fuel Customer

Donna has health problems (rheumatoid arthritis), which means that she needs to stay warm. She currently receives £91 a week in benefits, and this is a drop from what she used to receive as she has just lost her Carer's Allowance because her mother has moved into residential care.

Her supplier did not ask her any questions about her personal circumstances or her financial position. She has just discovered she is eligible for Disability Living Allowance.

*"I said to him I'm ill with rheumatoid arthritis, I have income support and a disability premium...
...They didn't ask whether you had a disability or..."*

...No, they just wanted to know whether or not I was going to pay." (Post family, disabled)

Donna may have been able to access the Disability Living Allowance earlier if she had been offered a Benefits Entitlement Check.

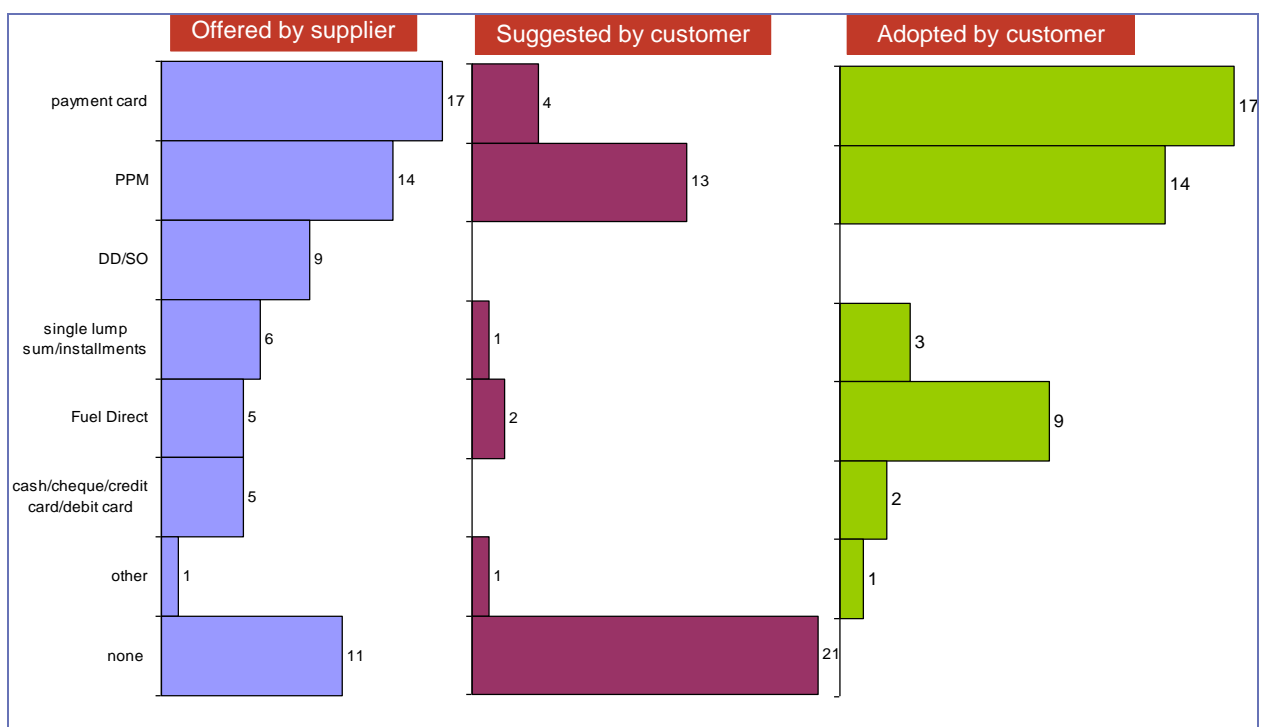
7.3 Agreeing a Repayment Method

There was very little evidence that suppliers were offering a full range of payment options. The payment card, followed by the prepayment meter were the methods most frequently offered to customers, but both of these were suggested to less than half of respondents (shown in the left hand graph of Figure 16). There was also little indication that suppliers were discussing the advantages and disadvantages of payment methods and providing all relevant information:

“The prepayment meter was all that was suggested because the lady on the phone said it was because it was such a big amount. They said if it had been a small amount they maybe could have come up with a payment plan, but because it was such a big amount, that was the next step.” (Single parent)

“Obviously, I was still struggling to pay for the first arrears and then the next one came along. I rang them up again, they said to me, ‘just set up another payment plan’ so I just did the same thing again.” (Family, BME)

Figure 16: Repayment Methods Suggested and Adopted by Respondents



The prepayment meter was the most frequently suggested by customers – it was suggested by 13 in our sample (shown in the middle graph in Figure 16). This might indicate a lack of awareness of the other methods, which were rarely mentioned by respondents:

“I said, ‘I have problems can I have a prepayment key [meter]?’ and she said ‘yes, but it’ll be in three weeks time’ or something like that.” (Retired)

The payment card was only suggested by four respondents, and these tended to be customers who had used a payment card previously and were aware of it as a way to pay in instalments.

Again, there was little evidence of the advantages and disadvantages of different payment methods being discussed and it was apparent that disadvantages were only mentioned when the customer suggested a method the supplier did not agree with. For example, one respondent wanted a prepayment meter but was told about the higher cost and that it might not be possible to fit in her property and she felt forced to take on a payment card instead.

In some instances the lack of options offered by suppliers may reflect the fact that respondents made their own suggestions. However, half of the sample (n=21) did not suggest any repayment methods which may indicate not only very low awareness (or that they were nervous about suggesting anything), but that an outline of the options available would have been appropriate.

In terms of which methods were adopted, the prepayment card (n=17), followed by the prepayment meter (n=14) were the most frequently adopted methods (shown in the right hand graph in Figure 16). Although around 30 respondents may have been eligible for Fuel Direct (they were in receipt of some kind of benefit, excluding child benefit and tax credits), just nine ended up repaying their debt using this method (see section 7.5 for further detail). This indicates that only a third of those potentially eligible for Fuel Direct ended up paying in this way, and out of the nine who did, in only five cases was it suggested by the supplier.

Figure 17 below provides a summary of the repayment option chosen (shown in red), who it was suggested by (supplier suggested in green and respondent or third party suggested in blue) and the extent to which the other party agreed. The total figures indicate that in just over half of cases the supplier suggested the payment method (n=24) and in just under half the respondents or the third party suggested (n=21). The total of 46 (from the sample of 42) reflects a couple of respondents who were repaying dual fuel arrears using two different methods.

Figure 17: Extent of Agreement with Repayment Options Suggested

		supplier suggested		customer suggested	3 rd party suggested
	no.	customer felt had no option	customer agreed	supplier agreed	
Payment card	17	5	7	4	1
PPM	14	1	3	8	2
Fuel Direct	9	1	4	1	3
Lump sum	3	2		1	
Credit/debit card	2	1		1	
Other	1			1	
total	46	10	14	16	6

The key point to note is that around a quarter of the sample (n=10) felt they had no option but to take on the repayment method suggested by the supplier, and perhaps if alternative methods had been suggested they would have been able to find a method that better suited them.

7.4 Views on the Repayment Method

7.4.1 The payment card

The payment card was the most frequently adopted method (n=17). It was often adopted at the suggestion of the supplier (in 12 out of the 17 cases). In most cases, and although there was little evidence of a discussion of the advantages and disadvantages, respondents were willing to take on this method.

In five cases the customer felt they had been given no option. For example, one customer had originally arranged to pay back the arrears in three instalments over three months, and, after paying the first she was then forced to take on a payment card on the grounds that she should not have been told she could pay in three instalments. She paid using the payment card for two months and found that it was not working for her,

so she and her husband managed to pay off the balance of the arrears in a lump sum of around £350.

Another customer had originally wanted a prepayment meter, but was told that a payment card would be more suitable, and this is an example of where only the disadvantages of the prepayment meter were pointed out to the customer perhaps because the supplier preferred an alternative method. The supplier told the respondent that the prepayment meter would result in more costly energy, that it could be difficult to fit and that really it should only be considered a last resort. The respondent reluctantly took up the offer of the payment card (because he wanted to resolve the issue), although it was not the method he wanted and he considered the repayment amount too high:

“Basically they talked me into having the [payment] card for £31.00 a month and as I say they were quite quick on doing that. Afterwards I felt well that’s a bit high you know I’m going to have to really knuckle in a little bit here. So it was a case of okay c’est la vie, if that’s the way it has to be, that’s the way it has to be.” (Post family)

The main advantage of a payment card from the customer perspective was they could split the arrears into ‘chunks’ and not have to pay the entire amount in one go. However, nobody mentioned that suppliers had explicitly explained this to them. One thought the payment card was potentially a more expensive method than direct debit, but this had been explained by the CAB, rather than by the supplier.

Third party advisors generally felt they had less experience of the payment card than other repayment methods. A few noted that their clients tended to be those who were well past being offered this method of repayment and were further down the line, often at the point where the prepayment meter was the only option being suggested to repay the debt. A couple of advisors also felt that the payment card was not generally offered unless the amount owed was a low level (between £200 and £300), with repayment levels generally set around £30. This supports our findings, where those respondents who were offered the payment card (and willingly accepted), quite often had lower levels of debt, were in employment and able to meet the repayment amounts suggested by suppliers:

“They seldom offer, unless it’s a low level of debt. It’s a low debt if they owe £200 or £300 and they going to be paying, if they’re working, they’re going to be

paying £100 - £70 off their current bill and £30 off their arrears. But if it's a high level of debt, it's like I say, pushed into a corner to have a meter put in." (Advisor)

One advisor thought the payment card was more suitable, and should be offered to individuals before they ended up in arrears. A number of advisors felt that quarterly bills did not help individuals who found it difficult to budget, and realistic payment amounts could be set on payment cards to meet their quarterly bill in more manageable weekly instalments:

"I recommend it talking to people before they got into debt. The one's who are already in debt, they wouldn't be able to pay enough to satisfy the energy companies probably." (Advisor)

7.4.2 Fuel Direct

There was a very marked reluctance among suppliers to promote Fuel Direct as a repayment method. Awareness of this method among the sample was very low and advisors agreed that awareness among their clients also tended to be low. It is one of the main methods advisors aim to access for their clients (assuming they are eligible):

"The information we get from clients is that they've told them their circumstances and they're still not [offered Fuel Direct]. Until we start mentioning these schemes, it's the first time they've ever heard of them." (Advisor)

One advisor thought a reason behind the lack of promotion of Fuel Direct among suppliers was that it is administratively intensive, and involves a significant amount of paperwork. Following on from this, a couple of third party advisors commented that suppliers sometimes ask them, in their role as advisors, to deal directly with DWP rather than arranging Fuel Direct through the energy company. There was indication, from one advisor, that one supplier exhibited good practice in terms of having a team that deals with Fuel Direct applications directly with DWP rather than expecting advisors to do so.

In our sample, around three quarters of respondents (n=30) were potentially eligible for Fuel Direct, that is they were in receipt of some kind of benefits (excluding child benefit and tax credits). Of the 30, two thirds (n=20) were asked questions about their circumstances and the remaining third (n=10) had volunteered this information to the supplier. This suggest that even though suppliers should have been aware of respondents' potentially difficult circumstances and the fact they were in receipt of benefits, these clients were not offered the option of paying by Fuel Direct.

Overall, just five of these customers were offered the option of paying by Fuel Direct by their supplier. All five accepted, although one felt she had no choice and has since come off the payment scheme because she felt the amount being taken from her benefits was too high (she now pays by prepayment meter). Where Fuel Direct was offered, at times it only happened after some degree of 'struggle', for example in one case it took the respondent seven or eight telephone calls to access the department who could help set up the Fuel Direct repayment:

“But you had 7 or 8 calls and then how did you finally get through to the right person?...”

...In the end they said, ‘we’ll get you through to a certain department’ and it was a gentleman I spoke to, lovely gentleman and he said, ‘you’re on Income Support’. I said, ‘yes I am’. He said, ‘you can have direct payments made out of your money’ and that’s what happened then.” (Post family, disabled)

In another case, it was suggested by the supplier but the respondent then spoke to somebody who worked for his Housing Association who subsequently arranged for him to be put onto the scheme. In another, the respondent was told to contact the benefits agency directly:

“[[It took] at least two or three calls and then I did speak to one lady who said to ring the benefit agency because that would be the best option to go as they’d be able to help and that’s the advice they gave me. She was probably the nicest lady I spoke to who was able to give me the most out of what to do.” (Single parent)

Of the remaining four respondents who were paying by Fuel Direct, one suggested it to the supplier (who agreed) after finding out about it from DWP and three accessed it via a third party. In two cases the respondents contacted DWP directly, and in another case the respondent found out about it from the CAB and then contacted DWP.

Respondents who paid by Fuel Direct were easily able to describe the benefits. In the main, repaying their debt in this way resulted in a 'weight' being lifted off their minds as they now had no need to worry about making payments on payment cards or topping up prepayment meters:

“Just that it’s out of my mind, you know it’s not something that I have to worry about remembering every fortnight.” (Pre-family)

It also removed worries of being disconnected or being continuously chased by the supplier:

“Of course it was a benefit because the weight of that bill, not having them ringing me, chasing me and feeling like I’m in debt, at least money is being taken out of my money weekly.” (Single parent)

One or two respondents also commented positively on the fact that they could see the debt reducing. Conversely, another respondent noted that the amount they were currently using (presumably detailed on bills they received) was getting closer and closer to the amount being paid so the arrears could not be reducing by very much:

“I think it’s not going to keep improving things because I see the amount on the bills, that’s the amount being used is getting closer and closer to the amount that’s being paid.” (Pre-family)

Most customers paying by Fuel Direct felt this helped them in terms of their money management, as the money they were left with from their benefits once the energy payment had been taken, was theirs to spend:

“It’s the best. For one it’s the cheapest way and for two, if you’re a bit disorganised with money, [if] you don’t have it, you can’t spend it, so it’s going directly to them. So it’s definitely the best way to go.” (Post family, disabled)

A couple of respondents stated that ideally, they would prefer to be more in control of their money and thought that paying by Fuel Direct took this away to some extent. However, all the time that they were using it they felt, overall, that it was the best option for them. A couple of respondents were not entirely happy with the amount the payment was set at; one was paying £15 per week and has since come off the scheme due to such high payments being taken, while another considered the £60 they were paying per fortnight too high.

In the main, third party advisors felt that, in the right circumstances, Fuel Direct was an effective payment option for reasons similar to those given by respondents. However, one advisor thought care should still be taken with the amounts agreed (even if they were considered relatively low), as, if an individual was making a number of payments in this way to other creditors, it would be important that they are left with sufficient funds to live on:

“I think it can be a good idea in the right circumstances, if you’re somebody that can’t cope with paying your bills then if it goes straight out of your benefits then that’s a good thing. However, you are more than likely to be having more than one thing taken from your benefits so you have to be really careful about agreeing [the amount].” (Advisor)

7.4.3 Case studies: customers who might have benefitted from Fuel Direct

The case studies below illustrate the situation of a couple of respondents who may have benefited from paying off their arrears by Fuel Direct had this have been suggested by their supplier.

Vulnerable at risk customer

Carol and Peter have dual fuel arrears of around £1,100 with their supplier. Their money management skills are not well developed and they were categorised as chaotic money managers. Carol is disabled and finds it difficult to walk since suffering a stroke. They are in receipt of various benefits including Housing Benefit, Council Tax Benefit, Disability Living Allowance and Carer's Allowance.

They consistently refused the supplier's offer of paying back the arrears by prepayment card, as they wanted a prepayment meter. The supplier told them on a number of occasions that this method was not appropriate due to Carol's disability. However, no other alternatives were offered aside from the payment card and this resulted in Carol and Peter getting more and more frustrated. Fuel Direct was never mentioned as an alternative to the payment card or the prepayment meter and the prepayment meter was eventually agreed.

Although Carol and John might have taken some convincing that Fuel Direct was a good option for them (they had worries about money being taken directly from their benefits), they provide an example of where Fuel Direct may have been the most suitable method and where time would need to have been taken to explain the advantages.

Unemployed customer struggling to meet repayments

Sarah is a dual fuel customer with energy arrears of £106. She receives Income Support with disability premium and Disability Living Allowance totalling £91 per week and suffers from rheumatoid arthritis. She had previously managed to clear £153 that she owed to her supplier by borrowing the money off of her brother. She was then told she owed a further £106, and this time had no way of being able to pay this off in a lump sum.

She thought repaying by payment card was forced on her and she now pays £20 per week (although she is not sure exactly how much goes towards the arrears). This represents over 20% of her income, which puts her well into being in fuel poverty. She explicitly stated that she 'struggles' to meet this amount each week, but it is essential for her to keep warm due to her arthritis.

Sarah was not aware of Fuel Direct and it was never mentioned to her by her supplier. Due to her low income and comparatively high levels of energy payments she would have been very likely to benefit from having a smaller amount taken directly out of her benefits.

7.4.4 The prepayment meter

The prepayment meter (PPM) was the second most common method to be adopted (after the payment card). The feedback from customers suggests that suppliers were not, in most cases, trying to promote the PPM. Although 14 respondents ended up with a PPM, this was mainly on the customers' (or a third party's) initiative. 10 respondents had elected to have a PPM installed while only four did so at the behest of their supplier and only one of these felt they had no choice in the matter:

"Well basically because I'd heard of the card prepayment, you know, meters, basically I phoned up and told them, I said I've got a bill here, I can't pay it, can you come and fit me a prepayment meter?" (Post family)

This did not fit with the views of third party advisors who felt the prepayment meter was the most commonly pushed repayment method. This is likely to reflect the differences in circumstances between the type of customers who made up at least some of our sample and the clients who are most likely to access third party assistance. A number of respondents in our sample had a relatively small energy debt and were able to take on repayment methods with higher instalments, and were not forced down the route of a PPM. In comparison, according to advisors, their clients were often in considerable debt and were at the point where they had been offered and rejected a number of

payment arrangements. They had reached the situation where the supplier was trying to force them to have a prepayment meter installed or risk being disconnected:

“They can’t come to a payment arrangement that’s been agreed by the supplier. And they have to have a prepayment meter to avoid disconnection.” (Advisor)

One of the reasons respondents had opted for a PPM was that it was the only method they were aware of in terms of spreading the repayment and they had generally found out about it from friends and family who had been in a similar situation. This serves to reinforce the importance of suppliers making their customers aware of all the available options:

“What are the reasons for you choosing to have a prepayment meter?...”

...Just everyone I know has got them and I just thought I’d give it a whirl...

...And so the people you know, what do they say about them to you?...

...They just say it’s better...

...Why is that?...

...Well I think it’s easier spreading it out, you have to pay for it as you use it really.” (Post family)

When a customer suggested the PPM, the supplier generally agreed and there was little evidence of any discussion of the advantages and disadvantages, for example informing respondents that prepayment meters attract higher tariffs. There was also little evidence that suppliers were mentioning other methods as potential alternatives (particularly alternative ways of spreading the cost), such as the payment card.

We also noted a lack of systematic processes for determining which customers would be best suited to repaying their arrears by a PPM. There was one example where the PPM was refused by the supplier on the grounds of the respondent’s disability and mobility problems, but eventually it was installed after the customer continuously refused to pay by payment card. In contrast, there were a couple of examples where a vulnerable customer had asked for a PPM and it had been agreed straight away – one disabled lady with literacy problems (who had since gone without energy for two or three days) and one retired lady who explicitly stated that she was quite ‘forgetful’ (this had been one of the contributing factors to her getting in arrears in the first place).

Once a PPM had been agreed on the phone there was evidence of difficulties with it actually being fitted. In a couple of cases the engineer did not turn up to fit the meter on the date and time agreed; one respondent finally had the meter fitted on the fifth occasion after four missed appointments and a number of frustrated phone calls to his supplier:

“There were four appointments that they should have turned up for, four in total and they never turned up for any of them. I made the [fifth] appointment, I said ‘if you don’t send anyone this time I’m going to go somewhere else and see what I can do about this, because I’m fed up with it, I’ve got things to do’. My daughter was in hospital at the time.” (Post family)

In the case of another respondent, although the PPM and repayment amount had been agreed on the phone, she was still waiting for the meter to be fitted at the time of the interview (November). An engineer had visited her property soon after the initial phone call and told her that she as she lived in a block of flats she would need a meter fitted inside her flat, that he could not fit it on that occasion and somebody would need to come back. She then received a letter informing her of a date and time (in September) when the meter would be fitted and informed that if she was not at home when the engineer called, she would need to pay £35. To the best of her knowledge, no engineer came to fit her meter and she has heard nothing from the supplier since – she also mentioned that she had no intention of contacting them and was ‘waiting to see what would happen’ – while her arrears continued to increase.

We also came across cases where customers had requested two PPMs but only one was fitted. The customers subsequently ended up in arrears for the energy billed via the non-PPM. This illustrates a rare example where customers were initially being proactive in terms of trying to avoid future arrears, only to find their best endeavours have not been successful.

Respondents who took on the PPM were explicit about the benefits. One of the key benefits was that it gave them greater control. It almost served to make their energy usage tangible – they could ‘see’ the money they had put on the meter and ‘see’ that it reduced as they used energy. There was also a sense of control as to how much they were paying (aside from the repayment amount), they could decide how much to put in and use and, if necessary, cut back on their energy use. The other benefit mentioned by nearly all respondents who were paying in this way was that it was an effective way

to spread payments into smaller and more manageable chunks. A couple of respondents noted that they could top the meter up when they received their benefits, which made it a convenient way of paying for their energy:

“With being unemployed, it was just easier for me because as soon as I get my money, I get electric in straightaway and it goes straight on the meter, I know I’m square then, I don’t have a bank account, so I can’t do direct debit.” (Post family)

Only a few respondents were aware of the higher tariffs associated with prepayment meters – they had generally heard about this from friends and family and in a couple of cases, coverage on the television. However, the advantage of ‘paying-as-you-go’ and ‘spreading the amount’ generally outweighed this – at least until the arrears were paid back.

There were mixed views from third party advisors as to whether they would recommend a PPM to their clients. Although they did represent a way of ‘spreading the cost’, advisors commented that they would always make clients aware of the higher tariffs and the potential for self-disconnection:

“Sometimes it is best for clients if they are paid weekly. We will advise them as an option but we would warn them of the risks as well. So, self disconnection, higher costs.” (Advisor)

There was recognition from advisors that some of their clients wanted to take on this method for much the same reasons respondents reported – it gives them greater control and they find it easier to manage their money:

“This suits some clients who can’t manage their money. Sometimes people want a meter, which is fine, but sometimes people don’t and they feel backed into a corner.” (Advisor)

Under no circumstances would third party advisors recommend that customers with mobility issues take on a PPM, and there was the indication that they felt suppliers in some instances (partially because they do not explore clients’ circumstances) were trying to force the PPM on customers for whom it was unsuitable.

One advisor commented that the default repayment amount set on the prepayment meter was too high at £15 per week and that this should be reduced.

7.4.5 Other methods of payment

There were five instances where full (or part payment) of the arrears was by a lump sum and these are outlined below:

- one customer, who was in receipt of benefits, borrowed £153 off her brother to pay off her arrears only to then be told she owed a further £106, which she is now paying by payment card (at a repayment amount she considers too high)
- another customer had a PPM installed when she fell into debt with her electricity, only then to fall into arrears with her gas, so she borrowed the money from her mother-in-law to pay the second arrears as a lump sum
- a self employed respondent intended to pay back around £190 in arrears, but was late in making the payment due to an unexpected tax bill. He paid the £190 (around two or three months after the original bill) and was then forced onto a £79 a month payment plan – even though he had never been in arrears previously:

“I said to them look I can’t pay until this date, and they were ‘right okay, you need to pay by that date, and we’re going to put you on this plan now’. I was like, ‘well if I’m going to pay by this date why can’t I keep up with the quarterly bills’, but they didn’t want me to.” (Family)

- another respondent was financially able to clear the debt by paying three lump sums of around £100 each even though he contested the bill and put the arrears down to ‘experience’. (He had just moved into a new build flat and suspects the bill was accrued by the construction company)
- one respondent decided to clear the balance of the arrears (around £330) after she had paid one instalment of £200 and then been forced to pay by payment card, which she did for two months, but did not want to carry on paying for future bills this way.

One respondent in the sample had an extremely disorganised way of paying (potentially minimal) amounts towards his arrears and current usage. Each month he received a reminder letter to contact his supplier and provide a meter reading, he then phoned his supplier to pay a minimal amount, which he commented was ‘to keep them happy’. He had refused a PPM and been told by his supplier that it would have been installed if the

meter had been 'outside his property'. He seemed to be going further and further into arrears and he is a customer where a warrant to fit a PPM is likely to be issued at some point in the future.

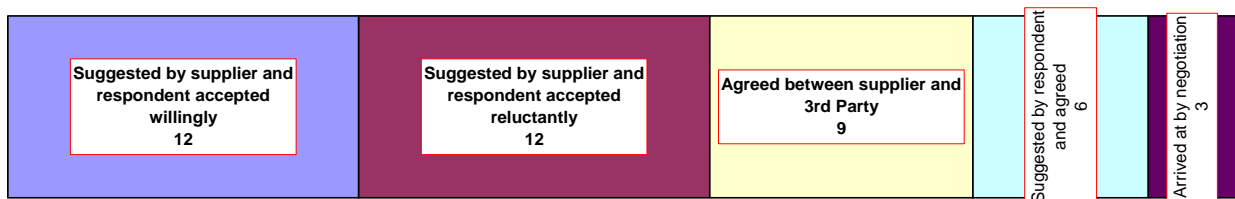
7.5 Agreeing a Payment Amount

In around half of cases the payment amount was suggested by the supplier, and around half of these respondents accepted this amount willingly while the other half accepted reluctantly (see Figure 18):

"Yeah, I think they did say...I can't actually remember the whole conversation, I think they said they would stop, it was about £4.00 every time you charge your key." (Post family)

In around a fifth of cases (n=9), the amount was arranged between the third party and the supplier and the respondent was not involved in the decision. These tended to be the customers who ended up paying by Fuel Direct.

Figure 18: Agreement of a Payment Amount



In six instances the respondent suggested the amount and the supplier agreed. There was some indication that this was where the amount suggested by the respondents was high enough to satisfy the supplier i.e. the better off respondents who wanted the clear the arrears quickly. In most cases, the amount was agreed over the phone, but in one instance the repayment amount was agreed with the engineer who installed the prepayment meter. The engineer checked the respondent's income (she had to show him proof of income) and agreed to the amount suggested by the respondent:

"I showed him [the meter engineer] my benefits letter and my tax credits letter, then he spoke to me about what I could afford to pay a week and I said I could probably afford to pay about a fiver a week..."

...Would you say he was open to negotiation on the amount you could afford to pay?...

...Yeah, he was really nice, the guy, I could have probably said to him I could afford £2 a week and he'd probably let me, I started the negotiations at a fiver and he said 'fine'." (Single parent)

Just three respondents felt there had been any negotiation in terms of agreeing the repayment amount. Indeed, a number commented that they were not aware they could negotiate – they thought they had to accept what the supplier suggested. Although not perceived as negotiation as such by some respondents, some of them had managed to get their supplier to agree to a lower sum than was first suggested. They often felt the lower amounts put forward were still not affordable but had accepted them because they felt they had no option. They lacked the confidence to try to negotiate a further reduction.

Third party advisors felt that repayment amounts, particularly the initial sum suggested, was generally quite high because the suppliers' first priority is to recover the debt as quickly as possible. Unsurprisingly, they felt the initial repayment plan suggested was characterised by unrealistic amounts collected over unrealistic timescales, for example within a year. In their view, clients who accessed third party assistance would not be able to meet these amounts and timescales:

“You should be able to come to a reasonable agreement with your fuel supplier about paying back your arrears and also the timescales on which those arrears have to be collected seem to be unrealistic. I think it is over six or 12 months that you have to pay your amount back and your repayment plan will be based on the ability to recover that amount in a set time period. Why is that a reasonable thing to do?” (Advisor)

Once the initial amount had been suggested, third party advisors felt any movement towards a reduced amount depended on the customers' ability and confidence to negotiate. Advisors did not feel their clients were particularly good at doing this, especially as most suppliers were generally unwilling to move to any significant degree on the amount first suggested. It was unsurprising then, that a key aspect of third party advisors' role (those who deal directly with suppliers) was to negotiate on their clients' behalf. A few advisors talked about the 'tough' negotiations that had conducted with suppliers to get a suitable repayment amount for their clients:

“Whenever the client has arrears and the meters been set to recover a certain amount, if it's more than I feel that they can afford then I will negotiate with the energy company to say, 'look, this person's only getting Employment Support Allowance of £64.30 a week and they're recovering arrears at £15 or £20, then that's too much'. They're usually quite reasonable in that respect once they know the situation.” (Advisor)

7.6 Affordability

Respondents' views were mixed in terms of whether the payment amounts were set at levels they could afford. It is important to point out that in a number of cases respondents did not know how much they were paying towards the arrears, so perceptions of affordability are based on how much there were paying in total (including their current energy use):

"I wouldn't know [how much I pay towards the arrears]. But I'm quite happy to pay that. I didn't have any qualms about it, no ifs, no buts. It's gone, when you don't see it, you don't miss it." (Post family, disabled)

Just over half of the sample thought they were paying an amount that was about right for them (again, the better off respondents tended to fall into this category). Just over a third considered the amount too high and a few thought they could pay more and clear the arrears faster (with one commenting that if they had not been so dissatisfied with the way the supplier treated them, they would have done this):

"I'm willing to pay like £10 -£13 per week. That would have been a lot easier for me..."

...And did you suggest that to them?...

...Yeah, [to] which she said she couldn't get any lower." (Pre-family)

Around half of our sample had 'no idea' how long it would take them to clear their arrears. Just under a quarter thought it would take them a 'number of years' and there was an indication that for those who had substantial arrears and were paying off relatively small amounts each week, the length of the repayment term was not an issue and they were resigned to the fact that it would take 'forever' to clear the debt. Just five or six knew exactly how long clearing the arrears would take them, and this tended to be when the debt was expected to be clear within the next year. Around a sixth of respondents had either cleared or were very near to clearing their arrears.

There was virtually no evidence that suppliers were following up customers to check if the repayment amounts that had been set were affordable or not. There were only a few instances where respondents received follow-up contact of some kind and this was not necessarily related to whether the repayment amount was set at the right level or not, and in two instances it was the respondent who contacted the supplier to increase the payment amount because they felt they could pay more.

A few thought some kind of 'acknowledgment' from the supplier would have been appreciated. This could not only be used to recognise that they were now making repayments towards the arrears, but also to outline the amount they were paying and how long it would take them to clear the arrears:

"It would have been nice for them to have sent a letter, saying 'we're grateful you managed to sort this out'." (Post family, disabled)

"It would have been nice, you know as a courtesy thing to let me know, keep me informed on how my progress is going and maybe a projection on how long they foresee it lasting." (Pre-family)

8 Other Issues Related to Energy Debt

8.1 Overview

This section firstly outlines customer and advisor views on the issue of disconnection and warrants to fit a prepayment meter. Supplier propensity to offer social tariffs and charitable trust payments are then outlined, along with customer and advisor views. We also report on the extent to which customers were offered energy efficiency advice as a way of reducing their energy bills. Finally, customer access to third party organisations is explored, from both the point of view of the respondents and the third party advisors.

8.2 Disconnections

Just over half of the sample (n=22) felt there had not been any threat (either directly or indirectly) made about a potential disconnection of their gas and / or electricity supply. Just under a third (n=13) felt a direct threat had been made, while seven felt an indirect threat had been made.

Where a direct threat was made, in most cases this had been stated in a letter, with the inclusion of information about how court proceedings would begin to start the process of disconnection. Generally, such direct threats were the prompt for action, although a few respondents commented that they were already worried by this point and the threat had made them even more concerned and, in a couple of cases, stressed and upset:

“But when it was in a letter how did it make you feel?...”

...Awful, in fact I couldn't sleep.” (Post family, disabled)

Third party advisors also felt that disconnection letters were a significant source of stress for their clients, although they also recognised that these letters are often what prompted their clients to take action. A couple of advisors recalled instances of where clients had come for their appointment with unopened letters from their supplier, because they were too worried and did not want to face the reality of being disconnected:

“They [customers] do say that when you get the letter that says ‘you will be disconnected, your bill is £300, the disconnection fee is another £150, plus if you want to be reconnected, that's another £50’. So that's almost scaring the person, ‘if you don't do this, your bills are going to be doubled’, that's a pretty horrible letter when that comes through.” (Advisor)

Where the respondent felt an indirect threat had been made they generally recognised that the supplier was couching the mention of disconnection as something they could avoid if they took action and started to repay the arrears. In most cases an indirect threat was made over the phone:

“It wasn’t really a threat, they just explained that if I didn’t agree to do one or the other - but the way they put it across, it wasn’t a threat. I think they were helpful, they put it across to me like they didn’t want to come and disconnect.” (Post family, disabled)

Three had interpreted letters mentioning disconnection as indirect threats, and considered the letters to be ‘something suppliers do’ rather than a specific threat directed at them. One thought the indirectness arose from the choice of language used in the letter and described how there had been no use of ‘disconnect’ and that the letter had put the onus on the customer by the use of the word you in ‘you could lose your supply’:

“‘You could lose your supply’ was the exact term I think they used.” (Family

Third party advisors generally felt that although disconnections do sometimes happen, suppliers use them mainly to force or ‘scare’ the customer into taking action, and that this often happened at quite an early stage:

“You know, they really threaten disconnection at quite an early stage, but they don’t go through with it.” (Advisor)

In particular, they felt the threat of disconnection was used as the only alternative to a particular payment method (often the prepayment meter) that the supplier wanted the customer to take on.

8.3 Warrants to Fit a Prepayment Meter

Four respondents had experienced a threat of a warrant to fit a prepayment meter (although none had actually had their prepayment meter fitted under a warrant). Two had received letters threatening the use of a warrant and this had prompted them to contact the supplier, while one had been threatened over the phone when he refused to have a prepayment meter installed – he now pays by Fuel Direct:

“So you had the possible threat of having a prepayment meter installed against your will?...”

... Yes...

...So presumably you were happy to have this scheme [Fuel Direct] put in place?...

*...I wouldn't say happy, but relief about not having meters and going to court."
(Pre-family)*

Another respondent had been told that he was 'lucky' that his gas and electricity meters were inside his property, as if they had been outside a prepayment meter would have been fitted (even though he had refused them over the phone). It is likely that it is only a matter of time before he receives a formal warrant, as he is currently paying minimal amounts and indicated that his arrears are increasing:

"The only time was - they would come and install a pre-paid meter - that was the only thing they told me..."

...Did they tell you that they could come and do that?...

...They said if it was outside they would do it whereas if it was inside - my gas meters were inside, they weren't even outside they were underneath my staircase. I think that was why they didn't do it - but they told me, to be honest on the letter it was like they would send people to do it." (Family, BME)

Again, the advisors' view was consistent with that of respondents. They commented that there was very little evidence of warrants actually being used to fit prepayment meters, but that they were often threatened. Like the threat of disconnection, advisors felt the main aim of the threat was to prompt action on the part of the customer and again they felt such threats often caused the customer considerable stress.

8.4 Social Tariffs and Charitable Trusts

8.4.1 Social tariffs

There was no evidence to suggest that suppliers were attempting to find out if respondents were eligible for social tariffs. Third party advisors agreed, and commented that their clients had generally not heard of social tariffs when they approached them for assistance. Advisors also felt that by the time customers found out about these reduced tariffs (if they did at all) it was almost 'too late' as they were already in debt. This led a few advisors to suggest that tariffs should be offered at an earlier stage to customers who are eligible. Again, this would require suppliers to follow a systematic process to ascertain the clients' circumstances, which they are currently not doing. Additionally, advisors felt that social tariffs offered by suppliers were too complex in terms of the eligibility criteria and that these frequently change, so not only

are they not communicated effectively, it is very difficult to ascertain whether a particular customer would be eligible or not:

“I think they work, but they need to be clearer - they change - there is not enough communication sometimes around them changing and the criteria is not clear. So it would be nice if you could go on the supplier website - sometimes it will tell you what it is, but it won't give you the eligibility criteria.” (Advisor)

Two respondents were in receipt of some kind of discount, although they had little idea what these were. One, who was repaying her arrears by prepayment meter, had received a letter from her supplier informing her of a discount being applied to her prepayment meter payment, but she had no idea how this affected her account and she was still paying the same amount each week. Another respondent thought they might be on some kind of alternative tariff but again they were not sure of the details.

Our findings suggest a lack of consistency in social tariff arrangements and a lack of communication to respondents about reduced tariffs where these have been applied.

A few respondents had attempted to access reduced tariffs with mixed success. One had found out about a tariff from a friend, and had subsequently applied and been successful. Two respondents had not been so successful. One had previously been on a tariff, which she recalled as a reduced tariff for people with certain health problems. When she moved house, she contacted her supplier and was told that she could not take the tariff with her to the new property – they had changed the eligibility criteria so the tariff in question was only now available to people over the age of 60. She alluded to the fact that the customer service representative had told her that this was because ‘too many people were applying for it’ so they had to make the criteria more rigorous:

“I rang up and said, ‘I was with you and I’ve moved and I want to come back to you’, and she said ‘oh fine’. She took details, she said ‘I’m afraid you can’t’. She went through it all, I said ‘although I’m an existing customer and I’ve just moved?’ She said, ‘I’m afraid not, there are so many people that have joined it, that we’re having to stipulate that it is for pensioners’. I’m 60 in May so when I’m 60 and in May, I’ll ring.” (Post family, disabled)

Another retired respondent who had a prepayment meter installed to repay her arrears had tried to access alternative and cheaper tariffs on a number of occasions. She was continuously told by her supplier that she could not access any of these because there was only one (more expensive) tariff available for those on prepayment meters.

MAT advisors did not try and access social tariffs directly for their clients (as their role is not to contact the supplier but to provide their clients with the relevant information), but they did mention instances where they had informed their clients of potential tariffs and, when their clients had gone back to the supplier, they had been accepted onto these:

“We do hear back from clients who have had advice from us and they call back and we say well what’s happened with the arrears and they’re like ‘oh no they were really helpful, they just put me onto that tariff.’” (Advisor)

8.4.2 Charitable trusts

Again, this was not something suppliers were offering to customers. Just one respondent had accessed some kind of one off payment, but this had been through a charity she had seen advertising in a local newspaper – the supplier had not been involved.

Third party advisors indicated that these one off payments from charitable trusts would only be available to those in severe financial difficulties. Therefore, it could be argued that a charitable trust grant would not have been applicable to most respondents in the sample who were in energy debt for the first time and not perhaps in a severe enough financial situation. However, again, this appears to highlight how little suppliers were doing to establish if any of the respondents could potentially have been eligible, perhaps due to an extreme drop in their income.

One advisor had seen a rise in both applications and rejections and described that it was only the applicants who were extremely impoverished who were receiving such grants:

“[There’s been a] 44% increase in applications for the Trust, so they’ve still got the same budget and obviously they are trying to make it stretch further. So you have to try and make your application as wordy as possible and try to get as much medical evidence.” (Advisor)

8.5 Energy Efficiency Advice

Energy Efficiency Advice (EEA) was not something that suppliers were usually offering when dealing with customers in energy arrears. In total, EEA was only offered to six respondents – sometimes via leaflets and sometimes over the phone and a couple had received energy saving light bulbs.

One respondent had received information explaining the energy efficiency of different appliances and had used this information to help her make a decision about which fridge to purchase. Another wanted to follow up on some advice about boiler insulation – even though she did not own the property she lived in, she thought this was something she might be able to arrange with her landlord / housing association. However, half of those who received advice did not consider it useful as their main focus was on agreeing how the arrears were going to be repaid.

Of those who did not receive any EEA, there were mixed views on its potential usefulness. Around half thought it could be helpful in terms of providing them with information about how they could reduce bills and cut down on usage while the remainder did not think it would be particularly helpful. The main reasons given included that they lived in rented accommodation (so were not able to make changes such as cavity wall insulation etc) and that such information was common sense (they already considered themselves to be doing what they could in terms of using energy efficiently).

A couple of respondents had sought EEA from alternative sources. One had accessed loft and cavity wall insulation through their local council and another had their property damp proofed through a government funded scheme.

8.6 Third Party Assistance

Assistance and advice from a third party was sought by a third of the sample (n=14) and this was initiated by the respondent in 11 cases. Four had contacted the Department for Work and Pensions (DWP). In the case of two respondents, this had been at the supplier suggestion, although it was only suggested to one after the customer threatened to get in contact with the CAB. Two respondents had turned to DWP after their supplier had failed to offer them a suitable repayment plan.

Two respondents contacted the CAB – one after only being given the option of a prepayment meter by her supplier (she is now paying by Fuel Direct) and the other contacted them prior to speaking to her supplier (to make sure she was well informed in terms of her options as she had recently been widowed):

“[It] was the only way that I could pay off the arrears and live because the electricity, the power company wanted far too much on top of the money I was having to pay towards me next bill, I took some advice from Citizens Advice and I was told the best way to do it is to go via Income Support.” (Post family, disabled)

Four respondents had sought advice from other sources including a charity, their Housing Association, a local Carer's Association and from an Independent Financial Advisor. The remaining four respondents had informally sought advice from family and friends, and this was often when a prepayment meter was suggested to them.

It was very evident that most respondents had not considered going to a third party for help or advice. It was generally not something that would be considered at the outset and it was also related to the need for a quick resolution - involving a third party at this stage was not considered conducive to arriving at an immediate resolution. For those who agreed a repayment method with their supplier early on, there certainly was no real need to access advice from a third party. However, a couple of respondents, after the frustration of dealing with suppliers on a number of occasions thought that perhaps in hindsight, accessing a third party may have been advantageous. That said, there was often only a vague awareness of the CAB and a lack of knowledge about other routes, for example, the MAT.

In support of the above, advisors felt that people only tend to contact a third party when they are desperate and would not tend to make such contact at the point when they first attempted to resolve the issue with their supplier. Early contact with a third party in relation to energy arrears would only happen in a few instances, for example where the arrears were particularly large and unexpected.

Advisors thought the desperation felt by their clients tended to be as a result of them coming up against a brick wall in terms of coming to a realistic payment agreement with their supplier and / or if they were being threatened with a disconnection or forced to take on a repayment method they did not want (mainly a prepayment meter):

"But we quite often deal with the clients who have reached the end of their tether, and the end of the phone calls and letters and they're in a pretty bad way, so I don't think I'm going to see happy clients, well, if they're happy they wouldn't be coming into see me." (Advisor)

"They are quite anxious about it. The scenario, it's where they are actually in fear of being disconnected or they are so anxious about the level of their debt they feel like they can't approach the energy supplier because they want to speak to somebody independent." (Advisor)

Advisors felt that suppliers should be doing considerably more to highlight to customers in general, as well as those who are struggling, that there are sources of help and

advice available. They noted that other creditors, including mortgage lenders and credit card companies, do so and felt energy suppliers should also engage in more proactive signposting. Advisors felt this signposting should take different formats, for example information could be included with bills, particularly 'red letters', and that customer service staff should be more individually focussed and signpost customers to the relevant agencies where appropriate. In order to do this effectively, suppliers would need to ask questions to establish the customers' circumstances:

"I wish they would totally revamp the utility bill and maybe with the red bill, send out something useful about budgeting and direct people to get help sooner without alarming them. I think the push needs to be to get help sooner or to contact us sooner if you're struggling and I'm not seeing that message or that message isn't clear enough from suppliers." (Advisor)

9 Conclusions and Recommendations

9.1 Overview

There was a very high degree of consistency between the experiences of customers and the CAB and MAT Advisors in terms of how suppliers are dealing with customers new to energy debt. This provides added confidence that the picture emerging from the research and the associated recommendations are robust.

In this section we take each of the objectives in turn, summarise the key findings and provide our recommendations in terms of ensuring best practice is followed when suppliers deal with customers who find themselves in energy debt for the first time.

9.2 Objective 1: To Identify Examples of Good Practice

The research identified a few examples of good practice as well as some examples of bad practice, but in the majority of cases we would say suppliers' practices are falling somewhere between these extremes. There was a considerable degree of variability in terms of how suppliers were dealing with individual customers and it was not so much that one supplier was performing better than another - there was variation not just between suppliers but also between the way different customers of the same supplier were treated. The picture that emerges is one where the customer experience seems to depend very much which member of staff happens to pick up the phone. The result is a marked lack of consistency from one customer to the next.

In terms of recommendations, there is clearly still plenty of scope for suppliers to adopt best practice procedures (see recommendations in the following sections) and to do so in a much more consistent manner.

9.3 Objective 2: To Identify Things that Cause Dissatisfaction

Overall, more customers were satisfied with how their debt was dealt with than were dissatisfied and this is clearly a welcome result. However, it does tend to conceal a number of issues. In some cases a 'satisfied' rating reflected more a sense of relief on the customers' part that the problem had been sorted out. Often, respondents were not aware of all of the options that could have potentially been available to them nor were they aware that suppliers are encouraged to explore different options with them.

There was a correlation between the satisfaction ratings and the ease in which customers' repayment arrangements were agreed. Customers whose situation was more straightforward, who had higher levels of income (mainly because they were working) and who were more confident at putting forward their own solutions were more likely to express satisfaction. In contrast, those individuals whose situation was more complex and who were in some ways vulnerable (on low incomes, with a disability or illness, lacking in literacy skills, do not speak English as a first language etc) were more likely to be less satisfied.

We would recommend that suppliers take greater steps to identify and offer appropriate support to the more vulnerable customers. This does not so much require them to take additional steps as making sure that the existing best practice guidelines are followed. For example, suppliers when dealing with customers new to energy debt should initially ask all the appropriate questions to establish a customer's circumstances and make sure these are recorded on the customer's account for future reference (should the customer need to call back for any reason). Suppliers could also consider offering a benefits entitlement check whenever a customer is deemed eligible. In terms of coming to a debt repayment arrangement, suppliers should ensure they offer the full range of repayment methods as well as being prepared to accept a realistic repayment amount. The following-up of customers who are repaying their arrears on a regular basis should be standard to ensure they are managing to keep on top of their bills and are not at risk of defaulting on their payments.

9.4 Objective 3: Was there any Proactive Contact from the Supplier to Identify that the Customer may be having Payment Difficulties?

One of the key findings from the research was that neither suppliers nor respondents were proactive in making contact with the other party about the arrears. Suppliers tend to rely on standard letters and notices of disconnection, and all but the most proactive (and confident) of respondents tended to wait until they receive 'red letters' before they made contact with their supplier. There was also a tendency for customers to perceive 'red letters' as a part or extension of the normal billing process and certainly not a sign that the supplier is aware of a problem and trying to help.

Even where there are warning signals that a customer might be experiencing difficulties (cancellation of direct debits, missing payments etc), there was no evidence that

suppliers were taking note of any of these. The onus was on the respondent to contact the supplier, which they usually do by telephone; this can sometimes present difficulties (particularly if their only phone is a pay as you go mobile).

One of the key recommendations is that suppliers should be significantly more proactive in terms of responding to 'warning signals' by making contact to establish if there is a problem. Care should be taken by suppliers to ensure that they adopt a 'we are here to help' attitude from the outset both in any letters and / or reminders and when they contact, or are contacted by, customers.

Suppliers should make customers aware, from the beginning, that there are a variety of methods that can be used to repay the arrears and that they can help customers find the most suitable one for them. Suppliers should also take a more proactive approach in signposting customers to third parties by including their contact details on bills and reminders and by mentioning third parties on the phone. This would be particularly important if the customer's energy debt is part of a wider problem and if there are arrears in other areas. In such instances (particularly if the customer is vulnerable and / or not particularly adept at managing their money) it is likely that customers would need assistance to ensure all their bill payments are being met.

We would also recommend that suppliers encourage their customers to be more proactive. For example, by promoting a 'we are here to help' attitude this would encourage customers to initiate contact with their supplier earlier on in the process, when they are first starting to struggle with payments. Suppliers should also remind customers that they can supply up to date meter readings either over the phone, via the internet or by letter and for those who are unsure of how to do this, suppliers should ensure the provision of staff to talk customers through the process over the phone.

Suppliers also need to make this information and advice available in languages other than English and not just in the form of the written word but also through the provision of interpretation services.

9.5 Objective 4: Methods of Debt Repayment Offered by Suppliers

There was very little evidence of suppliers consistently offering all the appropriate repayment methods to customers. In most cases the discussion focussed on one, and possibly two methods (if the customer or the supplier disagreed with the other party's initial suggestion). Suppliers were typically seeking to get the debt settled in full or in as few instalments as possible before suggesting a method whereby the debt was spread over a period of time.

Eligible customers are not always identified and directed to Fuel Direct. At least some of the respondents in our sample would probably have benefitted from this method. Customers falling into debt for the first time would be very unlikely to be aware of this method unless either directed to it by a supplier or a third party.

There was no evidence to suggest that suppliers were giving respondents any advice about the advantages and disadvantages of different repayment methods to allow them to make an informed decision. The exception to this was when it was advantageous to the supplier to do so, for example if the supplier wanted to push or discourage a particular method.

In terms of our recommendations we recognise that suppliers have a duty to ensure all customers pay for the energy they use, and that their priority is to recover as much of the debt as quickly as possible, but this needs to be done in a way that takes into account their customers' circumstances. To this end suppliers should adopt a practice of explaining the full range of repayment methods available to all customers including the advantages and disadvantages of each. To do this effectively, it is essential that suppliers first establish the customers' circumstances. Where it is the customer who contacts a supplier and suggests a preferred repayment method it could be argued that the supplier does not need to mention other repayment methods. However, there is always the risk that the customer has chosen a less than optimal method due to ignorance of the alternatives. Additionally, there is the potential that some of these individuals might be vulnerable customers who would be at risk if their chosen method was agreed (for example if a prepayment meter was suggested by the customer and agreed by the supplier, but the customer had mobility problems). We would recommend that suppliers establish the circumstances of **all** customers who are in

payment difficulty and explain **all** available repayment methods, regardless of whether the customer suggests a specific method.

9.6 Objective 5: Whether the Supplier Explored with the Customer their Ability to Pay when Calculating the Debt Repayment Rate

There was no evidence that suppliers were exploring with customers in any systematic way their ability to pay when calculating repayment amounts. This resulted in some respondents, including some who were potentially vulnerable, paying more than they felt they could afford.

In terms of our recommendations, there is clearly scope for suppliers to be far more proactive in helping customers arrive at an affordable level of repayment.

9.6.1 Objective 6: Whether Customers had to Engage a Third Party to Assist in their Discussions with their Supplier

A number of respondents were experiencing problems that were over and beyond their energy bills and may have benefitted from some advice on how to cope. A third of the sample had consulted a third party, however knowledge of who might be able to help them was patchy. Only two had contacted the Citizens Advice Bureau and none had been in touch with the Money Advice Trust.

There was limited evidence that suppliers were signposting customers to third parties who might be able to help them, not just with their energy bill, but with other bills they may be struggling to pay. There was limited evidence that suppliers were offering any Energy Efficiency Advice to help customers reduce their energy consumption.

Additionally, there was no evidence that suppliers were seeking to assist customers by suggesting a Benefits Entitlement Check or suggestion they may be eligible for assistance via social tariffs or charitable trusts.

We would recommend that suppliers are far more proactive in terms of signposting customers to other organisations that might be able to help them with both their energy debt and other financial difficulties they might be experiencing. Suppliers could also consider suggesting other ways of helping these customers manage their energy bills both now and in the future.

9.7 Objective 7: Whether any Follow-up has been Undertaken by the Supplier to Ascertain Whether the Debt Repayment Rate was Manageable

The research found little evidence that suppliers were following up with customers once a repayment plan was in place to check if they were finding it manageable. This seemed to be the case even where there were warning signs that the customers might still be struggling, for example, where customers were not keeping to agreed payment levels, and may also result in cases of more extreme hardship not being picked up.

In terms of recommendations, while we recognise that suppliers may be reluctant to do anything that might upset the recovery of debt once an agreed repayment method has been established, this may not be in either their own or their customers' best interest. We suggest that regular follow-up calls are made possibly on a quarterly basis until the arrears have been cleared and that all customers in arrears receive a regular reminder of both their arrears and their current energy consumption. We feel this arrangement should remain in place at least until the arrears are cleared.

10 Appendices

10.1 Recruitment Screener

ENERGY DEBT

READ OUT

- Good morning / afternoon / evening, I'm and I'm calling from a company called Creative Research, who are an independent market research company.
- I am calling about some research we are carrying out on behalf of Ofgem. Ofgem stands for the Office of Gas and Electricity Markets, they are Great Britain's energy regulator and their first priority is to protect the interests of consumers.
- Creative Research have been passed your telephone number by Ofgem, as someone who might be able to help us by taking part in the research.
- Due to the recent economic climate more and more people are finding it difficult to make ends meet. I understand that you have had some difficulty recently in paying for your energy and have been discussing this with your energy company.
- Ofgem is keen that energy suppliers do as much as possible to help their customers who may be having problems. The research we are carrying out looks at the experiences of customers and what suppliers are doing when their customers have difficulties.
- Just to explain a little more about the research – it would involve an experienced researcher from Creative Research coming to talk to you either in your home or at a nearby location at a time convenient for you. The interview will be informal, will last around 45 minutes and will involve talking about your experiences of dealing with your energy company about your energy bills.
- As a thank you for taking the time to talk to one of our researchers you will be given £30. The researcher will give this to you on the day, immediately after the interview.

READ OUT AND CODE

Would you be interested in taking part in this research?

Yes	1	CONTINUE
No	2	CLOSE

READ OUT AND CODE		
<ul style="list-style-type: none"> Thank you. I now need to ask you some questions as we want to make sure we talk to a wide range of people 		
Q1. I need to find out if you are the person in your household who is responsible for paying your energy bills? I am going to read out some statements and I want you to tell me which applies to you		
I am responsible for paying the energy bills and dealing with my energy company	1	CONTINUE
Myself and my partner are jointly responsible for paying the energy bills and together we deal with our energy company	2	CONTINUE: respondent's partner can also take part in the interview (however, there will be a single payment of £30)
I am not responsible for paying the energy bills and dealing with my energy company; someone else is who is willing to take part. This could be a partner or a son/daughter etc. You should check if this individual has been the person who has been dealing with the energy company in relation to the current debt. You should record their details below and then arrange an interview with this person Name: Relationship to respondent: Phone no (if different): Address (if different):	3	CONTINUE: interview must be with the person who has been dealing with the energy company about the debt. If this is a son/daughter, etc the respondent can also take part as the accountant holder (however, there will be a single payment of £30) The information recorded at Q2 onwards should relate to the individual in whose name the account is held and/or their partner even if the interview is being arranged with someone else. For example, if the interview is going to be with the son of a retired couple, the information you record about lifestage etc should relate to the account holder
I am not responsible for paying the energy bills / dealing with my energy company; someone else is who is not available to take part.	4	CLOSE

Q2 We would like to include in the research people who are in or have very recently been in debt / arrears / behind with payments to their energy company – I am going to read some statements and want you to tell me, which applies to you		
I would describe myself being in debt, or in arrears or behind with my energy payments and I am currently paying this back to my energy supplier	1	CONTINUE
I was in debt, or in arrears or behind with my energy payments earlier this year but I have recently managed to clear these	2	CONTINUE – Explain to respondent we should like to talk to them about their experience when they were recently in debt / arrears / behind with their payments
I would not describe myself as being in any kind of debt, arrears or behind in payments	3	CLOSE
READ OUT AND CODE		
Q3. It is also important that people we include in the research are experiencing being in debt / arrears / behind with payments (NB. please refer to ‘debt’ using the terminology respondent uses if possible) with their energy company for the first time – I am going to read out some statements and want you to tell me, which applies to you		
I had never been in energy debt before now	1	
I have been in energy debt before this most recent occasion, but it was more than 3 years ago and the debt has been cleared	2	CONTINUE
I have been in energy debt before this most recent occasion, it was more than 3 years ago, but I am still paying the debt off	3	Explain that we need to find people who have not previously been in debt for at the last 3 years -CLOSE
I have been in energy debt before this most recent occasion, it was within the last 3 years	4	

Record under 'Supplier from list' which energy company respondent's debt relates to, then ask Q4. I just need to check who supplies your gas and electricity. Who supplies your gas? And who supplies your electricity?

	Supplier from list	Gas	Electric	Both
Respondent does not have gas		X		
British Gas, Nwy Prydain, Scottish Gas	1	1	2	3
EDF Energy (EDF Energy were previously London Energy, Seeboard Energy and SWEB)	2	1	2	3
npower	3	1	2	3
E-ON (previously Powergen)	4	1	2	3
Scottish Power, Scottish Power Manweb	5	1	2	3
Scottish and Southern Energy (SSE), Scottish Hydro Electric, Southern Electric, Swalec, Atlantic Electric and Gas	6	1	2	3
Other WRITE IN _____		1	2	3

If respondent has two different energy suppliers, you should explain that the remaining questions relate to the energy supplier coded under the first column.

Q5. I would like to check how you currently pay your energy bills (refer to supplier from list in Q4). I am going to read out some methods of payment and I would like you to tell me which best describes how you currently pay.

If respondent has 2 energy suppliers, make sure they are referring to their bill from the energy supplier coded under the first column at Q4. Also check if this bill is currently paid by DD.	1	CLOSE Explain that people who pay by direct debit are not included in the research
Standing Order	2	CONTINUE - if you can be sure payment is by standing order and is definitely not direct debit
Prepayment meter	3	RECRUIT TO QUOTA
Fuel Direct	4	RECRUIT TO QUOTA
Cash (no prepayment meter)	5	CONTINUE
Cheque (no prepayment meter)	6	CONTINUE

READ OUT AND CODE Q6. Could you tell me your age WRITE IN _____			READ OUT AND CODE Q7. Could you tell me how many children you have of the following ages who live at home with you?		
18 - 24	1		Aged 0 – 11 years		
25 -34	2		Aged 12 – 16 years		
35 - 44	3		Aged 17 – 18 years in full time education		
45 - 54	4		READ OUT AND CODE Q8. Marital Status		
55 - 64	5		Single or in a relationship but NOT living with partner	1	
65 - 74	6		Married/ In a long term relationship and live with partner	2	
75+	7		Divorced/separated/widowed	3	

Q9. ASK NECESSARY QUESTIONS ABOVE TO ESTABLISH LIFESTAGE AND CODE BELOW		
Pre-family young single adult – must be living independently and not with a partner; must be responsible for paying their own bills; aged under 35; no children	1	RECRUIT TO QUOTA
Pre-family young adult couple – either married or in a permanent relationship and living with partner; must be responsible for paying their own bills; aged under 35; no children	2	
Single parents – has one or more dependent children under 17 living with them	3	
Family couples – either married or in a permanent relationship and living with partner with at least one dependent child aged under 17 and living with them.	4	
Post family singles – aged 45 and above and either never had any children or all children aged 17 and above, single or not living with partner	5	
Post family couples – aged 45 and above and either never had any children or all children aged 17 and above, married or in a permanent relationship and living with partner	6	
Retired singles – reached state retirement age and living alone NB if living in sheltered accommodation you can only recruit them if they are responsible for paying their bills including their energy bills	7	
Retired couples – reached state retirement age and either married or in a permanent relationship and living with partner. NB if living in sheltered accommodation you can only recruit them if they are responsible for paying their bills including their energy bills	8	

READ OUT AND CODE

Q10. I now need to establish which of the following best describes your ethnicity. I am going to read out a list of ethnicities, please tell me which best describes you

White British	1	Black African	9
White Other	2	Black other	10
Indian	3	White and Black Caribbean	11
Pakistani	4	White and Black African	12
Bangladeshi	5	White and Asian	13
Other Asian	6	Other mixed	14
Chinese	7	Other ethnic group – WRITE IN _____	15
Black Caribbean	8	Rather not disclose (do not read out code if refused)	16

READ OUT AND CODE

Q11a. Could you tell me if you or your partner have any physical or mental impairment or an illness or condition that has a substantial and long term effect on your abilities to carry out normal day to day activities?

When I say long term I mean that the effect of the impairment has lasted or is likely to last for at least 12 months

When I say normal day to day activities I mean everyday things like eating, washing, walking or going shopping

Yes	1	Ask Q11b
No	2	

READ OUT AND WRITE IN

Q11b. Could you tell me the name or describe your / your partner's impairment, illness or condition?

NB. Please check that respondent's condition will allow them to take part in an interview. If they require any special aids (e.g. a signer for someone who has a hearing impairment) you must check with the office before setting up an interview.

READ OUT AND CODE

Q12. I now need to find out a bit about where you live. Which of the following best describes the area in which you live?

an urban area	1	RECRUIT TO QUOTAS
a rural area	2	
semi-urban/semi-rural	3	

KEY DEMOGRAPHICS

READ OUT AND CODE

Q13. I now need to ask you a few questions about your employment and training

Could you tell me the occupation of the head of household, if you are retired, could you tell me the previous occupation of the head of household.

IF MANAGERIAL OR SELF EMPLOYED ASK – How many employees were you responsible for?

IF LOCAL AUTHORITY OR CIVIL SERVICE ASK – Could you tell me the grade / rank?

Could you tell about your training qualifications

Finally, could you tell me the industry the head of household works / previously worked in?

WRITE IN _____

NOW CODE SOCIAL CLASS

A	1	NO QUOTAS	C2	4	NO QUOTAS
B	2		D	5	
C1	3		E	6	

CODE

Q14. Gender

Male

1

Female

2

READ OUT AND CODE

Q15. I am going to read out some statements which describe your employment situation – please tell me which one applies to you

I work full or part time

1

My partner (if applicable) works full or part time

2

Neither me nor my partner (if applicable) are currently working, but we are not retired

3

Retired

4

RESPONDENT DETAILS

REASSURE RESPONDENTS THAT NO PERSONAL DETAILS OR RESPONSES WILL BE PASSED ON TO ANYONE NOT DIRECTLY CONCERNED WITH THE RESEARCH.

ENSURE YOU CROSS CHECK RESPONDENTS ADDRESS WITH DETAILS ON CONTACT SHEET AND COMPLETE THE FIELDS BELOW

NAME: _____

ADDRESS: _____ Postcode _____

PHONE NO: _____

NO PHONE () REFUSED NO ()

INTERVIEWER DECLARATION

I DECLARE THAT THIS IS A TRUE RECORD OF A TELEPHONE INTERVIEW WITH THE NAMED RESPONDENT WHICH WAS CONDUCTED IN ACCORDANCE WITH THE INSTRUCTIONS AND THE CODE OF CONDUCT.

SIGNATURE: _____

PRINT

NAME: _____

DATE: _____

RECRUITER INSTRUCTIONS

Purpose

- This project is all about finding out about the experiences of people who are new to energy debt both in terms of how they came to find themselves in debt and their experiences of dealing with their energy supplier and coming to some kind of financial arrangement.

Interview length and incentives

- Each interview will last about 45 minutes. Respondents will receive £30 for taking part. **Please note:** even if they choose to be interviewed as a couple the incentive will remain at £30.
- When recruiting, you can find out if they would like someone else to be present at the start of the interview if this would make them feel more comfortable. For example, a single elderly respondent might feel more at ease if they have a friend or a son or daughter present. Similarly a single person with a disability or illness may wish to have a carer present. We would not expect this person to take part in the interview.
- When recruiting a family member or a couple it is not essential that their partner takes part in the interview, but they can if they wish. **It is essential that the person who takes part is responsible for payment of the electricity, gas or both (which ever is applicable) and that this person has been involved in sorting out their debt with the energy company.**

Sensitivity in Setting up Interviews

- The contact lists of people in energy debt have been passed to Ofgem by various gas and electricity suppliers. The lists contain the contact details of people who have had communications (written or otherwise) with their gas / electricity suppliers and have come to a repayment agreement.
- One of the main concerns from suppliers is that now these people are in a position where they are repaying their energy debts, they do not want this situation to change.
- **It is ESSENTIAL that you approach the setting up of these interviews with sensitivity** - people may be anything from embarrassed to concerned that they have been contacted. Additionally, as they are now paying off their debt, they may not refer to the amount they are paying back as debt as such, rather they may refer to it as outstanding balance, arrears or paying an additional amount etc. Please be aware of this and try to reflect the respondents' choice of language – if they refer to it as being behind in their payments, you should also refer to it as such.
- If they ask how we got their telephone number please tell them that it was supplied by their energy company to Ofgem (who we are conducting the research for) and reiterate the aim of the project – to find out their experiences of dealing with their energy supplier NOT to probe their financial situation in detail.
- If they want to take part, but wish to speak to somebody at Ofgem, please give the following name and telephone number.

- **Marcus Clements – Head of Consumer Affairs**, who can be reached on **0207 901 7200** or **Claire Tyler – Head of Social Policy** on **0207 901 7331**.

Where to hold the interviews

- We want respondents to feel as at ease as possible and you should allow them some flexibility in terms of where the interview takes place. If a respondent is happy to be seen at their home, the researcher will visit them there. However, not everyone may wish to have a stranger visit their home – especially if they are living in poor conditions – so the other option is to consider holding the interview in a local venue that is suitable e.g. a community centre or village hall is probably better than a hotel.

Responsibility for Energy Bill

- Please ensure that the person you recruit to be interviewed is the person **responsible** for paying the energy bill and has been dealing with their energy company about their debt
 - Code 1, 2 or 3 (if partner is recruited) @ Q1

Energy Debt

- Firstly, we need to make sure that the respondent is **either currently in energy debt** (however they define it) and has come to a repayment arrangement with their supplier or **has recently been in energy debt and cleared the amount owed (in the last three months)**
 - Code 1 or 2 @ Q2
- We need to ensure that the respondent is in (or has recently been in) **energy debt for the first time** or that if they have been in debt previously this was more than 3 years ago and any amounts owed have been cleared
 - Code 1 or 2 @ Q3
- As noted above, respondents may use different language to describe their energy debt, if they claim not to be in energy debt please check if they consider themselves to be in arrears or describe themselves as being behind with their payments. Please also check if any arrangements have been made in terms of repayment – if so they are likely to be eligible to take part.

Supplier

- Please code the supplier from the list of contacts provided under ‘supplier from list’ column @ Q4 and aim to recruit at least five respondents from each of the suppliers.
- Please then establish the respondents’ gas and electricity supplier/s @ Q4
- Some respondents may refer to brands which are part of particular energy companies – we have included brands where appropriate in the screener.
- If the respondent has two different suppliers it is important to explain that the remaining questions relate to the energy supplier coded in the first column and give the name of the supplier / brand.

Payment method

- Please record the respondents' payment method (Q5)
- Please do not recruit respondents who pay their energy bill to the 'supplier from list' by direct debit. If you are sure they pay by standing order rather than direct debit you may continue.
 - Code 1 at Q5
- Please ensure you include between 10 and 15 respondents who pay by prepayment meter (you should be able to see from the lists who this applies to)
 - Code 3 at Q5
- Please ensure you include at least 6 respondents (one per supplier) who pay by Fuel Direct – that is, money is deducted directly from their benefits (you should be able to see from the lists who this applies to)
 - Code 4 at Q5

Age

- Within each lifestage, please aim to recruit a mix of ages (Q6)

Number and age of children

- No quotas, but aim to recruit a mix in terms of number of children in the single parent and family lifestages (Q7)

Marital Status

- Use to determine single or couple lifestage status

Lifestage

- Respondents must fit into one of the following categories.
- We would like you to aim to recruit 6 respondents in each lifestage, however, as this is a fast turnaround project, we are able to be flexible on this
 - Ensure you recruit at least 3 and no more than 9 in each lifestage, if this is proving difficult please contact the office

Pre-family, Young Singles

These respondents must all meet the following criteria:

- single young adults living independently – not with parents or with a partner – and responsible for paying their bills including their energy bill (Q1 and Q8)
- aged under 35 (Q6) with no children (Q7)

Pre-family, Young Couples

These respondents must all meet the following criteria:

- young adult couples – either married or in a permanent relationship living independently – not with parents – and responsible for paying their bills including their energy bill (Q1 and Q8)
- aged under 35 (Q16) with no children (Q7)

Single Parent families

These respondents must all meet the following criteria:

- responsible for paying their bills including their energy bills (Q1)
- single parents (Q8) with one or more dependent children aged under 17 living with them (Q12)

Family Couples

These respondents must all meet the following criteria:

- responsible for paying their bills including their energy bills (Q1)
- married or in a permanent relationship with one or more dependent children aged under 17 living with them (Q7 & Q8)

Post Family singles

These respondents must all meet the following criteria:

- responsible for paying their bills including their energy bills (Q1)
- single aged 45 – 60/65 and either never had any children or all children aged 17 and above (Q6, Q7 and Q8)

Post Family Couples

These respondents must all meet the following criteria:

- responsible for paying their bills including their energy bills (Q1)
- married or in a permanent relationship aged 45 – 60/65 and either never had any children or all children aged 17 and above (Q6, Q7 and Q8)

Retired singles

These respondents must all meet the following criteria:

- responsible for paying their bills including their energy bills (Q1)
- aged 60 (female)/65 (male) (Q6 and Q14)
- single/separated/divorced/widowed, retired and living alone (Q8). If living in sheltered accommodation must receive and be responsible for paying their energy bills

Retired couples

These respondents must all meet the following criteria:

- responsible for paying their bills including their energy bills (Q1)
- aged 60 (female)/65 (male) (Q6 & Q14)
- living with a partner (Q8). If living in sheltered accommodation must receive and be responsible for paying their energy bills

Ethnicity

- Please aim to recruit 4 to 8 respondents across the sample from a spread of BAME groups (Q10)

Physical or mental impairment

- Please aim to recruit 10 to 25 respondents where either they or their partner has a physical and / or mental impairment (Q11)

Location

- Please aim recruit at least 10 to each of the location splits (urban, rural, semi-urban / suburban) (Q12)

Social Grade

- We assume this will fall out naturally, but anticipate most respondents will be C2, D or E SEG (Q13)

Gender

- Recruit at least 20 to men and at least 20 women (Q14)

Employment

- No quotas (Q15)

ENERGY DEBT

Background and Introduction

- **It is ESSENTIAL that you approach these interviews with sensitivity** - people may be anything from embarrassed to concerned that they have been contacted and we do not want them to feel that their taking (or not taking) part will have any ramifications. Additionally, as they are now paying off their debt, they may not refer to the amount they are paying back as debt as such, rather they may refer to it as outstanding balance, arrears or paying an additional amount etc. Please be aware of this and try to reflect the respondents' choice of language – if they refer to it as being behind in their payments, you should also refer to it as such.
- Introduce yourself and ensure you emphasise that the research is being conducted by Creative Research (an independent market research company) on behalf of Ofgem. Explain that Ofgem stands for the Office of Gas and Electricity Markets, that they are Great Britain's energy regulator and their first priority is to look after the interests of consumers
- Give them a copy of the comfort letter from Ofgem and explain that if they have any further questions about the research after you have left they are free to either contact Creative Research or Marcus Clements at Ofgem (point out Marcus' contact details)
- Give the research some context by explaining that in the recent economic climate more and more people are finding it difficult to make ends meet and that energy companies are encouraged to help people who may be finding it difficult to pay their bills.
- Although energy companies are encouraged to follow good practice guidelines, you should avoid implying that the respondent's energy company should have done things in a particular way.
- Ensure they understand that the main focus of the interview will be on their experiences of paying for their energy bill and their dealings with their energy company.
- Explain that to get a better understanding of their situation you will ask a little about their finances in general - this is purely to help you understand their situation. Pitch the interview as an informal chat, with no right or wrong answers
- Introduce the confidentiality and anonymity of responses; explain that no information will be passed back to their energy company about them as an individual. Explain that their contact details will not be used for anything other than the purposes of the research, and will be destroyed by Creative Research immediately after the project has finished.
- Explain that you wish to record the conversation (to save taking notes, so you can listen to what they are saying etc) and explain confidentiality of recordings and transcripts (not seen by anybody other than researchers at Creative Research and transcribers). Emphasise that the recordings and transcripts will NOT be made available to Ofgem or their energy supplier, but that we will use unattributed quotes (with any references to names and / or places removed) to illustrate our findings. It might also be worth emphasising that this is one of around 50 interviews, so what they say will be pooled together with others' responses to form collective findings
- If they are happy to be recorded ensure they sign the sheet. If they are not happy to be recorded, continue with the interview, taking detailed notes instead
- Interview will last about 45 minutes and they will receive £30 at the end as a 'thank you' for their time

A. Background and Personal Circumstances

Note: Along with exploring the issues qualitatively there are a number of points where you will need to record information on the respondent record sheet. Where questions with a '▼' please complete the appropriate fields on the respondent record sheet.

You will have details of which supplier list the respondent was sourced from and which fuel (gas / electricity / both) they are repaying. We need to make sure we have a full understanding of what supplier they use for their other type of energy (if applicable) and whether they are also in arrears / having difficulty paying that supplier.

- Explain that before talking about their current debt / arrears / issue of being behind in payments (use their choice of language) with their energy supplier you want them to ask them a few questions about their supplier, paying for energy and their circumstances prior to getting into difficulty
- **Confirm supplier from list** with respondent and the energy they are making repayments towards ▼ A1-2
- Establish if they have another energy supplier and if they are also **in arrears / having difficulty paying their other type of energy to a different supplier** – if so find out if they are also making repayments towards those arrears. ▼ A3a-c

Note: If respondent is making payment towards a different supplier for their other type of energy explain to them that you want to focus on their dealings with the supplier whose contact list they were sourced from [name supplier and fuel] for most of the interview, but that you will ask them a few questions about their other supplier towards the end.

- Explore **history with current supplier**
 - how long have they been with them ▼ A4
 - how did they used to pay the supplier before the current payment arrangements were put in place ▼ A5
- Find out if they have they been in any **debt / arrears previously with this supplier** – get an indication of how long ago this was ▼ A6a-b
- Explore **generally how satisfied they were with their supplier** before the issue of their payment difficulties arose
- Ask for an overall **satisfaction rating for their supplier before the issue of payment difficulties arose** ▼ A7
 - Very satisfied, satisfied, neither, dissatisfied, or very dissatisfied

B Difficulties with their energy bill

Note: Explain that you want to briefly touch on how paying for energy fits in with their lives. The aim is to get a sense of the circumstances behind their energy debt, how it fits in with the rest of their lives e.g. whether it is the only bill they have had a problem with or not and how effective they feel they are in terms of managing their money.

- Use show card and ask them to tell you if they are **in receipt of any of the tax credits and / or benefits** [You can explain this has a bearing on some of the repayment options they may have been offered] ▼ B1
- Explore how effective they feel they are at **managing their money**
 - Get a feel for whether they budget and plan bill payments or if they are continually 'fire fighting' and are used to 'juggling' payments
 - Also get a feel for how well they feel they understand financial documentation e.g. bills, statements of account etc.
 - Based on their responses **classify** them into one of the following groups – Developed / effective money management skills; average money management skills; little, no or chaotic money management skills ▼ B2 (see response sheet for definitions)
- Explore the **circumstances that led them getting into difficulty** with their energy supplier
 - Did something specific happen to their personal circumstances – for example a job loss, them or their partner getting sick
 - Or do they lay the blame with their energy company – for example a problem with their billing, or their bill being based on estimates which were too low
 - Or did the amount owed just 'creep up on them' – with little blame on either side
- Find out how much of a **priority** paying for their energy was (before they got into difficulty) in relation to other bills
 - Explore if they **have any other debts** e.g. water bills, credit card arrears, council tax (the aim is to get a feel for whether energy debt is the only bill they are having difficulty paying, or if there are others)

Note: It is important not to imply that they chose not to pay for their gas or electricity because they would rather pay for something else, but to get a picture of where it fits in their expenditure – for example, some might consider paying rent or council tax more of a priority because that means a 'roof over their heads'

C Initial Contact with Supplier

- Ask them to **talk you through the process** of what happened between realising they owed their energy supplier money and their current payment arrangements

Note: There are certain things we need to find out (and note on the respondent record sheet) but it is essential that you do not give the impression that the supplier has done something or not done something they should have – so rather than using direct prompts you need to probe as appropriate and use your judgement

- Aim to find out if there was any **proactive contact from their supplier** and whether the supplier actually identified the payment difficulty
 - Who contacted who? Did the respondent contact the supplier or did the supplier contact them ▼C1
- **If the supplier contacted them** in the first instance, how did they do it (e.g. by letter or phone call) ▼C2

Note: If they have received any correspondence by letter, ask if they have any copies and if they are willing to show you these. If so, and they can find them easily, ask if you can take a picture of it on your mobile phone – you will need to provide reassurances that we will protect their identity.

- what did they think of the supplier doing this – positive/negative
- how long do they think they had been having difficulties before the supplier contacted them – try to get an idea as to whether this was soon enough
- do they think they would have contacted their supplier if their supplier had not contacted them first
- was the supplier aware of their payment difficulties at this point
- ask them to explain the nature / tone of the call / letter – try to get an idea of whether it was supportive and helpful or demanding and unhelpful
- **If the respondent contacted the supplier**, how did they do this (e.g. by letter or phone call) and how did the supplier respond ▼C2
 - how long had they been in difficulty before they contacted their supplier
 - do they think they made the supplier aware of their payment difficulties or do they think the supplier already knew
 - if they wrote to the supplier, what did the letter say and what response did they get from the supplier (both in terms of content and tone)
 - if they telephoned the supplier, how easy was it to get through to someone who could help them; try to get an idea of whether the supplier was receptive, supportive and helpful or demanding and unhelpful
 - what would they have thought if it had been the supplier that had contacted them rather than the other way around – would they have welcomed this
- Ask for an overall **satisfaction rating with their supplier in terms of the initial contact they had about their payment difficulties** ▼C3
 - Very satisfied, satisfied, neither, dissatisfied, or very dissatisfied

D Further contact

- Explore if there was any **further or on-going contact** respondent had with supplier after initial contact was made ▼D1
 - Who contacted who? Did the respondent contact the supplier or did the supplier contact them ▼D2
- **If the supplier contacted them** again, how did they do it (e.g. by letter or phone call) ▼D3

Note: as above they have received any correspondence by letter, ask if they have any copies and if they are willing to show you these. If so, and they can find them easily, ask if you can take a picture of it on your mobile phone – you will need to provide reassurances that we will protect their identity.

- what did they think of the supplier doing this – positive/negative
- explore why was the contact made and what was said / written
- ask them to explain the nature / tone of the call / letter – try to get an idea of whether it was supportive and helpful or demanding and unhelpful
- **If the respondent contacted the supplier**, how did they do this (e.g. by letter or phone call) and how did the supplier respond ▼D3
 - explore why the contact was made and what was said / written
 - if they telephoned the supplier, how easy was it to get through to someone who could help them try to get an idea of whether the supplier was receptive, supportive and helpful or demanding and unhelpful
- Ask for an overall **satisfaction rating with their supplier in terms of any further contact they had about their payment difficulties** ▼D4
 - Very satisfied, satisfied, neither, dissatisfied, or very dissatisfied

E Third Party Assistance

- Explore if they received **any help / advice from anybody else** (aside from their energy supplier) about the difficulties they were having paying for their energy bill
▼E1

If yes ▼E2-3(record if they used a third party and how initiated this)

- Who (e.g. CAB, Money Advisor etc) or more informal e.g. family friend
- Did they initiate this contact themselves, did somebody suggest it to them, did their supplier suggest it
- Why did they feel it necessary to go to a third party (e.g. supplier was unresponsive, they didn't feel able to handle this problem themselves, etc)
- did they seek help / advice just about their energy debt or was it more generally about debt /problems they were having with paying a number of bills
- how did they feel about the fact they needed help from a third party?
- Ask them to talk you through the **process of what happened**
 - e.g. did the 3rd party provide the respondent with information, but ask the respondent to go back to the supplier or did the 3rd party take on the respondents' case and deal directly with the supplier
- Explore the extent to which third party help **benefited them or not**
 - Overall, was it worth involving a third party – do they think receiving this help empowered them / made them feel they could deal with the problem or not
 - What might have happened if they had not received this help

If no

- Explore **reasons for not accessing** third party help
 - Find out if supplier had suggested they use a 3rd party
 - Was it that they did not want to or did not know about it
 - In hindsight, do they think it would have helped or not

F Reaching a Payment Arrangement with their Supplier

- Continue to **talk through the process and explore what options the supplier suggested to them** – we want to get a feel for what they were offered and the kind of discussions around payment options that took place
 - find out if energy supplier talked to them about their circumstances and what they could afford to pay including whether they were receiving any tax credits/benefits ▼ F1
 - how did the supplier go about ascertaining what they could afford to pay (e.g. whether they are working, have children, other debts, illness, etc) ▼ F1 - did the supplier offer to arrange for a Benefit entitlement check ▼ F1
 - If they are on benefits, explore if the suggestion of paying direct from their benefits was proactively mentioned by their supplier ▼ F1 – if so, was it after all other options had been offered, who suggested it, how did they feel about this and was the option taken up
 - how did the supplier approach the discussion (e.g. open to negotiation, inflexible, amount imposed, etc) ▼ F1
 - did these discussions take place on the phone or with an agent on the doorstep (if on the doorstep was the agent empowered to agree the method/amount or did they have to check back with their office)
 - which methods of payment did the supplier suggest/offer?; were there methods that the supplier did not suggest but which the respondent suggested ▼ F2a-b
 - confirm payment method taken up ▼ F2c and frequency of payment ▼ F3

Ask those on Fuel Direct only

- Explore **how Fuel Direct was introduced to them** - we want know if they were told they had to be put on this method of payment, whether the supplier offered to contact the benefits agency or told the customer to do so, or was it just suggested amongst a range of options and they agreed? ▼ F4
 - If the customer chose to pay by fuel direct why was this
 - if they felt they were given no option, how did they feel about this
 - Were the advantages and disadvantages outlined and / or were they given any other information about Fuel Direct
 - Confirm how long they have been paying by Fuel Direct
- Explore if they think it is a good solution in helping them pay off their debts or not

Ask those on **Pre Payment Meters** only

Note: There may be a particular issue with prepayment meters, As well as being installed by agreement they can also be installed by warrant and a payment amount set while the individual is not at home. Whether installed under warrant or by agreement we want to find out if they are being set at levels individuals can afford.

- Explore (if not already covered) **how the pre payment meter was introduced** to them - we want know if they were told they had to have one or if it was suggested amongst a range of options and they agreed ▼F5
 - If the customer chose to have a prepayment meter why was this
 - if they felt they were given no option, how did they feel about this
 - If the prepayment meter was installed on a warrant, what amount was set on it to the recover the debt. Was there any correspondence left or letter sent stating the recovery amount. Was there an encouragement on it to make contact to discuss the amount if they couldn't afford it. If they made contact, how receptive was the supplier to changing the amount – did they do so, if not why not.
 - Were the advantages and disadvantages outlined and / or were they given any other information about them
 - How long have they been on the prepayment meter
- Explore if they think it is an **effective solution** in helping them pay off their debts or not
- Ask them to explain the **process of paying using a prepayment meter** – how does it work, how often do they have to pay, what do they have to pay in addition to their actual usage?
 - How well do they understand how the money owed is deducted (eg if paying £15 per week to pay off the debt, does the £15 get taken off bit by bit each day, giving them more scope to top up?)
 - Do they regularly use the emergency credit facility (most prepayment meters usually have an emergency credit facility) – if so, why is this (e.g. they can't afford the repayment amount)

If **not** on Fuel Direct or PPM

- Confirm their **method of payment** and explore how this was arrived at – get a feel for whose decision it was (respondent/supplier/3rd party) and why they went for that option ▼F6
 - Any discussion of the advantages and disadvantages of different options

ASK ALL

- Explore if any **different tariffs (social tariffs)** and / or one off **grants or funds** were suggested to them ▼F7

Note: see list for brand name and details of social tariff for each provider. Respondents are unlikely to recognise the term 'social tariff' – they may just refer to being offered a lower tariff. Be careful not to suggest to respondents that they should be on a social tariff – we want to make a judgement if they were potentially eligible and find out if this option was explored with them or not. Do not use list as a show card

- who suggested this (supplier, 3rd party etc.)
- was it taken up ▼F8
- If taken up – explore thoughts and impact
- If offered and not taken up get a feel for the reason – did the respondent not want to, was it because they were not eligible etc
- If not offered, make a judgement as to whether they would potentially be eligible ▼F9
- Irrespective of the payment method, confirm the **payment amount** ▼F10 and explore how this was arrived at – we want to get a feel for whether the amount was suggested by the supplier or respondent and whether the supplier was willing to negotiate an affordable amount ▼F11

NB You should try to differentiate where possible between the amount being paid that is to repay the debt and the amount that is being paid towards their current energy usage

- Is the amount set at the right level - are they struggling and would prefer to pay less, or could they potentially pay more and clear the arrears faster (**Note:** ensure you do not give the impression that they should pay more)
- Confirm **how long** they have been paying this amount by this method of payment as well as how long they think it will take them to clear the debt
- Explore if there was any discussion or correspondence around **what would happen if they did not pay** the amount they owed
 - Was **disconnection** or installing a prepayment meter using a warrant mentioned at any point – was this mentioned as a direct threat or alluded to as a possibility ▼F12a-b
 - How did this make them feel and how did they respond
- Ask for an overall **satisfaction rating with the method of payment** ▼F13
 - Very satisfied, satisfied, neither, dissatisfied, or very dissatisfied
- Ask for an overall **satisfaction rating with the amount of the repayment** ▼F14
 - Very satisfied, satisfied, neither, dissatisfied, or very dissatisfied
- Ask for an overall **satisfaction rating for the way the supplier handled discussions about how the debt was going to be repaid** ▼F15
 - Very satisfied, satisfied, neither, dissatisfied, or very dissatisfied

G Further contact with / advice provided by supplier since the repayment method has been agreed

Note: Some of the below issues may have already been discussed as part of the process, but please make sure you have a good understanding

- Explore if they have had any contact with their supplier **since they have started to repay** the debt ▼ G1
 - Did they contact the supplier or did the supplier contact them ▼ G2
 - **What form did this take** (letter, phone, home visit etc) ▼ G3
 - What was the contact about – was there any **discussion about suitability of the repayment** amount ▼ G4

Note: we want to find out if the supplier has attempted to contact the respondent to ascertain whether the debt repayment amount was manageable.

- Were any changes made to the repayment amount?
- **record satisfaction rating (if there has been follow up contact)** ▼ G5
 - Very satisfied, satisfied, neither, dissatisfied, or very dissatisfied
 - If there wasn't any contact from the supplier would they have liked or expected to receive any once the repayment amount had been agreed
- As part of the process of arranging repayment were they offered any **Energy Efficiency Advice (EEA)** ▼ G6
 - If yes – how (leaflets, conversation over the phone, face to face visit) and what (simple things e.g. using energy efficiency bulbs, turning things off standby or larger changes e.g. cavity wall insulation, double glazing etc)
 - How (if at all) did this help
 - If no, do they think this would have helped them in any way
- Ask for an overall **satisfaction rating of any Energy Efficiency Advice given** ▼ G7
 - Very satisfied, satisfied, neither, dissatisfied, or very dissatisfied
- Check to see if supplier offered any other form of support; if so, briefly record the details and how useful this was ▼ G8

H Comparisons of energy supplier / previous repayment arrangements

Note: If the respondent is also in debt (or has been in debt) with a different energy supplier and / or has been in debt with the same energy supplier previously and paid the debt off we want to get a feel for how this was handled and how it fares in comparison with their current experience of dealing with their energy supplier

If they are / have previously been in debt with a different supplier

- Explore how this was handled in **comparison** with their current experiences
 - Was it handled better or worse ▼H1– explore reasons why
 - What could their current supplier learn from their other supplier (if applicable)

If they have previously been in debt with their current supplier

- Explore how this was handled in **comparison** with their current experiences
 - Was it handled better or worse on the previous occasion ▼H2 – explore reasons why
 - Any changes to the process (better or worse)

Finally...

- Thinking about the process overall from their initial contact with the supplier to their current repayment plan ask them to summarise their views of their supplier
 - Were they helpful and supportive or not
 - Have their views changed in any way from before they had difficulties in paying
- Looking back is there anything they think they could have done differently to avoid getting into difficulty – or was the debt unavoidable
- Finally, is there anything else they think the supplier could have done differently to help them avoid getting into debt
- Ask for an overall **satisfaction rating that summarises how they feel about the whole experience** of dealing with the supplier about their payment difficulties ▼H3
 - Very satisfied, satisfied, neither, dissatisfied, or very dissatisfied

10.3 Third Party Advisor Topic Guide

ENERGY DEBT – Telephone Interviews

- Introduce yourself, Creative Research and explain that the research is being carried out on behalf of Ofgem. Respondents should already be aware of the research as initial contact would have been made by Ofgem
- The interview you are undertaking will either be with a CAB Advisor or a Money Advice Trust Advisor – please adapt questions accordingly
- Explain that Ofgem is keen to ensure that energy suppliers do as much as possible to help their customers who may be having difficulties with their bill. The research we are carrying out looks at the experiences of customers and what suppliers are doing when their customers have difficulties.
- Explain that the interview will focus on their experiences of dealing with and supporting people who are having difficulties paying their energy bill, and in particular their experiences, and the experiences of their clients, of dealing with energy companies when having difficulties paying their bill.
- Explain that Ofgem are particularly interested in understanding the experiences of customers that are new to energy debt (or have not been in debt for at least three years)
- Explain recording and confidentiality and anonymity
- The interview will up to half an hour

Note: We are interested in understanding any areas of particularly good and bad practice from suppliers when they are dealing with customers in energy debt. Please ensure you keep note of and follow these up as appropriate throughout the interview

Background and Context

- Ask them to give a **brief explanation of their role** and how long they have been working in that role
 - Is their role only related to financial advice or is it wider than that
 - Do they focus specifically on clients with issues with their energy suppliers or not

Contact with people with energy debt

- Ask them to **provide an overview of the kind of people** who contact them asking them for advice / help with their energy debt
 - What tends to be the 'trigger' for people approaching them
 - What are the typical levels of energy debt people have
 - Do they tend to have other debts i.e. is there energy debt part of a wider problem

Note: Explain that this project focuses on customers who are in energy debt for the first time (or at least have not been for at least three years).

- To what extent have their **clients been in debt with their energy company previously**
 - Do they tend to have repeat problems i.e. they repay one debt and immediately run up another
 - Or is it more likely to be their first time of having payment difficulties
- Are they seeing an increase in customers new to energy debt (or have not been in debt for at least three years)
 - How does this differ to people that they typically see in debt
 - How have these clients dealt with the debt, e.g. how have they dealt with suppliers
 - Do they have different needs? Is your approach or the approach of suppliers different?

Causes of Energy Debt

- Explore with advisors the **main reasons why customers they have dealt with ended up in debt** with their energy supplier
 - To what extent is it down to personal circumstances e.g. illness, redundancy etc
 - To what extent is it down to their money management skills, e.g. are there reasons customers find this particularly difficult and what are they?
- It is important to establish **whether suppliers might be contributing** to this e.g. by billing errors, estimated readings etc
 - How do you think suppliers might be contributing to the problem
 - Are there things suppliers could do to avoid customers getting into debt in the first place?
 - Examples of good and bad practice

Supplier Identification of a payment problem

Note: Explain that you want to get an idea from their perspective of what the supplier does when they notice somebody is having trouble paying

- Explore examples of their **clients' initial contact** with supplier
 - Do suppliers tend to contact customers or is it the other way around (roughly what proportion would they say are contacted by the supplier)
 - How long have customers typically been in difficulty before contact is made by either the customer or the supplier
 - How is initial contact made? – phone call, letter etc
 - How do the customers typically feel about/view the contact
- Explore **how proactive they feel suppliers are in contacting people** who are getting into difficulty with their payments
 - Do they think they are 'flagged up' on suppliers' systems early on
 - Are they generally contacted early enough
 - Any examples of good or bad practice
 - Any improvements they can suggest to the initial process
- Explore **complaints** made by clients about their initial contact with suppliers clients – ask for examples
 - How common are complaints – how many per week / month etc – and what do they tend to be about
 - How in general do their clients feel about the way suppliers initially dealt with them

Communications

Note: We need to explore two types of communication here – the communication that the client has had with their supplier and the communication the advisor has had directly with the supplier

CAB Advisors are able to contact the energy supplier on the clients' behalf, whereas the Money Advice Trust provide the client with information and aim to empower them and the client then goes back to their energy supplier themselves

Between client and supplier

- Explore the **nature of ongoing communications** their clients have had with their energy supplier after the initial contact
 - Does there tend to be continued dialogue between their clients and the supplier and in what form
 - How do customers find the process
 - Examples of customers' experiences (good and bad)
- Explore if there are any issues raised by clients in terms of talking with their supplier on the **telephone**
 - Cost of calls and the extent to which they have had to hang on the phone
 - Issues of where they make calls from e.g. phone boxes, expensive pay as you go mobiles etc
 - Ease of getting through to the right person / department
 - The telephone staff – do they tend to understand the clients' issues, do they have the authority of make decisions e.g. accept lower payments suggested by the client
- Explore if there are any issues in terms of **written communications** from the supplier
 - Ease of understanding – of bills and letters
 - Any examples of letters tailored to customers circumstances vs. standard letters
 - The extent to which they see (and their opinion of) written communications
- Explore the **overall tone and attitude** of suppliers when dealing with their clients
 - Are they sympathetic and understanding or unfriendly and threatening etc
 - To what extent do they take into account individual circumstances of the client
- Explore any other **complaints** made by clients in terms of on-going communication.
- Do they have any **examples of particularly good or bad practice** in terms of the way suppliers have communicated with clients

Between advisor and supplier

- Explore the **communications** they have had directly with suppliers
 - Ask for examples of when they would contact the supplier on their clients' behalf
 - Do they have a particular route of contact (or specific person they deal with), or do they go through the suppliers' general customer services
- Explore if they have had any issues in terms of talking to their clients' supplier on the **telephone**
 - Ease of getting through to the right person / department
 - The telephone staff – do they tend to understand the clients' issues, do they have the authority to make decisions e.g. accept lower payments suggested by the client
 - Explore how willing suppliers are to discuss their client's affairs with a third party – is data protection ever used as a reason why they cannot
 - How willing are they to be flexible
 - Explore the extent to which the supplier becomes more (or less) flexible when a third party becomes involved
- Explore if there are any issues in terms of **written communications** from them to the supplier
 - Any examples of written info tailored to customers circumstances vs. standard letters
- Explore the **overall tone and attitude** of suppliers when they have dealt with them
 - Are they sympathetic and understanding or unfriendly and threatening etc
 - To what extent do they take into account individual circumstances of the client
- Explore any further **issues** they might have in relation to their communications with suppliers
- Do they have any **examples of particularly good or bad practice** in terms of the way suppliers have communicated with them

Agreeing a Method of Repaying Debt

- Ask them to **think of a typical example of where they have advised / helped a client and to talk you through the process**
 - For example is there a discussion about potential payment methods
 - Are affordability and potential repayment amounts discussed

Ensure you get a good understanding of the following

- Explore if they think suppliers are doing enough to **establish the clients' financial circumstances** before settling on a payment amount
 - Do they (and if so how) establish their income and what benefits they are on to help guide the repayment amount
- Explore if any of their clients have talked about **disconnection / applying for a warrant to install a ppm**
 - How has this been mentioned to the client – we need to establish if suppliers are using disconnection / ppm as a threat to persuade customers to pay by a certain method and pay a certain amount
- Explore how suppliers generally agree a **repayment method**
 - Does this generally happen through the client, or do they, as a third party often need to step in
 - Are suppliers receptive to suggestions made about payment method either by the client or by them on the clients' behalf
- Explore their views on **Fuel Direct** as a repayment method
 - Is it something they would advise eligible clients to take on – do they think it's effective as a way of repaying debt. If not, why?
 - Do suppliers tend to suggest this as an option to clients
 - Any examples of clients feeling pressured into paying this way when they don't want to
- Explore their views on **Pre payment meters** as a repayment method
 - Is it something they would advise eligible clients to take on – do they think it's effective as a way of repaying debt. If not, why?
 - Do suppliers tend to suggest this as an option to clients
 - Any examples of clients feeling pressured into paying this way when they don't want to

- Explore advisor awareness / knowledge of **social tariffs / charitable trust funds**
 - Do clients tend to know about them or not when they come in
 - Do suppliers tend to offer these to clients
 - Explore if there have been any examples where they have contacted suppliers on the clients behalf with the view to getting them on a social tariff
 - Were they successful – what was the outcome
 - If not successful – why not
 - Generally what do they think of the social tariffs – do they work, any differences between what are offered by different suppliers
- Explore their views on **payment agreements** (e.g. client will pay £X per month) as a repayment method
 - Do suppliers tend to suggest this as an option to clients or do they tend to go for other methods first
 - Does this method work for their clients
 - Any examples of clients feeling pressured into paying this way when they don't want to
- Overall, do they think **suppliers are flexible** and suggest options and enable clients to decide which would be most effective (with some guidance) or do they tend to **force clients** down certain repayment routes?
- Explore their views on the **level of repayments** put forward by suppliers
- To what extent is the amount suggested based on the supplier finding out how much the client can afford
 - Any examples of negotiation – does the client do this, or do they tend to get involved at this stage
- Can they give any **examples of good or bad practice** in repayment arrangements
- To what extent do suppliers **monitor payment arrangements** once they are in place to make sure the client is able to keep up with them
 - Any examples of where their clients have had to come back to them because they are struggling – what happened

Finally ...

- Is there anything **suppliers could do to help customers who are at risk** from getting into energy debt from ending up in that situation
 - Anything they could do generally
 - Anything they could do if they notice missed payments etc
- Are there any **improvements** suppliers could make in terms of dealing with customers who find themselves in energy debt
 - How they deal with customers
 - The information they provide
 - The repayment methods and amounts they offer