



Promoting choice and value for
all gas and electricity customers

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Dear

Treatment of customers in payment difficulty

I am writing to draw your attention to our decision published today on the treatment of individual customers in payment difficulty. Ofgem has had cause to examine practices in the supply market relating to SLC 27.8 in its recent investigation of British Gas which concluded today with the publication of its final decision, [available on our website](#). The decision sets out our interpretation of the requirements of standard condition 27.8 of gas and electricity supply licences. It clarifies the high standard required for compliance with these obligations, providing more detail on the application of the Key Principles for ability to pay established in June 2010.

Special note should be taken –

- a) of the core principle of taking all reasonable steps to establish each individual customer's ability to pay and to take this into account when agreeing instalments:
 - (i) in all of its interactions with that customer where it is relevant; and
 - (ii) at all stages of the debt path, up to and including warrant stage and where customers are seeking reconnection; and
- b) of the importance of suppliers building and maintaining a full picture of customer circumstances, over time, and refreshing and taking account of such information as circumstances change, and maintaining records of these.

More generally, you will find a useful statement of how the obligations under SLC 27.8 should be met set out in some detail at paragraphs 3.3 to 3.18.

This winter, after there have been some recent significant price rises, we consider it is all the more important that all suppliers meet their obligations on ability to pay. In light of this, I would be most grateful for your assurance that you have satisfied yourselves that your policies, procedures and practices meet this high standard. I would be most grateful for a response by 17 November 2011.

Yours sincerely

Megan Forbes
Legal and Enforcement Partner, Sustainable Development

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