

Qualitative research into  
awareness and experiences of  
the Debt Assignment Protocol  
amongst pre-payment  
customers in debt

**Final Report**

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# 1. Executive Summary

## 1.1 Introduction

The Debt Assignment Protocol (DAP) enables those who use a pre-payment meter (PPM) to switch supplier if they have a debt of £200 or less. DAP was introduced in 2002 to allow PPM customers with a debt to transfer their PPM supply and their debt to another supplier. The protocol was intended to prevent indebtedness acting as a barrier to switching supplier, while also helping customers obtain the most competitive tariff price and enabling them to reduce their debt as quickly as possible, by reducing their overall energy costs.

Recent Ofgem data suggested that whilst the number of customers using DAP has increased, the number of those customers who have successfully transferred their debt to a new supplier remains low. As a result, Ofgem commissioned Opinion Leader to carry out research to investigate customer perceptions and experiences of the Debt Assignment Protocol (DAP). The objectives of the study were to:

- Assess pre-payment meter (PPM) customer knowledge of DAP, gauging their likelihood to switch if they are made aware of it;
- Understand the actual switching experience for those who have successfully switched using the protocol;
- Understand perceived and actual barriers to the use of DAP;
- Establish whether PPM customers believe the current level of £200 for switching with debt is appropriate.

Opinion Leader carried out research with the following customer groups during February and March 2012:

- **DAP Switchers** - PPM customers who had successfully switched energy provider under DAP.
- **DAP Incompletes** - PPM customers who had initiated switching under DAP but had not completed the process, either because they were still in the process of switching at the time of interview or else because they had been refused a debt transfer.
- **PPM Users in Debt** - PPM customers who had accrued debt but had not attempted to switch provider under DAP.

The sample was provided by the Big Six energy suppliers, although there was some representation of individuals using smaller suppliers. A total of 82 PPM customers participated in the research. This included 36 DAP switchers, 9 DAP incompletes and 37 PPM users in debt. A mixed qualitative methodology was adopted including focus groups, paired interviews, depth interviews and telephone interviews, enabling customers to participate in a way that was easy and appropriate for them. Research was carried out in six locations (London, Birmingham, Leeds, Cardiff, Edinburgh and Glasgow) between 27 February and 14 March.

## 1.2 Awareness of DAP and Customers' Propensity to Switch

Awareness of DAP was very low amongst PPM users in debt. Most customers who had not entered into DAP did not shop around for their energy supplier and tended to assume that suppliers offered very similar prices. They had not investigated switching and were not aware of DAP.<sup>1</sup>

Where participants had entered into DAP, their initial awareness of the scheme was usually through contact with salespeople from energy suppliers. While a few had heard about DAP through word of mouth advice provided by friends or family, information provided by salespeople (whether by phone or on the doorstep) was the main source of awareness of DAP.

As with the PPM users in debt, few DAP switchers/incompletes had proactively sought to switch provider and had not considered switching until receiving sales contact from a supplier.<sup>2</sup> This suggests that switching decisions were driven by the sales activity of energy companies rather than by customer action. Consequently, one of the recurring items arising out of the research was that salespeople were actively seeking to recruit PPM users – many of whom happened to be in debt. Few participants believed there was any resistance from suppliers to accepting them as customers.

Outside of this sales contact, DAP was not seen to be actively promoted to customers. While some DAP customers had spoken about it with others that they know, this was far from commonplace and most PPM users in debt did not know whether it was possible to switch with a debt.

It should be noted that no customers in this research actually referred to 'DAP' or the 'Debt Assignment Protocol' and that the process of switching PPM supplier and transferring debt did not have a discrete name or brand from the customers' point of view. Where this report refers to awareness of DAP, this means customer awareness of the ability to switch PPM provider and transfer an existing debt. In line with this, salespeople were not promoting a product called 'DAP' or 'Debt Assignment Protocol' but were providing customers with an opportunity to switch PPM supplier with a debt.

Where sales contact was received and DAP was successfully communicated to customers, the key factors in any decision to switch were:

- **Supplier experience** – Where customers were unhappy with the way they had been treated by their supplier, they were more likely to switch.
- **Perceptions of price** – Where customers were convinced by salespeople that they would receive a better deal, they were more likely to switch.
- **Effort required** – If they were going to switch, customers wanted a hassle-free experience and were less willing to enter into a process which required high levels of involvement from them. Customers' views of the level of involvement that might be required varied depending on their previous dealings with energy companies, the information about DAP provided to them by salespeople and any previous experience they had of switching supplier.

A small subset of participants proactively looked for good deals on an ongoing basis, usually by using price comparison sites or by visiting supplier sites. These customers tended to be better informed about prices

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<sup>1</sup> This places them within the 'passive' or 'disengaged' categories of Ofgem's customer typology. They were only likely to switch based on experience of poor service or sales contact and may never have switched in the past. (Ofgem, Retail Market Review Domestic Proposals, December 2011, see p72).

<sup>2</sup> This places them within Ofgem's 'reactive' segment of customers who do not shop around but may switch as the result of contact with a sales agent (Ofgem, Retail Market Review Domestic Proposals, December 2011, see p72).

across providers, the structure of meter charges (i.e. energy charges, standing charges and debt) and about other deals available (e.g.loyalty points, free USB key/card chargers).

Whether more customers would enter into DAP if awareness was greater and it was more actively promoted by energy companies remains unclear. Research with PPM users in debt showed a low inclination to switch unless the customer had received poor service from a supplier and/or they had actively sought out a better deal because they believed financial savings could be made through switching. While most PPM users in debt did not know that they could switch with a debt, few saw debt as an obvious barrier to switching. Salespeople were commonly seen as the instigators of a switch and were also the conduit of knowledge about DAP. This would suggest that information about DAP is readily available at the point at which many eligible customers decide to switch, but only after it has been brought to their attention.

### 1.3 The Experience of Switching under DAP

In most cases, DAP was initiated by a competitor supplier (i.e. not the current supplier) following sales contact (this reflects the fact that most customers adopted a 'reactive' approach to switching, in line with Ofgem's customer typology). Where DAP was functioning well, the 'new' supplier took control of the switching process, organising the transfer of supply and debt with minimal involvement of the customer. This was in line with customer preferences. From the customer's point of view, DAP was working well when the process involved:

- **Sales contact** – including discussion of the tariff and any offers and discussion of debt and repayment amounts, and making the decision to switch.
- **Confirmation** – confirmation of the decision to switch, usually supplied by post.
- **Notification** – notification of the date for change of supply and provision of new cards/keys.

Where DAP was working effectively, transfer of both debt and supply took between six to eight weeks, with four weeks the quickest time reported. Where DAP was not working well, the full process took anything from two to six months. During this period, customers were often required to liaise with their current and new suppliers a number of times and were critical that there were not sufficient communications keeping customers informed at the different stages in the journey. Customers made contact in order to find out where the process had got to and what action was being taken by the new supplier to encourage the current supplier to transfer the supply. This was generally where suppliers were thought to be 'dragging their heels' or where the existing supplier had made counter-offers to encourage the customer to remain with them.

Many customers were frustrated that they were responsible for contacting both their current and potential new suppliers for information about the stage of the switch, for example, whether their application to switch had been accepted. In the most extreme cases, customers reported not knowing where they were in the DAP process or whether they had switched supplier or not. Where suppliers did contact customers, it was usually to inform them that there was a problem and the switch would not take place.

This led to low levels of satisfaction with the process for the following reasons:

- **Cost** – Calls to energy suppliers were seen to be expensive, especially for low-income customers in debt, who were often using pay-as-you-go mobiles. Customers requested that freephone numbers be made available to facilitate communication with suppliers.
- **Complexity** – The uncertainty of whether the switch and transfer of debt would take place often caused customers great confusion and stress. In some cases customers reported not knowing who was supplying them with electricity or gas during the switching process.

- **Expectations** – Customers expected DAP to be relatively quick and hassle-free and did not want to be involved in moving the process along. Management of the switching process by the new supplier was frequently seen as a tacit condition of the agreement to switch.

In five cases, customers were told they owed more debt than they had been previously aware of at the point at which they attempted to switch supplier. Where this occurred, customers were not sure why they were subject to a higher debt amount. Cases were observed in which the customer was told that the debt reading on their meter did not conform with the supplier's final reading. In two cases, the additional debt amount claimed by the current supplier was not carried over to the new supplier once the switch had taken place, raising questions amongst these participants as to whether the additional debt amount was genuine.

## 1.4 Perceived and Actual Barriers to DAP

The most common reason given for failure to switch under DAP was that the current supplier had objected to the outstanding debt. In most of these instances, the debt was over the £200 threshold for DAP. However, there were examples of customers switching with debt of over £200 and one participant in Glasgow said that he had transferred to a supplier with a debt of £350. Instances of a refusal to transfer debt under £200 were also identified. In these cases, it was usually unclear to the customer whether or not their debt was 'complex'<sup>3</sup> in nature and most felt unfairly treated at being unable to switch with a debt of less than £200.

A few customers in the 'incomplete' sample had pulled out of the switching process due to the complexity and stress involved in the process. This included the length of time it had taken, the need for them to take action to move the process along, the cost of contacting suppliers and concern that the supply might not switch successfully, potentially leaving them without a supply.

Cases were identified in which customers had been persuaded to pull out of the switch by their current supplier through customer retention calls, reassuring them about the competitiveness of the price they were currently paying or offering deals such as USB key chargers<sup>4</sup> or smart meters if they remained a customer. Similarly, there were cases where customers had moved back to their previous supplier soon after switching where they perceived that their new charges were higher than they had been paying with their former supplier.

Where customers had not switched supplier under DAP (i.e. the PPM Users in Debt), the perceived barriers were:

- **Current service** – Customers were happy with the service they received from their current provider and wanted to maintain this by staying with them.
- **Similarity of prices** – Customers believed PPM charges did not vary significantly across providers and saw no financial advantage to switching.

<sup>3</sup> Under DAP, Complex Debt is defined as follows: Debts in relation to a Customer account into which a suspected misdirected payment has been made or into which a misdirected payment claim has been submitted but not confirmed; Debts in relation to an account that is currently 'in dispute' between the Customer and the Associated Supplier; Debts in relation to a Customer account to which a fraud investigation is pending or in progress; Debt in relation to a Customer account to which the applicable rate of VAT indicates that the Customer is non-domestic; A debt for which a repayment rate is not currently set on the meter; Debts in relation to a Customer account as a result of Debt Assignment having been completed under this MRA Agreed Procedure; Any other reason which the Associated Supplier considers to be 'complex', in which case a full record of the reason must be retained.

<sup>4</sup> Machines that could be connected to a home computer to allow the customer to charge their key or card themselves.

- **Complexity** – Customers were put off by the length and potential complexity of the switching process.

Finally, a few customers did not know why their supply had not been switched and were dissatisfied because they felt they had not been adequately informed of this by either their new or their current supplier.

## 1.5 Appropriateness of £200 Debt Threshold

During the research, participants were asked whether there should be an upper debt threshold for DAP. They were informed (where they did not know already) that the debt threshold for DAP was £200. They were also informed that the average level of debt for PPM customers was around £320. They were then asked whether they felt that the current threshold was appropriate. Answers to this question were not consistent and fell into three categories.

### **Current debt threshold acceptable**

Where customers took this view, it was usually because they felt that people with debt of more than £200 should seek to pay it off before switching. The argument that these consumers might be able to save money on their energy, while paying off their debt, usually carried little weight. Participants perceived that caution and debt control should take priority over switching provider and believed that debts should be cleared before a customer attempted to switch provider. Perceptions that tariffs were very similar across companies also motivated this view, as some participants did not believe they would get a better deal elsewhere and therefore felt it was better to clear any debt with an existing provider rather than focus efforts on shopping around.

### **Current debt threshold too low**

These customers thought there should be a debt ceiling for DAP (as it would be unfair to expect energy companies to accept any amount of debt) but thought £200 was too low given their own experience of energy debt and the information provided about average PPM debt levels. Most struggled to say what an appropriate debt threshold would be as they did not have sufficient knowledge of energy debt levels more generally. Consequently, they were easily swayed by the information provided on average debt levels (around £320 per energy type) and usually said this higher level would be more appropriate. Many were also inclined to think that any 'limit' ought to be calculated based on the individual's circumstances.

### **Resistance to debt threshold**

Customers in this category could not see why a debt ceiling of any amount was required given that the customer could not avoid paying the debt back (being on a PPM) and would always have to pay for the energy they used in addition to their debt repayment.

## 1.6 Inaccurate Assignment of Debt

Of far greater concern to customers than awareness of and experiences of the Debt Assignment Protocol was the perception of inaccurate debt charges. A total of 16 customers stated that they had been wrongly assigned debt or that the debt had not been explained to them by their current supplier.

These customers fell into three categories:

- **Moving house** – Seven customers who had moved into a new property and did not inform their supplier straight away found themselves paying off debt they believed had been accrued by the previous tenant before they moved into the property.

- **Switching supplier** – Five customers were informed that they owed more debt than they thought they did when entering into DAP. In some cases, the additional amounts requested were not transferred to the new supplier, while in others they were.
- **Installation of PPM** - Four customers who had been fitted with PPMs to repay debt later found they had been charged an installation fee they did not realise they owed.

In these cases, customers did not always feel able to, or know how to, challenge debt amounts that they perceived to be inaccurate. They therefore paid back charges they did not believe they owed in order to maintain their credit record or avoid court orders. Where customers challenged inaccurate charges successfully (e.g. by presenting a tenancy agreement to the supplier), the process of contesting the charge and getting money refunded could be long and drawn out. One customer in Leeds successfully challenged a debt request in this way and did not receive notification that the charge had been withdrawn until four to six months after she had been notified of it. Over this time, she had been paying off the debt on her meter week-by-week and only had this money refunded once the debt was cleared (i.e. after the four to six months).



## 2. Introduction

### 2.1 Background & Objectives

The Debt Assignment Protocol (DAP) enables those who use a prepayment meter to switch supplier if they have debt levels of £200 or less. The intention of this protocol is to prevent indebtedness acting as a barrier to switching supplier. However, Ofgem data suggests that few customers take up DAP and that, of those who do, many do not complete the process.

Ofgem commissioned Opinion Leader to carry out research to investigate why DAP is not being more widely used. The overall aims of the research were to establish a clear view of the experience of PPM customers who have used DAP, understand why some PPM customers in debt commence the switching process but do not complete it, and understand views of, and interest in, the DAP process once potentially eligible customers are made aware of it.

The specific research objectives Opinion Leader were asked to address are outlined below:

- Assess PPM consumer knowledge of DAP and gauge their likelihood to switch if they are made aware of it;
- Understand the actual switching experience (for those that have successfully switched using the protocol);
- Understand perceived and actual barriers to the use of DAP;
- Establish whether PPM customers believe the current level of £200 for switching with debt is appropriate.

### 2.2 Research Methods

The sample for this research included three distinct participant groups with very different levels of awareness and experience of switching energy provider under DAP. These are shown in the table below.

**Table 1: Sample Groups**

Group	Description
<b>DAP Switchers</b>	PPM customers who had successfully switched energy provider under DAP
<b>DAP Incompletes</b>	PPM customers who had initiated switching under DAP but had not completed the process and did not switch provider
<b>PPM Users in Debt</b>	PPM customers who had accrued debt but had not attempted to switch provider under DAP (and may not have been aware of DAP)

Given these differences in awareness and experience, a range of qualitative methods were selected for the research. Opinion Leader did not believe that a single method would be appropriate to all groups. For instance, while focus groups were an effective way of exploring awareness of and reactions to DAP amongst PPM users in debt (facilitating collective discussion of the potential benefits and drawbacks of the process), a group approach would not have been the best way of investigating the experiences of DAP switchers (where depth interviews allowed researchers to capture a much greater level of detail).

In addition, all three participant groups contained a proportion of vulnerable customers, including disabled people, the frail elderly and people with low levels of literacy and numeracy. It would not have been sensible to engage with customers with these vulnerabilities in a group setting, as attention needed to be paid to their individual requirements, and their ability to access the research and fully engage with the materials used.

With these thoughts in mind, Opinion Leader adopted a mixed methodology including focus groups, paired interviews, depth interviews and telephone interviews, enabling people to participate in a way that was easy and appropriate for them. Details of the methodologies used in relation to each segment of the sample are shown in Table 3 below. Each method was composed in the following way:

- **Focus group:** 1½ hours each, 8 participants recruited to each
- **Paired interview:** Face-to-face, 1 hour each, 2 participants recruited to each
- **Depth interviews:** Face-to-face, 1 hour each, 1 participant recruited to each
- **Telephone interview:** 1 hour each, 1 participant recruited to each

In addition to making sure the right methods were used, Opinion Leader aimed to engage participants with the subject matter through the use of projective techniques and other exercises. The best way to elicit detailed insights from research participants is to make research enjoyable and interesting. By introducing elements of ‘gamification’ to the research, we aimed to increase participant interest and alleviate sensitivities by making the research setting less ‘confessional’ and more interactive. Table 3 below shows the projective techniques that were employed in the research. Full discussion guides and research materials can be found in the Appendix.

**Table 2: Projective Techniques**

Technique	Description
<b>Board game</b> <i>To evaluate each stage of the switching experience</i>	With DAP switchers and incompletes, it was important to examine all aspects of the switching process in detail. A game in which participants moved counters round a board separated into stages of the switching process was used to allow them to discuss each element of the customer journey in detail.
<b>Advocacy</b> <i>To identify the main motivations for engaging with DAP and the barriers to doing so</i>	Towards the end of the discussion, participants were asked to outline the potential benefits of switching under DAP and the potential drawbacks. They were then asked to set these out in the form of an argument or sales pitch, in order to convince other members of the group or the moderator of the reasons why they should/should not switch PPM provider. This helped researchers clarify customer views and identify the main motivations and barriers to switching provider.

## 2.3 Sample Structure

A total of 82 PPM customers participated in the research. This included:

- 36 DAP Switchers
- 9 DAP Incompletes
- 37 PPM Users in Debt.

**Table 3: Sample Structure**

Sample Group	Approach	Total number of research units	Location				
			England			Scotland	Wales
			London	Birmingham	Leeds		
DAP switchers	Depth interview	34	6	7	7	7	7
	Paired interview	1	1	-	-	-	-
DAP incompletes	Depth interview	3	-	-	1	1	1
	Telephone interview	6	-	-	-	-	-
PPM users in debt	Focus group	4	2	-	-	1	1
	Depth interview	10	-	3	3	2	2

### DAP Contacts

The research team's original intention was that roughly even numbers of DAP switchers and incompletes would be recruited. However, this could not be achieved on review of the DAP data provided by suppliers. A total of 795 usable DAP contacts (i.e. removing any duplicates between suppliers and including only those with complete names and telephone numbers listed) were received from British Gas, EDF, E.On, NPower, Scottish Power and SSE. Contacts ranged from those who had initiated DAP in January 2010 to those who had initiated in November 2011 (although an initiation date was not recorded for all contacts provided).

Of the 795 usable contacts, 423 were listed as switchers and 372 were listed as incompletes. However, during recruitment, it was apparent that the vast majority of incomplete contacts were also switchers. It is unclear why this was the case, though it may have been due to customer transition from incompleteness to completion. This also suggests that levels of successful switching may be higher than reported among those who enter the process. Minimum quotas were set on energy supplier. The 45 customers

participating in this research who had entered into the DAP process were recruited in proportion to the number of DAP contacts provided by each supplier .

**Additional Criteria**

Amongst the PPM users in debt a broad spread of suppliers was also achieved. Around half the sample was female and half was male. A spread of household composition was achieved to ensure representation of people with different energy needs. Given the status of the energy customers recruited to this research (all had energy-related debt and all were using a PPM), all participants fell into socio-economic groups C2, D and E.<sup>5</sup>

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<sup>5</sup> Socio-economic groups or social grades are based on the occupation, or job, of the chief income earner in a household and are defined in the following way: C2 - skilled manual workers, e.g. electrician, carpenter; D - semi-skilled and unskilled manual workers e.g. assembly line worker, refuse collector, messenger; E - casual labourers, pensioners, unemployed e.g. pensioners without private pensions and anyone living on basic benefits.

## 3. Main Findings

### 3.1 Awareness of DAP

None of the randomly recruited PPM users in debt had entered into the Debt Assignment Protocol and awareness of DAP was very low amongst this group.

*"If I'd have known [about DAP] I'd have probably given it a go with someone cheaper, or looked into seeing if there was any cheaper."*

**[PPM User in Debt, London]**

Where PPM users in debt were aware of DAP, they tended to be customers who proactively shopped around for their energy and actively looked for good deals on an ongoing basis.<sup>6</sup> They were more likely to have switched in the past and reported using price comparison sites as well as researching supplier internet sites.

These customers tended to be better informed about prices across providers, the structure of meter charges (i.e. that they included energy charges, standing charges and debt charges) and about other deals available (e.g. availability of loyalty type awards from suppliers). However, it should be noted that they represented only a small group amongst the PPM customers in debt recruited to this research. Most customers who had not entered into DAP did not shop around for energy and tended to assume that energy suppliers offered very similar prices. They had not investigated switching and were not aware of DAP.

*"I suppose it's good if people are going on to a cheaper tariff, if a different company is offering you cheaper, but going back to it again they always end up the same prices anyway don't they?"*

**[PPM User in Debt, Cardiff]**

Where participants had entered into DAP, their initial awareness of the scheme was usually through contact with salespeople from energy suppliers. Salespeople had frequently advised participants of their ability to switch and transfer their debt to a new supplier. A few had heard about DAP through word of mouth advice provided by friends or family. However, information provided by salespeople (whether by phone or on the doorstep) was the main source of awareness of DAP. It should be noted that no customers in this research actually referred to 'DAP' or the 'Debt Assignment Protocol' and that the process of switching PPM supplier and transferring debt did not have a discrete name or brand from the customers' point of view.

*"Sales agents knocked on the door and I just thought, 'Well okay, why not?'"*

**[DAP Switcher, Cardiff]**

*"I had some phone calls from (a supplier) trying to get me to go over to them and I thought, 'Well I will.' I said, 'As long as you can take the debt on for me,' and I'm just clearing it off now weekly."*

**[DAP Switcher, London]**

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<sup>6</sup> These customers may be categorised as 'proactive' according to Ofgem's customer segmentation. They had switched and did investigate offers from a variety of suppliers (Ofgem, Retail Market Review Domestic Proposals, December 2011, see p72).

As with the PPM users in debt, few DAP switchers/incompletes had proactively sought to switch provider and had not considered switching (these customers may be considered ‘passive’ or ‘disengaged’ according to Ofgem’s customer typology) until they received sales contact from a supplier. This suggests that switching decisions are driven by the sales activity of energy companies rather than by customer action. One of the recurring items arising out of the research was that salespeople were actively seeking to recruit PPM users – many of whom happened to be in debt. Few participants believed there was any resistance from suppliers to accepting them as customers.

*“We had a caller come to the door and I asked him, could he help us [switch], he said, ‘We will try our best for you’”.*

**[DAP Switcher, Birmingham]**

*“I moved in here February 9th, 2009. Pretty soon afterwards I was cold called and I decided, the salesman gave me a good pitch, and I decided to switch...”*

**[DAP Switcher, Edinburgh]**

Outside of sales contact, DAP was not seen to be actively promoted to customers. While some DAP customers had spoken about it with others that they know, this was far from commonplace. As discussed above, most non-DAP participants did not know whether or not it was possible to switch with a debt. When asked to consider what additional sources of information could be used to promote DAP effectively, the items in Table 5 were suggested.

*“I think there should be more information to find out how to switch, maybe a neighbourhood office, put some leaflets in the neighbourhood office where a lot of people go to find out about repairs and just get a leaflet to see if they want to change. And the Citizens Advice Bureau, or anything like that, Post Office you know what I mean, to put some leaflets in there just to help people to know what’s what.”*

**[PPM User in Debt, Birmingham]**

**Table 4: Proposed Channels for Promoting DAP**

Channel	Description
<b>Newsagents and other outlets offering charging services</b>	Shops where energy cards/keys could be charged were seen as an appropriate place to notify customers of DAP, through leaflets and posters. No participants had come across DAP information in this context.
<b>Price comparison sites</b>	A small subset of customers had used comparison sites to find out about prepayment meter tariffs. It was suggested that information about DAP could be more readily available on these kinds of websites.
<b>Supplier websites</b>	Supplier websites were not readily trusted as a source of information particularly when it came to charges and pricing. However, customers felt that information about DAP should be clearly available on supplier websites.
<b>Bills and statements</b>	It was suggested that suppliers could also provide information about DAP on the statements they sent through to PPM customers.
<b>Leaflets</b>	Leaflets were seen as a useful way to communicate DAP directly to

PPM customers. These could be made available in shops, from energy salespeople or from public facilities such as libraries and community centres.

Customers did not see debt as an obvious barrier to switching and other factors (such as identifying price differences between suppliers) were seen as more significant impediments to changing supplier. This is discussed in the following section.

## 3.2 Propensity to Switch Supplier

As noted above, awareness of DAP was not strong amongst the PPM users in debt. However, this did not necessarily mean that most saw debt (or use of a PPM) as an insurmountable barrier to switching supplier. Rather, PPM users in debt (i.e. those who had not entered into DAP) could be divided into three groups with regard to perceptions of switching with a debt:

1. **Do not know** – Most PPM users in debt simply did not know whether or not they could switch with a debt. They had not considered switching (were ‘passive’ or ‘disengaged’ according to Ofgem’s typology) in the past and had not looked into the mechanisms for doing so. They did not perceive any barriers to switching whilst they had a debt.

*"To be fair I didn't know you could change with the [prepayment] meters."*  
**[PPM User in Debt, Birmingham]**

2. **Can switch** – These customers knew it was possible to switch with a debt, in some cases because they had investigated this online, but more often because they had been informed by energy companies during sales contact (they tended to be ‘reactive’ according to Ofgem’s typology). Additionally some of these customers had switched in the past.

*"They'll knock on your door, 'Do you want to switch?' Yes, I'd love to switch, I do all the paperwork. They'll send you a letter then saying we're going to write to your new supplier and we'll get back to you then within so many days..."*  
**[PPM User in Debt, London]**

3. **Cannot switch** – This group assumed it was not possible to switch with a debt. Some also assumed PPM users could not switch.

*"I didn't think I could change, the only thing that came to my mind is how can you? If you've got a debt I thought you were kind of stuck with that provider."*  
**(PPM User in Debt, London)**

*"You're just stuck really, once you get a debt you're stuck until it's cleared."*  
**[PPM User in Debt, Cardiff]**

In fact, the main factors influencing switching decisions did not include awareness of DAP or perceptions of the impact of debt on switching decisions. The main factors influencing switching decisions appeared to be:

- **Price** – Attitude to current energy costs (including standing charges and debt), perceptions of prices for alternative suppliers, and whether or not ‘worthwhile’ savings can be made through shopping around and switching;
- **Service** – Perceptions of and experience with current supplier, and quality of customer service;

- **Hassle** – Attitude to changing supplier, including perceptions of the length of time this would take, the amount of customer involvement required and the potential benefit of doing so.

It was widely believed that all energy suppliers were fairly similar on **price** and few PPM users (including many who had been through DAP) believed there were any price benefits to switching suppliers. This is consistent with research of the energy market more generally, in which customers see little differentiation, either in the service or tariffs offered by energy suppliers.<sup>7</sup> Energy prices were seen as being open to rapid fluctuation and even where immediate price differences were perceived, these were seen as short-lived, with sudden increases potentially negating the benefit of switching. This was often seen as the main barrier to switching, regardless of customer perceptions of debt.

*"I think they're all more-or-less the same anyway aren't they? It's a bit like fuel isn't it, one of them drops it [the price] down, another one drops it down and then they put them up. They all meet the same in the end don't they?"*

**[PPM Users in Debt, Cardiff]**

*"I was advised to speak with someone from a debt management team because of my bills. One company recommended [a supplier] because you get a better deal, it's cheaper, they treat you better. So I thought, if it's cheaper, we'll change."*

**[DAP Switcher, Birmingham]**

Several participants said they would be particularly cautious about moving supplier where they felt **service experience** with their existing supplier was good. Customers did not want to jeopardise responsive customer service (where this was experienced) by moving to a potentially cheaper supplier. Conversely, poor customer service was often a reason for customers choosing to switch supplier (whether under DAP or not). In one case a DAP Switcher believed her current supplier was taking debt payments of more than the agreed £6 each week. Her inability to resolve this issue with the supplier and the poor customer service she believed she had received (calls not returned, etc.) resulted in her switching to a new supplier.

*"It depends on how other people's customer services pick up, because that's the thing that I really most want to compare, and you don't get that with a comparison website. So as much as somebody else might say oh, we can give you better electricity now, okay, talk to me. If you've got time to talk to me I might think about it."*

**[DAP Switcher, London]**

*"I couldn't handle the way [my supplier] were treating me ... they said that they were allowed to take 70% off the meter [i.e. the debt repayment claimed by the supplier was 70% of total payments made]."*

**[DAP Switcher, Birmingham]**

Perceptions of the degree of **hassle** involved in switching supplier coloured customer views of the process. While some DAP Switchers had experienced a fairly hassle-free transfer, many had not. The common view amongst customers who had not attempted to switch with a debt was that the process would be lengthy and require a good deal of customer involvement.

*"I really can't be bothered with the whole hassle because I really don't believe one is better than the other."*

**[PPM User in Debt, London]**

<sup>7</sup> Consumer first bulletin December 2011

<http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=52&refer=Sustainability/Cp/CF>



*"It's just too much hassle, and I think it's what you know, isn't it? And I've always been with [my supplier], so I think that's the best way for me."*  
**[PPM User in Debt, Birmingham]**

These findings suggest that awareness of DAP is just one of a number of factors impacting on switching decisions. As well as clear information, the decision to switch requires an **initial desire** to do so, as well as a **perception of the benefits** that changing supplier might bring. There also needs to be the presence of an **opportunity to switch**. This convergence of factors was common amongst DAP switchers and is described in the table below.

Table 5 demonstrates the importance of price to switching decisions. The initial desire to switch, as well as perceptions of the benefits of switching and the customer response to sales contact, were primarily influenced by price. However, very few customers appeared to be aware of price differences between suppliers and few were using independent sources of information to compare prices. Reliance on supplier information, especially from salespeople, was far more prevalent.

**Table 5: Drivers of Switching Behaviour**

Driver	Influence
<b>Initial desire</b>	Most DAP switchers displayed an initial desire to switch which was realised once an opportunity to switch presented itself (most commonly during sales contact).  This desire to switch was usually the consequence of either poor customer service (the customer felt let down in some way by their current supplier) or perception of price (the customer believed they were paying too much and could get a better deal elsewhere).
<b>Perception of benefits</b>	Before switching, the customer had to have a reasonably clear perception of the benefits of switching. These usually related to price, though in some cases the perception of better customer service was a factor.  Service levels certainly influenced switching decisions where customers had received particularly bad service from a supplier or where they were returning to a former supplier whose service levels they perceived to be better than those of their current supplier. This included cases where customers thought they were being overcharged or wanted a clearer breakdown of charges.  In some cases, special offers also entered into the calculation of benefits, with loyalty card points and free USB card chargers influencing some (i.e. machines that could be connected to a home computer to allow the customer to charge their key or card themselves).
<b>Opportunity to switch</b>	The opportunity to switch was usually provided by a salesperson informing the customer (either over the phone or on the doorstep) that they were eligible to switch.  It appeared that the DAP process was usually described as one that would be hassle-free for the customer, with the new supplier taking control of the process from beginning to end. Salespeople were eager to emphasise the cost benefits of switching supplier and alert customers to any of the special offers listed above.
<b>Awareness of DAP</b>	This was usually provided by salespeople at the 'opportunity' stage. This indicates that full awareness of DAP is not often achieved independently by customers and that salespeople are actively promoting the ability to switch with

Driver	Influence
	<p>a debt through customer contact.</p> <p>Other sources of awareness included: previous experience of switching, word-of-mouth via friends and relatives who had switched, and online sources (for that small group of customers who were more proactive in searching out deals and related information).</p>

Whether more customers would enter into DAP if awareness was greater and it was more actively promoted by energy companies remains unclear. The focus groups and interviews with PPM Users in Debt showed a low inclination to switch unless the customer had received poor service from a supplier or was an proactively looked for a better deal. While most PPM Users in Debt did not know that they could switch with a debt, few saw debt as an obvious barrier to switching.

As indicated above, salespeople were commonly seen as the instigators of any switch and were also the primary conduit of knowledge about DAP. This would suggest that information about DAP is readily available at the point at which customers decide to switch. In line with this, any reduction in door-to-door and sales activity may impact on consumer awareness of the ability to switch PPM supplier with a debt.

### 3.3 The Switching Experience

The following sections discuss consumers' thoughts on, and experiences of, switching, including the positive and negative aspects, ways in which they felt empowered to switch, and barriers they felt stood in their way.

As described previously, the DAP data received from suppliers was very different to what was expected. 795 usable DAP contacts were received for 2010/11, of which 423 were listed as switchers and 372 were listed as incompletes. During recruitment, it was apparent that the vast majority of incomplete contacts had become switchers (or completes). It should, therefore, be noted that although many individuals had negative experiences, they did not necessarily encounter any problems that precluded them from completing the switch.

#### A) Good and Bad Switching Experiences

When switching under DAP, customers' main requirements were that the process was hassle-free and that it was relatively swift. Customers did not want to have to contact their current and new provider numerous times to progress the switch and high levels of customer contact were frequently seen as a barrier to switching. Most customers wanted the DAP process to complete in a few weeks, though there was acceptance that this might take longer than a 'normal' switch, given that a debt was being transferred. Most saw four to eight weeks as a rather long but nonetheless acceptable timeframe for switching.

*"It's got to be hassle-free. You don't want to be having to chase them every step of the way."*

**[PPM User in Debt, Leeds]**

*"It's too complicated, it needs to be simpler, the new supplier needs to take control."*

**[PPM User in Debt, Glasgow]**

With these criteria in mind, researchers found a broad spectrum of switching experiences. Where DAP was perceived to be functioning well, the new supplier took control of the switching process, organising the transfer of supply and debt with minimal involvement of the customer. Customers wished to minimise their own involvement in the switching process and this approach was firmly in line with their preferences. The process took around six weeks. Where DAP was not seen to be functioning well, the process was complex and drawn out, with a high level of customer involvement required. In these cases, the process could take between two and six months.

*"I felt it was quite easy. It wasn't any sort of aggravation from either side ... They were very good, even the representative, I mean he talked me through it all before I actually agreed to, he went through the whole process. And he did say to me that once I signed that was it, I wouldn't have to do anything else."*

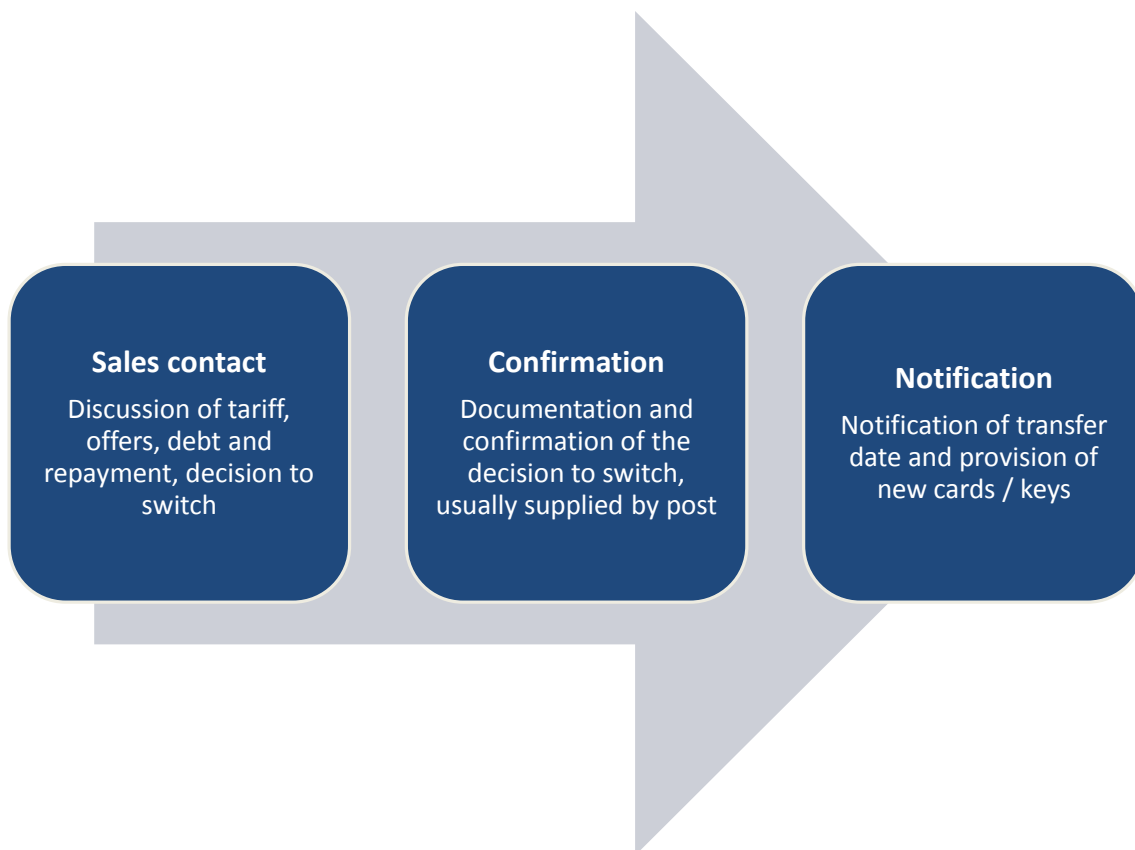
**[4 weeks to complete: DAP Switcher, Cardiff]**

It should be noted that in a few cases, the switching process took longer than two months because the current supplier asserted that the customer was required to reduce their debt amount before the switch could take place. In these instances, the participant, was informed their debt amount was excessive and was then asked to recontact the new supplier when it was below £200. Participants did not always know how much their debt amount was and struggled to find this out (for instance, because they could not understand their statements, did not know how to find debt information on their meter, or did not want to call their supplier on an 0845 number), so that it was not always clear to them when their debt was low enough to enable them to switch.

## **B) Touchpoints During the Switching Process**

Figure 1 below outlines customers' perceptions of a good switching experience. Only three 'touchpoints' (i.e. instances of customer contact with suppliers) were required and the switch was completed within a reasonable timeframe – six weeks in this case.

**Figure 1: Touchpoints During a Good Switching Experience**



Not all 'good' switching experiences were this straightforward. Some required additional touchpoints before successful completion was achieved. For instance, the new supplier might phone the customer to inform them that contact with the current supplier had been made and that they were awaiting a response, or the customer might phone the new and/or current supplier for an update on progress if they had not heard anything for a couple of weeks. However, these additional touchpoints were seen as fairly minimal and were not usually seen as imposing unnecessary hassle on the customer. In these cases, completion was also achieved in up to eight weeks.

*"Supplier A was very good along all the steps and stages, they were saying they had a problem with Supplier B and they weren't being very receptive. Then a couple of harshly worded emails [from Supplier A] back to Supplier B, I finally got a result."*

**[DAP Switcher, Edinburgh]**

*"I don't know what Supplier C actually did there, because they dealt with it to take the pressure off us... [Supplier D] used to put you on hold for a long time... they said, oh, you can't change over because there's another bill due, I thought, they're just being crafty, so I got straight in touch with Supplier C. They said, 'Leave it to us.'"*

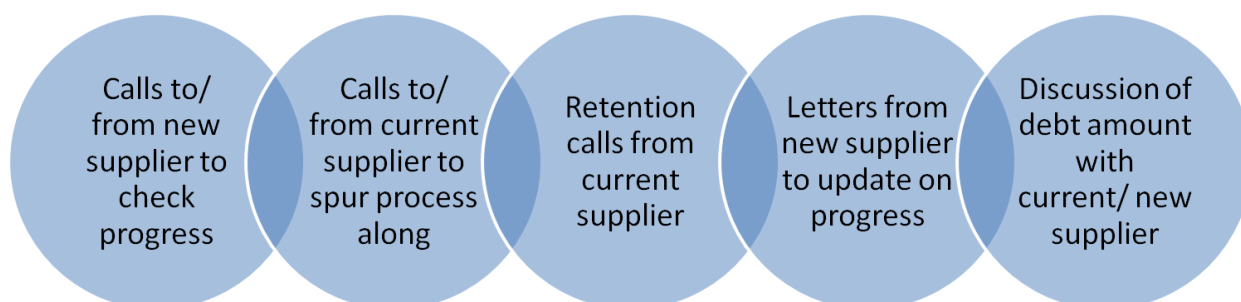
**[DAP Switcher, Birmingham]**

Where DAP was not working well, the full process took anything from two to six months. In these cases, communication from suppliers was not always forthcoming and customers did not always feel well informed about the progress of their switch. Furthermore, customers were usually required to liaise with their current and new providers a number of times before completion was achieved.

*“It wasn't as easy as just ringing them up and saying I'm switching and that was it ... there was a lot of backwards and forwards concerning the debt.”*  
**[DAP Switcher, London]**

The range of additional touchpoints (i.e. over and above those illustrated in Figure 1 above) identified by customers are shown below. In some cases, repeated contact was needed for each of these items.

**Figure 2: Additional Touchpoints During a Bad Switching Experience**



Typically, it was the current supplier that was seen to introduce delays into the switching process and prevent it from completing more quickly. Most DAP switchers who had taken more than eight weeks to complete believed their current supplier had either ‘dragged their heels’ or had unnecessarily questioned the level of debt incurred by the customer and whether it could be switched, resulting in lengthy investigation and discussion of this before the switch was completed. Debt amount was one of the main barriers to switching and is discussed in greater detail later in this report.

*“It took too long. They were trying to keep hold of my custom. The attitude they had on the phone, it was like... why are you switching? ‘Well obviously I've switched to a better company at the end of the day, because the rates you've got are scandalous ....’ And the attitude on the phone, well you should have realised that when you come with us... many a time I have slammed the phone on them because of their attitude ... funny enough, it was the first time that I had [supplier] phoning me about why are you leaving us ...?”*  
**[DAP Switcher, Cardiff]**

Table 6 below summarises the distinctions between the ‘good’ and ‘bad’ experiences of DAP encountered in this research.

**Table 6: Comparison of Good and Bad Switching Experiences**

Experience	Time	Touchpoints
<b>Good</b>	4-8 weeks	<b>Simple process with few touchpoints:</b> <ul style="list-style-type: none"> <li>• Contact from new supplier to initiate</li> <li>• Possible contact with new supplier (either to or from customer) to review progress</li> <li>• Confirmation of the decision to switch from current supplier</li> <li>• Notification of transfer date from new supplier and provision of</li> </ul>

Experience	Time	Touchpoints
		new meter keys/cards
<b>Bad</b>	2-6 months	<p><b>Complex process with multiple touchpoints:</b></p> <ul style="list-style-type: none"> <li>• Contact from new supplier to initiate</li> <li>• Contact with new supplier (either to or from customer) to review progress</li> <li>• Calls to/from current supplier to spur process along</li> <li>• Retention calls from current supplier</li> <li>• Letters from new supplier to update on progress</li> <li>• Discussion of debt amount with current/new supplier</li> <li>• Confirmation of the decision to switch from current supplier</li> <li>• Notification of transfer date from new supplier and provision of keys/cards</li> </ul>

### C) Satisfaction with the Switching Process

Where a good experience was encountered, with completion within eight weeks and relatively few touchpoints, satisfaction with the process was reasonably high. While customers did comment that a minimum of four to eight weeks seemed rather a long time for their supplier to switch their account, most accepted this provided the process was hassle-free. Participants were complimentary of new suppliers where they had taken control of the process and successfully overseen its completion.

*"I mentioned that I had a debt ... to [potential new supplier] at the time and they said, 'Yes we'd be quite willing to take that on, we'd put it on your meter,' because that's what I asked, '...we'll set a prepayment thing so when you charge up your card every week that [the debt] would be deducted, so you'd pay it off.' So it was quite seamless, they explained everything to me at the time."*

**[DAP Switcher, London]**

As might be expected, customers were less complimentary where the process took longer than two months and where repeated customer involvement was required. Bad switching experiences led to low levels of satisfaction with DAP for the reasons outlined in Figure 3 below.

**Figure 3: Drivers of Low Satisfaction with DAP**

Call Charges	Complexity	Fit with Expectations
<ul style="list-style-type: none"><li>• Calls to energy suppliers seen as expensive, especially for low-income customers</li><li>• Many PPM customers using pay-as-you-go phones</li><li>• Call charges caused certain customers to abandon the switch</li></ul>	<ul style="list-style-type: none"><li>• Customers often uncertain whether switch would eventually go ahead</li><li>• This caused customers confusion and stress</li><li>• A few reported abandoning switching supplier due to the length and complexity of the switch</li></ul>	<ul style="list-style-type: none"><li>• Customers expect the process to be swift and hassle-free</li><li>• In some cases, this was seen as a tacit condition for agreement to switch</li><li>• Customers less willing to switch in future where process complex and drawn out</li></ul>

One of the problems repeated contact posed for customers was the expense of making telephone calls to suppliers. It was common for PPM customers to be using pay-as-you-go mobile phones and not to have landlines or other mobile contracts. Consequently, calls to 0845 numbers (all energy companies were perceived to use 0845 numbers for their customer contact centres) were seen as very expensive and this perception was exacerbated where repeated calls were needed during a lengthy switching process. Only one participant had used email to contact his current/new energy suppliers during the switching process. He thought emails received a slower response than phone calls but used this channel because it was cheaper.

*"I literally spent nearly a week on the phone trying to get through to speak to the right person ... in the end I had to say, 'I can't hold on the phone, you're going to have to take my number and get someone to ring me,' which nobody did. I think in the course of a week we spent nearly £30 just being put on hold, and it's not a joke when you've not got money coming in."*

**[DAP Switcher, Cardiff]**

*"If you're on a mobile, which we were, it just takes your credit cos they put you on hold."*

**[DAP Switcher, Birmingham]**

Confusion and stress could mount up for customers during a long and drawn out switching experience. Participants often reported feeling frustrated where DAP took a long time to complete. In worst case scenarios, participants became concerned that they would end up without an energy supplier (if their current supplier transferred their account before it was accepted by the new supplier) and could even become confused about who their current supplier was.

*"To be honest, by the end of it all I didn't know who I was getting my gas from because I'd had so much backwards and forwards with them and then the cards had come through that I didn't know if it was one or the other."*

**[DAP Switcher, Leeds]**

During the research, there was clear evidence that customers were less likely to switch again where their expectations of DAP had not been met. Where the process had taken a long time and had required more involvement on their part than participants expected, they were critical of the process and showed little desire to switch again in the future.

*"No, no I wouldn't [switch again] ... you're better off sticking with the devil you know rather than the devil you don't."*

**[DAP Switcher, London]**

*"If I knew then what I know now I wouldn't have done it, no, because, like I say, I waited weeks and then obviously [Supplier A] phoned me up and said they couldn't take the gas supply on until I'd clear the debt."*

**[DAP Incomplete, Cardiff]**

The aspect of switching of most concern to customers was where their current supplier notified them before switching that their debt was greater than the customer thought it was. In five cases, PPM customers were told they owed additional money to their supplier, around the time at which they switched. Where this occurred, customers were often not sure why they were subject to a higher debt amount. Cases were observed in which the customer was told that the debt reading on their meter did not conform to the supplier's reading. Other cases were observed where the additional amount requested was not claimed by the new supplier once the supply had switched, raising questions about the validity of the additional amount claimed.

In one instance where a customer had switched suppliers via DAP, they received a bill for £80. The customer did not know what this £80 charge was for and didn't understand how he had accrued this debt while on a PPM. Prior to the switch completing, the incumbent supplier finally advised him that he did not owe the £80. The customer saw the charge as opportunistic on the part of their existing supplier.

Additional reasons for low levels of satisfaction amongst DAP switchers included PPM keys/cards not being delivered on time and the promise of a special offer not being honoured. Where keys/cards were not delivered on time, customers had to make special arrangements to pick these up from supplier offices or outlets so that they were not without energy. One example of the promise of a special offer not being honoured was encountered in Cardiff. This related to the provision of a supermarket loyalty card and is described in the quote below.

*"I had to phone them regular. When we moved over to them they promised us, supposed to have had a card meter, like say we're going to do the shopping, you just put your credit card in, type it in, it'll be on it and you just put it in your token meter. But we waited three months and never received it. I was phoning them, my missus sent them a letter, I emailed them and just a total waste of space ... all they did was fob you off to different people"*

**[DAP Switcher, Cardiff]**

Finally, a few customers did not know why their supply had not been switched and were dissatisfied because they felt they had not been adequately informed of this by either their new or their current supplier.



*"I just kept getting letter after letter after letter saying please contact us because of debt on your electricity, your existing supplier has put a block on it and there was no debt. And I contacted them countless times, you know, maybe half a dozen times, I wrote to them, telephoned them and I thought ... I can't be bothered anymore ... I'm still with them because as I say, the switch never actually took place ... when I spoke to anyone there was no problem, there was apparently no problem and I was always told, 'Oh yeah, that's fine, sorted, we'll get it transferred,' ... it never happened and I just run out of the will to keep pursuing it to be honest."*

**[DAP Incomplete, Cardiff]**

## **D) Perceived Misselling**

The PPM customers participating in this research often faced financial difficulties as well as other problems in their lives (such as family breakdown, disability, low levels of literacy and numeracy and addiction to drugs problems) and stated that they were particularly vulnerable to pressure exerted by salespeople. Many admitted that they were easily swayed by promises of cost savings and said they struggled to understand and distinguish between price information provided by salespeople and independent sources.

Perhaps as a result of this, the cost savings described to customers by salespeople were not always realised. Three DAP switchers had moved back to their previous supplier for this reason, believing they had been missold by their new supplier.

*"[They] said they would be cheaper but when I moved I was ... putting more on it. In the end I moved back... I didn't think it was worth it."*

**[DAP Switcher, Leeds]**

*"I was going to switch to [supplier], they have a lot of field agents ... and I did agree to switch but the next day I phoned and cancelled ... it made me feel unsettled and I think, 'I shouldn't have done that ....'"*

**[DAP Switcher, Cardiff]**

### 3.4 Perceived and Actual Barriers to DAP

#### A) Perceived Barriers to DAP Amongst PPM Users in Debt (non-DAP switchers)

Amongst PPM users in debt who had not switched supplier under DAP, three main barriers to taking up the Debt Assignment Protocol were identified:

- Contentment with current levels of service
  - Similarity of prices across suppliers
  - Perceived complexity.
- These barriers have also been shown to be prominent for switching generally, not just amongst those switching under DAP
- This barrier seems to be especially prevalent and exacerbated amongst customers intending to switch under DAP specifically

If DAP had appeared simpler and the benefits in terms of price and service had been clearer to them, DAP would have been a more attractive proposition to PPM users in debt.

*"I think I wouldn't bother, I wait until the debt was cleared and then change ... Because that's the bit that's complicated it. It seems as though you contact somebody and then it's back to you again to do it and then you contact someone else and then they could turn you down!"*

**[PPM User in Debt, London]**

*"..., you just assume it's going to be hassle... You've got to work it out, you've got to do this, you've got to ring them, you've got to ask them to switch suppliers, then they've got to check and then you've got to ring them. It's hassle."*

**[PPM User in Debt, Cardiff]**

**Table 7: Perceived Barriers to DAP**

Barrier	Description
Contentment with current service levels	Many customers were happy with the service they received from their current provider and wanted to maintain this by staying with them.
Similarity of prices across suppliers	Customers believed PPM tariffs did not vary significantly across providers and saw no financial advantage to switching.
Complexity of DAP process	Customers were put off by the perceived length and potential complexity of the switching process.

Perceptions of complexity were exacerbated by the presentation of DAP at the outset of the research. In the initial focus groups amongst PPM users in debt, the process was described using the 'board game' shown in the appendix to this report. This was based on the DAP process in its entirety, and presented the role of key actors (i.e. the customer, existing supplier and new supplier) at each possible stage. However, the DAP switcher interviews showed that this was not necessarily an accurate depiction of the DAP process *as experienced by customers*: some stages were not visible to consumers (i.e. 'behind the scenes')

transactions between the new and existing supplier), and in reality the process often comprised of fewer instances of contact between consumers and their suppliers than shown in the diagram. The process was often considered simpler, with the new supplier taking control of the process from beginning to end. Following the initial focus groups, a more accurate representation of the range of switching experiences was provided.

*"That's just too longwinded, like I said I'd rather just go, just change it [the supply] over, without me having to be involved in any way,..."*

**[PPM User in Debt, Birmingham]**

*"It looks very, very complicated."*

**[PPM User in Debt, Glasgow]**

These reactions to the process as described above emphasise customers' resistance to a long and involved DAP process and show how perceptions of complexity can lead to resistance to take-up of DAP. Once again, the preference was for a simple process, managed by the energy supplier.

## **B) Actual Barriers to Switching Amongst the DAP Sample**

A total of nine participants had failed to switch under DAP and were recruited as incompletes. A further four DAP Switchers who had debt in the past and had been unsuccessful in switching on previous attempts were also identified.

The most common reason given for failure to switch under DAP was that the current supplier had objected to the debt amount to be transferred. In most of these cases, the debt was over £200 (though there were instances of customers switching with debt of over £200). Instances of a refusal to transfer debt of under £200 were also identified. In these cases, it was usually unclear to the customer whether or not their debt was 'complex' in nature and most felt unfairly treated at being unable to switch with a debt of less than £200.

*"So I phoned and I said, when can I change over? More or less when you've cleared the bill, you can leave us. I said but I'm paying a bill that wasn't mine in the first place ... I'm paying for someone else's bill ... when I moved in October ... [Supplier A] advised me about the £200 limit but [Supplier B] wanted to keep me on ... You get passed from pillar to post, you get told one bit of information, they get told some other, it's like lack of communication in the call centre ... When I phoned them and said my bill was £36, he said I'll get the manager to get it cleared off... that's no problem."*

**[DAP Incomplete, Edinburgh]**

*"Supplier keeps sending me horrible letters saying no you're not allowed to [switch], you've got to stay with us. So I was frightened that if even if I was going to change over they were going to leave me without any gas or electric. So I was worried. So I am still with them. But I am not happy with them. I think they're horrible to be honest."*

**[DAP Incomplete, London]**

Typically, participants were not aware that DAP involved a debt threshold or that 'complex debt' could be a barrier to switching until their current supplier refused to proceed with the switch. Consequently, participants were sometimes surprised or did not understand when their request to switch was turned down for reasons of debt. This demonstrated that the impact of excessive or complex debt was not always made clear to customers at the start of the switching process.

Other customers in the 'incomplete' sample had pulled out of the switching process due to the perceived complexity and stress involved in the DAP process. This included the length of time it had taken to switch, the need for them to take action to move the process along, the cost of contacting suppliers and concern that the supply might not switch successfully (customers sometimes feared that this would leave them without a supply). In addition, at least one case was identified in which the customer had been persuaded to pull out of the switch by their current supplier. Following retention calls they were eventually persuaded that the new supplier did not offer a better price in comparison to their current supplier.

Finally, in three cases, the customer had moved back to their previous supplier soon after switching when they perceived that their new charges were higher than they had been paying to their former supplier.

*"I went through the procedure to go back [to the original supplier]. [Supplier] said ... 'You are better off staying with us because it's cheaper' ... So I did ... and now I'm still in the same predicament as I was."*

**[DAP Switcher, Leeds]**

*"I went back ...because [the new supplier] had put a standing charge on the meter. It was putting an extra five to ten pounds on it every month."*

**[DAP Incomplete, Glasgow]**

The full range of barriers to a successful switch identified by DAP incompletes is summarised in Figure 4 below.

**Figure 4: Barriers to completion**

Debt	Complexity	Stress	Retention
<ul style="list-style-type: none"> <li>• Customer debt exceeds £200</li> <li>• Customer debt is less than £200 but is complex, preventing switch</li> </ul>	<ul style="list-style-type: none"> <li>• Need for frequent calls and letters to energy suppliers to chase progress, causing customer to cancel switch</li> <li>• Retention calls from current suppliers provoking cancellation of switch</li> </ul>	<ul style="list-style-type: none"> <li>• Slow progress (up to 6 months) causing stress and provoking cancellation</li> <li>• Customer worried they might be left without a supplier, leading to cancellation</li> <li>• Cost of contact prohibitive (i.e. mobile charges), leading to cancellation</li> </ul>	<ul style="list-style-type: none"> <li>• Retention calls from supplier persuading customer to cancel switch</li> </ul>

## C) Attitudes to the DAP Debt Threshold

During the research, participants were asked whether there should be an upper debt threshold for DAP. They were informed (where they did not know already) that the debt threshold for DAP was £200. They were also informed that the average level of debt for PPM customers was around £320. They were then asked whether they felt that the current threshold was appropriate. Answers to this question were not consistent and fell into three categories.

### 1. Current debt threshold acceptable

Where customers took this view, it was usually because they felt that people with debt of more than £200 should seek to pay it off before switching. The argument that these consumers might be able to save money on their energy, while paying off their debt, usually carried little weight. Participants perceived that caution and debt control should take priority over switching provider and believed that debts should be cleared before a customer attempted to switch provider. Perceptions that tariffs were very similar across companies also motivated this view, as some participants did not believe they would get a better deal elsewhere and therefore felt it was better to clear any debt with an existing provider rather than shopping around.

*"£200 is alright. You wouldn't want to get into any more debt than that really, would you?"*

**[DAP Switcher, Leeds]**

### 2. Current debt threshold too low

These customers thought there should be a debt ceiling for DAP (as it would be unfair to expect energy companies to accept any amount of debt) but thought £200 was too low given their own experience of energy debt and the information provided about average PPM debt levels. Most struggled to say what an appropriate debt threshold would be as they did not have sufficient knowledge of energy debt levels. Consequently, they were easily swayed by the information provided on average debt levels (around £320 per energy type) and usually said this higher level would be more appropriate.

*"I think it is a good amount, too much more may be too much of a risk for the suppliers, but think it could increase to £300 or £350."*

**[PPM User in Debt, Birmingham]**

### 3. Resistance to debt threshold

Customers in this category could not see why a debt ceiling of any amount was required given that the customer could not avoid paying the debt back (being on a PPM) and would always have to pay for the energy they used in addition to their debt repayment.

*"It shouldn't be any limit, I don't think ... If it is not a limit then it is going to be easier for the customer and for everybody."*

**[DAP Incomplete, Birmingham]**

## 3.5 Inaccurate Charges and the Impact of Debt

### A) Innaccurate Charges

Whilst the Debt Assignment Protocol was the main focus of this research, of far greater concern to customers was the experience of inaccurate debt charges. A total of 16 customers stated that they had been assigned false or unexplained debt by their supplier. These cases are categorised in Table 8 below.

**Table 8: Cases of Inaccurate Debt Charges Reported by Participants**

Type	Description
<b>Moving house</b>	<b>7 customers affected</b> Customers moved into a new property, did not inform their supplier straight away and had to pay debt that had been accrued before they moved in.
<b>Switching Supplier</b>	<b>5 customers affected</b> Customers often told they owed additional amounts on attempting to switch supplier.
<b>PPM Installation</b>	<b>4 customers affected</b> Customer fitted with PPM to repay debt, then charged installation fee they did not realise they owed.

In these cases, customers did not always feel able to, or know how to, challenge debt amounts that appeared to them to be inaccurate. Customers often ended up paying back charges they did not believe they owed because they were concerned the debt would affect their credit record or result in court orders. Furthermore, where customers challenged an inaccurate charge successfully (e.g. by presenting a tenancy agreement to the supplier), this could be very long-winded and required a good deal of tenacity. In order to illustrate this and describe the effect of unexplained charges on customers, two case studies are provided below.

#### **Case Study 1: DAP Switcher, Female, Birmingham**

##### ***Repayment of bill for £3,500 owed by previous tenant***

In this case, the customer and her daughter had moved into a new property over five years ago. She did not inform the energy supplier she had moved into the property. When her first bill was delivered, she saw it was for £3,500. The customer assumed this bill was based on the previous occupants' use.

The supplier held the customer accountable for the debt and installed PPMs, moving the customer onto a debt repayment plan. The customer did not know how to challenge the debt and took around five years to repay the debt at £7 a week on each meter.

*"I couldn't handle the way [they] were treating me... they said that they were allowed to take 70% off the meter [in debt]."*

Over this time, the customer was regularly unable to heat her house. The experience had been very stressful and had caused illness in the customer and her daughter.

*"Sometimes it would come to a stage where you'd either eat dinners, or you'd buy gas, and sometimes you couldn't afford to buy both, because being a single parent on the social is quite hard."*

### Case Study 2: DAP Switcher, Female, Leeds

#### *Resolution of wrongly attributed debt taking four to six months*

The customer had moved into a new property in 2010 with her husband and daughter. She informed her supplier she had moved into the property. No mention was made of any outstanding debt at the address. The customer realised there was a pre-existing debt on her PPM when debt collectors arrived at the door to collect the amount owed.

*"It did surprise me that I didn't know anything about it [the debt] until he [the debt collector] turned up at the door."*

The customer assumed the debt had been accrued by a previous tenant or workmen. Not wanting to receive a court order or repeat visits from debt collectors, she arranged to repay the debt at £5 a week.

The customer then sent her tenancy agreement to the supplier to prove her date of residence and have the debt cancelled. After between four and six months the debt was cancelled and the weekly repayments refunded to the customer.

*"I was confident I would get the money back because I had my tenancy agreement, but it did take a long time to sort it out ... four to six months."*

## B) Impact of Debt

The other main concern reported by customers in this research was the impact of high energy charges. The PPM customers recruited to this research were not well off financially. Most were on benefits and many reported that they had multiple debts, including credit card debt. A few admitted that they were receiving debt counselling and advice.

In this context, PPM charges were usually seen as a major household expenditure. It was not uncommon for a participant to be paying over £25 a week on energy and in many cases this represented over one third of the customers' total income. For instance, one customer living alone in Leeds on Jobseekers Allowance of £67.50 a week stated that she was paying £25 or more each week on electricity and gas. In severe cases, customers were paying up to £80 a week for their energy and many customers said that they struggled to heat their homes in the winter. Cases of customers missing meals to heat their home were described.

*"Gas can cost £50 a week. I had draught problems last year which increased gas costs to up to £80 a week. On an average week I'd say £30 or £40 gas ... electric is between £10 and £15."*

**[DAP Switcher, Cardiff]**

*"Yesterday we had no electric, so I had to scrounge £7 to put back in the meter, I'm on emergency gas, that's got about £3, that's got to last me until Tuesday."*

**[DAP Switcher, Birmingham]**

Although PPM charges were a major household outgoing for most customers, few were aware of how their charges were comprised. Many customers (though by no means all) did not know that their charges could include energy charges, standing charges and debt repayment, or if they did, could not say how much they paid for each of these on a weekly basis. Finally, returning to the issue of debt, it was clear that some PPM customers did not know how much they paid in debt each week, how this was calculated or what

proportion of their overall energy payments was paid in debt. For these customers, clearer communication of repayment amounts would be the first step to understanding and managing their debt more effectively.



## 4. Summary of Key Findings

The table below concludes this report by drawing out the main conclusions reached by this research and providing a summary of the main findings in relation to each of them.

**Table 9: Headline Findings**

Conclusion	Summary
<b>Switching decisions among this customer group are often driven by energy companies</b>	Salespeople were open to recruiting PPM customers in debt and were actively recruiting them in the communities visited. Resistance to switching came primarily from the current supplier and not the new supplier. Few customers saw debt as an obvious barrier to switching. Factors such as uncertainty about getting a better deal was a more commonly cited barrier.
<b>Salespeople are the main source of awareness for DAP currently</b>	Outside of sales contact, DAP was not actively promoted. Customers suggested that DAP could be better promoted through information provided at newsagents, on price comparison sites, via supplier websites and on bills and statements. However, it was unclear whether more active promotion of DAP would encourage more people to switch, as underlying barriers to switching and engagement in the energy market are likely to persist.
<b>Debt is rarely a key consideration in switching decisions</b>	The main factors influencing switching decisions were supplier experience (quality of customer service), price (energy costs, standing charges and debt costs) and opportunity (whether the opportunity to switch presented itself to the customer via sales contact). Perceived barriers to take-up of DAP included the similarity of prices across suppliers and higher levels of satisfaction with the current provider.
<b>Where DAP works well, little customer action is required</b>	Where DAP worked well, the new supplier took control of the process and drove it through, with completion taking 6 to 8 weeks. Where DAP did not work well, repeated customer action was required and completion took 2 to 6 months.
<b>Nature of debt and an onerous process are the main barriers to successful DAP completion</b>	Most DAP incompletes either had too much debt (over £200) or had withdrawn due to the complexity and stress of the process. Complicating factors included the length of time the process had taken, the need for customers to take action, the cost of contacting suppliers and concern that the supply might not switch successfully, potentially leaving the customer without a supply.
<b>There are not sufficient communications keeping customers informed at the different stages in the journey</b>	Many customers were frustrated that they were responsible for contacting both their current and new suppliers for information about the progress of the switch. In the most extreme cases, customers reported not knowing where they were in the DAP process or whether they had switched supplier or not. Where suppliers did contact customers, it was usually to inform them that there was a problem and the switch would not take place.
<b>No clear view on the appropriateness of the</b>	While debt levels were a barrier to completion, customers had mixed views on the need for a debt threshold and the appropriateness of the £200 limit.

Conclusion	Summary
<b>£200 debt threshold</b>	
<b>Reports of false debt or unexplained charges were frequent</b>	False or unexplained debt occurred mainly when customers had moved house, and when they had tried to switch supplier. In these cases, customers did not always feel able to, or know how to, challenge debt amounts that appeared to be inaccurate. Customers often ended up paying back charges they did not believe they owed because they were concerned the debt would affect their credit record or result in court orders.
<b>PPM customers struggle to cope with debt</b>	Very high weekly energy charges were reported (up to £80 in some cases). It was common for participants to be paying one third or more of their weekly budget on energy bills (e.g. £25 per week where an individual was on Jobseekers Allowance of £67.50) and cases where customers had to miss meals so they could afford to heat their home were described.

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# Appendix 1 – PPM Users Discussion Guide



## Ofgem – PPM users

### Discussion Guide – focus groups / interviews

#### 1. Introduction (10mins)

*(To introduce the research and warm up participants, understand energy use and discuss PPM)*

- Moderator, outline aims of research and background to the project:
  - *Opinion Leader is carrying out research among electricity and gas customers using pre-payment meters (PPM) to find out about their views on switching suppliers. The research is being carried out on behalf of Ofgem, the independent regulator of the energy market in Great Britain, which aims to protect consumers.*
- Remind participants to be open and honest with their feedback. Stress confidentiality and seek permission to record.
- Please tell me a bit about yourself:
  - Name, who you live with
  - What do you use a PPM for (electricity / gas)?
  - What is good / bad about using a PPM?
- Use of PPM:
  - How long have you had a PPM?
  - What does having a PPM involve day-to-day?
    - How often do you top-up?
    - How much do you usually spend in a week?
    - Do you ever run out of credit?
      - Why?
      - How do you cope with this?

## 2. Attitudes to switching supplier (10mins)

*(To understand participants' awareness of and attitudes to DAP and their ability to switch provider.)*

- Moderator – What words come to mind when I say 'switching your energy supplier'? Write on flip chart. Explore reasons for responses.
- Have you ever considered switching supplier?
  - Why / why not?
  - What action have you taken / how far did you get?
- Overall, how do you feel about the idea of switching your energy supplier?
  - What do you see as the good things / bad things about this? Why?
  - What has shaped your views (experiences, media stories, WOM, etc.)?
  - How do you think having a PPM has shaped your views?
  - How do you think having a debt has shaped your views?
  - What might change your views for better / worse in future?
- Are you able to switch supplier?
  - What might affect this?
  - Explore debt, PPM, any other factors?
  - How would you find out for certain?

## 3. Reactions to DAP Concept (15mins)

*(To further test awareness of DAP and understand views of and interest in the concept.)*

- Moderator – **Show Card 1: Debt Assignment Protocol**
- What are your initial thoughts about this?
- Have you heard of this kind of process for PPM customers in debt?
- What might be the benefits / drawbacks of DAP?
- How interested would you be in investigating DAP further?
- What questions might you ask your supplier about DAP?

## 4. Detailed Investigation of DAP (30mins)

*(To explore the DAP process in detail and understand customer perceptions of each stage.)*

Moderator – **Show Card 2: DAP in Detail.** Split group into two teams and hand out **Show Card 3: DAP Questions.** Ask teams to consider these questions then feed back to the full group. 10mins to answer questions, 10mins to feed back. (For depth interviews, talk through Show Card 2 and ask questions on Show Card 3 verbally.)

Moderator – for the DAP switch to be successful, a customer should not have more than £200 of debt. In some circumstances, a supplier may agree to accept a customer with more than £200 of debt.

- What do you think of this idea? Explore strengths, weaknesses, questions

- Could the process be improved to make it easier for people to use DAP?
  - What are the most important aspects to improve?
    - How would you improve them?
- What do you think about the amount of debt being capped at £200
  - How suitable is this?
  - What do you think would be a suitable cap?

## 5. Motivations and barriers (15mins)

*(To understand the main motivations and barriers to take up and completion of DAP)*

*Moderator – split group into two teams again. I would like you to imagine that you are aware that you could use DAP to switch supplier. **Show Card 4a: If you knew that you could switch supplier using DAP what would you do?** – teams to discuss responses and feed back, then ask questions below.*

- Overall, would you consider switching using DAP? Why / why not?
- Would you consider switching with a debt?
  - Why / why not?
  - What might make you consider switching with a debt?
  - What might put you off switching with a debt?

## 6. DAP information needs (10mins)

*(To understand customers' information needs and how information about DAP should be delivered)*

- What outstanding questions do you have about DAP?
  - Who should be answering these?
  - How would you like this information to be made available?
- How important is it for people to know about DAP?
- What should be done to raise awareness of DAP amongst PPM customers in debt?
- Who should be responsible for delivering this information?
- Who do you trust to deliver this information?
- How should it be made available to you?
- When should it be made available to you?

**(if you are interested in finding out more about DAP you can visit Ofgem's website at [www.ofgem.gov.uk](http://www.ofgem.gov.uk))**

**Thank and close**

## Appendix 2 – DAP Incompletes Discussion Guide



### Ofgem – DAP incompletes

#### Discussion Guide – depth interviews / triads

##### 1. Introduction (10mins)

*(To introduce the research and warm up participants, understand energy use and discuss PPM)*

- Moderator, outline aims of research and background to the project
  - *Opinion Leader is carrying out research amongst electricity and gas customers using pre-payment meters (PPM) to find out about people's experiences of changing supplier. The research is being carried out on behalf of Ofgem, the independent regulator of the energy market in Great Britain, which aims to protect consumers. The research will help Ofgem understand the switching experience of PPM customers.*
- Remind participants to be open and honest with their feedback. Stress confidentiality and seek permission to record.
  
- Please tell me a bit about yourself – name, who you live with
- I understand you are all PPM users:
  - What do you use a PPM for (electricity / gas)?
  - How do you feel about using a PPM? Benefits / disadvantages
  
- Use of PPM:
  - How long have you had a PPM?
  - What does having a PPM involve day-to-day?
    - How often do you top-up?
    - How much do you usually spend in a week?
    - Do you ever run out of credit?
      - Why?
      - How do you cope with this?

## 2. Spontaneous account of the attempted switch (10mins)

*(To understand participant's top of mind accounts of the switching experience.)*

*Moderator – I understand you recently tried to switch electricity / gas provider for your PPM. I would like to understand how this process worked and how you found it.*

- Please can you talk me through the process of trying to switch supplier, starting at the point that you became aware that you could change PPM supplier and ending when the process stopped without you having switched?
- What was the main thing that prevented you from completing the change to a new supplier?  
(moderator to note which participants stopped at each stage)
- Overall how satisfied/dissatisfied were you with your experience of trying to change supplier?
  - What went well?
  - What went badly?

## 3. Detailed investigation of the switching experience (20mins)

*(To understand detailed responses to each stage of the switching process.)*

*Moderator – I would now like to look at the different stages in changing supplier in a bit more detail. To do this I would like to use a **board game** where each square on the board is one of the stages involved in changing supplier. Identify when customer 'fell out' of the process and what contributed to this (whether personal factors or supplier behaviour, isolated or cumulative incidents, etc.).*

For each square:

- What happened at this stage?
  - What action did you take?
  - What action did your (current / new) supplier take?
- How did you feel at this point?
- What helped you to continue to the next stage?
- What barriers to continuing might there be at this stage?
- Did you receive any information at this point?
  - What was it?
  - How useful was this?
- How satisfied were you with your (current / new) supplier at this stage?

At end:

- What caused you not to complete the DAP process?
- Were there any moments when you decided to give up?
  - When / what happened?
  - What could have encouraged you to persevere?
- How supportive did you find your current supplier / new supplier during the process?
  - What else could they have done to help you complete?



- Is there anything we have missed out from your experience or anything else you would like to say about it?
- Could the process be improved to make it easier for people to use DAP?
  - What are the most important aspects to improve?
    - How would you improve them?

#### 4. Impact of not switching (10mins)

*(To understand the impact of not switching)*

- What did you think the benefit of switching supplier would be?
  - Improved costs?
  - Improved service?
- To what extent has not switching affected your PPM debt situation?
- How do you now feel about not being able to switch supplier?
- Would you try to change supplier again in the future?
  - Why / why not?
  - What would you do the same / differently?
  - What might encourage you to try and switch supplier again?

#### 5. Motivations and barriers (10mins)

*(To understand what the main motivations and barriers to take up and completion of DAP are)*

*Moderator – I would like you to imagine that you are giving advice to a friend who is on a PPM and is in debt. (In triads, use **Show Card 4b** – ask groups to discuss answers together and then feed back.)*

- What advice would you give them about switching supplier?
- What information would you advise them to gather?
- What action would advise them to take?
- What would you advise them to avoid / not do?
- How could they make the process as easy as possible for themselves?
- Would you consider trying to switch PPM supplier with a debt in future?
  - What would you do the same / differently?
  - What is the main thing that could be changed to help you complete the process?

#### 6. Suitability of debt levels (5mins)

*(To explore attitudes to the £200 debt threshold)*

*Moderator – for the DAP switch to be successful, a customer should not have more than £200 of debt. In some circumstances, a supplier may agree to accept a customer with more than £200 of debt.*

- What do you think of this idea? Explore strengths, weaknesses, questions

- What do you think about the amount of debt being capped at £200
  - How suitable is this?
  - What do you think would be a suitable cap?

**Thank and close**

## Appendix 3 – DAP Switchers Discussion Guide



### Ofgem – DAP switchers

#### Discussion Guide – depth interviews

##### 1. Introduction (10mins)

*(To introduce the research and warm up participants, understand energy use and discuss PPM)*

- Moderator, outline aims of research and background to the project
  - *Opinion Leader is carrying out research amongst electricity and gas customers using pre-payment meters (PPM) to find out about people's experiences of changing supplier. The research is being carried out on behalf of Ofgem, , the independent regulator of the energy market in Great Britain, which aims to protect consumers.. The research will help Ofgem understand the switching experience of PPM customers.*
- Remind participants to be open and honest with their feedback. Stress confidentiality and seek permission to record.
  
- Please tell me a bit about yourself – name, who you live with
- I understand you have a PPM:
  - What do you use a PPM for (electricity / gas)?
  - How do you feel about using a PPM? Benefits / disadvantages
  
- Use of PPM:
  - How long have you had a PPM?
  - What does having a PPM involve day-to-day?
    - How often do you top-up?
    - How much do you usually spend in a week?
    - Do you ever run out of credit?
      - Why?
      - How do you cope with this?

## 2. Spontaneous account of the switch (10mins)

*(To understand participant's top of mind accounts of the switching experience.)*

*Moderator – I understand you recently switched electricity / gas provider for your PPM. I would like to understand how this process worked and how you found it.*

- Please can you talk me through the process of switching supplier, starting at the point that you became aware that you could change PPM supplier and ending when you had changed supplier?
- Overall how satisfied/dissatisfied were you with your experience of changing supplier?
  - What went well?
  - What went badly?

## 3. Detailed investigation of the switching experience (20mins)

*(To understand detailed responses to each stage of the switching process.)*

*Moderator – I would now like to look at the different stages in changing supplier in a bit more detail. To do this I would like to use a **board game** where each square on the board is one of the stages involved in changing supplier. At each stage, explore customer experience and identify what helped them to keep going and complete the process, whether personal factors, supplier behaviour, etc.*

For each square:

- What happened at this stage?
  - What action did you take?
  - What action did your (current / new) supplier take?
- How did you feel at this point?
- What helped you to continue to the next stage?
- What barriers to continuing might there be at this stage?
- Did you receive any information at this point?
  - What was it?
  - How useful was this?
- How satisfied were you with your (current / new) supplier at this stage?

At end:

- What helped you to complete the DAP process?
- Were there any moments when you might have given up?
  - When / what happened?
  - Why did you persevere?
- How supportive did you find your current supplier / new supplier during the process?
- Is there anything we have missed out from your experience or anything else you would like to say about it?
- Could the process be improved to make it easier for people to use DAP?
  - What are the most important aspects to improve?

- How would you improve them?

#### 4. Impact of switch (5mins)

*(To understand whether they are more satisfied with their current supplier than the previous one)*

- How do you now feel about your decision to change supplier?
- What has been better / worse than you expected?
- How does the service compare to your previous supplier?
- Has switching supplier affected the amount of debt you have with the energy company?
- Has it affected the way you pay your debt?
- Has your debt amount gone up or down?

#### 5. Motivations and barriers (10mins)

*(To understand what the main motivations and barriers to take up and completion of DAP are)*

*Moderator – I would like you to imagine that you are giving advice to a friend who is on a PPM and is in debt. Give out **Showcard 4b***

- What advice would you give them about switching supplier?
- What information would you advise them to gather?
- What action would advise them to take?
- What would you advise them to avoid / not do?
- How could they make the process as easy as possible for themselves?
- Would you consider changing PPM supplier with a debt again in future?
  - What would you do differently / the same?
  - What is the main thing that can be done to help customers through the process?

#### 6. Suitability of debt levels (5mins)

*(To explore attitudes to the £200 debt threshold)*

*Moderator – for the DAP switch to be successful, a customer should not have more than £200 of debt. In some circumstances, a supplier may agree to accept a customer with more than £200 of debt.*

- What do you think of this idea? Explore strengths, weaknesses, questions
- What do you think about the amount of debt being capped at £200
  - How suitable is this?
  - What do you think would be a suitable cap?

**(If you are interested in finding out more about DAP you can visit [www.ofgem.gov.uk](http://www.ofgem.gov.uk))**

**Thank and close**

## **Information for moderators on complex debt and reasons why the process to switch supply may fail**

For the purpose of Debt Assignment, Complex Debt shall be defined as follows:

- Debts in relation to a Customer account into which a suspected misdirected payment has been made or into which a misdirected payment claim has been submitted but not confirmed.
- Debts in relation to an account that is currently 'in dispute' between the Customer and the Associated Supplier.
- Debts in relation to a Customer account to which a fraud investigation is pending or in progress.
- Debt in relation to a Customer account to which the applicable rate of VAT indicates that the Customer is non-domestic.
- A debt for which a repayment rate is not currently set on the meter.
- Debts in relation to a Customer account as a result of Debt Assignment having been completed under this MRA Agreed Procedure.
- Any other reason which the Associated Supplier considers to be 'complex', in which case a full record of the reason must be retained.

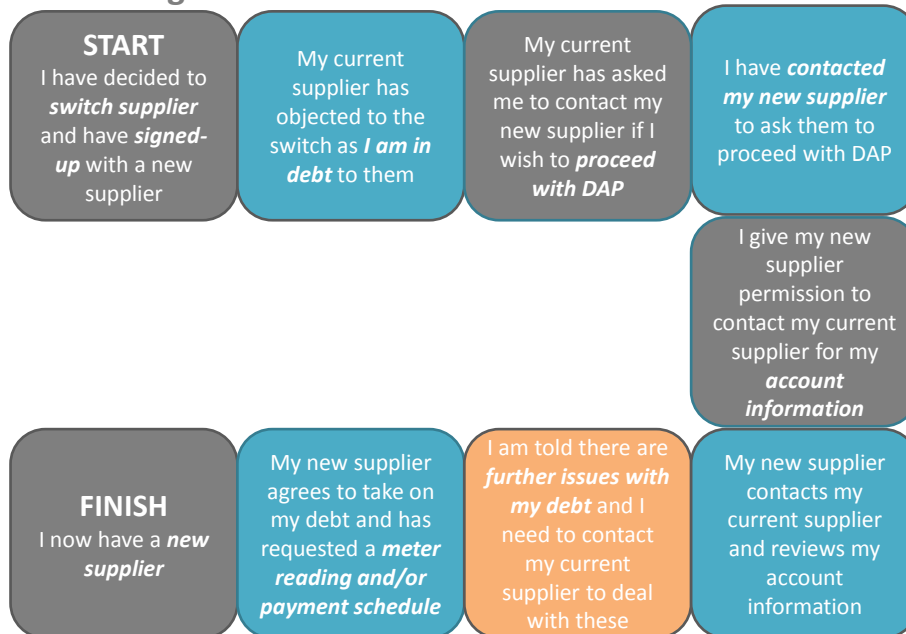
### **Other reasons why a transfer may not proceed?**

As regards the old supplier there are no other reasons why this may be refused (other than complex debt and the debt being larger than £200)

As regards the new supplier – whether they take on the customer with debt (*any* level of debt) is still at their discretion. They may not want to take them on, and the process ends there.

## Appendix 4 – Switching Process Board Game

### Switching Process Board Game



## Appendix 5 – Show Card 1: Debt Assignment Protocol

### **Show Card 1** **Debt Assignment Protocol (DAP)**

Before 2002, Pre-Payment Meter customers in debt could not switch to a new electricity or gas supplier.

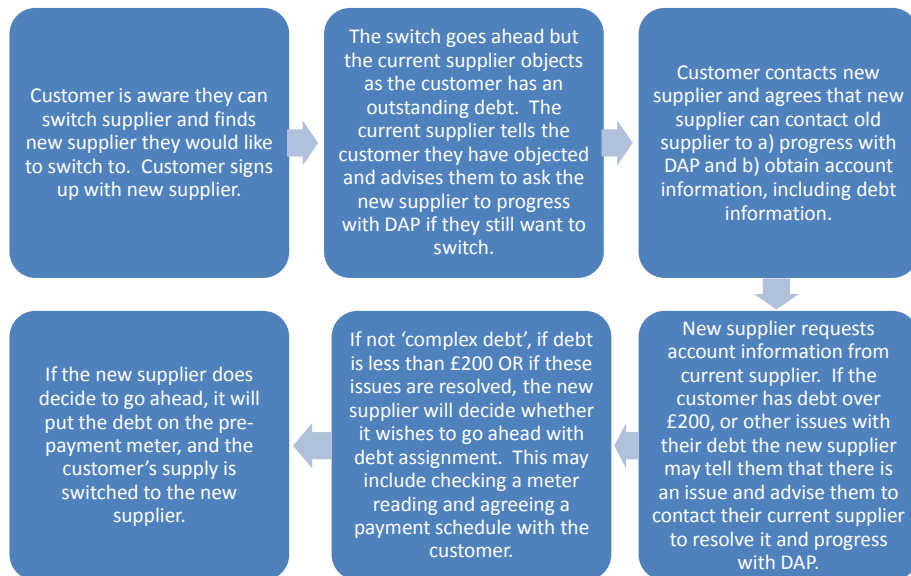
In 2002 DAP was introduced. DAP is a process that allows Pre-Payment Meter customers in debt to switch supplier, taking their debt with them.

The amount of debt that can be transferred to a new supplier is capped and customers with some issues with their debt may not be able to transfer it to a new supplier.



## Appendix 6 – Show Card 2: DAP in Detail

### Show Card 2 – DAP in Detail



## Appendix 7 – Show Card 3: DAP Questions

### **Show Card 3** DAP Questions

1. What do you think the DAP experience would be like?
2. What might motivate you to take-up DAP?
3. What things might put you off taking-up DAP?
4. What things might help you to complete the process?
5. What things might stop you from completing the process?

## **Appendix 8 – Show Card 4a: If you knew that you could switch supplier using DAP what would you do?**

### **Show Card 4a** **If you knew that you could switch** **supplier using DAP what would you do?**

Think about:

- Information you should gather
- Action you should take
- Things you should not do
- How you can make the process easy
- Things that your supplier could do to help

## Appendix 9 – Show Card 4b: Advising a Friend

### **Show Card 4b** **Advising a Friend**

What advice would you give a friend who is in debt on their PPM and is considering switching supplier?  
Think about:

- Information they should gather
- Action they should take
- Things they should not do
- How they can make the process easy on themselves
- Things that your supplier could do to help