

Consumers' experiences with energy during the Covid-19 pandemic

October 2020 update



In April 2020 Ofgem began polling domestic energy consumers to understand the impact that measures introduced to reduce the spread of Covid-19 had on their energy consumption and their financial well-being. We're also monitoring consumer awareness of the support measures introduced by the Government to help, should people need assistance with paying energy bills.

Three waves of polling have been undertaken. We spoke to different people in each polling wave. Fieldwork was carried out by Ipsos MORI.

Note, substantial questionnaire revisions were made between April and May. Results for all three waves are shown when the question wording is consistent. Also note, results aren't strictly comparable between April 2020 and other waves due to a change in methodology.

Methodology: Ofgem Consumer Polling

Ofgem consumer polling Wave 1 (April 2020)

Fieldwork was carried out by Ipsos MORI, using a telephone survey with a GB-representative sample of 858 domestic energy bill payers who have mains Gas or Electricity.

Fieldwork ran from 3-12 April 2020.

Ofgem consumer polling Wave 2 (May 2020)

Fieldwork was carried out by Ipsos MORI, using an online survey with a GB-representative sample of 1885 domestic energy bill payers who have mains Gas or Electricity.

Fieldwork ran from 22-25 May 2020.

Ofgem consumer polling Wave 3 (October 2020)

Fieldwork was carried out by Ipsos MORI, using an online survey with a GB-representative sample of 1887 domestic energy bill payers who have mains Gas or Electricity.

Fieldwork ran from 2-6 October 2020.

- Are consumers concerned about energy bills?
- What issues have customers experienced with energy bills or topping up their PPM during the Covid-19 pandemic?
- How many consumers have fallen behind on regular household bills?
- Which bills do consumers prioritise?
- Why do some consumers with prepayment meters (PPMs) self-disconnect and for how long?
- How many consumers are aware of support initiatives introduced by the Government?
- How many consumers are switching suppliers?

Many consumers are worried about paying energy bills

Concern about paying energy bills or energy supply held steady between May and October 2020, although there has been an increase in concerns about topping up prepayment meters. However, around one in five remain worried about paying bills or their supply and a third of prepayment meter (PPM) customers are worried about topping up.

- 22% of consumers are worried that their energy supply will be affected by the Covid-19 pandemic.
- 20% of those with a credit meter* are worried they'll be unable to pay their energy bills due to a drop in income.
 - Britons aged 16-34 remain the age group most worried about their supply being affected by the pandemic (39%) or being unable to pay energy bills (30%). The latter has fallen from 39% in May.
- A third (33%) of consumers with PPMs are worried they'll be unable to top up their meter due to a fall in income. By age, concern is highest among 16-34 year olds (46%).
- Three in ten PPM customers are worried they may not be able to top up their meter because they can't leave home (30%); and over a quarter worry they may not be able to top up because their top-up shop is closed (27%).



* That is pay by direct debit or on receipt of a bill

Britons aged 16-24 most likely to have experienced issues with paying bills

Around one in twenty consumers paying by direct debit have reduced the amount (6%). Similar proportions with a credit meter have fallen behind on energy bills (5%) or asked their supplier for a bill payment holiday (4%).

However three times as many of those aged 16-24 experienced these issues:

- 18% have reduced their direct debit; 14% have fallen behind on their energy bill and owe money to their supplier and 13% have asked for a bill payment holiday.

More consumers with PPMs are experiencing issues when topping up meters than in May

- Over a third (35%) used the emergency credit on the meter, significantly more compared to May (22%).
- One in eight (12%) ran out of credit and were temporarily disconnected (significantly more compared to May – 5%).
- 17% couldn't afford to top-up their meter (slightly up from May – 11%).



One in eight have fallen behind on household bills

We asked consumers if they'd fallen behind on regular household bills. One in eight (13%) told us they'd fallen behind on any regular household bill.

- This is significantly higher among 16-34 year olds (26%) compared to those aged 35+ (8%).

If they had to choose which bills to prioritise, insurance and accommodation come first. Consumers opt to reduce energy use rather than deferring payment for it

When asked which bills they'd prioritise if they had to, just under half consumers said they would not defer insurance bills, council tax or accommodation bills.

- 48% wouldn't defer motor vehicle insurance or building insurance and 46% wouldn't defer home contents insurance (but about a third would try to reduce spend on these bills).
- 48% wouldn't defer council tax and 47% wouldn't defer rent/accommodation.

When it comes to energy, groceries and credit cards the tendency is to reduce spending rather than deferring payment.

- 71% would reduce spending on food/groceries; 56% would reduce spending on credit cards and 55% would reduce energy use.



Over a quarter of credit meter customers are aware of options available to them if they have difficulty paying their energy bills

- Three in ten consumers with a credit meter (31%) know they can ask suppliers to reduce payments or provide payment holidays if they need help paying their energy bills. A quarter (26%) know they can't be cut off if they can't pay their energy bill.

One in six PPM customers are aware of options available to help them if they have trouble topping up their meter

- One in six (17%) PPM customers know that if they have a smart PPM, they can ask their energy supplier to switch it to a credit meter, extend the time the meter can run on emergency credit or they can top it up online.
- The same proportion (17%) know that if they can't leave their home to top up their meter their supplier can provide help such as sending a pre-loaded key card.

Switching intentions have increased

In October, 12% of consumers were in the process of switching or actively looking for a new supplier, a significant increase from May (10%).

Around a quarter (23%) are thinking about switching.



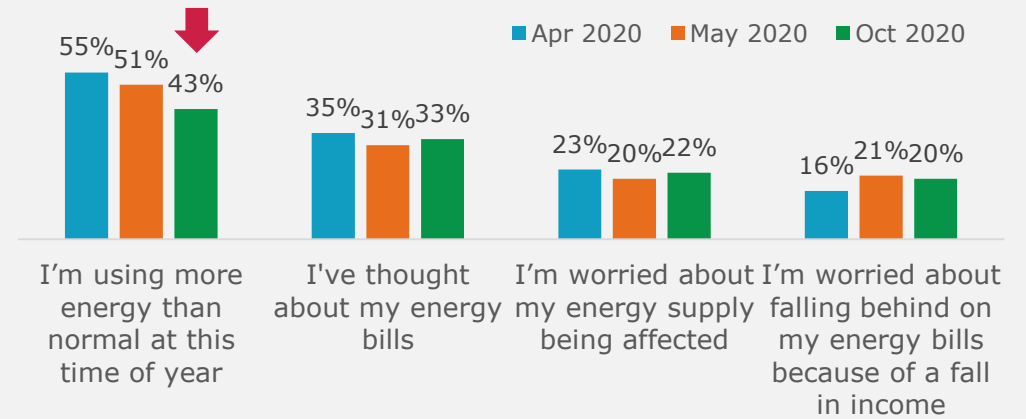
Perceptions of higher than normal energy use have declined, but one in five remain concerned about their supply or paying their energy bills

- While fewer consumers now believe they're using more energy than usual for the time of year, more than two in five (43%) still agree this is the case.
- As seen in previous waves only around a third (33% in October) have given thought to their energy bills.
- In October, around one in five are worried about their energy supply being affected by the Covid-19 pandemic (22%) or falling behind on energy bills because of a decline in income (20%).

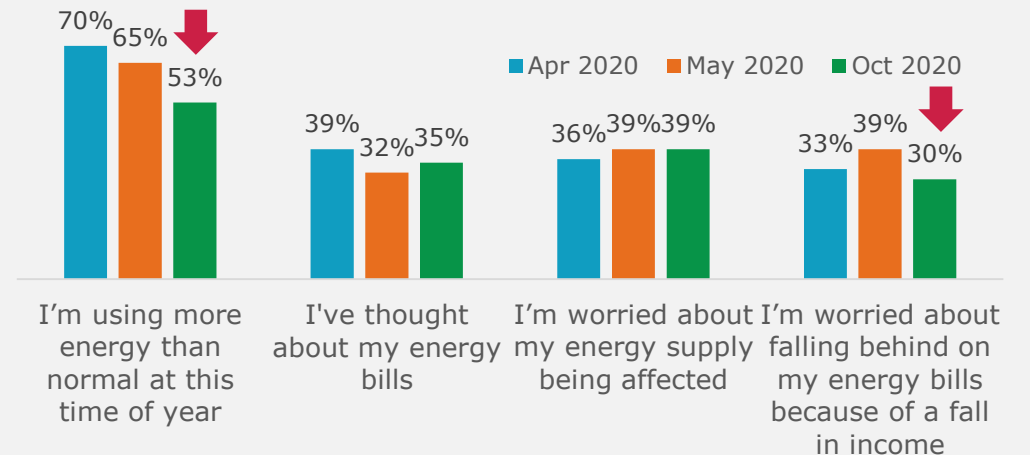
Many younger Britons remain concerned about their supply or ability to pay bills

- Nearly twice as many consumers aged 16-34 (39%) are concerned about their energy supply compared to the Great Britain average (22%). Three in ten (30%) are concerned about being able to pay energy bills, but this feeling has significantly declined compared to May 2020 (39%).

Concerns about energy bills (All GB)



Concerns about energy bills (Aged 16-34)



To what extent do you agree or disagree with the following statements? % who agree shown on chart
Sample base: All Customers April 2020 n=845, May 2020 n= 1880, October 2020 n=1887; Aged 16-34 April n=140, May n=568, October n=550

Arrows denote a statistically significant change between May and October 2020 at the 95% confidence level

Across GB concerns about topping up meters have marginally increased over time

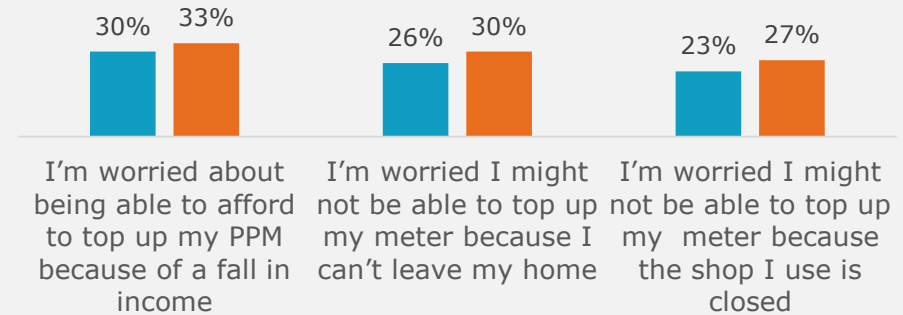
- Fears about being unable to top up because of a fall in income continue to be the most common concern (33% in October).

Consumers aged 16-34 remain a particularly affected age group.

- Nearly half (46%) of 16-34 year olds with a PPM are worried they'll be unable to top up due to a fall in income.
- Many in this age group also have concerns about being able to access top up points.

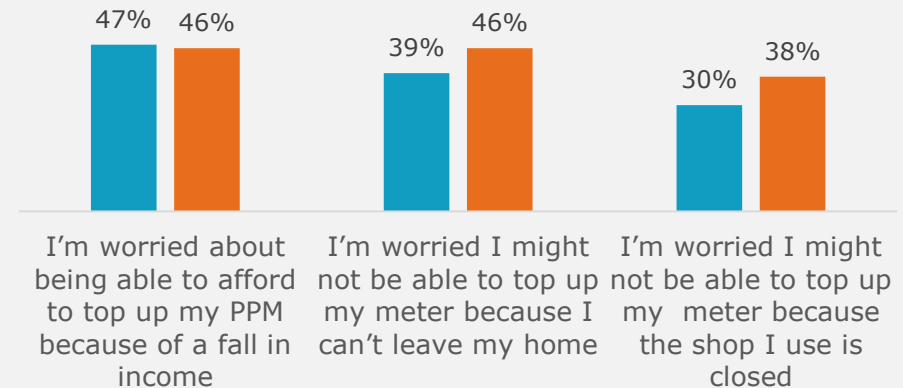
PPM Customer Concerns (All GB)

■ May 2020 ■ Oct 2020



PPM Customer Concerns (Aged 16-34)

■ May 2020 ■ Oct 2020

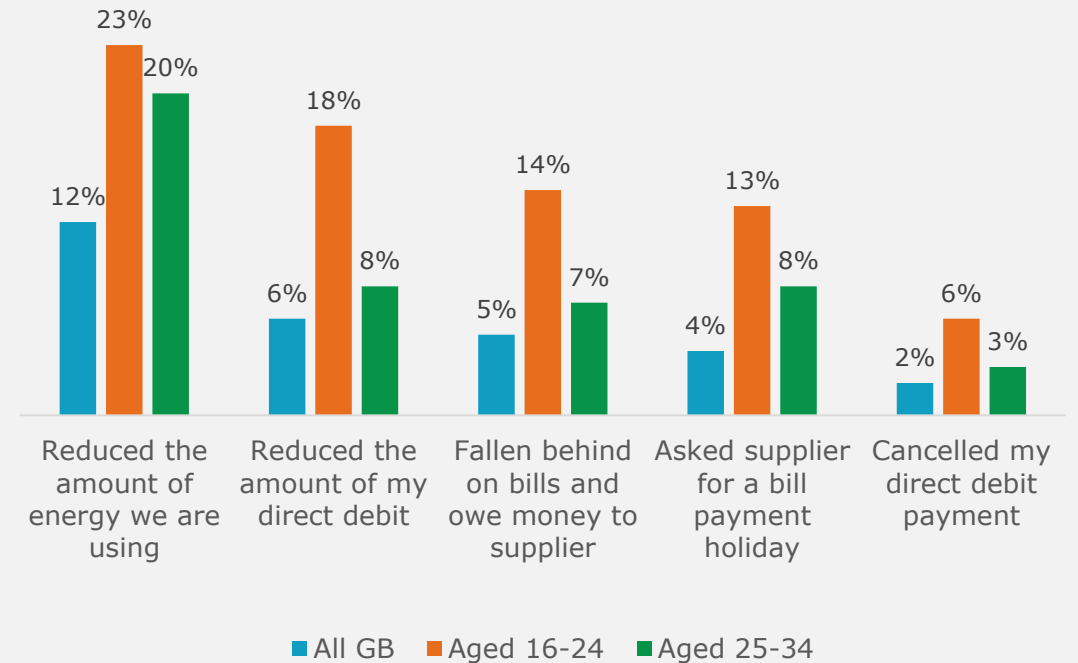


To what extent do you agree or disagree with the following statements? % who agree shown on charts
 Sample Base: Customers with a PPM. May n=241, October=215, PPM customers aged 16-34, May n=89, October n=81
 Chart does not show April 2020 data as samples are too small when results are broken down by age group

Younger Britons using credit meters are greatly affected

- More consumers aged 16-34 have been directly impacted by the response to the Covid-19 pandemic compared to average.
- 16-24's are particularly affected:
 - Nearly twice as many compared to average (23% vs 12%) have reduced the amount of energy they're using, while three times as many have reduced their direct debit (18% vs 6%).
 - 14% have fallen behind on bills and owe money to their supplier, while 13% have asked their supplier for a bill payment holiday.
- The latest wave of polling took place in early autumn and the summer weather may have affected perceptions of energy use and contributed to lower direct debit payments. Nonetheless it's clear that the experiences of Britons aged 16-24 are different from older age groups.
- The proportion of consumers in GB who have reduced the amount of energy they are using has significantly increased since May (9%). Other metrics shown are steady.

**Have any of the following happened to you?
(Among those with a credit meter)**

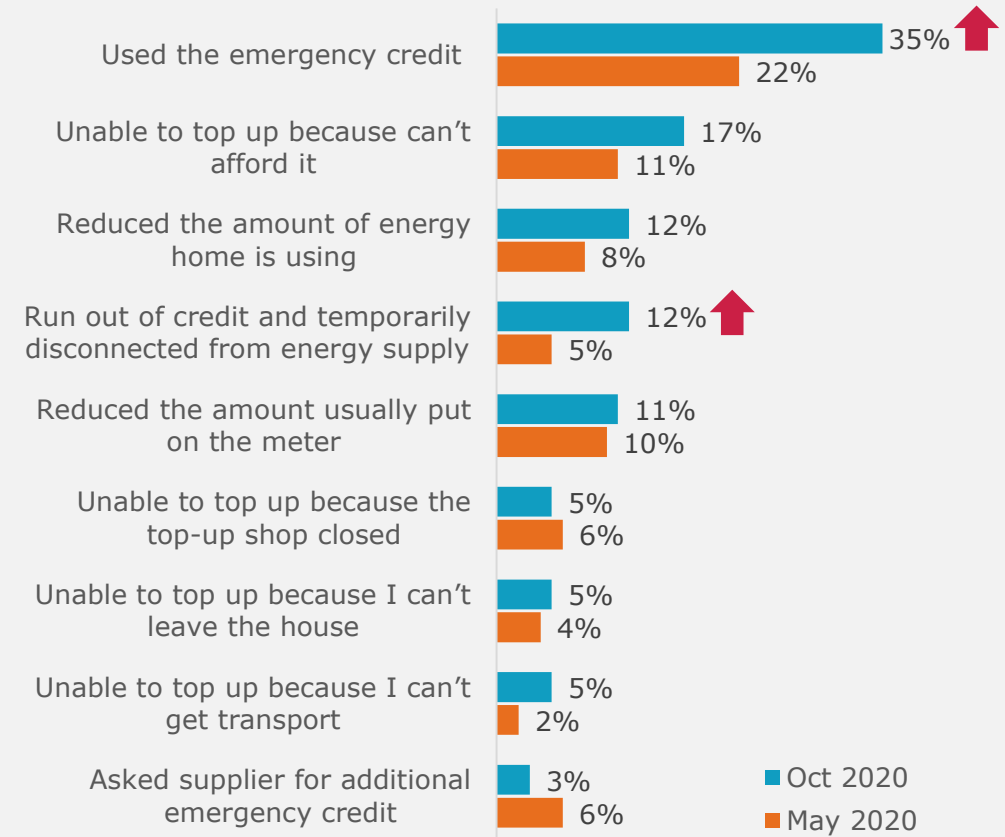


Have any of the following happened to you?
Base: Customers with a credit meter.
Pay by direct debit n=1491. Pay by direct debit or standard credit n=1712

There has been an increase in PPM customers experiencing difficulty topping up

- In October, more than a third (35%) of PPM customers said they'd drawn on emergency credit, a statistically significant increase compared to May (22%).
- One in six (17%) were unable to top-up because they couldn't afford it.
- One in eight (12%) had run out of credit and been disconnected from their supply, more than double the rate seen in May (5%).
- A similar proportion (12%) had reduced the amount of energy they were using or reduced the amount they put on the meter (11%). We can't determine if this is due to rationing behaviour or simply a seasonal fluctuation.

What issues have PPM customers experienced with topping up?

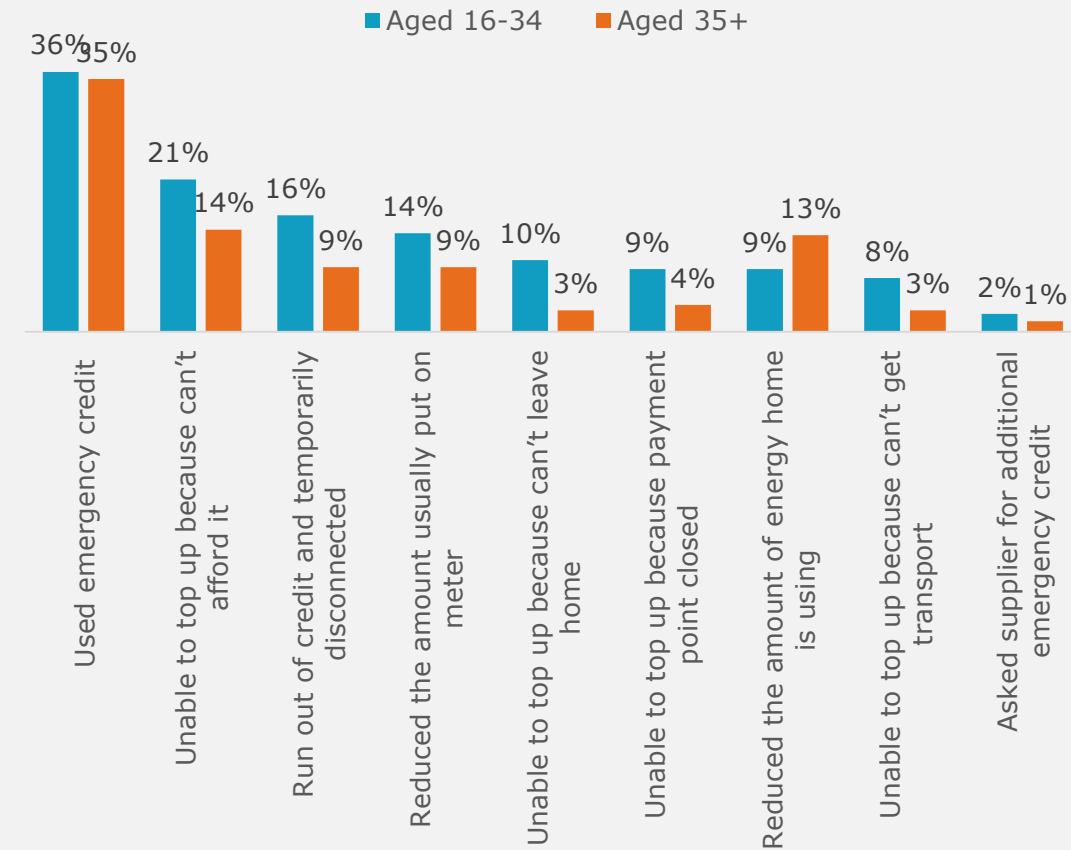


Have any of the following happened to you?
 Base: Customers with a PPM, May 2020 n=241, October 2020 n=215
 The response frame for the question was changed between April and May 2020. so only results from May 2020 onward are shown
 Arrows denote a statistically significant change between May and October 2020 at the 95% confidence level

More younger Britons have experienced issues topping up compared to older

- Affordability:
 - One in five PPM customers (21%) aged 16-34 have been unable to top-up because they couldn't afford to (vs 14% among those aged 35+).
 - More have been temporarily disconnected (16% vs 9%).
 - More have reduced the amount they usually put on the meter (14% vs 9%).
- Issues arising because of social distancing:
 - More 16-34s have been unable to top-up because they can't leave home compared to those aged 35+ (10% vs 3%) or because their usual pay point has been closed (9% vs 4%).

Issues experienced by PPM customers when topping up by Age

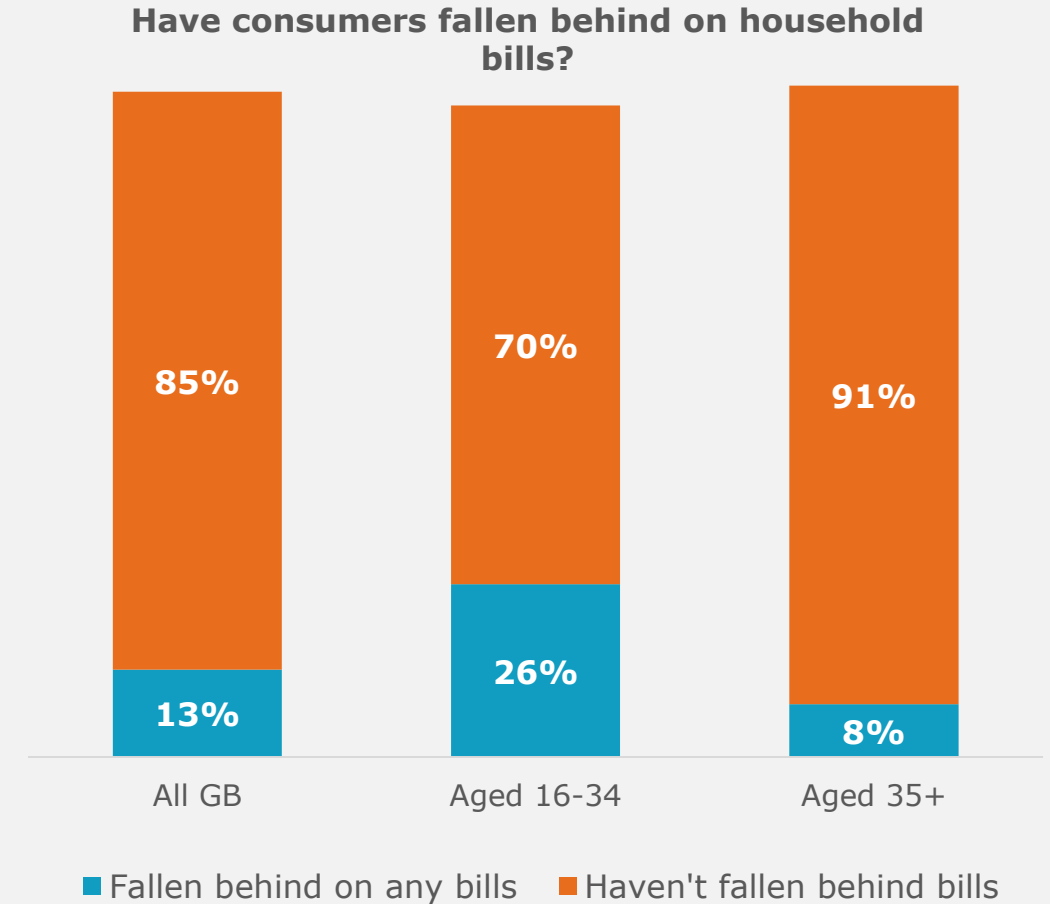


Have any of the following happened to you?

Base: Customers with a PPM, Aged 16-34 n=81, Aged 35+ n=134

A quarter of younger Britons are struggling with other household bills

- In October we explored if consumers are managing to pay all regular household bills.
- Across GB, one in eight (13%) said they'd fallen behind on at least one regular household bill in the past few months.
 - This rises to a *quarter* (26%) among 16-34 year olds.



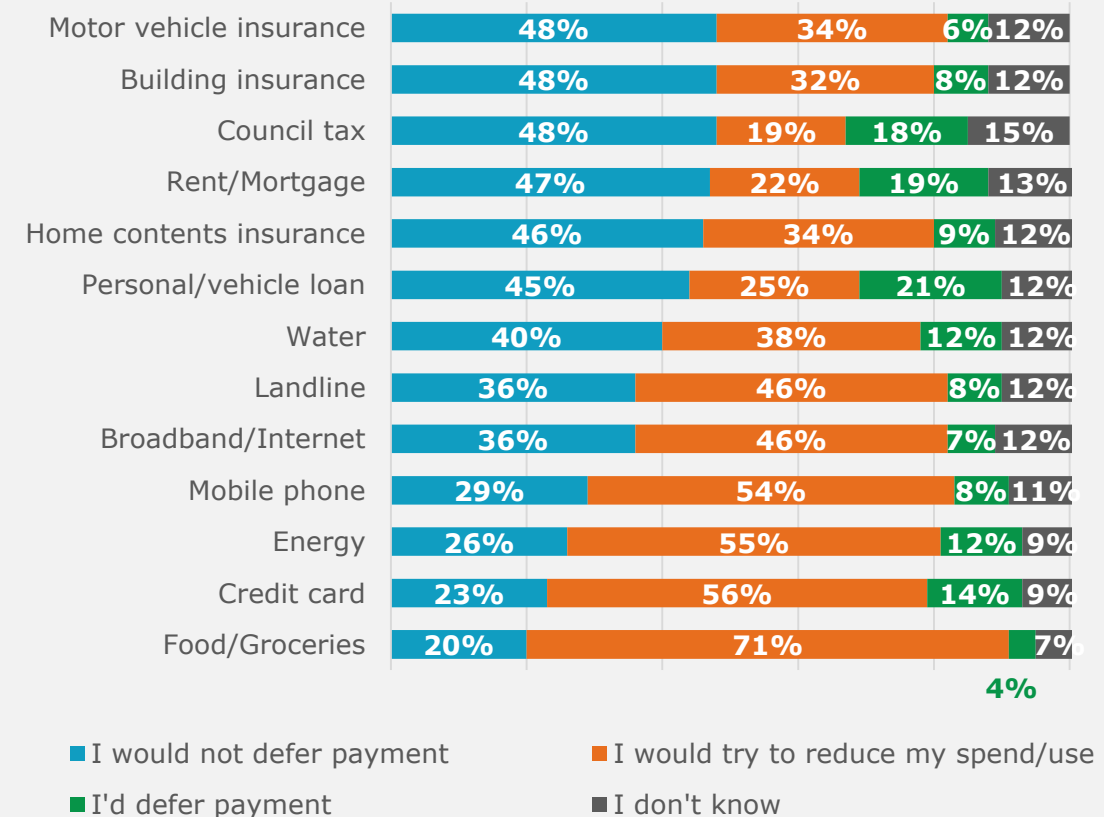
You mentioned you had fallen behind on your energy bills. Have you fallen behind on any other household bills in the last few months? / Have you fallen behind on any of your regular household bills in the last few months?

Sample base: All GB n=1887, Aged 16-34 n=550; Aged 35+ n=1337

We explored which household bills would be prioritised by households if they encountered financial difficulties.

- Insurances, council tax, accommodation costs and personal or vehicle loans tend to be prioritised – more consumers would choose not to defer them than other options.
- Consumers tend to ration or reduce their food/groceries, credit card spending or energy rather than defer payment.

Which bills do consumers prioritise?



You mentioned that you are responsible for paying the following household bills or expenses. If your financial situation changed significantly and you found yourself in a situation where you were unable to pay for all of these, which, if any, of these would you try to reduce expenditure on or defer payments and which would you not?

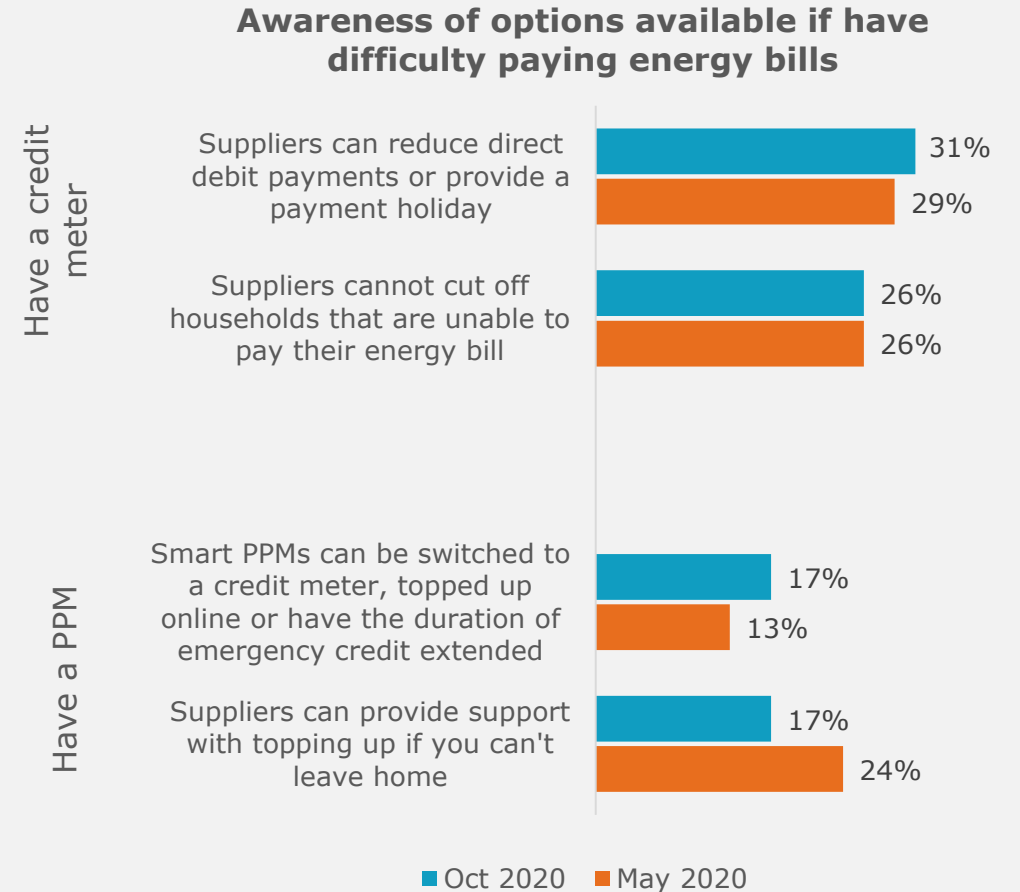
Sample base: Consumers who pay each type of bill – see appendix for sample sizes

Initiatives for credit meters:

- Three in ten (31%) know they can ask suppliers to reduce payments or provide payment holidays, and a quarter (26%) know they can't be cut off.

Initiatives for prepayment meters

- In October, one in six (17%) PPM customers stated they knew smart PPMs could be converted to a credit meter, topped up online or that their supplier could extend the duration of emergency credit on these meters.
- The same proportion (17%) knew that suppliers can provide assistance with topping up for those unable to leave home.



The Government has introduced some measures to help people manage their energy bills during isolating/social distancing. Before being interviewed today, which, if any, of the following were you aware of?
Sample base: Have a credit meter May 2020 n=1698, October n=1712; Have a PPM May n=241, October n=215
Arrows denote a statistically significant change between May and October 2020 at the 95% confidence level

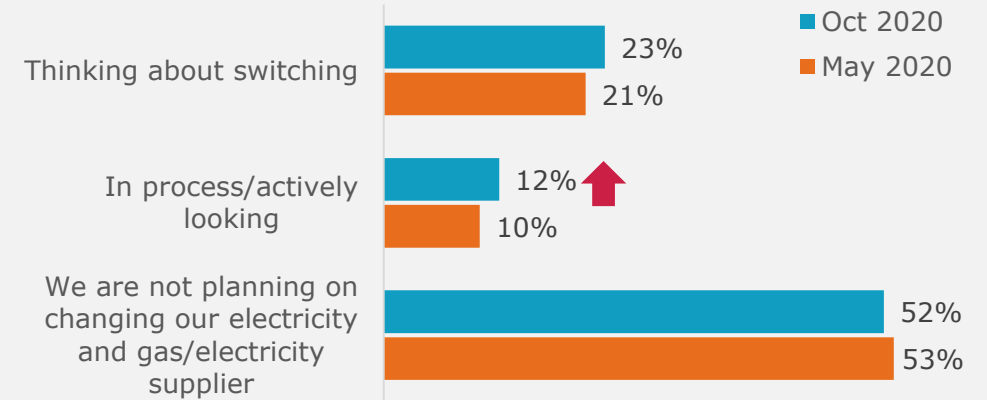
More consumers are now considering switching or in the process of switching supplier compared to May.

- Consumers aged 16-24 are the most likely to be thinking about switching (32%) or actively looking/in process (29%).

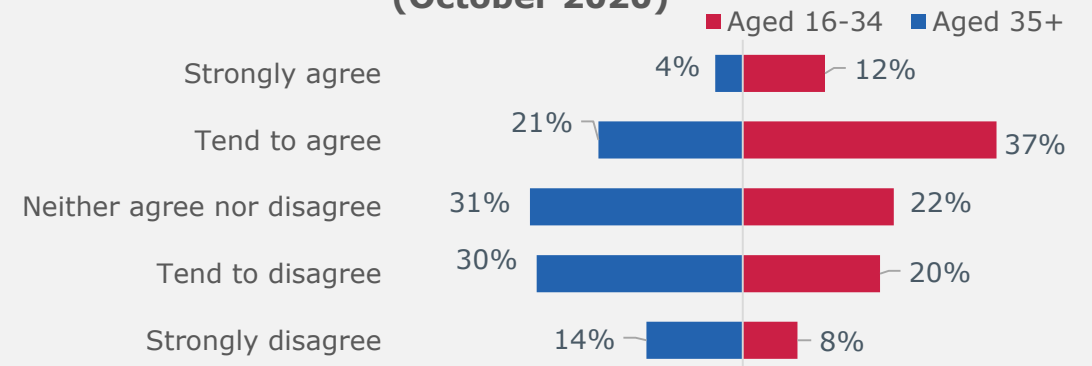
We asked consumers which type of supplier they'd consider.

- Nearly half (49%) of consumers aged 16-34 agreed they'd only consider a large well known supplier, whereas consumers aged 35+ tended to be neutral (31%) or disagree (44%) with this statement.

Supplier switching



I'd only consider a large, well known supplier (October 2020)



Which of the following, if any, best describes what those in your household are doing right now? To what extent do you agree or disagree with the statement I'd only consider using a large, well-known supplier? Sample base: All consumers; May 2020 n=1880; October 2020 n=1887 Arrows denote a statistically significant change between May and October 2020 at the 95% confidence level

Type of bill	Sample size (consumers who are responsible for paying each bill)
Energy	1931
Water	1504
Rent / Mortgage	1139
Food / Groceries	1752
Mobile Phone	1669
Broadband / Internet	1598
Council Tax	1528
Home Contents Insurance	1187
Building Insurance	918
Motor Vehicle Insurance	1131
Credit Card	1151
Personal / Vehicle Loan	404
Landline Telephone	1197

Credit meter: These meters measure how much energy you are using. Energy suppliers then create a bill based on this information and send it to customers for payment. Customers with a credit meter usually pay their energy bill through a direct debit payment or by transferring money/sending a cheque/paying cash on receipt of the bill.

Prepayment meter (PPM): With a prepayment, or 'pay as you go' tariff, you pay for your energy before you use it - usually by adding money to a 'key' or smart card, which is then inserted into the meter.

Emergency credit: This is a provision on a prepayment meter that suppliers extend to customers when their prepayment meter credit runs low or runs out to ensure continuity of supply or return on supply.

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We do this by:

- **working with Government, industry and consumer groups to deliver a net zero economy at the lowest cost to consumers.**
- **stamping out sharp and bad practice, ensuring fair treatment for all consumers, especially the vulnerable.**
- **enabling competition and innovation, which drives down prices and results in new products and services for consumers.**