Ofgem Consumer First Panel

Year 6, Wave 4

Switching Suppliers for Domestic Customers with Debt

NOVEMBER 2015

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1. Summary

Consumer First Panel: Wave 4 aims

- The primary aim of this wave of the Panel was to explore Panellist attitudes to how switching supplier should work for domestic customers who have an existing debt with their supplier
- We also explored Panellists' understanding and perceptions of the third party intermediary (TPI) market and price comparison website filters. These subjects are covered in a separate report.

Background and Methodology

- The Consumer First Panel has been a flagship project within Ofgem's Consumer First initiative for the last five years. It is a deliberative approach that brings a group of domestic consumers together 3-4 times over the course of a year to feed into Ofgem's policy decisions. Panellists are recruited from a broad cross section of energy consumers from across Great Britain.
- These sessions - the fourth and final wave for this Panel - were attended by 64 Panellists. Fieldwork was carried out between the 3rd and 12th February 2015. Each session was a 3 hour long deliberative workshop and included a mix of presentations, discussions and activities for Panellists.

Context

- Only a couple of Panellists are aware of how switching works for domestic customers with debt at the moment. No Panellists report being in debt to their supplier themselves, although several know people who have been[1].
- We explained to Panellists that a supplier can currently stop customers in debt (to the supplier) from switching by objecting to the switch. However, customers using pre-payment meters (PPMs) can switch supplier with up to £500 of debt.
- We also reminded Panellists of some of the ways that domestic customers can end up in debt: from not paying correct bills on time through to being incorrectly billed as a result of either customer or supplier error.
- We explained that if customers with debt could switch suppliers, there could be a number of potential advantages and disadvantages for them and consumers more widely. These include:
    - customers might be able to access cheaper deals with other suppliers to pay back their debt more quickly;
    - better and more prompt follow-up and support for consumers from suppliers around debt;
    - a potential increase in costs for consumers (as supplier costs of chasing debt increase);

[1] However, our experience suggests that the group-based and deliberative nature of Panel discussions can make Panellists reluctant to discuss their own financial situations in detail.

  - possible increased use of security deposits (that supplier may retain if customers run into debt) or PPMs (to prevent customers incurring debt);

Views on the issue

- Initially, Panellists have a broad range of views on whether customers with a debt should be able to switch supplier. Over the course of the discussion, several changed their stance. Many feel the issue is complex, with a variety of (often subjective) factors affecting their views (see section below).
- However, most Panellists end up thinking that **in most circumstances, customers with debt should not be allowed to switch**. They largely think that if a customer incurs debt they have a responsibility to pay it off with their existing supplier before they can switch.
- **This comes with a number of caveats about actions that they expect suppliers to take in such circumstances**, including placing these customers on the cheapest possible tariff.
- Panellists list a significant exception where they think that customers with debt should be allowed to switch supplier: where the debt is **a result of supplier error**. They think that customers should be able to switch to a supplier that provides better account management or customer service if they want to.

Factors influencing views

- A number of contributory factors influence Panellist views on whether customers in debt should be able to switch:
  - fault for the debt / how the debt occurred;
  - the customer's personal circumstances;
  - the amount owed;
  - a sense of social responsibility;
  - perceptions of how debt is handled in other industries (e.g. credit card and mortgages);
  - Panellists' own experiences of debt (i.e. whether the Panellist or anyone they know has been in debt).

- Each of these individual factors can drive consumers to feel sympathetic or un-sympathetic towards customers with debt. This in turn influences the strength of their overall feeling around them not being able to switch.
- For example, where Panellists perceive any debt to be the customer's fault (e.g. having managed their finances poorly or refused to pay a bill), Panellists have very little sympathy for the consumer. On the other hand, some Panellists know someone who has fallen into debt because of external factors (e.g. losing their job) or feel a social obligation to help more vulnerable consumers. These Panellists are more likely to think customers should be allowed to switch to access best deals.

Circumstances where switching with debt is acceptable

- Where the debt is **a result of supplier error**, many Panellists think that customers with debt should be allowed to switch supplier, as the debt is not their fault.
- More broadly, Panellists are more prepared to accept the notion of customers with debt switching if:
    - a **much cheaper tariff is available with another supplier** and would allow a customer to pay back their debt quicker; or
    - the **debt is low value** (although some feel that if the total debt is low customers should pay it off before switching anyway)[2]

- We explained to Panellists that **PPM customers with debt** up to £500 are already able to switch; Panellists were comfortable with this.
- Panellists think that if customers with debt can switch, debt should be transferred to the new supplier. They think this is fairer for both the existing supplier (who otherwise may find it difficult to ensure repayment) and customer (who should only have to deal with one supplier at a time). However some Panellists perceive there to be little incentive for new suppliers to take on a customer in debt.
- If the debt incurred is a result of supplier error, many Panellists also think a portion of the debt should be written off by their existing supplier as a goodwill gesture.

Managing debt fairly

- In the course of the discussion, Panellists considered more broadly how debt should be handled by both customers and energy suppliers.
- Nearly all Panellists feel that both parties have obligations to be fair and reasonable when dealing with and resolving customer debts, and that they should both take action to avoid debts accruing in the first place.
- **Suppliers should**:
    - Prevent and minimise debt by ensuring the bill is always accurate and providing advice on how to use less energy around the home;
    - contact customers quickly and using multiple channels if necessary when debt is incurred;
    - agree a reasonable and realistic repayment plan in line with what the customer can afford to pay;
    - switch customers to their cheapest available tariff; and
    - provide information on debt advice or support services.

- **Customers should**:
    - Prevent and minimise debt by managing their finances responsibly and telling suppliers if their financial circumstances change;

[2] This was largely a subjective judgement by Panellists. Given differences in relative affluence and the difficult of discussing amounts of debt out of context, Panellists were not able to agree on a value of debt for which this should be the case.

- agree a reasonable and realistic repayment plan in line with what they can afford to pay; and
- stay in regular contact with their supplier throughout the debt management and repayment process.

2. Objectives and methodology

2.1 Overview

The Consumer First Panel has been a flagship project within Ofgem's Consumer First initiative for the last five years. It is a deliberative approach that brings a broad group of domestic energy consumers together 3-4 times over the course of a year to feed into Ofgem's policy making. The Panellists are recruited so that the Panel is broadly representative of Great Britain's domestic energy consumer characteristics. See Appendix 2 for more detail around the criteria used.

One of the key advantages of a deliberative approach is that it enables ordinary domestic consumers to obtain a greater level of understanding about how energy supply and the energy markets work. As such, they can offer more considered and informed views about key issues and policy options under consideration.

For Wave 4 of this year's Panel, Ofgem asked Big Sofa to explore consumer attitudes to how suppliers manage the switching process for customers with debt. We also explored consumer understanding and attitudes towards third party intermediaries (TPIs); and price comparison website filter messaging[3].

Not all Panellists were invited to attend the fourth wave of events[4]. For this wave, 64 Panellists attended deliberative workshops in the four Panel locations (Colwyn Bay, Livingston, Oxford and Sheffield) in February 2015.

Each workshop lasted 3 hours and used a range of deliberative approaches and stimulus. These included presentations from Big Sofa, paired exercises and activities requiring Panellists to work and discuss in groups. The deliberative elements of each session allowed Panellists to reflect in more depth on some of the more complex issues discussed.

The workshop sessions were followed by the use of an online discussion forum where Panellists were able to continue debating the main issues and give further reflections on some follow-up questions. Those who preferred to take part via post, phone or email were able to submit their views and participate in the discussion.

2.2 Research Objectives

For this fourth wave of the 2014/15 Panel, Ofgem asked Big Sofa to explore **Panellists' attitudes to how suppliers manage the switching process for customers with debts**, specifically:

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[3] These topics are covered in a separate report.

[4] Panellists were told that not everyone would be invited to attend subsequent events during wave 1. The number of Panellists was reduced to reflect group dynamics and ensure maximum engagement at each session. Smaller groups allowed detailed content to be covered in more depth.

- Suppliers' ability to prevent those customers with an energy debt from switching
- The implications of maintaining or removing suppliers' power to do this

We also explored:

1. **Panellists' awareness and perceptions of the third party intermediary (TPI) market** including:
    - The value consumers place on different TPI services including switching, and
    - Any barriers to using TPIs for additional services like managing their energy consumption and costs.

2. **Panellists' awareness and understanding of the filters price comparison websites use to filter out certain tariff results** including:
    - What messaging/descriptions of these filters do consumers find most useful to help them understand whether they are seeing all available tariff results or only a subset

These subjects are covered in a separate report.

3. Debt objections

3.1 Background

As part of its 'Change of Supplier' programme to make the switching process faster and more reliable for gas and electricity consumers, Ofgem is reviewing the process by which suppliers may object to a customer switch. We explained to Panellists that Ofgem is considering how switching should work for customers who are in debt with their existing supplier – thinking particularly about what would be most fair for all consumers.

We gave Panellists a brief overview of what happens at the moment when a consumer in debt tries to switch supplier. We explained that suppliers currently have the right to stop customers with debt changing their supplier. The customer's current supplier may block the switch, but must write to the customer explaining why they have done this. Only a couple of Panellists were aware that suppliers could stop customers switching.

We explained that there are some limited exceptions to this. PPM customers with debts of £500 or less are still able to switch supplier. They transfer their debt to their new supplier and repay it in the course of topping up their meter.

Panellists were asked to consider why some consumers might end up in debt to their supplier, including:

- **Not paying bills on time** (e.g. can't afford to / don't want to / not able to (e.g. ill or on holiday).
- **Submitting incorrect meter readings over time** either deliberately (i.e. to appear to have used less energy) or accidentally (e.g. because of a problem with the meter or through misreading it).
- **Supplier has underestimated usage over a number of months** (e.g. if no meter readings provided or taken).
- **Backbilling** (catch-up bills that can lead to debt if they're big)[5].

We then also very briefly explained some potential advantages and disadvantages that might result from allowing customers with debt to switch suppliers. We told consumers that none of these were certain, but that they may include:

- Customers accessing cheaper deals and paying back debt more quickly and easily
- Greater competition in the market (and so lower prices, if customers with debt are able to switch supplier more easily).

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[5] Backbilling occurs when a supplier sends a customer a catch up bill for energy they have used but have not been correctly charged for within 12 months of the issue occurring. Panellists discussed backbilling in October 2014 as part of Wave 3 of the Panel. As such, they were better informed about this than most consumers.

- Better and more prompt follow up and support from suppliers around debt

- Increased costs for all consumers (if suppliers have increased costs through chasing customers to repay their debts).
- Greater use of security deposits (that suppliers may retain if a customer falls into debt).
- Greater use of pre-payment meters (to prevent customers from falling into debt in the first place by only being able to use what they pay for).

Panellists largely accepted these potential implications and they did not appear to influence their views on whether customers in debt should be allowed to switch during discussions. Instead, Panellists focussed on the principle of switching with debt – and the factors that influence their views tend to be contextual rather than linked to these implications.

3.2 Panellists' views on switching with debt

Initially, Panellists have a broad range of views on whether customers with debt should be allowed to switch. Over the course of discussion, several Panellists changed their opinion on the issue multiple times. Many feel the issue is complex, nuanced and dependent on a range of factors (see section 3.3).

INITIAL PANELLIST VIEWS ON SWITCHING WITH DEBT

SHOULD BE ABLE TO SWITCH SUPPLIER

"Anyone can fall on hard times"

"It's like credit cards, you can transfer the balance on them to get a better deal"

Ok if it costs other consumers a bit more – you're helping vulnerable people

If your supplier makes a mistake, you shouldn't be punished

VS.

SHOULDN'T BE ABLE TO SWITCH SUPPLIER

If you run into debt that's your problem – you need to pay it off

"If you don't pay your mortgage, they take your house back"

Why should we pay more for other peoples' mistakes?

However, most Panellists end up thinking that **in most circumstances, customers with debt should not be allowed to switch supplier.** This comes with a number of caveats about actions that they expect suppliers to take in such circumstances, including placing these customers on the cheapest possible tariff (see section 3.4). They think that if a customer incurs debt, they have a responsibility to pay it off with their existing supplier. Many are also uncomfortable with the idea that they may have to pay more themselves if customers in debt are allowed to switch, resulting in supplier costs of managing and chasing debts increasing.

However, they do list some exceptions to this position. Where the debt is a result of supplier error, many Panellists think customers should be allowed to switch because the debt is not their fault. They should therefore be allowed to find a cheaper deal elsewhere if they wish. It may also cause customers to lose faith in the ability of the supplier to bill properly or may represent poor customer service. In this situation, customers should be allowed to switch (see section 3.6). Many Panellists feel it is fair for customers with pre-payment meters (PPMs) to be able to switch given that they automatically repay their debts when topping up their meter.

3.3 Factors influencing views

Panellists raised a number of contributory factors that affect how they feel about this issue. These are:

- 'fault' for the debt / how the debt occurred;
- the customer's personal circumstances;
- the amount owed;
- a sense of wider social responsibility to help vulnerable consumers;
- perceptions of how debt is handled in other industries;
- Panellists own experiences of debt (i.e. whether the Panellist or anyone they know has been in debt);

Each of these factors can drive Panellists to feel sympathetic or unsympathetic towards customers in debt. This in turn influences the strength of their feeling around these customers not being able to switch. As Panellists developed a broader understanding of the issue through discussion with other Panellists, some changed their view.

Fault for the debt / How the debt occurred

This is the most important factor influencing Panellist views, and revolves around the key issue of perceived 'fault' for the debt. Where debt is incurred as a result of supplier error (e.g. incorrect bills, billing mistakes or backbilling[6]), Panellists are far more sympathetic towards the customers involved. For those who think customers should be able to switch, the supplier being at fault for the debt is the biggest driver of their reasoning.

[6] Panellists discussed backbilling in October 2014 as part of Wave 3 of the Panel. As such, they were better informed about it than most consumers.

On the other hand, all Panellists are far less understanding if they feel the debt occurs because the customer has made a mistake – either deliberate or accidental. Where customers have refused to pay or submitted incorrect meter readings Panellists believe strongly that they should not be allowed to switch.

Some types of 'fault' were perceived to be more subjective. For example, where customers experience financial difficulties or hardship and don't tell their supplier about it, Panellists have mixed views. Many feel that customers have an obligation to engage with their supplier as soon as they realise they might be running into debt (see section 5.4). However other more empathetic Panellists think this would be an unusual step for a customer to take, as they assume that customers would be worried about the repercussions of admitting that they aren't able to pay.

Personal circumstances
Many Panellists note the range of situations that can lead to a customer being at 'fault' for their debt because they are unable to pay their bills. Panellists tend to be more supportive towards customers who have:

- experienced an unexpected life change (e.g. the loss of a job)
- had to increase their energy expenditure (e.g. needing the heating on more with a new baby, or caring for an elderly relative)

This is particularly the case if these customers have previously had good credit histories or repayment records – i.e. where the debt is an unexpected 'blip' in their finances rather than a symptom of longer-term poor financial management.

Panellists also have more empathy with customers who take clear ownership of the debt and look to proactively engage with suppliers in order to repay it. On the reverse of this, Panellists have little sympathy for customers who try to avoid managing the debt or make no effort to reduce their energy spend in order to manage it.

Panellists' experiences of debt
Few Panellists report being in debt with their energy supplier, although several know people (friends or relatives) who have been. A couple of Panellists have been in debt with other types of companies too. This can influence their views both ways. For some, it increases empathy: they have a greater perspective (through their friends' or relatives' experiences) on how people may incur debt and what it's like to be in debt. They may have also seen how hard it is to manage expenditure when on low income. However a couple of Panellists who had paid off debt themselves have little sympathy, noting that managing debt is often about managing household finances more broadly. They feel that all consumers should try to manage their expenditure in order to settle their debts without switching supplier.

Amount owed
Panellists tend to be more understanding towards customers with smaller debts that have been incurred over a short period of time. Some think these customers should be able to do whatever they need to (including switch) to clear the debts and return

to a stable financial position. Others see even less reason to let these customers switch until they have cleared the small debt.

Larger amounts of debt over longer periods of time are equally divisive. Some Panellists have little sympathy for anyone who has incurred large debt without beginning to deal with it. Others think that it points towards longer-term and more substantial financial problems for the customer that they may need help with. These Panellists suggest that a better way to manage the debt would be for customers to switch to a cheaper tariff (with another supplier if necessary) to clear the debt more quickly.

Panellists' views on wider consumer social responsibility

The issue of social responsibility divides opinion[7]. Key to this is whether allowing customers with debt to switch would cost all consumers more. Many Panellists raise this issue spontaneously. Some Panellists feel this is acceptable as they will be helping a vulnerable section of society deal with financial issues. Others think all consumers have an obligation to manage their household finances and not spend above their means. They do not want their bills to increase to subsidise the cost of suppliers chasing customers who are in debt.

Perceptions of how debt is handled in other industries

Some Panellists note that other forms of debt can be easily transferred between providers (e.g. credit card balances) and think energy should be the same. However, a couple of Panellists note that the purpose of credit cards is to provide credit or debt facilities and so see mortgages or rent as a more appropriate parallel. These Panellists believe that consumers can't switch mortgage providers if they fall behind on payments but would need to work with their existing provider to repay any debt or risk losing their house. As such, they do not think customers with energy debts should be allowed to switch either.

3.4 Managing debt: supplier and customer responsibilities

In the course of the discussion, Panellists considered more broadly how debt should be handled by both customers and suppliers. Nearly all Panellists feel that both parties have responsibilities when dealing with and resolving customer debts, and that they should both take action to avoid debts accruing in the first place.

[7] Panellists have discussed this issue from another angle previously. They considered the affordability of energy and social schemes that all consumers contribute towards during the first wave of this year's Panel. See Ofgem/BigSofa, Consumer First Panel Year 6 Wave 1: Affordability, Environmental and Social Schemes, July 2014

1. Prevent and minimise debt

Customer responsibility	Supplier responsibility
Panellists feel that customers should tell their supplier as soon as they run into any financial problems or have a change in circumstances that might affect their ability to pay for their energy. Several Panellists recognise that customers may not think to do this, or may be nervous about telling their supplier about financial difficulties. However, they still think it is a key part of preventing debt. They also think all consumers have a responsibility to manage their finances sensibly in order to minimise the chance of them having financial problems (and therefore getting into debt) in the first place.	Panellists think that suppliers have an equal responsibility around debt prevention. More accurate bills and smart meters should mean that debt occurs less often and is noticed more quickly by both suppliers and customers. A couple of Panellists feel that customers with histories of debt should get smart meters first to help them manage their usage and spend more closely[8]. Some Panellists also note that advice on how to use less energy will help customers reduce bills and possibly prevent debt. They generally expect this to come from their supplier.

2. Agree a realistic and reasonable repayment plan

Customer responsibility	Supplier responsibility
Where customers do incur debt, Panellists think they have a responsibility to pay it back as quickly as they reasonably can. That means being disciplined on other spending, and not over or under-promising on what they feel they can repay the supplier.	Panellists believe that suppliers should engage with customers to agree a repayment plan that is acceptable to both parties. It should ensure that suppliers are repaid quickly without placing financial burdens on customers that could impact on their ability to pay for other necessities (e.g. rent, food for the family).

[8] These comments are partly caused by the fact that Panellists discussed smart billing during wave 3.

3. Make contact quickly and keep in regular contact

Customer responsibility	Supplier responsibility
Panellists feel that customers should continue to update their supplier on their circumstances while in debt. For example, if a major change (e.g. finding a new job) allows them to pay back debt quicker, they should let their supplier know. Equally, they should get in touch if they are unable to maintain their repayment plan.	Panellists feel that suppliers should get in touch with customers as soon as they notice an account falling into arrears. Panellists feel that suppliers need to make a substantial effort around this – using phone or email to get in touch with customers who may not have received postal warnings.

Panellists also think that suppliers have two additional, important responsibilities.

4. Switch customers onto the cheapest possible tariff

Many Panellists feel strongly that customers with debt should be on the cheapest possible tariff to help them repay their debt faster. Most note that if a customer is blocked from switching to a cheaper supplier, this affects their ability to clear their debt. Some Panellists think that suppliers should price-match any cheaper tariff that a customer with debt can find.

5. Provide information on debt support

Suppliers should give customers with debt information on independent services that could help them manage their debt and avoid debt in the future (e.g. their local Citizen's Advice Bureau).

3.5 Circumstances where switching with debt is acceptable

Panellists see a few exceptions where they think that customers with debt should be allowed to switch supplier.

The most significant of these is if the debt **is a result of supplier error**.

They are also more prepared to accept customers switching if:

- a much cheaper tariff is available with another supplier
- the debt is relatively small/low value

Lastly, Panellists showed support for the existing Debt Assignment Protocol (DAP) where customers on PPMs with up to £500 can switch supplier.

Supplier error

Where debt has been incurred because their supplier has made a billing or meter reading error, many Panellists think customers should be allowed to switch. There are two reasons for this. Firstly, the debt is not the customer's fault. Secondly, a large billing error may undermine a customer's faith in the ability of the supplier to bill properly and represents poor customer service. Panellists have less sympathy with customers where the supplier error is obvious and the customer doesn't attempt to resolve it – although some Panellists note that if a supplier makes a mistake a customer may be unlikely to flag this up with them and may hope to benefit from it instead.

Cheaper tariffs with other suppliers

As per section 3.4, many Panellists think that suppliers should price match cheaper tariffs offered by other suppliers to help customers pay off their debts quicker. If the supplier is unable or unwilling to do this and switching to another supplier would allow the customer to pay off the debt much quicker, Panellists think the customer should be allowed to switch.

Low value of debt

Some Panellists suggest that if a customer only owes a supplier a small amount (views on the level of this vary) or have a good repayment record, they should be able to switch. However others note that if this is the case, the customer should just pay off their debt with the existing supplier first. Panellists struggle to reach consensus on what a 'small amount' of debt looks like, largely because of differences in relative affluence and personal circumstances (e.g. retired and affluent Panellists often have a different perspective on this to less affluent Panellists with families and less disposable income).

PPM customers with debt

We explained to Panellists that PPM customers with debt up to £500 can switch supplier through the Debt Assignment Protocol (DAP). Most Panellists – including those on PPMs themselves - are comfortable with this. They feel that that it is fair as the debt is repaid every time the customer tops up their meter, so the new supplier will definitely be repaid over time.

3.6 How switching with debt should work

As most Panellists think that customers in debt should not be allowed to switch supplier in most situations, many Panellists struggle to think about how switching with debt should work. Nearly all Panellists think that if customers with debt are allowed to switch, their debt should be transferred to their new supplier.

However, Panellists struggle to understand why any new supplier would want to take on a customer with a large debt – even if they do have a good repayment record. A couple of Panellists spontaneously note that debt could be bought and sold between suppliers, but most people feel this is complex and could be open to abuse.

They worry that customers with debt may try to switch regularly in order to 'beat' the system.

Although some note that the new supplier therefore has to take on responsibility for this debt, many Panellists think that this is fairest for the customer and the existing supplier. They recognise that it is difficult for the existing supplier to chase up debt if they do not supply energy to the property / customer. They also think a customer should not have to deal with multiple suppliers requesting payment from them.

If the debt incurred is a result of supplier error, many Panellists also think a portion of the debt should be written off as a goodwill gesture.

4. Conclusion

Most Panellists end up thinking that **in most circumstances, customers with debt should not be allowed to switch.** They think that if a customer incurs debt they have a responsibility to pay it off with their existing supplier. This attitude is not specific to the energy industry. Many Panellists would feel the same way about a customer in debt for any service. Some Panellists have a little sympathy with energy suppliers as commercial organisations despite high levels of cynicism around supplier profits in previous Panel waves. Many others just don't think it is fair for some customers to 'abuse' services at the potential expense of the majority of consumers.

However this position comes with a number of caveats about actions that they expect suppliers to take in such circumstances, including placing these customers on the cheapest possible tariff.

Panellists do list some exceptions to this position. Most significantly, where the debt is a result of supplier error many Panellists think customers should be allowed to switch because the debt is not their fault. Some Panellists are also more likely to think that switching is acceptable is the debt is low value or a much cheaper tariff is available with another supplier.

Panellists have more sympathy with more vulnerable and less affluent consumers who have incurred debt. As an example, they think existing arrangements where customers with pre-payment meters (PPMs) are able to switch are fair.

If customers with debt can switch, they would expect debt to be transferred to the new supplier. If the debt incurred is a result of supplier error, many Panellists also think a portion of the debt should be written off by their existing supplier as a goodwill gesture.

Appendices

Appendix 1: Handouts to support debt discussion

DEBT OBJECTIONS: HOW IT WORKS AT THE MOMENT

Customers who are in debt might want to switch to a different (possibly cheaper) tariff with another supplier.

However, it is more difficult for the current supplier to reclaim debt when a customer switches.

So the current supplier may object during the switching process, stopping the switch.

NOTE: customers using a pre-payment meter with debts less than £500 are able to switch supplier and transfer their debt to the new supplier.

IF CUSTOMERS WITH DEBT CAN SWITCH SUPPLIERS

How should it work?

- Should the old supplier keep the debt or transfer it to the new supplier? [e.g. a new supplier might 'buy' £500 of consumer debt for £450)

Are there any exceptions?

How should they pay back the money they owe?

What responsibilities do suppliers and customers have?

How do you feel about the possible implications for all consumers?

IF CUSTOMERS WITH DEBT COULD SWITCH SUPPLIERS

There might be a few implications:

- Increased costs for all consumers
- Greater use of security deposits
- Suppliers making more customers use pre-payment meters

BUT, it might also lead to:

- Customers accessing cheaper deals and paying back debt more quickly and easily
- Greater competition in the market (and so lower prices)
- Better and more prompt follow up from suppliers around debt

IF CUSTOMERS WITH DEBT CAN'T SWITCH SUPPLIERS

How should it work instead?

How can they pay back the money they owe?

What responsibilities does a supplier have?

What responsibilities does a customer have?

HOW CUSTOMERS END UP IN DEBT

Customers can be in debt for a number of reasons:

- **Not paying bills on time** (e.g. can't afford to / don't want to / ill or on holiday)
- **Submitting incorrect meter readings over time** (deliberately or accidentally)
- **Supplier has underestimated usage over a number of months** (e.g. if no meter readings provided or taken)
- **Backbilling** (catch-up bills that can lead to debt if they're big)

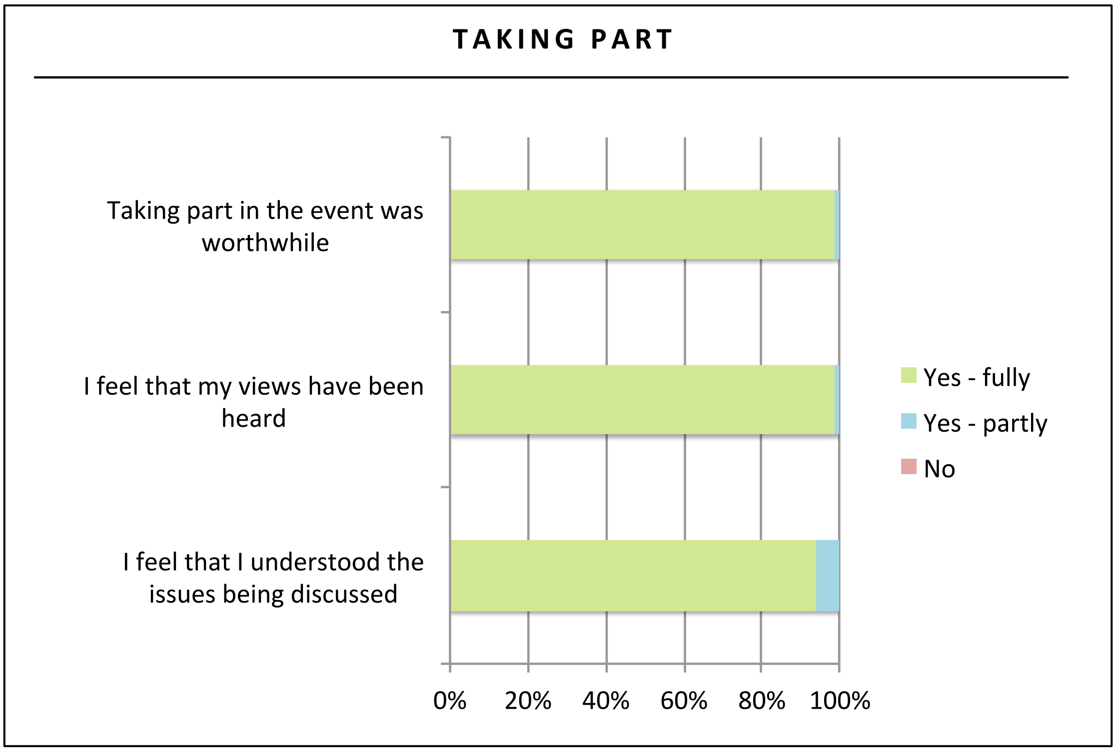
Appendix 2: Panellist feedback

Continuing the discussion

After the end of each session, we pulled together the key messages from each to share with Panellists and invited further reflections. We set up an on-line forum for those who were happy to contribute this way. Those without Internet access (or who preferred to be contacted by post) received the feedback via post. They were given a stamped addressed envelope so they could return their comments to us. We received responses from 12 Panellists in total, so just under a fifth of the Panel engaged with us after the workshop sessions. The comments they made have been incorporated into this report.

Taking part in the Panel

Panellists were very positive about their experience of taking part in the Panel. The graphs below are based on the responses of 64 people.



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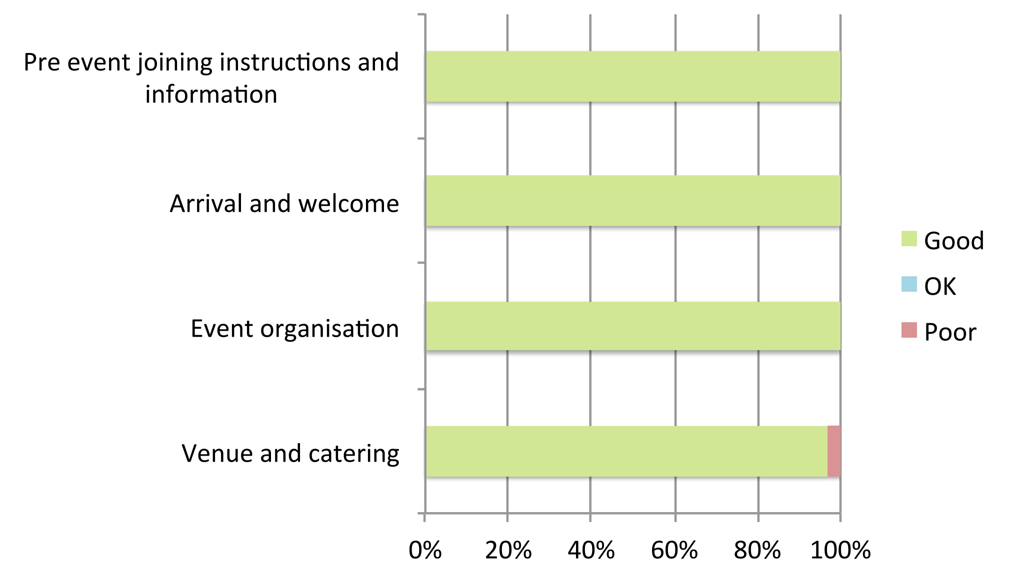

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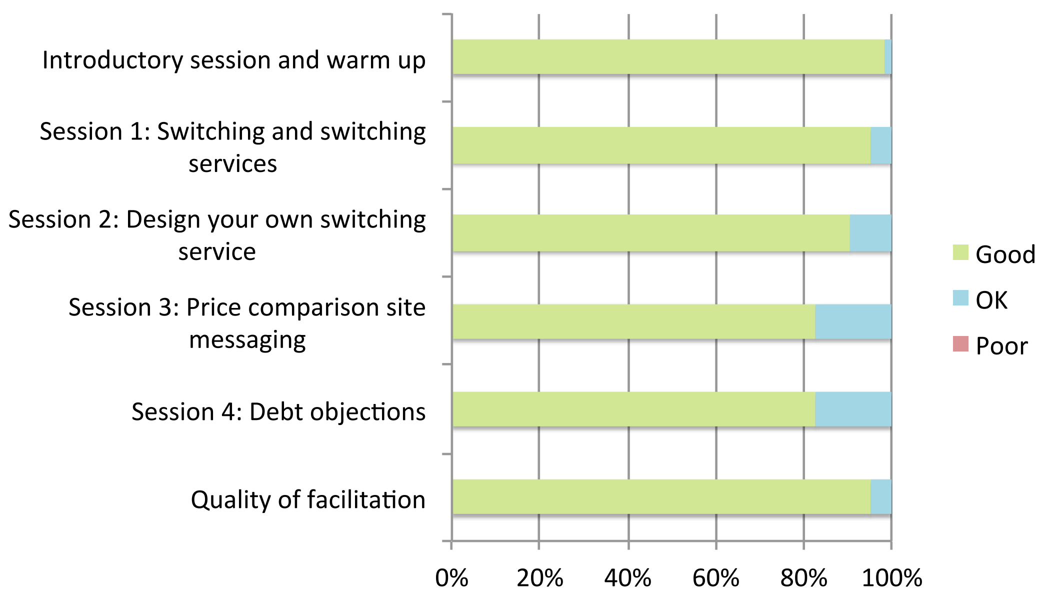

Appendix 3: Panel recruitment criteria

Demographics	Energy consumer characteristics
Age	Current supplier
Gender	Off gas grid
Ethnicity	Mix of payment type
Disability	Fuel poverty
Housing tenure	Level of engagement with the energy market
Employment	
Family Status	
Low internet use / access	
Socio-economic group	
Urban / rural	