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via Email to: prepayment@ofgem.gov.uk

Dear Steve,

Thank you for the opportunity to respond to the open consultation with regards restricting of the ability for suppliers to recover genuine costs associated with executing a warrant. I have structured our response against the questions which you have posed in the consultation letter, together with some additional narrative.

We would firstly like to gain confirmation from OFGEM as to whether the Gas & Electricity Act allows the regulator powers to enforce a restriction upon suppliers recovering legitimate costs, associated with applying for and executing a warrant. Before any new licence conditions are imposed we feel that this unanswered question must be resolved to ensure, legally OFGEM have relevant authority in mandating such change.

Question 1: Do you agree with the outcomes intended as a result of our policy detailed in paragraph 2.4?

Our current practice is, and has always been to identify vulnerability if not already known during times of debt recovery. We adopt different debt treatment paths depending on the customer's circumstances. We would prefer an agreed principle (rather than prescription) to ensure that only when appropriate to the customer's circumstances, warrant charges are recovered. When warrant costs are recovered the charges are transparent and justified to cover the supplier's costs in applying for, and executing a warrant. Our warrant process is only ever used as a last resort when customers refuse to engage with us; in some cases we are unaware of a customer's vulnerability until the warrant has been raised.

We don't disagree with the objective's intent but feel that the principle of the right outcome for the customer is key. We are signatories of the EUK 10 Pre Pay Self-Disconnection principles and follow the principles laid out within the EUK Safety Net. The licence conditions, in particular SLC28.1A – Safe & Reasonably Practical also govern suppliers in how the installation of a Pre Payment Meters is managed; additional prescription therefore isn't necessary.

Question 2: Do you agree with our preferred option as detailed in paragraphs 2.8 to 2.10?

We do not agree with the preferred option as detailed. As a small supplier we have to ensure that our operating costs are kept as low as possible to ensure we don't unfairly pass on costs to all customers, capping warrants to £150 wouldn't cover all of the costs associated. Where a customer is not vulnerable and rather than "can't pay" they "won't pay" we feel this is unfair to pass on the residual cost of a warrant to all customers. We would therefore welcome distinctions between the different customer types in your final decision to ensure that customers who actively avoid paying energy bills who are in a position to do so are charged the full cost of a warrant.

Our final point on this question is the definition of 'severely financially vulnerable'; we feel that suppliers should be trusted to comply with the principles of ensuring those who are vulnerable are treated according to their situation, one person's severity of financially vulnerable maybe different to the next person. The use of warrants



is usually due to the customer refusing to engage or fully engage with a supplier; therefore it is difficult to determine their true situation which in some cases a warrant assists with forcing the conversation to enable the supplier to provide the protection required.

Question 3: Do you have views on any further unintended outcomes which could be realised in addition to the risks outlined in paragraphs 2.47 to 2.50?

Our views in terms of the proposal have many unintended consequences across all suppliers, potentially all customer types and the industry as a whole. Pre Payment meters are only ever forcibly installed by Good Energy when it's the most appropriate action to be taken in terms of debt recovery. Restricting or removing the ability of suppliers installing pre payment meters for debt recovery could exacerbate the situation where a customer is unable to appropriately manage their energy debt using a credit meter. We already, as a supplier have difficulties setting customers on schemes such as universal credit and deductions from benefits through the DWP, whilst these schemes should immediately assist customers on a credit meter repay debt it's sometimes months before the payments begin to be made through the system. Pre Payment meters being installed for some vulnerable customers is sometimes the most responsible course of action a supplier can take, after exploring whether the installation of such a meter would or would not adversely impact the customer further.

In addition, the principle of overall fairness needs to be considered to ensure that customers who pay their bills on time and don't get into debt are not subjected to increases in bills. The overall unintended consequence may result in supplier's debt rapidly increasing with limited options of recovery. We, as an industry need to work together on reducing debt in the energy industry, something which these proposals do not appear to support.

Question 4: Do you agree that the cap should be applied when the warrant process is not completed and that no further detail is necessary? (See paragraph 2.54)

We disagree that the cap should be applied when the warrant process is not completed as costs are still accrued by suppliers. If in the event that a customer cooperates before the warrant is executed and the warrant visit is cancelled we would only ever charge the application of the warrant. This supports our previous point that costs should be recovered which are transparent & justified from those customers who are not financially vulnerable or where a warrant charge is not going to adversely impact their debt position further. In both cases this has to be on a case by case basis with the principles of the right customer outcome being achieved by the supplier.

Question 5: Do you agree with the proposal for a new debt proportionality principle (as detailed in paragraphs 2.59 to 2.66), in that this would not be limited to warrant activities and would require costs and actions relating to ALL debt recovery activities (including transfer objections) to be proportionate? Do you have any views on unintended consequences of this broad scope?

We do not agree that debt treatment charges or action should be proportionate to the amount of debt. In all cases, as stated previously we would use the warrant process as a last resort and only use where we feel that it's in the best interest for the customer in controlling the current 'uncontrolled' debt. Our principle is to intervene as early as possible to avoid the debt increasing further beyond the customers means. To send debt letters, make phone calls, produce reminder bills, complete ability to pay assessments, execute warrants and the installation of a pre-payment meter costs the same to suppliers whether the debt is £100 or £1000. We feel that early intervention by suppliers engaging with customers through whatever means is the most responsible course of action. Introducing a proportionality principle may result in suppliers waiting until the debt is at a high enough level before taking necessary action.



Question 6: Do you agree with our definition of “under warrant” to mean a warrant that would authorise the installation of a PPM. Do you have any views on unintended consequences of this narrow scope?

We feel it worth noting that applying for and executing a warrant isn't necessarily restricted to the outcome being the installation of a Pre Payment Meter. The installation of the PPM can be the end result of the warrant being executed, however our main intention is to firstly engage with the customer to discuss the options available and establish the best debt repayment option for them. Visiting their home under warrant may result in vulnerability being identified or severe financial vulnerability being uncovered. Where we are unable to have these discussions due to the customer not engaging with us, a warrant sometimes is the best option for the customer. Handled responsibly, the most appropriate debt recovery tool available is the installation of a Pre payment meter, which may or may not be installed under warrant.

I trust our response assists with your consultation, on the whole we feel that the principle of the customer outcome is the most appropriate conclusion.

Kind Regards,

Peter Berry
Senior Compliance Manager
Good Energy

