

Direct debits

What **you** need to know

What can you do to make sure you are paying the right amount? What can you expect from your supplier when they review your payments? And what happens when things go wrong?

Direct debit is one of the **quickest and easiest** ways to pay energy bills. Over 56 per cent of customers pay their energy bills in this way and your supplier may offer a discount if you pay by this method.

Ofgem wants you to understand how to get the best out of paying by direct debit. This includes making sure you are paying the right amount and that you know what to expect from your supplier.

You can keep this information handy, so you can refer to it when it's time to review your direct debit payments.



What you can expect from your supplier:

Information on how your direct debit is calculated

Your supplier should clearly explain this. All suppliers must take all reasonable steps to ensure that your direct debit payments are based on the best available information, for example, on how much energy you have used. If you are an existing customer, your payments will be based on energy use over the previous year with adjustments if there have been any price changes. If you are a new customer, the payments will be based on a number of factors including previous meter readings and the number of rooms and/or the number of people living in the property.

Information on why your direct debit needs changing and by how much

If your payments need to change, your supplier must explain why. If they need to be increased you will also be notified at least 10 days in advance. However, if you don't understand why your payments are increasing don't be afraid to contact your supplier and ask for an explanation.

What you can expect from your supplier cont:

Information on when you can expect a refund if your account is in credit

Details of the largest suppliers' current refund policy can be found in the table below. Your supplier must refund credit which has accumulated in your account whenever you request it, unless there are reasonable grounds for withholding that credit. Your supplier must let you know the reasons for withholding any credit and you will be able to challenge this if you consider it to be inappropriate.

The Department of Energy & Climate Change (DECC) has been in discussions with energy companies to provide customers with an automatic refund if they have a credit balance over a minimum threshold at an annual review. Alternatively, the credit can be rolled over to the next bill if the customer prefers. Please see attached link to DECC's website: <https://www.gov.uk/government/news/energy-companies-to-offer-direct-debit-refunds-to-british-households>

Regular reviews of your direct debit payments

These are usually completed twice a year. Information on the largest suppliers' review periods can be found in the table overleaf.

Information on what will happen if you still owe money at the end of the payment year

Some suppliers may take this money from your account as a lump sum. Others may spread the debt over the next year. If you are in debt, your supplier's repayment plan should take into account your ability to pay.

A clear response to any question or complaint

If your supplier is unable to answer your question or resolve any complaint to your satisfaction within eight weeks, you can ask that your complaint be referred to the Ombudsman Services: Energy.



What you can do:

Read your electricity and gas meters regularly

By providing regular meter readings to your supplier you can make sure you are only paying for the energy that you have used. This also gives your supplier an accurate starting point for reviewing your monthly direct debit payments. Contact your supplier if you need advice on how to read your meter.

Check your bills when they arrive

If your bills are estimated, check the estimate against your meter and if they are different, contact your supplier to give them an actual reading.

Let your supplier know if your circumstances at home change

If your situation changes and you are concerned about paying your bills, you should contact your supplier. They will be able to give you advice on the different payment methods and tariffs available, eligibility for the Warm Home Discount scheme and grants for insulation.

Asking about a refund

Before requesting a refund, remember that any credit built up over the summer will be used to pay for higher energy use over the winter. If your supplier has recently changed their energy prices, this may affect your future bills.

Think about what matters to you

The table below shows some of the different ways the largest suppliers handle direct debits. If you are unhappy with your supplier's approach, you might like to consider switching supplier.

Largest suppliers' current direct debit practices

	British Gas	EDF Energy	E.ON	Npower	ScottishPower	SSE
Number of attempted meter readings per year	1-4 dependent on customer readings received	1-4 dependent on customer readings received	2 - 4 depending on area	2	2	2
Number of reviews/ assessments of direct debit accounts per year	At least 2 times per year	1 annual review, 1 request for a read at approx 6 months to conduct interim review. Additional assessments may be conducted dependant on reads received from the customer	Up to 4 times per year	2 and upon request	1 annual and on receipt of actual meter read	1 annual review and up to 3 interim reviews (as required)
Frequency of customer direct debit statements	6 monthly (option to have quarterly) Online customers quarterly	Annually, at interim review and on receipt of a meter read (only where not received within 70 days of last bill)	Quarterly	6 monthly(option to have quarterly) Online customers quarterly	6 monthly (online customers quarterly) or on receipt of actual meter read	6 monthly (option to have quarterly)
Time of year when credit should balance	Anniversary date	Direct Debit annual review date	Annual review date	Direct debit annual review date	Annual review	Anniversary date
Automatic credit refund amount at review date	£5 if actual meter reading received in the last 4 months	£40 or more refunded automatically, but all customers' requests considered	£5 only if actual meter reading received in the last 6 months	Over £5 at annual review based on actual meter read	Customers can choose from 3 options*	£5 if based on meter read
Amount for manual credit refund	Upon request if based on a recent meter read	All requests considered. This could result in a change of ongoing payment value if requesting a refund of a plan balance	Upon request if based on meter read	Any value upon request if based on meter read	Upon request if based on actual meter read	Upon request if based on meter read.

*1. Refund any balance >£75 refund (applied as default if the customer hasn't made a choice)
 2. Full credit balance refunded 3. Credit balance retained to reduce ongoing payments

Correct as at January 2016.
 We have asked the largest suppliers to notify Ofgem of any changes to these policies but consumers should check with their supplier for their current policies

Useful contacts



Citizen's Advice

The Citizens Advice consumer service provides free, confidential and impartial advice on consumer issues. Contact the Citizens Advice consumer helpline on: **03454 04 05 06.**

Ombudsman Services: Energy

The Ombudsman can investigate complaints from domestic and micro-business consumers that the energy supplier or network operator cannot resolve to the customers' satisfaction. They can normally deal with

a complaint if it has been with the energy company for 8 weeks or if the company has declared the complaint deadlocked (i.e. they have said they can do no more) whichever is the earlier. The Ombudsman can ask the energy company to apologise and can direct a company to take practical action to resolve a complaint and, in some cases, make a financial award. They can be contacted on: **0330 440 1624.**