

Prepayment self-disconnection and self-rationing: a call for evidence

December 2018

- 1. Are there any categories that we have not captured in Table 1? We welcome views and evidence on the main causes of self-disconnection and groups of customers who are more likely to self-disconnect and experience detriment.**

Low customer knowledge is a main self-disconnection category that leads to instances of customer error. Prepayment meters are difficult to understand for many customers who have had them for a long period of time, let alone those who have inherited them recently. There are two areas where we have seen user error due to lack of knowledge:

- Change of tenancy: Bulb has experienced cases of members unaware that they have a prepayment meter or that their debt is running out as they have inherited a prepayment meter.
- Debt recovery: Some members self disconnect through fear of 'losing money'. As they top up infrequently, build up of standing charge debt also increases the likelihood of going off supply. Due to reduced top ups the member is then reluctant to put any more on the meter and not receive energy.

Affordability is another reason for self-disconnection. We have observed two key drivers of this:

- Budget management: Bulb finds that members reduce the priority of spend on energy as their budget decreases during the month. In response, we apply discretionary credit later on in the month when members receive their paycheck.
- Change in circumstances: We have seen member self-disconnection cases which are provoked by a sudden change in income or benefits. Our dedicated team has allowed us to provide extended support for these members.

- 2. We seek views and evidence on how self-disconnection and self-rationing is being monitored for customers on traditional PPMs. We welcome views on how effective current practices are.**

At Bulb, we are taking the following measures to monitor self-disconnection and self-rationing with our members:

Reactive measures:

- We find that the majority of self-disconnection cases are reported by the member after the incident.
- We make sure we can respond quickly and expertly to these cases by having a part of the member service team dedicated to our prepay members.
- As part of our service promise, this means that these members can expect a response within 10 seconds on the phone, 1 hour on email or 10 seconds on chat. We issue [automatic compensation](#) to members when we miss these service levels (i.e 5 minutes phone wait or 5 working days for an email).

Proactive and preventative measures:

- We proactively analyse the top ups and emergency indicators in the dataflows we receive for our prepay members to monitor self-disconnection and self-rationing. First, we identify members who have topped up less than would be required to keep their meter on supply in given time frame. Second, we contact these members with a prompt to top up or offer other assistance.
- We offer credit meters to members who are in vulnerable circumstances and are at risk of self-disconnection when on prepayment meters.
- We have a dedicated service team for prepay members who regularly check in on the most vulnerable members and work with them to change the recovery rate throughout the year to ensure the debt can be repaid and the member never goes off-supply.

3. We seek evidence of examples where PPM customers were at risk of self disconnection or who self-disconnected for affordability and/or operational and/or forgetfulness reasons, the impact on these customers, and how the situation was resolved.

Below we have set out specific, anonymised examples of members who were at risk of self disconnection..

Member 1:

This was one of our earliest prepayment customers. The member was in a vulnerable situation and had an extremely low income. She informed us that she would not be able to top up for another two weeks.

To resolve this, rather than having to issue discretionary credit and place the meter in further debt, we noticed that the member had come through to us on a Referral Programme. This entitled her to £50 which we refunded her. This prevented an off-supply scenario and helped us to create positive and ongoing engagement with the member.

Member 2:

This vulnerable customer requested that a prepayment meter be installed in order to help her repay her debts. Before installation we made sure she had all the information she needed about the meters. We also initiated contact with the carer to ensure that she could help the member access a top-up point when she needed to. In this case, we were able to minimise the likelihood that the member will face self-disconnection as a result of her vulnerability. This demonstrates the importance of fully understanding a member's circumstances before installing a prepayment meter as well as the benefits of regularly check-ins from a team of dedicated specialists.

4. We seek views on what great support service looks like for customers at risk of self-disconnection or who self-disconnect. We welcome examples of supplier good practice in dealing with self-disconnection and self-rationing.

At Bulb, we focus on delivering great service to all our members. We have a dedicated member service team for our prepay members.

We are consistently voted in the top few suppliers for customer service by Citizens Advice. In [their most recent report](#), we placed 4th. Our Trustpilot rating is 9.4/10. At the beginning of this year, we decided that we would pay compensation to every member who had to wait more than 5 minutes on the phone or more than 5 days for an email reply. We're going to keep doing that. We'll also recruit and train even more Energy Specialists. And our technology teams will concentrate on automating more and more processes – so our Energy Specialists can spend more time on the phone with people who need them.

We are also working on improving how we communicate specifically with our prepay members to keep them informed and updated on the specific issues that might impact their accounts. For example, we designed specific outreach communications for our prepay members helping them learn about potential issues over winter and how to avoid them. We also have specific Help Page online for these members which we are improving over time based on user research.

There are a number of ways that the industry could improve processes to support members at risk of self-disconnection. We would be happy to meet with Ofgem to discuss these further. These include:

- Sharing the Priority Service Register between suppliers - this would ensure that it is not a disincentive to switching.
- Improving the metering information contained in dataflows - this would allow suppliers to analyse usage and top up history and contact customers before an incident happens. Campaigns and education for prepay customers to help them understand reasonable usage.

- Speeding up interoperability of SMETS1 prepayment meters - this will help avoid unexpected off supply situations which arise when suppliers fail to switch SMETS1 meters into credit mode.
- Pushing towards standardisation of SMETS 2 prepayment meters in areas such as detailed dataflows, emergency credit and friendly credit - this will allow customers to be more familiar on how to stay on supply.
- Supporting newer and smaller suppliers with access to all meter types so they can respond quickly and easily to emergency meter exchange requests.
- Developing consistent, industry wide regulations for suppliers to follow with regards to emergency and friendly credit policies.

5. We welcome views from all stakeholders on the emergency, friendly, and discretionary credit functions. How well do you think these features work?

Bulb's experience is that there is a lot of confusion regarding emergency and friendly credit and this increases the likelihood of self disconnection. We've observed confusion to arise because:

- a) Meter manufacturers use different default configurations causing inconsistency across meters. This increases the need to tailor responses to individual cases.
- b) Older legacy prepayment meters have different functionalities and this makes it difficult for suppliers to accurately inform customers of all different scenarios they can face.
- c) Each supplier has their own principles and emergency/friendly credit allowances. This causes confusion for customers when they switch.

At Bulb we focus on communicating simply and transparently with our members to minimise any confusion. In particular, we have trained and set up specialists within our service team who focus on our prepay members. We are also continually updating our website and help pages to ensure that members can find the information they need it, when they need it.

7. We welcome views on how you perceive the collaboration between stakeholders should operate and what type of organisations you believe will play a central role in this process.

Here are some challenges that we have seen that relate to collaboration across industry players and some suggestions for reform. We would be happy to meet with Ofgem to discuss these further.

Variation in meter types: Manufacturers have developed many different types of meters that operate in various ways. This creates confusion for members. It also increases cases of self-disconnection and self-rationing, due to a lack of understanding on how the meter operates.

Debt Assignment Protocol: We have observed varying, and often slow, response times of DAP departments within suppliers, which can cause switching delays for our members. Switching delays have knock-on effects such as meaning a member remains on a higher tariff with the previous supplier or misses deadlines for rebates such as the Warm Home Discount.

Carrying across the PSR across suppliers: It is not always straightforward to identify vulnerable members, which means vulnerable members might not quickly and easily get the tailored service that would support them and help prevent self-disconnection. We would support moves towards a shared or centralised PSR to enable all suppliers to improve support for their vulnerable customers.

Variation in payment mechanisms and store availability: Not all gas cards can be used with every gas prepayment meter. Since small and medium suppliers do not have the same network and reach of larger suppliers. This can mean that customers cannot pick up a gas card as easily from a local shop and may need to wait for one to arrive in the mail. At Bulb, we are mitigating this issue by widening the distribution of our prepayment cards. This is a significant effort and is likely not to be finalised until 2019. It would be hugely beneficial if all gas and electricity prepayment meters could accept any brand of card.

Standardisation of PPMIPs: There are a variety of PPMIPs in the electricity market (e.g. Eon and Itron) and there is no standardisation of their basic functionality. Moving towards standardisation would make switching easier and improve the experience for prepay customers across the market. On the other hand, the lack of competition in the gas market, where there is only one PPMIP, arguably limits innovation and improvement.