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Sent by email to [CDconsultations@ofgem.gov.uk](mailto:CDconsultations@ofgem.gov.uk)

Dear Arina

**Proposals to improve outcomes for consumers who experience self-disconnection and self-rationing – Fuel Bank Foundation Response**

Thank you for providing the opportunity to respond to the above consultation. Note that our response to the consultation is not confidential and we are happy for it to be placed in the public domain.

Self-disconnection and self-rationing are significant and material issues that impact many households across Great Britain. Often hidden and not frequently discussed, self-disconnection has existed for many years and has the potential to have a long-term impact on the health and well-being of households who regularly live without energy to heat their homes or to cook food.

The Fuel Bank Foundation was initially established by npower in 2017, building upon npower's Fuel Bank programme that was launched in 2015. As a Foundation with independent Trustees and registered with the Charity Commission (charity number 1175049) it has a clear vision of a UK where everyone has access to energy for heating and eating, with an objective to develop sustainable solutions to support families who are unable to top up their prepayment meters. With innovative investments, partnerships and research, the Foundation wants to widen availability for Fuel Bank support, whilst raising awareness for the heat or eat dilemma and to bring about energy system change.

To date over 250,000 people have been supported across Great Britain through Fuel Bank. The Fuel Bank provides a simple and timely intervention delivered at the point where individuals and households are in crisis and have either run out of money to purchase energy, or have already self-disconnected. Delivered in the community, largely through a network of volunteers, the Fuel Bank 'tops up' electricity and / or gas pre-payment meters with an objective of allowing the gas to start flowing and the lights to come back on again within a couple of hours. The Foundation targets services where our research tells us that families are

most likely to either self-refer or be referred, or simply 'go for help'. As a result we work with a range of local and national charities and bodies across Great Britain who deliver the Fuel Bank service on our behalf in food banks, in money and debt advice services, in community groups and with housing providers. Using the Indices of Multiple Deprivation to ensure geographical targeting in the areas of acute need, Fuel Bank Foundation research has identified that 94% of people who have been helped are absolutely at the point of crisis, without funds to purchase energy. 44% of people supported report an improvement in physical health from our intervention, and there is a similar 40% improvement in mental health and wellbeing.

An intrinsic part of the Fuel Bank proposition is that not only is financial support gifted, advice is also provided about other ways to save energy, or to save money spent on energy bills. This is a key principle of our service and one that aims to create sustainability and reduce the threat of reliance. In addition any money gifted is just that – it is paid without obligation for it to be repaid – whilst being offered to customers of any supplier where we are able to 'top up' their meters. Our latest insight highlights the importance of taking the service to where people are already presenting and to not make them overcome unnecessary hurdles to get help. Only 9% of customers will contact their energy supplier to advise them of the situation they are in. Although initially appearing very low, supplementary questioning also highlighted that families who were struggling to pay for household essentials were highly unlikely to tell their local supermarket or petrol station that they couldn't afford food or fuel for their car respectively. Personal poverty is private and is not something that everybody is comfortable discussing widely. It is essential therefore to ensure that all support provided does not oblige a customer to contact their energy company because this is something we know will not happen. It is also important to acknowledge that although suppliers can help support households who are self-disconnecting, low levels of household income often sit behind self-disconnection and this is not something that suppliers can necessarily address in isolation.

**Question 1: Do you agree with our proposal to require suppliers to identify prepayment self-disconnection and the associated proposed licence conditions?**

Although important for suppliers to be aware of the risk of self-disconnection, it is unrealistic to expect suppliers to be able to specifically identify each incident of self-disconnection prior to the completion of the smart meter roll out to all pre-payment metered customers. Currently suppliers are only able to identify changes in frequency or value of money spent 'topping up' pre-payment meters and although this does provide some insight, it can struggle to adjust with seasonal variations in consumption and / or money spent, in addition to missing those households who may frequently self-disconnect for a day or two. Prior to the completion of the smart meter roll out we propose that suppliers should be obliged to proactively identify potential households at risk of self-disconnection and to put in place strategies to mitigate the risk. This could include providing better budgeting tools and advice to allow payments to be smoothed over a year, in addition to highlighting those organisations or tools who / that may be able to provide support where self-disconnection is becoming a real risk. Post smart meter roll out we believe that all suppliers should have access to data that highlights that a customer is about to self-disconnect, or has self-disconnected and so at that point any advice provided can become much more targeted.

**Question 2: Do you agree with our proposal to require suppliers to identify self-rationing and the associated proposed licence conditions?**

Self-rationing is more complex to determine and although supportive of using big data to drive to improved outcomes, we do not believe that this is something that could be achieved in the short term, if only because of the level of consent and customer support that would be required. The Fuel Bank Foundation's model is to understand the lived experience of people and families who require support prior to implementing any change and we would therefore advocate that research and insight is obtained from households who ration their energy use to allow us to ensure that any intervention put in place delivers more positive outcomes and removes any detriment.

**Question 3a: Do you agree with our proposal to require suppliers to offer emergency and friendly credit functions for all customers?**

From working with third sector partners it is clear that much complexity is caused by suppliers being able to choose the value of emergency credit, and the periods when any friendly credit might apply, if that company elects to provide it. As a result, inconsistent advice is provided because third party advice agencies are unable to differentiate between the different offerings of various suppliers. We would therefore propose some consistency across the industry with standard emergency credit values for single rate electricity, multi-rate electricity and gas meters, with a national commitment that 'your meter won't switch off between X and Y' hours.

**Question 3b: Do you agree with our associated proposed licence conditions? Please refer to Appendix 1 for the draft licence conditions**

It is for Suppliers to comment on the proposed Licence Conditions, but it is important to recognise that emergency and friendly credit are provided on an adhoc basis as and when the customer runs out of credit during 'friendly' hours, or triggers the 'emergency credit' functionality on their meter and as such a conversation with their supplier around ability to repay the amount loaned is unlikely. To be efficient we would propose standard repayment rates across the industry that are deemed to be fair, whilst also ensuring that the level of money repaid was not so low that it had the result of not allowing the emergency or friendly credit to be available in the short term should it be needed again.

**Question 4a: Do you agree with our proposal to require suppliers to offer discretionary credit for customers in vulnerable circumstances?**

Discretionary credit is different from the Fuel Bank proposition because it requires repayment by the customer to their supplier. Although sensible we have come across cases where discretionary credit has been provided repeatedly for good intentions, but as a result the customer has become more indebted. The Money & Mental Health Policy Institute refer to cases where increased levels of indebtedness can lead to increased anxiety and so it is essential to ensure that discretionary credit is only provided where it will deliver a positive outcome.

It would be preferable that whenever discretionary credit is offered, this is coupled with additional support, advice or referral to specialist third parties to identify and address the original reason behind the customer seeking discretionary credit. Obliging all suppliers to offer discretionary credit to vulnerable customers will provide a degree of consistency that doesn't currently exist and we would therefore be supportive since this will simplify the message provided by support and advice agencies.

**Question 4b: Do you agree with our associated proposed licence conditions?**

As with question 3b, it is for Suppliers to comment on the proposed Licence Conditions.

**Question 5: Do you agree with our proposal to incorporate the Ability to Pay principles in the supply licence?**

As with previous questions, it is for Suppliers to comment on the proposed Licence Conditions.

**Question 6: Do you agree with our proposal to update the Ability to Pay principles to reflect changes in supplier debt recovery practices? Are there other changes that we should implement?**

Debt recovery practices is not something that the Fuel Bank Foundation has examined, and so therefore are unable to provide any comment.

Please don't hesitate to contact me if you would like any further information, or if indeed a visit to a fuel bank centre would be useful in your deliberations.

I look forward to speaking soon.

Best regards,

Matthew

Matthew Cole  
Chair of Trustees – Fuel Bank Foundation