Understanding the experiences of heat network consumers

May 2025

Acknowledgements:

This research has been conducted by The Social Agency (formerly Basis Social) on behalf of Citizens Advice.

We would like to thank all the heat network consumers who participated in the research, discussed their experiences of being served by a heat network and how they think services and support could improve the experiences of heat network consumers in the future.

Our thanks also go to those stakeholders who helped us to identify some of the key issues impacting consumers, and in identifying and engaging with residents on heat networks.

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Foreword

On the 1st April 2025, Citizens Advice became the official consumer champion for heat network consumers. This means we now provide advice and support for this consumer group, and that we champion for better consumer protections where they are needed.

It is a privilege to represent this consumer group, and we are committed to our mission of being a strong and effective people's champion. To fulfil this role effectively, we need to understand how current rules are really impacting consumers. This research has provided us with the most valuable resource of all - lived experience.

The consumer experiences outlined in this report will directly inform the recommendations we make to decision makers, and will make our arguments all the more impactful.

Our thanks go to The Social Agency for undertaking this project with such care and attention to detail, and especially to all the participants who gave up their time to take part. Their contributions have allowed us to put real-life experiences where they belong - in the heart of what we do.

Citizens Advice

Executive Summary

Citizens Advice commissioned the independent research agency Basis Social to explore the experiences of 50 domestic heat network customers across England, Scotland, and Wales. This research was undertaken between December 2024 and March 2025. The aim was to understand changes in energy bills, access to support, the impact of affordability issues, problems related to debt, and the broader consumer experience of heat networks. This was undertaken as Citizens Advice prepares to take on a statutory advocacy role for heat network consumers.

A key finding of the research is that heat network consumers have experienced significant detriment due to substantial increases in their heating and hot water bills over the past 2-3 years, often doubling or tripling since the energy crisis began in autumn 2021. These increases have resulted in considerable stress and financial strain for many residents. The study found that all participating households had experienced increases in heating and hot water bills, leading to differing levels of financial detriment.

The research highlights several critical issues contributing to consumer detriment:

- **Lack of awareness and understanding of heat network provisions**: some residents, particularly those in newer properties or recent social housing tenants, were not initially aware that they were served by a heat network until they found out about rising costs.

- **Metering and billing issues**: frustration was common in unmetered properties due to a lack of transparency in charges, with residents feeling their usage wasn't reflected in bills. Even in metered properties, some struggled to understand their usage or meter readings

- **Bundling heating and housing costs**: not all suppliers separated heating and hot water charges from other service charges or rent, a practice known as 'bundling'. Bundling of heating and hot water with rent (and other service charges) in unmetered properties could lead to the risk of eviction for non-payment of increased charges.

- **Standing charges**: for consumers in metered properties, and particularly those on prepayment meters, the high fixed standing charges were highly problematic, often outweighing any savings from reduced consumption. Even when usage was minimal (e.g., during hospital stays), the high standing charges caused debt to build up.

- **Inefficient and unreliable infrastructure**: participants reported issues with heat loss due to poorly insulated pipes and faulty thermostats, as well as frequent breakdowns leading to inconsistent or absent heating and hot water supply. Leaseholders were particularly concerned about the potential costs of major works to address issues with heat network systems. A related concern was the quality of service from suppliers responsible for maintaining heat networks, with residents questioning the performance and accountability of contractors.

- **Retrospective tariff increases and back-billing**: a significant issue was the application of retrospective tariff increases and unexpected back-bills due to infrastructure changes, administrative errors, or incorrect meter readings, leaving residents with large, unforeseen debts.

- **Lack of transparency and communication**: residents consistently reported that communications regarding bill increases and breakdowns were unclear, not in plain English, and lacked transparency about where their money was going. Obtaining satisfactory responses to queries was often difficult. Participants frequently described customer service as unhelpful, uninterested, and inadequately trained, with long wait times and difficulties contacting suppliers. There was a widespread view of a lack of duty of care from management or customer service representatives.

The impact of these affordability issues was wide-ranging, affecting residents' finances, health, well-being, and daily choices. Many faced difficulties managing household budgets, relying on savings or family support, and some had to cut back on essentials like food and clothing. The inability to afford adequate heating led to health problems, and the stress and anxiety associated with high bills took a toll on mental well-being.

Experiences with energy debt collection practices and dispute management were largely negative. Residents reported receiving demanding and confrontational communications, including threats of disconnection, even when they were actively trying to engage with suppliers. Mixed messages from customer service representatives and automated communications exacerbated anxiety. Disconnections, although relatively rare, did occur, sometimes with little notice and even for vulnerable individuals. Threats of eviction were reported in some cases where heating and hot water charges were bundled with rent.

The residents' experiences highlight the critical need for effective Heat Network regulation. A strong regulatory framework, with clearly articulated consumer rights and expectations, is the only way to ensure accountability and consumer protection.

Part 1.

About the report

Overview

As Citizens Advice moved into a statutory advocacy role for consumers of heat networks, they commissioned independent research agency The Social Agency to engage with a cross-section of domestic heat network customers who faced financial detriment. This report presents insights from 50 households from across 19 heat networks in England, Scotland and Wales engaged through the research that took place between December 2024 and February 2025. All households had experienced increases in bills for heating and hot water, resulting in financial detriment.

Citizen's Advice have been calling for heat networks to be regulated since 2017. Following a Consumer Market Authority study in 2018, the government recognised heat network consumers were struggling with poor service and weak protections, and passed laws.

In recognition of the issues faced by heat network consumers, in December 2021 the government announced that Ofgem will be the regulator of heat networks in Great Britain.[1] This means that the regulator is set to play a key role in setting out and enforcing rules which protect consumers.

Citizens Advice will take on a new role as the statutory consumer advocate for heat networks consumers in England and Wales from April 2025, with Consumer Scotland providing a similar role in Scotland. This means that they will be able to champion consumer rights and deliver advice services to people served by heat networks.

Context to the research

Between 500,000 and one million households and businesses across Great Britain get their heating and hot water from heat networks. This is equivalent to 3-6% of all homes.[2] Heat networks are generally considered efficient ways of delivering heat, as they benefit from large-scale heat generation and can use waste heat resources like biomass. As such they can play a crucial role in the government's policy ambition to achieve Net Zero by 2050. It is estimated that heat networks could supply up to one-in-five (20%) homes by 2050 to enable the UK to reach Net Zero.[3] This means millions of additional people potentially being supplied by heat networks over the coming years.

Heat networks supply heat from a central source to consumers, via a network of pipes carrying hot water. These are referred to as communal networks which heat two or more dwellings within one building (such as flats), or district networks, which connect multiple buildings across larger areas. There are around 14,000 individual heat networks across the UK. Heat network consumers have no choice over which company supplies their heating and hot water – it will usually be their building owner or a company appointed by them.

Heat network residents often have to interact with several different entities, including:

- The property management company/landlord who owns and maintains the building
- The heat network operator who maintains the physical infrastructure
- A metering and billing company handling usage and payments
- Sometimes a separate customer service provider
- Sometimes an energy service company

Heating and hot water are essential to life services. But, despite being natural monopolies with long contracts, current consumer protections for people on heat networks fall far below those for mains gas and electricity as these are industries regulated by Ofgem. Organisations including Citizens Advice, Heat Trust, Fuel Poverty Action and Which? have all previously highlighted concerns about how heat networks operate - high prices, inaccurate bills, mis-selling and poor customer service - and the negative impacts these have on consumers.

Heat networks are particularly attractive for high-density urban developments and have historically required substantial capital input. For this reason, many of the existing heat networks supply people that live in urban council or social housing. As well as being more likely to be social renters, heat network consumers are also disproportionately more likely to be low-income consumers, have more additional needs such as long-term illness and disability, and be from ethnic minority groups. As such consumer harms are more likely to be felt by minoritised communities and people at greater risk of vulnerability.[4]

As Citizens Advice move into their new advocacy role, they want to understand the issues that consumers of heat networks are facing as they work to make sure that the new regulatory framework fully addresses the most common and harmful issues in the market. This research is intended to inform the work of Ofgem, the government and other stakeholders in the sector.

Methodology

This research involved a mixture of **face-to-face and online depth interviews** with heat network consumers in England, Wales and Scotland. The research was focused on generating evidence and insights around five key areas:

1. How heat networks consumers have experienced changes to energy bills over the past 2-3 years
2. What support consumers have been able to access, to help them manage their energy bills
3. The impact of affordability issues on heat network consumers (e.g. health impacts of under-heating or trade-offs)
4. What drives problems related to debt, and how heat network consumers experience energy debt collection practices and the management of disputes
5. The broader consumer experience of heat networks and the problems they experience (including metering and billing, difficulties implementing energy efficiency measures, issues with reliability and/or overheating)

The participants of this research (i.e. heat network consumers) are referred to as 'residents' throughout the rest of this report.

The aim was to take a **place-based approach**, carrying out interviews with several households within each heat network site. Place-based research, in which one interviewer speaks with multiple residents from a single site, allows the research team to both build stronger relationships within a community (enabling snowballing of interviews for example) and to capture a greater breadth of location-specific insights.

Heat network sites in which there had been significant increases in heating and hot water bills, and where consumers were facing financial detriment[5], were identified through a range of routes including:

- Desk research (searching for heat network sites where there had been identified issues with financial detriment, e.g. as reported by regional or national news websites)
- Through recommendations from Citizens Advice, Consumer Scotland and the Heat Trust
- Through recommendations made by stakeholders in the Social Club[6]

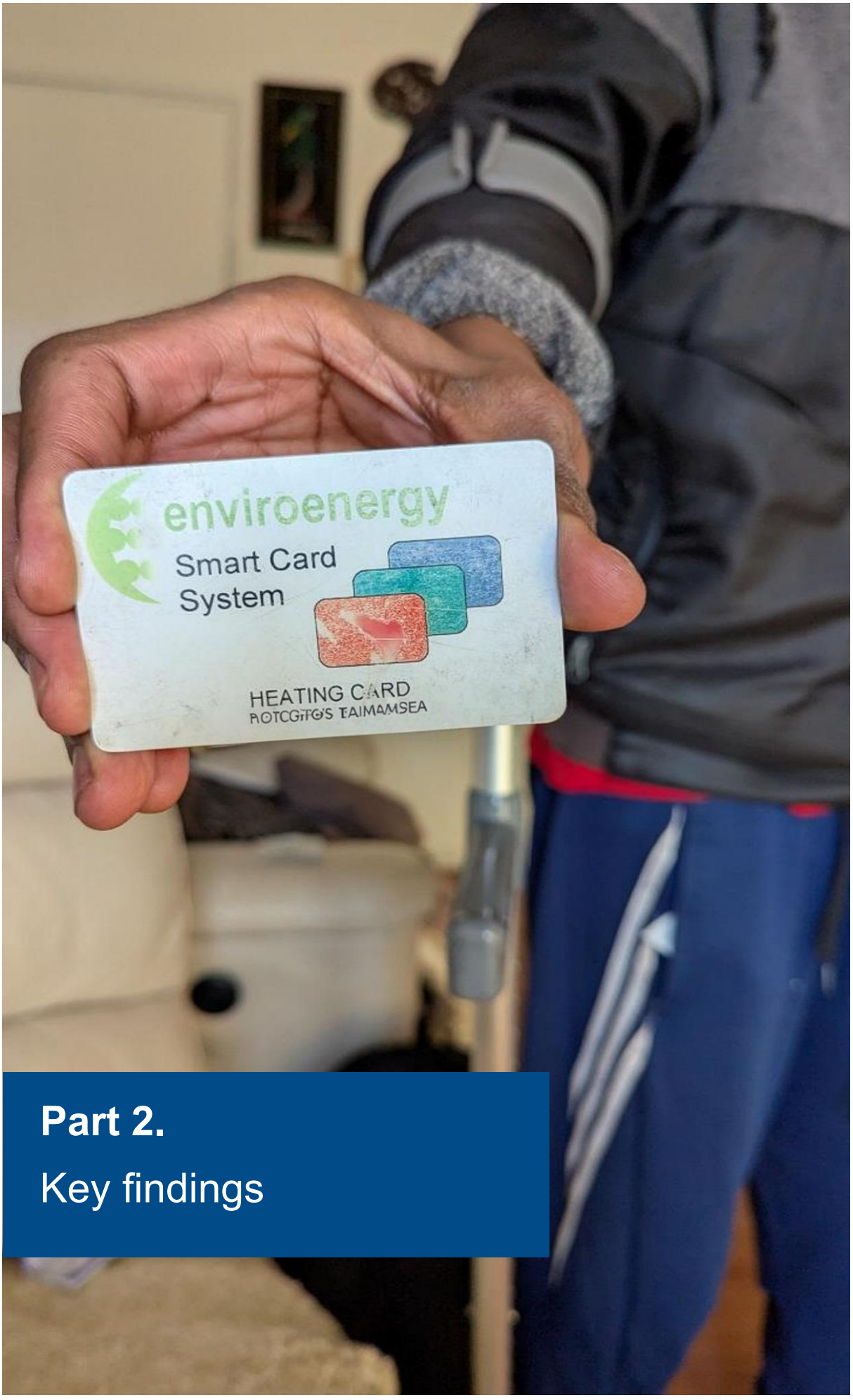
Over two waves of fieldwork, The Social Agency engaged with **50 households from across 19 heat network sites (and 10 locations)**.[7] This included a good spread of different types of heat networks (both locations, size and operations) and households (including tenure, payment methods, income and socio-demographics). Further detail on the achieved sample is included in the appendix.

Interviews lasted approximately 60 minutes, and included (where possible) residents providing examples of bills and communications around their heating and hot water.

A small number of residents (n 6) were invited to take part in a second stage of filmed case study interviews. These interviews were intended to help bring to life themes identified within this report.

Many of the residents involved in this research were in vulnerable circumstances, typically financially but also in relation to mental and physical health conditions. They were not always able to provide copies of heating and hot water bills, and in discussing communications and management of disputes, could struggle to distinguish between the different companies and organisations involved in the running and administration of their heat networks. The lack of standardised evidence here makes it difficult to identify specific patterns of experience between different types of heat network site (e.g. those run by a local authority as compared to a housing association, for example).

To inform the development of a discussion guide for use with consumers, The Social Agency held discussions with representatives of Citizens Advice, Consumer Scotland, the Department for Energy Security and Net Zero (DESNZ), Heat Trust, National Energy Action and Ofgem.



Part 2.

Key findings

Consumer awareness and understanding of being on a heat network

We spoke with residents in a wide range of tenure situations. Some owned the leasehold, others were private or social tenants. In the majority of cases, residents were able to reflect on having lived in their property for a number of years, allowing them to compare experiences of current heating and hot water bills with those before the 2021 energy crisis. Many residents who were social tenants, or had bought their property under the right-to-buy scheme had been resident for several decades, in some cases as much as over 40 years.

Most residents knew that they were served by a heat network – better understood as communal heating. However, few had actively looked into this or seen it as a factor that had influenced any decision to rent or buy their property. Owners or private renters on sites built more recently (within the last 20 years) were less likely to have been aware that their energy was supplied by a heat network. Similarly, so were social tenants that had moved into their property in the past few years from properties not served by a heat network. That was until the rises in heating and hot water charges caught their attention, and they tried to find out more.

> *"To be honest, I didn't know [about the heat network]. It was just pretty much when I moved in, it was like a house. I did see the radiators, but it was the first time I've dealt with radiators and my own self."*
>
> Social tenant with a disability or health condition I Prepayment meter

Residents on heat networks often highlighted the **initial attraction of living in a property served by a heat network**. They spoke about how heat networks felt reliable, at least in theory. This was because they were reliant on a professionally maintained and centralised, large-scale source, rather than individual boilers. Having a constant supply of hot water at a predictable cost meant residents could feel in control of their heating and hot water, both in terms of the cost and in not worrying about heating over the winter months. The relatively low cost of ongoing service charges (including, where separated, of heating and hot water charges) were felt to have been very reasonable up until a couple of years ago.

> *"At the time I didn't mind. It didn't bother me at all because the bills were really cheap. Like they came in so, so cheap for hot water."*
>
> Private tenant I Individual payment (not bundled) I No health condition or disability

While it was not a large influence on resident experiences or feelings toward their own heat network, a minority of people did highlight how heat networks should – again, in theory – be better for the environment. Their potential to be more efficient was seen as a positive, and made people feel better that their energy was coming from a more efficient source (particularly where energy could be generated through renewables as opposed to the burning of waste).

"My understanding was heat networks were put into buildings to be environmentally friendly, reduce waste, cost-effective X, Y and Z."

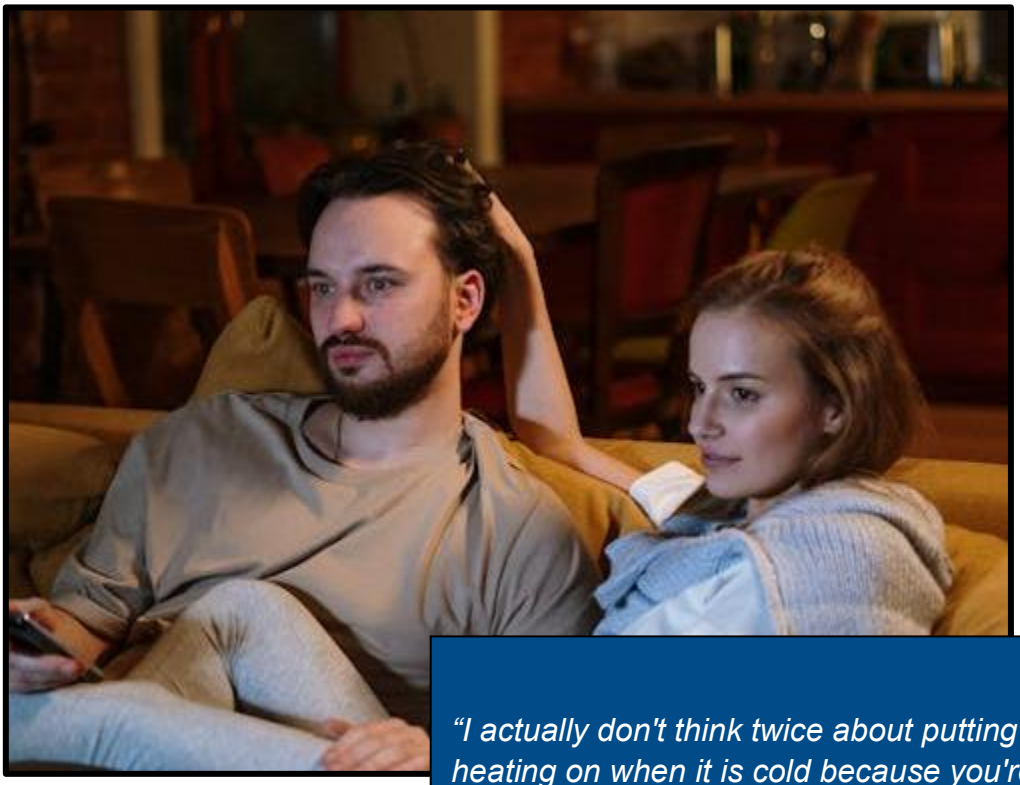
Private tenant I Individual payment (not bundled) I No health condition or disability

However, the reality of living in a property served by a heat network could be quite different to the supposed benefits. The focus of this research was primarily on how consumers can struggle with affordability, and this is covered in detail within the sections that follow. However, increases in bills were only one issue experienced by residents on heat networks. Residents also experienced inefficient and unreliable heat network performance, concerns with the maintenance and management of heat networks, costs associated with wider major works, and unsatisfactory customer service. These factors all influenced how people experienced changes to their heating and hot water bills, and need to be understood before exploring how consumers are managing these bills.

Metering issues experienced by people on heat networks

As mentioned previously, not all residents were aware that they lived in a property served by a heat network, in particular private or social tenants that had moved into the property relatively recently. Different heat network sites operate differently in terms of **metering use**. Where meters are in place, heating and hot water bills are based on what residents use, or credit is pre-paid manually. In other sites there is no metering, and residents instead pay a service charge, which may or may not split out heating and hot water from other charges, including rent. It was more common for residents in unmetered properties to become frustrated at the lack of transparency in their heating and hot water charges, and that their actual heating and hot water use was not being reflected in their charges. In some cases, residents showed letters and emails in which the supplier had deemed meters 'not cost effective' by comparing the cost of installation and operation with the likely savings within a property over a 10 year period.

Not all suppliers separate out heating and hot water from other service charges and rent in unmetered properties. This is known as 'bundling'.



"I actually don't think twice about putting the heating on when it is cold because you're like, well, this is a gold plated £5,000 a year heating system, so I might as well get my money's worth."

Owner I Individual payment (not bundled) I No health condition or disability

Difficulties understanding heating and hot water use

A small number of residents in metered properties had faced **issues with understanding their heating and hot water usage**, either because this was not easily available to them or because they were unable to understand their meter. The lack of information led to challenges in feeling any control over their heating and hot water usage. Furthermore, many of these same residents were in more vulnerable situations, with experience of mental health issues, which could present further challenges when seeking more information.

> *"I think more than anything it was the complexity of how to use the heating system...After about a year I'd got into debt through no fault of my own. The heating, as I mentioned at the beginning, nobody showed me how to use the actual heating system and it hadn't been working correctly, so I'd been incorrectly charged."*
>
> Social tenant with a health condition or disability I Direct debit (not bundled)

The heat network sites covered within this research ranged in age from under 20 years old to over 50 years old. Regardless of age, there was a relatively high degree of **variability in the performance and efficiency** of heating and hot water infrastructure. It was not uncommon for residents to highlight how their properties were often too hot (particularly in the summer months) due to issues with poorly-insulated pipes leaking heat and issues with thermostats no longer working, or no means of controlling the temperature of individual radiators (beyond on and off). Residents believed that the poor insulation of pipes translated to a higher energy consumption. While this was not an issue when the costs of energy were lower, with the increase in the wholesale energy prices this inefficiency was felt to (unfairly) contribute to higher bills for residents.

> *"[NAME OF LOCAL AUTHORITY] estimates that about 40%[8] [of heat] is lost due to inefficiency losses through the distribution network."*
>
> Owner I Individual payments (not bundled) I No health condition or disability

> *"So part of the problem is the fact that these heat networks are inefficient. So there's a lot of wastage. So the gas, the boiler is on the roof. It's got to shift this hot water through these pipes as the pipes cool it down before, so there's a lot of wastage in between and they keep breaking down, so they keep having to be fixed."*
>
> Social tenant I Prepayment meter I No health condition or disability

Heat networks in the UK can be traced back to the early 20th century. The first significant district heating system was established in the 1950s in London, specifically at the Festival of Britain site on the South Bank. However, the concept of centralised heat distribution has roots in earlier industrial and municipal developments.

Reliable heating and hot water – even if this was “too hot” in a number of instances - was something that most residents saw as a benefit of heat networks. However, residents also highlighted issues with the **reliability** of their heating and hot water, with many reporting "frequent breakdowns and a lack of consistent heating or hot water”. In some instances, this included examples of being without heating and hot water for up to several months.

> *“The heating hot water system isn't terribly effective and it breaks down quite a lot. The main problems are the inconsistency in hot water. You can be standing in the shower and suddenly goes cold, which is shocking.”*
>
> Owner I Direct debit (not bundled) I No health condition or disability

Inconsistency in heating and hot water was typically associated with issues with the heat network infrastructure (either the central heat source breaking down, or leakages in the heat network pipes). Infrastructure issues were often seen to result from ageing systems and gradual decline getting to a point where it was difficult to see how issues would be addressed without significant investment. Many leaseholders were concerned about the potential costs of major works to the heating and hot water system, alongside other works already planned or taking place. This was seen as presenting a major obstacle to homeowners ability to sell their property.

> *“Our heat network is now apparently getting to this age where we're going to have to shell out thousands of pounds to fix it. I don't know how people are going to deal with it. A lot of people don't have £2,000 in their bank account to pay for that.”*
>
> Owner I Direct debit (not bundled) I No health condition or disability

> *“Well, they're great flats but I would say don't touch it with a barge pole until all this [major heat network works] gets sorted out.”*
>
> Owner I Direct debit (bundled charges) I No health condition or disability

The **management and maintenance of heat networks** was undertaken by different organisations, including local authorities, housing associations or dedicated management companies. Residents highlighted concerns at the quality of service received in maintaining heat networks where ongoing performance issues occurred, leading many to question the performance and accountability of maintenance contractors. A related issue was where residents highlighted examples of major works undertaken to 'fix' or upgrade heat networks (e.g. to a more sustainable means of energy generation such as a heat pump), which involved large costs passed on to leaseholders. These bills were a cause of major pain for some residents. An equally important issue was the subsequent and recurring problems with efficiency and reliability following major works. Residents reported feeling that they were locked into paying for a substandard service and that contractors were taking advantage of this situation.

> *"The high cost of repairs. Yeah, just what the money is spent on. There's no accountability, either for residents or for the council."*
>
> Owner I Individual payments (not bundled) I No health condition or disability

> *"Service charges are going up largely because of the equipment being faulty, constantly getting fixed. Everything is failing in the building and this just adds to it. It's scary."*
>
> Owner I Individual payment (not bundled) I No health condition or disability

It was common for residents to highlight broader concerns with the performance of suppliers in managing properties under their control. There was a widespread view of management and performance inefficiencies, not just in relation to their heating and hot water, but across sites more broadly. Major works bills, back-billing due to inaccurate estimates of usage, and wider infrastructure and upkeep issues on housing estates, all had a significant impact on how residents felt about their (increasing) heating and hot water bills.

> *"It's ludicrous and it's very annoying. There's clearly serious levels of incompetence and lack of a duty of care and you just feel like you're being treated with contempt and that makes me very angry."*
>
> Owner I Direct debit (not bundled) I No health condition or disability

Lastly, residents consistently highlighted the poor quality of customer service from those managing a heat network site, typically associated with the consistency, tone and form of communications around bills. These are covered in more detail in the sections which follow, but have resulted in deteriorating relationships between residents and suppliers.

Changes to heating and hot water bills over the past 2 - 3 years

Over the past few years, consumers have experienced **significant changes in their heating and hot water bills**, with dramatic increases being a common theme. These changes have been a source of considerable stress and financial strain for many residents.

> *"I think it was when we started getting, you know, your estimated bill is £3,000. I was like, oh, Jesus... And then this year it's just like, oh my God, that is crazy."*
>
> Owner I Individual payments (not bundled) I No health condition or disability

> *"My heart just sank and I thought, 'oh, I don't know, this is going to get out of control'. I thought, 'it's going to keep going on and on and I'm going to be left with no money'."*
>
> Social tenant I Direct debit (not bundled) I No health condition or disability

Many residents recalled that their heating and hot water costs had been relatively stable for many years. The main changes (outside of any major works) followed the start of the energy crisis in autumn 2021, however, most residents saw their heating and hot water bills rise most dramatically in 2023. The majority of consumers involved in this research reported that their bills have doubled or even tripled over the past 2-3 years.[9]

Some indicative examples of how quickly costs escalated included:

- Leaseholder in Edinburgh property – annual heating and hot water rose just £34 between 2016/17 and 2023/24, but then jumped £976 in 2024/25 (an increase of 243%)
- Social tenant in London property – annual heating and hot water cost rose £2840 between 2022/23 and 2023/24 (an increase of 367%)
- Leaseholder in Manchester property – monthly (metred) heating and hot water rose £8.57 per month between 2021/22 and 2023/2024 (an increase of 337%)
- Social tenant in Glasgow property - annual heating and hot water cost rose £900 between 2022/23 and 2024/25 (an increase of 81%)
- Social tenant in Cambridge property - annual heating and hot water cost rose £2316 between 2022/23 and 2024/25 (an increase of 166%)

Issues with retrospective tariffs, back-billing and standing charges

One leaseholder in a London property highlighted how their overall service charge had increased 117% from £2,312 in 2021/22 to over £5,000 in 2023/24, and that the estimated bill for 2024/25 stood at nearly £4,300, of which over half (£2,670) was formed by heating and hot water charges.

Particularly problematic for this leaseholder, and an issue that was more common amongst owner-occupiers on non-metered properties in this research, were **retrospective tariff increases**. In this case for 2023/24 the leaseholder's estimated bill was £3,040 whereas the actual bill came in over £2,000 more. This was largely driven by costs associated with heating and hot water (including a higher unit price for energy than the estimates provided, as well as maintenance issues).

Residents impacted by retrospective tariff increases typically faced large bills - in the region of thousands of pounds. This often led them to agree to repayment terms with their supplier or billing company which doubled their monthly repayments (often on top of estimated costs which themselves had increased year on year). For all but the most financially resilient residents this was extremely anxiety-inducing.

> *"The big difference,, especially in recent years, between the estimated and the actual service charge has added to the whole sense of concern around it."*
>
> Owner I Individual payments (not bundled) I No health condition or disability

'Retrospective tariff increases' are applied when there is a discrepancy between actual and estimated energy costs (based on differences in estimated incoming fuel prices, maintenance and inflation). Suppliers are able to apply an increase in the rate charged per unit of energy to energy already consumed.

A small number of residents reported **heating back-billing**, where residents received a communication informing them that they owed money for heating and hot water used over 12 months prior. These back-bills resulted from changes to infrastructure or systems, or administrative mistakes, leading to errors in meter readings and billing. Residents included private and social tenants, some of whom struggled to manage with the additional costs. It was also not uncommon to hear challenges to inaccurate back-bills raised by consumers leading to refunds being made (i.e. due to mistakes being identified in the actual costs of supplying or maintaining heating and hot water).

'Back-billing' is when a consumer is charged for gas and electricity used 12 months prior (and in housing legislation, it's for housing costs 18 months prior). Bills for energy used within those time frames, including bills resulting from updated meter readings/ resolved discrepancies, are known as 'catch up bills'.

"So last year we got our normal £75 a month thing and then in August we got a letter from them saying that the meter readings that were being taken were incorrect and there was a shortfall of - for me - £1,000."

Owner I Direct debit (bundled) I No health condition or disability

"We got a letter when it was now, I think, like May last year, and they said, as we previously told you, we're raising our energy bills. We forgot to implement this. So we've been backdating it, but nobody received any communication that the bills were going up. And so everybody suddenly had backdated bills that added like a few hundred pounds on, bare minimum."

Private tenant I Individual payments (not bundled) I No health condition or disability

While the majority of residents had not received a back-bill or a retrospective tariff increase, all had been impacted by rising heating and hot water costs which were reflected in their weekly or monthly bills, or in the cost of topping up their prepayment meter. A significant portion of the increased costs was attributed to **standing charges** within metered properties, and this is reflected in bills which separated out heating and hot water. It was common to see increases over the past 2-3 years of 50-100% for the standing charge.

A 'standing charge' on an energy bill is a fixed daily fee, regardless of how much energy is used, that covers the costs of maintaining the energy supply and other related services.

"When I had a heart attack, I was in hospital for a month and my bill was still £60. I said, 'but I've not used anything'. They said, yeah, but that heat, that fuel still being sat on in your pipe. So we charge you for it."

Social tenant with a health condition or disability I Individual payments (not bundled)

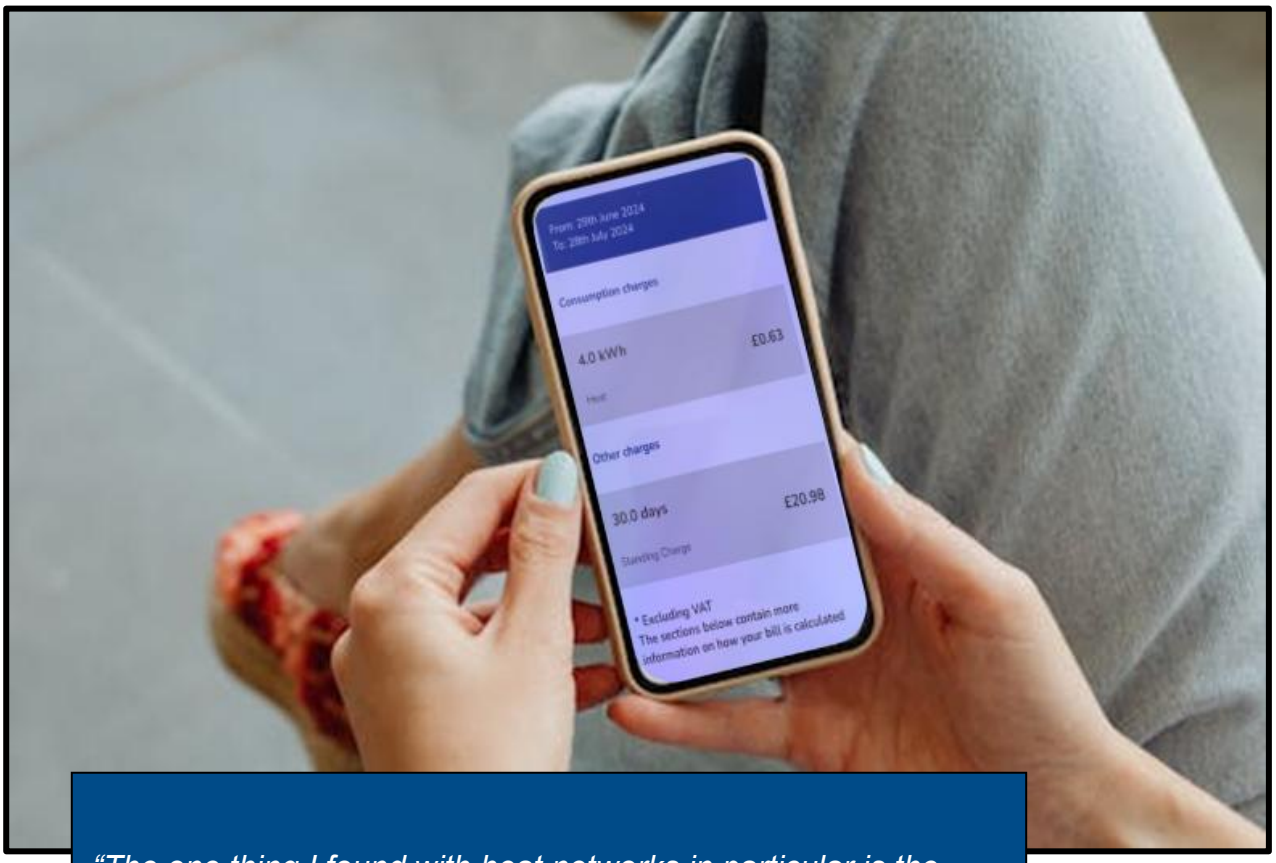
A key finding of this research is that heat network consumers have seen substantial and dramatic increases in their heating and hot water bills over the past 2-3 years. Whilst other costs such as maintenance fees and standing charges are contributing to this affordability crisis, persistently high gas prices have caused underlying energy costs to remain unaffordable.[10]

90% of heat networks use at least some natural gas.[11] The majority of these will use non-domestic or commercial contracts to supply this energy. Commercial energy contracts are not protected by the price cap, which often results in higher prices.

Consumer experiences of these high prices will vary, depending on factors such as contract lengths and the ability of the supplier to subsidise costs.

As is the case in the mains gas and electricity market, the fixed standing charge could be highly problematic for consumers on prepayment meters. As illustrated below, even when significantly limiting how much heating and hot water they used, the standing charge remained, and could result in people getting into arrears in spite of their efforts to reduce (or even stop) their energy usage.

One participant highlighted how "the standing charge outweighed any savings I tried to make".



"The one thing I found with heat networks in particular is the standing charge. It makes up the majority of my bill, which I find very bizarre. I pay more in standing charges than I do in usage."

Social tenant with a health condition or disability I Direct debit (not bundled)

Issues experienced with supplier communications

While the actual costs are what drives financial challenges, this wasn't helped by **bills which are rarely clear in terms of how charges are broken down**, meaning that people could struggle to understand why charges are increasing. This relates both to ongoing heating and hot water charges (particularly where there is no metering at a household level), and any fees relating to maintenance issues (i.e. the cost of servicing and repairs of heat network infrastructure). Residents highlighted that while suppliers did communicate changes to prices by letter, these were not always written in plain English.

This example letter highlights a price increase, but the actual unit rate is reduced (while the standing charge is being increased by 100%).

We are changing your heating prices from 15 January 2024

We are writing to let you know that your Heat prices are changing from 15 January 2024.

Since your heating system was installed in 2019 we have attempted to keep the cost as low as we could for as long as possible, and this price increase represents the first time we have had to increase costs to you during this time because of the cost of the energy to ourselves.

In line with Enviro Energy who have reviewed the government legislation and regulations around the Energy Bill Relief Scheme (EBRS) for businesses public sector organisations your new tariff is compliant to these regulations and is in line with current district heat prices for their domestic customers.

Please see your new prices below which are valid until 14 January 2025.

		Current prices until 14 January 2024	New prices from 15 January 2024
Heating & hot water	Standing charge (per day)	£0.1500p per day if with NCCHS for electricity, otherwise £0.2500p per day	£0.3745p per day
	Unit rate (per kWh)	£0.400p per kWh	£0.0824p per kWh

Some residents believed suppliers and billing agents were not transparent about “where money is going, and what this is spent on”. Consumers in properties without a meter reported feeling that they "don't know what they are paying for” and would prefer bills to be "based on usage”. As detailed later in this report, many residents have had difficulty getting a breakdown of their service charges in non-metered properties.

One particular frustration is a perceived lack of transparency around the **differential cost between estimated and actual bills,** related to retrospective tariff increases, maintenance costs back-bills and inaccurate billing practices more generally. The majority of residents that owned their property highlighted how communications from suppliers were not clear and transparent in how their actual bills were calculated.

In many cases heat network suppliers referenced differences in the cost of energy at the point of supply which was understood, if frustrating. However, some residents were sceptical about this and pointed both to ongoing maintenance issues, inefficiencies in management or profit-making as contributing factors. One resident stated that "they underestimated the cost of boiler maintenance” and another noted that their heat network provider "passed all that [maintenance cost] on to us”. These maintenance charges were felt to be difficult to verify and were seen as evidence of mismanagement (or underinvestment) in the heating system.

> *“Every year that we've been here, it's been, ‘oh, we underestimated. You owe us more money.’ The big difference between - especially in recent years between the estimated and the actual service charge has - has added to the whole sense of concern around it.”*
>
> Owner I Individual payments (not bundled) I No health condition or disability

Residents in unmetered properties reported receiving **"very limited notice"** of the increases, and that there were fluctuations in bills for service charges. Some residents have seen costs go up and down with little explanation. Similarly, there was no notice of back-bills or retrospective tariff increases. It was simply the case that the supplier or billing agent notifies the resident of the discrepancy, immediately leaving the resident in debit. In some cases, such as the example above, this could run into thousands of pounds. Many residents reported that it was difficult to know what their bills would be from one month to the next, leaving some in a state of constant anxiety, and others concerned about whether they could afford to live in their property.

A common theme in this research was that residents sought to understand more about why their bills were increasing, and - where charges were seen to be unjustified or unclear – to have the opportunity to engage with their heat network provider or supplier over these charges. The experience of these communications was typically unsatisfactory, with organisations perceived as being deliberately obstructive or elusive in answering queries. This left many residents reliant on others' expertise. Those within residents’ associations were more able to access the accountancy or legal skills needed to unpack information provided in response to queries.

The financial impact of affordability issues on heat network consumers

Increased heating and hot water bills have had a wide-ranging and significant impact on people's lives, affecting their finances, health, well-being, and daily choices.

Many individuals faced **significant financial pressure** due to high heating and hot water bills. They were experiencing difficulties managing household budgets particularly within the context of a broader cost-of-living crisis. This could lead to a reliance on family for financial assistance and households using their savings to get by, as well as resulting in a cycle of debt, with some unable to afford essentials like food or clothing.

For some, heating and hot water costs consumed a substantial portion of their income. One resident we spoke with noted that their heating and hot water bills could account for 10% of their income. Another stated that they were paying about 5% of their salary on heating and hot water.

Residents we interviewed who had fixed and relatively low incomes (e.g. social benefits or pensions), and limited access to savings, were particularly vulnerable to the financial shock of increased heating and hot water costs. It was not uncommon to hear older leaseholders talk about using the last of any savings they may have had to pay a back-bill. Similarly, social tenants often highlighted how they had so little buffer in their finances that any change, even £10 per month difference, had the potential to significantly impact their budget.

> *"It's been a bit of a cycle. You know, you borrow money off one person, you have to pay that back, and then that leaves you short and they. Yeah, it's just not an easy cycle to get out of."*
>
> Social tenant with a health condition or disability I Direct debit (not bundled)

For everyone interviewed as part of this research it had **impacted choices and behaviours**. For some residents it meant no longer being able to justify relative luxuries such as a holiday, new clothes, streaming subscriptions like Netflix, afterschool clubs for their children or the rent on their garage. For the least financially resilient residents the choices were more stark, and often involved reducing the amount of money spent on food by restricting purchases, shopping around for the cheapest deals, or relying on food banks.

> *"Cutting down on like certain things that you usually spend on, so say like going out, even travelling, even treating yourself food. Some are necessities, some are things that you want, some are things that you need that you have to cut down on."*
>
> Social tenant I Individual payments (not bundled) I No health condition or disability

In response to higher bills, many residents in metered properties' first response was to **reduce their use of heating and hot water** to save money. Sometimes this was to the point of discomfort or health risk. This could mean using blankets instead of turning on the heat, taking shorter or less frequent showers, or only using hot water for essential tasks. Some residents had taken to installing electric heaters and electric showers, to take greater control over their heating and hot water costs.

"I try and not use as much heating as I should. I'm using the electric fire more than the radiator because the heating costs more than electric fire."

Tenant with disability or health condition I Individual payments (not bundled)

Health impacts for consumers struggling with affordability

The inability to afford adequate heating led to **health issues** for some residents. One person stated that they had a heart attack brought on by pneumonia due to being cold. Some residents reported "waking up freezing cold" and one said their "skin is falling off their fingers" due to the cold.

Most common was that stress and anxiety associated with high heating and hot water bills took a toll on residents' mental well-being leading to mental health challenges, including depression, anxiety, and feelings of helplessness. In part these arose in response to the bills themselves and the impact of rising costs (e.g. self-rationing of heating and hot water, reducing how much they spent on basic items like food and clothing, and using savings to cover back-bills). They also arose as people were exposed to financial shocks (in terms of regular increases in charges and/or discrepancies between estimated and actual bills) leading them to feel uncertain around what the future holds and their ability to cover their costs. This was particularly concerning for older homeowners who were retired and on fixed incomes, who worried about their ability to manage any further increases and that these might mean having to sell their homes.

> *"It's mostly the stress because you don't know what the bill is going to be. And it's also dealing with them. It's knowing if there is a problem, you've then got to contact them. They just don't listen."*
>
> Owner I Individual payment (not bundled) I No health condition or disability

For some residents there were also **physical health impacts** that resulted from heating and hot water affordability issues. Where people had a pre-existing condition such as arthritis or asthma, self-rationing - of heating in particular – worsened these health conditions, in turn impacting mental health.

> *"The first time they cut it off, I was in bed for two weeks because my arthritis flared up, you know, so I was sat with water bottles in the middle of the winter with no heating."*
>
> Social tenant with a health condition or disability I Individual payments (not bundled)

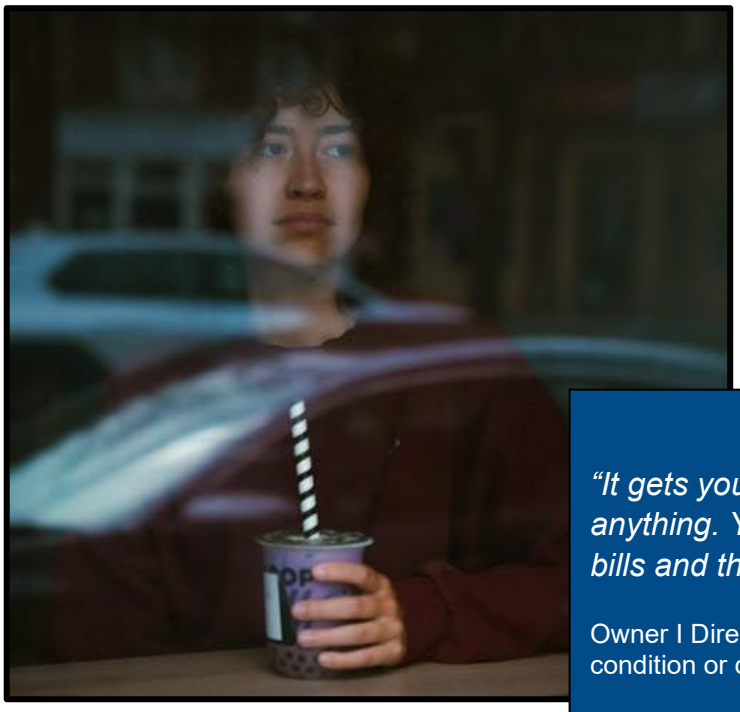
> *"I literally shower twice a week. I can't afford to have it on any longer, even though for my health - because I have hyperhidrosis - I need to shower daily. But I can't, so I have to have medicated talcum powder, which is another expense. I've had to cut down on my food and I eat cold food because I can't afford to cook it."*
>
> Private tenant I Individual payments (not bundled) I No health condition or disability

How residents manage increasing heating and hot water bills

Many residents responded to higher energy bills by taking actions to cover the cost of these increased charges. Some managed this by **changing their behaviours**, both relating to their heating and hot water, or wider choices (e.g. food, clothing or additional expenses). Some were faced with significant ad-hoc bills – i.e. as a result of a back-bill, a retrospective tariff increase or major works – particularly older leaseholders with fixed incomes. They managed the difference between actual and estimated costs by using what savings they had, or were reliant on support from family members (for example to pay for grocery shopping). Older participants highlighted how frightening it was to reach a stage of their life where they thought they were secure, only to have the cost-of-living rapidly change, placing them in a situation where they feared losing their property.

On the whole, participants understood that the energy crisis had prompted an increase in cost, and that their bills would rise. However, it was common for residents to report:

1. Concern over how rapidly and how significantly heating and hot water costs escalated, as well as the continued rise in bills in the years following 2021;
2. Confusion over communications and how bills were calculated, in particular standing charges, service charges, maintenance and major works charges;
3. Frustration at the inefficiencies in the heat network infrastructure serving residences; and
4. Dissatisfaction with the customer service of heat network suppliers and/or billing agents.



"It gets you depressed because you can't do anything. You know, you're faced with these bills and then you can't do anything."

Owner I Direct debit (bundled charges) I No health condition or disability

Challenges experienced in resolving issues

The combination of these factors often led residents – aside from the most vulnerable - to query whoever was seen to be running their heat network or managing the freehold. Participants sought information and a rationale for charges which were little understood. Their experiences **contacting suppliers about their heating and hot water bills** were often marked by frustration, difficulty, and a lack of resolution. This was often made all the more complex by having multiple organisations involved in different aspects of the heating and hot water provisions, making it difficult to know who to contact when issues arise that relate to both billing and performance. Providers were often reported to be 'passing the blame' for problems onto other companies, making it difficult for residents to get their issues resolved.

Many residents struggled to contact suppliers, facing long wait times or automated systems that did not address their specific needs. Difficulties getting through on the phone were commonplace, with some suppliers not providing a direct contact for customer service outside of a payments department. This caused residents to struggle with raising queries or complaints. The lack of responsiveness to communications also led to issues with addressing outstanding bills.

> *"No one has ever tried to call me to discuss this account. And they said, we sent letters. It goes, you can send letters all you like. I said, but every time you send a letter, I'd reply and email you and call you and you won't speak to me, so how am I supposed to figure this out?"*
>
> Private tenant I Individual payment (not bundled) I No health condition or disability

Even when residents did get through to a representative, they often encountered staff who they described as "unhelpful", "uninterested", or "inadequately trained". Some felt like they were reading from a script and were not truly listening to the issue. Many residents reported that customer service representatives show a lack of empathy and understanding of their situations. Some felt judged for not being able to afford their bills. Others felt they were treated like they were deliberately trying to avoid paying their bills.

> *"I had a meeting shortly before the court appearance [regarding rent arrears due to network debt] with the new estate director [who] admitted in that meeting I've been overpaying what they would expect. [He said] 'we would expect you to pay £10 weekly on top of your rent.' I've been paying the rent plus an extra £200 a month."*
>
> Social tenant with a disability or health condition I Individual payments (bundled)

It was common to hear of **complaints left unresolved** with a number of participants producing long email chains and records of phone conversations going back at least six months. These highlighted the challenges they faced getting access to information or resolution on situations where issues have been identified with bills and charges. A lack of transparency and clarity in how information was presented could lead some residents to simply give up, while others relied on either the expertise or sheer weight of numbers of other residents (e.g. via tenants or residents associations). In a number of instances heat network suppliers had acknowledged mistakes in calculations of bills and service charges, and subsequently issued reductions, or acknowledged inefficiencies in the heat network as a factor in the increasing costs. These served to increase participants' distrust and dissatisfaction with heat network suppliers.

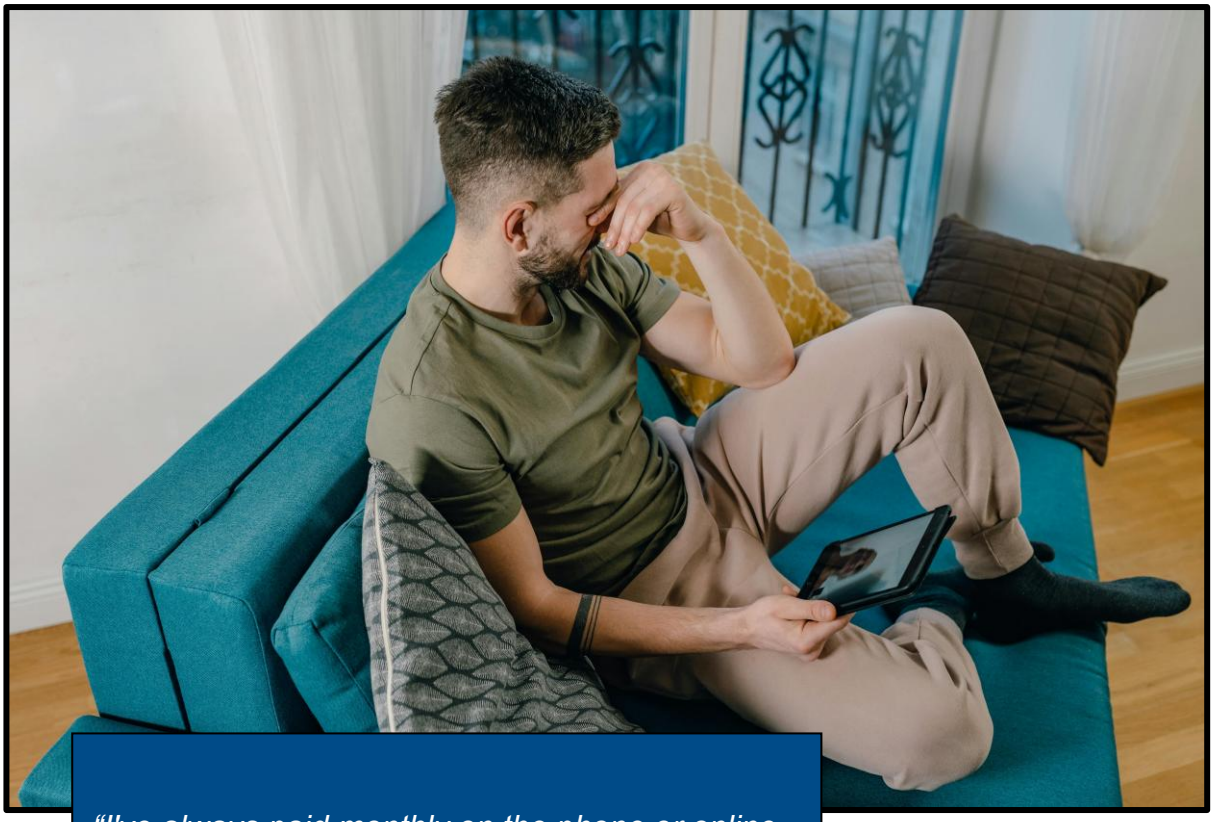
Often individual communications were undertaken in parallel with issues being raised by a residents association, management committee, or equivalent. These structures enabled residents served by the same heat network to share information about their charges, and to discuss and coordinate responses to heat network suppliers (e.g. collective actions around non-payment of bills). They also helped to raise issues with local councillors and support organisations such as Living Rent to draw attention to the issue.

Despite repeated efforts to contact suppliers, many residents felt ignored or dismissed. Some found that the only time heat network suppliers or billing agents were communicative is when they were seeking payment or negotiating payment. Residents spoke about feeling harassed if they were ever behind on paying their heating and hot water bills, particularly in instances where back-bills incorporated large differences between actual and estimated costs.

> *"To be honest, if they stopped sending me the threats. Threatening letters. Yeah, that would really help. Because I know what I'm doing and I know I'm trying to achieve."*
>
> Social tenant I Individual payments (not bundled I No health condition or disability

> *"I can't wake up without getting a threatening email or a letter about my heating the hot water, which I never use. Nobody will help us because we are not regulated."*
>
> Private tenant I Individual payment (not bundled) I No health condition or disability

One common way that participants managed changes to heating and hot water bills was to **take greater control** over the amount of money they spent on the heating and hot water. Residents who paid by direct debit had seen their costs both increase and fluctuate month-to-month over the past few years (in some cases changing by over 100% in any given month, regardless of usage). This could lead to them running out of money and no longer being able to afford basic necessities such as food and groceries. Many of the residents we spoke with talked about how they had switched their method of payment from direct debit to individual payments when their bills increased to better control their financial situation. This meant that they could delay when they paid their heating and hot water bill, or only pay part of it, to ensure that they could pay for other things (e.g. food and clothing), often for children rather than themselves.



"I've always paid monthly on the phone or online because I don't trust them. I don't know how much they're going to charge me."

Owner I Individual payment (not bundled) I No health condition or disability

There were also some residents – often the most financially vulnerable, who were also impacted by mental health conditions and/or wider life challenges – who did not engage either with communications or support. Examples of this included residents who **self-disconnected** from their prepayment meters (i.e. they stopped adding credit to their prepayment meter due to financial difficulties). While this reduced their expenditure on heating and hot water due to non-usage, they were still subject to a standing charge.

"I've gone without heating. Like that's one of the reasons why my heating system is blocked because I didn't switch it on."

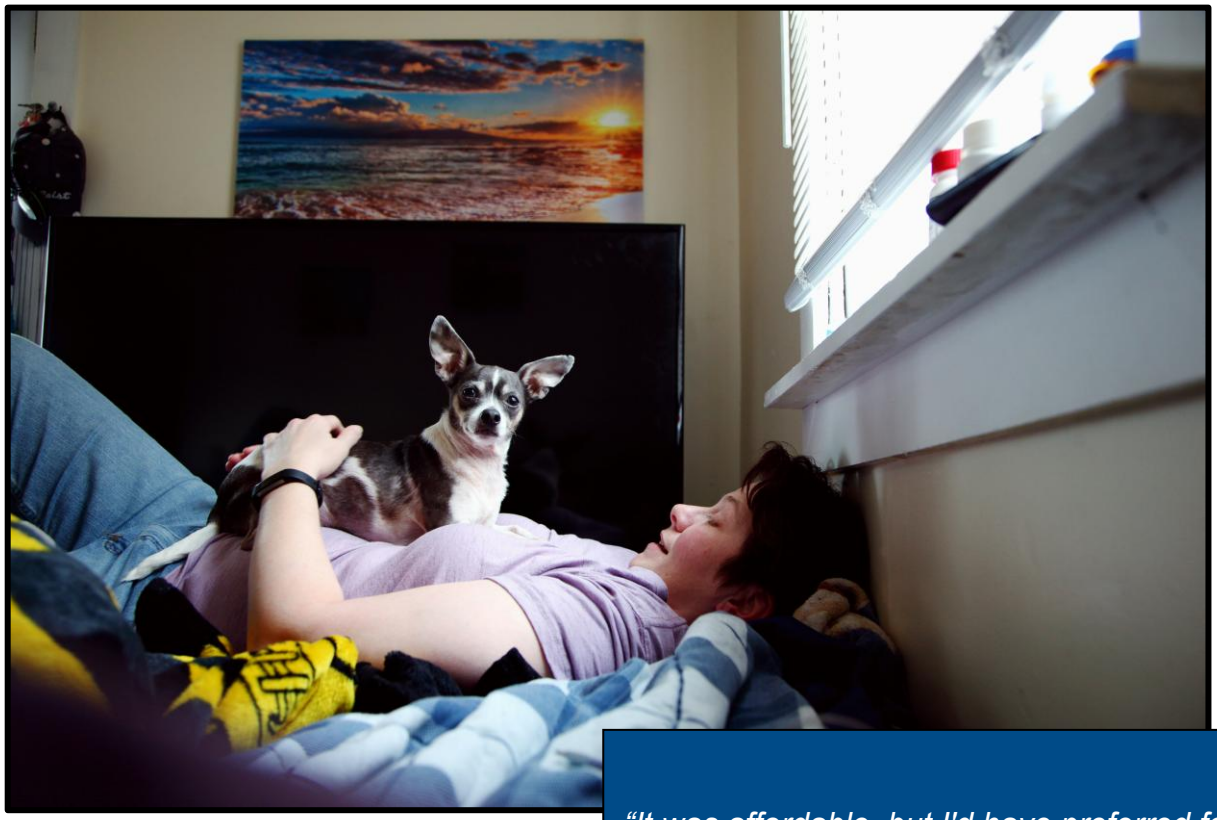
Private tenant I Individual payments (not bundled) I No health condition or disability

Managing debts and repayment plans

When facing difficulty due to the affordability of heating and hot water, some residents **negotiated** with their suppliers, agreeing a payment plan that allowed them to pay a small amount of their bill each month. These calls were seen to be relatively straightforward, in particular where the payments were felt to be affordable in the context of income and additional spending. Even then, some participants highlighted issues arising in which different staff within a heat network supplier agree to different terms, or where staff moved and negotiated bills became invalid.

> *"I've got over 16 complaint reference numbers that they've not addressed. Many people have payment plans set up with someone who worked in collections. Her name was XXX. And as soon as XXX left, they decided that all payment plans were invalid."*

Private tenant I Individual payments (not bundled) I No health condition or disability



> *"It was affordable, but I'd have preferred for it to have been over a longer period of time. They were very much. It's all about the money, money, money right now, rather than supporting me through the difficulties I was encountering at the time."*

Social tenant with a health condition or disability I Direct debit (not bundled)

For many participants the additional (backdated) charges, coupled with the increasing overall cost of heating and hot water, simply weren't sustainable. However, they were unable to agree an affordable repayment plan with their supplier. In these instances, some residents ignored the additional costs and paid what they could. They often continued to receive ongoing communications threatening disconnection or, in some cases, eviction. Many social tenants held the view that if they showed willingness to pay then it didn't make sense for the local authority or housing association to remove them due to the cost of relocation. Older people and those in more vulnerable circumstances were least likely to challenge or negotiate payment plans, instead trying to pay-off debts in their entirety.

> Where the heat network operator is also the landlord of a site, heating costs can be bundled within a tenant's rent and wider service charges. If tenants fall behind on these charges, including heating costs, they can technically be considered to be in arrears on their rent, leading to potential eviction proceedings.

For residents in more significant debt – upwards of £1000 - they could look for other support to clear their debt. A minority applied for short-term grants or funds that could be put toward their living costs, from either the local authority or voluntary organisations. For other residents this could involve engaging organisations like PayPlan, StepChange and Citizens Advice to support in applying for an Individual Voluntary Arrangement (IVA) or a Debt Relief Order (DRO).

> Debt Relief Orders (DROs) are a form of insolvency designed to help individuals with low income and minimal assets manage their debts. If approved, it stops someone needing to make payments towards the debts listed in the DRO for 12 months. While you can technically include a service charge or housing related arrears in a DRO, it is not always advisable, because a landlord can still legally evict for non-payment of arrears for a current property.

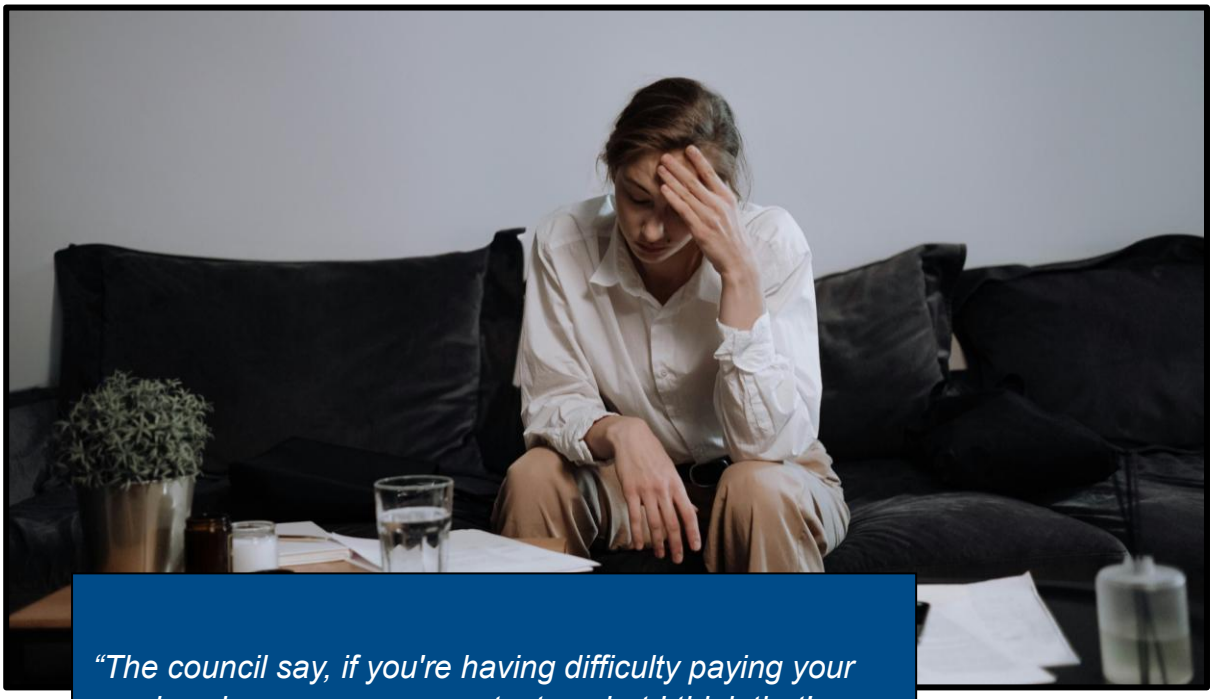
One participant mentioned that they were initially considered for a DRO by PayPlan but were found ineligible, leading them to pursue a more expensive insolvency option. Eventually, Citizens Advice helped them secure a DRO, which was instrumental in managing their debts. However, they still lacked control over their accounts and faced uncertainty about their financial obligations due to a lack of corresponding communications about how their DRO was being implemented, which continued to be a cause of stress.

Some participants had applied for **benefits**, such as Universal Credit, to help manage rising living costs. Others spoke about being encouraged by their heat network supplier to use benefits such as the Personal Independence Payment to pay for their heating.

Engaging with wider support services

A minority of residents received practical help from **support services.** This ranged from formal voluntary sector support services like Citizens Advice to individual professionals, such as an adult social worker. There were some instances of support helping with reconnections, or access to financial relief. Many residents, however, viewed voluntary organisations as having limited resources to address the issues specific to heat networks and restricted in what they can do to support. For instance, one participant had wanted Citizens Advice to speak with the local authority on her behalf about the heating and hot water charges, but they were unable to do so because the council wouldn't speak to an adviser. In other cases, billing agents were reported as not being forthcoming to third-party support services, except to confirm the level of existing debt.

Some of the most vulnerable participants were uncomfortable reaching out for support to external organisations, as they were both uncomfortable discussing the matter with strangers and fearful of being judged for having let things get to a point where they were in debt and/or disconnected. Many others were either **not aware of what support might be available to them**, or following initial investigation found various barriers to accessing any financial help. For example, relating to the level of financial detriment, not being in receipt of benefits, having an income which was too high, or simply because the issue was with an unregulated heat network.



"The council say, if you're having difficulty paying your service charge, you can contact us, but I think that's really for people who are really, really struggling. And I actually think a lot of the support that they offer is just like, well, we'll give you a payment plan rather than we won't make you pay. So how helpful is that, really?"

Owner I Individual payments (not bundled) I No health condition or disability

How heat network consumers experience energy debt collection practices and the management of disputes

All residents involved in this research that had fallen behind on heating and hot water bills reported receiving demanding and confrontational written communications from suppliers or billing agents. These communications typically set out the debt that was owed and options for repayment plans or additional support, but often this was preceded by a threat of disconnection. Residents referred to "bully tactics" to collect debts. These include threatening letters and emails at inconvenient times, with some residents noting they have received communications at 2 o'clock in the morning.

> *"I was getting, like, threats. Threats of court, threats of eviction… I acknowledge every. Every time I get. I called them, I said, okay, okay, you're threatening me. However, it's not my fault. I've spoken so many people about this."*
>
> Social tenant I Individual payments (not bundled I No health condition or disability

As illustrated by the quote above, many residents were looking to deal with their debts, and regularly engaged with their heat network supplier or billing agent. Some residents ensured that they called the billing team or debt recovery team after each communication to acknowledge receipt and to confirm what action they were taking, even if it was not to meet the minimum repayment. At this stage, residents were frustrated with mixed messages from different customer service representatives, with some stating that they were doing enough by continuing to make payments, while others were more punitive and dismissive in their tone. These mixed messages led some residents to record conversations as evidence that they were being told different things by different people.

Another frustration at this point was the residents' realisation that a lot of the communications they received when in arrears were automated. As such residents received a relatively standardised communication which may not acknowledge the steps that they are taking, or the communications that they have sent or received independently to a customer service representative. For residents in more vulnerable circumstances this could be extremely concerning as it caused them to question where they stood as relates to their debt, and for social tenants in particular, their tenancy.

As mentioned previously, residents often found that a substantial part of their heating and hot water bill was made up of standing charges rather than usage. Few residents challenged their (metered) heating and hot water usage itself. Where **disputes** did occur it was typically related to challenging the standing charge for heating and hot water, or the service charge for heating and hot water (where there was no metering of individual usage). Here residents felt that the costs they were incurring were not reflective of their usage or what they would have expected, and raised these concerns with suppliers. Responses to such queries were often drawn-out and deeply unsatisfactory. On occasion some suppliers acknowledged that mistakes had been made in calculations and refunds were being issued, though often this was many months later. For residents experiencing financial difficulties these mistakes had quite significant financial and health-related consequences.

"Because they wouldn't give me the breakdown of the standing charge, I refu sed to pay it. So I said, I will pay my usage, which I did pay. Yeah, but not the standing charge. When it got so high, they cut me off."

Tenant I Individual payments (not bundled) I No health condition or disability

"I could understand if it was the actual heating element that was going up. And it does a little, but it's a standing charge that really upsets... It's more than the others put together for me, and that's insane. It's. I think I pay between 25 and 30 pounds a month just for the benefit of having this company that I'm stuck with, that I can't actually move away from, dictate how much I'm paying for my heating and hot water."

Social tenant with a health condition or disability I Direct debit (not bundled)

A related issue was the lack of clarity around repairs and maintenance costs for leaseholders. This was often tied to differential estimated and actual bills, with unexpected costs associated with the upkeep of heat network infrastructure passed through to owners. This was a significant source of frustration for leaseholders involved in this research, and something which was common across sites, regardless of the age of the heat network. Higher-than-expected costs were a particular source of dispute in sites where significant investments had already been made to heat network infrastructure. For example, in one site, major works to the heat network had resulted in a £10,000 bill for leaseholders, yet their heating bills were still higher than estimated. This left the resident feeling like the heat network system was either inadequate or being poorly managed and maintained, prompting calls for detailed breakdowns of how monies were being spent.

The resulting communications were often unsatisfactory, as suppliers struggled to provide timely access to breakdowns that were easily understandable. In many cases, recalculations following from complaints actually resulted in reductions to bills. While residents found this to be financially more acceptable, it led them to distrust the management of the heat network and/or broader facilities.

A common debt collection practice residents experienced was the **threat of disconnecting** heating and hot water services. Letters and emails from heat network suppliers reportedly highlighted that services would be disconnected unless "full payment" was made. For consumers facing a retrospective tariff increase or in receipt of a large back-bill this could be a relatively large outstanding sum of money. This was similarly the case for more vulnerable residents who had allowed a debt to escalate, often due to issues with their mental health. These letters were often recognised as being automated, but nevertheless caused considerable anxiety, particularly where they were felt to contradict previous conversations with customer service representatives.

"Hounding. Bullying. 'You must pay or we're going to cut you off.' I have nothing to give."

Social tenant with a health condition or disability I Direct debit (not bundled)

Disconnections themselves were relatively rare, though did occur with more frequency in particular sites and suppliers (including newer sites). They often occurred with little notice, leaving residents without essential services. In some instances, disconnections occurred even when residents had pre-existing health conditions and/or were otherwise classed as vulnerable. There appeared to be little consistency between sites as to when someone would be disconnected, i.e. it wasn't always clear that it related to the scale of debt or the period over which a debt had escalated. One resident we spoke to was disconnected over a £300 debt, which they were "incredulous" over, and contrasted with experiences of energy suppliers in the gas and electric market. Similarly, another resident was disconnected over a £500 debt having missed two payments while ill in hospital.

> *"When they switched me off, there was no communication of, you know, this is what's happened. You've missed a couple of payments, you've got X amount of days to bring your account up to date or contact us if you're struggling."*
>
> Social tenant with a health condition or disability I Individual payments (not bundled)

As was the case with this resident, some providers **deregister** customers[12] when they are disconnected, requiring them to pay the bill and re-register to have their service restored. This added another layer of difficulty for residents trying to get their heating back on.

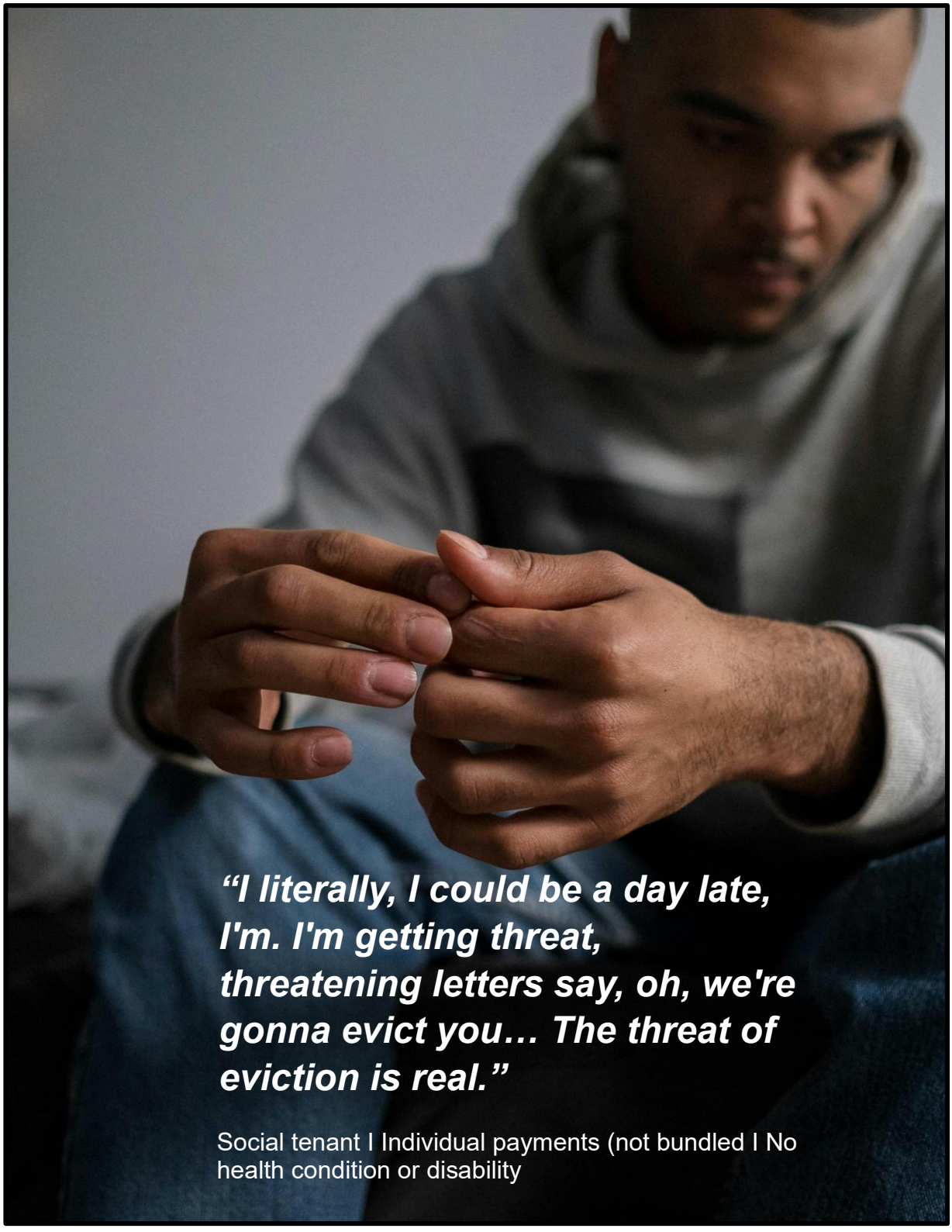
> *"I was literally a day late in getting back in touch with them. It was one of those things. They'd sent me an email saying, you need to contact us by this date. I got it mixed up in my head when I went to call them. Well, nope, too late. 'You're too late, we've disconnected you.' There's £75 charge for reconnection and it's like, well, that's not really helping me, is it? Yeah, I'm in financial difficulty and you've just added nearly a hundred pounds onto my bill."*
>
> Social tenant with a health condition or disability I Direct debit (not bundled)

Some providers reportedly **refused to accept payments from third parties**, which could make it difficult for residents to manage their debt. Some providers also reportedly refused to take any payments for usage if residents didn't pay half of what they owed. In one instance this required a payment to be made by a family member to cover half of the outstanding bill.

> *"They refused to take any payment from me for my usage because they wanted half of what I owed. But I'm like, 'but I can't do that obviously. And what I owe is going to keep exponentially increasing because you're not taking payments from me'. So this is becoming an even more impossible task. I feel like Sisyphus pushing a rock up a hill."*
>
> Social tenant with a health condition or disability I Direct debit (not bundled)

In a small number of cases involving social tenants in unmetered properties there were reports of **threats of eviction** where residents have fallen behind on their bills, in some cases by a matter of days. Even where they have not experienced this directly, it is a practice which residents reported happening within their site, leading to concerns that it may happen to them because of arrears. This predominantly occurred in sites run by housing associations and local authorities.

The combination of aggressive debt collection practices and difficulty in resolving complaints or disputes led to considerable stress and anxiety for residents. The constant threat of disconnection and the inability to get their issues resolved took a significant toll on residents' mental health.



Solutions identified by heat network consumers

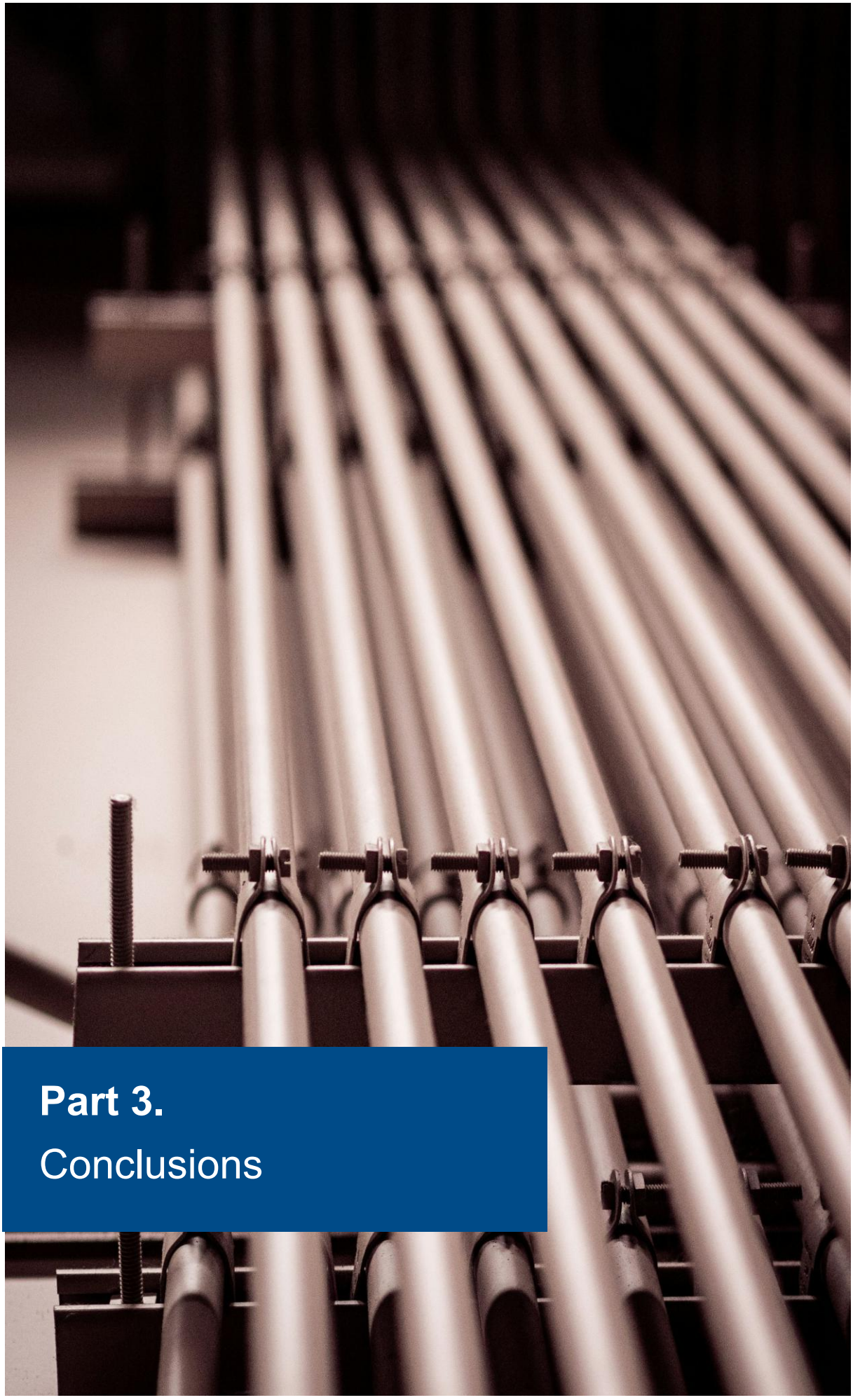
We asked residents what changes would make the biggest difference to them. These discussions were wide ranging, touching on standardised metering and billing, through to problems with market monopolies. But some clear themes stuck out: the urgent need for regulation, and support for Citizens Advice as a consumer watchdog.

The quotes below highlight the needs and priorities of heat network consumers, showing where regulation must bring better outcomes for consumers. This research has shown that a lack of heat network regulation has directly caused consumers harm. In this section, we show how consumer testimonies can help define 'what good looks like' in a functioning market.

Consumer perspective	In a functioning heat network market…
"I would say the most important change for me would be to get the system regulated because at the moment there is no accountability. And I found this when, during my disconnection period when I was dealing with the organisation, I didn't have anything backing me up, I didn't have any protections in place." Social tenant with a health condition or disability I Direct debit (not bundled)	…consumers will benefit from effective consumer protections, and a consumer advocate.
"It feels unfair, it feels obscure… Like I know how much they are charging but I don't know why. And when I compare the price of gas that you can buy directly from the network to the charge they send me by kilowatt, it is a huge difference and I don't know why the difference is so big." Private tenant I Individual payments (not bundled) I No health condition or disability	…consumers will receive clear and accurate bills on a regular basis, with a clear explanation of how charges are calculated.
"I don't have any link between how much heating I use and how much it costs me. So it kind of detaches you in that way from reality. So it just seems like crazy that they can't install meters. That would be a massive change that could be made to give people that control over this, their costs. Even if our heating cost is still higher per unit than other people, at least you know how much you're using and roughly how much it will cost." Owner I Individual payments (not bundled) I No health condition or disability	…consumers will have an individual meter.

"[There needs to be] something in place to make sure that [disconnection] doesn't happen, to make sure that people are registered on the priority register properly and that people are aware what that [means/ entails] and the companies like [heat network providers] are aware of their own rules and regulations and aware what the priority register means and how serious it is impacting somebody's health." Social tenant with a health condition or disability I Individual payments (not bundled)	…vulnerable consumers are protected from disconnection all year around.
"Think about the people that [are] in debt, the ones that's got over a thousand pound, like myself… maybe come up with a plan where they can pay off that thousand pound but still get heating. And that way the person will have natural, like heating, obviously keep you warm." Social tenant with a disability or health condition I Prepayment meter	…consumers in debt should be treated fairly.
"Definitely some kind of push or separating service charges from rent. Because a lot of the problems that people are facing themselves in court is because we're just being seen as people who just don't want to pay their rent. You know, and no one likes people who don't want to pay their rent. You know, so you feel like you're already on a losing team." Social tenant with a disability or health condition I Individual payments (bundled)	…where a heat network consumer pays for heat and hot water through their rent or service charge, they are protected from eviction as a result of falling behind on their energy bills.
"I just think that the aggressive way that [name of supplier] have come after their heat network customers. Using threats, using intimidation. Even when people are doing what, doing what they should be doing, which is trying to engage and respond and pay. I just think it's absolutely unacceptable and is for someone like me who's spending time from being long term unwell. It's kind of putting me back a place where I don't want to be depression wise." Social tenant with a disability or health condition I Individual payments (bundled)	… consumers have access to a clear, straightforward and accessible complaint handling service, that is effective and consistent across their consumer base. …consumers are empowered, and feel confident raising an issue with their supplier.

"Both from a kind of efficiency and financial point of view will [upgrading he system] achieve anything? … we literally sat in a meeting with them saying, yeah, guarantee what that would do. But how have you come up with the million?... what have you analysed to get that? And what horizon are we looking at? Because we are looking 5 years, 10 years, 50 years, 100 years? The big problem we have when we do anything big with apartments like this where there's a service charge involved, is anything immediate massively penalises the current tenants… Just feels really murky." Owner I Individual payments (not bundled) I No health condition or disability	…some heat networks will require significant upgrades to their physical infrastructure. Heat network consumers must be protected from any large and unexpected upfront bills that occur as a result of these upgrades.
"I think the problem is because it's unregulated, it's not regulated. It should be. When you've got social housing and it's a common knowledge that 80% of social housing are vulnerable people. Children fit in, domestic violence, someone like me, ill health, they're vulnerable people. How can we be tied into. How can we be told what we've got to pay or who we've got to use? We should have a choice." Social tenant with a health condition or disability I Individual payments (not bundled)	…vulnerable customers are protected from severe harms like disconnection. Vulnerable consumers also benefit from additional protections/ guidance when dealing with their heat network suppliers, such as a voluntary commitment on disconnection. Disconnection should only ever be used as a last resort.
"I think top priority should be holding heat network companies to account. Hold to account when they poorly communicate or they neglect to communicate effectively with their customers. I think because you cannot leave a heat network or you can't opt out of one, there needs to be more protection brought in to say, well, because you can't opt out, you are more in control." Private tenant I Individual payment (not bundled) I No health condition or disability	… heat network consumers will benefit from new Standards of Conduct; complaints handling standards and redress opportunities through the Energy Ombudsman.



Part 3.
Conclusions

Citizens Advice commissioned research with heat network consumers at risk of detriment due to affordability issues resulting from price increases associated with heating and hot water. This research involved 50 households across England, Scotland, and Wales on heat networks. We identified a consistent pattern of both detriment, and challenges for consumers in mitigating detriment, due to the way in which bills are communicated and services managed.

- Participants have experienced significant increases in heating and hot water bills, often doubling or tripling in the past 2-3 years. These increases have caused stress and financial strain.
- People have restricted choices and had to make difficult decisions around what spending to prioritise. The most financially vulnerable self-rationed, self-disconnected, or were simply unable to engage with suppliers to address their debt.
- Where communication between consumers and suppliers broke down it could lead to disconnections of heating and hot water, and in some cases the threat of eviction.
- Everyone experienced anxiety around the increases in cost and how this was to be managed. In some cases this exacerbated existing mental or physical health issues.
- Consumers lack clarity around many aspects of their bills, including heating and hot water unit costs, standing charges, service charges, back-bills and maintenance costs.
- The absence of regulation leaves residents vulnerable to exploitation and poor customer service.

Many residents involved in this research were left feeling frustrated at the lack of choice in who provides them with heat and hot water. They felt "stuck" with a heat network provider that was delivering a service that they feel is both expensive (relative to what they had been paying 2-3 years ago) and of substandard quality. The lack of choice and the feeling of being taken advantage of by a "monopolised service" led many people to feel angry and relatively powerless.

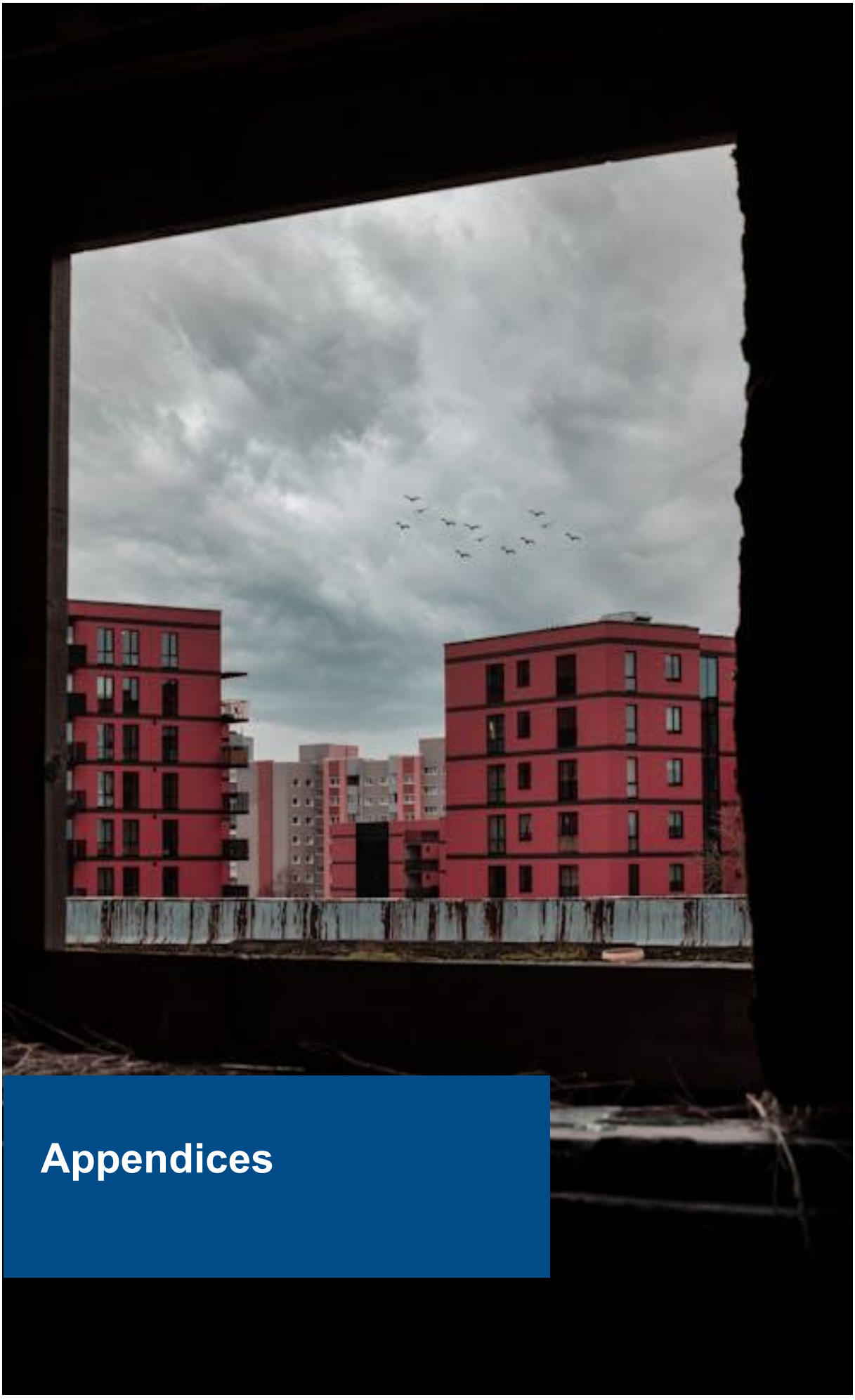
> *"I think because you cannot leave a heat network there needs to be more protection brought in to say, well, because you can't opt out, you are more in control. Because ultimately you are a prisoner to this provider."*
>
> Private tenant I Individual payment (not bundled) I No health condition or disability

New protections coming into force from January 2026 are a major step toward ensuring fair treatment for all consumers, but this should just be the first step. Following this, both Ofgem and the Government should work together to:

- Strengthen year-round disconnection protections to safeguard consumers in vulnerable circumstances.

- Limit back-billing to 12 months across the sector and stamp out re-calculation of tariffs, so that consumers don't see increases on bills that have already been paid.
- Prevent eviction for heating debt. Commit to separating heating and housing costs, making legislative changes as needed. Mains energy consumers aren't at risk of losing their home if they fall behind with their energy bills, so heat network consumers shouldn't be either.
- Support the Heat Network industry in quickly delivering better quality service standards for all Heat Network consumers - including those who are unmetered. The Government should ensure that all Heat Network consumers experience fair prices, good communication, and quality support if things go wrong.

These recommendations aim to address the identified issues and ensure that heat network consumers receive fair treatment, transparent billing, and adequate support. In the longer term, Citizens Advice recommends developing a Consumer Duty in energy as a better way to improve consumer outcomes. High prices, poor service and failures of accountability have damaged consumer trust in heat networks, as in the rest of the energy market. A Consumer Duty would place the responsibility for delivering good consumer outcomes on heat network providers and make it easier for Ofgem to hold them accountable. It should also build consumer trust by ensuring services deliver promised outcomes and good value.



Appendices

Note on data interpretation

Qualitative research is illustrative, detailed and exploratory. It offers insights into the perceptions, feelings and behaviours of people rather than quantifiable conclusions from a statistically representative sample. Quotations are used to evidence points raised.

Heat network sample characteristics

Characteristic	Quotas achieved

Location (geographic)	• England
	  ○ London (n 9)
	  ○ East of England (n 1)
	  ○ East Midlands (n 1)
	  ○ North West (n 2)
	  ○ Yorkshire and the Humber (n 1)
	• Scotland (n 2)
	• Wales (n 2)

Age of site	• Pre-2014 (n 15) • Post-2014 (n 4)
Size of site	• Under 250 dwellings (n 7) • 251-1000 dwellings (n 7) • Over 1000 dwellings (n 3) • Unknown (n 3)
Site ownership	• Local authority (n 10) • Housing association (n 5) • Private (n 4)
Type of heat network	• Communal (n 9) • District (n 8) • Unknown (n 2)
Heat network technology	• Gas boiler (n 6) • Biomass (n 1) • Combined Heat and Power (n 3) • Municipal waste (n 2) • Unknown (n 7)
Heat trust registration	• Registered (n 1) • Not registered (n 18)

Household sample characteristics

Characteristic	Quotas achieved
Tenure	• Owner (n 17) • Social tenancy (n 14) • Private tenancy (n 5) • Unconfirmed tenancy (n 11)
Payment method	• Prepayment (n 8) • Direct debit (n 15) • Individual payment (n 27)
Billing	• Heating and hot water charge separated (n 45) • Heating and hot water charge subsumed in service charges or rent (n 5)
Metering	• Metered (n 17) • Un-metered (n 32) • Unknown (n 1)
Age	• 18-34 years old (n 8) • 35-49 years old (n 24) • 50-64 years old (n 9) • 65 years old and above (n 9)

[1] Department for Business, Energy & Industrial Strategy, Heat Networks: Building a Market Framework, Government response, 2021. Accessed at: https://assets.publishing.service.gov.uk/media/61c47750e90e071965f133ee/heat-networks-market-framework-consultation-govt-response.pdf

[2] Heat Trust, About heat networks and their consumers, 2024. Accessed at: https://www.heattrust.org/about-heat-networks. Heat Networks registered under the Heat Network (Metering and Billing) Regulations statistics: December 2022, 2023. Accessed at: https://www.gov.uk/government/statistics/heat-networks-registered-under-the-heat-network-metering-and-billing-regulations-statistics-december-2022. Social Market Foundation, We can't keep heating like this: A fairer deal for heat networks, 2023. Accessed at: https://www.smf.co.uk/publications/a-fairer-deal-for-heat-networks/

[3] Department for Energy Security & Net Zero, Heat network zoning: overview, 2024. Accessed at: https://www.gov.uk/government/publications/heat-network-zoning-overview/heat-network-zoning-overview

[4] See for example: Department for Energy Security and Net Zero (2022) Heat network consumer and operator survey. Accessed at: https://www.gov.uk/government/publications/heat-network-consumer-and-operator-survey-2022

[5] Financial detriment was determined by participants self-identifying at recruitment as 'struggling to pay bills' and to have had recent increases in heating and hot water bills.

[6] The Social Club is The Social Agency's stakeholder engagement initiative, enabling us to work through trusted gatekeepers to engage under-represented groups. We reached out to over 10,000 stakeholders, including councillors, social workers and community workers. We received a total of 24 responses identifying heat network sites.

[7] Sampling of Heat Networks involved first developing a longlist of 21 potential sites, with additional details collected on location, heat network type, operator type and age of network. In the first instance, 12 sites were identified within which The Social Agency aimed to undertake interviews. These were selected to ensure a spread of heat network characteristics. A range of approaches were then taken to engage heat network consumers that had experience of financial detriment as a result of increases to their heating and hot water bills. These included stakeholder referrals, leafleting sites to encourage those eligible and interested to make contact with The Social Agency, and other outreach activities (e.g. attending residents association meetings, foodbank drop-in sessions, and posters in communal areas). Through these approaches we engaged 29 participants from across nine sites. A further stage of desk research and outreach expanded the list of potential heat network sites, with residents from an additional 10 sites interviewed during a second stage of engagement.

[8] Citizens Advice have also seen figures of 30% efficiency (i.e. 70% heat losses) relating to this same local authority in other engagement activities.

[9] Note that this research specifically focussed on people in financial distress and on heat networks where there had been increases in the past 2-3 years.

[10] Citizens Advice, Citizens Advice response to Ofgem and DESNZ's joint consultation on implementing consumer protections for heat networks, 2025. Accessed at: https://www.citizensadvice.org.uk/policy/publications/citizens-advice-response-to-ofgem-and-desnzs-joint-consultation-on/

[11] Department for Energy Security & Net Zero and Department for Business and Trade, Energy Trends: March 2018, special feature article - Experimental statistics on heat networks, 2019. Accessed at: https://www.gov.uk/government/publications/energy-trends-march-2018-special-feature-article-experimental-statistics-on-heat-networks

[12] Deregistration involves the heat supplier disabling the HIU and removing the customer from their system, meaning they will not receive further bills.

About Citizens Advice

We can all face problems that seem complicated or intimidating. At Citizens Advice we believe no one should have to face these problems without good quality, independent advice. We give people the knowledge and the confidence they need to find their way forward - whoever they are, and whatever their problem.

We provide support in approximately 1,900 locations across England, Wales and the Channel Islands. Our service is delivered by around 19,000 volunteers and 9,800 colleagues.

Through our advocacy work we aim to improve the policies and practices that affect people's lives. No one else sees so many people with so many different kinds of problems, and that gives us a unique insight into the challenges people are facing today.

From the 1st April 2025, Citizens Advice became the statutory consumer champion for heat network consumers. This means that we now provide specialist advice via our Consumer Service helpline. We work closely with industry and the government, advocating for better consumer protections.