

Footing the bill

How the energy bill protection gap is putting strain on households



Executive summary

Energy billing issues aren't a new problem¹, but since the energy affordability crisis, the consequences for consumers are frequently more serious. Average bills are still 66% higher than the historic norms we saw in summer 2021², meaning that when things go wrong the cost to consumers is higher and they are more likely to need support with resolving their issue.

The number of people coming to Citizens Advice for help with a billing issue has sharply increased over the last four years. So far in 2024 (to the end of October) our services have helped over 52,000 people with billing issues, an 83% increase compared to the same point in 2020 (although down from a peak of over 55,000 in 2023)³. In the same period, the total number of contacts to our local offices relating to a billing issue increased by nearly 250%. Billing issues as a proportion of overall issues increased by 28% between the two periods. Since March of this year, billing issues have been the single most common type of issue our consumer service advisors encounter.

Back-billing rules are designed to protect people against bills for energy used over 12 months ago, as long as their supplier didn't previously bill for that energy before the year had passed. However, the rising price of energy means that these rules leave people at risk of higher catch-up bills. Based on a sample of billing cases, we estimate that the average size of a catch-up bill could have increased by more than £800 in 3 years⁴. The increased uptake of smart meters, which should mean an end to estimated billing, offers an opportunity to strengthen these protections.

Billing issues can result in serious harm. **That's why it is crucial that suppliers get billing right.** This means providing consumers with accurate and regular bills, which they can easily understand in order to make informed decisions about their energy consumption and costs. When issues do arise, suppliers should be resolving them quickly, and Ofgem should take action where necessary to ensure that they do so.

There are examples of good practice in the market. However, there is also lots of evidence of poor practice. Including:

- Inaccurate or unclear billing leading to shock bills, including consumers who are unsure whether bills are based on estimates.
- Consumers struggling to understand their bills and their usage.
- Customer service failures meaning billing issues become complex and take a long time to resolve.
- Supplier issues during platform migrations leading to consumer detriment.
- Smart metering equipment not functioning as it should be, and consumers facing delays to fix issues.



The following reforms would help to prevent consumers from falling through the current gaps in protections:

Limiting the back-billing period to 6 months for customers with smart meters, meaning some suppliers will need to work harder to ensure their customers receive regular accurate bills

Extending the Guaranteed Standards of Performance to incentivise suppliers to ensure smart meter equipment is operating properly, which would help reduce estimated billing

Better enforcement from Ofgem where suppliers fail to meet billing standards, and proactive action to clarify any existing guidance on billing

A renewed focus on billing through industry-wide initiatives

Introducing a new **Consumer Duty** would raise standards across the board, by ensuring suppliers monitor and improve customer outcomes⁵.

Methodology

Analysis of Citizens Advice and Extra Help Unit data

We analysed qualitative and quantitative data from the Consumer Service and local Citizens Advice centres to identify the most common billing issues. We also analysed case studies provided by the Extra Help Unit - a specialist service supporting domestic and micro-business consumers in vulnerable situations with energy. The EHU is a GB-wide service operated by Citizens Advice Scotland. All case studies used in the report are real cases, although the names have been changed to protect anonymity.

Survey data

Ofgem and Citizens Advice jointly commission the Consumer Satisfaction Survey⁶, which is based on regularly surveying 3,750 domestic energy bill payers across Great Britain. The survey used a mixed mode data collection, including face-to-face interviewing with digitally excluded respondents. Quotas were set on age, gender, region, Index of Multiple Deprivation (IMD), ethnicity and payment type to achieve a representative sample of households in Great Britain. The most recent fieldwork for the survey was conducted from 10 July to 1 August 2024. The data reported reflects customers' perceptions of their supplier and the service they receive.

Energy supplier interviews

We conducted interviews with energy suppliers in September 2024 to identify areas of good practice in billing. We asked suppliers about: their processes around meter readings, estimated billing, how they help customers understand their bills, and monitoring.

Additional research

We also draw on previous Citizens Advice research where relevant, including published and unpublished research. See references and footnotes for more detail.

Shock bills

Many people don't know there is a problem with their account until they receive an unexpectedly high catch-up bill, or 'shock bill'. While there are numerous reasons for a shock bill (such as increased energy prices or usage), they can also be the result of poor supplier billing practices.

In February we estimated that **5 million people in Britain are in a negative budget** - when their essential expenditure is higher than their income, leaving them out of pocket each month just from key living costs. **Another 2.35 million people are living on empty** - only escaping a negative budget by cutting their essential spending back to unsafe levels⁷.

With so many households either already in debt or with their budgets on a knife-edge, a large shock bill could have a massive impact on people's ability to pay for their essentials.

By analysing cases to our Consumer Service helpline we found that almost a quarter (24%) of billing issues involve a shock or catch-up bill⁸.

Sandra's story

Sandra has accrued a debt on her energy account. She has provided meter readings, but keeps receiving estimated bills. She has been in touch with her supplier but has still not been sent an accurate bill. She feels frustrated and wants to clear her debt and pay for her actual usage but still does not know what she owes.

Estimated bills

Our analysis suggests that in almost a third (31%) of the cases involving shock bills, estimated billing plays a role⁹. Estimated billing is necessary for some consumers: if a supplier does not have an up-to-date meter reading, they rely on estimates based on a customer's previous usage. This is designed to ensure consumers receive bills within the cycle (e.g. quarterly or monthly) they've requested. However, estimated bills can also cause confusion and risks.

We regularly help people with problems involving estimated billing, such as:

- The consumer has been receiving estimated bills over a long period and then submits a meter reading, meaning they receive a large catch-up or 'shock bill'. They may have been unknowingly been using more energy than they realise, or prices may have changed.
- The consumer has a smart meter, but it isn't sending readings to their supplier. When the readings do come through the consumer receives a shock bill.

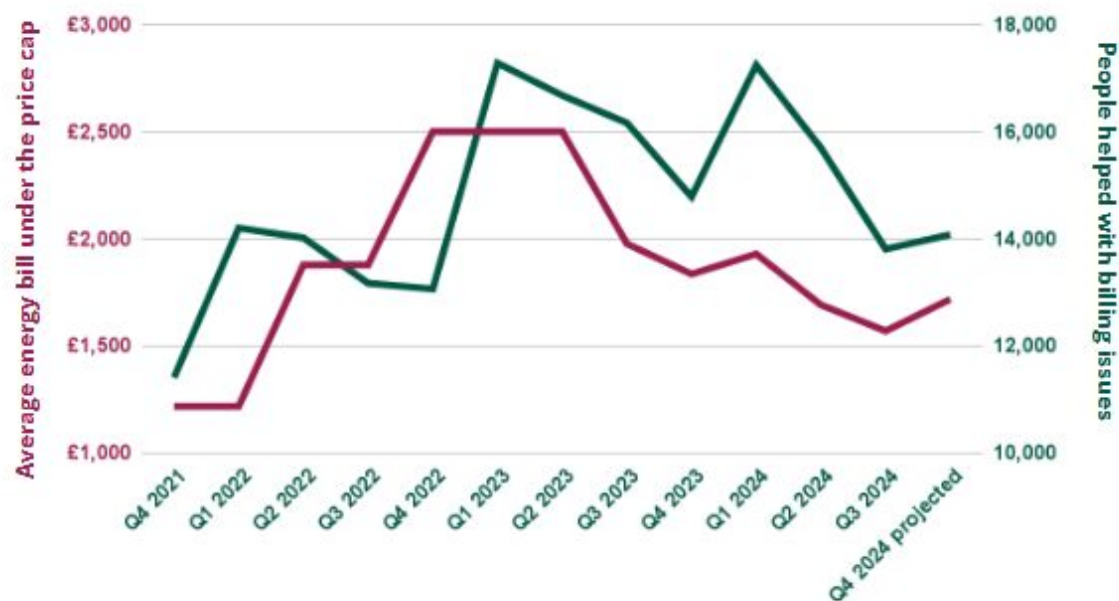
For consumers who may already be struggling with cost of living pressures, an unexpected energy bill may be the tipping point which pushes them into a cycle of debt or further financial hardship.

At the same time, rising energy prices mean people are facing higher and higher catch-up bills. We estimate that **the average catch-up bill for people seeking our help has increased by more than £800**, from just under £1,700 (in Oct 2020-21), to more than £2,500 (Oct 2023-24)¹⁰.

In nationally representative polling commissioned by Ofgem and Citizens Advice in July of this year, **more than 1 in 4 (28%) of households said that they had received an unexpectedly high bill within the last 3 months**¹¹. That's equivalent to more than 7.5 million households¹². While there are numerous reasons for this, reducing estimated billing would help to reduce these cases.

As energy prices climb, so do the number of people coming to Citizens Advice with billing issues. In this context, it's even more vital that suppliers take extra steps to ensure that bills reflect an accurate meter reading.

The relationship between energy prices and the number of people Citizens Advice help with billing issues¹³



Zahra's story

Zahra was switched to a new supplier after her previous supplier went out of business. Shortly afterwards, Zahra received an estimated electricity bill for £500. When Zahra spoke to her supplier, they assured her that they would not take this direct debit from her account, and would seek to install a smart meter to ensure that the bills were accurate. However, the supplier then took the £500 direct debit from her account.

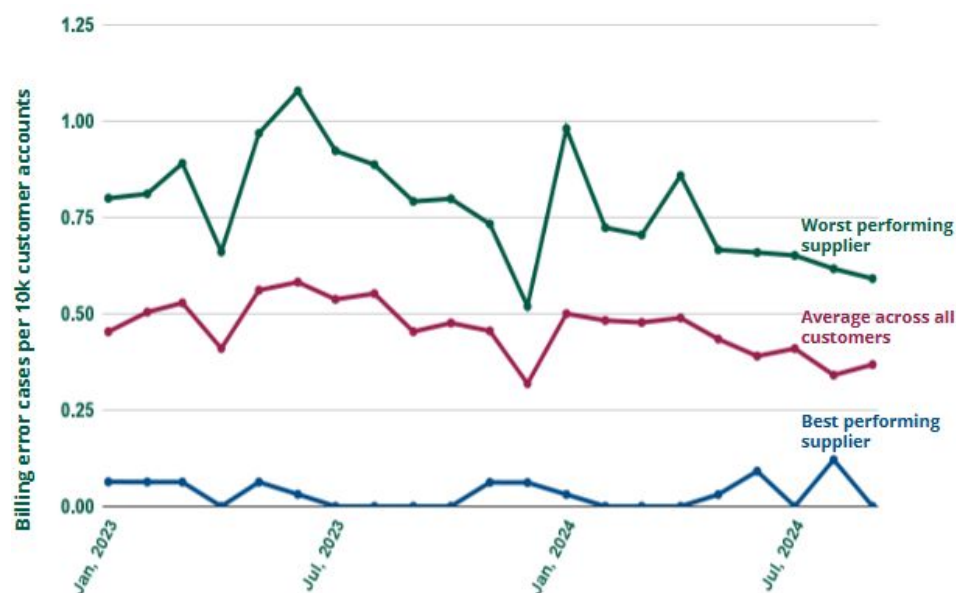
When contacted again her supplier was unwilling to take responsibility for the inaccurate estimate, or to consider the financial detriment it was causing her.

Zahra agreed to double her previous monthly payments, but she then received an estimated bill for a further £400, bringing her total electricity bill to £900. Zahra has consistently requested the supplier review these but they have failed to do so, and Zahra is now in energy debt.



Suppliers should be taking all necessary steps to ensure their customers receive accurate bills based on meter readings. For customers on non-smart, traditional meters (around 37%¹⁴), this means reminding customers that they need to submit meter readings. Then, the right system needs to be in place to apply those readings accurately to billing systems to ensure customers' bills are based on readings rather than estimates.

Billing performance varies across suppliers¹⁵



Some groups are at greater risk of inaccurate billing

Submitting regular meter readings is more difficult for some people than others. Accessibility needs or health conditions may make it more difficult to obtain a reading, or digital exclusion may act as a barrier to digitally submitting readings.

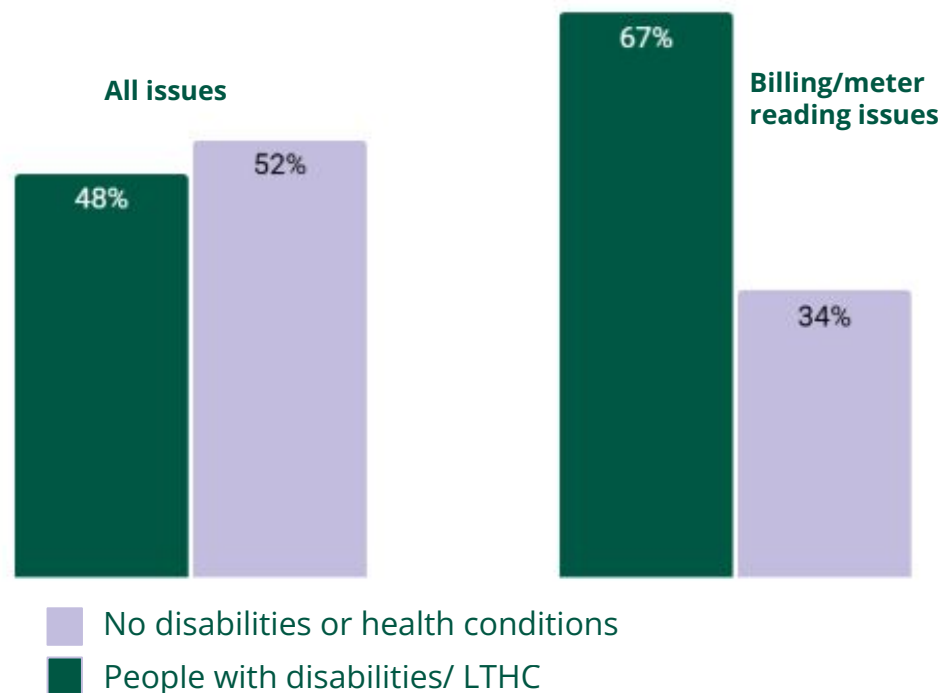
There are protections in place designed to support these groups. For example, consumers with particular characteristics can ask their supplier to join the Priority Services Register (PSR). The supplier should then take measures to support that customer, like sending technicians to their property to obtain meter readings.

Despite support through the PSR, people with disabilities or long-term health conditions are still over-represented in our energy billing cases. **In the last year, 67% of the people who came to us for a billing or meter reading issue had a disability or long-term health condition¹⁶.**

Energy suppliers, energy networks and water companies keep a list of customers who require extra support, known as the **Priority Services Register (PSR)**. The PSR helps identify customers who require services such as providing information or bills in an accessible format, and priority support in an emergency.

For people who come to us for billing or meter reading issues, the single most common additional advice area they receive advice on is how to join the PSR. Suppliers need to ensure they are regularly reminding customers about the PSR, and clearly explaining how people can sign up.

People with disabilities or long-term health conditions are more likely to have billing problems¹⁷



Frank's story

Frank is currently unemployed and is a full-time carer to his disabled daughter. Frank has been with his supplier for nearly 4 years, and 2 years ago his smart meter stopped sending readings. Frank has tried to contact his supplier on numerous occasions but hasn't been able to get in contact.

Despite there being an issue with the meter, Frank's supplier has not contacted him for meter readings and has been billing him based on estimated readings. Frank does not agree with the usage and cannot afford to pay these estimated bills.


Frank now owes his supplier over £2,700 which they have passed on to a debt collection agency. His supplier hasn't taken his circumstances into account and is threatening further legal action.


With higher prices, people who pay their bills quarterly via standard credit (also known as pay on receipt) could be at even greater risk from estimated billing, as there is more time for estimated bills to diverge from a customer's actual usage. People who pay in arrears could also be less likely to be able to afford their bill when they receive it. In our Consumer Satisfaction Survey, we found that:

- 20% of respondents paying their bills by standard credit reported falling behind on energy bills in the past three months.
- This is more than double the percentage for respondents that pay by Direct Debit (6%).


Where do smart meters fit in?


When working correctly, smart meters should remove the need for estimated billing. By transmitting meter readings wirelessly to the supplier, smart meters remove the need for customers to take and submit meter readings. Evidence from our Consumer Satisfaction Survey points to improved outcomes for people with smart meters:

 79% of people with a smart meter reported being satisfied with the accuracy of their bills, with 35% reporting that they are very satisfied.

 This is compared to 72% who are satisfied with a non-smart meter, and just 24% who are very satisfied.

The evidence also suggests that people with smart meters are more happy with their service overall:

 81% of people with a smart meter are satisfied with their supplier, with 41% very satisfied.

 This is compared to just 73% non-smart customers who are satisfied with their supplier, and just 27% who are very satisfied.

However, even as smart meter uptake has increased, we are seeing more people with billing problems. This is likely to reflect the greater financial risk that billing problems pose in an era of higher prices and financial strain on households.

In addition, not all smart metering equipment is functioning as it should. Recent Citizens Advice research found that millions of people are having problems with their smart meters, including 2.86 million households who still have to regularly submit manual meter readings¹⁸.

These issues are exacerbated by problems resolving issues promptly leaving many consumers with improperly functioning equipment and reduced trust in smart meters and the products and services they enable.

Of the people who came to the Consumer Service with an estimated or inaccurate bill issue between January and October 2024, almost 50% of them told us they had a smart meter¹⁹. For comparison, more than 60% of households now have a smart meter²⁰. While they are clearly providing benefits, current consumer protections aren't ensuring an improvement in billing and consumer experience for all customers with smart meters.

Asha's story

Asha has multiple physical and mental health conditions and receives Personal Independence Payment (PIP). She switched suppliers, after which point her smart meter stopped sending reads to the new supplier. She was paying monthly by Direct Debit, but when a manual meter reading was submitted, Asha received a catch-up bill for £1500 which covered usage for the last year.

What does good practice look like?

Suppliers are required to take all reasonable steps to obtain a meter reading from a customer at least once a year. But the consistently high estimated billing issues we're seeing across our services suggests this is not working well enough. For customers with non-smart meters, regular meter readings are fundamental to accurate billing.

There is evidence of good practice in the market, for example:

- Some suppliers have taken further steps to make clear to a customer when their bill is estimated. For example, putting this information prominently in other communications as well as their bill.
- Some suppliers have processes in place for meter reading prompts, with systems flagging automatically when a meter reading hasn't been submitted in the last month.
- Some suppliers provide incentives, such as prize draws, to encourage consumers to submit regular meter readings.

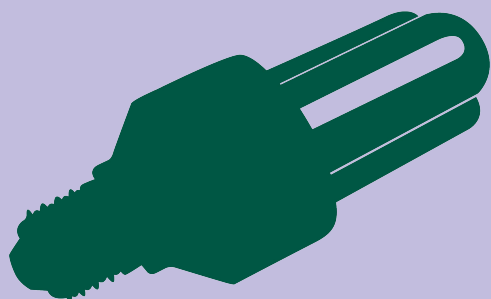
Where suppliers can go further

There is a fair amount of variation across different suppliers. At Citizens Advice, we see more billing issues with some suppliers than others, and some of this is caused when a supplier is transitioning their customers to a new billing system.

Suppliers shouldn't be relying on estimated billing without making efforts to engage with the customer when a meter reading hasn't been submitted.

Where meter readings haven't been submitted, suppliers should have processes in place to offer support to those who may have difficulty. This includes actively reaching out to customers if they have failed to submit meter readings, and checking if they could benefit from joining the PSR. Site visits are an expensive activity for suppliers, but they are a regulatory requirement under the backbilling rules²¹. Accessibility needs or health conditions should not act as a barrier to receiving accurate bills.

Smart meters are a crucial part of the solution, but only if smart meter equipment is functioning correctly. In a market where smart meters work as intended, consumers shouldn't suffer estimated bills which lead to poor billing outcomes. **Suppliers need to resolve issues with smart meters where they arise, and alert their customers if smart meter issues are resulting in estimated bills.**



Inaccurate bills

Estimated billing is not the only driver of shock or catch-up bills. If a customer's direct debit has been set at an incorrect level, they could see a sharp increase once this is corrected.

Callum's story

Callum is of pensionable age and has a long-term health condition. He had been paying £50 a month via direct debit. Callum was suddenly told by his supplier he needed to increase his payments to £350 a month, because he had accrued over £7,000 worth of debt.

Callum contacted the Extra Help Unit for support, who discovered his payments hadn't been set to an appropriate level for his consumption. The caseworker arranged that a portion of the debt was written off, due to the fact that the supplier error had caused him to be charged for energy used over a year ago. However, Callum will still need to pay back over £1,500.

Suppliers can prevent this by monitoring accounts and running health checks, to ensure direct debits are set at the correct level. In Callum's case, the back-billing rules act as some protection when things go wrong. The rules also incentivise suppliers to ensure their account monitoring processes are up to scratch, by making it so they are unable to recoup payments if they extend beyond 12 months.

The perspective from the Extra Help Unit

Angus McMillan is the Performance and Insights Manager at the Extra Help Unit, a team of specialist caseworkers managed by Citizens Advice Scotland which support vulnerable consumers across Great Britain. Angus said:

"As we approach the end of November 2024, billing cases referred to the Extra Help Unit this year are already over a fifth (21%) higher when compared to the number referred to the Unit in the whole of 2023. Between January and the end of October, reductions to bills including the application of back-billing rules, resulted in over £2.1 million being wiped from household balances following Extra Help Unit investigations.

It is clear that people using our service find resolving billing complaints very stressful, and we are concerned that many more people who don't reach out to the Extra Help Unit for support could be paying incorrect bills or experiencing erroneous debt collection activity."

"The Extra Help Unit looked up the service to check the meter and found that the meter number was not registered to me. I was being billed for a meter that did not exist. Their courtesy and patience is remarkable. If you are ever feeling stressed dealing with the energy supplier please have full confidence that the Extra Help Unit can help you" - EHU client

As in the EHU case, we also see instances where billing issues cause very high bills to be issued by mistake. This could cause consumers significant hardship, or be complex and stressful to resolve.

Alana's story

Alana is 86 and has multiple health conditions. She received a letter from her supplier saying her usage had increased from 2,000 kWhs to 20,000 kWhs annually and therefore her direct debit would be increasing. Alana had been providing regular meter readings, but her supplier said the readings were too low and couldn't be accurate. The supplier took a direct debit payment of £500.

Alana went to Citizens Advice for help, who referred her to the Extra Help Unit. There, a caseworker was able to establish that her supplier had made an error in calculating usage. On applying the actual meter readings, Alana's bill went down significantly.

In Alana's case, although the issue was resolved, this was only after a long and complex investigation requiring third party support. If Alana had not sought support, she may have ended up paying a bill she didn't owe.

What does good practice look like?

There are ways that suppliers can reduce instances of inaccurate bills and ensure direct debits are set at the correct level. Examples include:

- Setting up automated systems which flag when a bill is generated which is disproportionately high in relation to previous bills for that specific customer. This provides an opportunity for the supplier to check the bill before it is issued.
- Some suppliers also monitor instances where an accurate bill is produced after a prolonged period of estimated bills. This allows suppliers to then tailor communications to the customer, or check the bill is definitely accurate before it is issued.



Spotlight on debt

For any customer, receiving a shock bill can cause problems. But when people are already struggling with their essentials, it could push them into debt, or force them into difficult choices between essential expenses. Where people are already in debt, it could push them further into the red. For these consumers, it is even more vital that bills are predictable and regular.

At Citizens Advice we're seeing more people in energy debt, and those in debt owing higher and higher amounts. In February of this year, we helped a record number (11,593) with energy debts. We helped nearly 10,482 people this October, more than double the same month in 2019 (4,856)²².

Energy debt is a spiralling problem across the system. Between Q4 2020 and Q4 2023, the total level of debt more than doubled: from £1.45 billion to £3.1 billion. The most recent figure stands at nearly £3.7 billion, increasing nearly £400 million in just 3 months²³. More support is needed to help people in debt, while targeted bill support will be essential to address the underlying affordability crisis.

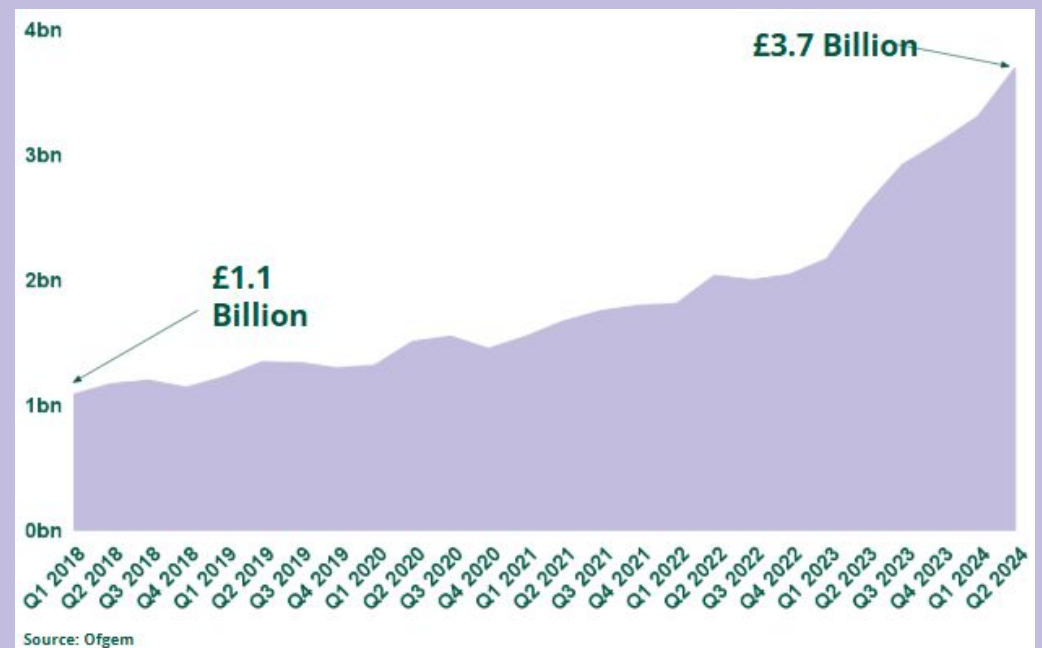
However, we also know that there is a link between billing issues and energy debt. 34% of people who came to Citizens Advice between January and the end of October this year for a billing issue were also helped with energy debt. In the same period, 1 in 5 (21%) people we saw who were struggling to afford their bills also needed help with a billing problem²⁴.

Nationally representative polling for Citizens Advice in July²⁵ found that:

- Already 7% of respondents, equal to 5 million people across Great Britain, lived in households in energy debt.
- Almost a quarter (23%) of bill payers predicted they would not be able to afford this winter's price increases.

Better targeted bill support and energy efficiency are needed to address the underlying problem of affordability, but improving billing processes would prevent many vulnerable people falling into hardship.

Total value of domestic customer debt and arrears²⁶



Bills can be difficult for some people to understand and engage with

At Citizens Advice, we frequently help people who are struggling to understand their energy bills. With energy prices at generational highs and with more and more people struggling to afford them, it is more important than ever that people understand how their bill is calculated.

If people don't understand how their bills are calculated, it can make it difficult for people to budget. It also means people don't understand why their bill has increased, and can make it difficult to query an inaccurate bill.

In summer 2024, Citizens Advice conducted a series of surveys and in-depth interviews with energy bill payers and Citizens Advice energy advisors²⁷. Advisors told us that the people they help often:

- Don't know how their bill is calculated.
- Find it difficult to spot issues because they don't understand their bill.
- Can't tell if a bill is based on estimated or actual readings.

"In every energy appointment I go through bills with clients and 90% need help with understanding the bill or do not have a clue about the contents of the bill" (Citizens Advice Energy Advisor)

In general people are satisfied with their bills, but they can cause issues for some people:

- Nearly 8 out of 10 (78%) of respondents to the Consumer Satisfaction Survey said that they were satisfied with the ease of understanding their bill, but nearly 1 in 10 (9%) said they were dissatisfied.
- Just 2 out of 3 (66%) of people who are digitally disadvantaged said they were satisfied with the ease of understanding their bill, with 16% saying they were dissatisfied.



Mishka’s story

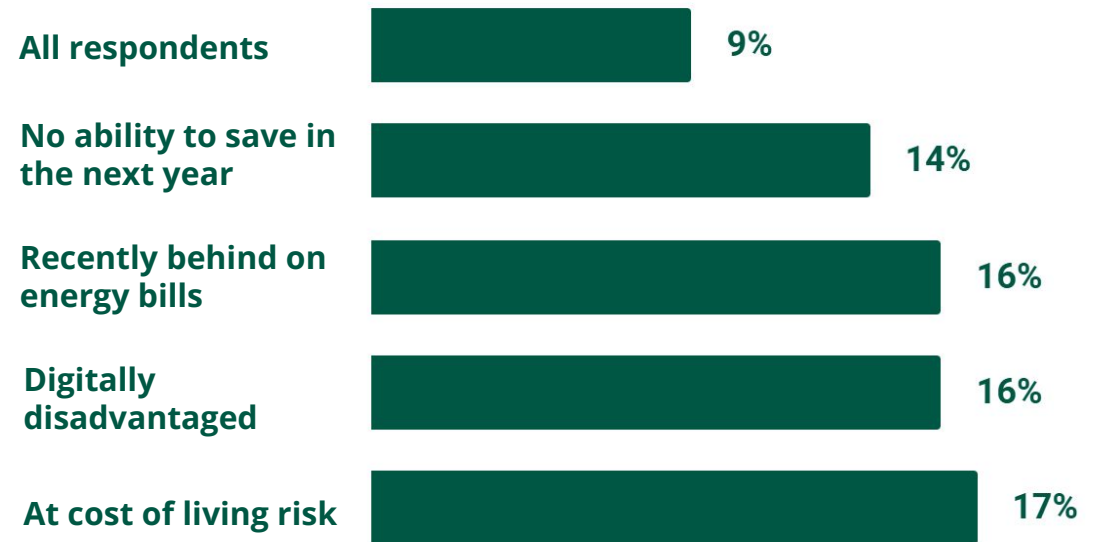
Mishka is 80 years old and struggling financially. She has mobility problems and a heart problem which make it difficult to walk and have left her largely housebound. She receives benefits including attendance allowance.

Mishka recently received an unexpected bill from her supplier for £7,000. She did not understand the billing period or how the arrears had been accrued. When Mishka contacted her supplier to query the bill she was told that she could either pay the bill or agree for a smart meter to be fitted, so she agreed to the smart meter. She later said that she didn’t understand much of her interaction with her supplier, and felt alone and vulnerable.

Mishka doesn’t understand how to use her smart meter, and said that her son tries to assist her in reading the meter. However, he doesn’t live locally and has other commitments so this isn’t always possible. After EHU assistance, the supplier identified a billing issue dating back to 2021, which was caused by an advisor amending meter readings on a previous account. Once this was addressed, Mishka’s account was in credit by £500, and her supplier also added a £100 goodwill gesture.

Mishka’s experience shows how difficult it is for some people to understand their energy bill, and how this can prevent them from challenging inaccurate bills. This is particularly difficult for people in certain vulnerable situations, and specifically people who are digitally disadvantaged. While Mishka was eventually able to successfully challenge the bill, this was only after intervention from the Extra Help Unit.

Our research also shows that people who struggling with their energy bills are more likely to find them difficult to understand.



% respondents to our joint Consumer Satisfaction Survey **dissatisfied with the ease of understanding their bill**

Common issues respondents who are highly vulnerable to a cost of living risk found with their bills include:

- 54% who said that it was difficult to understand how their total cost was calculated.
- 50% said that it was difficult to understand how numbers related to usage.
- 35% said that the wording or terminology used was difficult to understand.

Low levels of understanding can mean consumers are less likely to spot problems with their bill, meaning issues may go unnoticed until they cause real detriment.

Neil's story

Neil is of pensionable age and is deaf. He pays for his energy through a monthly direct debit. His supplier increased his direct debit payment by 7 times the usual amount, and told him his usage had increased.

Neil couldn't understand why it had increased by looking at his bill. He used his savings to pay his bill, and when he ran out, went to his bank to request a loan. The bank refused, and directed him to Citizens Advice. The advisor interrogated his bill and discovered the supplier had input the electricity reading incorrectly by including an additional digit.

What does good practice look like in this area?

Within the current rules, suppliers have to include specific information on bills, largely aimed at helping customers understand their usage and make informed choices about switching tariff or supplier. They must balance this alongside ensuring information is communicated in plain and intelligible language.

Some suppliers display clear good practice to ensure that they achieve these outcomes. Some customers who receive their bills digitally for example, may receive an email which pulls out the key information from their bill, with their bill attached if the customer wishes to look at the calculations. Some suppliers have also developed digital tools aimed at helping customers to understand their usage, which will become even more useful as time of use tariffs and smart-enabled products become more popular.



Difficulty resolving billing issues

Customers need to know that when they spot a billing issue, it will be resolved quickly and fairly. Concerningly, we saw average performance in our Customer Service Star Rating fall during the energy affordability crisis²⁸.

Our latest Citizens Advice Star Rating indicates some improvement, but a significant portion of consumers continue to face customer service issues when trying to resolve billing issues. Based on a random sample of 300 Citizens Advice billing cases, we found that at least 1 in 5 (22%) were exacerbated by customer service issues²⁹. Common issues include:

- Agents failing to record important information, leading to long delays in resolving issues.
- Customers being forced to explain complex billing matters multiple times to different representatives.

Data from local Citizens Advice offices show a similar pattern. Of the clients who recorded having a customer service issue, more than 6 in 10 (63%) also reported a billing or meter reading issue³⁰.

From our Consumer Satisfaction Survey we know that:

- 43% of respondents who were dissatisfied with their supplier's customer service were dissatisfied with their bill accuracy.
- In contrast, only 8% of total respondents identified were dissatisfied with billing accuracy as a problem

Additionally, billing queries are a major reason consumers contact their supplier in the first place:

- 19% of consumers contacted their supplier to query a bill, the second most common reason overall³¹.
- 8% had issues related to direct debits.

Inaccurate billing paired with poor customer service can lead to consumers losing trust in their supplier to provide the most basic of services. This can cause further problems: if customers do not believe their suppliers are billing accurately or honestly, it can lead to customers refusing to pay, or not feeling they can reach out for support when they need it.

What does good practice look like in this area?

Receiving a shock bill or a bill which looks inaccurate, particularly if containing a high value, can be a stressful experience for customers. If customers then have difficulty resolving the issue because they encounter poor customer service, this can prolong and complicate the issue and ultimately put the burden of finding resolution via third party on the customer. **Suppliers need to ensure their phone lines are well staffed**, with customer service agents who are able to provide support quickly and resolve issues promptly.

Spotlight on platform migration issues

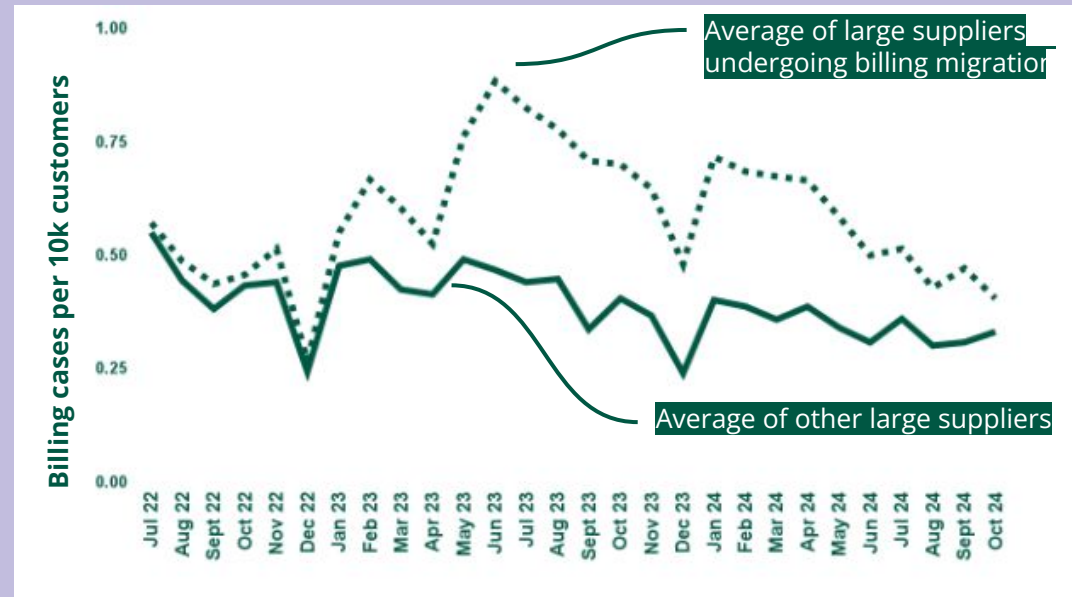
If suppliers upgrade or replace their billing system, they may need to migrate customer accounts over from one billing platform to another. Platform migrations should create better outcomes for consumers - leading to smoother billing processes as a consequence of suppliers making upgrades to their systems. Much of the time, this process goes smoothly and does not affect customer bills. But in others, billing migration can cause significant problems.

As a result of platform migrations, we have seen:

- Bills that don't match the previous account history.
- Shock bills that don't make sense.
- Customers not being able to access online accounts.



On average suppliers undergoing platform billing migrations have more billing cases³²



Many customers who come to us with billing problems which appear to be related to billing platform migration issues have attempted to contact their supplier first, but have had a poor experience. In some cases, customer service agents do not have access to necessary information to help the customer because they lack access to both the old and new billing system.

Within the existing rules, when a customer requests information, the supplier must make it available "to the extent that the information requested is available"³³. But where account information is inaccessible during a migration, there is sometimes insufficient protection for the consumer. As some of the cases we've encountered demonstrate, the impact of a long, drawn-out billing issue can be detrimental.

Spotlight on platform migration issues

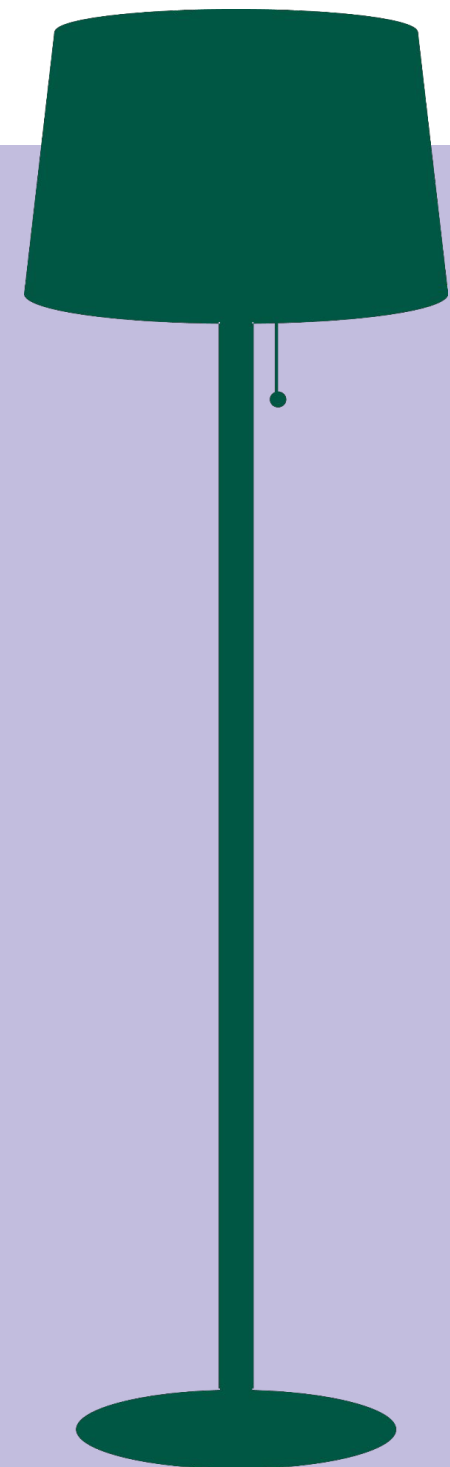
Dion's story

Dion's supplier recently started migrating their customers over to a new billing platform. Since this started, Dion has recently received 2 bills for £115 and £120. These bills don't make sense and aren't related to any meter readings. Dion finds his meter difficult to read because of its location, and engineers have been round twice to read the meter. Despite this, the bills that Dion receives are based on estimates rather than meter readings.

In total Dion has called his supplier over 70 times to try and resolve the issue, and multiple times the supplier has promised to call Dion back but have not done so. Dion's mental health is struggling as a result of the billing problem and he doesn't know what to do.

What does good practice look like?

Suppliers migrating their customers from one billing platform to another should anticipate where issues may arise, and work to minimise disruption to customers. Where there are issues, these should be proactively communicated to customers, and dedicated phone lines should be available for those who may be affected.

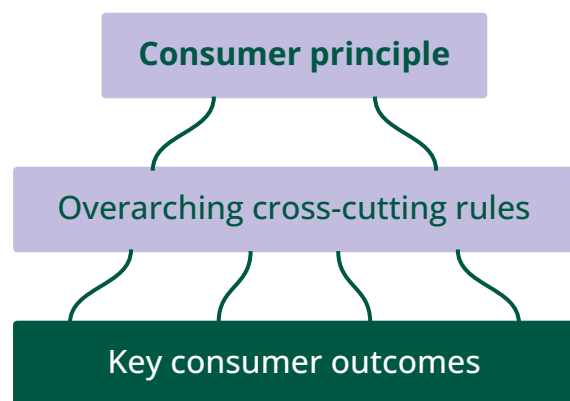


Recommendations

In this report we have identified specific examples of good billing practices, which suppliers could voluntarily adopt to ensure billing journeys are smoother and their customers experience fewer billing issues. But too many customers are falling through the current gaps in protections.

A consumer duty to raise standards

In the financial services sector the Consumer Duty is a new set of standards designed to improve the culture of firms, and make sure they focus on real-world consumer outcomes³⁴. It is designed to make it easier for the regulator to monitor compliance and quickly tackle poor practice before it becomes widespread. The Consumer Duty is structured around a high level principle and key target outcomes.



A Consumer Duty would put the onus on firms to monitor outcomes for their customers, and use that insight to develop products and services that suit the needs of their customer base.

If the approach mirrored that taken in the financial services sector, firms would have to take into account their customers' characteristics, and take additional care where their customers are likely to have characteristics of vulnerability. A similar approach in the energy market could go a long way to protect particular groups of consumers when billing issues arise³⁵, as well as preventing them entirely.

Within the scope of the existing regulatory framework, there are steps that could be taken to protect consumers.

These include:

1. Reducing the back-billing period from 12 to 6 months for people with smart meters

Under current rules, suppliers cannot charge people for energy that they used more than 12 months ago, as long as the supplier didn't previously bill for that energy before the year had passed³⁶. These rules provide protection against huge shock bills for energy used over a year ago, if the supplier is at fault. They are also an incentive for energy suppliers to ensure that their billing processes are correct, as they are unable to recoup any money they are owed beyond 12 months.

The current 12-month threshold was introduced when the majority of consumers were on traditional-style energy meters, which require a manual meter reading to produce an accurate bill. When working correctly, smart meters should remove the need for manual meter readings, as they can remotely send meter readings. It is therefore not proportionate for energy suppliers to back-bill customers with smart meters to the same level as those on traditional meters.

Reducing the period to 6 months for people with a smart meter would protect millions from some of the impact of shock bills. It would also incentivise suppliers to ensure smart meters are functioning properly and to proactively inform people if they need to provide manual meter readings in the interim.

Currently suppliers also must ‘make available a bill or statement of account for each customers at least twice yearly’, but it is not mandated that this is based on accurate reads³⁷. Amending the back-billing rules would ensure that in practice, customers on smart meters would receive at least two accurate bills or statements per year.

Ofgem should also consider further changes to the existing regulations, such as requiring suppliers to make monthly billing the default approach for their customers.

2. Extend Guaranteed Standards of Performance (GSOPs) to include smart activities

When they work correctly, smart meters should remove the need for estimated billing and reduce billing errors. However, too many smart meters don’t function properly, and the evidence shows that they aren’t being fixed in a timely manner³⁸. Existing guaranteed standards set a minimum performance in areas such as keeping appointments and fixing meters, and consumers are automatically compensated when these aren’t met.

Ofgem should extend the Guaranteed Standards of Performance to include key areas around smart meter functionality, to help ensure suppliers fix smart meter issues quickly. As the smart meter rollout continues, this should help to bring down estimated billing and provide consumers with more reassurance that they will receive accurate bills.

The **Guaranteed Standards of Performance** (GSOPs) require suppliers to meet minimum levels of performance across a range of areas. This includes making and keeping appointments, completing a switch of suppliers, and refunding credit balances. If a supplier fails to meet any of these standards, it must automatically provide the impacted customer with a compensation payment.

3. Better monitoring and enforcement where suppliers fail to meet standards

Current rules state that suppliers must provide all the relevant information needed for a customer to understand their energy bills³⁹. This includes making sure that bills or statements of account reflect the most recent accurate meter reading, and make it clear if a bill is estimated.

There are also rules in place to ensure that consumers are treated fairly, which includes a requirement that all communications are clear and not misleading, and that important information is given prominence. Suppliers should also ensure that any communications take into account any characteristics of vulnerability in their communications⁴⁰.

However, the evidence shows that some consumers still find their bills difficult to understand, with those in vulnerable situations particularly affected.

In the long run **we think that a Consumer Duty would help to improve outcomes**, by ensuring better testing and monitoring of different approaches. In the shorter term, **we suggest that Ofgem should act to secure higher quality consumer outcomes through enforcement** and regulatory action where suppliers fall short, and take proactive measures to clarify any existing guidance on billing.

4. A renewed focus on billing through industry-wide initiatives

One way that billing practices could be improved is through industry-led initiatives to drive up standards. These have had considerable success in promoting helpful outcomes for consumers through areas such as the Energy Switch Guarantee and the Energy UK Vulnerability Commitment.

Given the clear harm that inaccurate and shock bills can cause, **we suggest that billing practices could benefit from further consideration by industry**. The Vulnerability Commitment is likely the most convenient place for this consideration, given the link between challenges with bill understanding and debt for certain groups (e.g. people who are digitally excluded or have difficulty managing bills). The commitment could assess specific commitments to test and improve billing information and communications.

Ultimately, suppliers should be taking necessary steps to take into account any characteristics of vulnerability within their customer base⁴¹. We believe that suppliers should provide clear evidence that they are meeting these standards, should conduct customer engagement to test innovative billing approaches, and seek to demonstrate that they are going above and beyond the license conditions in their approach to billing issues.

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3. Contacts to our energy consumer service and to our local offices between 1st January and 31st October in the following years: 2020, 2021, 2022, 2023 and 2024.
4. Based on a manual coding of a random sample of 200 cases from our consumer service involving catch-up bills across 2 periods: Oct 2020 to Oct 2021, and Oct 2023 to Oct 2024. The average value for 2021-2022 was £1694 while 2023-24 was £2525.
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30. Based on people who were advised at a local Citizens Advice on customer service issue who were also advised on a billing/meter reading issue between 1st January and 31st October 2024.
31. The most common reason overall was meter reading, at 19%.
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Report authors: Jess Roper, Olu Emmanuel, Sam Andre-Paul, Tom Brooke Bullard, Will Johnstone, and Alex Belsham-Harris

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