



The debt protection gap

Identifying good practice and policy solutions to improve support for consumers in debt

Executive summary

The cost of living crisis has left millions of households unable to afford their essentials. Despite prices falling from their peak, energy costs remain particularly challenging:

- Energy debt is now the most common debt our specialist debt services help people with.¹
- The average energy debt owed by our clients is now over £1,840, a 21% increase since last year.²
- Total energy debt for domestic consumers has now reached over £3bn, rising more than 50% in a year, and extra debt costs are adding £28 a year to the average energy bill.³

As more people have come to us about issues with energy debt, **we've also seen an increase in some harmful debt collection practices.** We're particularly concerned that:

- Some suppliers still aren't always following Ofgem rules on offering affordable debt repayment plans.
- Some suppliers are using Debt Collection Agencies (DCAs) while consumers are still trying to agree a repayment plan.
- Our Consumer Service is helping a growing number of people facing court enforcement, which can cause distress for some vulnerable consumers and add significant costs to their debt

The use of methods like court enforcement may increase now that Ofgem has introduced tougher rules on force fitting of prepayment meters to collect debt, in order to prevent the abuses we saw by some firms last winter.⁴

As part of this research we've identified good practice by some suppliers, which we spotlight in this report. Voluntary industry commitments are also enabling suppliers to demonstrate how they go further than mandated to support their customers.

However, this isn't enough to protect all consumers and enable Ofgem to respond to emerging risks, which may grow as suppliers seek to recover more debt. **Ofgem should close the gaps in protections for the most vulnerable consumers.**

Key recommendations

Ofgem should:

1. take tough compliance and enforcement action to ensure suppliers offer affordable repayment plans.
2. issue guidance on the appropriate situations in which suppliers should use Debt Collection Agencies.
3. limit the use of court action and enforcement where they put consumers at risk of significant harm.

While these actions will tackle some key risks, the problem of energy affordability and debt can't be solved by Ofgem and suppliers alone. **The Government also needs to act.** We're calling for better targeted bill support for those at risk, and more funding for independent debt support which can find sustainable solutions for people.⁵

Our methodology

This report highlights how suppliers should improve their processes to support their customers in debt and examples of good practice they could follow. The report also identifies wider policy issues, and makes recommendations about how Ofgem should improve protections for all consumers. The table below details our research methodology in preparing this report.

Interviews with energy suppliers

We spoke to 5 energy suppliers in September 2023, to understand how they currently support their customers in debt and identify areas of good practice. We asked suppliers about all stages of their debt customer journey, including identification of customers who are struggling to pay, setting up payment plans, referrals of customers to further support and their use of debt collection agencies and court enforcement. We would like to thank all interviewees for their time and insight.

Analysis of Citizens Advice data

We analysed data from the Citizens Advice Consumer Service to identify trends in the types of energy debt cases we see. We have also used Citizens Advice case studies within this report to further illustrate the types of problems our clients encounter.

Analysis of survey data and other data sources

We looked at data from the most recent wave of the energy satisfaction survey that we run jointly with Ofgem. We commissioned BMG to conduct a large-scale representative survey of 3,742 domestic energy consumers across Great Britain. We also analysed data that energy suppliers submit to Ofgem to fulfil their social obligations reporting requirements.

What happens when a consumer falls into debt?

Following these discussions, the consumer may then have access to the following types of support.

Grants and schemes to pay off debt

Many suppliers have charitable funds or hardship funds to write off customers' debt.

Referrals to 3rd party support

Ofgem rules require suppliers to signpost customers to advice about debt prevention and management. We see good practice in this area, with some suppliers developing referral partnerships with advice providers.

Agreeing a repayment plan

When a supplier discusses a repayment plan with their customer they must take their customer's ability to pay into account. However, we have some evidence that these rules aren't always followed, causing harm to consumers.

If a repayment plan **cannot be agreed upon**, the supplier cannot get in contact with the consumer, or the repayment plan fails, suppliers can take other action to recover debt.

Using a debt collection agency

There are no Ofgem rules or guidance on when and how it is appropriate to use debt collection agencies and we see a wide variation of practices between suppliers.

Forcibly installing a prepayment meter

Ofgem have introduced new rules about how suppliers should carry out forced installations of prepayment meters. This means suppliers are also not allowed to install prepayment meters for the highest risk consumers.

Court enforcement

There are no Ofgem rules about how and when suppliers should use court action to recover debt. This means court action is sometimes inappropriately used against consumers in vulnerable circumstances.

Setting affordable repayment plans

The first step an energy supplier takes when a customer is in debt is to try to agree a repayment plan with them. Ofgem's rules state that suppliers should take their customer's ability to pay into account when agreeing a payment plan.⁶ **Despite these rules, not all consumers are being offered affordable repayment plans.** Recent research conducted for Ofgem and Citizens Advice has shown that, of the consumers who have spoken to their supplier because they've fallen behind on bills:



1 in 5 (20%) say that their supplier didn't resolve their issue.



1 in 7 (14%) said that the debt repayment plan offered to them didn't suit their needs.⁷

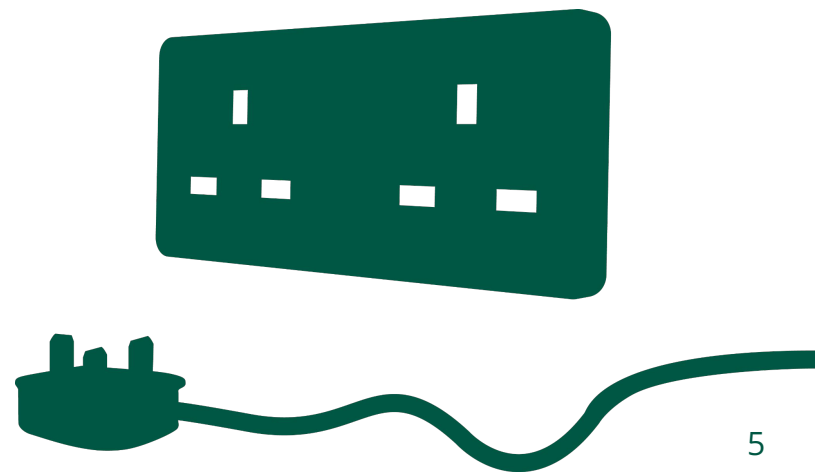
We also found that 1 in 10 (9%) consumers who have discussed their repayment plan with their supplier say they weren't asked how much they could afford to pay.⁸

There has also been an increase in the number of repayment plans set up by energy suppliers that are failing. Between July and September 2023 1 in 4 (25%) payment plans failed, an increase from 1 in 7 (15%) between January and March 2022.⁹ This increase in failed payment plans suggests that suppliers are asking consumers to pay more money than they can afford.

Unaffordable payment plans can cause harm. Being in energy debt may mean consumers resort to risky behaviour, such as skipping meals or not using adequate heating or hot water. The case study below illustrates the types of problems people coming to Citizens Advice have.

Farokh's Story

Farokh is in debt with their energy supplier. Farokh has contacted the supplier multiple times but has been unable to agree an affordable repayment plan with them. Farokh is relying on financial help from friends and family and regularly uses a food bank to make ends meet. Farokh was recently diagnosed with a long term health condition and feels that the stress of trying to manage their energy debt is making their health worse.



Setting affordable repayment plans

Ofgem have recently strengthened the rules on offering affordable repayment plans by adding a requirement for suppliers to offer payment holidays where appropriate.¹⁰ This should further ensure that consumers are offered affordable payment plans but these **rules will only improve outcomes for consumers if they are appropriately enforced.**

Ofgem needs to make sure that all suppliers are following the licence conditions around offering customers repayment plans according to their ability to pay. Ofgem may need to consider repeating a Market Compliance Review of suppliers' support for their customers in payment difficulty. The last review was completed over a year ago and levels of debt have risen significantly since then.

How should suppliers determine affordable repayment plans?

Suppliers should look at each customer on their own terms, and not just offer a standard package of support. This means:

- Suppliers should not be asking for set minimum repayment rates and instead should offer affordable repayment plans based on the customers' circumstances.
- Suppliers should give customers the ability to spread repayment plans over as long a period as necessary and also ensure that customers can pay very low repayment rates, for example £1 a month, if appropriate.
- Payment plans should be reviewed regularly and amended

if something happens that makes the customer more or less able to pay. Suppliers should not assume that falling energy prices automatically mean that customers are able to pay more towards their debt.

- Suppliers should offer payment holidays to customers where appropriate.

Suppliers should have systems in place to help them assess a customer's financial situation and determine a suitable payment plan. Some suppliers we spoke to talked about using open banking systems to support this. Open banking allows customers to share their financial details with their energy supplier so that they can agree upon an affordable repayment plan. Some suppliers stated this was a helpful way to understand a customer's financial situation. However other suppliers shared that open banking can be received negatively by customers, as they have concerns about data sharing.

Suppliers may have better outcomes by having conversations and building rapport with customers, rather than pushing them to use open banking in the first instance. Where suppliers do use open banking, we recommend that it should not be mandatory for customers to provide access to this information. Suppliers should also ensure they are signposting to appropriate third party support, as a customer who is in debt with their energy supplier would likely benefit from speaking with an independent debt adviser. Independent debt advice can help support consumers who are unwilling to share financial information with their supplier, or may have a wider mistrust of their supplier.

Using debt collection agencies

When a supplier has been unable to agree a repayment plan with a customer, or where they haven't been able to contact a customer after multiple attempts, a supplier may pass the customer's details on to a debt collection agency (DCA). The suppliers we spoke to stated that their internal collections processes usually lasted between 1-3 months, and if after this period they had not reached an agreement with the customer they would consider using a DCA.

People who come to Citizens Advice may have been contacted by a DCA about an old debt after they have switched suppliers, after there has been a change in tenancy at a property or after their previous supplier has failed. However **we also see many cases where someone has had contact from DCAs despite attempts by the consumer to agree a payment plan** with their supplier. These consumers may then feel forced into agreeing to an unsuitable payment plan due to contact from a DCA. Of the people who contact us about issues with a DCA,¹¹



Over 1 in 5 (22%) are in a vulnerable situation, such as having a physical or mental health condition.



Around 1 in 12 people (8%) said that contact from a DCA had a negative impact on their wellbeing or made them feel intimidated.



1 in 20 people (5%) said that contact from a DCA made them feel forced into agreeing to an unsuitable payment plan.

Contact from debt collection agencies can have a significant welfare impact on consumers, and particularly consumers who are experiencing mental health issues. Repeated contact from creditors can cause distress to consumers. 1 in 10 (11%) people with recent mental health problems say that they dread opening communications they receive from creditors.¹²

William's Story

William had around £1,000 debt with their energy supplier but has been able to pay off £400 of this. William tried to contact their supplier about their debt but found it hard to get hold of them. Recently they were visited by a DCA on behalf of their energy supplier. William found this visit very intimidating, and agreed to a repayment plan but is unsure if they can afford this. William was also informed that they would be charged for the agent visit. William is concerned about further debt collection action as they have a long term health condition and are currently unemployed.

Using debt collection agencies

Some suppliers we spoke to said that they would not use a DCA if they knew the client was in a vulnerable situation. Other suppliers stated that they thought using a DCA was an important way to engage with customers who weren't replying to communications from their supplier, and that the resolution rate when using a DCA was high. Field visits can help suppliers identify if the customer is in a vulnerable situation that the supplier was not aware of. However, it is important that these visits should have a supportive, not threatening, tone.

Using a DCA can cause consistency issues, because the DCA's processes won't always be the same as the supplier's. Using a DCA is also often perceived by consumers as an escalation of the debt recovery process. Suppliers can manage these risks by working closely with DCAs and aligning their processes. However, given the potential detriment, careful consideration about how and when DCAs are used is needed.

Given the detriment contact from DCAs can cause to consumers, we recommend that **suppliers should consider whether it is appropriate to use a DCA when they know a customer is in a vulnerable situation**. Where suppliers do use DCAs, they should ensure they are using FCA authorised agencies and that they are appropriately monitoring the actions of the agencies they employ, as under Ofgem rules suppliers are responsible for the actions of these representatives.

We're also **calling on Ofgem to issue guidance on the appropriate situations in which suppliers should use DCAs**. This guidance should focus on highlighting examples where it may not be appropriate to use DCAs. For example this may be because the consumer is still engaging with the supplier to try and agree a repayment plan, or because the consumer is in vulnerable circumstance, such as having a mental health problem, which could be made worse by contact from a DCA.



Using court enforcement action

If other methods of debt recovery have been unsuccessful, energy suppliers may try to use court enforcement methods to recover debt. Energy suppliers may take consumers to court for debt and if the consumer does not respond to court letters, they may be given a County Court Judgment (CCJ). A CCJ means that the court has formally decided that the consumer owes the money, and tells the consumer how much to pay and when to pay by.

Suppliers we spoke to said they used CCJs to try and recover debt infrequently and that they would always assess the suitability of issuing a CCJ to a customer. Many suppliers said there were certain groups of people they would never issue a CCJ to, for example customers who are on the Priority Services Register. Some suppliers also said they would find out whether the customer had other outstanding unpaid CCJs and so would be unlikely to be able to pay the debt if they were issued a further CCJ.

The overall numbers are still relatively low but **we have seen an increase in the number of people coming to us for help because their energy supplier is pursuing court action.**



In 2023 the number of people who came to us about court enforcement issues for energy debt nearly doubled when compared to 2022.



The proportion of cases to do with court enforcement action has also grown. In 2022 2.8% of debt cases related to court enforcement - this increased to 4.1% in 2023.¹³

We are concerned about this trend as **sometimes court action is used against consumers in vulnerable situations** who have difficulty engaging with their energy supplier.

We are also concerned about the use of High Court Enforcement Officers (HCEOs) to enforce CCJs for energy debt. High court enforcement is a type of bailiff action which can lead to additional fees being charged and can result in goods being removed from individuals' homes.

High court enforcement cannot be used for consumer credit debts, due to protections in the Consumer Credit Act, but can be used for energy debts subject to a CCJ of £600 or more. We are concerned that **some suppliers may seek to take advantage of this ability to enforce judgments through a more aggressive legal route.**

Using court enforcement action

Court action can lead to significant further detriment for consumers who are already in vulnerable circumstances.

Additional fees are added at the judgment stage, and further fees may be incurred if the supplier subsequently uses High Court Enforcement Officers. Consumers may find it difficult to understand and respond to the court forms they receive as part of the CCJ process, and this can be even more complex if High Court enforcement is used. Because of its formal, legal nature, court action can significantly increase the stress and anxiety associated with debt. Finally, court action can negatively affect consumers' ability to access credit and can stay on a person's record for 6 years. This impacts consumers' ability to access essential services, such as phone contracts, and can also affect their ability to rent property.

We are also concerned about the harm that bailiff action, such as action by HCEOs, can cause. Recent Citizens Advice research found that:



2 in 3 people experienced harassment or intimidation from bailiffs collecting debts.



1 in 2 said that poor bailiff behaviour impacted their long-term financial situation.



3 in 4 said that poor bailiff behaviour affected their mental health.¹⁴

Morris's Story

Morris had a billing dispute with their supplier around a year ago and sought help from Citizens Advice. Morris believed the dispute had been resolved but they have now received a court letter notifying them they owe around £800 and giving them a court date in 2 weeks' time. Morris is unsure why they have been issued this letter. Morris lives with their 15 year old disabled child and relies on Universal Credit for income.

Pauline's Story

Pauline is in debt with their energy supplier and they have been paying around £300 by monthly direct debit to cover their debt and ongoing usage. However Pauline's supplier tried to take £2,000 from their account so they cancelled their direct debit and tried to contact their supplier to discuss this. Pauline has now received a letter stating they need to pay over £2,700 or court action will be taken. Pauline is concerned about how they will be able to pay this as they recently had an extended hospital stay which meant they have been unable to work.

Using court enforcement action

In October 2023 Energy UK launched the Winter 2023 Voluntary Debt Commitment. The suppliers signed up to this commitment agreed to a number of additional measures to protect consumers over winter 2023. This included a requirement that policies about the use of High Court enforcement and CCJs are signed off at board level or equivalent.¹⁵ Similarly Energy UK's Vulnerability Commitment is a voluntary set of commitments from suppliers to support customers in vulnerable circumstances. This commitment covers 95% of the market and requires suppliers to only use HCEOs to recover debts from vulnerable consumers when it is appropriate.¹⁶ However these commitments do not cover all of the energy suppliers in the retail market, and Ofgem don't have rules that explain what is acceptable use of court enforcement.

Due to the high level of detriment involved in these cases, **we recommend that Ofgem introduce rules on the acceptable use of court action and high court enforcement.** These rules should:

- Set out the groups of people who a supplier should not use court action against. This should include consumers who would have difficulty engaging in a court process such as people with a severe physical or mental health condition, like dementia or a terminal illness, as well as people who cannot afford to pay their debt.

- Increase requirements to make proactive communication attempts with consumers ahead of court action
- Require that suppliers' policies on using court enforcement have board level sign off. This would make the Energy UK Winter Debt Commitments permanent and mandatory for all suppliers, ensuring better oversight on how this type of debt recovery is being used across the industry.
- Ensure that there is senior level sign off when suppliers use enforcement via HCEOs.
- Ensure that where suppliers do use high court enforcement that they only use firms accredited by the Enforcement Conduct Board.

Ofgem should also improve monitoring of how energy suppliers use court action to recover debt. This could be achieved through adding additional reporting requirements to its existing Social Obligations Reporting.



Preventing shock bills

Current Ofgem rules state that:

- Suppliers must bill customers based on the meter readings they provide.¹⁷
- Consumers can't be charged for energy used more than 12 months ago if they have not been correctly billed.¹⁸

Despite these rules, **many people who come to Citizens Advice have fallen into energy debt because of poor customer service and inaccurate billing.** As energy prices have increased, the amount of money that suppliers can bill for has also increased, reducing the effectiveness of this protection. Consumers may receive catch up bills that do not contravene these rules but are still for thousands of pounds. We are particularly concerned about the impact that this type of shock bill can have on consumers.

Suppliers need to work to mitigate the financial impact of shock bills on consumers. If suppliers are sending out a higher than normal bill, they should make sure they are offering appropriate support. This means the supplier should consider:

- If back billing rules apply.
- Whether they could have done anything to prevent the customer falling into debt.
- Making sure customers are aware of different payment options.
- Signposting customers to further support.

An unexpected bill can push consumers into financial hardship. The case studies below show the detriment consumers can experience when receiving a shock bill:

Giulia's Story

Giulia has been paying around £50 a month by direct debit and provides regular meter readings to their supplier. The last time they checked their account they saw that they were now in debt and their direct debit had been increased to £850 a month. Giulia's supplier is also asking for a payment of £1,500 up front. Giulia cancelled their direct debit and has contacted their supplier about the debt. Giulia relies on their state pension for income and has multiple health conditions. Giulia says the stress of this debt is affecting their wellbeing.

Connor's Story

Connor has sent meter readings to their supplier and asked for an accurate bill however there was a delay in the bill being sent to them. Connor's bill is now £1,000 higher than expected. Connor has contacted their supplier but keeps being passed to different departments and does not receive call backs when promised. Connor has a long term health condition and receives Personal Independence Payments. Connor has stopped using heating and hot water at their home as they are concerned about this bill.

Early intervention and proactive contact

Suppliers need to reach out when there are early warning signs that people are struggling, rather than waiting for people to get into debt.

Ofgem have recently introduced a new rule which requires suppliers to proactively contact customers after a missed payment.¹⁹

However, suppliers should consider making contact with customers before they meet the criteria set out in this licence condition. Earlier intervention can prevent a customer's situation becoming worse. It can also foster a supportive relationship between customers and energy suppliers, meaning customers are more likely to engage with their supplier if their financial difficulties continue.

Suppliers we spoke to reported reaching out to customers if:

- There was a variance in direct debit amounts or payment schedule
- There's a history of occasional missed payments, or
- Based on usage patterns an account is about to fall into debt.

Ofgem rules require suppliers to send broad communications to all their customers about the support available if they are struggling to pay their bills.²⁰ Suppliers should also use available data to target further communications to those customers who are more likely to fall behind on their bills. These communications should be sent to customers using a variety of contact channels, depending on the customer's preferences.



Connecting consumers with the right support

The appropriate solution for each customer in debt will depend on their individual circumstances. Suppliers are often not best placed to decide what actions are most appropriate for the consumer, especially if they have multiple debts. Therefore **it's important that suppliers are able to recognise the signs that a customer would benefit from independent debt advice** to help them manage their money and debts.

This means suppliers should ensure that they have close relationships with relevant third party organisations. Suppliers should make sure they are signposting to debt advice effectively. This means that they should:

- Signpost, or refer, to debt advice both in written communications with consumers and in any telephone conversations
- Clearly communicate the benefits of seeking debt advice
- Address any potential concerns consumers may have
- Be clear about the next steps consumers may have to follow once they have sought advice
- Avoid giving the impression that a debt advice provider will be able to deal with a customer's debts on their behalf if this is not the case.

In line with new guidance from Ofgem²¹, suppliers should ensure that they accept income expenditure forms and suggested repayment amounts from all debt advice providers.²²

Suppliers should pause collection activity to give their customers enough time to get debt advice. Breathing Space gives people in debt legal protections from creditor action for 60 days, including pausing enforcement action and freezing most interest and charges on their debts. Suppliers should be prepared to offer voluntary breathing space to customers who need longer than 60 days to put a plan in place to deal with their debts, for example because they are in the process of applying for benefits or dealing with complex debt situations. They should also consider offering this support to customers who do not qualify for the formal Breathing Space scheme.

Where customers are struggling to afford their energy bills, suppliers should consider offering referrals to energy efficiency advice to help lower the customer's bill. Some of the suppliers we spoke to offered referrals to charities or had in-house staff who could visit the customer's home to give energy efficiency advice and suggest improvements. Suppliers should also ensure customers are aware of the funding available to help them improve the energy efficiency of their home, for example receipt of income-related benefits is one of the eligibility criteria for receiving ECO4 funding.

Schemes to write off debt

A number of charitable grants, hardship funds and industry initiatives are available in some circumstances that could help customers to write off debt. Consumers are often unaware of any schemes that are available. Where consumers are aware of funds it is usually following conversations with advice organisations or with their energy supplier. By the time a consumer is applying to one of these schemes they may be in substantial levels of debt.

We often see good practice in this area. **Many suppliers we spoke to had charitable funds or hardship funds to write off customers' debt.**

Eligibility criteria for these funds varies amongst suppliers. The suppliers we spoke to often prioritised applications from their most vulnerable customers. Some suppliers had more loose criteria and allowed advisers to use their own discretion. Other suppliers had criteria based on the amount of debt a customer has, if the customer has sought advice on debt management and if they are able to cover their ongoing usage. Some suppliers reported that if customers are not eligible for these schemes, it was usually because they had yet to seek debt advice.

Some suppliers we spoke to also offer debt matching schemes to help pay off customers debts. This means that for customers not eligible for debt relief schemes, the supplier would ask

customers to pay off what they're using for a period of time and then the supplier would match these payments. Many suppliers we spoke to also had schemes where they proactively reached out to vulnerable customers to offer them support including offering one off financial support, a debt write off, or a discount on their energy bill over the winter.

Suppliers should also consider how writing off debt can support consumers to find a solution that means they can pay their ongoing usage going forward. **Though a formal process with clear criteria is useful, it's important that suppliers also approach debt write off on a case by case basis.** This means suppliers may consider writing off debt for customers who have no realistic prospect that they will be able to maintain a debt repayment plan. Suppliers should also consider writing off debts where a customer has long term physical or mental health issues²³ and no way of repaying their debt.

Additionally, if a supplier accounts for a customer's debt as being unrecoverable, this write off should be passed on to the customer. Companies often write off old and unrecoverable debt from an accounting point of view, but this write off may not be passed on to the customer and debt collection action may still be pursued. One supplier we spoke to said that if they had old debt that they had already accounted for as being unrecoverable then they would then approach the customer to offer them a settlement.

How to close the debt protection gap

There are gaps in the current protections offered to consumers in energy debt. This means that consumers can be exposed to aggressive debt collection practices that cause harm.

To close these gaps, Ofgem need to:

- 1. Ensure all suppliers are following the licence conditions around offering customers affordable repayment plans.** Ofgem may need to also repeat its previous Market Compliance Review of suppliers support for their customers in payment difficulty, given the significant increase in debt levels since the last review.
- 2. Issue guidance on the appropriate situations in which suppliers should use DCAs.** This guidance should focus on highlighting examples where it may not be appropriate to use DCAs. For example, if the consumer is still engaging with their supplier in good faith or are in certain vulnerable circumstances.

Energy debt is not covered by the Consumer Credit Act. This means DCAs that are employed to help collect energy debt do not have to be regulated by the FCA. Further guidance from Ofgem on how suppliers should use DCAs would help close the protection gap consumers face in this area.

- 3. Introduce specific rules on the use of court action and high court enforcement** which should:
 - Set out the groups of people who a supplier should not use court action against.
 - Increase requirements to make proactive communication attempts with consumers ahead of court action.
 - Require that suppliers' policies on using court enforcement have board level sign off.
 - Ensure that there is senior level sign off when suppliers use enforcement via HCEOs.
 - Ensure that where suppliers do use high court enforcement, they only use firms accredited by the Enforcement Conduct Board.

In deciding which groups it may not be reasonable to use court action against, Ofgem should consider the ability of the consumer to engage in the process. Some consumers may not be able to engage in the court process due to a physical or mental health condition, such as dementia or a terminal illness. Other circumstances or life events, such as a recent bereavement, may also make it more difficult for consumers to engage. Ofgem should also ensure that a consumer's financial vulnerability is considered before court action is taken, so that consumers are not taken to court for a debt they cannot afford to pay.

How to close the debt protection gap

Ofgem has recently launched a call for input about affordability and debt in the domestic retail market.²⁴ This call for input highlights many of the examples of good practice and areas of concern addressed in this report.

We particularly welcome the attention drawn to the detriment that aggressive debt collection practices can cause to consumers, and the need for suppliers to consider consumers' circumstances when deciding what debt enforcement action to take. By following the recommendations of this report, Ofgem can ensure that consumers are protected from harmful debt collection action, and the regulator is able to respond quickly to emerging harms.

Energy suppliers should consider how they can go beyond the standards set out in Ofgem's rules.

We recognise that suppliers are committed to providing appropriate support to their customers. **Many suppliers demonstrate good practice by signing up to industry's voluntary commitments or offering access to additional financial support.** However, there are inconsistencies in the support consumers are offered and we see a wide variation of practices between suppliers. Though the issues identified in this report are still at relatively low levels, preventative action needs to be taken now to ensure that consumers are protected.

To ensure suppliers are appropriately supporting their customers, we recommend that energy suppliers:

- Ensure they offer customers appropriate support when sending out shock bills.
- Make proactive contact with customers who have missed payments or are at risk of falling into debt to understand more about their situation and offer support.
- Ensure they are aware of the support available to consumers through organisations such as debt advice charities, and proactively engage with these third parties.
- Consider whether they may be able to help customers with an application to charitable funds for financial assistance. Suppliers should also consider if it is appropriate to write off debt independently of a customer applying to these schemes.



How to close the debt protection gap

The Government also needs to tackle energy affordability and support people in debt.

These recommendations would improve the current system to help tackle some risks and detriment caused to vulnerable consumers. The dramatic increase in energy debt levels has been largely driven by high energy prices over the past few years. While prices are now falling, they remain above historic levels, and higher living costs mean the problem of energy affordability is likely to be an enduring one for those on low incomes.

The current support offered by the Government isn't enough to solve this problem in the long term. In our recent report, Shock Proof, we called on the Government to improve targeted bill support, so that households on low incomes and with high energy costs can receive targeted financial support to help them afford their ongoing energy usage.²⁵

More funding for third party debt advice is needed. Debt advice services offer a sustainable solution for both consumers and energy suppliers, by considering people's debts across sectors and ensuring they access the best support for their circumstances. Ofgem requirements for suppliers to signpost to debt advice are useful, but only work in practice if support is available in a timely way. The increase in demand for debt support means advice charities are currently overwhelmed with demand, leaving consumers waiting for the help they need. The Government should enable more funding for these vital services.



References and footnotes

1. Citizens Advice (2024) [Cost of Living Dashboard](#) In 2023, our specialist debt service helped more than twice as many people with energy debt as it did in 2020.
2. Citizens Advice (2024) [Cost of Living Dashboard](#)
3. Ofgem (2024) [Affordability and debt in the domestic retail market – a Call for Input](#)
4. Citizens Advice (2023) [Kept in the dark](#)
5. Citizens Advice (2024) [Shock Proof: Breaking the cycle of winter energy crises](#)
6. Ofgem, [Electricity Supply Standard Licence Conditions](#), Condition 27.8
7. Based on a representative poll of 3742 adults (18+) in the UK conducted by BMG for Citizens Advice and Ofgem, fieldwork conducted between August and September 2023.
8. Ibid
9. Ofgem (2023) Social Obligations Reporting (unpublished)
10. Ofgem (2023) [Consumer Standards Decision](#)
11. Based on analysis of Citizens Advice Consumer Service cases where the consumer had been contacted by a debt collection agency. A sample of 250 cases between July - September 2023 was analysed.
12. Money and Mental Health Policy Institute (2022) [Bombarded: reducing the psychological harm caused by the cost of living crisis](#)
13. Our energy specialist Citizens Advice Consumer Service received 349 cases about court action in 2023, compared to 179 cases in 2022. This does not include cases dealt with by Local Citizens Advice offices, and so is an underestimate of the total number of people Citizens Advice supported with court action for energy debt.
14. Citizens Advice (2023) [Bailiffs Behaving Badly](#)
15. Energy UK (2023) [The Winter 2023 Voluntary Debt Commitment](#)
16. Energy UK (2023) [Vulnerability Commitment](#)
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20. Ofgem, [Electricity Supply Standard Licence Conditions](#), Condition 31G.2
21. Ofgem (2023) [Consumer Standards Decision](#)
22. *Debt counselling* is a regulated activity and requires authorisation from the Financial Conduct Authority. Suppliers can check whether a firm is authorised by consulting the [Financial Services Register](#). Local authorities and insolvency practitioners are not required to seek authorisation due to statutory exclusions.
23. The [Debt and Mental Health Evidence Form \(DMHEF\)](#) provides creditors with a way to collect external evidence about a customer's mental health situation to decide what support to give to that customer.
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25. Citizens Advice (2024) [Shock Proof: Breaking the cycle of winter energy crises](#)

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