

Social Action Plan

Research on Helping Customers to Avoid/Manage Debt

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DISCLAIMER

This report has been prepared for and only for the Northern Ireland Authority for Utility Regulation (hereafter referred to as 'the Utility Regulator') in accordance with the terms of reference in the Social Market Research's (SMR) proposal dated October 2009 and for no other purpose.

The opinions expressed by survey respondents, case study participants, workshop participants or authors are strictly those of the person who gave them and not SMR or its partners.

SMR does not accept or assume any liability or duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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EXECUTIVE SUMMARY

OVERALL AIM OF RESEARCH PROJECT

In November 2009, the Northern Ireland Authority for Utility Regulation (hereafter referred to as ‘the Utility Regulator’) appointed Social Market Research (SMR) www.socialmarketresearch.co.uk, in partnership with Advice NI www.adviceni.net and the Social Research Centre (SRC) www.srcentre.co.uk, to carry out a major strategic research assignment to:

- *“Review existing debt and disconnection policies and sample their application in relation to individual customers who are in debt”*; and, based on this,
- *“Make recommendations for a best practice model for energy suppliers in dealing with debt and disconnection”*.

CONTEXT

It was very clear to SMR and its partners throughout this research exercise that much good practice is already evident in the practices and procedures of energy suppliers. The professional and impartial manner in which customers in debt are dealt with, the existence and use of critical care registers, the design and deployment of special care schemes, the ongoing and considerable efforts that are made to ensure that the range of services offered (e.g. from meter installation through to letters, bills etc) are accessible for customers, especially vulnerable customers – these are just a few examples of the many ways in which existing energy suppliers seek to work compassionately with customers. **Consequently, any research seeking to make recommendations for a best practice model for energy suppliers dealing with debt and disconnection was already starting from a strong baseline of good practice.**

However, the reader needs to be clear that the policy intent of this piece of research was to focus specifically on areas where **refinements and enhancements** were possible. Hence, this report highlights the areas that appear to have potential for refinement. **However, such areas need to be further deliberated by the Utility Regulator and the energy suppliers to explore the suitability and feasibility of the proposals made here.**

SUMMARY OF METHODOLOGY

The assignment involved:

- A review of the key literature of supplier practices in relation to debt prevention, debt management and customer communication during debt management;
- One to one interviews with representatives from the energy suppliers and a range of key stakeholders;

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- A survey of customers who (at the time of the survey) were either in debt to their energy supplier or were struggling to pay their energy bills;
- Collation and analysis of a number of detailed case studies of the experiences of customers who were at that time, or who had been within the last 12 months, in debt to an energy supplier; and,
- Workshops with key stakeholders to explore issues and possible ways forward.

SUMMARY OF KEY MESSAGES EMERGING FROM THE RESEARCH

Overarching Themes

- Greater consistency across suppliers.
- Increased and early engagement with customers in arrears.
- Sustained communication with customers.
- Explicit recognition of current financial context – greater levels of poverty prevail.
- Recognition of constraints on sharing client information (e.g. legitimate use of Data Protection legislation).

Utility Regulator

- Possible enhanced role re compliance with proposed new Code of Practice.

Energy Suppliers

- Ongoing training of staff.
- Joined up working (internal and external).
- Need for improved assessment of customer needs / customer insight.
- Need for proactivity (rather than reactivity) regarding identifying vulnerable clients (including financially vulnerable).
- Need for services that are closely aligned to the specific needs of customers.
- Need for more sophisticated data collection and data analysis / mining.
- Refer customers for energy efficiency advice and grant opportunities.

Advice Services

- Increase awareness of what is available to customers.
- Provide independence.

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- Adhere to Code of Practice (e.g. Common financial statement: Standard method of assessing ability to pay).
- Need for standard level of training for debt adviser staff.
- Need for increase in resources to this sector if further demand is placed on them.
- Refer / sign post customers to energy efficiency grant opportunities.

Other agencies / entities (e.g. Social Security Agency, Northern Ireland Housing Executive, Housing Associations, Fuel Poverty Advisory Group¹, Consumer Council Northern Ireland ('hereafter referred to as 'the Consumer Council'), private land lords, other statutory, community and voluntary bodies interacting with customers, especially vulnerable customers etc)

- More joined up working especially in relation to identifying and supporting vulnerable customers.
- Consider more sophisticated or publically available datasets to try to target support for self-disconnection and self-rationing at areas likely to be at risk (such analysis could be geo-coded).
- Consider focusing strategies in specific at risk areas e.g. postcode.
- Consider one off energy top ups funded by government/charity to cover emergency situations e.g. bereavement or loss of job.
- Explore a range of research methods to gain insight into customer experience (e.g. customer satisfaction reporting, mystery shopping etc).
- Explore the eligibility / accessibility of Fuel Direct as a payment option.

Society

- Stigma of debt declining in current climate – so many people affected.
- Opportunity to increase awareness of support available.

Customer

- Need for holistic approach.
- Need for tailored approach – in line with needs of customer.
- Dignity.
- Respect (including respect for privacy).
- Empathy.

¹ This organisation advises Government on Fuel Poverty issues.

- Empowerment.
- Communication.

KEY FINDINGS & POINTS FOR CONSIDERATION IN CODE OF PRACTICE

We summarise below the key conclusions from our research and alongside these the main points for consideration within a Code of Practice.

MAIN REASONS FOR ENERGY DEBT

Q1: Why do customers find themselves in debt with regard to payment of energy bills?

What we learned...

- No single issue 'causes' debt. A variety of factors are at play:
 - *Customer-related* - low income, fuel poverty, need for greater usage of energy, sudden change in circumstances / income level (job loss, bereavement), disconnection / reconnection fees, accommodation is energy inefficient.
 - *Supplier-related* – Higher energy costs, customer didn't have enough accurate information on usage, increases in direct debit amounts, unaffordable repayment plans, problems with Pre-Payment Meters (PPMs).
- 'Vulnerability' does not cause debt *per se* but each characteristic and, indeed, combinations of characteristics appear to heighten the risk of debt. Risk factors appear to operate like a 'system'.
- Other practical factors, not always recognised officially, have the potential to exacerbate 'vulnerability' e.g. poor literacy, numeracy or IT literacy, lack of bank account.

Points for Consideration in a Unified Code of Practice...

- Identify risk factors in relation to debt in as holistic a manner as possible – work in partnership with other agencies to identify key risk factors.
- Proactively signpost customers to appropriate support to help reduce vulnerability and attendant risk of debt.
- Provide accurate bills by carrying out more frequent meter reads or utilising advances in metering technology to provide better quality information (e.g. SMART metering)
- Reconsider alternative approaches to customers who currently do not wish to increase direct debit amounts when tariffs increase (as a means of seeking to prevent debt)
- Develop and deploy affordable repayment plans for customers in debt.

IDENTIFYING VULNERABLE CUSTOMERS

Q: What methods do suppliers use to identify vulnerable customers – including access issues, payment methods, potential debt problems and possible self-disconnection?

What we learned...

- 'Vulnerability' defined in different ways by different parties
- Data sets necessary to identify 'vulnerability' are currently dispersed and not shared.
- Access issues relatively straightforward to assess post-notification.
- However, seeking to identify the most suitable payment method, potential debt problems and possible self-disconnection issues requires a clear understanding of customers' circumstances, potentially closer collaboration with other organisations who are working with the customer, better trained staff and further enhancement of customer-focused ethos.

Points for Consideration in a Unified Code of Practice...

- Develop and adopt a shared definition of 'vulnerable' across all regulated energy suppliers – this needs to go beyond what is in the legislation (See 3rd EU Directive on Electricity for suggestions on how to define vulnerability');
- Consider the benefits of energy suppliers systematically collaborating with a range of organisations that interact with vulnerable customers – (currently the degree of inter-agency collaboration varies from one energy supplier to another). Also, link with and, wherever possible, share data and referrals. Also, keep focus not just on individual vulnerable customers but collaborate with organisations that are seeking to address the issues that create or exacerbate vulnerability e.g. poverty, language barriers, disability etc.
- Enhance training of energy supply staff (especially customer-facing staff) to enable them to identify truly vulnerable customers.
- Sustain and strengthen an ethos / culture that supports an empathetic approach to vulnerable customers.

KNOWLEDGE OF AND ACCESS TO EMERGENCY CREDIT

Q: In relation to customers in debt to energy companies, what is their knowledge of and access to emergency credit?

What we learned...

- 59% of electricity customers and 52% of gas customers using prepayment meters are aware of the emergency credit facility, with awareness levels higher among electricity (66%) and gas customers (62%) in arrears.

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- Survey respondents with multiple 'vulnerability' characteristics have lower levels of awareness of the top up options (phone and internet) and friendly credit etc.

Points for Consideration in a Unified Code of Practice...

- Consider how to promote greater awareness of emergency credit option.
- Ensure that the information on the full range of top-up options and friendly credit is readily accessible to customers, especially those with multiple 'vulnerable' characteristics.

RESTRICTING / LIMITING OR LOSS OF SUPPLY

Q: What is the level of self-disconnection and self-rationing?

Q: What are the reasons for this and the effects of this?

- Are these different / greater for vulnerable customers?

- Are these different / greater for those using pre-payment meters?

What we learned...

- It is currently problematic for energy suppliers to obtain accurate information on levels of self-disconnection and self-rationing of any customer or customer group.
- The available literature suggests that incidence of self-disconnection appears to be highest amongst vulnerable customers. Low income is a major factor in instances of self-disconnection and self-rationing.
- The survey found that almost a quarter (24%) of electricity customers using prepayment meters and 41% of gas customers had gone without energy in the previous 12 months because they could not afford a top up. There was also evidence of a significant level of self-rationing among the sample, with the majority (56%) saying that they use less energy than they need because of the cost of their energy bills. This problem was even more pronounced among customers in arrears to their energy company, with 67% of these households reporting that they self-ration because of their energy bills.

Points for Consideration in a Unified Code of Practice...

- Utility Regulator/Consumer Council to play greater part in requiring and enabling all energy suppliers to undertake appropriate research and analysis to help identify customers most at risk of self-rationing/ self-disconnection.
- Consider the design and adoption of a common set of policies and practices across all energy suppliers to respond to instances of self-disconnection and self-rationing amongst vulnerable customers.

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DIFFERENT PAYMENT METHODS – KNOWLEDGE AND ACCESS

Q: Of the customers who are in debt to energy companies, what is their knowledge of and access to different payment methods

What we learned...

- Among all vulnerable customers in the survey, most were aware of the following different payment methods: prepayment meters (65%); cash, cheque or debit card (58%) and direct debit (52%). Lower levels of awareness were recorded for other payment methods: credit card (30%); easy saver / budget card (22%) and fuel direct (5%).
- There were a number of statistically significant differences in the customer segments that were aware / not aware of the various payment methods. For example, those in poorer health were less likely to be aware of direct debit and payment by cash, cheque or debit card. Awareness of prepayment meters was lower among older customers, the economically inactive and those with a limiting long-term illness, health problem or disability [note that differences between groups are set out in detail in Section 7].

Points for Consideration in a Unified Code of Practice...

- Consider ways to ensure that awareness of payment methods is equitable across all segments of vulnerable customers.
- Consider inviting Department for Social Development (DSD) to review existing provision in relation to Fuel Direct (as a payment option) and clarify eligibility and availability. (Note: The Fuel Direct legislation is the responsibility of DSD and is not within the Utility Regulator's remit).

REPAYMENT LEVELS AND ABILITY TO PAY

Q: "Examine the repayment levels that customers are asked to make, particularly those on benefits, and assess are they appropriate to their ability to pay"

What we learned...

- The vast majority of survey respondents (customers in arrears) were trying to repay them (electricity arrears, 88%; gas arrears, 70%).
- The majority of customers in arrears reported finding it difficult to repay them (electricity arrears, 61%; gas arrears, 57%).
- The majority of customers in arrears would like up to a year to repay them (electricity arrears, 60%; gas arrears, 74%).
- Different levels of repayment are used by different suppliers.
- Instruments used by suppliers to assess ability to pay differ.

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- Research by Ofgem refers to the counter-productivity of unaffordable repayment rates as they ultimately lead to a default in payments.

Points for Consideration in a Unified Code of Practice...

- Properly qualified staff (either supplier staff or independent debt advisers) to be involved in the assessment of a customer's ability to re-pay debt.
-
- Consider formal service level agreements for all suppliers with properly qualified independent debt advisers.
- Independent debt advisers to use same well-established instrument to assess ability to re-pay.
- Consider extending the length of time allowed to repay arrears.
- Fuel Direct (a revised version of same) to be explored as an option for the repayment of energy debts.

PRE-PAYMENT METERS

Q: Summarise the policies and procedures for using pre-payment meters as a tool for repayment of debt. When should they be introduced and when are they not appropriate?

What we learned...

- Pre-payment meters can be a helpful option if the customer wishes to budget for their energy use. However, the risk of self-rationing and self-disconnection remains, especially for those on low incomes.
- Pre-payment meters are inappropriate if the meter is inaccessible to / inoperable by the customer.
- Just under half (46%) of electricity customers and 40% of gas customers paying arrears via a pre-payment meters considered the repayment rate was too high.

Points for Consideration in a Unified Code of Practice...

- Consider revisions to the repayment levels of arrears via pre-payment meters, especially for those on low incomes.
- Consider cap on repayment levels for vulnerable customers.
- Agree across suppliers the circumstances and instances where a pre-payment meter is not appropriate, e.g. where disability prevents the customer from accessing meter/obtaining top ups.
- Consider including a provision on Court action for disconnection - should only be as a last resort after a minimum number of contacts and attempts to reach another solution over an appropriate time period.

CUSTOMER EXPERIENCE – COMMUNICATIONS AND SUPPORT

Q: How do suppliers communicate with customers in debt and those potentially at risk of having payment difficulties?

Q: What has been the experience of customers who have been in debt to their energy supplier and how have they been dealt with by their energy suppliers?

Q: Summarise suppliers' procedures for signposting customers to other sources of help (e.g. advice services, etc).

What we learned...

- A variety of communication methods are deployed by suppliers.
- The survey of customers in arrears found that:
 - The vast majority of customers understood the letters sent by suppliers (94%);
 - Compared with other businesses, most electricity (78%) and gas (70%) customers in arrears believe that their supplier has treated them fairly;
 - There were high levels of satisfaction with regard to helpfulness, professionalism and friendliness of the suppliers (in excess of 70% for both electricity and gas customers).
 - The majority of those in arrears and who had spoken with their supplier said they were able to sort out their problem by doing so (electricity, 72%; gas, 60%).
 - To help solve their problems, most (60%) electricity customers would find it easier to talk to their energy company compared with 43% of gas customers. Much smaller numbers of electricity (18%) and gas (20%) customers said they would prefer to talk to an independent advice agency.
- Early engagement appears to be crucial in helping address debt issues for both supplier and customer.
- Encouraging customers in arrears to engage early can be challenging.

Points for Consideration in a Unified Code of Practice...

- Encourage early engagement by customers in debt.
- Provide staff training for credit control staff to help them identify when a customer is vulnerable.

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- Continue to provide information in different languages and different formats (e.g. Braille, Talking bills etc as required)
- Consider which organisation (supplier or advice agency) a customer would find it easier to talk to re sorting debt issue.
- Continue to promote professional and friendly support.

1 INTRODUCTION AND BACKGROUND

1.1 CONTEXT FOR REGULATING ENERGY SUPPLY – NI AND ELSEWHERE

The Utility Regulator is a non-ministerial government department responsible for regulating the electricity and gas industries and water and sewerage services in Northern Ireland, to promote the short and long-term interests of consumers. It is not a policy making department of Government, but it makes sure that the utility industries in Northern Ireland are regulated and developed within Ministerial policy as set out in its statutory duties.

It carries out its work in line with statutory duties set out in the Energy (Northern Ireland) Order 2003 and the Water and Sewerage Services (Northern Ireland) Order 2006. The Utility Regulator has three main objectives:

- to protect the interests of electricity consumers with regard to price and quality of service, where appropriate by promoting competition in the generation and supply of electricity;
- to promote the development and maintenance of an economic and co-ordinated gas industry and to protect the interests of gas consumers with regard to price and quality of service;
- to protect the interests of water and sewerage consumers, where appropriate by promoting competition, by promoting a robust and efficient industry delivering high quality services.

It works to protect the interests of electricity, gas and water consumers in Northern Ireland by:

- issuing and maintaining licences for gas, electricity and water companies to operate in Northern Ireland;
- making sure that these companies meet relevant legislation and licence obligations;
- challenging companies to keep the prices they charge electricity, gas and water customers as low as possible;
- encouraging regulated companies to be more efficient and responsive to customers;
- working to encourage competition in the gas, electricity, water and sewerage services markets;
- setting the standards of service which regulated companies provide to customers in Northern Ireland; and,
- acting as an adjudicator on certain customer complaints, disputes and appeals.

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In GB, the role of regulating the electricity and natural gas industries is carried out by Ofgem, and the role of regulating water and sewerage services is carried out by Ofwat.

The Consumer Council also has a role in representing the interests of consumers in Northern Ireland. The Energy (Northern Ireland) Order 2003 tasks the Consumer Council with the role of (among other things):

- Providing information and advice to public authorities and other persons;
- Providing information to electricity, and natural gas consumers;
- Keeping statistical information about complaints from electricity and natural gas consumers;
- Investigating consumer complaints and other matters relating to the interests of electricity and natural gas consumers.

In the rest of the UK, this work was formerly carried out by Energy Watch which has now merged with other organisations to become Consumer Focus and Consumer Direct.

1.2 RATIONALE FOR RESEARCH -UTILITY REGULATOR 'S SOCIAL ACTION PLAN

Consultation is a key element of the Utility Regulator's approach to developing strategies to identify and counteract the problems faced by some consumers in paying their utility bills. The consultation document entitled, 'The Utility Regulator's Social Action Plan 2009-2014', was informed by pre-consultation meetings with a range of stakeholders including government departments and other statutory organisations. It was also shaped by the findings of research commissioned jointly by the Utility Regulator and the Consumer Council for Northern Ireland.²

A key element of the Social Action Plan is a commitment to reduce financial insecurity among those who are financially vulnerable. The Social Action Plan also aims to promote good practice in relation to the debt management policies of energy companies and to promote the use of best practices.

Responses received by the Utility Regulator while consulting on the Social Action Plan highlighted the importance of the energy companies' approach to supporting customers in debt including payment methods, debt recovery policies and the issue of disconnection. A key outcome from the consultation was support for a harmonized approach to helping vulnerable customers to avoid debt and to manage their way out of debt. In response to this, the Utility Regulator has committed to developing a harmonized policy/Code of Practice to help address some of the issues regarding financial vulnerability which many respondents to the consultation considered should be treated as a priority.

1.3 APPOINTMENT OF SOCIAL MARKET RESEARCH

In November 2009, the Northern Ireland Authority for Utility Regulation (the Utility Regulator) appointed, Social Market Research (SMR)

² http://www.uregni.gov.uk/news/view/utility_regulator_and_consumer_council_publish_joint_research/
www.socialmarketresearch.co.uk in partnership with SRC and Advice NI

www.socialmarketresearch.co.uk, in partnership with Advice NI www.adviceni.net and the Social Research Centre (SRC) www.srcentre.co.uk, to carry out a major, strategic research assignment in relation to this.

1.4 RESEARCH AIM, TASKS, ISSUES & REPORTING

1.4.1 Research Aim

The overall aim of the research was to:

- *“Review existing debt and disconnection policies and sample their application in relation to individual customers [i.e. domestic customers] who are in debt”; and, based on this,*
- *“Make recommendations for a best practice model for energy suppliers in dealing with debt and disconnection”.*

1.4.2 Tasks

Within this, the following tasks were required to be undertaken:

- *Survey research to be carried out with a suitably designed survey to an appropriate sample group of electricity and gas customers;*
- *Various stakeholder meetings and/or workshops with both Utility Regulator and the Consumer Council involvement. (The Utility Regulator will provide a list of stakeholders that need to be included, in particular those who responded to the original Social Action Plan Consultation, representatives of Section 75 Equality Groups and electricity and gas companies who supply the domestic market).*
- *Consideration of the relevant issues raised and the information provided in the responses to the Utility Regulator’s Social Action Plan consultation (January 2009);*
- *Consideration of available case studies provided by stakeholder organisations such as the Consumer Council and Citizens Advice and previous research carried out e.g. ‘In Control’ published by the Consumer Council in 2006 and the Electricity Association’s ‘Affording Gas and Electricity: Self Disconnection and Rationing by Prepayment and Low Income Credit Consumers and Company Attitudes to Social Action’ published in 2001; and,*
- *Desk based research on best practice elsewhere.*

1.4.3 Issues To Be Investigated

The research was required to investigate the following issues:

- *The experience of customers who have been in debt and how they have been dealt with by their energy suppliers;*
- *The reasons why customers find themselves in debt with regard to payment of energy bills;*

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- *Accessibility to and knowledge of different payment methods and emergency credit facilities;*
- *The level of repayments that customers are asked to make, particularly those on benefits, and are they appropriate to their ability to pay;*
- *The policies and procedures for using prepayment meters as a tool for repayment of debt, and the circumstances for when they should be introduced and when they are not appropriate e.g. may not be suitable for some persons with a disability or chronic illness;*
- *The level of self-disconnection and self-rationing rates, along with the reasons for and the effects of, and whether they are greater amongst vulnerable groups/equality groups e.g. those who face a language barrier, have children or older people in the household, have a disability, suffer from a chronic illness, live in rural areas or have low income. Also the research should consider those who are using their pre-payment meters to repay debt and those who are not;*
- *Suppliers' communication with customers in debt and those potentially at risk of having payment difficulties;*
- *Suppliers' methods for identifying vulnerable customers with regard to access issues with payment methods and also with regard to potential debt problems and any systems put in place to alert and manage instances of self-disconnection;*
- *Suppliers' procedures for signposting customers to other sources of help such as Citizen's Advice.*


1.4.4 Reporting


Finally, the terms of reference specified that the research should report on the research methods used, the research participants and the key findings arising from the research. The report was required to distinguish between the experiences of electricity and gas customers, and to present a list of recommendations on those areas which should be covered by a best practice model/Code of Practice on dealing with customers in debt. Specifically, the recommendations were intended to consider the need for the following:

- *Procedures on agreeing criteria for and a maximum level of repayment rates;*
- *Procedures on dealing with language barriers (e.g. a minimum requirement for offering different languages);*
- *Procedures on dealing with those who are disabled or chronically sick, and how to prevent self disconnection within these groups;*
- *Procedures on dealing with older people and families with children.*

1.5 TERMINOLOGY

Throughout this report, (unless otherwise stated), we use the following terms as defined below:

	<p>“In Debt”</p>
<p>This refers to a situation where a customer moves into arrears i.e. a second bill owed situation (day 92) in relation to a bill issued by a regulated energy company.</p>	

	<p>“Fuel Poverty”</p>
<p>In the UK, Fuel poverty is said to occur when a household needs to spend more than 10% of its income on total fuel use in order to heat its home to an adequate standard of warmth. In its Social Action Plan, Decision Paper, 2009, the Utility Regulator stated that, “Fuel Poverty is higher in Northern Ireland than any other region of the UK - estimated by the Home Energy Conservation Authority Report 2007 to be in the region of 34%. However, due to a number of factors, including the economic down turn, it is widely accepted that the proportion of households experiencing fuel poverty is in excess of this figure.”³</p>	

³ Source: http://www.uregni.gov.uk/uploads/publications/2009-08-11_SAP_Decision_Paper_2009-2012.pdf
www.socialmarketresearch.co.uk in partnership with SRC and Advice NI



“Vulnerable”

For the purposes of this research, we have been guided primarily by the definition of a ‘vulnerable customer’ as set out within the Utility Regulator’s Social Action Plan.⁴

As with fuel poverty and water poverty, the Utility Regulator considers “*the key issue to be whether or not utility customers’ health and quality of life are compromised as a result of inability to adequately access services provided by utility suppliers*”. Consequently, the Regulator is “*not limited in relation to the groups of vulnerable customers to which [it] must have regard, but [its] statutory duties define in particular those who are:*

- *Disabled or chronically sick;*
- *Of pensionable age;*
- *On low income; or*
- *Living in rural areas”*

As a public body the Utility Regulator also has duties under Section 75 of the Northern Ireland Act to promote equality among certain groups including older people, people with dependents, people with a disability, people of different racial group.

In addition to those characteristics identified in the statutory duties, the Utility Regulator assumes that a customer may be vulnerable if “*for reasons of age, health, disability, ethnic background or severe financial insecurity they are unable to safeguard their personal welfare or the personal welfare of other members of their household*”. (The decision to define vulnerability at the level of household rather than individual customer is an important distinction from the way in which vulnerable customers are defined by other agencies).

Consequently, in the context of this research, SMR defined a vulnerable utility customer as a household with one or more of these characteristics. As the Regulator made clear in its Social Action Plan, “*These characteristics on their own can make a customer vulnerable e.g. low income, poor health, disability, limited or no understanding of English. [However,] we also identify vulnerability —intensifiers, which do not in themselves make utility customers vulnerable but when combined with the previous characteristics, multiply vulnerability. Examples include having children or elderly inhabitants in a household, or households in rural locations.*”

In addition to the Regulator’s identification of vulnerable characteristics and intensifiers, SMR and its partners were mindful of a range of additional factors

⁴ See Section 3.9 – 3.12 of the SAP.

which could further exacerbate vulnerability. These were:

- Poor literacy / numeracy skills;
- Poor housing conditions and or restrictions on improvements to housing conditions by a land lord;
- Lack of a bank account; and,
- Poor IT skills / lack of access to internet.

1.6 SCALE AND IMPACT OF UTILITY DEBT

In terms of the nature and scale of debt to energy companies, the data supplied to SMR by the energy companies⁵ suggested that there were around 860,000 domestic customers in Northern Ireland. Of these, approximately 30,000 were in debt⁶ to energy companies.

The literature, case studies and survey reveal the immense challenges, and often hardship, that debt brings for customers. The real life implications for customers in debt include:

- Anxiety about bills;
- Consideration to whether to 'heat or eat'; along with,
- Health problems or risks to health and well being both physically and mentally as a direct result of being in debt to the energy companies.

1.7 SETTING THE CONTEXT

The sections below summarise the key points from a range of literature and research (See Appendix A, Bibliography) that was examined as part of this project. The material reviewed spanned energy debt, self-rationing and disconnection. Most of the material available related to Ofgem and the situation in Great Britain.

1.7.1 Reasons for Energy Debt

In 2009, it was estimated that fuel poverty affected almost two-fifths of households in Northern Ireland (almost 250,000 households).⁷ The increased cost of energy especially in recent years has had a significant impact on consumers' ability to afford electricity and heating and avoid getting into energy debt. It has been noted by Ofgem that a 'change in debt levels does generally lag behind changes in energy prices'⁸ indicating that the effects of any hikes in energy costs are experienced long after they have been introduced. These rises in energy prices can be felt most by vulnerable customers as their heating costs tend to be higher based on circumstances and need.

⁵ Data relates to best estimates as at 31st March 2009

⁶ Where 'debt' is, for the purposes of these indicative estimates, defined as "When customer who moves into a second bill owed situation (day 92) is classified as being in arrears and as such is now in debt".

⁷ NEA (2009), 'What scope is there for the development of a new fuel payment method in the UK?' A solution for vulnerable energy consumers

⁸ Ofgem (2008), Domestic supplier's social obligations: 2007 annual report

<http://www.ofgem.gov.uk/Sustainability/SocAction/Monitoring/SoObMonitor/Documents1/Suppliers%20Social%20Obligations%20Monitoring%20Report%202007%2011208.pdf>

Other interrelated reasons for energy debt include financial exclusion, fuel poverty, low income and poor energy efficiency.

According to an Electricity Association Report covering England, Wales and Scotland, 'Households with unemployed members and those with children have a higher than average chance of being in arrears for electricity. The same households also have high percentages of arrears in gas relative to other potentially disadvantaged groups. The large majority of households with arrears for both fuels receive income-related benefits and more than half have a low income'⁹.

NEA in research conducted in 2009 highlighted that 'the presence of a fuel debt is an indicator of wider financial difficulties. Households in fuel debt are more likely to have other debts that they are unable to service.'¹⁰

This supports a review by Energywatch into strategies employed by households in fuel poverty which emphasised the difficult budgetary decisions that have to be made in terms of choosing whether to 'heat the home or have a hot meal; whether to switch heating on at all or less frequently, or to set it at lower temperatures; whether parents/guardians can afford to buy their children a warm coat this winter; and in the case of those using PPMs, considering self disconnection.'¹¹

The 'Can't Heat or Eat' campaign 2008 organised by the Age Sector Platform in NI further evidenced the arduous choices older people must make, in particular over the most difficult winter months.

The Office of the Gas and Electricity Markets (Ofgem) also recognises the relationship between disposable income and energy debt in England, Wales and Scotland stating that it is mostly caused by not having enough money to go round (26%) or by a change in personal circumstances (24%).¹² Inaccurate billing, unaffordable repayment amounts, benefit levels, as well as disconnection and reconnection fees and associated costs were also noted as contributing to consumers' experience of energy debt.

Consumer Focus Wales associated customers in debt with suppliers recovery methods which they described as including 'unaffordable or otherwise unsuitable payment plans, inappropriate debt recovery practices, incorrect tariff and debt recovery rates set on PPMs, failure to adhere to correct procedures before disconnecting or installing a PPM, and delays in issuing a PPM payment card.'¹³

⁹ Electricity Association (2001), Affording Gas and Electricity: Self Disconnection and Rationing by Prepayment and Low Income Credit Consumers and Company Attitudes to Social Action
https://www.uea.ac.uk/polopoly_fs/1.106645!electricity%20association%20full%20report%202001.pdf

¹⁰ NEA (2009), 'What scope is there for the development of a new fuel payment method in the UK?' A solution for vulnerable energy consumers

¹¹ Gibbons, D. & Singler, R. (2008) Cold Comfort: a review of coping strategies employed by households in fuel poverty. Energywatch

¹² Ofgem (2008) Debt and Disconnection Best Practice Review
<http://www.ofgem.gov.uk/Sustainability/SocAction/Publications/Documents1/Debt%20and%20disconnection%20best%20practice%20review.pdf>

¹³ NEA (2009), 'What scope is there for the development of a new fuel payment method in the UK?' A solution for vulnerable energy consumers

1.7.2 Identifying Vulnerable Customers

In its Social Action Plan (2009-2014), the Utility Regulator acknowledged “the difficulty in identifying [vulnerable customers], and [committed to continuing] to contribute to the ongoing debate on how to address this”.

Across the literature examined, there are a range of definitions of vulnerable customers which are used interchangeably within the energy market.

The Energy Retail Association (ERA) which represents the major electricity and gas suppliers in the domestic market in Great Britain developed a disconnection ‘Safety Net’ protocol in 2004 to protect vulnerable customers from disconnection and to offer energy suppliers guidelines and best practice in relation to debt and disconnection. Within the Safety Net a customer is defined as vulnerable ‘if, for reasons of age, health, disability or severe financial insecurity, they are unable to safeguard their personal welfare or the personal welfare of other members of the household’¹⁴

The essence of the ERA definition along with supplementary criteria (i.e. reflecting the requirements under Section 75 of the NI Act), was agreed by electricity suppliers, the Northern Ireland Authority for Utility Regulation and the Consumer Council at the request of the NI2007 Retail Market Opening Supplier Interface Group (SIG). The definition is as follows:

“A customer may be vulnerable if for reasons of age, health, disability, ethnic background, severe financial insecurity or rural location they are unable to safeguard their personal welfare or the personal welfare of other members of their household”.

Suppliers recognise the predisposition of these groups to vulnerability and will pay due regard to the needs of those deemed to be vulnerable through their companies Code of Practice”¹⁵.

Whilst the Utility Regulator adheres to the above definition, having considered responses to the Social Action Plan 2009-2012 consultation it was decided that for practical purposes two definitions of vulnerability could be applied:

1) *Vulnerability in relation to access to services* - this should include all customers who require adjustments to services in order to remove any barriers which may prevent equal access to the full range of services on offer. This would include the following groups:

- Age – to include older people and young people and children;
- Disability (as per the Disability Discrimination Act definition, this will include learning disability and mental illness as well as physical disability) or chronic illness;
- Minority ethnic background;

¹⁴ <http://www.energy-retail.org.uk/preventingdisconnection.html>

¹⁵ SIG(2007), Note from meeting

- Rurality.

2) *Financial Vulnerability* - the main determinant of financial vulnerability is income. Therefore for the purpose of targeting scarce resources the only indicator of financial vulnerability will be income. However, the Utility Regulator considers that where certain other factors are in place, the affect of this financial vulnerability is intensified on the people within the household. Therefore the following criteria will be considered intensifying characteristics for financial vulnerability:

- Age - to include older people and young people (under 16) and children;
- Disability or chronic illness;
- Rurality;
- Standard assessment procedure rating of property.¹⁶

In the recent review of protection of vulnerable customers from debt and disconnection Ofgem and ERA secured a commitment from suppliers to “consider a household with children to be potentially vulnerable regardless of the age of the children” and to adopt guidance produced by the Money Advice Liaison Group on dealing with customers with mental health problems¹⁷ – a group within which suppliers found particular difficulty in recognising vulnerability. Whilst Ofgem appreciate the difficulties in gauging customer vulnerability they advocate that suppliers are proactive and take all reasonable steps in trying to establish this. They highlight the following examples of best practice:

- ensuring that customers are registered on their Priority Services Register;
- reviewing all the notes on the customer's accounts to ensure that no vulnerability is recorded;
- undertaking at least one personal visit to the property which is at risk of being disconnected and attempting to make contact with the customer and complete a visual check of the premises looking for signs of vulnerability;
- checking whether a property is temporarily or permanently unoccupied and checking whether there has been a change of occupancy to make sure that customers are not disconnected in error; and,
- seeking senior management authorisation prior to any disconnection being carried out¹⁸.

¹⁶ Utility Regulator (2009), Social Action Plan Decision Paper
www.niaur.gov.uk/uploads/publications/2009-08-11_SAP_Decision_Paper_2009-2012.pdf

¹⁷ Ofgem (2009), Review of protection for vulnerable customers from disconnection
<http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=139&refer=Sustainability/SocAction/Publications>

¹⁸ Ibid

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In an acknowledgement of the difficulty posed in identifying and knowing when a customer is 'vulnerable' the Utility Regulator's Supplier Interface Group in NI agreed a number of underlying principles one of which refers to the necessity for 'suppliers to adopt a flexible and common sense approach when identifying vulnerable customers.'

The Consumer Council has emphasised that energy suppliers in Northern Ireland should ensure that customers vulnerable to debt are identified early and offered appropriate debt solutions before debt becomes unmanageable. They suggest this could be achieved through a flag or alert within an energy supply company's billing system.¹⁹ Scottish Power operate Golden Account standard which seeks to capture client profile data including age and are working with a third party reference agency to data match birth dates and further their ability to identify customers of pensionable age using a flagging system. Other proactive steps by British suppliers include training staff to identify signs of vulnerability and reviewing customer accounts regularly.

The Safety Net²⁰ recognises that it is the responsibility of energy suppliers to identify their own vulnerable customers and that these should be considered on an individual basis. Whilst acknowledging the variation in suppliers' policies and practices in relation to the application of the Safety Net definition the following actions are proposed to assist with identifying vulnerable customers:

- Continue to capture information where available about customers' circumstances from trained call centre and field staff;
- Try to contact through a series of letters and telephone calls with every effort made for face to face contact with customer;
- Have all field staff trained to recognise signs of vulnerability and empowered to halt the disconnection procedure pending further investigation by suppliers' priority service teams;
- Have dedicated support teams that seek debt management solutions such as repayment schemes, PPM, Fuel Direct, refer to debt help-lines, advice agencies and social services support;
- If a customer is assessed to be at risk, inform social services and halt disconnection; Final decision to disconnect agreed at a senior level;

¹⁹ The Consumer Council (2004), In Control? An investigation into the patterns of use and level of self-disconnection by gas and electricity Pay As You Go meter users in Northern Ireland

²⁰ ERA set up a Safety Net procedure in 2004 which ensures that no vulnerable customer in Great Britain is knowingly disconnected from their electricity or gas supply at any time of the year

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- All other non-vulnerable customers who have been disconnected will be monitored post-disconnection and contacted regularly by the supplier²¹

In addition, Consumer Focus has also developed a “best practice” vulnerability checklist which has been shared amongst energy suppliers in England, Wales and Scotland to try and promote best practice in this area.

1.7.3 Access to Emergency Credit

Emergency credit is available to some gas and electricity customers using pre-payment meters or pre-payment meters. The amount of credit available differs between gas and electricity with £2 of credit available to gas customers on a quantum meter and £1 to electricity customers. Generally, once the emergency credit is used a customer will self-disconnect unless they top up before this. However, an additional emergency/friendly credit system operates at the weekends for electricity customers and weekday evenings for electricity customers only. The weekday ‘friendly credit system’ protects electricity customer from self disconnection during 4pm and 8am and on 1st January, 17th March, 12th July & 25th December.²²

Emergency credit is not something a customer must request but is an automatic facility built into pre-payment meters. Regardless of this, research in 2004 highlighted ‘a relatively low level of awareness (59 per cent) of the emergency credit facility on pre-payment meters with 55 per cent of electricity customers stating that they were aware of the facility compared to 70 per cent of gas customers.’²³

In addition to this only 87% were aware of the purpose of the facility and only 42% knew how much emergency credit was actually available on their meter. Reasons for this were cited as being possibly ‘due to customers moving house or simply forgetting instructions they were given when the meter was first fitted.’²⁴

However, the Consumer Council described these findings as being ‘unexpected’ as suppliers have provided ongoing communication to customers on using meters. They concluded that ‘despite ongoing communication from NIE Energy, there is less awareness among electricity customers.’²⁵

²¹ Ofgem (2009), Review of protection for vulnerable customers from disconnection
<http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=139&refer=Sustainability/SocAction/Publications>

²² NIE Code of Practice, Using your Pay-as-you-go Keypad Meter

²³ The Consumer Council (2004), In Control? An investigation into the patterns of use and level of self-disconnection by gas and electricity Pay As You Go meter users in Northern Ireland

²⁴ Ibid

²⁵ Ibid

1.7.4 Self Rationing / Self Disconnection

Self-disconnection occurs when ‘a household cannot afford to ‘top up’ their meter and has used up its emergency credit, leaving household members without power and/or heating.’²⁶

In research conducted with 500 pre-payment meters customers over a twelve month period, the Consumer Council cited the key reasons for self disconnection as being forgetfulness (56%) and financial reasons (13%). They reported that ‘self disconnection is not an issue for the majority of pre-payment meters users as 72% of households have never self disconnected during the previous year.’²⁷ However, of those who did self disconnect, it was more common amongst Northern Ireland Housing Executive (NIHE) households with 2 or more children and unemployed adults on benefits. People over 60 years of age had the least occurrence of self-disconnection. When self-disconnection occurred it occurred for less than one hour for the majority (56%), though 9% self-disconnected for more than 10 hours with 2% of these disconnecting for up to 2 days.

There is an acknowledgement in the Consumer Council’s report that it is very difficult for energy suppliers to know when a household has self-disconnected as only the people in the property who have self disconnected are aware when it occurs. This would suggest that is very difficult to monitor/measure the level of self-disconnection in NI and that such activity is often hidden.

This is echoed by Phoenix Energy Holdings who stated that ‘suppliers do not have enough up-to-date information to identify customers liable to disconnect because of financial hardship.’²⁸

However, Smart Meters may assist with suppliers’ ability to identify when a customer disconnects. Although there has been consultation on the introduction of such meters, they are not currently available in NI. Table 1²⁹ below sets out the high level smart electricity and gas meter system functionality requirements on which Government sought views.

²⁶ NEA (2009), ‘What scope is there for the development of a new fuel payment method in the UK?’ A solution for vulnerable energy consumers

²⁷ The Consumer Council (2004), In Control? An investigation into the patterns of use and level of self-disconnection by gas and electricity Pay As You Go meter users in Northern Ireland

²⁸ Phoenix Energy Holdings Limited (2009) Response to the Utility Regulator’s Social Action Plan 2009-2014 http://www.niaur.gov.uk/uploads/publications/Phoenix_SAP_response_March_09.pdf

²⁹ Department of Energy and Climate Change(2009), Towards a smarter future: Government response to the consultation on electricity and gas smart metering http://decc.gov.uk/en/content/cms/consultations/smart_metering/smart_metering.aspx

Proposals for high level functionality set out in the Consultation Document

High level functionality	Electricity	Gas
A Remote provision of accurate reads/information for defined time periods - delivery of information to customers, suppliers and other designated market organisation	✓	✓
B Two way communications to the meter system - communications between the meter and energy supplier or other designated market organisation - upload and download data through a link to the wider area network, transfer data at defined periods, remote configuration and diagnostics, software and firmware changes	✓	✓
C Home area network based on open standards and protocols - provide "real time" information to an in-home display - enable other devices to link to the meter system	✓	✓
D Support for a range of time of use tariffs - multiple registers within the meter for billing purposes	✓	✓
E Load management capability to deliver demand side management - ability to remotely control electricity load for more sophisticated control of devices in the home	✓	
F Remote disablement and enablement of supply - that will support remote switching between credit and pre-pay	✓	✓
G Exported electricity measurement - Measure net export	✓	
H Capacity to communicate with a measurement device within a microgenerator - receive, store, communicate total generation for billing	✓	

NEA(2009) notes the detrimental effects of self-disconnection on the mental and physical well-being of particular vulnerable groups, specifically older people, people with an illness or disability and/or having young children at home are of concern.

Energy suppliers have introduced a variety of emergency credit type facilities as highlighted in section 5 to help address self-disconnection. NIEES is also engaged in the 'For Your Benefit' Campaign in an effort to increase the disposable income of vulnerable groups by ensuring they have access to their benefit entitlements.

Phoenix Energy Holdings suggest self-disconnection should be 'dealt with across all energy suppliers and is therefore an issue for Government to resolve e.g. increasing winter fuel payments for those on specific benefits or fuel vouchers to ensure that payments are used heat homes.'³⁰

Whilst self-disconnection results in an interruption in the energy supply caused by failure to 'top-up', a meter self-rationing is about the customer economising the usage of energy due to lack of affordability. It is also commonly known as under-heating and can be related to fuel poverty.

In the 2006 House Condition Survey, it was suggested that 34% (226,000) of households in NI were in fuel poverty. Energy costs, energy efficiency and income levels have been identified by the Utility Regulator as the main causes of fuel

³⁰Phoenix Energy Holdings Limited (2009) Response to the Utility Regulator's Social Action Plan 2009-2014 http://www.niaur.gov.uk/uploads/publications/Phoenix_SAP_response_March_09.pdf

poverty and it is considered that price volatility, together with the impact of recession is likely to have resulted in a rise in fuel poverty in NI.³¹

NEA (2009) identified that under-heating occurs across all payment types, but is particularly prevalent among low-income households and households where there is a high level of overall household debt that cannot be easily serviced.

In an attempt to try and manage debts and expenditure such households reduce the temperature of the home below what is necessary for their health and well-being.

Problems highlighted as resulting from self disconnection and self rationing were 'cold in the house; not having enough hot water; suffering from illness; suffering from damp, mould or condensation in the house; needing extra clothes in bed.'³²

1.7.5 Knowledge and Access to Different Payment Methods

Each of the energy suppliers through their Codes of Practice/Service/Customer Charters outline payment methods available to customers. Although, these differ slightly they include paying monthly or quarterly by direct debit, through some form of pre-payment meter, budget/smart card which spreads payments over a year, easysaver/energysaver/easypay cards/strips which enable the customer to make payments towards the quarterly bills and through traditional methods of paying at a bank, paypoint and with some suppliers online or at a Post Office.

Fuel Direct is an alternative method of payment designed specifically for benefit recipients. It facilitates deductions from benefits for energy usage and repayment of arrears though uptake of this is quite low and continues to decline. Ofgem³³ has expressed disappointment with Fuel Direct as a tool for low income families to manage their household energy bills.

Some, but not all of the suppliers, offer discount incentives for direct debit and keypad pre-payment options. Not all payment methods cost the same to manage and administer and some energy providers offer a discounted tariff to customers who opt for the lower cost billing and payment method such as the pre-payment meter option and direct debit.

NEA highlights the advantages and disadvantages of different payment options in the UK the following of which apply in NI.³⁴

³¹ Utility Regulator (2010), Assisting with Affordability Concerns for Vulnerable Energy Consumers A Consultation Paper
http://www.niaur.gov.uk/uploads/publications/Jan_2010_-_Assisting_with_Affordability_-_Consultation_Paper.pdf

³² Electricity Association (2001), Affording Gas and Electricity: Self Disconnection and Rationing by Prepayment and Low Income Credit Consumers and Company Attitudes to Social Action
https://www.uea.ac.uk/polopoly_fs/1.106645!electricity%20association%20full%20report%202001.pdf

³³ Ofgem (2008), Domestic supplier's social obligations: 2007 annual report
<http://www.ofgem.gov.uk/Sustainability/SocAction/Monitoring/SoObMonitor/Documents1/Suppliers%20Social%20Obligations%20Monitoring%20Report%202007%2011208.pdf>

³⁴ NEA (2009), 'What scope is there for the development of a new fuel payment method in the UK?' A solution for vulnerable energy consumers

Advantages and disadvantages of payment options available in the UK	
Advantages	Disadvantages
Direct Debit	
<ul style="list-style-type: none"> <input type="checkbox"/> Mostly suitable for customers with a regular income and with a bank or building society account. Benefits those who find monthly budgeting easier than quarterly budgeting. <input type="checkbox"/> Same payment is made each month and requires no action from the customer once set up. <input type="checkbox"/> Accounts can be easily amended in line with energy consumption with the cost spread evenly throughout the year, thus avoiding unaffordable winter bills. <input type="checkbox"/> A reduced tariff is offered* 	<ul style="list-style-type: none"> <input type="checkbox"/> Not suitable for those receiving their income at irregular intervals. <input type="checkbox"/> Not suitable for financially-excluded consumers or those without access to mainstream financial services. <input type="checkbox"/> May incur banking charges for the consumer where a payment is missed due to insufficient funds being available. <input type="checkbox"/> Requires regular and accurate meter reading to avoid billing difficulties and catch-up bills.
Quarterly Standard Credit	
<ul style="list-style-type: none"> Pay for what you have used in arrears as long as accurate meter readings have been taken. <input type="checkbox"/> Allows the consumer flexibility regarding their means of payment (at the Post Office, by post, Pay Point etc). <input type="checkbox"/> Allows the consumer to have control over when they pay the bill, especially important for those on low or fixed incomes. 	<ul style="list-style-type: none"> <input type="checkbox"/> Difficult to budget due to seasonally fluctuating bills. <input type="checkbox"/> May be difficult for some households to accommodate large winter bill. <input type="checkbox"/> Problems can arise due to estimated billing.
Prepayment meters	
<ul style="list-style-type: none"> <input type="checkbox"/> Pay for fuel as it is used. <input type="checkbox"/> Allows consumer more control over their budget and to budget according to means. <input type="checkbox"/> No large bills to worry about. <input type="checkbox"/> Avoids further debt <input type="checkbox"/> Discount on the standard tariff of up to 2.5%** 	<ul style="list-style-type: none"> <input type="checkbox"/> Need to understand fuel consumption levels and how standing charges and debt are reclaimed from the credit applied.*** <input type="checkbox"/> Tokens/cards may not be on sale nearby. <input type="checkbox"/> Risk of self-disconnection

Fuel Direct	
<input type="checkbox"/> Payment for current use of fuel and debt taken directly out of benefits. <input type="checkbox"/> Fuel expenditure and debt repayment evenly spread. <input type="checkbox"/> Simplicity for the customer. <input type="checkbox"/> Capacity to clear debt in a systematic fashion. <input type="checkbox"/> No concern about self-disconnection.	<input type="checkbox"/> Deduction may not cover required payment amounts and there is some concern that those using Fuel Direct increase consumption of fuel under the misunderstanding that DWP/SSA has taken responsibility for fuel costs. <input type="checkbox"/> No flexibility in household budgeting. <input type="checkbox"/> Individual DWP/SSA offices are inconsistent in applying eligibility criteria. <input type="checkbox"/> Complex processes and systems associated with limited automated payments and expense associated with administering the scheme means it is perceived as burdensome by both DWP/SSA and suppliers.
Cash plan or budget scheme without a bank account	
<input type="checkbox"/> Regular payments made at Post Office or PayPoint. <input type="checkbox"/> Payments can be made on a regular basis.	<input type="checkbox"/> Inconvenience associated with having to travel to payment location, and other access to services issues. <input type="checkbox"/> Consumer has to remember to make the payments at regular intervals. <input type="checkbox"/> No discounted tariff.
Flexible payment options	
<input type="checkbox"/> Payments of differing amounts can be made in advance reducing likelihood of unexpected unaffordable bills. <input type="checkbox"/> Can pay towards your next bill.	<input type="checkbox"/> Need to be careful to pay off the bill before the next is due. <input type="checkbox"/> Requires a lot of monitoring

*There is no reduction on the unit cost but on the standard tariff with discount up to £26 per year

**This applies only to electricity customers in NI and has been added to the table for completeness

*** Note: Currently, NI energy suppliers do not have standing charges.

Pre-payment can be requested by the household, inherited when moving into a new house or installed by the energy supplier where the household is having difficulty making payments and/or has fallen into arrears.

In an investigation into the patterns of use and level of self disconnection by gas and electricity pre-payment meter users in Northern Ireland in 2004³⁵ almost one in four customers in Northern Ireland were identified as using pre-payment. This is not surprising given that unlike GB, in NI pre-payment meters are installed free of charge and are a less expensive payment option. 'Pre-payment (the tariff method of choice for those who must budget closely) is cheaper (in electricity) or the same

³⁵The Consumer Council (2004), In Control? An investigation into the patterns of use and level of self-disconnection by gas and electricity Pay As You Go meter users in Northern Ireland

price (in gas) as standard credit. This contrasts with the GB situation where pre-payment prices are generally higher.³⁶

Payment by direct debit offers the cheapest tariff³⁷ though there is evidence to suggest that this is option is not accessible to all. 75% of respondents to the Utility Regulator’s consultation on its Social Action Plan 2009-2014 felt that there was an inequality of access to this payment method, particularly for financially excluded vulnerable groups who do not have a bank account. This seems be an area for concern across the UK as the Financial Inclusion Taskforce as part of the Home Energy Saving Programme in GB were tasked by government to develop new ways to encourage greater use of direct debit. They recognised that direct debit payment is not suitable for all especially people on low and/or variable incomes whose ‘patterns of income makes it necessary or preferable to budget on a weekly or monthly basis.’³⁸ Barriers to the uptake of paying for consumption in monthly advance via direct debit were identified, including, fear of loss of control, mistrust of suppliers estimations of the cost and customer passivity in terms of managing energy costs and being aware of savings opportunities.

----- Reasons given for not using direct debit, after having considered it (numbers in parentheses)

Reasons	Electricity PPM only (237)	Gas and Electricity PPMs (166)
Want control over finances	23%	34%
No bank account	6%	5%
No regular income	8%	17%
Don't know, not my choice	7%	3%
Lack of confidence in banks and companies	3%	8%
Not aware is cheaper	6%	4%
Proportion of group who have considered direct debit	21%	18%

The Taskforce were clear that whilst efforts such as the provision of information from a ‘trusted source’ other than energy suppliers, improvement to the payment method offered and offering new less expensive systems in the future might increase use of direct debits this should not lead to further over-indebtedness to a customer nor to a deliberate increase in other payment options.

NEA has recently consulted on a new fuel payment method in the UK, ‘a better model’ (see Diagram 1) that incorporates advice, signposting to other services that can offer assistance with associated problems (for example budgeting skills, debt management and energy management and efficiency) as well as payment flexibility built in to allow households to control their budget.³⁹

³⁶ Utility Regulator (2010), Assisting with Affordability Concerns for Vulnerable Energy Consumers A Consultation Paper
http://www.niaur.gov.uk/uploads/publications/Jan_2010_-_Assisting_with_Affordability_-_Consultation_Paper.pdf

³⁷ Utility Regulator (2009), Social Action Plan Decision Paper
www.niaur.gov.uk/uploads/publications/2009-08-11_SAP_Decision_Paper_2009-2012.pdf

³⁸ Financial Inclusion Taskforce (2008), Report on direct debit energy payments
http://www.hm-treasury.gov.uk/d/direct_debit_energy_payments.pdf

³⁹ NEA (2009), ‘What scope is there for the development of a new fuel payment method in the UK?’ A solution for vulnerable energy consumers

This model amalgamates the ‘best bits’ of existing payment methods, supporting budgeting, financial inclusion and the application of direct debit related preferential tariffs to the customer.

The model is based on the concept of increasing financial inclusion by ‘the creation of a dedicated account by a range of service providers such as Credit Unions, providers of Basic Bank Account, and/or an adapted Post Office Card Account (POCA) expanded to provide transactional facilities. The unique aspect of the proposed method is a ring-fenced sub-account, used solely for the purposes of honouring a direct debit fuel payment and where debt exists incorporating an amount for debt repayment. Households would be assisted to avoid fuel debt through improved budgeting, access to lower-cost tariffs, and controlled use of a transactional bank account.’⁴⁰

NEA suggest that such a model be should initially be available only to vulnerable groups in receipt of qualifying benefits before being rolled out.

Whatever developments are taken forward regarding payment methods, the Financial Inclusion Taskforce believes ‘the key priority should be for suppliers and the government to support people in making the best choice about how to pay for their energy.’⁴¹

1.7.6 Repayment Levels

Under the supplier condition licenses, energy suppliers are required to take account of customers’ ability to pay when setting repayment rates. Ofgem (2008)⁴² suggests that it is not enough to rely on the customer expressing that they cannot afford what is proposed as they may feel inhibited to do this. Instead they encourage suppliers to be proactive in early identification and intervention to prevent the customer having unmanageable debt.

The Energy Retail Association (ERA), through the Safety Net considers it an important role of the supplier to not only agree an affordable repayment rate but to monitor the customers ability to manage the repayment plan and be sympathetic and flexible enough to review customers arrangements when asked. They recognise the value of contacting 3rd parties along with the customer (where appropriate) when a customer is struggling with repayment rates. There is also an expectation that suppliers consider information provided by 3rd parties such as advice providers authorised to use the Common Financial Statement to demonstrate the customer’s ability/inability to pay.

The Safety Net commits to the reconnection of any vulnerable customer disconnected ‘in error’ so that supply is available during negotiations on repayment arrangements.

⁴¹ Financial Inclusion Taskforce (2008), Report on direct debit energy payments
http://www.hm-treasury.gov.uk/d/direct_debit_energy_payments.pdf

⁴² Ofgem (2008) Debt and Disconnection Best Practice Review
<http://www.ofgem.gov.uk/Sustainability/SocAction/Publications/Documents1/Debt%20and%20disconnection%20best%20practice%20review.pdf>

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Licenses also require suppliers to be flexible in the payment arrangements they set up and in GB if the customer is on benefits or in severe financial hardship repayment rates should be set at no more than the Fuel Direct level. With regards to meter tampering Ofgem has stressed that where this involves vulnerable groups 'inappropriate policies should not be applied to recoup monies owed.'⁴³

Ofgem has highlighted that suppliers apply different approaches to debt collection and determining the customer's capacity to pay when setting repayment rates and have noted this as an area where suppliers fall short.⁴⁴ They also refer to the counter-productivity of unaffordable repayment rates as they ultimately lead to a default in payments.

In NI, there is no reference to maximum repay rates in any of the suppliers' Codes of Practice. However, the Consumer Council⁴⁵ recommended that the Utility Regulator for electricity and gas in NI review guidance on debt repayment in conjunction with energy supply companies to reflect the repayment cap set by Ofgem for GB.

The Utility Regulator's Social Action Plan recently sought views on the proposal to develop a harmonised framework for helping vulnerable customers to avoid debt and manage their way out of debt. Whilst most of the respondents were in support of this, one energy supplier expressed a need for independence and flexibility within this and another was strongly opposed viewing their debt collection process as having the ability to 'review a customer's repayment arrangement on an individual basis' and that the price controls suppliers are subject to would deem a harmonised cross utility approach impossible.

1.7.7 Pre-payment meters

Pre-payment meters (PPM's) are a payment option offered by suppliers as an alternative to disconnection. They assist customers with managing their energy consumption, budgeting and avoiding getting into debt as there are no associated bills.

Ofgem⁴⁶ suggests that traditionally PPM's were installed to more electricity customers than gas customers due to safety issues and the need for access to properties. Despite this, there has been a steady increase in gas installations in GBn the last 2 years. Although, some of the rationale for this was related to the replacement of older meters with PPM's, Ofgem attribute one of the factors behind the trend in the increase of the installation of PPM's as an alternative to disconnection.

Unlike GB, in NI issues of price differential for PPM's (resulting in them being a more expensive payment option) do not apply and PPM customers are offered a discount tariff for using PPM's in electricity or the same tariff in gas.

The Consumer Council⁴⁷ identified that just under two thirds (64 per cent) of all households surveyed asked for a pre-payment meter to be installed for reasons

⁴³ Ibid

⁴⁴ Ibid

⁴⁵ The Consumer Council (2004), In Control? An investigation into the patterns of use and level of self-disconnection by gas and electricity Pay As You Go meter users in Northern Ireland

⁴⁶ Ofgem (2008), Domestic suppliers' social obligations: 2007 annual report

⁴⁷ Ibid

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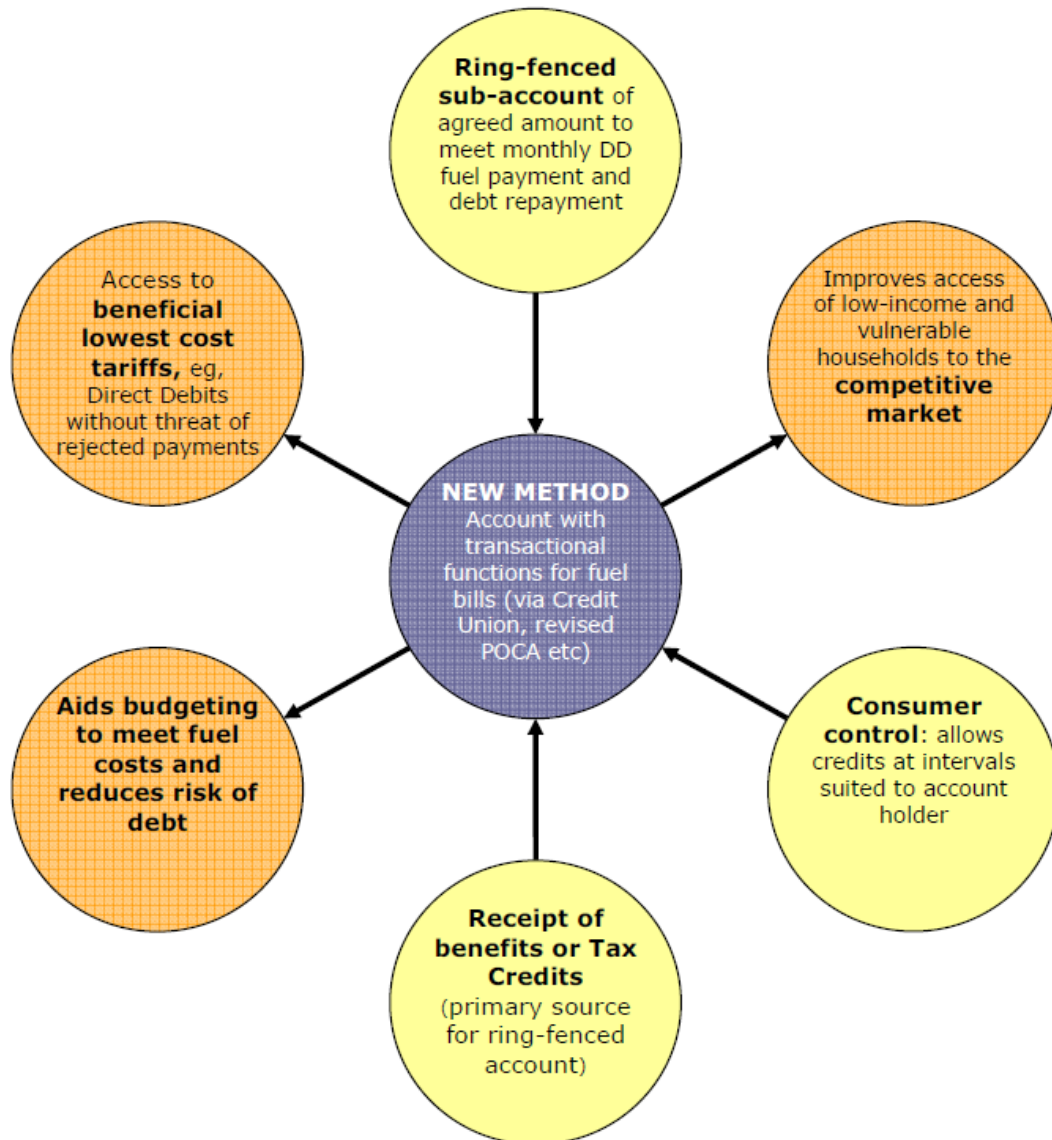
including, having difficulty paying bills; better budgeting and pre-payment being the preferred payment option. However, more gas customers (15 per cent) than electricity customers (5 per cent) report not being given a choice by their supplier about having a pre-payment meter.

Ofgem, in a recent review,⁴⁸ highlighted that in some instances it is not safe or practical to install a PPM and have communicated concerns with ERA that the Safety Net is applied in these situations with disconnection being avoided. Examples of where it may be inappropriate to install a PPM include 'when the customer is not able to physically use the meter or does not have full time access to the meter position.'

Specific license conditions require suppliers to provide a PPM (where safe and practicable to do so) for customers who have fallen into arrears with electricity or gas payments.

⁴⁸ Ofgem (2009), Review of protection for vulnerable customers from disconnection
<http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=139&refer=Sustainability/SocAction/Publications>

Diagram 1: Model components and benefits



1.7.8 Signposting Customers to Sources of Support

Within the literature examined, there is a recognition of the valuable role the voluntary and community sector has to play in supporting the mutual customer base of vulnerable customers.

Supplier signposting occurs when the supply companies inform clients of the existence of third party support agencies and either refer the client onto them or inform the third party agency to contact the client.

Ofgem⁴⁹ highlights the need for improvement⁴⁹ in how suppliers proactively explore customer's capacity to pay when setting repayment rates. The document also states that all suppliers have in place processes for third party referrals where vulnerable customers may need broader assistance and advice.

⁴⁹ Ofgem (2008) Debt and Disconnection Best Practice Review

A more recent Ofgem review⁵⁰ highlights that it would be appropriate for suppliers to notify social services when a customer remains off supply for an extended period and could be potentially at risk. The same report also states that the supplier should be actively making follow up contact should the customer still be off supply.

In NI the Consumer Council⁵¹ recommended that energy supply companies partner with organisations such as the Energy Savings Trust Advice Centre and NEA to provide pre-payment customers with information and advice on energy efficiency, especially to vulnerable groups. It also recommended that all energy supply licences should require energy supply companies to refer customers known to be vulnerable to debt or suffering from financial hardship to money advice agencies to receive a benefits health check.

NIEES offer benefit maximisation packages, to help identify possible benefit entitlement and energy efficiency advice, to customers who may be vulnerable (customers receiving energy efficiency services and customers on NIEES care register). These packages are provided by help and support agencies through the NIE 'For Your Benefit' programme⁵². NIEES works closely with organisations to provide free and impartial energy efficiency advice, energy efficiency initiatives and benefit entitlement check to low income customers.

In responses to the Utility Regulator consultation on their Social Action Plan 2009-2012⁵³, it was recommended that the Utility Regulator consider the Scottish Government's Energy Assistance Package programme that provides customers with advice and energy efficiency measures. It was also suggested that suppliers undertake awareness raising campaigns and use existing mechanisms for engagement with local communities to ensure utility customers are aware of support packages and services available.

⁵⁰ Ofgem (2009), Review of protection for vulnerable customers from disconnection


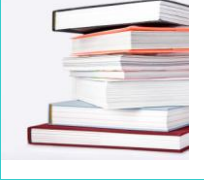



⁵¹ The Consumer Council (2004), In Control? An investigation into the patterns of use and level of self-disconnection by gas and electricity Pay As You Go meter users in Northern Ireland

⁵² NIE energy supplies response to the utility regulator's social action plan 2009 – 2014, March 2009

⁵³ Utility Regulator (2009), Social Action Plan Decision Paper 2009-2012

2. SUMMARY OF METHODOLOGY

The following methodology was agreed with the Utility Regulator and has already been detailed in SMR's proposal to the Utility Regulator⁵⁴. In summary, our approach involved the following:

	<p>Stage 1: Project Initiation (November 2009) Met the Utility Regulator's Steering Group. Agreed methodology and timescales. Identified documentation and contacts etc. Conducted subsequent informal meetings with the Utility Regulator and the energy suppliers (the Reference Group).</p>
	<p>Stage 2: Literature Review (November 2 - March 2010)</p> <ul style="list-style-type: none"> Reviewed wide range of literature on energy debt, self-rationing and disconnection. Most of the available literature related to Ofgem and the situation in Great Britain.
	<p>Stage 3: Interviews with Energy Suppliers & Key Stakeholders (November 2009)</p> <ul style="list-style-type: none"> In-depth face to face interviews were conducted with representatives from: <ul style="list-style-type: none"> – firmus energy – Northern Ireland Electricity Energy Supply (NIEES) – Phoenix Supply Ltd – National Energy Action (NEA) – Consumer Council
	<p>Stage 4: 1st Stakeholder Workshop (February 2010)</p> <p>One day workshop involving representatives from the energy suppliers, key statutory bodies and key community and voluntary groups to explore issues and possible improvements to current arrangements. (See Appendix C)</p>
	<p>Stage 5: Survey of Customers in Debt to Energy Suppliers (February - April 2010)</p> <ul style="list-style-type: none"> Sampling methodology reflected the different numbers of customers in debt to each energy supplier. Survey was piloted, refined and rolled out. Postal survey 900 responses returned (response rate 9%) Web survey Advocacy Profile of survey respondents in Appendix B

⁵⁴ SMR proposal dated November 2009



Stage 5: Case Studies (November 2009 – March 2010)

Prepared summative report based on 8 individual cases of utility debt presenting during the timeframe of this research.



Stage 6: 2nd Workshop (April 2010)

Half day workshop involving representatives from the energy suppliers, key statutory bodies and key community and voluntary groups to review findings and quality assure proposed way forward. (See Appendix C)



Stage 7: Report (April 2010)

- Production of draft final report
- Feedback from Steering Group
- Final report developed.



Stage 8: Oral Presentation of Findings (Summer 2010)

- Developed and delivered Power Point presentation of key findings and proposed points for consideration on Code of Practice to range of stakeholders specified by the Utility Regulator.

3. MAIN REASONS FOR ENERGY DEBT

Q: Why do customers find themselves in debt with regard to payment of energy bills?

3.1 KEY POINTS

What we learned...

- No single issue 'causes' debt. A variety of factors are at play:
 - *Customer-related* - Low income, fuel poverty, need for greater usage of energy, sudden change in circumstances / income level (job loss, bereavement), disconnection / reconnection fees, accommodation is energy inefficient
 - *Supplier-related* – Higher energy costs, inaccurate billing or insufficient information on bill, increases in direct debit amounts, unaffordable repayment plans, problems with Pre-Payment Meters (PPMs).
- 'Vulnerability' does not cause debt *per se* but each characteristic and, indeed, combinations of characteristics appear to heighten the risk of debt. Risk factors appear to operate like a 'system'.
- Other practical factors, not always recognised officially, have the potential to exacerbate 'vulnerability' e.g. poor literacy, numeracy or IT literacy, lack of bank account.

Points for Consideration in a Unified Code of Practice...

- Identify risk factors in relation to debt in as holistic a manner as possible – work in partnership with other agencies to identify key risk factors.
- Proactively signpost customers to appropriate support to help reduce vulnerability and attendant risk of debt.
- Provide accurate bills by carrying out more frequent meter reads or utilising advances in metering technology to provide better quality information (e.g. SMART metering)
- Reconsider alternative approaches to customers who currently do not wish to increase direct debit amounts when tariffs increase (as a means of seeking to prevent debt)
- Develop and deploy affordable repayment plans for customers in debt

- This research has found that 26% of those in the survey reported being in arrears to their energy supplier, with this figure rising to 78% of those defined as living in fuel poverty. Moving forward it would be worthwhile to establish the proportion of all households in Northern Ireland who are in arrears to their energy supplier. This would help establish the socio-demographic profile of vulnerable customers at a national level.
- Assess to what extent a particular characteristic(s) (of vulnerability) is associated with either higher levels of debt overall or greater prevalence of debt (albeit perhaps at lower levels).

3.2 DETAILED FINDINGS FROM THE RESEARCH

3.2.1 Survey

In Arrears

The survey sample was made up of those currently in arrears with their electricity or gas company, as well as those struggling to pay their energy bills. Across the whole sample, 26% of respondents were currently in arrears with 25% of electricity customers in arrears and 12% of gas customers. A small proportion of the sample (3%) was in arrears to both their electricity and gas supplier.

Respondents were asked if being behind with their energy bills worried them. In response, 95% said that being behind with their energy bills worried them with 36% saying that it worried them 'a little' and 59% saying that it worried them 'a lot'.

Males (32%) compared with females (23%, $p \leq 0.01$) were more likely to report being in arrears as were those with a limiting long-term illness and / or disability (34% vs. 23%, $p \leq 0.001$). Other groups more likely to report being in arrears included those with caring responsibilities (34% vs. 25%: $p \leq 0.05$) and households where the head of household is unemployed (40%) compared with households where the head of household is employed (23%) or where the head of household is economically inactive⁵⁵ (25%: $p \leq 0.01$). Those who described their current health status as 'poor' were also more likely to report being in arrears to their energy company (44%) compared with those who rated their current health status as 'excellent' or 'good' (21%: $p \leq 0.001$). Among those in arrears, 60% of electricity customers and 53% of gas customers reported experiencing difficulties in repaying their arrears.

Reasons for Being in Arrears

Simply not being able to afford to pay energy bills (45%) was the most common reason why respondents had found themselves in arrears to their energy company, with 37% saying that they didn't realise they were using as much energy. Thirty percent said they were in arrears because their home is difficult to heat, with 26% citing unemployment as a reason for being in arrears. Note that the majority of those in arrears (60%) cited two or more reasons to explain their current

⁵⁵ Economically inactive includes retired, sick or disabled, student and looking after home

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predicament. This finding is consistent with the literature on debt and confirms that getting into debt is often the result of a convergence of a number of factors.

	All %	Electric %	Gas %
You simply couldn't afford to pay your energy bills	45	45	30
You didn't realize you were using as much energy	37	37	28
Your home is difficult to heat	30	31	15
You or someone in your household became unemployed	26	26	17
You became ill or someone close to you became ill	20	21	9
You had a number of bills to pay and your energy bill was not a priority	20	21	4
You were paying by direct debit but it was not enough to cover the bill	19	19	11
You got divorced or separated	8	8	7
Someone close to you died	7	8	13
You choose not to pay your energy company until you absolutely had to	7	8	2
The bill was wrong and you wouldn't pay until this was sorted out	4	4	4
Other reasons	8	8	2
Base	237	224	46

Approximately one quarter (26%) of electricity customers in arrears have been so for less than three months compared with 44% of gas customers. Whereas almost one fifth (19%) of electricity customers have been in arrears for more than a year, just 6% of gas customers have been in arrears for this period.

	Electricity Customers	Gas Customers
Less than 3 months	26	44
3 to 6 months	31	34
7 to 12 months	17	13
More than a year	20	6
Don't know	6	3
Base	224	32

The majority (62%) of electricity customers in arrears owed less than £300, with 20% owing less than £100 and 42% owing between £100 and £299. In contrast a slightly greater proportion of gas customers (80%) owed less than £300, with 18% owing less than £100 and 62% owing between £100 and £299. Note that 80% of electricity customers in arrears were classified as living in fuel poverty compared with 66% of gas customers in arrears.

Impact of Being in Arrears

The majority (77%) of those in arrears acknowledge that being behind with their energy bills is a problem, with most (78%) embarrassed about their situation. Although most (68%) sometimes feel as if they are drowning in debt, 61% are confident that they will be able to sort out their bills. On the issue of seeking advice the response was mixed, with 46% saying that they don't want advice to help sort out the problem and 42% saying that they would like advice.

	Agree	Disagree	Don't Know	N
	%	%	%	
I am embarrassed about being behind with my energy bill(s)	78	16	6	193
Sometimes I feel I'm drowning in debt and there is no way out	68	27	6	183
I feel confident that I will be able to sort out these bills	61	21	18	181
I don't want advice from anyone, I'll sort this problem out myself	46	42	13	165
I don't see being behind with my energy bills as a problem	14	77	10	155

3.2.2 Case Studies

The case studies highlighted that the main causes of energy debt for customers are:

Cause	Explanation
Low Income	All the cases were of people on low income and relying on Welfare Benefits as their main income source
Family Circumstances	Case studies all have dependent children Family illnesses and extreme weather conditions causes increased use of fuel
Condition of Property and Energy Inefficiency	Cases are all actively trying to become more energy efficient to help save on fuel costs, thus helping to avoid debt in the first instance
Cost of Energy	Clients constantly worry about the price of fuel such as home heating oil, gas and electricity Issue of 'fuel poverty' is real with cases paying more than 10% of their income towards their energy usage
Cost of Living	Increase in cost of living has added to financial pressures – 'heat or eat' dilemma with times when there is no food in households People often buy essential items in bulk and with other family members as this reduces costs
Current Economic Climate	Due to the current economic climate people are feeling increasingly financially vulnerable Clients are finding themselves taking money from other household budgets or money given to other family members to make ends meet with their fuel needs

3.2.3 Perceptions of Suppliers and Key Stakeholders (One to One Interviews)

Suppliers and key stakeholders perceived that there were four main reasons⁵⁶ why customers find themselves in debt in relation to payment of their energy bills. These were:

- *Low income* – Customers having insufficient income to cover the cost of energy bills;
- *Changes to monthly direct debit (DD) amount* – Changes in energy tariffs create a need to change the DD amount collected from DD customers. When tariffs change, DD customers are notified by letter. If the tariff change involves an increase in the DD amount, a considerable number of customers contact the energy supplier indicating that they do not accept the DD increase and indicate that they will reduce their consumption rather than have a DD increase ‘imposed’. However, in reality, the consumption level of many of these customers remains the same, and this, combined with an effectively lesser amount being collected each month leads to debt being created.
- *Estimated bills* – There are times when it is not possible for a supplier to access a property to read a meter and hence an estimated bill is produced. However, if this happens on a repeated basis, there is a risk that the actual level of energy consumption is much greater than the estimate. When the meter is then finally read, the actual amount of energy needing to be paid for can be sometimes be beyond the immediate capacity of the customer to pay and debt can result.
- *Meter tampering* – Customers who interfere with their meters can accumulate debt as a result of obtaining energy for which they have not paid.

3.2.4 Workshop 1

The feedback from Workshop 1 suggested that there two main reasons why customers found themselves in debt to energy companies:

- Financial downturn (job losses etc); and,
- Literacy / numeracy issues.

The point was also made that customers are entitled to keep the reasons for being in debt private and, whatever the wishes of those collecting data for analysis, if this was the customer’s choice, this should be respected.

3.2.5 Workshops 2

Participants in Workshop 2 identified the following key points:

- Early intervention was key;
- Encourage customer to contact energy company in first instance;
- Challenging to identify vulnerable customers;

⁵⁶ The sequence which these points are presented does NOT imply priority or prevalence.

- How might the risk factors in relation to debt be ranked?
- Referral process – How do suppliers know who / where to sign post customers to for support?
- The Debt Advice Agencies – What resources are available to invest in this sector?
- Helpful to have an online system to identify appropriate support and sources of help adjacent to the customer (Mention of emerging Debt Advice Action web site);
- Billings based on actual, rather than estimated consumption, will become more important (However, it was noted that the available research suggests that NI's track record on accurate billings is better than GB);
- Inability to secure an actual reading from certain customers can be a recurring problem with the result that some customers are being repeatedly issued with estimated readings rather than actual readings.
- The fact that NIE plc – a separate company from NIEES - perform the meter readings was thought to potentially add further complexity in arriving at any new proposals around meter reading. (In contrast, gas suppliers' own staff read the meters);
- Consider good practice elsewhere on re-payment methods;
- The Direct Debit system of estimating bills was thought to warrant a review since it was perceived that more accurate information on consumption levels may be possible;
- The question was posed, 'How should suppliers respond to 'sudden' vulnerability?' e.g. through disease, bereavement, job loss etc;
- Inform customers about all discounts that are available and consider how social tariffs might help prevent debt accumulating.

4. IDENTIFYING VULNERABLE CUSTOMERS

Q: What methods do suppliers use to identify vulnerable customers – including access issues, payment methods, potential debt problems and possible self-disconnection?

4.1 KEY POINTS

What we learned...

- ‘Vulnerability’ is defined in different ways by different parties.
- Data sets necessary to identify ‘vulnerability’ are currently dispersed and not shared.
- Access issues are relatively straightforward to assess post-notification.
- However, seeking to identify most suitable payment method, potential debt problems and possible self-disconnection issues requires a clear understanding of customers’ circumstances, potentially closer collaboration with other organisations who are working with this customer, better trained staff and further enhancement of customer-focused ethos.

Points for Consideration in a Unified Code of Practice...

- Develop and adopt a shared definition of ‘vulnerable’ across all regulated energy suppliers – this needs to go beyond what is in the legislation (See 3rd EU Directive on Electricity for suggestions on how to define vulnerability’);
- Consider the benefits of energy suppliers systematically collaborating with a range of organisations that interact with vulnerable customers – (currently the degree of inter-agency collaboration varies from one energy supplier to another). Link with and, wherever possible, share data and referrals. Also, keep focus not just on individual vulnerable customers but collaborate with organisations that are seeking to address the issues that create or exacerbate vulnerability e.g. poverty, language barriers, disability etc.
- Enhance training of energy supply staff (especially customer-facing staff) to enable them to identify truly vulnerable customers.
- Sustain and strengthen ethos / culture that ensures empathetic approach to vulnerable customers.

Suggestions for further research...

- Best practice definition of ‘vulnerable’ in energy supply context.
- Ascertain what types of payment options work best for different types of customers.

4.2 DETAILED FINDINGS FROM THE RESEARCH – VULNERABLE CUSTOMERS

4.2.1 Supplier Interviews

Identifying Vulnerable Customers

All of the energy suppliers make efforts to identify vulnerable customers and 'Special Care Registers' (containing details of vulnerable customers) are maintained as a requirement under the licence to operate. In addition, all of the energy suppliers have a range of free services which they offer to support their vulnerable customers. These services (e.g. Care Schemes) vary from supplier to supplier but in broad terms, include features such as:

- Password scheme where staff from the energy supplier use an agreed password when calling at the customer's home;
- Safety checks and free service of specific equipment (e.g. boiler);
- Special controls and adaptors;
- Energy efficiency advice;
- Talking bills;
- Nominee scheme – whereby a customer can designate someone to look after their interaction with the energy company; and,
- Sign posting customer to further advice and support as required (e.g. benefit checks)

However, there appear to be at least three weaknesses in the current arrangements:

- Such 'vulnerability' is typically defined according to physical, sensory or cognitive characteristics only i.e. financial vulnerability is not assessed pro-actively and only becomes evident when a debt actually arises or has arisen. Consequently, the appropriateness or not of particular payment methods (in relation to preventing debt) does not appear to be systematically considered before debt arises;
- Under the current arrangements, vulnerable customers have to come forward and declare their needs to the energy supplier or be identified as being vulnerable by someone else (e.g. such as an advocate). This in effect, makes for a process where the pro-active component is led by the vulnerable customer and the re-active component is taken up by the supplier;
- Identification of vulnerable customers typically takes place when a new customer is being signed up. Access issues and the needs of the customer are assessed at this point and appropriate measures are put in place to support the customer if, for example, access is an issue (e.g. meter can be moved free of charge to more accessible position for reading etc). However,

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 there appears to be no ongoing systematic monitoring of whether existing customers (even those at risk of becoming vulnerable e.g. older people) have, for any reason, become vulnerable e.g. due to deteriorating health etc.

Identifying Self-Disconnection

Suppliers do not possess reliable data on levels of self-rationing or self-disconnection. The closest proxies are the levels of reduced consumption or non-consumption. However, such data is problematic to interpret since it could be influenced by a variety of factors e.g. households could be more energy efficient (and this could manifest as reduced use) or a household could be on holiday / not living at that address for a period (and this would manifest as non-use).

4.2.2 Survey

The survey sample generated has provided some insight into the socio-demographic characteristics of vulnerable customers. Specifically examining the profile of those customers in arrears to their energy supplier we have found that 78% of this group are classified as living in fuel poverty, with 95% worrying about being able to pay their energy bills. Allied to these indicators are the findings that two out of three households in arrears are currently using less energy than they need because of their energy bills with more than three quarters (78%) unable to heat their home to a temperature which is comfortable in Winter. Typically these households are likely to have someone with a long-term illness or disability (40%), be in receipt of benefits (54%) and have a relatively low household income (<£200 per week, 43%). [See a profile of respondents in Appendix B].

4.2.3 Workshop 1

Workshop 1 identified and explored four key questions in relation to vulnerable customers. The questions explored and the proposals made are set out in the tables below.

Q – “What should be on the check list(s) for ‘vulnerable’?”

Issues	Proposals
<ul style="list-style-type: none"> • Licence – Only contains a voluntary code of practice. Thought to be limited 	<ul style="list-style-type: none"> • Don't confine definition of 'vulnerable' to what is in the legislation. • Join up with other organisations e.g. DSD for pension information • Join up with other organisations that interact with vulnerable customers. And not just individual vulnerable customers, link with organisations that are trying to address the characteristics that create or exacerbate vulnerability e.g. poverty, language barriers, disability etc. • Need for minimum set of standards in relation to treatment of vulnerable customers (Charter?) • Look at the 3rd EU Directive on Electricity for some suggestions on how to define 'vulnerability'

Q – “What should be the duties of energy suppliers towards vulnerable customers?”

Issues	Proposals
<ul style="list-style-type: none"> • Disconnection 	<ul style="list-style-type: none"> • Continuity of supply • Be aware of the risks of self disconnection – could be more vulnerable depending on payment method (e.g. someone may have a pre-payment meter but have no money to put in it)
<ul style="list-style-type: none"> • Support 	<ul style="list-style-type: none"> • Sign post customer to sources of help • Consider what energy companies do in GB e.g. use of Charitable Trusts funds for those truly unable to pay - whereby £1 from customer leads to £1 donated by energy company. • Feeling that ‘Government’ should pay for those who can’t pay rather than other paying customers.
<ul style="list-style-type: none"> • Reasonable level of repayment of debt 	<ul style="list-style-type: none"> • Need for this to be realistic and within customers’ ability to pay.
<ul style="list-style-type: none"> • Flexibility 	<ul style="list-style-type: none"> • Actively assess what type of equipment and services would suit best e.g. sight, mobility impairments etc and tailor services to suit. • Flex practices (e.g. more frequent meter reading) to help reduce risk of debt accumulating.

Q – “How to encourage vulnerable customers to self identify?”

Issues	Proposals
<ul style="list-style-type: none"> • Different levels of trust re how private information is handled. Some people distrust private organisations. Some trust no-one with personal information. 	<ul style="list-style-type: none"> • Improve partnership working with those who hold information on vulnerable customers. • Need to look at consent issues.
<ul style="list-style-type: none"> • Any ‘test’ of vulnerability could be manipulated if customers know ‘how to answer the questions’ 	<ul style="list-style-type: none"> • Training for staff on how to distinguish real from fabricated cases of vulnerability.
<ul style="list-style-type: none"> • Credit control departments don’t have the time to consider personal circumstances to the same extent. Focus is on debt collection rather than social dimension. Different ethos and drive. 	<ul style="list-style-type: none"> • Keep asking – mail shots, use plain English, need for empathy. • Need for more training for staff in energy suppliers. Caring, professional, empathetic approach needed. Well placed questions to identify vulnerability as early as possible. • Delicacy needed. Not a tick box. • Ethos may need to change.

Q – “How to use opportunities to identify debt / risk of debt?”

Issues	Proposals
<ul style="list-style-type: none"> • More care on choice of product to customer, especially first time customers. Some choices may not be suitable for customer at risk of building up debt. 	<ul style="list-style-type: none"> • More care re assessment of customers’ circumstances and better matching of products and services to that. • Consider tailoring choices with reducing risk of debt in mind. • Better risk assessment from the outset.
<ul style="list-style-type: none"> • Role of meter readers at front line – directly interact with customer – could be the ‘eyes and ears’ - but can be a ‘separate’ company with no designated role to feed back issues 	<ul style="list-style-type: none"> • Need for change to enable such staff to have an enhanced role? (Thought to be complex but could be done?)

4.2.4 Workshop 2

Participants in Workshop 2 identified the following key points:

- Acknowledged possible reticence amongst some customers to self-identify as ‘vulnerable’ – concern about the connotations of this word – suggestions that different language is needed.
- Need to reassure customers to see that sharing information on vulnerable characteristics is in their best interests – will help the supplier to help them – explain the rationale.
- Need to agree common definition of ‘vulnerable’ in energy supply context;
- Need for standardised approach to identifying ‘vulnerable’ customers – especially important with new entrants to the energy supply market in NI;
- Need to sign post vulnerable customers to appropriate support;
- Consider more frequent review of entries on Critical Care Registers;
- Regarding possible issues around sharing of data across organisations, suggestion was made that such consent for data sharing is obtained at time of installation;
- Proposal for enhanced training for supplier staff in identifying supporting vulnerable customers. Point made that any recommendations in the Code of Practice needed to be mindful of the level of resources that were likely to be available – realism called for;
- Sustain and promote the good practice in relation to vulnerable customers that suppliers already provide.

5. KNOWLEDGE OF AND ACCESS TO EMERGENCY CREDIT

Q: In relation to customers in debt to energy companies, what is their knowledge of and access to emergency credit?

5.1 KEY POINTS

What we learned...

- 59% of electricity customers and 52% of gas customers using prepayment meters are aware of the emergency credit facility, with awareness levels higher among electricity (66%) and gas customers (62%) in arrears.
- 59% of those on electricity prepayment meters are aware of the 'Friendly Credit' facility which operates on weekday evenings and weekends.
- Survey respondents with multiple 'vulnerability' characteristics have lower levels of awareness of the top up options (phone and internet) and friendly credit etc.

Points for Consideration in a Unified Code of Practice...

- Consider how to promote greater awareness of how to use prepayment meters and the credit facilities provided, particularly among those groups of customers where awareness is relatively low.
- Ensure that the information on the full range of top-up options is readily accessible to customers, especially those with multiple 'vulnerable' characteristics.

5.2 DETAILED FINDINGS FROM THE RESEARCH – ACCESS TO EMERGENCY CREDIT

5.2.1 Suppliers' Interviews

Suppliers provide information on access to emergency credit but do not capture data on customers' level of knowledge of emergency credit. However, it is clear that a significant number of customers are aware of and do access emergency credit facilities.⁵⁷

5.2.2 Survey

Awareness and Use of Emergency Credit Facility

The results from this current research are consistent with awareness levels of emergency credit documented by the Consumer Council with 59% of electricity customers using prepayment meters aware of the emergency credit facility compared with 52% of gas customers.

⁵⁷ Source: NIE Presentation (Section on 'Self disconnection' where it is cited that 23,767 customers benefited from 'extended friendly credit'.)

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Among those with prepayment meters use of the emergency credit facility is largely consistent between electricity and gas customers with 39% of prepayment electricity customers having used this facility compared with 34% of gas customers.

	Electricity Customers	Gas Customers
	%	%
Once	7	8
2 or 3 times	11	3
4 or 5 times	6	7
6 -10 times	5	3
More than 10 times	10	13
Never	61	66
Base	391	45

Electricity customers with prepayment meters more likely to have used the emergency credit facility were more likely to be aged under 65 (under 30, 42%: 30-49, 44%: 50-64, 35%: 65+, 8%: $p \leq 0.01$). Households where the head of the household is unemployed (59%) were also more likely to have used the emergency credit facility compared with other households (36%, $p \leq 0.01$), as were households in receipt of benefits (46% vs. 33%: $p \leq 0.01$).

Among gas customers with prepayment meters none of those aged 65+ reported using the emergency credit facility compared with almost half (48%) of 30 to 49 year olds, 27% of those aged under 30 and 32% of those aged between 50 and 64 ($p \leq 0.05$). Gas customers with children aged under 16 were also more likely to report using the emergency credit facility (54% vs. 27%: $p < 0.05$).

'Friendly Credit' Facility

Approximately six out of ten (59%) electricity customers with prepayment meters were aware that NIE Energy provides a 'Friendly Credit' facility which operates on weekday evenings and weekends. Awareness of this facility was significantly lower among customers with a limiting long-term illness and / or disability⁵⁸ (46% vs. 62%: $p \leq 0.01$) as well as lower among those who rated their health as poor (40%) compared with those rating their health as excellent or good (63%) or fair (54%: $p \leq 0.05$).

Purchasing Electricity Top Ups by Phone and Internet

The majority (65%) of electricity customers with prepayment meters are aware that electricity top ups can be purchased by phone. Those with a limiting long-term illness and / or disability were less likely to be aware of phone top up facility (53% vs. 68%: $p \leq 0.01$) with those rating their health as poor (39%) also less likely to be aware of this facility (excellent / good health, 68%: fair health, 62%: $p \leq 0.001$). Households living in fuel poverty were also less likely to report being aware of topping up prepayment meters by phone (58% vs. 73%: $p \leq 0.01$), as were households in receipt of benefits (54% vs. 72%: $p \leq 0.001$).

⁵⁸ Note that this includes any long-term illness, health problem or disability which limits your daily activities or the work you can do and includes problems which are due to ageing.

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Less than half (43%) of electricity customers with prepayment meters were aware that top ups can be purchased via the internet, with awareness levels significantly lower among those with a limiting long-term illness and / or disability (30% vs. 45%: $p \leq 0.05$), those with poorer health (30%) compared with those with excellent or good health (46%) and fair health (34%), and those in receipt of benefits (35% vs. 46%: $p \leq 0.05$).

5.2.3 Case Studies

In relation to customer's awareness and access to emergency credit, the case studies highlighted that there generally is a high level of awareness of the facility. This is highlighted by the fact that all of the electricity pre-payment meters case studies made use of the emergency credit at some stage in the past 6 months, particularly using the service during weekends.

Some cases have had to rely on this facility to ensure a constant supply of electricity.

5.2.4 Workshop 2

Participants in Workshop 2 identified the following key points:

- Distinction made in relation to what is meant by 'emergency credit' in a gas compared with electricity context.
- Concern that some customers were still unclear how to use pre-payment meters and credit facilities. Suggestion that customers should 'register' with suppliers and receive tuition on how to use their pre-payment meter;
- Suggestion that there should be consistency across suppliers in terms of the means of access to top-up / emergency credit e.g. with electricity this can be done by phone or on line, whereas neither of these options is available to gas customers at present;
- Questioned whether 'promotion' of emergency credit per se was in customers' best interests. Concern that could inadvertently lead to some form of reliance on emergency credit rather than responsible consumption. Question was posed around whether suppliers could determine, from their data sets, whether a customer appeared to be becoming reliant on the emergency credit (could this be a sign of financial vulnerability?); and,
- Question was asked, 'What is the level of knowledge of emergency credit amongst those who self-disconnect?'

6. RESTRICTING / LIMITING OR LOSS OF SUPPLY

Q: What is the level of self-disconnection and self-rationing?

Q: What are the reasons for this and the effects of this?

- Are these different / greater for vulnerable customers?

- Are these different / greater for those using pre-payment meters?

6.1 KEY POINTS

What we learned...

- It is currently problematic for energy suppliers to obtain accurate information on levels of self-disconnection and self-rationing of any customer or customer group.
- The available literature suggests that the incidence of self-disconnection appears to be highest amongst vulnerable customers. Low income is a major factor in instances of self-disconnection and self-rationing.
- The survey found that almost a quarter (24%) of electricity customers using prepayment meters and 41% of gas customers had gone without energy in the previous 12 months because they could not afford a top up. There was also evidence of a significant level of self-rationing among the sample, with the majority (56%) saying that they use less energy than they need because of the cost of their energy bills. This problem was even more pronounced among customers in arrears to their energy company, with 67% of these households reporting that they self-ration because of their energy bills.

Points for Consideration in a Unified Code of Practice...

- Utility Regulator/Consumer Council to play greater part in requiring and enabling all energy suppliers to undertake appropriate research and analysis to help identify customers most at risk of self-rationing/ self-disconnection.
- Consider the design and adoption of a common set of policies and practices across all energy suppliers to respond to instances of self-disconnection and self-rationing amongst vulnerable customers.

Suggestions for further research...

- Beyond low income, identify the major risk factors in relation to self-rationing / self-disconnection. Design research to identify customers at such risk across all suppliers.
- Consider how such information could be shared across energy suppliers and key agencies with the sole intent of supporting vulnerable customers at risk of self-rationing / self disconnection

6.2 DETAILED FINDINGS FROM THE RESEARCH – SELF RATIONING/SELF-DISCONNECTION

6.2.1 Survey

Self-rationing

Most (56%) vulnerable customers in the survey said that they currently use less energy than they need because of their energy bills. Those more likely to say that this was the case included:

- those aged 50-64 (62%) compared with other age groups (under 30, 51%; 30-49, 55%; and, 65+, 47%: $p \leq 0.05$);
- those with a limiting long-term illness and / or disability (65% vs. 52%: $p \leq 0.001$);
- households where the head of household is unemployed (70%) compared with those households where the HOH is employed (55%) or economically inactive (55%: $p \leq 0.01$);
- those who rated their health as poor (69%) compared with those rating their health as excellent or good (49%: $p \leq 0.001$);
- households classified as being in fuel poverty (65% vs. 43%: $p \leq 0.001$);
- households in receipt of benefits (62% vs. 51%: $p \leq 0.001$); and,
- those in arrears to their electricity or gas supplier (67% vs. 53%: $p \leq 0.001$).

There was no significant difference in the likelihood of using less energy than needed and main form of heating in the home (electricity, 68%: gas, 50%; oil, 55%; solid fuel, 56%: and, other heating types, 50%).

There was, however, an association with ease of heating the home to a temperature which is comfortable in winter, with those who find it difficult to heat their home more likely to report using less energy than they need because of their energy bills (67%) compared with those who find it easy to do so (35%: $p \leq 0.001$).

Approximately three quarters (77%) of those experiencing difficulty in paying arrears to their electricity company reported using less energy than they need, with 93% of gas customers experiencing difficulty in paying arrears to their gas company using less energy than they need.

Prepayment Meters

In the last year, almost one quarter (24%) of electricity customers with prepayment meters went without electricity because they could not afford to top-up, with the same true for 41% of gas customers. For both electricity and gas customers with prepayment meters forgetfulness was the next most common reason why they had gone without energy (15% and 19% respectively).

	Electricity Customers	Gas Customers
	%	%
Could not afford a top-up	24	41
Forgot to buy a top up	15	19
Shop was closed	7	11
Couldn't get out to get a top up	6	7
Didn't want to go out and get a top up	3	6
No transport to get to a shop	2	2
Other	2	5
Any of the above reasons	43	59
Base	389	84

Among electricity customers, those with prepayment meters and who could not afford to top up were more likely to have a limiting long-term illness and / or disability (35% vs. 21%: $p \leq 0.001$), live in urban areas (29% vs. 19%: $p \leq 0.05$); be in poor health (46%) compared with those in excellent or good health (16%: $p \leq 0.001$); be living in fuel poverty (32% vs. 12%: $p \leq 0.01$); and, be in receipt of benefits (30% vs. 19%: $p \leq 0.01$).

Prepayment electricity customers more likely to report having gone without electricity in the last 12 months for any of the reasons listed above were more likely to be: aged under 30, 56% compared with other age groups (30-49, 46%: 50-64, 37%; and, 65+, 20%, $p \leq 0.05$); be single (56%) compared with married / cohabiting (37%) and separated, widowed or divorced (49%, $p \leq 0.05$); be living in fuel poverty (51% vs. 32%: $p \leq 0.001$); and, be in receipt of benefits (51% vs. 36%: $p \leq 0.01$).

The proportion of prepayment gas customers going without gas in the previous 12 months for any of the reasons listed above was recorded at 59%. Prepayment gas customers aged 65+ (9%) were significantly less likely to have gone without gas for the reasons listed above compared with other age groups (under 30, 64%: 30-49, 68%: 50-64, 55%: $p \leq 0.05$).

On the last occasion that prepayment electricity customers went without electricity because they could not afford it, 35% did so for less than an hour, with 34% doing so for between 1 and 6 hours. Among prepayment gas customers, 16% went without gas for less than an hour with 36% doing so for more than 24 hours.

	Electricity Customers	Gas Customers
	%	%
Less than an hour	35	16
1 – 6 hours	34	11
7 – 12 hours	12	18
13-24 hours	10	20
More than 24 hours	9	36
Base	160	45

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Those with prepayment meters were also asked how long they would go without electricity or gas by not topping up their prepayment meter. Among electricity customers, two thirds (66%) said that they would never go without topping up their prepayment meter with 7% going without electricity once a week, 8% once a month and 19% less than once a month.

Those more likely to go without topping up their electricity prepayment meter were:

- More likely to be widowed, separated or divorced (51%) compared with single (38%) and married (25%) respondents ($p \leq 0.001$);
- More likely to describe their health status as poor (46%) compared with those describing their health status as excellent or good (25%: $p \leq 0.01$);
- More likely to be classified as a fuel poverty household (43% vs. 22%: $p \leq 0.001$); and,
- More likely to be in receipt of benefits (42% vs. 27%: $p \leq 0.001$).

Among gas customers 47% said that they have gone without gas by not topping up their prepayment meter, with just over half (53%) never having gone without gas.

6.2.2 Case Studies

The case studies highlighted that, in all cases, people have self rationed at some point in time. The main cause of this is when overall household budgets are stretched and clients find themselves unable to afford electricity or gas.

Other causes of self rationing include the increase in cost of living, low income, current financial climate, unexpected expenses/family illnesses and increased costs of fuel and debt repayment levels.

In all of the case studies, people have self disconnected for short periods of time. Case studies highlighted the main reasons for self disconnection as increases in the general cost of living, low income/relying on welfare benefits, current financial climate, unexpected expenses, increased costs of fuel (both gas and electricity) and debt repayment levels with other priority debtors.

The case studies highlighted two other key issues:

- There is a lack of awareness amongst clients of supplier's debt and disconnection policies; and,
- One of the case studies suggested that disconnection of gas should not be permitted especially during winter months.

6.2.3 Suppliers' Policies on Disconnection

It was clear from the policy statements that all suppliers make strenuous efforts to avoid disconnection. There is also an evident commitment within the policies to protect the interests of vulnerable customers from disconnection. NIE Energy Supply's policy is not to disconnect any domestic customer for reason of debt, rather NIE Energy Supply will seek to enforce a pre payment meter through the courts so that debt can be recovered without the need to disconnect.

However, if the definition of 'vulnerable' customer is derived from the characteristics specified in the legislation only (and it is not clear from the policies extracts below whether or not this is the case) then there was a view expressed by stakeholders at Workshop 1 that this definition of 'vulnerable' was limited and needed to be enhanced. (For example, whilst there are references to age, disability and chronic illness etc there is no reference to factors that exacerbate vulnerability e.g. financial insecurity or the other factors identified by SMR's team e.g. literacy issues, lack of a bank account etc). Indeed, the wording of the various policies below suggests there is a risk that different interpretations of 'vulnerable' could be being applied across different energy suppliers.

- **firmus energy** – At the time of our supplier interviews (January 2010), firmus energy indicated, “We currently have no customers who have been disconnected for debt reasons. Disconnection is a last resort that we reserve for positions where all other attempts have failed. We are aware that vulnerable customers cannot be disconnected in the winter months and our own policy is that a firmuscare customer will never be disconnected. A customer receives at least two letters and two phone calls before disconnection. The customer is advised in writing of the day the disconnection is to take place. There are procedures in place where the customer is able to pay on the day and the disconnection can still be halted”.⁵⁹
- **Phoenix Supply Ltd**– “Disconnection Process...The process will commence after the second reminder letter in the debt collection process is issued to the customer and either no satisfactory payment has been received or no satisfactory payment arrangement has been put in place. Where either a prepayment meter is unsuitable and no alternative repayment arrangement has been agreed or the debtor has refused to accept repayment of the debt via a prepayment meter, a disconnection visit will be arranged. During the winter period (1st October to 31st March) PSL will not disconnect properties where we are aware the occupants include those who are older (60 years of age or over), disabled (including those who are deaf or blind) or chronically sick, or registered under the PSL Energy Care Scheme”.⁶⁰
- **NIE Energy** – “NIE Energy has a zero disconnection policy for domestic customers unless fraud is involved”.⁶¹

⁵⁹ Source: Information on Firmus Procedures

⁶⁰ Source: Phoenix Supply Limited, Disconnection Process, November 2008

⁶¹ Source: NIE, Summary of Disconnections policy

6.2.4 Workshop 1

In considering the duties of an energy supplier towards vulnerable customers, stakeholders in Workshop 1, made two key points in relation to self-disconnection and the issue of low income:

Q – “What should be the duties of energy suppliers towards vulnerable customers?”

Issues	Proposals
<ul style="list-style-type: none"> Disconnection including self disconnection 	<ul style="list-style-type: none"> Continuity of supply Be aware that the risks of self disconnection could be higher for the vulnerable depending on payment method (e.g. someone may have a pre-payment meter but have no money to put in it)
<ul style="list-style-type: none"> Support 	<ul style="list-style-type: none"> Sign post customer to sources of help Consider what energy companies do in GB e.g. use of Charitable Trusts funds for those truly unable to pay - whereby £1 from customer leads to £1 donated by energy company. Feeling that ‘Government’ should pay for those who can’t pay rather than other paying customers.

6.2.5 Workshop 2

Participants in Workshop 2 identified the following key points:

- A key point was that it was very difficult to know who is self-disconnecting.
- Around one third of electricity customers in NI and around half of gas customers use a pre-payment meter. For many, this is a budgeting tool and the presence of a pre-payment meter does not, of itself, imply, or indeed define, vulnerability;
- Repayment levels (if too high for customer) were thought to be a factor in self-disconnection;
- Question was raised about whether SMART meters could provide some indication of self-disconnection levels and / or could afford opportunity to interact with customer who had self-disconnected?
- Question was raised about what type of support might be offered to customers who repeatedly self-disconnect?

7. DIFFERENT PAYMENT METHODS – KNOWLEDGE AND ACCESS

Q: Of the customers who are in debt to energy companies, what is their knowledge of and access to different payment methods

7.1 KEY POINTS

What we learned...

- Among all vulnerable customers in the survey, most were aware of the following different payment methods: prepayment meters (65%); cash, cheque or debit card (58%) and direct debit (52%). Lower levels of awareness were recorded for other payment methods: credit card (30%); easy saver / budget card (22%) and fuel direct (5%).
- There were a number of statistically significant differences in the customers segments that were aware / not aware of the various payment methods. For example, those in poorer health were less likely to be aware of direct debit and payment by cash, cheque or debit card. Awareness of prepayment meters was lower among older customers, the economically inactive and those with a limiting long-term illness and / or disability.

Points for Consideration in a Unified Code of Practice...

- Consider ways to ensure that awareness of payment methods is equitable across all segments of vulnerable customers.
- Consider inviting Department for Social Development (DSD) to review existing provision in relation to Fuel Direct (as a payment option) and clarify eligibility and availability. (Note: The Fuel Direct legislation is the responsibility of DSD and is not within the Utility Regulator's remit).

7.2 DETAILED FINDINGS FROM THE RESEARCH-DIFFERENT PAYMENT METHODS (KNOWLEDGE AND ACCESS)

7.2.1 Survey

Awareness of Payment Methods

Among all vulnerable customers in the survey, most were aware of the following different payment methods: prepayment meters (65%); cash, cheque or debit card (58%) and direct debit (52%). Lower levels of awareness were recorded for other payment methods: credit card (30%); easy saver / budget card (22%) and fuel direct (5%).

Table 7 Awareness of Different Payment Methods (Base: 895)	
	%
Prepayment Meter / Pay as you go / Top Up / Keypad	65
Cash, Cheque or Debit Card (when bill comes in)	58
Direct Debit	52
Credit Card	30
Easy Saver / Budget Card	22
Fuel Direct (deducted from benefits)	5

There were a number of statistically significant differences:

Fuel Direct

- Those with a limiting long-term illness and / or disability⁶² were more likely to be aware of fuel direct (9% vs. 4%: $p \leq 0.01$);
- Economically inactive respondents (9%) were more likely to be aware of fuel direct compared with those in employment (3%) and those unemployed (5%: $p \leq 0.01$);
- Those living in urban areas were more likely to be aware of fuel direct (6%) compared with those living in rural areas (3%: $p \leq 0.01$);
- Those describing their health status as poor (15%) were more likely to be aware of fuel direct compared with those describing their health status as excellent or good (3%);
- Those in receipt of benefits were more likely to be aware of fuel direct (8%) compared with those not in receipt of benefits (3%: $p \leq 0.01$);

Prepayment Meters

- Female respondents (69% vs. 60%): $p < 0.01$) were more likely to be aware of prepayment meters;
- Awareness of prepayment meters was correlated with respondent age, with younger respondents (aged under 30, 78%) more likely to be aware of prepayment meters compared with older respondents (65+, 40%: $p < 0.001$);
- Those with a limiting long-term illness and / or disability were significantly less likely (56%) to be aware of prepayment meters compared with other respondents (70%: $p \leq 0.001$);
- Economically inactive respondents (54%) were less likely to be aware of prepayment meters compared with employed (71%) and unemployed (68%: $p \leq 0.001$) respondents;

Easy Saver / Budget Cards

- Awareness of easy saver / budget cards was higher among women (25% vs. 17%: $p \leq 0.01$);
- Those aged 30-49 (25%) and 50-64 (24%) were more likely to be aware of easy saver / budget cards compared with other age groups (under 30, 13%: 65+, 16%);
- Awareness of easy saver / budget cards was higher among respondents living in urban areas compared with rural areas (24% vs. 18%: $p \leq 0.05$);

⁶² Note that this includes any long-term illness, health problem or disability which limits your daily activities or the work you can do and includes problems which are due to ageing.

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- Those describing their health status as poor (33%) were more likely to be aware of easy saver / budget cards compared with those describing their health status as excellent or good (22%);
- Those in arrears were more likely to be aware of easy saver / budget cards (31% vs. 18%: $p \leq 0.001$).

Cash, Cheque or Debit Card

- Those with a limiting long-term illness and / or disability were significantly less likely (50%) to be aware of cash, cheque or debit card payment methods compared with other respondents (62%: $p \leq 0.001$);
- Those whose first language is English were more likely to be aware of cash, cheque or debit card payment methods compared with others (59% vs. 39%: $p \leq 0.05$);
- Employed respondents (66%) were more likely to be aware of cash, cheque or debit card payment methods compared with unemployed (41%) and economically inactive (50%, $p \leq 0.001$) respondents;
- Those describing their health status as poor (43%) were less likely to be aware of cash, cheque or debit card payment methods compared with those describing their health status as excellent or good (63%);
- Those living in fuel poverty were less likely to be aware of cash, cheque or debit card payment methods compared with others (55% vs. 66%: $p \leq 0.001$);
- Those on benefits were less likely to be aware of cash, cheque or debit card payment methods compared with others (48% vs. 67%: $p \leq 0.001$);
- Those in arrears were more likely to be aware of easy saver / budget cards (31% vs. 18%: $p \leq 0.001$).

Normal Payment Method

Among electricity customers, 42% cited prepayment meters as their normal payment method, with 27% citing direct debit. Among gas customers, cash, cheque or debit card (38%) was the most popular payment method followed by pre-payment meter (32%).

	Electricity Customers	Gas Customers
	%	%
Prepayment Meter / Pay as you go / Top Up / Keypad	42	32
Direct Debit	27	18
Cash, Cheque or Debit Card (when bill comes in)	22	38
Easy Saver / Budget Card	8	8
Fuel Direct (deducted from benefits)	3	-
Credit Card	1	2
Other	1	1
Base	845	281

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Among electricity customers in arrears, 29% normally paid their bill using cash, cheque or debit card, 22% via a prepayment meter, 19% used an easy saver / budget card and 24% used direct debit. Two percent used a credit card. Fuel Direct was used by 10% of this group.

Among gas customers in arrears (n=34), 41% (n=14) normally paid their bill using cash, cheque or debit card, 21% (n=7) via a prepayment meter, 27% (n=9) used an easy saver / budget card and 9% (n=3) used direct debit. Three percent (n=1) used a credit card.

Satisfaction with Bill Payment Method

Among electricity customers, 89% were satisfied with their payment method (34% very satisfied and 55% satisfied), with 9% dissatisfied (6% dissatisfied and 3% very dissatisfied). Three percent of electricity customers recorded 'don't know' in response to this question.

Electricity customers paying by cash, cheque or debit card recorded a lower level of satisfaction with this payment method compared with customers using other payment methods (82% vs. 91%: $p \leq 0.01$), with those using prepayment meters reporting a higher level of satisfaction (94% vs. 86%: $p \leq 0.01$) with this payment method compared with customers using other payment methods.

Overall 81% of gas customers were satisfied with their payment method (31% very satisfied and 50% satisfied), with 15% dissatisfied (10% dissatisfied and 5% very dissatisfied). Four percent of gas customers recorded 'don't know' in response to this question.

Those gas customers paying by cash, cheque or debit card were less likely to report being satisfied with this normal payment method compared with customers using other payment methods (75% vs. 85%: $p < 0.05$).

7.2.2 Suppliers' Code of Practice

Each of the energy suppliers through their Codes of Practice/Service/Customer Charters, and in their interaction with customers in debt, outline different payment methods that are available to customers. However, suppliers do not routinely collate information on customers' levels of awareness of the various payment methods.

7.2.3 Case Studies

The following points were distilled from the analysis of the case studies:

- Experienced the electricity supplier as helpful in setting realistic and reasonable repayment plans and approachable when clients get into financial problems
- Experienced a gas supplier as a bit more difficult to deal with in regards to setting up realistic repayment plans
- In some cases, a repayment plan was never discussed or negotiated by a gas supplier.

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- In a particular case, there was a 100% deduction off accumulated debt from the clients pre pay gas meter when they topped up⁶³
- One case reported having to leave home with their child as they could not afford the repayment of a gas debt.
- It has been suggested that debt should be deducted from people's benefits at an individualised affordable rate.
- It has also been suggested that there should be an improvement in the customer services of a gas supplier as well as having phone calls recorded.

7.2.4 Workshop 2

Participants in Workshop 2 identified the following key points:

- Concern that the current arrangements for Fuel Direct can have the effect of distancing the customer from their level of consumption. It was suggested that, in some cases, this can contribute to irresponsible energy usage. The difficulties in engaging Fuel Direct customers were emphasised;
- Suggestion made that other payment options, other than Fuel Direct may merit consideration in some cases;
- Participants' experience concurred with the findings of the survey i.e. that there was a high level of awareness of the various payment methods;
- Concern expressed about perceived inequity in relation to payment methods e.g. customers paying by direct debit attracting a discount, whereas those paying by cash did not. View of energy suppliers was that such differences were 'cost reflective'.

⁶³ Note: Phoenix Supply has indicated that [this is not possible as 100% of a payment is not deducted for arrears.](#)

8. REPAYMENT LEVELS AND ABILITY TO PAY

Q: “Examine the repayment levels that customers are asked to make, particularly those on benefits, and assess are they appropriate to their ability to pay”

8.1 KEY POINTS

What we learned...

- The vast majority of survey respondents (customers in arrears) were trying to repay them.
- The vast majority of customers in arrears would like up to a year to repay them.
- Different levels of repayment are used by different suppliers.
- Instruments used by suppliers to assess ability to pay differ.

Points for Consideration in a Unified Code of Practice...

- Properly qualified staff (either supplier staff or independent debt advisers) to be involved in the assessment of a customer's ability to re-pay debt.
- Consider formal service level agreements for all suppliers with properly qualified independent debt advisers.
- Independent debt advisers to use same well-established instrument to assess ability to re-pay.
- Consider extending the length of time allowed to repay arrears.

8.2 DETAILED FINDINGS FROM THE RESEARCH – REPAYMENT LEVELS

8.2.1 Case Studies

The major concern highlighted by the case studies was the high level of repayment of debt from the pre-payment gas or electricity meters.

8.2.2 Survey

Customers in arrears with their electricity or gas company were asked if they are currently trying to repay any arrears. Among electricity customers with arrears, 88% reported trying to repay arrears. Those in arrears who rated their current health status as excellent or good (83%) were less likely to report that they are currently repaying arrears compared with those in poor health (96%; $p \leq 0.05$). Customers in arrears but not making any repayments to their electricity customers were asked if it would be helpful to work with their supplier to come up with a plan to pay off arrears owed, of which 92% (n=12) said this would be helpful.

In almost three out of four cases (73%) customers repaying arrears had come to an arrangement with their electricity company. Electricity customers who described

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their marital status as single (57%) were less likely to report having come to an arrangement with their electricity company compared with those where are married / cohabiting (74%) or separated, widowed or divorced (83%: $p \leq 0.05$).

The majority of electricity customers in arrears reported finding it difficult (61%) to repay arrears, 31% are finding it OK and 8% easy. Those who rated their health as either excellent or good were less likely to report finding it difficult (48%) to repay arrears compared with other groups (health poor, 68%: health fair, 67%: $p \leq 0.05$).

Among gas customers with arrears, 70% reported trying to repay arrears with no significant variations in response by customer grouping. Of the six gas customers in arrears and not currently making repayments, five felt it would be helpful to work with their supplier to come up with a plan to pay off arrears owed.

In half of cases (50%) gas customers repaying arrears had come to an arrangement with their supplier on how they would pay the arrears, with just over half (57%) finding it difficult to pay the arrears. The majority of electricity (60%) and gas (74%) customers in arrears felt that they should be given up to a year to pay their arrears.

	Electricity Customers	Gas Customers
	%	%
3 months	10	27
6 months	8	13
9 months	5	7
1 year	37	27
Between 1 and 2 years	25	20
Between 2 and 3 years	4	-
More than 3 years	11	7
Base	138	15

8.2.3 Suppliers' Processes

How Repayment Levels Are Assessed

At the time of writing, (April 2010), each of the suppliers applied different repayment rates⁶⁴. Irrespective of these differences in the repayment rates, the fundamental question remains, 'How appropriate are such repayments rates relative to a customer's ability to pay?' This raises a further crucial question i.e., 'How is the customer's ability to pay assessed? And is this process appropriate?'

In answer to this fundamental question, it seems that two out of the three suppliers sign post customers in debt to various external independent debt advice agencies. Only one of the suppliers has a Service Level Agreement with debt advisers in place and the others do not. The referring on process is therefore not the same across the two suppliers who refer customers on to external, independent advice.

What is also unclear is the extent to which any referral to an independent advice agency is passive (onus on the customer to make contact with the advice agency) or actively managed (e.g. the advice agency contacts the customer).

⁶⁴ There are potentially commercial sensitivities in relation to this information and consequently it has not been published here.

If a customer and an advice agency do make contact, then the agency works with the customer and using an established debt advice instrument (called the ‘Common Financial Statement’) arrives at an objective assessment of what the customer can afford to repay. The debt advisor then negotiates with all creditors (including the energy suppliers) on behalf of the customer to agree a repayment plan. This process is based on a well-established, widely-used and objective framework for assessing ability to re-pay. In contrast, one of the suppliers deploys one member of staff internally to make an assessment of ability to re-pay debt. There was insufficient information available from the supplier at the time of writing to properly determine the exact basis for this internal assessment of ability to pay.

Repayment Processes for Customers on Benefits

For customers on benefits, ‘fuel direct’⁶⁵ can be used as a method of repayment. Whilst this may appear to be the simplest solution to debt repayment, in practice, the process appears to be problematic and resource intensive, for example:

- Fuel Direct customers are perceived to be difficult to engage;
- The specific benefits payable to a customer have the potential to be reduced/ stopped without the energy supplier being notified for around 3 months. Changes in the benefits call for some level of a review of the fuel direct arrangement.
- Amount paid is not related to amount of electricity consumed and therefore may not encourage customer to improve energy efficiency.

8.2.4 Workshop 1

The stakeholders in Workshop 1 made the following points in relation to repayment levels:

Q – “Who should decide the level of repayment?”

Issues	Proposals
<ul style="list-style-type: none"> • Individual person not suppliers should set the repayment level • Ability to pay • Affordability • Tailored package based on individual circumstances should be offered • Resources needed to support independent advice sector to negotiate repayment level • Suppliers expressed a need to keep control of debt levels overall as bad debts represent further cost for all customers. 	<ul style="list-style-type: none"> • Repayment levels should not be decided internally • An independently verified Common Financial Statement should be used⁶⁶ • Holistic debt services should be offered • Repayment should be based on the whole debt and customer circumstances

⁶⁵ Fuel Direct, a process whereby payments for energy bills /debts are taken out of a customer’s benefits at source and paid directly to the energy supplier.

⁶⁶ Note: There was a view that whatever financial statement is used that it should be capable of independent verification.

Q – “How to set a basis for a repayment schedule?”

Issues	Proposals
<ul style="list-style-type: none"> • Little knowledge re the current basis for repayment; 	<ul style="list-style-type: none"> • Need for awareness raising; • Review current levels of repayment across suppliers;
<ul style="list-style-type: none"> • Access to advice, particularly in relation to vulnerable clients; • Issue of capacity within advice sector, availability of advice; need for resources; 	<ul style="list-style-type: none"> • Funding for independent advice services; • Obligation on supplier to insist on referral to an advice agency;
<ul style="list-style-type: none"> • Tailoring to meet individual circumstances 	<ul style="list-style-type: none"> • Agreement on repayment levels; % allocations; timeframes for repayment;

8.2.5 Workshop 2

Participants in Workshop 2 identified the following key points:

- Need for Accredited Debt Advice Programme;
- Need for an instrument and methodology to assess ability to pay which is accepted by suppliers and debt advice agencies alike and which is used in the same way (i.e. either party would reach the same assessment with the same information).
- Desire for the promptness of support on debt advice to be the same across suppliers and debt advice agencies;
- Suggestion that time allowed for repayment should be extended. Suggestion that it may need to be different in different seasons;
- Proposal made that individual circumstances need to be considered;
- Need for consistency in the re-payment levels across electricity and gas;
- A view expressed that debt was ‘better managed’ though pre-payment meters; and,
- Reinforcement of the suggestion of clarification of the current arrangements for Fuel Direct.

9. PRE-PAYMENT METERS

Q: Summarise the policies and procedures for using pre-payment meters as a tool for repayment of debt. When should they be introduced and when are they not appropriate?

9.1 KEY POINTS

What we learned...

- Pre-payment meters can be a helpful option if the customer wishes to budget for their energy use. However, the risk of self-rationing and self-disconnection remains, especially for those on low incomes.
- Pre-payment meters are inappropriate if the meter is inaccessible to / inoperable by the customer.
- Just over two-fifths (46%) of electricity customers and 40% of gas customers paying arrears via a pre-payment meters considered the repayment rate was too high.

Points for Consideration in a Unified Code of Practice...

- Consider revisions to the repayment levels of arrears via pre-payment meters, especially for those on low incomes.
- Consider cap on repayment levels for vulnerable customers.
- Agree across suppliers the circumstances and instances where a pre-payment meter is not appropriate, e.g. where disability prevents the customer from accessing meter/obtaining top ups.
- Consider including a provision on Court action (electricity) or disconnection (gas) should only be as a last resort after a minimum number of contacts and attempts to reach another solution over an appropriate time period.

9.2 DETAILED FINDINGS FROM THE RESEARCH – PRE-PAYMENT METERS (POLICY AND PROCEDURES AND CIRCUMSTANCES OF USE)

9.2.1 Case Studies

The case studies highlighted that for those people on a low income pre-payment meters were the best tool available for them to help manage their utility usage, budget and help pay off their accumulated debts. Case studies also highlighted that clients were aware of the discounts rates applicable through the use of a pre-payment meter.

9.2.2 Suppliers' Policies on Installation of Pre-payment Meters

It is clear from an inspection of suppliers' policies and procedures on installation of pre-payment meters that there is provision to:

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- Install a pre-payment meter (typically for free);
- Make information available on how the pre-payment meter works and the options for 'topping up';
- Move a pre-payment meters in response to the specific needs of customers who have difficulty accessing their meter (e.g. because of disability);
- Consider the provision of a specific type of pre-payment meter (with features) to better suit their needs.

9.2.3 Survey

Among all electricity customers in the survey, 44% had a prepayment, pay as you go or keypad installed in their home. A greater proportion of women (48%) who took part in the survey compared with men (39%, $p \leq 0.01$) reported having a prepayment meter installed. Other groups more likely to have a prepayment meter installed included:

- households where the respondents is aged 30-49 (56%) compared with other age groups (under 30, 53%; 50-64, 37%; and, 65+, 24%: $p \leq 0.001$);
- households where the respondent did not have a limiting long-term illness and / or disability (48% vs. 37%: $p \leq 0.01$);
- households with children under the age of 5 (58% vs. 41%: $p \leq 0.01$) and aged under 16 (60% vs. 38%: $p \leq 0.001$);
- households where the head of household is unemployed (56%) compared with households where the head is employed (46%) or economically inactive (37%: $p \leq 0.05$); and,
- Households in rural areas compared with urban areas (50% vs. 40%: $p < 0.01$).

In contrast, 30% of gas customers had prepayment meters installed, with this found to be a more popular option among younger customers (under 30, 68%; 30-49, 34%; 50-64, 32%; and, 65+, 18%: $p \leq 0.001$) as well as among single (39%) and separated, widowed or divorced (35%) respondents compared with married / cohabiting respondents (23%: $p \leq 0.05$).

As with electricity customers, a prepayment meter was more popular among households where the head of household is unemployed (58%) compared with other households (employed, 26%: economically inactive, 27%: $p \leq 0.01$). Gas customers in receipt of benefits (42% vs. 17%: $p \leq 0.001$) were more likely to report having a prepayment meter installed. Finally, in relation to household income those gas customers on higher incomes (>£350 per week, 21%) were less likely to report having a prepayment meter installed (<£200 per week, 42%: £200-£349, 39%: $p \leq 0.05$).

NIAUR Social Action Plan-Helping Customers Avoid/Manage Debt: Code of Practice Electricity Customers

- In 45% of cases the respondent had asked for the prepayment meter to be installed, with 26% saying it was installed when they got into difficulties, and 19% saying it was installed by the electricity company. Just 7% of respondents said that the prepayment meter was always in their home;
- In the vast majority of cases, respondents using electricity prepayment meters said they understand how it works (88%) and find it convenient (82%), with just 6% reporting ever having problems using the equipment;
- 94% of customers using electricity prepayment meters find it helpful in managing their bills with just 4% finding it unhelpful;
- Most (58%) find it a struggle to find money to use their prepayment meter, with 12% finding it 'a constant struggle' and 46% 'a bit of a struggle';
- 91% of electricity customers in arrears and with a prepayment meter are currently repaying arrears through their repayment meter, with almost all (94%) aware of how much is going to their electricity company;
- Just over half (51%) feel that their repayments towards arrears are 'about right', with 46% of the view that they are paying 'too much';
- For electricity customers using prepayment meters, buying a top up (74%) at the shop is their normal way of using it, with 16% purchasing top ups via the internet and 9% by phone;

Gas Customers

- In 35% of cases the respondent said that their gas prepayment meter had always been in their home, with 31% saying that it had been installed by their gas company. In 21% of cases respondents had asked for the prepayment meter to be installed, with 7% saying it was installed when they got into difficulties with their bill.
- In the majority of cases, respondents using gas prepayment meters said they understand how it works (79%) and find it convenient (75%), with 21% reporting ever having problems using the equipment;
- 91% of customers using gas prepayment meters find it helpful in managing their bills with just 4% finding it unhelpful;
- Most (67%) find it a struggle to find money to use their prepayment meter, with 17% finding it 'a constant struggle' and 50% 'a bit of a struggle';
- 20% of gas customers with repayment meters are currently repaying arrears through their repayment meter, with all aware of how much is going to their gas company;
- 20% feel that their repayments towards arrears are 'about right', with 40% of the view that they are paying 'too much'. 20% feel that they could pay more;

- All gas customers using prepayment meters, bought their top up at a shop (At present, this is the only top up option available for gas).

9.2.4 Workshop 1

The stakeholders in Workshop 1 made the following points in relation to pre-payment meters:

Q – “What are the benefits of prepayment meters?”

Issues	Proposals
<ul style="list-style-type: none"> • Opportunity to budget finances; • More control; • Debt prevention; • Discount (2 ½ %) (as opposed to across the water where there is an additional premium to be paid); 	<ul style="list-style-type: none"> • No information in terms of self disconnection and self rationing;
<ul style="list-style-type: none"> • Suppliers have no debt to manage and no meter to read; • Cost of the equipment; 	<ul style="list-style-type: none"> • However, the supplier has no data in terms of the customer’s usage; • Can only monitor ‘vend’ data; •
<ul style="list-style-type: none"> • Closer to SMART technology; • Keypad gives consumption information to the customer; 	<ul style="list-style-type: none"> • Suggested that suppliers should attempt to do more: for example cross reference ‘vend’ information with critical care register information they may hold;

Q – “What are the alternatives to prepayment meters?”

Issues	Proposals
<ul style="list-style-type: none"> • Standard quarterly bills 	<ul style="list-style-type: none"> • POSITIVES: Meter readings needed so tend to be accurate billing; Communicate with customers regularly via letter; • NEGATIVES: Can get into debt situation; no discount; problems getting access for meter readings;
<ul style="list-style-type: none"> • Easy saver top-up cards; 	<ul style="list-style-type: none"> • POSITIVES: flexibility, like a savings scheme, small discount available,
<ul style="list-style-type: none"> • Direct Debits (banks and potentially post offices and credit union accounts) 	<ul style="list-style-type: none"> • POSITIVES: 4% discount; monthly; less effort for customers; • NEGATIVES: little thought about consumption; harder to get behaviour change; not everyone has a DD account; DD may be inaccurate; meter still needs to be read; account needs to be in credit to avoid bank charges;

Q – “Debt recovery and prepayment meters”

Issues	Proposals
<ul style="list-style-type: none"> • How is repayment rate set? Is there flexibility to meet individual circumstances? 	<ul style="list-style-type: none"> • Work with advice sector to tailor repayment to individual circumstances;
<ul style="list-style-type: none"> • In GB it was felt that the supplier cannot recover in excess of the ‘Fuel Direct’ rates; 	<ul style="list-style-type: none"> • Default recovery at ‘Fuel Direct’ rates
<ul style="list-style-type: none"> • Lack of clarity about repayment process as it applied to meters in NI; 	<ul style="list-style-type: none"> • Need clearer parameters for debt recovery rates and greater consistency across suppliers;

Q – “Pre-payment Meters - Are they suitable for all?”

Issues	Proposals
<ul style="list-style-type: none"> • Not always suitable for people with disability. • Levels of need – affordable • They should not be forced on people for whom they are not suitable. • More potential to get into debt with direct debit – tariff set for the year – bounced cheques etc – cost to the customer • Self- disconnection issue • Legislation does not allow prepayment meters in houses of multiple occupancy (HMO) tenancies - students and minority groups 	<ul style="list-style-type: none"> • Direct debit is an alternative for people with disability • Standardise discounts e.g. direct debit • Questioned adjustments re. payment of arrears across the year to prevent high levels of repayments = set rate higher in the summer to build up credit – choice is important • More information should be available on self-disconnection, emergency credit etc

9.2.5 Workshop 2

Participants in Workshop 2 identified the following key points:

- Suggested that pre-payment meters work for many people and for some, it is a life-style choice – helps with budgeting;
- Suggested that pre-payment meters not suitable for customers on critical care registers. Suppliers indicated that this is already recognised and it was proposed that this practice continues;
- Suggested that repayment levels should be reviewed for vulnerable customers;
- Views expressed that other aspects of vulnerability (e.g. literacy levels, mental health issues) could make a pre-payment meter unsuitable for a customers;
- In relation to paying off debt via a pre-payment meter, it was suggested that the repayment level should be set in accordance with a customer’s ability to pay rather than the size of the debt;
- Question was raised about how customers, if their financial circumstances improved, could be incentivized to re-pay more than the re-payment level agreed?

10. CUSTOMER EXPERIENCE – COMMUNICATIONS, SUPPORT & SIGNPOSTING

Q: *How do suppliers communicate with customers in debt and those potentially at risk of having payment difficulties?*

Q: *What has been the experience of customers who have been in debt to the and how have they been dealt with by their energy suppliers?*

Q: *Summarise suppliers' procedures for signposting customers to other sources of help (e.g. advice services, etc).*

10.1 KEY POINTS

What we learned...

- A variety of communication methods are deployed by suppliers.
- The survey of customers in arrears found that:
 - The vast majority (94%) of customers understood the letters sent by suppliers;
 - Compared with other businesses, most electricity (78%) and gas (70%) customers in arrears believe that their supplier has treated them fairly;
 - There were high levels of satisfaction with regard to helpfulness professionalism and friendliness of the suppliers (in excess of 70% for each indicator).
 - The majority of those in arrears and who had spoken with their supplier said they were able to sort out their problem by doing so (72% of electricity customers and 60% of gas customers).
 - To help solve their problems, most (58%) electricity customers would find it easier to talk to their energy company compared with 47% of gas customers. Much small numbers of electricity (18%) and gas (19%) customers said they would prefer to talk to an independent advice agency.
- Early engagement appears to be crucial in helping address debt issues for both supplier and customer.
- Encouraging customers in arrears to engage early can be challenging.

Points for Consideration in a Unified Code of Practice...

- Encourage early engagement by customers in debt.
- Provide staff training for credit control staff to help them identify when a customer is vulnerable.
- Continue to provide information in different languages and different formats (e.g. Braille, Talking bills etc as required)

- Consider which organisation (supplier or advice agency) a customer would find it easier to talk to re sorting debt issue.
- Continue to promote professional and friendly support.

10.2 DETAILED FINDINGS FROM THE RESEARCH – SUPPLIER COMMUNICATION

10.2.1 Suppliers

Communication with Customers At Risk of Having Payment Difficulties

Much depends on how one defines ‘being at risk of having payment difficulties’. At present, suppliers do not have information on those who may be struggling to pay but who have not yet defaulted. Indeed, such a client segment would be problematic to identify since so many factors could constitute a risk of getting into debt without actually causing debt in practice.

Suppliers do have information on customers who have previously got into debt and may still be at risk of having payment difficulties. For the purposes of this research, ‘payment difficulties’ could be considered to be evident as soon as 14 days have expired and an energy bill has not been paid in full. In this situation, the processes for communicating with the customer are initiated.

Communication with Customers in Debt

The approaches to communication with customers in debt broadly include:

- Letters;
- Phone calls;
- Reminder notices;
- Home visits; and in some cases,
- Sign posting to debt advice.

10.2.2 Literature Review

Communication with Customers At Risk of Having Payment Difficulties

As noted in Section 4, suppliers have an obligation to take reasonable steps to identify vulnerable customers and the Utility Regulator has separated the definition of vulnerability for practical purposes into vulnerability in terms of access and income. Whilst suppliers have difficulty identifying vulnerability they are required within the license conditions to take account of customers’ payment difficulties and offer assistance as early as possible.

Suppliers’ commitment to this is outlined in their Codes of Practice which are produced on their individual websites and in some instances promoted through leaflets, the local media and relationships with other organisations working with vulnerable groups. However, some suppliers provide more detail on what support is available than others. For example NIEES⁶⁷ makes a commitment to helping customers overcome temporary or longer-term financial difficulties. They stipulate that they will:

⁶⁷ http://www.nieenergy.co.uk/pdf/payment_difficulties.pdf

- Adopt a positive, caring and helpful attitude;
- Listen carefully to understand the problem and establish all the facts;
- Discuss the payment options available and move towards a solution; if necessary,
- Refer the customer to a local advice centre, to help reach a satisfactory solution.

Phoenix Supply Ltd promise to offer a range of payment methods and explain what customers can do if they experience payment difficulties.’⁶⁸

Suppliers also provide information to customers on payment options and the associated discounts including providing a PPM which offers the customer more control over energy consumption and budgeting.

In their best practice review of debt and disconnection, Ofgem (2008) believed debt prevention was crucial and urged suppliers to continue to contact their customers early on in the debt process, using a variety of communication channels. Suppliers were urged to continue efforts to identify vulnerable customers at every opportunity and ensure their circumstances were considered and they were offered holistic solutions. It was also deemed important that suppliers signal the help available to customers, both in managing their energy bills and referring to a 3rd party organisation.

Outbound contact was considered extremely valuable in terms of identifying customer circumstances, sharing information and providing support. With regards to vulnerable groups the use of texting by suppliers was highlighted as a means of reaching those with hearing problems and there was reference to the fact that some suppliers in GB had established specialist teams to engage with vulnerable groups in debt.⁶⁹

Communication with Customers in Debt

Evidence suggests that suppliers are proactive in engaging with customers in debt especially in GB where the ERA Safety Net sets out that prior to disconnection, a customer will normally have received:

- 8 attempts to contact through correspondence.
- 2 attempts to contact by telephone.
- 2 attempts to contact by personal visit to the property.
- 1 attempt to contact by visit to court.
- A final attempt to contact before a warrant is executed.⁷⁰

Ofgem has noted good practice by E’ON (one of the UK’s leading power and gas companies) in terms of communicating with vulnerable customers tailoring letters, actions and outcomes based on the nature of the customers’ vulnerability. Also, they have reviewed their credit management letters to make the options, actions

⁶⁸ <http://www.phoenix-natural-gas.com/supply/codes-of-practice/?keywords=payment+difficulties>

⁶⁹ Ofgem (2008) Debt and Disconnection Best Practice Review
<http://www.ofgem.gov.uk/Sustainability/SocAction/Publications/Documents1/Debt%20and%20disconnection%20best%20practice%20review.pdf>

⁷⁰ Ofgem (2009), Review of protection for vulnerable customers from disconnection
<http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=139&refer=Sustainability/SocAction/Publications>

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and support available to customers clearer and more easily understood. EDF energy (a UK energy supplier) has a specialist team who deal with vulnerable customers. Suppliers use a range of methods to contact and communicate with vulnerable customers:

- Offering to deal with 3rd parties acting on their behalf.
- Outbound calling.
- Written communication - including 'softly worded' letters.
- Daytime/evening/weekend visits.
- Debt advisory visits.
- Repeat visits.
- Customer Satisfaction Surveys.
- Community Liaison Officers to 'support customers with the installation and use of PPM's.

Regarding communication with customers in debt, the Consumer Council research with pre-payment meter customers highlighted that energy supply companies discussed the rate at which debt would be recovered through the pre-payment meter with more than half of the households who were in arrears. However, 11% of electricity customers with debt stated that they had no contact from the electricity supply company about the recovery rate compared to 1 per cent of gas customers.⁷¹

One recommendation was that energy supply companies should review their communication and promotional activity to ensure that customers fully understand their pre-payment meter's operation, management and debt control functions.

General correspondence of suppliers with customers in debt has been reviewed in GB⁷² and good practice identified. Particular areas noted included the use of headings and sub-headings throughout, the lack of abbreviations and clarity of times and dates. However, letters were deemed wordy and there was a lack of promotion of access to information in different formats. A number of recommendations were made in line with the Plain English Campaign, Norah Fry Research Centre Guidelines and the Mencap Let's be Clear Campaign Guidelines.

Energy suppliers in NI include information on services and support available within bills and inserts and some offer information in other formats including other languages.

Customers' experience of communication with supplier

The literature examined suggested that customers' experience of communication with suppliers is varied.

A programme of consumer research⁷³ into the consumers experience of debt and disconnection demonstrated that the majority of customers were satisfied with

⁷¹ The Consumer Council (2004), In Control? An investigation into the patterns of use and level of self-disconnection by gas and electricity Pay As You Go meter users in Northern Ireland

⁷² Ofgem (2008) Debt and Disconnection Best Practice Review

<http://www.ofgem.gov.uk/Sustainability/SocAction/Publications/Documents1/Debt%20and%20disconnection%20best%20practice%20review.pdf>

⁷³ Ofgem (2008) Debt and Disconnection Best Practice Review

communication, including the information provided and the helpfulness of staff, though the most vulnerable were most dissatisfied.

Just under half of the respondents (49 per cent) were satisfied overall that their supplier had contacted them in good time regarding their arrears (3.17 mean score out of 5)⁷⁴ However, the majority, including the most vulnerable, stated they had not been given any information that might help them to reduce their gas or electricity bills. Customers believed early communication regarding arrears was essential and that the quarterly bill cycle enabled arrears to spiral out of control.

OFGEM highlighted some key barriers to contacting suppliers. Whilst telephone was the preferred method of contact, the time spent waiting and on hold and the associated cost implications for low income customers using prepaid mobile phones was a concern. Some customers felt that contact from suppliers was not always helpful, often too late and that they would only repeat what was said the last time. In a few instances, customers did not think suppliers were understanding about their circumstances, but most were satisfied in this area.

A later report⁷⁵ indicated that customers experienced difficulty negotiating with suppliers in relation to debt, disconnection and reconnection.

10.2.3 Workshop 1

The stakeholders in Workshop 1 made the following suggestions about trying to encourage customers in arrears to engage as early as possible with their energy supplier:

Q – “How to encourage early engagement?”

Issues	Proposals
<ul style="list-style-type: none"> • How long do suppliers wait before they engage – should this be earlier? • What are the existing triggers for customers getting into trouble with finances example can suppliers tell if the customer has not topped up for 2 days? Follow up? • Monitoring patterns of payment? • Information sharing with other service providers – data protection? 	<ul style="list-style-type: none"> • Suppliers’ early engagement with 3rd parties. Suppliers to adopt a ‘softer’ face – relationship – encouraging/empowering people to contact them re change of circumstance. • Suppliers should be more pro-active • Promote Code of Practice • Once in debt (definition required) suppliers should send customer a letter re support available.

<http://www.ofgem.gov.uk/Sustainability/SocAction/Publications/Documents1/Debt%20and%20disconnection%20best%20practice%20review.pdf>

⁷⁵ Ofgem (2009), Review of protection for vulnerable customers from disconnection
<http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=139&refer=Sustainability/SocAction/Publications>

10.2.4 Workshop 2

Participants in Workshop 2 identified the following key points:

- Need for a standardised referral process from supplier to debt advice agency;
- Need to understand client's preferences in terms of which organisation they would prefer to deal with (i.e. supplier or debt advice agency);
- Challenges in getting customers to self-identify as 'vulnerable'. Back to issues mentioned earlier regarding the need to use different language and to assure customers that such information will only be used to support their needs better;
- Desire for pro-activity in identifying vulnerable customers – elements of current arrangements are passive / reactive;
- Need for current good practice in this area to continue and to be strengthened;
- Need for further training for suppliers to enhance their ability to better identify and support vulnerable customers.

10.3 DETAILED FINDINGS FROM THE RESEARCH – EXPERIENCE OF CUSTOMERS IN DEBT

10.3.1 Survey

Electricity Customers

- 93% of electricity customers in arrears said that they open and read letters from the electricity company;
- The overwhelming majority (94%) of respondents said they understood the letters, with 93% of the view that they are written in plain English. 10% of those in receipt of letters said that they could not read them, with 6% preferring letters in a language other than English and 2% preferring an option of having letters in large print or Braille;
- 77% of electricity customers in arrears had spoken with the company, with high levels of satisfaction with regard to helpfulness (83%), professionalism (85%), and friendliness (82%). More than seven out of ten (72%) of those in arrears and who had spoken with their electricity company said they were able to sort out their problem by doing so;
- 62% of all electricity customers in arrears felt that their electricity company is sympathetic to them. Although a majority (67%) of electricity customers in arrears felt that their electricity company understood their circumstances and acted fairly in their case (62%), only a minority felt that their electricity company: provided helpful advice and support (41%); offered practical help for solving their problem (44%); told them where to get help (29%); made them aware of help that they can get (46%); and, recommended that they contact a money or advice agency (7%). Note that all of the figures quoted

above increased among those customers who spoke with their electricity company about their arrears.

Gas Customers

- 84% of gas customers in arrears said that they open and read letters from their gas company;
- The overwhelming majority (94%) of respondents said they understood the letters, with 85% of the view that they are written in plain English. Most (92%) of those in receipt of letters said that they could read them, with just 8% preferring letters in a language other than English and none preferring the option of having letters in large print or Braille;
- 66% of gas customers in arrears had spoken with the company with most finding this helpful (72%). There were high levels of satisfaction with regard to professionalism (88%) and friendliness (78%). Six out of ten (60%) households in arrears, and who had spoke with their gas company, said they were able to sort out their problem by doing so;
- More than half (52%) of all gas customers in arrears felt that their gas company is sympathetic to them, with just over half of the view that the company understands their circumstances (65%) and has acted fairly in their case (70%). However, less than half of gas customers in arrears felt that: their gas company provided helpful advice and support (48%), recommended that they contact a money or advice agency (14%); told them where to get help (18%); made them aware of help they can get (23%); and, offered them practical help in how to solve their problem (46%). Note that all of the figures quoted above increased among those customers who spoke with their gas company about their arrears.

Compared with other businesses, most electricity (78%) and gas (70%) customers in arrears believe that their supplier has treated them fairly. Not that there were no significant differences in response to this question by customer grouping.

Table 10 Compared with other businesses, how do you feel your electricity or gas company has treated you?		
	Electricity Customers	Gas Customers
	%	%
Very fairly	29	15
Fairly	49	55
Unfairly	12	15
Very unfairly	6	9
Don't know	5	6
Base	224	37

Customer Initiated Contact

Among electricity customers in arrears, 66% reported phoning their supplier, with 9% writing to them, 2% sending an email and 2% meeting someone from the electricity company in person. Among those who had never tried to contact their electricity company, the most common reasons for not doing so were:

- They could not pay the arrears (28%);

- They had decided to leave it until the electricity company contacted them (29%);
- They were afraid (29%);
- They thought the electricity company couldn't help them (26%); and,
- They thought the electricity company wouldn't listen (19%).

Among gas customers in arrears, 49% reported phoning their supplier, with 11% writing to them, and 5% meeting someone from their gas company in person. Among those who had never tried to contact their gas company, the most common reasons for not doing so were:

- They had decided to leave it until the electricity company contacted them (38%);
- They were afraid (38%);
- They thought the gas company wouldn't listen (36%);
- They thought the gas company couldn't help them (25%); and,
- They couldn't pay the arrears (19%);

Just over half (51%) of electricity customers in arrears said that they are currently talking to their supplier about being behind with their bills, with 43% of gas customers in contact with their supplier.

10.3.2 Workshop 2

Participants in Workshop 2 identified the following key point:

- Suggested that pre-payment meters work for many people and for some, it is a life-style choice – helps with budgeting;

10.4 DETAILED FINDINGS FROM THE RESEARCH – SIGN POSTING

10.4.1 Supplier Signposting

See Section 8.2.4 for details of supplier processes re interaction with other agencies to support customer in arrears.

10.4.2 Case Studies

All of the case studies were of people who had presented themselves to an advice and support agency for help.

The case studies highlighted that generally the suppliers have a good working relationship with support agencies acting on behalf of the clients.

Some cases felt that their gas supplier's customer service department could be improved.

Clients found it difficult to negotiate repayment levels with their gas supplier and in one case the gas supplier demanded repayment in full through one instalment.

Clients had to rely on help from other support agency to help them with their debt problems and utility issues.

10.4.3 Survey

To help solve their problems, most (59%) electricity customers would find it easier to talk to their energy company compared with 47% of gas customers. Similar numbers of electricity (18%) and gas (19%) said they would prefer to talk to an independent advice agency.

APPENDICES

APPENDIX A – BIBLIOGRAPHY

Appendix A - Bibliography

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APPENDIX B – DETAIL ON THE SURVEY

Defining Vulnerable Customers

The key challenge with the survey element of the study was to generate a sample of vulnerable customers to participate. Following discussion, the survey steering group agreed that for the purposes of the survey vulnerable customers would be defined as those customers of electricity and gas companies who were either currently in arrears or had been in arrears. In addition, those presenting at advice agencies across Northern Ireland, and who were struggling to pay their energy bills, were also deemed as vulnerable customers and therefore included in the sample.

Identifying the Sample

Working in partnership with NIE Energy, Phoenix Supply Ltd and Firmus Energy, a sample of 10,500 customers, who were in, or had been in, arrears was identified.

In addition to the sample provided by the utility companies, a sample of vulnerable customers was also identified through Advice NI's network of 70 advice centres. A total of 700 questionnaires were distributed to the centres with staff instructed to distribute questionnaires to members of the public presenting with either utility debt problems or who were struggling to meet their energy bills. A number of other advice agencies also supported the survey (e.g. Citizen's Advice Bureau; Belfast City Council; Gingerbread etc).

Online Survey

The final element of the survey method involved hosting the survey online to provide vulnerable customers with an opportunity to participate. The online survey was hosted on the websites of the following organisations: the Utility Regulator; Advice NI; CAB; and, Belfast City Council.

Survey Fieldwork

Fieldwork on the survey was conducted during the period 7 March 2010 to 2 April 2010. Questionnaire packs containing a covering letter, questionnaire and Freepost Business Reply Envelope were mailed to customers of the NIE Energy, Phoenix Supply Ltd and Firmus Energy [copies of the covering letter, questionnaire and BRE are included in the Appendices].

Vulnerable customers presenting at the various advice agencies were asked by staff to participate in the survey. Each vulnerable customer identified by staff was asked to participate in the survey. Those agreeing to take part were given a sealed envelope containing a covering letter, questionnaire and BRE, and were asked to complete the questionnaire there and then. On completing the questionnaire, respondents were asked to place it in the BRE envelope, seal it, and hand it to a member of staff for posting back to SMR.

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Survey Response and Sample Profile**

The survey method outlined above generated an achieved sample of 900 completed questionnaires from the initial sample of 10,500. This represents a response rate of 9%. Table 1 presents a profile of the sample.

		All		Customers in Arrears	
		%	N	%	N
Sex	Male	40	357	48	113
	Female	60	533	52	121
Age	Under 30	8	74	11	25
	30-49	49	435	48	113
	50-64	28	249	30	71
	65+	15	133	11	25
Marital Status	Single	18	162	23	53
	Married / Cohabiting	49	487	47	110
	Separated	5	78	10	24
	Divorced	9	93	14	32
	Widowed	11	63	5	12
	Civil Partnership	1	6	1	2
Long-term illness and / or disability	Yes	31	273	40	92
	No	69	613	60	140
Children	Aged Under 5	17	154	17	40
	Aged Under 16	29	256	31	73
Carer	Yes	16	143	21	48
	No	84	745	79	185
English First Language	Yes	97	864	97	227
	No	3	28	3	8
Employment Status of Head of Household	Employed Full-Time	44	388	36	84
	Employed Part-Time	11	94	12	29
	Unemployed	12	104	18	42
	Looking after Home	4	32	4	9
	Sick / Disabled	11	98	17	39
	Retired	16	146	10	23
	Student	0.3	3	-	-
	Other	3	25	3	8
Household in Receipt of Benefits	Yes	44	399	54	128
	No	56	501	46	109
Location	Urban	58	509	63	145
	Rural	42	372	37	84
Fuel Poverty ⁷⁷	Yes	61	425	78	149
	No	39	268	22	42
Fuel Poverty ⁷⁸	Yes	61	542	75	177
	No	29	253	14	34
	Don't Know	11	94	11	26
Income	<£200 per wk	31	223	43	86
	£200-£349	32	228	31	63
	£350+	38	271	26	53

⁷⁶ Note that the percentages and n figures exclude those respondents who did not respond to each question.

⁷⁷ Based on income and fuel expenditure data supplied by respondent.

⁷⁸ Based on question: would you typically spend more than 10% of your household income to heat your home?

Survey Questionnaire

For Office Use Only				
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Why are we doing this Survey?

We know that some people experience problems in paying their electricity and gas bills. This survey is about finding out why some people find themselves in this situation and what can be done to help them.

The research is being undertaken by an independent research company (Social Market Research) on behalf of the Utility Regulator. With your help the Utility Regulator will use the research findings to produce a Code of Practice for electricity and gas companies to use when dealing with customers who face problems.

How do I complete this Survey?

For each question please tick your answer. Please be as honest as possible in your response. Remember that there are no right or wrong answers.

CONFIDENTIALITY

The survey is confidential and you cannot be identified in any way. Your completed survey will only be seen by researchers and not by anyone else.

THANK YOU FOR SUPPORTING THIS RESEARCH

IF YOU NEED ANY SUPPORT WITH COMPLETING THIS SURVEY PLEASE
CONTACT: **YVONNE SOMERS ON BELFAST 02890 923362**

SECTION A: ENERGY BILLS AND HEATING YOUR HOME

A1. Do you worry about being able to pay your energy bills? *(Please tick one box)*

No, it doesn't worry me	<input type="checkbox"/>
Yes, I worry a little about this	<input type="checkbox"/>
Yes, I worry a lot about this	<input type="checkbox"/>

A2. Normally in winter how easy or difficult do you find it to heat your home to a temperature which is comfortable? *(Please tick one box)*

Very Easy	Easy	Difficult	Very Difficult	Don't Know
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

A3. Are you currently using less energy than you need because of your energy bills? *(Please tick one box)*

Yes	No	Don't Know
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

A4. Would you typically spend more than 10% of your household income to heat your home? (For example if your household income is £200 per week would you typically spend more than £20 on heating your home). *(Please tick one box)*

Yes	No	Don't Know
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

A5. What is the **main** form of heating in your home? *(Please tick one box)*

Electricity	<input type="checkbox"/>
Gas	<input type="checkbox"/>
Oil	<input type="checkbox"/>
Solid Fuel (Coal / Wood)	<input type="checkbox"/>
Other (please specify)	<input type="checkbox"/>
Don't Know	<input type="checkbox"/>

A6. If you use oil for home heating, how do you normally purchase it?

900 Litre fill	Half tank fill	Less than half a tank	25 Litre Drums	Don't use oil
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

A7. If you use oil are there times when you sometimes can't afford to buy oil and have to use electric heaters or a coal fire to provide heating, or go without heating?

Yes	No	Don't Know	Don't Use Oil
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

SECTION B: YOUR OWN CIRCUMSTANCES

The following questions ask about your own circumstances. Please remember that your responses are completely confidential and will help us to find ways of better supporting people who may be experiencing difficulties with their energy bills.

B1. Are you a customer of any of the following companies? *(Please tick all that apply)*

NIE Energy (electricity)	<input type="checkbox"/>
Phoenix Supply Ltd (Gas)	<input type="checkbox"/>
Firmus Energy (Gas)	<input type="checkbox"/>

B2. People can pay their energy bills in different ways. Please tick which of the following payment methods you are aware of. *(Tick all that apply)*

Cash, Cheque or Debit Card (when bill comes in)	<input type="checkbox"/>
Credit Card	<input type="checkbox"/>
Direct Debit	<input type="checkbox"/>
Fuel Direct (deducted from benefits)	<input type="checkbox"/>
Prepayment Meter / Pay as you go / Top Up / Keypad	<input type="checkbox"/>
Easy Saver / Budget Card	<input type="checkbox"/>

B3. How do you **normally** pay your energy bills? *(If you are an electricity customer and a gas customer please tick one box for each column)*

	Electricity Customers	Gas Customers
Cash, Cheque or Debit Card (when bill comes in)	<input type="checkbox"/>	<input type="checkbox"/>
Credit Card	<input type="checkbox"/>	<input type="checkbox"/>
Direct Debit	<input type="checkbox"/>	<input type="checkbox"/>
Fuel Direct (deducted from benefits)	<input type="checkbox"/>	<input type="checkbox"/>
Prepayment Meter / Pay as you go / Top Up / Keypad	<input type="checkbox"/>	<input type="checkbox"/>
Easy Saver / Budget Card	<input type="checkbox"/>	<input type="checkbox"/>
Other (please specify)	<input type="checkbox"/>	<input type="checkbox"/>

B4. And how satisfied or dissatisfied are you with your payment method for electricity and gas? *(If you are an electricity customer and a gas customer please tick one box in each column)*

	Electricity Customers	Gas Customers
Very satisfied	<input type="checkbox"/>	<input type="checkbox"/>
Satisfied	<input type="checkbox"/>	<input type="checkbox"/>
Dissatisfied	<input type="checkbox"/>	<input type="checkbox"/>
Very Dissatisfied	<input type="checkbox"/>	<input type="checkbox"/>
Don't Know	<input type="checkbox"/>	<input type="checkbox"/>

B5. Please say why you are either satisfied or dissatisfied with your payment method. *(Please write in your answer)*

SECTION C: PAYING YOUR ENERGY BILLS

From time to time people struggle with paying their energy bills and sometimes find themselves falling behind or in arrears with their energy bills.

C1. At the moment are you behind or in arrears with your payments to.....? *(Please tick all that apply)*

...your electricity company?	<input type="checkbox"/>	→ Please go to C2
...your gas company?	<input type="checkbox"/>	→ Please go to C2
I'm not behind with my energy bills	<input type="checkbox"/>	→ Please go to C13

C2. Does being behind with your energy bills cause you to worry at all? *(Please tick one box)*

No	Yes, a little	Yes, a lot
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

C3. There are lots of different reasons why people can find themselves behind with their energy bills. What do you feel are the main reasons why you have found yourself behind with your bills? *(Please tick all that apply)*

You became ill or someone close to you became ill	<input type="checkbox"/>
Someone close to you died	<input type="checkbox"/>
You got divorced or separated	<input type="checkbox"/>
You or someone in your household became unemployed	<input type="checkbox"/>
You simply couldn't afford to pay your energy bills	<input type="checkbox"/>
The bill was wrong and you wouldn't pay until this was sorted out	<input type="checkbox"/>
You didn't realize you were using as much energy	<input type="checkbox"/>
You had a number of bills to pay and your energy bill was not a priority	<input type="checkbox"/>
You choose not to pay your energy company until you absolutely had to	<input type="checkbox"/>
Your home is difficult to heat	<input type="checkbox"/>
You were paying by direct debit but it was not enough to cover the bill	<input type="checkbox"/>
Any other reasons - please list here	<input type="checkbox"/>

C4. How long have you been behind with your bill(s)? *(If you are an electricity and gas customer please tick one box in each column)*

	Electricity Customers	Gas Customers
Less than 3 months	<input type="checkbox"/>	<input type="checkbox"/>
3 to 6 months	<input type="checkbox"/>	<input type="checkbox"/>
7 to 12 months	<input type="checkbox"/>	<input type="checkbox"/>
More than a year	<input type="checkbox"/>	<input type="checkbox"/>
Don't know	<input type="checkbox"/>	<input type="checkbox"/>

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C5. Approximately how much do you owe your energy or gas company? Again all your responses are completely confidential.

(If you are an electricity and gas customer please tick one box in each column)

	Electricity Customers	Gas Customers
Less than £100	<input type="checkbox"/>	<input type="checkbox"/>
£100-£299	<input type="checkbox"/>	<input type="checkbox"/>
£300-£499	<input type="checkbox"/>	<input type="checkbox"/>
£500 or more	<input type="checkbox"/>	<input type="checkbox"/>
Don't know	<input type="checkbox"/>	<input type="checkbox"/>

C6. Please say if you agree or disagree with the following statements.

(Tick one box for each statement)

	Agree	Disagree	Don't Know
I am embarrassed about being behind with my energy bill(s)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sometimes I feel I'm drowning in debt and there is no way out	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I feel confident that I will be able to sort out these bills	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I don't want advice from anyone, I'll sort this problem out myself	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I don't see being behind with my energy bills as a problem	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

C7. Compared with other businesses, how do you feel your electricity or gas company has treated you.....? *(If you are an electricity and gas customer please tick one box in each column)*

	Electricity Customers	Gas Customers
Very fairly	<input type="checkbox"/>	<input type="checkbox"/>
Fairly	<input type="checkbox"/>	<input type="checkbox"/>
Unfairly	<input type="checkbox"/>	<input type="checkbox"/>
Very unfairly	<input type="checkbox"/>	<input type="checkbox"/>
Don't know	<input type="checkbox"/>	<input type="checkbox"/>

C8. Did **you** ever try and contact your energy company about being behind with your bills?

(If you are an electricity and gas customer please tick all options that apply under each column)

	Electricity Customers	Gas Customers	
Yes, I wrote a letter to them	<input type="checkbox"/>	<input type="checkbox"/>	➔ Please go to C10
Yes, I phoned them	<input type="checkbox"/>	<input type="checkbox"/>	➔ Please go to C10
Yes, I met in person with them	<input type="checkbox"/>	<input type="checkbox"/>	➔ Please go to C10
Yes, I sent them an email	<input type="checkbox"/>	<input type="checkbox"/>	➔ Please go to C10
No, I have not tried to contact them	<input type="checkbox"/>	<input type="checkbox"/>	➔ Please go to C9
Other (please specify)	<input type="checkbox"/>	<input type="checkbox"/>	➔ Please go to C10

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C9. If you have **never tried** to contact your electricity or gas company, why is this?
(If you are an electricity and gas customer please tick all that apply under each column)

	Electricity Customers	Gas Customers
I was afraid	<input type="checkbox"/>	<input type="checkbox"/>
I couldn't pay the arrears	<input type="checkbox"/>	<input type="checkbox"/>
I thought my energy company couldn't help me	<input type="checkbox"/>	<input type="checkbox"/>
I thought they wouldn't listen	<input type="checkbox"/>	<input type="checkbox"/>
I decided to leave it until they contacted me	<input type="checkbox"/>	<input type="checkbox"/>

C10. Are you currently in contact or talking to your energy company about being behind with your bills?
(Please tick all that apply)

Yes, I'm in contact with my electricity company	<input type="checkbox"/>	→ Please go to C12
Yes, I'm in contact with my gas company	<input type="checkbox"/>	→ Please go to C12
No, I'm not in contact with anyone	<input type="checkbox"/>	→ Please go to C11

C11. If there was **a single thing** which your energy company could do to encourage you to talk to them about your situation, what would this be? *Please write in your answer*

C12. To help solve your problem, would you find it easier to talk directly to your electricity or gas company or would you find it easier to talk to an independent advice agency such as Citizens Advice or your local Advice NI centre? *(Please tick one box)*

Easier to talk to my energy company	<input type="checkbox"/>
Easier to talk to an independent advice agency	<input type="checkbox"/>
Don't Know	<input type="checkbox"/>

C13. Which of the following types of debt would you give priority to?
Please put 1, 2 or 3 beside your top 3 priorities.

Bank Loan	<input type="checkbox"/>
Electricity Company	<input type="checkbox"/>
Credit Card	<input type="checkbox"/>
Credit Union	<input type="checkbox"/>
Doorstep Lender	<input type="checkbox"/>
Family / Friends	<input type="checkbox"/>
Gas company	<input type="checkbox"/>
Hire Purchase	<input type="checkbox"/>
Other Loan	<input type="checkbox"/>
Overdraft	<input type="checkbox"/>
Rates	<input type="checkbox"/>
Rent /Mortgage	<input type="checkbox"/>
Satellite TV / Sky	<input type="checkbox"/>
Secured Loan	<input type="checkbox"/>
Store Card	<input type="checkbox"/>
Telephone / Mobile	<input type="checkbox"/>
Oil Bill	<input type="checkbox"/>
Other (please specify)	<input type="checkbox"/>

SECTION D: COMMUNICATION FROM YOUR ELECTRICITY OR GAS COMPANY

D1. If you are behind with your bills, do you open and read letters sent to you by your electricity or gas company? *(Please tick all that apply)*

Yes, from my electricity company	<input type="checkbox"/>	→ Please go to D3
Yes, from my gas company	<input type="checkbox"/>	→ Please go to D3
No	<input type="checkbox"/>	→ Please go to D2
I'm not behind with my electricity or gas bills	<input type="checkbox"/>	→ Please go to Section E

D2. If you **do not** open letters, why is this? *(Please write in your answer)*

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D3. Thinking about letters you received from your electricity or gas company, would you agree or disagree with the following statements? *[If you are an electricity customer and a gas customer answer for each]*

	Electricity Customers			Gas Customers		
	Agree	Disagree	Don't Know	Agree	Disagree	Don't Know
I understood the letters	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Letters are written in plain English	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I couldn't read the letters	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I would have preferred an option in large print or Braille	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I would have preferred a letter in a language other than English	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

D4. Have you **ever spoken** to your electricity or gas company about being behind with your bills? *(Please tick all that apply)*

Yes, I spoke with my electricity company	<input type="checkbox"/>	→ Please go to D6
Yes, with my gas company	<input type="checkbox"/>	→ Please go to D6
No	<input type="checkbox"/>	→ Please go to D5

D5. If you **have not** spoken to your electricity or gas company, why is this? *(Please write in your answer)*

D6. Thinking about when you spoke with your electricity or gas company, would you agree or disagree with each of the following statements? *[If you are an electricity customer and a gas customer answer for each statement]*

	Electricity Customers			Gas Customers		
	Agree	Disagree	Don't Know	Agree	Disagree	Don't Know
I found it helpful to speak to them	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
They were professional	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
They were friendly	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
By speaking to my energy company I was able to sort out my problem	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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D7. Generally speaking would you say that your energy company... *(Please tick for each statement)*

	Electricity Customers		Gas Customers	
	Yes	No	Yes	No
... understood your circumstances	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
... was sympathetic to you	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
...made you aware of help that you can get	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
... told you where to go to get help	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
...offered you practical help for solving your problem	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
...recommended that you contact a money or advice agency	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
... provided helpful advice and support	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
...acted fairly in your case	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

SECTION E: ADVICE AGENCIES AND SERVICES

E1. Are you aware of any independent advice agencies for people who may be struggling to pay their electricity or gas bills? *(Please tick one box)*

Yes	<input type="checkbox"/>	➔ Please go to E2
No	<input type="checkbox"/>	➔ Please go to F1

E2. Have you **ever used** the services of an independent advice agency (e.g. Advice NI, Citizens Advice Bureau etc) because of problems paying your electricity or gas bills? *(Please tick one box)*

Yes	<input type="checkbox"/>	➔ Please go to E3
No	<input type="checkbox"/>	➔ Please go to F1

E3. Thinking about when you spoke with an advice agency, would you agree or disagree with each of the following statements? *(Please tick for each statement)*

	Agree	Disagree	Don't Know
I found it helpful to speak to an advice agency	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
They were professional	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
They were friendly	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
By speaking to an advice agency I was able to sort out the problem	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

E4. Would you recommend that others in your situation use the services provided by advice agencies such as Advice NI, Citizens Advice Bureau etc? *(Please tick one box)*

Yes	<input type="checkbox"/>
No	<input type="checkbox"/>

SECTION F: PAYING ARREARS

F1. At the moment are you trying to repay any arrears to your electricity or gas company?
(Please tick all that apply)

Yes, to my electricity company	<input type="checkbox"/>	→	Please go to F2
Yes, to my gas company	<input type="checkbox"/>	→	Please go to F2
No	<input type="checkbox"/>	→	Please go to F5
I'm not in arrears	<input type="checkbox"/>	→	Please go to Section G

F2. Have you come to an arrangement with your electricity or gas company on how you will pay the arrears? (Please tick all that apply)

Yes, with my electricity company	<input type="checkbox"/>	→	Please go to F3
Yes, with my gas company	<input type="checkbox"/>	→	Please go to F3
No	<input type="checkbox"/>	→	Please go to F5

F3. And how easy or difficult are you finding it to pay the arrears? (If you are an electricity and gas customer please tick one box in each column)

	Electricity Customers	Gas Customers
Very difficult	<input type="checkbox"/>	<input type="checkbox"/>
Difficult	<input type="checkbox"/>	<input type="checkbox"/>
Finding it OK	<input type="checkbox"/>	<input type="checkbox"/>
Easy	<input type="checkbox"/>	<input type="checkbox"/>
Very Easy	<input type="checkbox"/>	<input type="checkbox"/>

F4. How long do you feel you should be given to pay any arrears? (If you are an electricity and gas customer please tick one box in each column)

	Electricity Customers	Gas Customers
3 months	<input type="checkbox"/>	<input type="checkbox"/>
6 months	<input type="checkbox"/>	<input type="checkbox"/>
9 months	<input type="checkbox"/>	<input type="checkbox"/>
1 year	<input type="checkbox"/>	<input type="checkbox"/>
Between 1 and 2 years	<input type="checkbox"/>	<input type="checkbox"/>
Between 2 and 3 years	<input type="checkbox"/>	<input type="checkbox"/>
More than 3 years	<input type="checkbox"/>	<input type="checkbox"/>

PLEASE GO TO QUESTION G1

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F5. Would you find it helpful to work with your electricity or gas company to come up with a plan to pay off the arrears owed? *(If you are an electricity and gas customer please tick one box in each column)*

	Electricity Customers	Gas Customers
Yes	<input type="checkbox"/>	<input type="checkbox"/>
No	<input type="checkbox"/>	<input type="checkbox"/>
Don't Know	<input type="checkbox"/>	<input type="checkbox"/>

SECTION G: PREPAYMENT METERS, PAY AS YOU GO OR KEYPAD METERS

G1. Is there a pre-payment meter, pay as you go (PAYG) or keypad installed in your home? *(Please tick all that apply)*

Yes, I have an electricity pre-payment or PAYG Meter / Keypad	<input type="checkbox"/>	➔	Please go to G2
Yes, I have a gas pre-payment or PAYG Meter / Keypad	<input type="checkbox"/>	➔	Please go to G2
No, I don't have any pre-payment meters / keypads	<input type="checkbox"/>	➔	Go to G18

G2. When was this prepayment meter / keypad installed in your home? *(If you are an electricity and gas customer please tick one box in each column)*

	Electricity Customers	Gas Customers
It was installed by my energy company	<input type="checkbox"/>	<input type="checkbox"/>
It was installed when I got into difficulties paying my bills	<input type="checkbox"/>	<input type="checkbox"/>
I asked for a pre-payment meter to be installed	<input type="checkbox"/>	<input type="checkbox"/>
It was always in my home	<input type="checkbox"/>	<input type="checkbox"/>
Don't Know	<input type="checkbox"/>	<input type="checkbox"/>

G3. Thinking about the prepayment / keypad meter in your home, do you.....? *(If you are an electricity and gas customer please answer for each question)*

	Electricity Customers		Gas Customers	
	Yes	No	Yes	No
...understand how it works?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
...find it convenient?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
...ever have problems using the equipment?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

G4. How helpful or unhelpful have you found using a prepayment meter in managing your bills? *(If you are an electricity and gas customer please tick one box in each column)*

	Electricity Customers	Gas Customers
Very Helpful	<input type="checkbox"/>	<input type="checkbox"/>
Helpful	<input type="checkbox"/>	<input type="checkbox"/>
Not Very Helpful	<input type="checkbox"/>	<input type="checkbox"/>
Not at all Helpful	<input type="checkbox"/>	<input type="checkbox"/>
Don't Know	<input type="checkbox"/>	<input type="checkbox"/>

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G5. Why have you found using a pre-payment meter either helpful or unhelpful.
(Please write in your answer)

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G6. Do you ever struggle to find the money to use your prepayment meter?
(If you are an electricity and gas customer please tick one box in each column)

	Electricity Customers	Gas Customers
Yes, it is a constant struggle	<input type="checkbox"/>	<input type="checkbox"/>
Yes, it can be a bit of a struggle at times	<input type="checkbox"/>	<input type="checkbox"/>
No – I always find the money for the prepayment meter	<input type="checkbox"/>	<input type="checkbox"/>
Don't Know	<input type="checkbox"/>	<input type="checkbox"/>

G7. Are you currently repaying any arrears through a prepayment meter? (Tick all that apply)

Yes, paying electricity arrears	<input type="checkbox"/>	➔	Please go to G8
Yes, paying gas arrears	<input type="checkbox"/>	➔	Please go to G8
No	<input type="checkbox"/>	➔	Please go to G10

G8. Each time you top up your prepayment meter, do you know how much of this is going to repay your arrears? (Tick all that apply)

Yes, I know how much is going to my electricity company	<input type="checkbox"/>	➔	Please go to G9
Yes, I know how much is going to my gas company	<input type="checkbox"/>	➔	Please go to G9
No	<input type="checkbox"/>	➔	Please go to G10

G9. Would you say your repayments towards arrears are...?
(If you are an electricity and gas customer please tick one box in each column)

	Electricity Customers	Gas Customers
About right	<input type="checkbox"/>	<input type="checkbox"/>
I could pay more	<input type="checkbox"/>	<input type="checkbox"/>
I think they are too much	<input type="checkbox"/>	<input type="checkbox"/>
Don't Know	<input type="checkbox"/>	<input type="checkbox"/>

G10. What is your **normal** way of paying for electricity or gas using your pre-payment meter?
(If you are an electricity and gas customer please tick one box in each column)

	Electricity Customers	Gas Customers
Buy a top up at shop	<input type="checkbox"/>	<input type="checkbox"/>
Buy top up by phone	<input type="checkbox"/>	<input type="checkbox"/>
Buy top up using internet	<input type="checkbox"/>	<input type="checkbox"/>
Other (please list)	<input type="checkbox"/>	<input type="checkbox"/>

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G11. In the last year have you ever gone without using electricity or gas because of any of the following?
(Tick all that apply)

	Electricity Customers	Gas Customers
Could not afford a top-up	<input type="checkbox"/>	<input type="checkbox"/>
Shop was closed	<input type="checkbox"/>	<input type="checkbox"/>
No transport to get to a shop	<input type="checkbox"/>	<input type="checkbox"/>
Couldn't get out to get a top up	<input type="checkbox"/>	<input type="checkbox"/>
Forgot to buy a top up	<input type="checkbox"/>	<input type="checkbox"/>
Didn't want to go out and get a top up	<input type="checkbox"/>	<input type="checkbox"/>
Other (please list any other reasons)	<input type="checkbox"/>	<input type="checkbox"/>

G12. On the last occasion that you could not afford to top up your prepayment meter, how long did you go for without electricity or gas?
(If you are an electricity and gas customer please tick one box in each column)

	Electricity Customers	Gas Customers
Less than an hour	<input type="checkbox"/>	<input type="checkbox"/>
1 – 6 hours	<input type="checkbox"/>	<input type="checkbox"/>
7 – 12 hours	<input type="checkbox"/>	<input type="checkbox"/>
13-24 hours	<input type="checkbox"/>	<input type="checkbox"/>
More than 24 hours	<input type="checkbox"/>	<input type="checkbox"/>
Have always been able to afford a top up	<input type="checkbox"/>	<input type="checkbox"/>

G13. How often would you go without electricity or gas by not topping up your prepayment meter?
(If you are an electricity and gas customer please tick one box in each column)

	Electricity Customers	Gas Customers
Never	<input type="checkbox"/>	<input type="checkbox"/>
Once a week	<input type="checkbox"/>	<input type="checkbox"/>
Once a month	<input type="checkbox"/>	<input type="checkbox"/>
Less than once a month	<input type="checkbox"/>	<input type="checkbox"/>

G14. Are you aware of the Emergency Credit facility should you need electricity or gas?
(Tick all that apply)

Yes, aware of electricity emergency credit facility	<input type="checkbox"/>	➔ Please go to G15
Yes, aware of gas emergency credit facility	<input type="checkbox"/>	➔ Please go to G15
No	<input type="checkbox"/>	➔ Please go to G16

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G15. In the last year approximately how many times have you used this 'Emergency Credit' facility?
(If you are an electricity and gas customer please tick one box in each column)

	Electricity Customers	Gas Customers
Once	<input type="checkbox"/>	<input type="checkbox"/>
2 or 3 times	<input type="checkbox"/>	<input type="checkbox"/>
4 or 5 times	<input type="checkbox"/>	<input type="checkbox"/>
6 -10 times	<input type="checkbox"/>	<input type="checkbox"/>
More than 10 times	<input type="checkbox"/>	<input type="checkbox"/>
Never	<input type="checkbox"/>	<input type="checkbox"/>

G16. Are you aware that NIE Energy provides a 'Friendly Credit' facility which operates on weekday evenings and weekends? This means that you will always have supply at these times even when you run out of credit. *(Tick one box)*

Yes	<input type="checkbox"/>
No	<input type="checkbox"/>

G17. Are you aware that you can purchase electricity top ups by telephone and the internet?
(Tick all that apply)

Yes, aware of electricity top ups by phone	<input type="checkbox"/>
Yes, aware of electricity top ups via the internet	<input type="checkbox"/>
No	<input type="checkbox"/>

G18. If there is anything else you would like to tell us about your experiences regarding your energy bills, please list your comments in the box below. *(Please write in your answer).*

SECTION H: ABOUT YOU

H1. Are you: *(Please tick)*

Male	<input type="checkbox"/>
Female	<input type="checkbox"/>

H2. What age are you? *(Please tick)*

Under 30	30-49	50-64	65+
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

H3. And what is your marital status? *(Please tick)*

Single (never married)	<input type="checkbox"/>
Married	<input type="checkbox"/>
Living as if you are married	<input type="checkbox"/>
Separated	<input type="checkbox"/>
Divorced	<input type="checkbox"/>
Widowed	<input type="checkbox"/>
Civil Partner	<input type="checkbox"/>

H4. Do you have any long-term illness and / or disability, health problem or disability which limits your daily activities or the work you can do? Include problems which are due to ageing. *(Please tick)*

Yes	<input type="checkbox"/>
No	<input type="checkbox"/>

H5. Do you have children living with you who are? *(Please tick)*

	Yes	No
...under the age of 5?	<input type="checkbox"/>	<input type="checkbox"/>
...under the age of 16?	<input type="checkbox"/>	<input type="checkbox"/>

H6. Do you care for someone living who is disabled or chronically sick? *(Please tick)*

Yes	<input type="checkbox"/>
No	<input type="checkbox"/>

H7. Is English your first language? *(Please tick)*

Yes	<input type="checkbox"/>
No	<input type="checkbox"/>

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H8. What is the employment status of the head of your household? *(Please tick)*

Employed full-time	<input type="checkbox"/>
Employed part-time	<input type="checkbox"/>
Unemployed	<input type="checkbox"/>
Looking after home and family	<input type="checkbox"/>
Sick or disabled – not able to work	<input type="checkbox"/>
Retired	<input type="checkbox"/>
Student	<input type="checkbox"/>
Other (specify)	<input type="checkbox"/>

H9. Is your household in receipt of any of the following benefits? *(Please tick all that apply)*

Income Support	<input type="checkbox"/>
Pension Credit	<input type="checkbox"/>
Housing Benefit / Rates Rebate	<input type="checkbox"/>
Other (please specify)	<input type="checkbox"/>

H10. Would you say you live in a mainly urban area or rural area? *(Please tick)*

Urban (City, Large Town, Suburban)	<input type="checkbox"/>
Rural (Small Town, Village, Country)	<input type="checkbox"/>

H11. And at the moment how would you describe your general health? *(Please tick one box)*

Excellent	Good	Fair	Poor	Very Poor
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

H12. Roughly how much would your weekly household income be after tax and national insurance contributions have been deducted (This amount should include all benefits). *Please write in the amount.*

£	<input type="text"/>
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H13. And how much on average would you spend a week on energy (i.e. electricity, gas, oil, coal etc)? *Please write in the amount.*

£	<input type="text"/>
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THANK YOU FOR TAKING THE TIME TO GIVE US YOUR VIEWS

Please put this questionnaire in the envelope provided and place it in a post box.

It does not need a stamp.

APPENDIX C – WORKSHOPS 1 AND 2 – ATTENDEES

WORKSHOP 1

Social Action Plan Management of Energy Customer Debt Workshop – 22 January 2010

Organisations Represented

Advice NI
Age Sector Platform
Belfast City Council
Chinese Welfare Association
Citizen's Advice
Consumer Council
Disability Action
EAGA
Energia
ESB Customer Supply
Firmus energy
National Energy Action NI
NI Energy Supply
NI Housing Executive
NIE Energy Supply
Phoenix Supply Ltd
Save the Children
Social Market Research
Social Research Centre
South City Resource Centre
Ulster Federation of Credit Unions

WORKSHOP 2

Social Action Plan
Follow-up Debt Workshop – 16 April 2010

Organisations Represented

Advice NI
Airtricity
Consumer Council
Disability Action
DSD, Housing Division
EAGA
Energia
ESB Customer Supply
Firmus energy
National Energy Action NI
NI Energy Supply
OFMDFM
Older People's Advocate NI
Phoenix Supply Ltd
Social Market Research
Social Research Centre
Utility Regulator

APPENDIX D – SUMMARY OF CASE STUDIES

Appendix D – Summary of Debt and Disconnection Case Studies

Purpose of the Case Studies

This research understands that there are many issues regarding the relationship between utility companies and clients who find themselves in financial hardship. Therefore, the purpose of the production of the case studies is to help review key debt and disconnection policies and sample their application in relation to individual customers who are facing financial difficulties.

Introduction

The below case studies have been drawn from a cross section of the population and are real life circumstances of people who have or are currently experiencing financial vulnerability and disconnection issues. The case studies have been collated and summarised into topics of interest which reflect the experience of electricity users and gas users and key issues central to the research.

8 case studies were completed for this research, 4 for clients experiencing issues with their electricity supplier and 4 for clients experiencing issues with their gas supplier. Copies of the individual case studies are available from the research team.

Summary of Case Studies experiencing issues with their Electricity and Gas Suppliers

Client Profile

Age

From the case studies presenting themselves as having financial issues with their electricity and gas suppliers 7 cases were between the ages of 25-39 and 1 case was between the ages of 40-59.

0-15	16-24	25-39	40-59	60-74	75+	Not Stated
		7 case studies	1 case study			

Disability

7 of the people presenting in the cases had no physical or mental health disability. 1 person had a Physical Health disability.

Mental Health	Physical Health	Both	None
	1 case study		7 case studies

Income

All the client case studies were currently in receipt of Welfare Benefits and stated that this was their main source of income.

Benefits	Earnings	Combination	Other
8 case studies			

Dependents

4 cases had 1 dependent child, 3 of the cases had 2 dependent children and 1 case had 4 dependent children with 1 child on the way.

Children	Parents
4 case studies – 1 dependent child 3 case studies – 2 dependent children 1 case study – 4 dependents (1 dependent due)	

Marital Status

2 of the cases were a couple and 6 cases were of single people.

Couple	Single
2 case studies	6 case studies

Tenure

7 of the cases were of people currently residing in social housing for 1 year or over and 1 case was of a couple residing in private rented accommodation for the last 11 months.

Tenure Type		Duration at Current Address
Social Housing	7 case studies	1 year or over
Private Rented	1 case study	11 months
Owner		
Other		

First language

All of the cases were of people who their first language was English.

English	Polish	Chinese	Other
8 case studies			

Overview of Utility Debt Case Details

All of the case studies had current debt with NIEES or Phoenix Supply Ltd.

7 of the cases had other debts and 1 case had no other debts.

The cases that presented themselves as having other debts, highlighted that they have collective overall debts of £10,039.03. Utility debt accounted for £5,270. The cases emphasised that these debts had been accumulated over a period of more than 1 year.

All of the case studies highlighted that the general reason for their debt was a result of low income.

Overview of Client Circumstances

The case studies highlighted people's current circumstances. The below table summarises the main points: -

Client Circumstance	Highlighted Issues
Low Income	All the cases were of people on low income and relying on Welfare Benefits as their main income source
Current Debts and Loans	All the cases had a current debt with NIEES and Phoenix Supply Ltd Clients have had to borrow money from family members to help with their fuel needs and debt repayments and have set up repayment schedules
Family Circumstances	Cases all have dependent children Family illnesses and extreme weather conditions causes increase use of fuel
Type of Utility Payment Methods	All of the cases either pre-payment electricity or gas meters installed or are planning to install the meters in the near future Clients have had to rely on the emergency pre-payment button to ensure a continued supply of electricity Clients find it difficult to budget for their electricity and gas usage as the costs are increasing, but have highlighted that pre-payment have helped them budget better
Condition of Property and Energy Efficiency	Cases are all actively trying to become more energy efficient to help save on fuel costs

Clients Financial Vulnerability

The case studies highlighted the degree and context of the client's financial vulnerability. The below table summarises key points from the case studies: -

Client Financial Vulnerability	Highlighted Issues
Cost of Energy	<p>Clients constantly worry about the price of fuel such as home heating oil, gas and electricity</p> <p>Issue of 'fuel poverty' is real with cases paying more than 10% of their income towards their energy usage</p>
Ability to Pay for Electricity and Gas	<p>There is a notably anxiety about the ability to pay for their electricity needs</p> <p>Welfare benefits are main sources of income meaning that it is difficult to budget for electricity usage</p>
Cost of Living	<p>Increase in cost of living has added to financial pressures – 'heat or eat' dilemma with times when there is no food in households</p> <p>People often buy essential items in bulk and with other family members as this reduces costs</p>
Current Economic Climate	<p>Due to the current economic climate people are feeling increasingly financially vulnerable</p> <p>Clients are finding themselves taking money from other household budgets or money given to other family members to make ends meets with their fuel needs</p>
Debt Repayments and Other Sources of Credit	<p>Cases highlighted that people can simply not afford to repay their debts and that individualised repayment levels and pre-payment meters helped ease pressures</p> <p>Repayment rates particularly for the gas company was causing concern for clients</p> <p>Cases highlighted that people found it difficult to get credit</p>

Addressing Debt and Disconnection

The case studies highlighted the key steps in the client's journey to address their debt/disconnection issue. The main points discussed in the case studies are highlighted in the below table: -

Key Steps	Highlighted Issues
Recognition of Debt Problems	<p>All the cases indicated that they recognised that they had problems paying for their electricity and gas</p> <p>Clients who are in utility arrears have other debts that they struggle to pay</p>
Communication with Electricity and Gas Supplier and access to Further Help	<p>There is a lack of awareness amongst the cases of supplier's debt and disconnection policies</p> <p>Awareness of where clients can receive further free advice and information is low</p>
Dealing with Debt and Disconnection	<p>Clients are beginning to use the internet to identify cost saving measures such as comparing the cheapest home heating oil supplier and looking for energy efficiency advice and tips</p> <p>Clients realise that they need to negotiate their repayments rates based on their individual circumstances</p> <p>There is a recognition that poor energy efficiency maybe causing increase in fuel bills</p> <p>pre-payment meters and fuels stamps have been highlighted and effective tools to address their debt and disconnection issues by better budgeting</p>
Getting Help in Dealing with Issues	<p>Clients are presenting their debt and disconnection issues to organisations that provide free help, information and advice</p> <p>The electricity supplier is helpful in setting realistic and reasonable repayment plans and approachable when clients get into financial problems</p> <p>Clients highlighted that the gas supplier is a bit more difficult to deal with in</p>

	regards to setting up realistic repayment plans
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Client Implications

The case studies highlighted key implications for clients in circumstances when issues were not addressed appropriately. These are outlined in the below table: -

Client Implications	Highlighted Issues
Self Disconnection and Rationing	<p>Self disconnection and self rationing take place when budgets are stretched</p> <p>Clients have had to rely on the emergency pre-payment button to ensure a continued supply of electricity particularly at weekends</p>
Level of Repayments of Debt	<p>Clients highlighted that repayment rates of their Gas debt were set to high and that they difficulty in repaying the debt and continuing to use the supply</p> <p>In some cases a repayment plan was never discussed or negotiated by the gas supplier</p> <p>Some cases there was a 100% deduction off debt from the client pre pay gas meter when they topped up</p> <p>Client has had to leave home with their child as they could not afford the repayment of a gas debt</p>
Income and Household Budgets	<p>Money towards paying for electricity and gas costs takes precedence over other expenditure such as new clothes for children</p> <p>Not being able to heat home is causing adverse implications on the health of the inhabitants</p>
Patterns and Types of Fuel Usage	<p>Families would often stay in one room together in the evenings and would also sleep together in one room to conserve fuel usage</p> <p>Parents would keep the heating off during the day when kids at school</p> <p>People will turn to more expensive</p>

	methods if they cannot access certain fuels for example one case highlighted that when oil was low they would heat water using the electric emersion heater and electric heaters to heat rooms
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Suggestions for Improvement

The case studies highlighted some suggestions on how things could be improved. The key findings are outlined below: -

Suggestions for Improvement	Highlighted Issues
Energy Companies Practices and Policies	<p>Energy companies should pursue all reasonable measures to help ensure customers repay their debt</p> <p>Debt should be taken from peoples benefits at an affordable rate</p> <p>Improvement in the customer services of the gas supplier as well as having phone calls recorded</p> <p>Disconnection of gas should not be permitted especially during winter months</p>
Government Legislation	Government should do more to help families who find it difficult to keep their homes warm by making additional fuel payments available to families who need it
Benefit Take Up Services	Services should be provided to help families maximise their income and receive all the benefits they are entitled to
Competition	Case studies felt that they would like to see a range of electricity suppliers in the Northern Ireland market to ensure best prices
Fuel Costs	Fuel costs should stay constant instead of fluctuating to help people budget appropriately