

18/08/21

Dear

### **Winter 2021 Engagement with Consumers**

Over the course of the COVID-19 pandemic, we have worked closely with industry, consumer representatives and other key stakeholders to identify any difficulties that consumers were experiencing. Our aim was to ensure that existing consumer protections were adequate, that consumers were aware of the various supports available to them, and to prevent any further consumer detriment. We commend industry participants for the actions taken to help on these matters but as we approach a difficult winter period, we consider it timely to review and reinforce our expectations on the appropriate consumer protection measures that suppliers should be delivering.

We previously wrote to all suppliers as we emerged from the initial phase of the crisis (letter dated 6<sup>th</sup> July 2020) and asked you to consider how your existing consumer protection measures were working in practice, and to identify any gaps that needed addressed. In addition, we wrote to you on 5<sup>th</sup> February 2021 to follow up on the responses provided to this initial correspondence. We would like to take this opportunity to thank you for engaging with us fully at that time and we acknowledge the good practice that we saw.

However, as we begin to emerge from the COVID-19 pandemic, we are now approaching a new period of uncertainty in terms of economic difficulties, with many households and businesses facing substantial financial hardship. As you may be aware, a number of financial mitigations, including furlough payments and the £20 per week uplift in Universal Credit, are ending in the autumn. Unfortunately, this coincides with increased wholesale energy costs and subsequent

tariff increases just as winter approaches and customer need for energy is at its peak. These issues will create an increased risk of a new cohort of consumers who are struggling financially or who find themselves in vulnerable circumstances. In light of this situation, we consider it appropriate to remind you of our expectations around active engagement with customers, especially (but not only) those on your care registers, to ensure vulnerable consumers have access to the required protections. We also want to remind you of the current consumer protections outlined in the Codes of Practice designed to help mitigate against detriment to consumers, in particular those who find themselves struggling to pay their bills or who are self-disconnecting from their prepayment meter (PPM).

We would like to draw your attention to the three key areas outlined below alongside your obligations in the Codes.

1. Communications with customers in debt;
2. Debt management processes; and
3. Prepayment meter customers and the potential for self-disconnection.

### **1. Communications with customers in debt**

We recognise that more consumers may find themselves in debt to their energy supplier over the coming months, which may include customers who have not had payment difficulties before. It is therefore vital that customers are encouraged to contact their supplier if they are experiencing financial difficulties, or are worried about paying for their energy. We recommend that suppliers ensure that customers have different channels available through which they can make contact.

We also want to remind suppliers that all debt related communications issued to domestic consumers clearly state the process and the steps that the supplier will take to collect the debt

owed. The tone of the any correspondence should be friendly, sympathetic, reassuring, and acknowledge the potential difficulty consumers may be facing.

In addition, we expect that suppliers not only signpost consumers to independent debt advice agencies such as Advice NI and Christians Against Poverty (CAP), but ensure a “warm” handover. We expect suppliers to establish a working relationship with a designated person in a debt advice agency to contact through a ‘direct line’. The UR intends to convey these expectations to consumer representatives via the Consumer Vulnerability Working Group (CVWG) so that they are aware and flexible in responding to your contacts insofar as they can. We commend those suppliers who have already effectively developed a warm referral process with an advice agency. We ask that those suppliers who have not yet established such a relationship to contact Advice NI to discuss the development of a referral agreement to enable use of their portal for the warm transfer of those customers who need advice services. Suppliers should also ensure that call-handling staff are adequately trained and briefed on the support available to customers and are confident to provide this information to customers. This should include the provision of energy efficiency advice<sup>1</sup>.

## **2. Debt management processes**

Whilst we recognise that suppliers may face many challenges in the management of customer debt, we would like to highlight that the current minimum standards for the Code of Practice on payment of bills require suppliers to review each consumer’s individual circumstances when determining ability to pay and repayment plans. Suppliers must ensure that the individual’s ability to pay is adequately assessed. In addition, given the potential for a consumer’s financial situation to change quickly and the specific challenges that this winter period presents, reviews over time are necessary to ensure repayment amounts remain both realistic and sustainable.

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<sup>1</sup> Refer to Condition 32: Code of Practice on the efficient use of electricity and Condition 2.10: Code of Practice on the efficient use of gas

Although not in place in Northern Ireland as yet, suppliers may wish to consider the use of the 'Breathing Space' principles. '[Breathing Space](#)'<sup>2</sup> is a debt respite scheme which provides protections for people in debt over a period of 60 days, to include the pausing of enforcement action and freezing of any interest on debt.

We would also like to remind gas suppliers that they must not disconnect a customer who has not paid their bill and is of pensionable age, disabled or chronically sick and lives alone or only with other persons who are of pensionable age, disabled, chronically sick or under the age of 18, during any winter period, that is to say, a period beginning with 1 Oct in any year and ending with 31 March in the following year. Gas disconnection should only ever be considered as a last resort. Electricity suppliers must not disconnect a domestic customer and whilst a prepayment meter can be installed for collection of debt, we remind you that the repayment rates must be suitable and to consider if this will be the most suitable payment method for that household to use over the upcoming winter period.

### **3. Prepayment meter customers**

A number of consumer representative groups have expressed concern about customers who self-disconnect. As we approach a difficult winter, we ask suppliers to consider how they can proactively identify such customers. We are asking suppliers to make urgent contact with customers who have reduced (or stopped) vending outside of their normal usage patterns to ensure that they are not completely off-supply and to direct them to the supports available.

Consumer representatives have also expressed concern about the forced installation of pre-payment meters to recoup debt given the potential for customers to self-disconnect from supply. We would therefore ask suppliers to take extra care around the installation of PPMs over the winter period. If it does become absolutely necessary to install a PPM, suppliers must ensure

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<sup>2</sup> <https://www.gov.uk/government/publications/debt-respite-scheme-breathing-space-guidance>

that adequate engagement takes place with the customer to ensure installation is “safe and practicable<sup>i3</sup>” and that they will be able to have access to the energy they need.

In addition to the three key areas outline above, we encourage suppliers to consider if they can either individually or collectively establish funds to help customers in immediate hardship this winter. We applaud those suppliers who are already involved in the provision of such funds to assist those consumers in financial crisis.

We would also like your support for a joint public awareness campaign on the supports available for consumers in the coming months, to include promotion of care registers, energy efficiency advice, and the recommendation for customers to contact their supplier if they are in financial difficulties.

In order to provide assurance around consumer protection activities we request that you submit:

- Clear written confirmation stating that you are fully aware of the minimum standard requirements identified in the Codes of Practice<sup>4 5 6</sup> and;
- An outline of how you will **proactively** address customer support requirements as we approach what will be for many, a difficult winter.

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<sup>3</sup> Refer to Electricity Condition 30: Code of Practice on payment of bills. Gas Condition 2.12: Code of Practice on payment of bills

<sup>4</sup> [Annex 1a and 1b Code of Practice minimum standards on Payment of Bills.pdf \(uregni.gov.uk\)](#)

<sup>5</sup> [Annex 2a and 2b Code of Practice minimum standards on Provision of Services for persons who are of Pensionable Age or Disabled or Chronically Sick.pdf \(uregni.gov.uk\)](#)

<sup>6</sup> [Annex 4a and 4b Code of Practice minimum standards on Services for Prepayment Meter Customers.pdf \(uregni.gov.uk\)](#)

Could you please submit the information requested in this letter to [janet.diffin@uregni.gov.uk](mailto:janet.diffin@uregni.gov.uk) no later than **Friday 3<sup>rd</sup> September**. Following submission and review of the requested information, we may engage further with companies on individual responses where required.

If you have any queries in relation to this letter please contact [janet.diffin@uregni.gov.uk](mailto:janet.diffin@uregni.gov.uk)

Yours Sincerely,



**KEVIN SHIELS**  
**Director: Retail Markets**

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