

Annex 1a: Code of Practice minimum standards on Payment of Bills

This Code of Practice minimum standards outlines the minimum actions required to fulfil the obligations detailed in the Condition 30 of the Electricity Supply Licence and Condition 2.12 of the Gas Supply Licence **and other relevant licence conditions**. This Code of Practice should be no more than two clicks from the homepage on the supplier's website.

Definition of Debt

“For the purposes of the Code of Practice on Payment of Bills only, debt will be defined as any amount which remains unpaid outside the payment terms in the supplier's terms and conditions. For example, if a customer's payment for a bill is due within 14 days from the date of the bill, then this amount would be defined as debt if it remained unpaid from day 15.”

Identifying customers in difficulty

- a) Distinguish, so far as is reasonably practicable, those Customers who may have difficulty in paying bills through misfortune or inability to cope with credit terms (“**Customers in difficulties**”) from other Customers in default; (Condition 30, 3 (a) Electricity, Condition 2.12.3 (a) Gas).

In order to fulfil this requirement suppliers must:

- form relationships with advice giving organisations and charitable organisations which seek to help customers who are, or may be at risk of, having difficulty paying bills. In particular, suppliers should form relationships with organisations representing those groups covered by section 75 of the Northern Ireland Act.²¹

²¹ <http://www.legislation.gov.uk/ukpga/1998/47/section/75>

- seek permission from the relevant advice giving organisations to share their contact details and publish the up to date list of said contact details on their website.
- proactively seek to identify and communicate with customers having difficulty or at risk of having difficulty paying their bills. This should be done at an early stage in order to prevent the build up of debt.
- use interactions with customers to improve customer insight data to help identify customers having difficulty, or at risk of having difficulty paying their bills.
- use customer records to identify those who have experienced difficulty in the past and offer early intervention to prevent debt building up.
- increase customer awareness of debt advice services and provide proactive sign posting to advice services where they may receive assistance such as benefits entitlement checks.
- ensure appropriate training is given to all staff who come in contact with customers so they may identify customers at risk of having difficulty paying bills. They will ensure all staff who have contact with consumers, including sales, billing, credit control, customer service and field staff etc are aware of the need to identify customers having or at risk of having difficulty paying bills and ensure all relevant services are offered.
- encourage customers having or at risk of having difficulty with payments to self-identify to utility companies.

- use language in correspondence ~~that is should be~~ non-threatening and supportive and all customer contact should be friendly and non-aggressive.
- ensure all records for those customers identified as having difficulty, or at risk of being in difficulty paying bills are fully updated and flagged appropriately in the supplier's information systems.
- encourage contact from customers in the event of a change of circumstances. e.g. redundancy or incapacitating illness or injury.
- ~~If a consumer is identified having difficulty paying bills or at risk of having difficulty paying bills, a supplier may, where appropriate, with the customer's consent and in line with Data Protection provisions, refer the customer to an appropriate agency or organisation.~~

Providing information on Energy Efficiency

- b) Provide relevant information as to how Customers in difficulties might be able to reduce their bills in the future by the more efficient use of electricity (gas). (Condition 30, 3 (b) Electricity, Condition 2.12.3 (b) Gas).

In order to fulfil this requirement suppliers must:

- adhere to and make customers aware of the Code of Practice on the Efficient use of Electricity (Gas) and proactively provide customers with advice and services as detailed in the Code.

Payment arrangements and monitoring

c) Make arrangements, taking into account Customers' ability to comply with such arrangements, which enable Customers in difficulties to pay in instalments the charges accrued for the supply of electricity (gas) ("instalment arrangements"). (Condition 30, 3 (c) Electricity, Condition 2.12.3 (c) Gas).

In order to fulfil this requirement suppliers must:

- make arrangements for the payment of arrears in instalments which may include instalments paid via direct debit, cash or prepayment meter or, as a last resort, third party deductions from benefits. Suppliers must make reasonable endeavours to ensure that repayments are appropriate for the customer's individual circumstances.
- establish procedures for setting repayments levels based on ability to pay. These procedures will include:
 - Staff training and appropriate instruments designed to assess ability to pay.
 - Where appropriate, agreements with independent advice giving agencies to carry out financial assessments.
 - Setting appropriate repayment levels (to include customer involvement in setting appropriate repayment levels and customer appeals procedures where they are unable to cope with repayment levels).
 - Methods of identifying those at risk of having difficulty paying their bills. Furthermore, suppliers will take into account factors which may exacerbate difficulty in paying bills such as poor literacy, numeracy or IT skills, lack of bank account or rurality.

- for standard credit and Direct Debit customers, establish a reasonable repayment period.; ~~as a minimum allowing customers to repay the debt over the same length of time it has taken the debt to accrue.~~

d) Detect failures by Customers in difficulties to comply with the instalment arrangements. (Condition 30, 3 (d) Electricity, Condition 2.12.3 (d) Gas).

In order to fulfil this requirement suppliers must:

- monitor debt repayments and reassess level of repayment if it is apparent that the customer is having difficulty in keeping up with the repayments.
- invite any customers who are repaying debt to contact the supplier again if they experience any difficulties with their repayment plan.
- ~~contact customers at least once during the repayment period, usually within 3 months of the beginning of the repayment period, to request information on ability to cope with repayments and where appropriate shall consider adjustments to the repayment level. It is advised that suppliers continue to monitor the account for signs that customers are struggling e.g. a typical vend purchase patterns.~~

e) Ascertain, with the assistance of any information provided by other persons or organisations, the ability of Customers in difficulties to comply with the instalment arrangements. (Condition 30, 3 (e) Electricity, Condition 2.12.3 (e) Gas).

In order to fulfil this requirement suppliers must:

- consider each individual's situation and ability to pay arrears. Where appropriate and with the customer's consent, suppliers shall use

information provided by other persons or organisations to ascertain the ability of customers in difficulty to comply with payment arrangements.

- where customers are unhappy with the level of repayment, make them aware of the Consumer Council's role in dispute settlement. If requested during a complaints investigation by the Consumer Council, suppliers will provide to the Council evidence on the procedures used for assessing ability to pay.

f) Provide for Customers who have failed to comply with the instalment arrangements, or procure for them the provision of, a prepayment meter (where safe and practicable to do so. (Condition 30, 3 (f) Electricity, Condition 2.12.3 (f) Gas).

In order to fulfil this requirement suppliers must:

- where Direct Debit or standard credit customers paying by instalments fail to comply with an agreed payment arrangement, offer to provide a prepayment meter where it is appropriate to do so and in compliance with relevant licence conditions and the Code of Practice on Services for Prepayment Meter Customers.
- make such customers aware of the Code of Practice on Services for Prepayment Customers and proactively provide customer services as detailed in the Code.

g) Calibrate any prepayment meter provided, whether in accordance with paragraph (f) above or otherwise, so as to take into account Customers' ability to pay any outstanding charges due from them to the Licensee in addition to the other charges lawfully being recovered through the prepayment meter. (Condition 30, 3 (g) Electricity, Condition 2.12.3 (g) Gas).

In order to fulfil this requirement suppliers must:

- act in accordance with section C above.

h) Ensure that any calibration of the prepayment meter to recover outstanding charges due from any Customer does not operate so as to recover more than 40 per cent (except where the consumer has in writing requested for a higher percentage to apply) from each amount that is purchased by the Customer in any single transaction (and thereby transferred to the token, key or card by which the prepayment meter is operated), as payment of or towards the outstanding charges. (Condition 30, 3 (h) Electricity, Condition 2.12.3 (h) Gas).

- For the avoidance of doubt the licence details an upper limit which states that suppliers shall not force customers to accept repayment levels which exceed 40% of the customer's energy spend in a single transaction. Suppliers must not automatically set repayment rates of 40% per vend, they must first demonstrate, that they have taken steps to contact the customers and used all reasonable endeavours to take into consideration ability to pay.

Methods and Procedures to avoid disconnections

i) in so far as is reasonable and practicable to do so, take all reasonable steps to avoid cutting off the supply of electricity(gas) to Domestic Premises occupied by Customers in difficulties unless it has first taken all reasonable steps to recover the charges accrued for the supply of electricity(gas) to the premises by means of a prepayment meter. (Condition 30, 3 (i) Electricity, Condition 2.12.3 (i) Gas).

Before gas suppliers disconnect for reasons of debt, in order to fulfil the above licence condition suppliers must:

- have appropriately trained staff make reasonable endeavours to contact the customer by phone or by personal visit prior to disconnection. Additionally, suppliers must inform the customer of their intent to disconnect with a reasonable estimation of date of disconnection.
- at every stage of the process, offer the customer a means to avoid disconnection by repaying the debt at reasonable instalments or by installing a prepayment meter appropriately calibrated to repay existing debt.
- make reasonable attempts during this process to identify customers who are of pensionable age, who are disabled or chronically sick or on low incomes.
- work with the network company or agent to ensure that in so far as is reasonably practical during the disconnection visit, the supplier or the supplier's agent will make final attempts are made during the disconnection process to identify customers who are of pensionable age, who are disabled or chronically sick or on low incomes. ~~This will entail a personal visit to the property at risk of being disconnected and doing a visual check for signs customers who fit the criteria. This visit needs to be made by appropriately trained personnel. If a customer's wellbeing is assessed to be at risk, disconnection should be halted and, with the customer's consent, be referred for assistance to the appropriate organisation.~~
- in the event of disconnection in error, for example where a customer has been disconnected during October to March but identified as being vulnerable (in accordance with Condition 31 (4) (c) in the electricity

supply licence and Condition 2.11.4(c) in the gas supply licence) after the disconnection, suppliers must make reasonable endeavours to reconnect the customer within 24 hours (on working days). Where such a disconnection is made in error the supplier must not apply disconnection or reconnection charges to the customer.

- ~~where a customer has been disconnected due to debt, take steps to ensure that disconnection and reconnection charges are not onerous and do not exceed the actual costs of disconnection and/or reconnection. They will take steps to ensure that disconnection and reconnection charges can be paid in line with other repayments over an appropriate period of time and total repayments (whether the debt was accrued for energy costs or disconnection and/or reconnection costs) should not exceed the 40% repayment ceiling detailed in section h.~~
- where a customer wishes to be reconnected, suppliers will be permitted to recoup the costs of disconnection and reconnection that are charged to them by the network company from the customer prior to reconnection. Other supplier costs will be recovered through normal debt recovery arrangements.
- where a domestic customer takes their electricity or gas through a non-domestic supply for example a flat above commercial premises, make best endeavours, where aware, that domestic customers are not disconnected inappropriately if the commercial premise no longer receives supply.
- not disconnect any customer for non-payment of bill when there is an ongoing complaint or dispute in process (i.e. still classed as an unresolved stage 1 or stage 2 billing complaint with the Consumer Council).

- ~~monitor all customers who have been disconnected and contact them to see if they wish to be reconnected~~
- ~~provide consumers who are being disconnected with all the relevant information to allow them to reconnect at a later date should they so wish. This information will include all relevant reconnection fees.-~~
- ~~must~~ keep a record of all contact with the customer and attempts to contact the customer and all actions taken in relation to disconnections and reconnections. Suppliers may be asked to supply these records to the Consumer Council and or the Utility Regulator during a dispute or investigation.

~~Providing accurate and timely bills²²~~

~~j) Provision of information to customers. Condition 38 Electricity Supply Licence, Condition 2.19 Gas Supply Licence.~~

~~The gas and electricity supply licences state specific information requirements for customers, some of which will have an impact on payment of bills. Suppliers will make customers aware of the information they are entitled to as detailed in Condition 38 in the Electricity Supply Licence and Condition 2.19 in the Gas Supply Licence.~~

~~In order to fulfil the above licence condition suppliers must:~~

- ~~provide accurate and easy to understand bills to all credit customers.~~

²² ~~This is in keeping with the ERA Code of Practice on Back Billing for Domestic Customers <http://www.energy-uk.org.uk/publication/finish/43-code-of-practice-for-accurate-bills/412-the-code-of-practice-for-accurate-bills-back-billing-for-domestic-customers.html>~~

- ~~use all reasonable endeavours to make an actual meter read on at least an annual basis and ensure that Direct Debits accurately reflect actual consumption. In gas suppliers can do this on their own behalf, however, electricity suppliers have an arrangement with the network company to make sure meters are read at least once a year.~~
- ~~when unable to read the meter, meter readers shall leave clear instructions on when they will return and how customers may provide suppliers with self-reads (telephone number or website address).~~
- ~~suppliers shall clearly mark where a bill has been based on an estimated read and inform customers of the possibility of debt accrual with continued estimated meter reads.~~

~~In the event that a customer has been incorrectly under-billed as a result of errors by the supplier, suppliers will not bill the customer for the difference in what has been billed and what has been consumed for more than 12 months prior to the most current bill. This will occur where the supplier has:~~

- ~~Failed to set up an account or issue bills to an account despite instructions from the customer or the Network Operator~~
- ~~Based bills on estimated meter readings where no valid meter reading attempts have been made, or where customer self-reads have not been used or no opportunity has been provided for self-reads.~~
- ~~Based bills on inaccurate meter reading data.~~
- ~~Based bills on the wrong tariff.~~
- ~~Billed incorrectly based on mistakes in bill calculation i.e. where the system makes an error.~~
- ~~Failed to reassess a payment arrangement (eg. Direct Debit) within 15 months or~~
- ~~Failed to do anything about a query or fault raised by the customer regarding the account or meter and subsequently allowed a large debt to build up on the account.~~

~~In all instances, if there has been an error in billing in the company's favour, they must return the difference to the customer. This is not restricted to the 12-month time frame. Customers should pay for energy used and this provision is not intended as a way of avoiding payment.~~

Other Issues

Suppliers shall encourage collaborative working with customers in difficulty through early, supportive contact.

Where a third party Debt Collection Agency (DCA) or any third party contractor is used, suppliers shall ensure that the contractor adheres to the Code of Practice on Payment of Bills and adheres to OFT (Office of Fair Trading) guidelines²³. Suppliers shall be held fully responsible for the actions of any third party debt collection agency acting on their behalf. Any breach of this Code by a third party DCA will be considered to be a breach by the supplier the DCA is acting for.

Suppliers shall take all reasonable steps to prevent fraud and meter tampering.

²³ http://www.ofg.gov.uk/shared_ofg/business_leaflets/consumer_credit/OFT664Rev.pdf

Annex 1b: Code of Practice minimum standards on Payment of Bills

This Code of Practice minimum standards outlines the minimum actions required to fulfil the obligations detailed in the Condition 30 of the Electricity Supply Licence and Condition 2.12 of the Gas Supply Licence and other relevant licence conditions. This Code of Practice should be no more than two clicks from the homepage on the supplier's website.

Definition of Debt

“For the purposes of the Code of Practice on Payment of Bills only, debt will be defined as any amount which remains unpaid outside the payment terms in the supplier's terms and conditions. For example, if a customer's payment for a bill is due within 14 days from the date of the bill, then this amount would be defined as debt if it remained unpaid from day 15.”

Identifying customers in difficulty

- a) Distinguish, so far as is reasonably practicable, those Customers who may have difficulty in paying bills through misfortune or inability to cope with credit terms (“**Customers in difficulties**”) from other Customers in default; (Condition 30, 3 (a) Electricity, Condition 2.12.3 (a) Gas).

In order to fulfil this requirement suppliers must:

- form relationships with advice giving organisations and charitable organisations which seek to help customers who are, or may be at risk of, having difficulty paying bills. In particular, suppliers should form relationships with organisations representing those groups covered by section 75 of the Northern Ireland Act.²⁴

²⁴ <http://www.legislation.gov.uk/ukpga/1998/47/section/75>

- seek permission from the relevant advice giving organisations to share their contact details and publish the up to date list of said contact details on their website.
- proactively seek to identify and communicate with customers having difficulty or at risk of having difficulty paying their bills. This should be done at an early stage in order to prevent the build up of debt.
- use interactions with customers to improve customer insight data to help identify customers having difficulty, or at risk of having difficulty paying their bills.
- use customer records to identify those who have experienced difficulty in the past and offer early intervention to prevent debt building up.
- increase customer awareness of debt advice services and provide proactive sign posting to advice services where they may receive assistance such as benefits entitlement checks.
- ensure appropriate training is given to all staff who come in contact with customers so they may identify customers at risk of having difficulty paying bills. They will ensure all staff who have contact with consumers, including sales, billing, credit control, customer service and field staff etc are aware of the need to identify customers having or at risk of having difficulty paying bills and ensure all relevant services are offered.
- encourage customers having or at risk of having difficulty with payments to self-identify to utility companies.
- use language in correspondence that is non-threatening and supportive and all customer contact should be friendly and non-aggressive.

- ensure all records for those customers identified as having difficulty, or at risk of being in difficulty paying bills are fully updated and flagged appropriately in the supplier's information systems.
- encourage contact from customers in the event of a change of circumstances. e.g. redundancy or incapacitating illness or injury.

Providing information on Energy Efficiency

b) Provide relevant information as to how Customers in difficulties might be able to reduce their bills in the future by the more efficient use of electricity (gas). (Condition 30, 3 (b) Electricity, Condition 2.12.3 (b) Gas).

In order to fulfil this requirement suppliers must:

- adhere to and make customers aware of the Code of Practice on the Efficient use of Electricity (Gas) and proactively provide customers with advice and services as detailed in the Code.

Payment arrangements and monitoring

c) Make arrangements, taking into account Customers' ability to comply with such arrangements, which enable Customers in difficulties to pay in instalments the charges accrued for the supply of electricity (gas) ("instalment arrangements"). (Condition 30, 3 (c) Electricity, Condition 2.12.3 (c) Gas).

In order to fulfil this requirement suppliers must:

- make arrangements for the payment of arrears in instalments which may include instalments paid via direct debit, cash or prepayment

meter or, as a last resort, third party deductions from benefits. Suppliers must make reasonable endeavours to ensure that repayments are appropriate for the customer's individual circumstances.

- establish procedures for setting repayments levels based on ability to pay. These procedures will include:
 - Staff training and appropriate instruments designed to assess ability to pay.
 - Where appropriate, agreements with independent advice giving agencies to carry out financial assessments.
 - Setting appropriate repayment levels (to include customer involvement in setting appropriate repayment levels and customer appeals procedures where they are unable to cope with repayment levels).
 - Methods of identifying those at risk of having difficulty paying their bills. Furthermore, suppliers will take into account factors which may exacerbate difficulty in paying bills such as poor literacy, numeracy or IT skills, lack of bank account or rurality.

- for standard credit and Direct Debit customers, establish a reasonable repayment period.

d) Detect failures by Customers in difficulties to comply with the instalment arrangements. (Condition 30, 3 (d) Electricity, Condition 2.12.3 (d) Gas).

In order to fulfil this requirement suppliers must:

- monitor debt repayments and reassess level of repayment if it is apparent that the customer is having difficulty in keeping up with the repayments.

- invite any customers who are repaying debt to contact the supplier again if they experience any difficulties with their repayment plan.

e) Ascertain, with the assistance of any information provided by other persons or organisations, the ability of Customers in difficulties to comply with the instalment arrangements. (Condition 30, 3 (e) Electricity, Condition 2.12.3 (e) Gas).

In order to fulfil this requirement suppliers must:

- consider each individual's situation and ability to pay arrears. Where appropriate and with the customer's consent, suppliers shall use information provided by other persons or organisations to ascertain the ability of customers in difficulty to comply with payment arrangements.
- where customers are unhappy with the level of repayment, make them aware of the Consumer Council's role in dispute settlement. If requested during a complaints investigation by the Consumer Council, suppliers will provide to the Council evidence on the procedures used for assessing ability to pay.

f) Provide for Customers who have failed to comply with the instalment arrangements, or procure for them the provision of, a prepayment meter (where safe and practicable to do so. (Condition 30, 3 (f) Electricity, Condition 2.12.3 (f) Gas).

In order to fulfil this requirement suppliers must:

- where Direct Debit or standard credit customers paying by instalments fail to comply with an agreed payment arrangement, offer to provide a prepayment meter where it is appropriate to do so and in compliance with

relevant licence conditions and the Code of Practice on Services for Prepayment Meter Customers.

- make such customers aware of the Code of Practice on Services for Prepayment Customers and proactively provide customer services as detailed in the Code.

g) Calibrate any prepayment meter provided, whether in accordance with paragraph (f) above or otherwise, so as to take into account Customers' ability to pay any outstanding charges due from them to the Licensee in addition to the other charges lawfully being recovered through the prepayment meter. (Condition 30, 3 (g) Electricity, Condition 2.12.3 (g) Gas).

In order to fulfil this requirement suppliers must:

- act in accordance with section C above.

h) Ensure that any calibration of the prepayment meter to recover outstanding charges due from any Customer does not operate so as to recover more than 40 per cent (except where the consumer has in writing requested for a higher percentage to apply) from each amount that is purchased by the Customer in any single transaction (and thereby transferred to the token, key or card by which the prepayment meter is operated), as payment of or towards the outstanding charges. (Condition 30, 3 (h) Electricity, Condition 2.12.3 (h) Gas).

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to contact the customers and used all reasonable endeavours to take into consideration ability to pay.

Methods and Procedures to avoid disconnections

- i) in so far as is reasonable and practicable to do so, take all reasonable steps to avoid cutting off the supply of electricity(gas) to Domestic Premises occupied by Customers in difficulties unless it has first taken all reasonable steps to recover the charges accrued for the supply of electricity(gas) to the premises by means of a prepayment meter. (Condition 30, 3 (i) Electricity, Condition 2.12.3 (i) Gas).

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- have appropriately trained staff make reasonable endeavours to contact the customer by phone or by personal visit prior to disconnection. Additionally, suppliers must inform the customer of their intent to disconnect with a reasonable estimation of date of disconnection.
- at every stage of the process, offer the customer a means to avoid disconnection by repaying the debt at reasonable instalments or by installing a prepayment meter appropriately calibrated to repay existing debt.
- make reasonable attempts during this process to identify customers who are of pensionable age, who are disabled or chronically sick or on low incomes.
- work with the network company or agent to ensure that in so far as is reasonably practical attempts are made during the disconnection

process to identify customers who are of pensionable age, who are disabled or chronically sick or on low incomes.

- in the event of disconnection in error, for example where a customer has been disconnected during October to March but identified as being vulnerable (in accordance with Condition 31 (4) (c) in the electricity supply licence and Condition 2.11.4(c) in the gas supply licence) after the disconnection, suppliers must make reasonable endeavours to reconnect the customer within 24 hours (on working days). Where such a disconnection is made in error the supplier must not apply disconnection or reconnection charges to the customer.
- where a customer has been disconnected due to debt, take steps to ensure that disconnection and reconnection do not exceed the actual costs of disconnection and/or reconnection.
- where a customer wishes to be reconnected, suppliers will be permitted to recoup the costs of disconnection and reconnection that are charged to them by the network company from the customer prior to reconnection. Other supplier costs will be recovered through normal debt recovery arrangements.
- where a domestic customer takes their electricity or gas through a non-domestic supply for example a flat above commercial premises, make best endeavours, where aware, that domestic customers are not disconnected inappropriately if the commercial premise no longer receives supply.
- not disconnect any customer for non-payment of bill when there is an ongoing complaint or dispute in process (i.e. still classed as an unresolved stage 1 or stage 2 billing complaint with the Consumer Council).

- provide consumers who are being disconnected with all the relevant information to allow them to reconnect at a later date should they so wish. This information will include all relevant reconnection fees.
- keep a record of all contact with the customer and attempts to contact the customer and all actions taken in relation to disconnections and reconnections. Suppliers may be asked to supply these records to the Consumer Council and or the Utility Regulator during a dispute or investigation.

Other Issues

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²⁵ http://www.of.gov.uk/shared_of/business_leaflets/consumer_credit/OFT664Rev.pdf