



3rd Floor North  
200 Aldersgate Street  
London EC1A 4HD  
Tel: 03000 231 231  
citizensadvice.org.uk

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## **Notice of intention to accept binding commitments offered by PayPoint plc**

Dear Sujitra Krishnanandan,

Citizens Advice welcomes the opportunity to respond to Ofgem's notice of intention to accept binding commitments offered by Paypoint plc. Citizens Advice has statutory responsibilities to represent the interests of energy consumers in Great Britain and provides both statutory and non-statutory advice services to energy consumers.

People with prepayment meters generally face higher costs and fewer choices than consumers who use other payment methods. They also face significantly higher risks if they struggle to pay for their energy, through self-disconnection and self-rationing. The competition concerns identified by Ofgem have the potential to increase costs for these consumers, and reduce innovation, particularly by limiting the development of smart payment services. This is particularly concerning, as the smart meter rollout, and the development of improved payment services, represent the best opportunity to improve outcomes for people with prepayment meters.

We support the commitments being proposed by PayPoint to remove exclusivity clauses from its existing contracts with energy suppliers and the retailers that host its services. However, we are concerned that the commitment to not include such terms in future contracts for the next 5 years may not be sufficiently long to foster competition.

If the proposed commitments go ahead in their current form, we would expect Ofgem to closely monitor the market once the 5 year period elapses, and to take prompt action if competition concerns re-emerge. However, we are not confident that this will be the case, given the current investigation has taken almost 5 years from the initial complaint being made to get to this stage.

A delay of this magnitude is unacceptable given the potential impacts on competition and the associated detriment suffered by consumers. It represents 5 lost years in addressing the competition issues and securing redress for consumers. We've recently called for Ofgem to be more transparent about the progress of its enforcement activities, and to take steps to reduce the length of investigations.<sup>1</sup> In its decision, and its annual enforcement reporting, Ofgem should set out the key

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<sup>1</sup> Citizens Advice (2021) [Citizens Advice response to consultation on Ofgem's Enforcement Guidelines and Sectoral Penalty Statement](#)

reasons for the length of this case, and what steps it has taken to reduce the length of similar cases in future.

We welcome PayPoint's proposal to donate to the Energy Saving Trust to support energy consumers in vulnerable circumstances. While a significant sum of money, it is not possible to fully assess whether the proposed level of the donation (£12.5 million) is acceptable without understanding what benefit PayPoint derived from its exclusivity agreements and what detriment may have been suffered by consumers. Ofgem should set out more detail in its decision about why it views the proposed amount as acceptable in providing a deterrent effect and in providing redress to consumers.

We recently called for Ofgem's energy redress fund to extend its support for fuel vouchers this winter, in the context of rapidly rising energy prices and the ongoing impacts of covid on household finances.<sup>2</sup> The enduring role of voucher support could then be reviewed in light of reforms made to improve support from the Warm Home Discount scheme from 2022/23. We therefore consider that any donation made by PayPoint should be directed towards prepayment fuel vouchers this winter, to support the consumers most likely to have been impacted by its actions.

If you have any questions about our response please do not hesitate to get in touch.

Yours sincerely,

Alex Belsham-Harris

Principal Policy Manager

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<sup>2</sup> Citizens Advice (2021) [Response to Ofgem's Consultation to Review the Energy Industry Voluntary Redress Scheme](#)