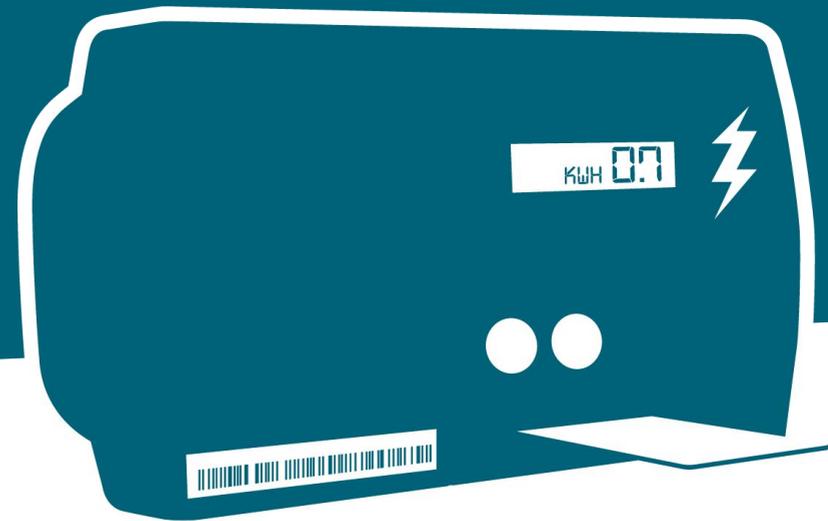


# Kept in the dark

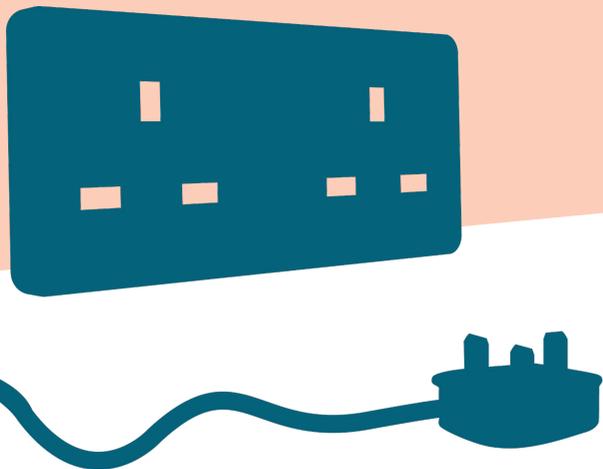
The urgent need for action on  
prepayment meters



citizens  
advice

January 2023

# Executive summary



Last September, Citizens Advice published [Out of the cold](#), which warned of the hardship facing people on prepayment meters through the winter and called for a winter moratorium on the forced installation of prepayment meters.<sup>1</sup> Since then, we have continued to raise concerns about the way that the cost of living crisis and unprecedented increase in energy prices has made keeping the lights and heat on unaffordable for millions of people.

New nationally representative polling commissioned by Citizens Advice uncovers the true scale of the problem, and confirms that our concerns were well-founded.<sup>2</sup>



**More than 2 million people are being disconnected from their energy supply at least once a month.**



**1 in 5** (19%) prepayment customers who had been disconnected from their energy supply in the past year said they had disconnected for **more than 24 hours** at least once.



**1 in 3** (33%) people on prepayment meters said that they had disconnected at least once in the past year because they **could not afford to top up**. This equates to more than 3 million people, or 1 person every 10 seconds.

Many prepayment customers have had to ration their energy use and cut back on essential spending just to keep their meters topped up. **2 in 3** (66%) **have cut back on spending or fallen behind on bills and half** (51%) **have turned their heating down or off** to stay on supply.

## Energy suppliers are breaching regulations

At the same time, Citizens Advice frontline advisers have consistently seen evidence of people in vulnerable circumstances being moved onto prepayment meters, in breach of energy supplier regulations. We continue to see evidence of these practices even after the regulator wrote to suppliers in mid-November to remind them of their obligations.

Our polling exposes the consequences of the failure to effectively enforce these regulations: **Over 130,000 households** including a disabled person, or someone with a long-term health condition, **are being disconnected from their energy supply at least once a week because they can't afford to top up.**

Following widespread concern about the health and safety risks of disconnection, water suppliers have been banned from disconnecting customers for more than two decades. The disconnection of energy supply to households on credit meters is also effectively banned. But energy suppliers are still able to force people who are falling behind on their bills onto prepayment meters.

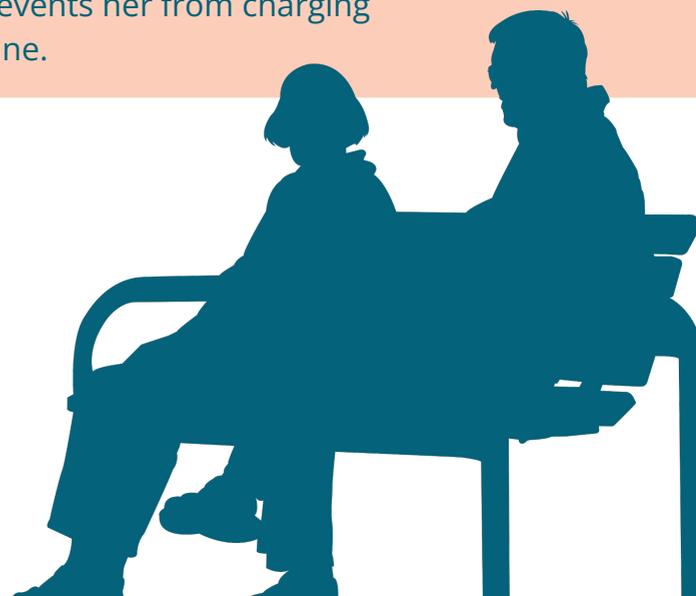
Prepayment meters simply pass off the responsibility for disconnection from energy suppliers to consumers - the impact is the same. The cost of continuing to do nothing is condemning many low income households to sit in cold and dark homes, with severe consequences.

The number of people being moved onto prepayment meters is growing sharply. We estimate that 600,000 people were forced onto a prepayment meter for debt in 2022, compared to 380,000 in 2021. And we predict that more than 160,000 more people could be moved onto a prepayment meter by the end of this winter if no further action is taken.<sup>3</sup>



**Shamima\*** has a lung condition where she has to use a breathing machine, which needs to be regularly charged with electricity. Given her condition, being cut off from her supply could have serious consequences to her health. Despite this, her supplier moved her over to a prepayment meter because of the debt balance on her account.

When she was on a prepayment meter, Shamima was cut off from her energy supply because her meter ran out of credit and she couldn't afford to top up. She called her supplier who said they couldn't provide any more help because she had been helped before, despite the fact that being cut off prevents her from charging her breathing machine.



## What needs to happen?

The situation is so acute that we are now calling for a total ban on the forced installation of new prepayment meters until additional safeguards are put in place to end self-disconnection. This ban must include legacy prepayment meters and remote switches for smart meters. We will take forward further work to define what these safeguards should be in collaboration with industry, Ofgem and Government.

And it's not enough just to look at people being newly moved onto prepayment meters when there are already millions of people who are struggling to top up their meter. We are also calling for a review of all users of prepayment meters, with a commitment to replace them with credit meters where this is necessary to remove the risk of disconnection.

Households which remain on prepayment meters must be offered a quick and straightforward route to securing additional support, for example non-repayable emergency vouchers, additional credit and practical debt remedies like debt holidays.

We recognise that these steps may lead to an increase in energy debt and we do not expect energy companies to bear the cost of soaring energy prices alone. We are therefore committed to working collaboratively with Ofgem, Government and industry to find a workable solution.

In this short report, we set out the scale and the severity of the hardship prepayment meter households are facing, and the reasoning behind our change in position.

## Circumstances have changed

In normal times, prepayment or pay as you go is a useful payment method that helps people budget and stay in control of their energy use. There are some safeguards in place to support people such as emergency credit or 'friendly' no-disconnect periods when shops are likely to be shut.

But we're facing truly unique circumstances. Household incomes have stagnated for years, while the cost of living crisis has pushed up people's essential bills and energy prices have more than doubled since October 2021. The regulatory protections for prepayment weren't designed for the state we're in.

The government would be expected to take action if there were widespread defaults in mortgages or a rental eviction crisis. Disconnection in water was banned two decades ago because of health and safety concerns. Now we know that millions of people on prepayment meters are unable to afford to stay on supply, and it's clear that the government needs to step in.

Living in a cold home can exacerbate existing health conditions and cause significant mental and physical harm. Alongside the damaging impact on individuals, dangerously cold homes have a broader impact on society - placing additional pressure on the NHS and wider support services.

A crisis will always uncover the inadequacy of existing protections. We need to be working towards a world where people are able to access a lifeline supply of energy at all times, and self-disconnection is a thing of the past.

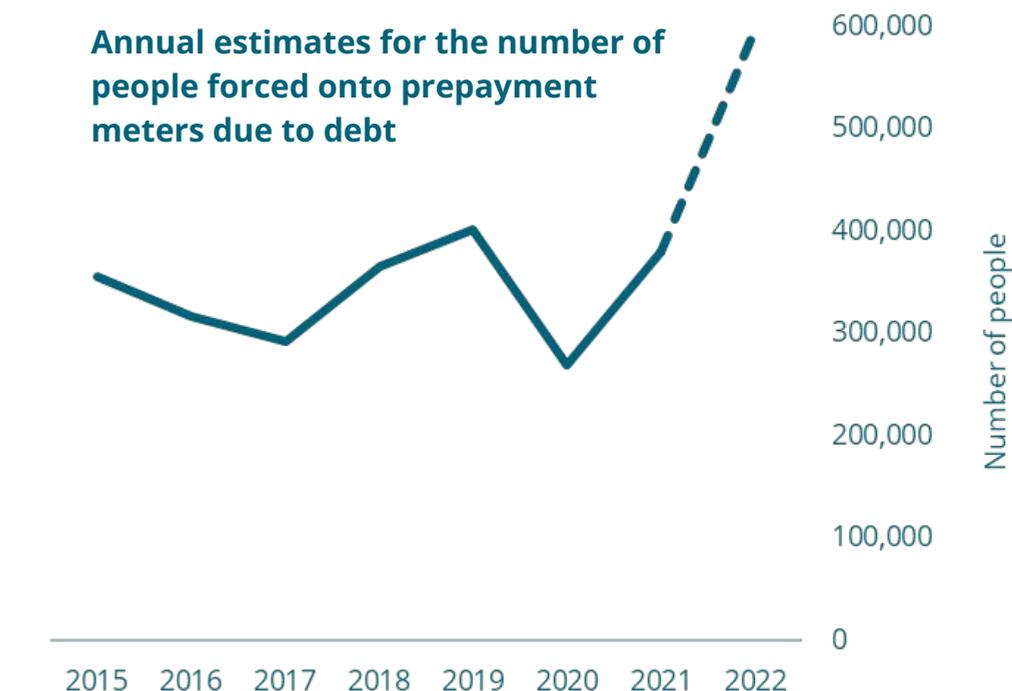
## Record numbers of prepayment meter users are coming to Citizens Advice for help

Citizens Advice has been raising concerns about problems in the prepayment market and calling on the government and regulator to do more to protect households from disconnection for many years. However, the scale and severity of the harm experienced by prepayment meter customers at the sharp end of the cost-of-living crisis means that there is now a critical need for fast and decisive action.

As growing numbers of people struggle to afford their energy bills, the number of people being moved onto prepayment meters is climbing sharply.

We estimate that 600,000 people were forced onto a prepayment meter for debt in 2022. And we predict that more than 160,000 more people could be moved onto a prepayment meter by the end of this winter if no further action is taken. That's on top of the nearly 10 million people already on them.

**Sandra** missed a few payments due to her daughter's illness, so her supplier has told her that they are switching her to a prepayment meter due to the debt balance on her account. She told her supplier that she has been on a prepayment meter before - she will struggle to top it up and it's not suitable due to her daughter's illness, as the medication she needs for her condition needs to be refrigerated.



Sandra has contacted her supplier and has tried to make a payment plan numerous times. She wrote down all her outgoings and explained how much she could pay a month to pay off her debt. But her supplier would not help her set up a payment plan that she could afford and is moving her onto a prepayment meter in the next few days.



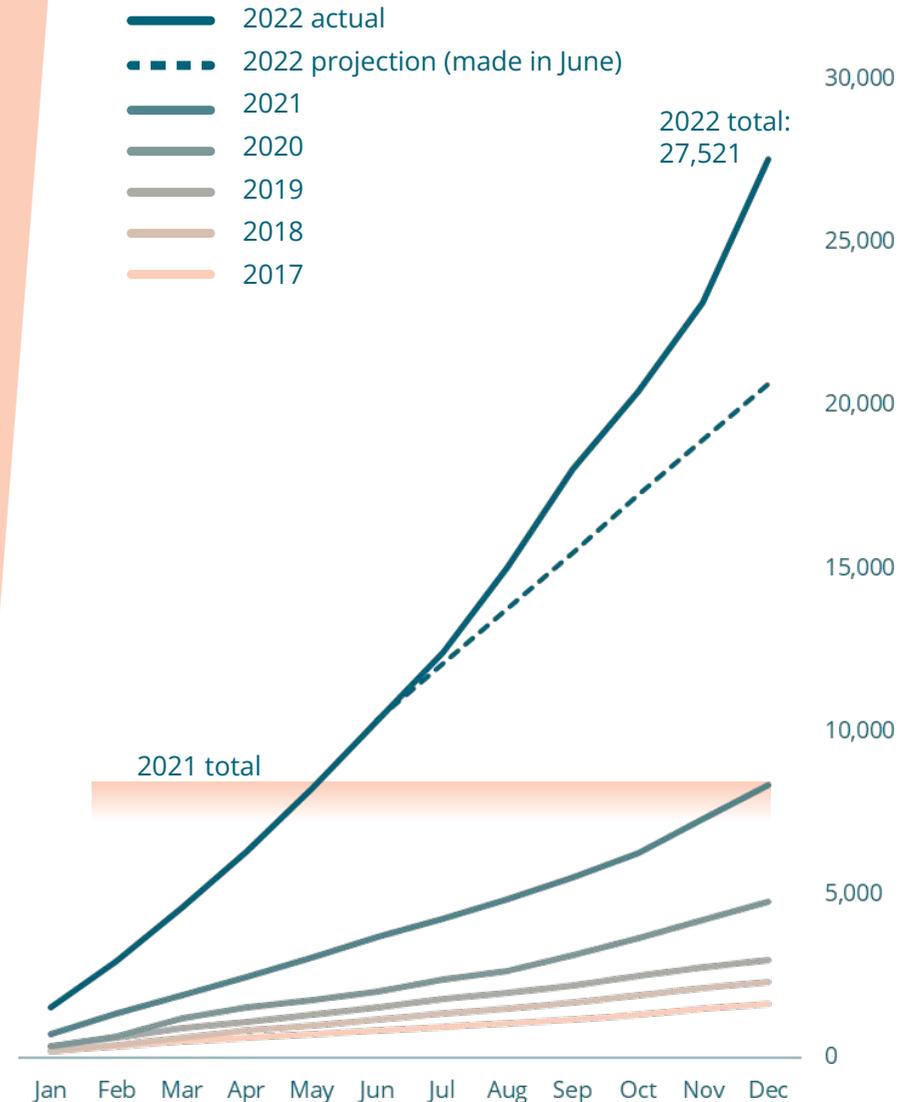
For many households the consequence of being moved onto a prepayment meter is being regularly disconnected from their energy supply. In early 2022, the numbers of people who were unable to afford to top up their prepayment meters coming to Citizens Advice for help were already far outstripping what we had been seeing in previous years. This trend has since accelerated sharply, and by the end of December 2022 we'd seen more people who couldn't afford to top up their prepayment meters than in the whole of the last ten years combined.<sup>4</sup>

The scale of the problem is not limited to the people who come to us for advice. In December, Citizens Advice commissioned nationally representative polling to understand the experience of people on prepayment meters.

We found that millions of households are struggling to afford to keep their homes warm and powered to safe levels this winter:

- 1 in 3 (33%) people on prepayment meters said that they had disconnected at least once in the past year because they could not afford to top up. This equates to more than 3 million people, or 1 person every 10 seconds.
- Nearly 3 in 10 (27%) of those struggling to top up their prepayment meter, over 850,000 people, are disconnecting from their energy supply at least once a week.
- 1 in 5 (19%) prepayment customers who had been disconnected from their energy supply in the past year said they had disconnected for more than 24 hours at least once. Nearly the same proportion (18%) of households which include a disabled person or someone with a long-term health condition were disconnected for more than 2 days at least once.

### Cumulative number of people we've seen who've been unable to top up their prepayment meters each year



# Suppliers aren't following basic rules to protect people in vulnerable circumstances

Under current Ofgem rules, suppliers are not allowed to force people in vulnerable circumstances onto a prepayment meter if they don't want one. This applies to both legacy meters and smart meters. Ofgem's definition of vulnerability includes older people, people who are disabled, have long-term physical or mental health conditions, or have young children.<sup>5</sup>

Before taking the decision to force-fit a prepayment meter or remote switch smart meter customers to prepay mode, suppliers should be taking every reasonable effort to identify vulnerability in the household. In our September report we raised concerns that our frontline services were seeing evidence of suppliers forcing people in extremely vulnerable circumstances onto prepayment meters in breach of these regulations.<sup>6</sup>

We provided extensive additional evidence of these practices to Ofgem and BEIS in October. Following our interventions Ofgem wrote a letter to suppliers in November reminding suppliers of their obligations.<sup>7</sup> While it is too early yet to see what, if any impact Ofgem's letter will have on the number of people being inappropriately forced onto prepayment meters, analysis of calls to the Consumer Service in December suggests that the practice is ongoing.

Our polling demonstrates the need for further action from the regulator:

We found that more than a third of prepayment meter households including a disabled person or someone with a long-term health condition have been disconnected at least once in the last year.

Nearly 130,000 households including a disabled person or someone with a long-term health condition are being disconnected from their energy supply at least once a week because they can't afford to top up.

A quarter (25%) of households with a disability or long-term health condition who struggle to keep topped up are typically disconnected from their energy supply for 7 hours or more when the meter runs out. 11% are typically disconnected for 24 hours or more.

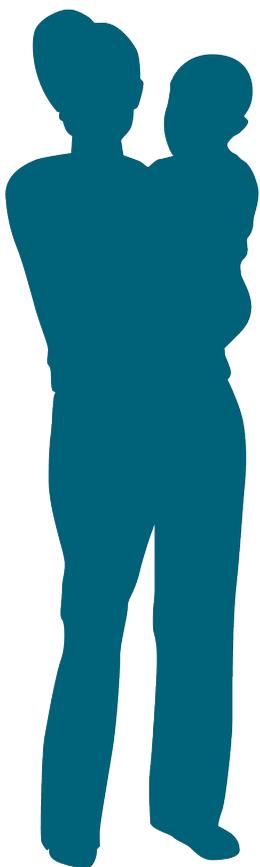
 **Tyrone** is diabetic and keeps his insulin in the fridge. Despite the risk to his health, his supplier has moved him onto a prepayment meter after he fell behind on his debt payments.

One morning he was cut off from his gas and electricity supply because there was no more credit left on the meter - but he couldn't afford to top up for another week.

He contacted his supplier to ask for help to get him back on supply but they said they couldn't help him because he had been helped before.

## Disconnection can cause significant emotional and physical harm

Being disconnected from your prepayment meter can have a dangerous impact on people's mental and physical health. 63% of prepayment users who had disconnected in the last year said that disconnection had had a negative impact on their mental health. Nearly half (47%) reported a negative impact on their physical health.



**Ivanka** lives with her two children - one nine year old and one baby. Her gas has been off supply for four days because her prepayment meter has run out of credit and she can't afford to top up for another week.

That means she's been unable to cook, use hot water or turn the heating on. She has contacted her supplier on numerous occasions and they have told her that they cannot help her.

Being off supply could cause serious consequences to Ivanka and her children's health. Ivanka is suffering from mental illness, while her nine year old has asthma and her baby is having tests for diabetes.



In addition, nearly 1 in 5 (19%) who had disconnected had not washed or showered as a result. More than 1 in 6 (17%) had skipped a meal, while 1 in 5 (25%) had to borrow money from friends or relatives.

**Sam** is a single parent who lives alone with a five year old child. She relies on a breathing machine for severe asthma and refrigerated medicine for her diabetes. Despite these vulnerabilities and the risks of being disconnected, Sam is on a prepayment meter.

Sam was cut off from her electric supply for two days because she couldn't afford to top up her meter, which meant she couldn't charge her breathing machine or keep her medicine refrigerated. Sam was also cut off from her gas supply the week earlier.

Sam has called her supplier and asked for help, but was told by her supplier that they couldn't provide her with any more help. Her supplier then hung up the phone on her.



## Disconnection is particularly dangerous for people in vulnerable circumstances

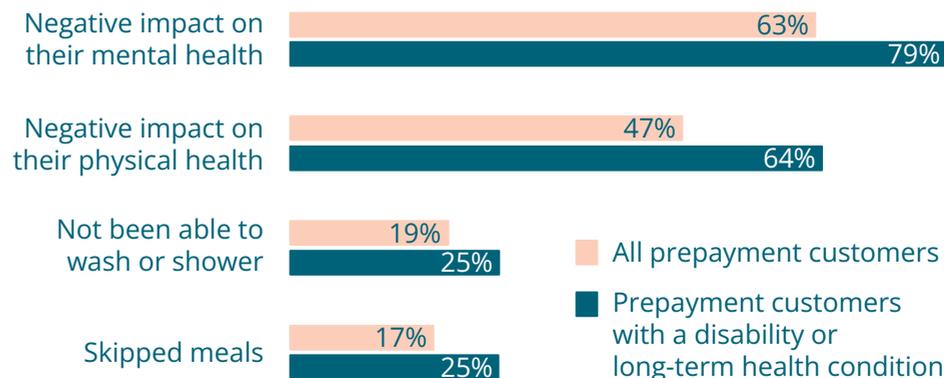
Disabled people and other people in vulnerable situations should not be forced onto a prepayment meter, because they can be exposed to serious harm should they go off supply.

Yet our survey found that more than 4 in 10 (42%) of those struggling to top-up their prepayment meter in the past year are disabled or have a long-term health condition.

While going without heat or electricity can have serious impacts on anyone, the consequences can be particularly dire for people with disabilities or long-term health conditions.

Nearly 8 in 10 (79%) of this group, who had been disconnected in the last year, said that it had a negative impact on their mental health, compared with 63% of all prepayment customers. More than 6 in 10 (64%) disabled people and those with long-term health conditions said that being disconnected had a negative impact on their physical health, compared to 47% of all prepayment customers.

As the chart above shows, disabled people and those with long-term health conditions were also more likely to report being unable to wash or shower, resort to skipping meals and borrowing money from family and friends.



**Barry\*** is 49 and suffers from a mental health condition and a chronic autoimmune disease. He has faced an uphill struggle to make ends meet with the increase in energy prices.

The Warm Home Discount helps a little during the winter months but he goes without food on many occasions. His situation was further exacerbated by delays in receiving his Personal Independence Payment (PIP). Once he received his PIP payments, Barry had to use them to pay towards his energy, leaving little money left over for food and other essentials.

Making the decision between heating his home or eating aggravates his conditions. He feels worried about the months ahead as there is nothing else he can do to save on energy consumption and he is paying more for his energy as a prepayment customer.

*"I'm being penalised for being on a prepayment meter. Instead of helping the people that need it, they put the prices up... that doesn't make sense to me."*



## Being forcibly moved to prepay: a distressing journey

If a customer falls behind on their bills, suppliers' licence conditions require they negotiate an appropriate repayment plan. This plan must take into account a person's ability to pay for the debt and their ongoing energy consumption.



But due to bill hikes, many people don't have enough money to cover their ongoing usage let alone pay towards arrears. They begin to fall behind on payments.

MAGISTRATES  
COURT

For a traditional meter, a person may be charged up to £150 for the warrant which they must pay in addition to the debt and their ongoing usage.

Smart switches are free but people will usually pay more overall, as prepay tariffs are generally higher than for direct debit tariffs.\*

To recover the money owed, a supplier can force the customer onto a prepayment meter, taking a proportion of any money they top up with.

If the individual has a smart meter, then they can be switched remotely. If not, then the supplier will apply to the Magistrates Court for a warrant to enter the home and forcibly fit a prepayment meter. The individual may only have 7 days' notice before this happens.\*

Suppliers are required to check whether a prepayment meter is safe and practicable for the customer. They should be avoided altogether where a person is vulnerable or if the installation would cause undue harm.



But suppliers don't always carry out the proper checks before installation of a prepayment meter and vulnerable people can be affected. For example, those with health conditions can be at huge risk from going off-supply.

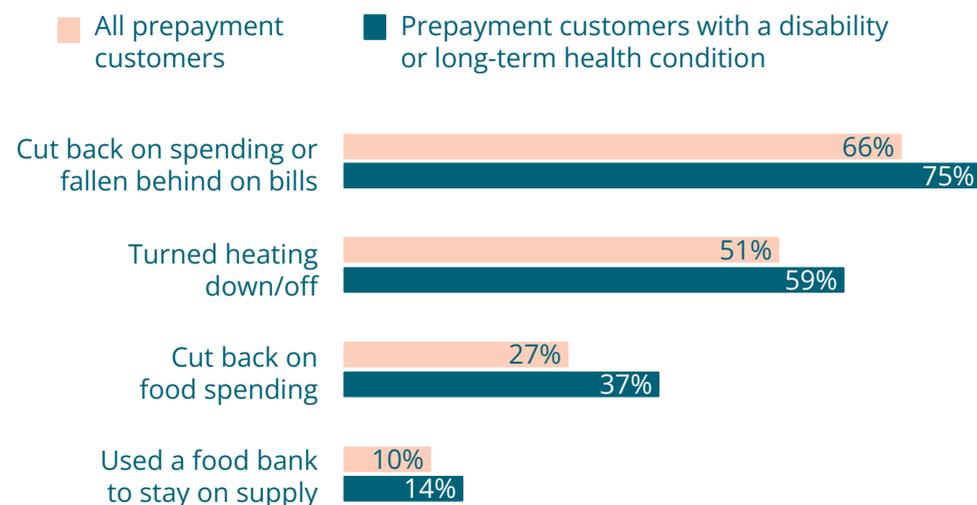
Prepayment meters should only be installed as a last resort but our data shows that suppliers are **forcibly installing meters where it isn't appropriate**. People who are struggling to pay their bills are at greater risk of being cut off from supply.

# People are rationing energy use and cutting spending to keep their meter topped up

Our research also shows that people are resorting to rationing their energy use and other essential spending as well as borrowing money to try to keep their meter topped up.

More than half (51%) of people on a prepayment meter have turned their heating down or off to stay on supply, rising to 59% of disabled people and people with long-term health conditions.

As the chart shows, significant numbers of people have also had to cut back on expenditure on their food and other essential bills.



**Kada\*** is a single parent with a baby. She has depression, and was cut off from her gas and electricity after she was moved onto a prepayment meter by her supplier. Kada's former partner used to be responsible for bills but after they separated she had fallen behind on her payments.

Kada agreed a repayment plan of £49 per month, so was shocked when her gas and electricity switched off and she was told that she had been moved to a prepayment meter. The landlord had allowed the supplier access to her flat without her consent.

Neither Kada's supplier or her landlord communicated with her to say that they had switched her to prepayment, so she was left with no gas or electricity for 2 days. When Kada called her supplier she was in tears due to the stress of being off supply with a young baby and they put the phone down on her.

Kada said that £20 only lasted two days on the meter and her supplier was taking £5 off each time she topped up. Her supplier said she owed £3,000, and Kada has no idea how she built up so much debt.

Kada resorted to warming up milk for her baby at her GP surgery and sitting in her dad's car to keep warm and charge her phone.





## **i** Historic concerns raised about prepayment meters

Prepayment meter households have too often been treated as second class citizens within the energy market. The regulator and industry have repeatedly failed to prioritise this group when rolling out sector wide improvements even though they often have the most to gain. Over the years, the regulator has also been slow to step in to protect prepayment meter customers from harmful practices. This must change.

Citizens Advice, and its predecessor bodies, has long campaigned to improve the experience of prepayment meter users.

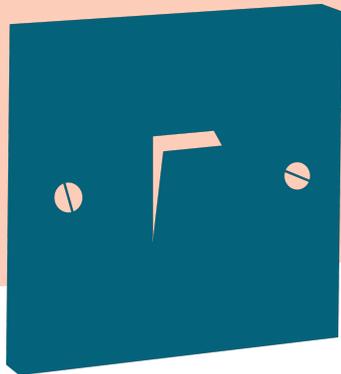
We helped lead the 2006 campaign, together with energywatch, for greater protections for people on token prepayment meters. These households were being left in debt by their supplier's failure to recalibrate their meters quickly enough after price rises.<sup>8</sup> Ofgem eventually stepped in to take action after we exposed companies who were not treating their customers fairly.

The smart meter rollout started in 2011 and despite prepayment meter users being one of the biggest potential beneficiaries, over 11 years later around 50% of prepayment meter users are still using legacy prepayment meters.<sup>9</sup> Most recently, people on legacy prepayment meters have faced more difficulties accessing the Energy Bills Support Scheme, including delays or difficulties receiving the vouchers they're entitled to.<sup>10</sup>

Our Fair Play for Prepay campaign in 2016 outlined the experience of prepayment meter users and achieved various wins for consumers including a review of charges in the debt path and some suppliers committing to a reduction in the price differentials between payment methods.<sup>11</sup>

We raised concerns about the state of competition in the prepayment market during the Competition and Markets Authority's energy market inquiry, leading to the introduction of the price cap for prepayment meter users in 2017, which reduced the differential paid by these consumers.

# Conclusion and recommendations



## The case for action can't be ignored

In this report, we have set out the scale and the severity of the harm experienced by people who pay for their energy using a prepayment meter. So far, action taken by regulators, government, and others has lagged significantly behind the scale of need. The case for action is now impossible to ignore. The level of risk to the health and well-being of prepayment meter customers in financial hardship cannot be overstated.

Following widespread concern about the health and safety risks of disconnection, water suppliers have been banned from disconnecting customers for more than 2 decades. The disconnection of energy supply to households on credit meters is also effectively banned. PPMs simply pass off the responsibility for disconnection from energy suppliers to consumers - but the end result is the same. It's time to recognise self-disconnection for what it really is - disconnection of an essential for life service.

## Recommendations

In September Citizens Advice called for a temporary winter ban on the installation of prepayment meters (including remote switches) for debt. We no longer believe this is sufficient. While energy prices are expected to fall from their current level, they are forecast to remain significantly higher than they were before the recent spike in prices until the end of the decade.

As a result, we are now calling for **a total ban on forced prepayment meter installations until new protections are introduced** that ensure households can no longer be fully disconnected. This ban must include legacy prepayment meters and remote switches for smart meters.

We are also calling for **a review of all users of prepayment meters**, with a commitment to replace them with credit meters where this is necessary to remove the risk of disconnection.

Households which remain on prepayment meters must be offered a quick and straightforward route to securing additional support, for example non-repayable emergency vouchers, additional credit and practical debt remedies like debt holidays.

We know that the consequence of this change could be a significant increase in the amount of energy debt households will build up in the coming months and years. But the cost of doing nothing is condemning many low income households to sit in cold and dark homes, with potentially fatal consequences. In a world where low income households cannot afford to heat and power their homes to safe levels, energy debt is the least bad option when the alternative is unprecedented levels of disconnections.

The recent market turmoil and unprecedented intervention from the government through the energy price guarantee, is an opportunity to rethink the role and responsibilities of energy suppliers, both in relation to PPMs and more broadly. A pause on forced moves to prepay is an opportunity to ensure consumers are protected while these broader conversations play out.

If and when energy prices return to more affordable levels, prepayment meters may once again be a popular option for people looking for an effective budgeting tool. But they must look very different to the PPMs of today. Ofgem and industry must ensure that appropriate safeguards and support are in place to ensure disconnection - by whatever means - is kept in the past.

For example, it may be possible to limit the amount of debt households build up by utilising technology which can restrict the flow of electricity without cutting it off entirely. This would allow people to continue to use essential appliances, like switching the lights on and keeping the fridge running, while preventing them building up excessive debt by using more energy intensive appliances. This technology exists today but more work is needed to understand whether it would be safe and practical to put into practice.

What to do about the large volume of energy debt that's being built up must also be part of this conversation. We don't expect energy suppliers to shoulder responsibility for the broader cost-of-living crisis alone and are committed to working collaboratively with Ofgem, Government and Industry to find a workable solution.

# References and bibliography

1. Citizens Advice, [Out of the cold? Helping people on prepayment meters stay connected this winter, 2022](#)
2. Survey data based on a representative poll of 4,384 adults (18+) in the UK conducted by Yonder Data Solutions for Citizens Advice, fieldwork conducted between 6th and 15th December 2022.
3. Our figures for the number of people moved to a prepayment meter for debt are based on multiplying Ofgem's figures for the number of electric meters changed to prepayment mode (traditional and smart) for debt with ONS figures on the average UK household size. We have used the number of electric meters changed to prepayment mode for debt as a proxy for the number of households moved to a prepayment meter for debt.

The estimate for 2022 (600,000 moved to a prepayment meter) is based on Ofgem data for Q1, Q2 and Q3 on the number of electric meters changed to prepayment mode (traditional and smart) due to debt. The numbers have continued to rise in each quarter in 2022, with Q3 being the highest. Data for Q4 is not available yet, so we have assumed that Q4 will be the same as Q3 - the most recent available data from Ofgem. This is a conservative estimate because due to the higher price cap in Q4, and the need to use more energy in the winter, it is likely that the number of people moved to a prepayment meter for debt will be higher in Q4 2022 than Q3.

For our Q1 2023 estimate (more than 160,000 moved to a prepayment meter by the end of the winter), we have also assumed that Q1 2023 will be the same as Q3 2022. Again, this is likely to be a conservative estimate for the same reasons as explained above.

4. For more publicly available data on the cost-of-living crisis see our cost of living data dashboard [here](#).
5. Ofgem, [Consumer Vulnerability Strategy](#), 2019, pp. 59-62
6. Citizens Advice, [Out of the cold? Helping people on prepayment meters stay connected this winter, 2022](#)
7. Ofgem, [Letter to Suppliers - November 2022](#), 2022

## References and bibliography

8. energywatch and Citizens Advice, [energywatch and Citizens Advice briefing: The Problem with Token Prepayment Meters](#), 2006
9. According to UK Government statistics, [just over half of all meters are smart or advanced meters](#). Historically smart prepayment and credit ratios have matched with legacy metering, as such we expect the proportion of smart and legacy prepayment meters to be the same as in the rest of the market.
10. Energy UK, [Citizens Advice, Energy UK, PayPoint and Post Office urge people to claim energy vouchers](#), 2022.
11. Citizens Advice, [Consumer advocacy: what we did in 2016/17](#), 2017

\*Our case studies are either people who have come to Citizens Advice for help or people we have interviewed as part of an ongoing research project into the experiences of vulnerable energy consumers. The research is being conducted on behalf of Citizens Advice by Blue Marble Research and has been running since November 2021. It includes in-depth interviews with each household, alongside other check-ins and income and expenditure tasks. The names of research participants and people coming to us for advice have been changed to protect their identities - except for Kada, someone who came to us for help, and who has given consent to use her name in this report.

△ Clarifications: On point 3, we recognise that, should the proper process be followed for force-installing a prepayment meter, the only instance in which an individual would have 7 days' notice is if they have not responded to any communications from their supplier. However, our data shows that many of the people who contact us have only had 7 days' notice or less, even if they have recently been in contact with their supplier. For example, some people who have had a prepayment meter fitted have been in the middle of a billing dispute or complaint, or have been discussing a repayment plan with their supplier. Further, there are many people who have been incorrectly billed or have had someone else's bill sent to their address. These people have also had prepayment meters fitted without notice. On point 4, we also acknowledge that this extra £150 charge should only occur where the individual has not engaged with their supplier, and where a warrant is required for fitting a traditional prepayment meter. However, we have further cases where people are charged for a warrant despite engaging with their supplier, and even where they have a smart meter.

# Citizens Advice helps people find a way forward.

We provide free, confidential and independent advice to help people overcome their problems. We're a voice for our clients and consumers on the issues that matter to them.

We value diversity, champion equality, and challenge discrimination and harassment.

We're here for everyone.

Contributors: Farhana Begum, Tom Brooke Bullard, Faye Brookes-Lewis, Rhiannon Fuller, Anne Pardoe, Jonny Tatam-Hall.

**[citizensadvice.org.uk](https://citizensadvice.org.uk)**



© Citizens Advice

Citizens Advice is an operating name of The National Association of Citizens Advice Bureaux. Registered charity number 279057.