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31 March 2023

To: Jane Hutt MS, Minister for Social Justice

Dear Minister

RE: Ministerial meeting with energy companies

I write following your latest meeting with energy companies on 30 March 2023. I'm grateful for the invitation to listen to the companies as they explained the steps they are now taking following our shared concerns over the treatment of vulnerable people. As you made clear to those present, the scandal of forced installation of prepayment meters has shaken faith in the ability of suppliers to look after their customers. It has also raised serious questions around their regulation, licences and use of debt collectors.

It is our view that prepayment meter households have too often been treated as second class citizens within the energy market. Ofgem and suppliers have repeatedly failed to prioritise this group when rolling out sector wide improvements - even though they often have the most to gain. Ofgem has been too slow to step in to protect prepayment meter customers from harmful practices.

There is a clear disconnect between the stated policies of energy companies and the reality for the people we support through Citizens Advice Cymru. In the meeting, suppliers said that they had extensive safeguards to protect vulnerable customers. However a short review of cases through our service quickly identified that vulnerabilities are not being adequately assessed. These cases exist across suppliers and across Wales. I have included a series of case studies (Appendix A) to illustrate these points.

As it stands, suppliers work on the assumption there's no vulnerability in the household until proven otherwise. We believe this should be reversed. Suppliers should assume there is vulnerability in the household until they can be confident there isn't.

In seeking to redress the forced prepayment meter scandal, the current pause in forced prepayment installations should last as long as is needed until new protections are in place, and



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market conditions ensure no detriment to customers. Action should be taken swiftly to compensate people if they were wrongly moved onto prepay through their smart meters or by installation by warrant.

Households which remain on prepayment meters must be offered a quick and straightforward route to securing additional support (eg. emergency fuel vouchers, additional credit & practical debt remedies like debt holidays).

Ofgem and industry must go further to ensure that appropriate safeguards and support are in place to ensure disconnection - by whatever means - is kept in the past. Disconnection in water was banned two decades ago because of health and safety concerns. Disconnection of energy supply to households on credit meters is also effectively banned. But we know when people are struggling to afford to top-up their prepayment meters or are worried about energy costs, disconnecting themselves from an energy supply is commonplace. This simply passes off the responsibility for disconnection from energy suppliers to consumers - the impact is the same.

Considering action we could take in Wales specifically, it feels an opportune time to explore what can be done with the Welsh Government's housing-related powers to ensure tenants, particularly those who prepay for their energy, maintain the 'right to an energy supply'.

As you know, we remain concerned about energy and living costs continuing to remain high while government support is reduced throughout 2023. The Welsh Government's Wales Fuel Support Scheme assisted hundreds of thousands of households this past winter. We would urge the Welsh Government to begin preparations to offer support to low income households next winter. Addressing broader reform of the energy market to help low income households, we believe the UK Government should introduce an energy social tariff by Spring 2024, as part of a new policy framework to support people struggling in what could be a decade of high energy bills.

While we have pointed to areas above for exploration in Wales, many aspects are responsibilities that sit with the Ofgem, energy suppliers, and the UK Government. There are questions that remain unanswered by suppliers and the regulator. Your convening power to bring these parties together to answer questions on behalf of people in Wales is valuable, and appreciated.

We are determined to continue working with you and your colleagues in the Senedd to ensure



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lessons are learned.

Yours sincerely,

Luke Young

**Cyfarwyddwr Cynorthwyol / Assistant Director
Citizens Advice Cymru**

CC:

Chair of Petitions Committee

Chair of Equality and Social Justice Committee

Party spokespeople for social justice and equalities

Chair CPG on Fuel Poverty

Appendix A

Stacey's Story

Stacey is a single parent of two young children. She lives in a housing association property in South Wales. Stacey is a young care leaver with little support from social services. She's reliant on benefit income and due to rising costs is struggling to keep up with bills. Her energy supplier wrote to her to say she owes £5,000 on her gas bill. She's unsure how this amount built up.

Stacey has smart meters and these have since been switched to prepay mode, she was unaware this was happening at the time. It appears **[Supplier] failed to carry out any of the required checks to ensure having her meters switched to prepay mode was an appropriate method of payment.** There is also a debt recovery rate of £18 per week being taken from the credit she puts on her meter. She's now finding it very difficult to top up. Our adviser gave her a fuel voucher and talked through other support she may be entitled to and steps she could take with her energy supplier to reduce the high debt recovery rate.

Liz's Story



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Liz is a single parent with a young child. She lives in a housing association property in South Wales. Her electricity smart meter was switched to prepay mode due to disputed arrears. Liz has anxiety and depression which can make it difficult for her to cope with everyday tasks. Her child also has significant health issues which means she needs to keep their room consistently warm. The only notice she received for the switch was a single text, sent just two days before the switch was made. **[Supplier] did not take the required steps to check for customer vulnerabilities.** Due to the minimal notice, Liz was unable to budget for the change to prepay mode. She has continued to have issues with this way of paying, which has caused her to lose supply for over 50 hours since the switch.

Mary's Story

Mary is widowed with adult children. She lives alone in a housing association property in South Wales. Her energy supplier has recently switched her smart meters to prepay mode for outstanding energy debts. Mary didn't realise any debt had accrued on her account. She cannot remember receiving any notification from her supplier that the switch was going to happen and said no other debt repayment options were discussed before they took this action.

Mary has multiple vulnerabilities, including physical and mental health conditions. She does not have access to the internet and isn't confident using the telephone to speak with their energy supplier. She is subsequently struggling to raise these issues independently. She is unsure how she will afford to top-up her meters and make debt repayments and is very worried this will mean she will be without gas or electricity.

Acting on Mary's behalf, one of our advisers emailed [supplier] to check the status of her energy accounts, whether debt repayment options were discussed prior to the switch and whether she is on their Priority Services Register (PSR). Over a month later they had still not received a reply. When our adviser was finally able to speak to someone at [supplier] they confirmed that Mary has been on their PSR since 2010. In spite of this it appears **they didn't take account of her vulnerabilities before making the switch to prepay.**

Sian's story



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Sian has multiple health conditions, both physical and mental. She struggles to manage her finances and has a number of debts including considerable arrears on her energy bills. Her energy supplier has attempted to install a PPM on a number of occasions in the past due to the outstanding debt, but this hasn't happened previously due to Sian's health. She is on their Priority Services Register.

In February she received a letter from [Supplier] once again **threatening to get a warrant to install a PPM if the debt wasn't paid, despite the temporary hold on the forced installations of PPMs being in place**. She contacted her supplier, who agreed to put a 30 day hold on the account but she is worried about what will happen once this is lifted. Our adviser contacted [supplier] who confirmed there are no plans to install a PPM at the property at this time. However, the whole experience just added to Sian's worries and anxiety.