

Parliamentary Briefing: Pre-Payment Meters

March 2023

Background

Age UK is concerned about the impact prepayment meters (PPMs) and energy debt is having on older people leading many to put their wellbeing at risk through self-disconnection.

Customers who do not pay their energy bills when due can often find themselves in difficulty with their energy suppliers. In total, around 2.3 million electricity customers and 1.9 million gas customers are currently in debt to their supplier, the cumulative amount now standing at £2.4 billion. This debt is disproportionately held by some of the most vulnerable people in the energy market and requires Government intervention.

While some customers can find PPMs convenient to help with their budgeting, for indebted households forced into a PPM they can often present significant problems. Self-disconnections, where customers deliberately stop topping up the meter and run out of credit are becoming more common in indebted households.

Around 600,000 older households are on pre-payment meters, which constitutes some of the most vulnerable people in the energy market. While 10.7% of direct debit customers are in fuel poverty the proportion is three times higher at 30.6% for PPM users.

Age UK has heard stories from older people struggling to stay warm and pay their bills. The latest ONS statistics of over 65s show that:

- 76% are putting on more clothes or blankets
- 65% are using less fuel in their homes
- 49% are only heating the rooms they use
- 23% are going to bed earlier to stay warm

Age UK's Position

Age UK want the Government to ban switching customers to prepayment meters and switching smart meters to PPM mode. For all households who have a PPM, we are calling for an PPM amnesty. These households should have the opportunity to have their PPM uninstalled immediately and receive adequate compensation.

Further support is needed in the form of payment matching and debt write-off schemes to combat rising arrears and self-disconnections. The PPM safeguard tariff must be reinstated which would align the PPM price cap level with a cheaper direct debit level.

A comprehensive promotional campaign via online and offline channels to ensure legacy PPM users are aware of the available Energy Bill Support Scheme (EBSS) vouchers and the need to redeem them at local pay points. Repeat vouchers should be dispatched to homes yet to redeem and expiry dates must be extended to ensure maximum access. Customers who miss out on their Pre Payment Meter EBSS vouchers should be provided compensation.

Issues concerning PPMs and older people

With PPM customers generally paying more for their energy than those who pay by direct debit, and at higher risk of running out of gas or electricity due to a lack of cash or difficulty accessing their meter or a top-up point, Age UK is extremely concerned about the impact of PPMs on the lives of low-income older people.

Self Disconnection

During winter months older households are supposed to be protected from being disconnected to protect their health. However, households with PPMs are at risk of self-disconnection either pre-emptively due to fear of bills or because of debt. Customers in debt who are forced onto a PPM by their suppliers will often self-disconnect.ⁱⁱ

PPM users generally still pay daily standing charges even if they have fallen into debt and self-disconnect their supply, making it increasingly difficult for them to get back onto their supply as they are often made to pay off accrued debt before they can access their heating and powerⁱⁱⁱ.

While suppliers are mandated to check that a PPM is safe and reasonably practicable before installation, Age UK have heard reports of older people being forced onto a PPM or having their smart meter switched to PPM mode without due regard for their safety.

Legacy PPMs missing out on energy bill support.

While people on PPMs are included in the Energy Bills Support Scheme (EBSS), many are missing out due to the support being provided to those on legacy PPMs through vouchers. Recent Government figures showed that around 29% of vouchers sent to PPM households have not yet been redeemed. Age UK estimates that at least 150,000 older households relying on a legacy PPM will miss out on the EBSS. Urgent action is required to encourage people to redeem their £400.

The Government need to run a comprehensive promotional campaign via online and offline channels to ensure legacy PPM users are aware of the available vouchers and the need to redeem them at local pay points. Repeat vouchers should be dispatched to homes yet to redeem and expiry dates must be extended to ensure maximum access. Compensation should be provided to any legacy PPM user who misses out on their vouchers.

Age UK want to see the Government and Ofgem:

- ban switching customers to a prepayment meter under warrant and switching smart meters to PPM mode.
- a prepayment amnesty to give all households with a PPM the opportunity to have in uninstalled and receive adequate compensation
- further support should be provided in the form of payment matching and debt write off schemes, amid rising levels of arrears and self disconnections.
- reinstate the PPM safeguard tariff, aligning the PPM price cap level with the cheaper Direct Debit level

Older people told us:

“The rising cost of living, will affect me, as I was already struggling with the cost of gas and electricity. I am on a prepayment meter, so when it runs out, and you are in a financial situation, with no money, that is it, they are switched off. Sometimes one of my family can help, or you can ask British gas for some financial assistance, to put it back on which can be very helpful, but you have to pay the debt back every time you top up.”

Sandra

“I’m on prepayment meters and my electricity has already doubled I wont be able to put on my gas or heating if it gets any higher plus my food bill is going up week on week but my menu hasn’t changed.”

Anonymous

Get in touch

If you have any questions, or would like to meet to discuss PPMs please contact Age UK’s Senior Public Affairs Officer, Roshni Mistry, at roshni.mistry@ageuk.org.uk.

ⁱ Office for National Statistics (ONS). 30 January 2023. *The impact of winter pressures on different population groups in Great Britain: impacts on the cost of living on behaviors and health. Table 1.1.* [online] Available at <https://www.ons.gov.uk/peoplepopulationandcommunity/wellbeing/datasets/theimpactofwinterpressuresondifferentpopulationgroupsingreatbritainimpactsofthecostoflivingonbehavioursandhealth> [data collected 22 November to 18 December 2022].

ⁱⁱ Citizens Advice, 2022. Out of the cold? Helping people on prepayment meters stay connected this winter. Citizens Advice. [Online]. Available at: https://www.citizensadvice.org.uk/Global/CitizensAdvice/Energy/EXTERNAL_%20For%20publication_Out%20of%20the%20cold_%20Helping%20prepayment%20customers%20to%20stay%20connected%20this%20winter.pdf. [Accessed 28/10/2022]. Pg3.

ⁱⁱⁱ NEA, 2021. Fuel Poverty Monitor. National Energy Action. [Online]. Available at: https://www.nea.org.uk/wp-content/uploads/2021/11/0000_NEA_Fuel-Poverty-Report-and-Exec-Summary_v2.pdf. [Accessed 28/10/22]. Pg37.