PFRC

POWERING UP SUPPORT

OCTOBER 2025

UNLOCKING BETTER PATHWAYS FROM ENERGY DEBT TO DEBT ADVICE

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Sharon Collard

In partnership with:

POWERING UP SUPPORT: UNLOCKING BETTER PATHWAYS FROM ENERGY DEBT TO DEBT ADVICE

ABOUT THIS REPORT

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ABOUT STEPCHANGE DEBT CHARITY

StepChange Debt Charity offers the widest range of solutions of any debt advice organisation in the UK. Founded in 1993, StepChange provides free online debt advice and support to people experiencing problem debt. In 2024, 170,928 clients completed a full debt advice session, with a 'cost of living increase' the most common reason for debt, cited by 21% of new clients.

ABOUT OFGEM

The Office of Gas and Electricity Markets (Ofgem) is the energy regulator for Great Britain. It works to protect energy consumers, especially vulnerable people, by ensuring they are treated fairly and benefit from a cleaner, greener environment.

ABOUT PFRC

The Personal Finance Research Centre at the University of Bristol is an interdisciplinary research centre exploring the financial issues that affect individuals and households, with a particular focus on low-income, marginalised or vulnerable groups.

FOREWORD

“As a result of the energy crisis, we are seeing energy debt at levels we’ve never seen before. Despite prices dropping from their peak and now stabilising, the overall debt burden remains stubbornly high. Energy is one of many critical bills a consumer must pay and faced with multiple financial pressures, many households are getting into deeper debt with their energy suppliers. Suppliers play a vital role in supporting their customers through this unprecedented challenge and many are already stepping up to support them.

For someone experiencing vulnerabilities and hardship, reaching out to ask for help is the most difficult step – we should all help consumers take that step with more confidence and make the whole process easier for them.

The findings and call to action in this report can help build a more supportive ecosystem for energy consumers in debt. A future where suppliers and debt advice providers work together more effectively by collaborating and sharing their expertise to improve outcomes for consumers.”

Jemma Baker, Deputy Director - Future Retail Markets, Ofgem

“StepChange is delighted to be working with the PFRC and Ofgem to improve routes to debt advice for people struggling with energy debt. This builds on previous reports with PRFC in 2022 and 2023 highlighting the importance of good referrals to get people to the help they need.

Since the start of the cost-of-living crisis, we have seen a surge in the amount of debt households owe to energy firms. Energy firms can play a key role in identifying people with debt issues and aiding their journey to a debt advice service best suited to their needs.

The report finds people with energy debt often have complex needs, with ongoing financial and other vulnerabilities. It is vital we work together to ensure clients are best supported to deal with debt problems in a way that leads to good outcomes.

My thanks go to our partners at the PRFC and Ofgem for collaborating on this project.”

Vikki Brownridge, CEO, StepChange

CONTENTS

QUICK READ

This Policy Briefing puts forward an evidence-based action plan for improving debt advice referral pathways for energy customers. It calls for greater collaboration between energy suppliers and debt advice providers, adding support to Ofgem's proposals in its **Debt Strategy**.

It is based on analysis of three years of StepChange client data (2022-2024); a survey and qualitative interviews with StepChange clients with energy debt; and four expert workshops with representatives from the energy sector, debt advice sector and consumer organisations.

Why is this important?

Energy costs continue to be at the forefront of many households' financial concerns. While energy prices have fallen from their height in 2022/23, the average annual bill under the price cap has still risen nearly £700 in five years - from £1,073 in summer 2020 to **£1,755** in autumn 2025.

Energy suppliers - via their frontline teams - play a crucial role in supporting customers directly and referring those with energy debt to independent free debt advice services:

- **Over two-in-five (43%)** StepChange clients with energy debt in our survey said their supplier suggested they seek help with their finances or gave them information about independent debt advice.
- **Two-in-five (40%)** of those referred to StepChange by their supplier hadn't previously heard of StepChange. This rises to **44%** among those in financial difficulty for the first time.

Since contacting StepChange, three-in-five (60%) of our survey respondents had made at least some progress sorting out their energy debt. The non-financial benefits of debt advice included reduced stress and more financial confidence.

What would ‘good’ look like for energy debt advice referrals?

From our evidence, we have aclear picture of what ‘good’ looks like for energy debt advice referrals. We therefore propose six longer-term ambitions and eight quick wins and that could unlock better pathways from energy debt to independent free debt advice. The briefing provides more details about how this can happen.

Longer-term ambitions

1. There is greater coordination between the energy and debt advice sectors to ensure that debt advice providers are fully aware of all the support offered by energy companies (e.g. funds / grants) – and vice versa.
2. Energy suppliers use more supportive debt collection communications as standard practice to avoid current ‘mixed messages’ (i.e. sometimes threatening, sometimes supportive).
3. Energy suppliers and debt advice providers fully evaluate different approaches to referrals to understand what approaches work best for which clients and why.
4. Energy suppliers adopt the Standard Financial Statement for producing (and accepting) customer income and expenditure statements.
5. HM Treasury reviews and improves the statutory Breathing Space scheme e.g. by allowing resets when clients move between advice providers.
6. Consumer data can be ‘passported’ between energy suppliers and debt advice services in a secure way, with sector-wide investment in debt advice ensuring that new innovations are equitably accessible to providers.

Quick wins

1. Energy suppliers deal with all not-for-profit/free FCA-registered providers of debt advice.
2. Energy suppliers' frontline staff receive adequate training on what a best practice referrals process looks like.
3. The most at-risk customers receive support from specially trained teams and ideally are automatically routed to this team when dialling the main switchboard number.
4. Energy suppliers accept payment offers from customers where they have sought advice from a debt advice provider.
5. Energy suppliers work with the customer and advice provider to ensure correct energy billing / usage information is used in the income and expenditure statement to avoid the risk of the payment offer being rejected.
6. Energy suppliers offer flexibility in the length of debt payment plans that they will accept.
7. Energy suppliers offer customers flexibility in the way that they pay their bills. This includes flexibility over the day of the month the bill is due, how frequently the bill is paid (e.g. 4-weekly / monthly), and by what means the bill is paid (e.g. Direct Debit / on receipt of bill / prepayment meter).
8. Energy suppliers pause collection activities while a customer is seeking debt advice and acting on it – especially if there isn't an immediate clear debt solution and the client needs to take further action, such as a benefits application. This is particularly relevant for customers with negative budgets.

1 SETTING THE SCENE

Many UK households find it difficult to afford a decent standard of living. Energy costs have been a big contributor to household financial pressures.

The UK has moved beyond a short-term cost-of-living crisis to a longer-term state of "permacrisis", where cost-of-living pressures have persisted for several years. As a result, many households find it difficult to afford a decent standard of living as high living costs continue to outstrip income.

According to the **Financial Fairness Tracker**, four-in-ten households (39%) in May 2025 were either 'struggling financially' (24%) or 'in serious difficulties' (15%) – which equates to over 11 million households, and 300,000 more households than in May 2024. Household bills were the main pressure point, with almost all households (93%) saying that their bills had increased 'a lot' or 'a little' since November 2024.

Energy costs continue to be at the forefront of many households' financial concerns. While energy prices have fallen from their height in 2022/23, the average annual bill under the price cap has still risen nearly £700 in five years - from £1,073 in summer 2020 to **£1,755 between 1 October-31 December 2025** for consumers paying by Direct Debit. **A third of UK households** (34%) in May 2025 described their energy bills as unaffordable, rising to over a half (52%) of households with the lowest incomes.

As domestic energy bills have risen, so have the levels of energy debt and arrears owed by households in Great Britain. **The total value** of domestic energy debt and arrears in Q1 2025 topped £4 billion, up more than three-fold from £1.32 billion in Q1 2020. Another measure of energy unaffordability is the number of smart prepayment meter (smart-PPM) customers who **self-disconnect:**[1]

- **Electricity**: around 800,000 smart-PPM users self-disconnected at least once in Q1 2025; and more than

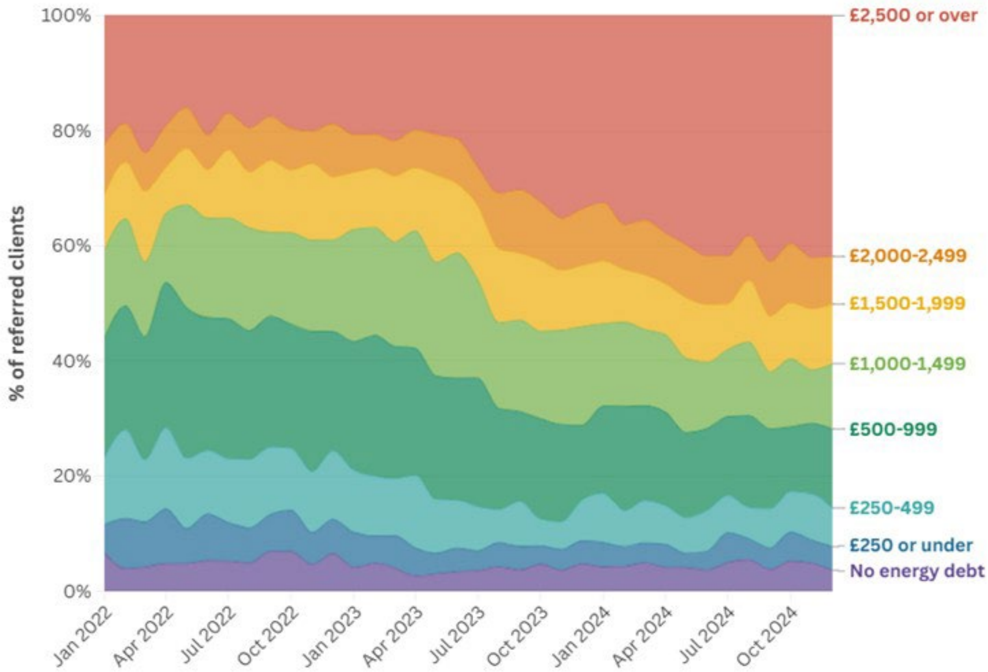
[1] Self-disconnection occurs when prepayment meter customers go off supply because the credit on the meter has been exhausted.

450,000 self-disconnected at least once for more than three hours.

- **Gas**: around 670,000 smart-PPM users self-disconnected at least once in Q1 2025; and more than 500,000 self-disconnected at least once for more than three hours.

Our analysis of StepChange client data (Figure 1.1) shows the sharp rise since 2022 in the proportion of clients referred by their energy supplier to debt advice with energy debts of £2,500 or more.

Figure 1.1 Level of energy debt among StepChange clients referred from energy suppliers in the period Jan 2022-Oct 2024



The cumulative effect of these financial pressures is that one-in-five (22%) of UK adults report **living on a negative budget** - which means they do not have enough income to cover their essential bills and costs. The figures are even higher among debt advice clients – in June 2025, **three-in-ten (29%) StepChange clients** reported a negative budget. This makes it much harder – and more stressful – to get energy and other debts under control. Box 1.1 gives examples from our client interviews about their experiences of dealing with energy debt, which highlights the links between poor health, energy use and dealing with debt.

Box 1.1 What StepChange clients told us about dealing with energy debt

For some clients we interviewed, major health issues meant their energy use was high - as they were spending more time at home and needed to stay warm - at a time when their incomes were reduced because they were unable to work. Due to ongoing treatment for a serious health problem, one interviewee described how "that puts me at home...all day for weeks on end, so that uses more energy." This resulted in energy arrears and other debts. Her poor health also seriously impacted her ability to engage with her financial situation: "I couldn't give it the headspace it needed."

1.1 About this briefing

This Policy Briefing puts forward an evidence-based action plan for improving debt advice referral pathways for energy customers. This calls for greater collaboration between energy suppliers and debt advice providers, adding support to Ofgem's proposals in its **Debt Strategy**. Box 1.2 below describes what we mean by 'referral' in the context of this project.

Our analysis shows that energy suppliers - via their frontline teams - already play a crucial role in referring customers with energy debt to debt advice services. But there is room for improvement to make sure that more energy customers benefit from independent, free debt advice. Helping customers repay their energy debts in an affordable and sustainable way is also good for business – particularly as 3.6% of gas and electricity customers are in arrears but **have no arrangement to repay the debt**.

This Policy Briefing is based on the following data:

StepChange client data analysis

To understand patterns of referrals over time and for context.

c. **170,000** clients with energy arrears between **2022-2024**.

22,500 said they were referred to StepChange by their energy supplier.

Survey and interviews with clients

To understand experiences of referrals and dealing with energy debts.

Survey completed by **256** clients and qualitative interviews with **10 clients** who were seeking help with energy debt in 2024.

Stakeholder workshops

To explore opportunities to change practice and policy.

Three in-person workshops and one online workshop with c. **40 representatives** from the energy sector, debt advice providers and consumer groups.

Further details about the data are provided in the Technical Appendix.

In Section 2, we examine the three steps in an energy debt advice referral pathway: pre-referral; the moment of referral; and post-referral. We set out our vision for each step and the evidence about consumer experiences now.

In Section 3, we look at wider consumer experiences that StepChange clients told us about in relation to: paying for energy; communication with suppliers; and support with extra needs. Energy firms should consider what more they can do that would help resolve matters more quickly. Addressing these issues 'upstream' could prevent problems escalating, thereby helping to reduce the number of consumers falling into arrears, cutting call handling costs for suppliers and relieving pressure on the debt advice sector.

In Section 4, we set out our evidence-based calls to action. These were developed by the research team based on the content of the four workshops and the findings from the survey and interviews with StepChange clients. Workshop attendees do not necessarily endorse the recommendations of this report.

Box 1.2 What is a referral?

A referral is the act of directing someone to a different place or person for information, help or action. Where creditors or other organisations refer people to an external debt advice service, the process is generally informal – they do not, for example, require an individual or organisation to complete a referral form. In some cases, an individual may be given information about a relevant organisation or organisations and expected to make contact themselves (sometimes called signposting). In other cases, an appointment or call-back may be arranged on their behalf to offer a more structured route from the referral organisation through to debt advice. Other referrals mechanisms can be purely digital. StepChange has a digital tool called StepChange Direct, which can be embedded into creditors' debt collection journeys.

For the purpose of the project, we defined 'referrals' broadly to include signposting, warm transfers, call backs and digital referrals.

2 REFERRALS INTO DEBT ADVICE FROM ENERGY SUPPLIERS

Energy suppliers play an important role in getting people into debt advice. We examine the three steps in an energy debt advice referral pathway, setting out our vision for consumers at each step and the evidence about consumer experiences now.

Our survey of StepChange clients with energy arrears in Box 2.1 shows that energy suppliers are an important route into debt advice for customers with energy debt (most of whom have other arrears as well, as we describe below).

Box 2.1 Energy suppliers are an important route into debt advice

- **Over two-in-five (43%)** clients with energy debt said their supplier suggested they seek help with their finances or gave them information about independent debt advice.
- **Two-in-five (40%)** of those referred to StepChange by their supplier hadn't previously heard of StepChange. This rises to 44% among those in financial difficulty for the first time.
- **Two-in-five (38%)** survey respondents agreed that "I wouldn't have found StepChange if my energy supplier hadn't told me about them."

The majority of survey respondents (91%) were already behind with their energy bills when seeking debt advice. Most had arrears on other household bills (75%) or owed money on consumer credit debts (75%) as well. Of those facing other arrears and debts, four-in-ten (43%) - the biggest single category - said their energy debt was the most important debt to resolve; 39% ranked their debts as equally important to resolve.

A third (34%) of clients in the survey said this was the first time they had been in financial difficulty – highlighting how the cost-of-living crisis has necessitated more people getting professional help. For most, though, financial difficulties were not a new experience: four-in-ten (42%) survey respondents had been in financial difficulty once before and two-in-ten (19%) multiple times before. This confirms that

> ***'… getting into debt, and particularly getting out of debt, are rarely singular and brief events in a person's life'.***[2]

If energy suppliers have a clear and consistent debt advice referral pathway, this can help energy customers get support sooner, potentially saving them stress, time and money. In this section, we examine the three steps in an energy debt advice referral pathway: pre-referral; the moment of referral; and post-referral. We set out our vision for each step and the evidence about consumer experiences now. We conclude by considering the outcomes of debt advice for people with energy debt.

For debt advice referral pathways to work well it requires adequate capacity in the independent debt advice sector – something that was discussed at length in our workshops and has seen calls for **a new funding model for debt advice** to which all significant creditor sectors (including energy suppliers) contribute.

Step 1: Pre-referral

From our previous study of **debt advice referral pathways**, we know that customers are more likely to talk to creditors about their financial difficulties (and other issues or vulnerabilities) if there is good communication from creditors, they provide a supportive

[2] Livingstone S M and Lunt P K (1992). 'Predicting personal debt and debt repayment: Psychological, social and economic determinants'. *Journal of Economic Psychology*, 13, page 118. https://www.sciencedirect.com/science/article/abs/pii/016748709290055C

environment in which to have that conversation, and they have mechanisms in place so that information shared by the customer can be positively acted upon where appropriate. This means that financial difficulties can be identified, supported and hopefully resolved at an earlier stage – including through referrals to independent debt advice.

This is important because payment problems and arrears can arise from circumstances that are beyond people's control, such as **income shocks and health issues**. In addition, over half (55%) of StepChange's new clients **have a vulnerable characteristic in addition to their debt problem** that may impact their ability to access support, for example due to fear and anxiety about the consequences of asking for help, not knowing what support is available and mental health problems that make it difficult to cope with their situation and take action.

Our survey data shows that in the 12 months prior to going to StepChange, many clients were in communication with their energy suppliers about their debts - suggesting there are multiple opportunities for positive engagement. Half of clients with energy arrears (48%) had received debt collection letters or emails from their suppliers; and four-in-ten (37%) had received phone calls from their supplier about the money they owed.

As other work has shown, clear, consistent, and empathetic customer communications are crucial in this pre-referral step – whether by telephone, email or webchat. However, StepChange clients were sometimes frustrated in their attempts to talk to their supplier about their energy debt, as described by one of the people we interviewed:

"They didn't understand what I was trying to say. I didn't understand what they were saying, and it was just like a vicious circle of not getting anywhere." (Client interview)

Another interviewee felt that better training for frontline staff around communicating with customers in debt would be beneficial:

".. it's just maybe the customer service side of it being trained better for them to be more empathetic on the phone to people - I mean being in debt is shameful. It's embarrassing at times, and it's hard to make those phone calls." (Client interview)

We discuss communication issues further in Section 3.

These frustrations may help explain why, in our survey, over a third (36%) of respondents felt unfairly treated in relation to energy bills, second only to Council Tax arrears (37%). We know that another source of frustration for customers is being ‘ping-ponged’ between organisations when they are trying to get help with debts. In our survey, 41% of respondents agreed that “I feel like I keep being passed from organisation to organisation”, rising to 55% among those with six or more debt/arrears types (including energy).

Step 2: The moment of referral

Energy suppliers may ascertain that they can resolve acustomer’s energy debt problem internally, with the help they are able to offer, without the need to refer to independent debt advice.

In cases where an energy supplier assesses that a customer would benefit from independent debt advice, however, the moment of referral is a point at which they can increase the chances of an effective referral by:

1. Ascertaining that the debt advice (or other support) organisation they are referring to is a good fit for the customer, and
2. Making sure the customer is advice-ready.

We expand on these two points below.

As noted in Box 2.1 above, 43% of clients in our survey said their energy supplier suggested they seek help with their finances or gave information about how to access independent advice on money matters.

Of these clients, most (67%) said they were signposted to StepChange – in other words, their energy supplier gave them details of StepChange and left them to contact the organisation directly. Two-in-ten (18%) said their supplier didn’t mention StepChange specifically; one-in-ten (10%) couldn’t remember; and a handful said they were warm-transferred (i.e. transferred direct from the energy supplier to StepChange), given a call back or a link to StepChange’s online advice tool. **As we have previously flagged**, further analysis is needed to understand the extent to which client outcomes vary depending on the type of referral mechanism used.

Good fit?

Energy suppliers may have their own customer care policies and practices that help call-handlers decide if and when to refer customers to independent debt advice. This would be likely to require a call-handler to make an assessment of the customer's financial and life situation. The sorts of situations where such a referral might be beneficial for the customer include owing money to multiple creditors, not just their energy supplier; having difficult or complex life circumstances, such as poor health or a disability; and life events such as job loss or bereavement.

Energy supplier call handlers can increase the chances of an effective referral by checking that the debt advice service (or other support organisation) is a good fit for the customer. This means they need to:

- Establish the customer's needs so they are referred to the right sort of help e.g. help to maximise their income, debt advice, or both.
- Consider the customer's capabilities and what type of debt advice service is likely to work best for them e.g. online, telephone, in-person support.

The social policy cases regularly collated by StepChange advisers show that it is not uncommon for energy supplier call handlers to incorrectly refer customers to StepChange when what they need is not debt advice but other help with energy bills or income maximisation. This mis-direction means that debt advisers have to spend time dealing with customers who don't need debt advice, which is likely to be frustrating for customers and advisers alike, and an inefficient use of their resources.

On a different issue, a small number (7%) of our survey respondents said their energy supplier wouldn't let them use the debt advice organisation that suited them best. Concerns were also raised in the workshops that some energy suppliers would not deal with debt advice providers that people had chosen to go to, when there was no good objective reason for energy firms not to work with that debt advice provider. This should not be happening and Ofgem is seeking to improve the situation through its Debt Strategy.

Advice-ready?

Low public awareness of independent debt advice and not knowing what debt advice is or how it might help are **key barriers that stop people getting help**.

Energy supplier call handlers can increase the chances of an effective referral by making sure that the customer is advice-ready. This means they need to:

- Take time to explain what a debt advice service can and can't offer and the likely process of getting debt advice.
- Flag with the customer the documents and information a debt advice service is likely to want.
- Check the customer understands their monthly energy usage, their bill amount, and their arrears.
- If possible, securely share relevant customer data with the debt advice service to reduce the number of times the customer has to repeat their story
- Send written details of the debt advice service(s) the customer is being referred to or that could meet their needs, by post and/or digitally by email or text message.

Of those survey respondents referred to StepChange by their energy supplier:

- **57%** agreed that "the help offered by StepChange lived up to what had been described by the energy supplier" (18% disagreed).
- **44%** said their supplier didn't tell them what information StepChange would need from them.
- **29%** said their supplier gave them no information or inaccurate information about what to expect when contacting StepChange.
- **76%** felt they had to repeat a lot of information to StepChange that they had already given to their supplier.

These findings indicate there is already some good - but not consistent - practice in the energy sector in describing what debt advice offers, as one of our survey respondents commented:

"My supplier was brill, gave appropriate advice and where I should go for further help" (Survey respondent)

There is also room for improvement, particularly helping customers understand what to expect when they contact independent debt advice and what information to have to hand. These less positive findings might be linked to the fact that most survey respondents were signposted to StepChange, which constitutes a relatively light-touch and unsupported form of referral.

The biggest issue flagged in our survey, however, is that eight-in-ten respondents (76%) felt they had to repeat a lot of information to StepChange that they had already given to their supplier. This could be an issue *within* energy suppliers as well, as one client with multiple health issues described:

"... for me because I'm quite complicated, I really just wanted one person you know, one team or one something to manage it... that's the frustrating part you're just talking to too many different people, and they're all doing different things. And it's just hopeless." (Client interview)

The information that customers have to repeat multiple times may be transactional (e.g. meter readings) and/or information about them and their household (e.g. their health or other personal circumstances).This repetition is, at best, time-consuming and frustrating for customers. At worst, it can be distressing and traumatising if it means customers having to repeatedly describe difficult life events that have contributed to their energy debt (and which they may still be going though), such as serious health issues or relationship breakdown.

A huge amount of effort has been, and continues to be, expended across multiple sectors to bring about a better system of secure data-sharing between consumers and the organisations they deal with (such as energy suppliers); and for that data to be shared between trusted organisations. We give examples of these activities in Box 2.2 below.

While none of the activities in Box 2.2 are specific to debt advice, such innovation may offer opportunities for consumer data to be ‘passported’ between energy suppliers and debt advice services. **As we have noted before**, however, adoption of new technology is not always straightforward – especially for smaller organisations that have limited budgets, technical expertise and capacity to re-train staff on a new system. For innovation to be equitably accessible to debt advice services will require sector-wide investment.

Box 2.2 Initiatives to bring about a better system of secure data-sharing

- “Improving identification and smarter use of data” is part of Ofgem’s **Consumer Vulnerability Strategy** which includes standardising how consumers’ consent to share their energy data, e.g. with a debt adviser.
- A **Support for All platform** piloted by Northumbrian Water Group aims to securely host data about customers on the Priority Services Register that can facilitate accurate data sharing among utility companies.
- Consumer experts have published **10 principles for designing vulnerable consumer data-sharing programmes** across essential service sectors and an overview of the data-sharing that already exists in these sectors.
- Platforms such as the **Experian Support Hub**, **TellJo**, and the **Vulnerability Registration Service** enable individual consumers to securely share information about their circumstances with selected organisations.
- **Part 1 of the Data (Use and Access) Act 2025** enables the ‘smart data’ model used in open banking - where customers can securely share their financial data with third parties - to be extended to other sectors like utilities, telecoms and transport, under regulated frameworks.

Step 3: Post-referral

A smooth flow of information between energy suppliers and debt advice services remains important post-referral, because once a customer engages with debt advice it should afford them some protection from further debt collection activity (for example, through the statutory Breathing Space scheme). Other key waypoints post-referral include coming to debt repayment arrangements that are affordable and sustainable for the customer (taking into account the cost of ongoing energy usage); and enabling customers to make payments in a way and at a time that works for them.

Information flows

Our workshop discussions highlighted that feedback loops between energy suppliers and debt advice services can be patchy post-referral. This means that energy suppliers may not know (or have not recorded) that a customer is in contact with debt advice and therefore should be afforded some protection in line with regulatory and supplier policies. Information flows *within* energy suppliers could also be disjointed where several teams were involved.

The evidence from our survey supports the need for better post-referral communication: half of our survey respondents (54%) said their energy supplier continued to chase them for arrears while they contacted StepChange. As one respondent commented:

"I was so glad [my supplier] told me about StepChange but I wish they would stop hassling me." (Survey respondent)

Closing these feedback loops requires a consistent approach and clear standards to communicate and record when a customer engages with debt advice. Debt advice providers and/or debt advice clients need to inform their energy supplier about this engagement. From a supplier perspective, it involves energy suppliers ensuring that call handlers (1) take adequate notes during contact with debt advice providers and (2) record these notes on the customer's account in a timely way.

Workshop participants raised a related concern about the statutory 60-day temporary protection (**'Breathing Space'**) afforded to consumers in England and Wales while they get debt advice and make a plan. Under-capacity within the debt advice sector meant that 60 days was not always sufficient to put a plan in place. Similarly, **two-in-five StepChange clients (41%)** who registered for Breathing Space said 60 days wasn't long enough for their situation to stabilise and to make progress with their debts.

Energy debt repayment

Our survey data paints a mixed picture about sustainable energy debt repayment. Since contacting StepChange, four-in-ten respondents (37%) said they had agreed a payment they felt was affordable. However, two-in-ten (16%) had agreed a payment plan they did not think was affordable. A further 12% said some or all of their energy debt had been written off.

Other issues with energy debt repayment were:

Suppliers seeming to ignore debt management plans set up by StepChange: *"I just feel they don't take any notice that I have a DMP set up even though they were the ones to tell me about StepChange."* (Survey respondent)

Energy suppliers' automated systems over-riding the agreed debt repayment amount: *"Issue with automated system that adjusts the Direct Debit amount to a higher amount to get the debt in line, the system ignores the agreed arrangements."* (Survey respondent)

Energy suppliers refusing to accept debt repayment except by Direct Debit: "*they said that because it's not Direct Debit, then it didn't count, which I didn't really understand*." (Client interview)

Our workshop participants highlighted that putting in place sustainable repayment plans was even more important if Ofgem's planned Debt Relief Scheme (to clear energy debt accrued during the energy crisis) contains conditionality around customers being on a debt repayment plan. Otherwise there is a risk that customers who can't afford to sustain their repayment plan lose the opportunity for debt relief.

Debt advice outcomes for energy consumers

Since contacting StepChange[3], 60% of our survey respondents had made at least some progress sorting out their energy debt (30% some progress; 17% a lot; 13% completely sorted). Two-in-ten felt they had made a little progress (16%); and a similar number no progress at all (23%).

The benefits of debt advice extended beyond the financial, to reduced stress and feeling more financially confident, as one interviewee described:

"The relief is just immense, it really is, and we don't have to worry about our debt. We know it's being paid off...I've never had a good relationship with money. It's something I've always struggled with, but become more confident with money since being in debt and being able to budget a bit better now, especially with StepChange helping as well." (Client interview)

At the same time, debt advice is clearly not a panacea for the difficult financial circumstances that people are living in. Even after debt advice, four-in-ten (41%) of clients in the survey (conducted in February-March 2025) said they were still struggling to keep their home comfortably warm in cold weather; and two-in-ten (16%) had accessed a food bank. As survey respondents told us:

"I do not feel I can afford to heat my home or have hot water. I rely on cooking once every two or three days. I use my bathroom as a fridge as it is colder." (Survey respondent)

"Heating has only come on in my daughter's room because she has [a] health condition and she is only five years old. The other bedrooms heating has been off all winter. We've had to be extremely careful how we use our electricity this winter." (Survey respondent)

In Section 3, we move on to consider the wider context of consumer experiences with energy suppliers, focusing on: issues paying for energy; communication with suppliers; and support with extra needs.

[3] This includes respondents referred by their energy supplier and those who came to StepChange some other way.

3 WIDER CONSUMER EXPERIENCES

Energy debt referral pathways need to be understood in the context of wider consumer experiences with energy suppliers. Our evidence highlights issues paying for energy; communication with suppliers; and support with extra needs.

In our survey of StepChange clients with energy debts, we asked about wider issues they had faced in the past two years when dealing with their energy supplier. This section sets out the evidence around their experiences of paying for energy; communication with suppliers; and support with extra needs. Addressing these issues 'upstream' could help resolve matters more quickly. This could reduce the number of consumers falling into arrears, cut call handling costs for suppliers and relieve pressure on the debt advice sector.

3.1 Paying for energy

Our survey asked about three potential issues with paying for energy: unexpected large bill rises; not being able to pay for energy using their preferred payment method; and billing errors.

Unexpected large hikes in energy costs was the biggest issue reported by survey respondents in the past two years. Half (52%) of them reported an unexpected large rise in bill or Direct Debit in the last two years, which had contributed to their energy arrears, as our client interviews highlighted:

"... it would just automatically keep getting upped to a ridiculous amount of money which I couldn't afford."

"They [were] taking different amounts on Direct Debit. Sometimes they were not taking any, sometimes they were taking one or two a month."

In our workshops, participants discussed how energy suppliers should already have the power to avoid "bill shocks" for customers on Direct Debit, such as ensuring that automated decision-making on payment amounts uses a suitable algorithm; and having appropriate tolerance checks around Direct Debit amounts, to avoid tipping people into payments they cannot afford.

The method of paying for their energy had been a problem for a quarter (23%) of survey respondents in the past two years, who reported issues paying their bill in the way that suited them, such as energy suppliers insisting on payment by Direct Debit; and not offering any flexibility on the day that Direct Debits were taken from customers' accounts:

"They refuse to accept a payment by standing order and insist on me paying by Direct Debit. I pay by standing order so I remain in control of my finances and not them." (Survey respondent)

"They would only let me pay by Direct Debit on the first or last working day of the month. I get paid on the 6th of the month. They told me to budget better and would not allow any other dates for payments." (Survey respondent)

Ofgem's **Standard Licence Conditions** require energy suppliers with more than 50,000 customers to offer a wide choice of payment methods; and its **Consumer Vulnerability Strategy** states that consumers who are struggling to pay their bills should receive flexibility in payment methods and frequencies.

Other research shows that flexible payment methods (such as Variable Recurring Payments) can help consumers on low or irregular incomes to manage their bills and reduce the risk of entering into financial difficulties. Energy suppliers showing some flexibility in payment method was also valued by a StepChange client we talked to:

*"I just have to sometimes cancel the Direct Debit, because the Direct Debit is set at a certain rate, but our bills are a lot lower. So if I cancel a Direct Debit, I can make the payment that I can afford, rather than having £50, £60 that I could use somewhere else sitting on a Direct Debit... They're absolutely fine. They're accommodating in that sense.*** (Client interview)

Workshop participants were concerned that energy customers should be eligible for suppliers' energy debt relief schemes (e.g. debt matching or debt write-off schemes) regardless of how they paid for energy, in other words, those not paying by Direct Debit should not be excluded. This was something they felt Ofgem could address in its Debt Strategy. Ofgem's own Debt Relief Scheme has no eligibility restriction relating to payment method.

Incorrect billing was something that two-in-ten (17%) of our survey respondents had experienced in the last two years. For one survey respondent, resolving an incorrect bill had been a long, drawn-out and stressful experience, as they described:

"[Energy supplier] sent me a bill of nearly £2,000 for gas and electric after living in this place for nearly three years and despite sending them money every month. They said there had been an error with my bills and they'd undercharged me, and that I would have to pay the money. I had no idea how the bill got so high. I questioned it. I also complained. They doubled down. It went on for ages. Adding charges, constant threats even though they know I'm a vulnerable person with complex health needs - all they cared about was money. Eventually it came to light they were totally wrong, the bill was wrong and I didn't owe them £2000. Despite months of stress, they didn't even apologise, they didn't compensate me, they still didn't even care the impact it had on me."

As Ofgem states in **its consultation on improving debt standards**, "Accurate billing is fundamental; it ensures customers can budget effectively, avoids unexpected bills, and builds trust and satisfaction" with a review of supplier billing practices underway. Ofgem's **existing rules on back billing** also mean that customers cannot be charged for energy used more than 12 months ago if they have not had an accurate bill for it before, even though they asked for one; if they have not been informed about any charges due via a statement of account before; or if the Direct Debit amount was previously set too low to cover any charges due.

3.2 Communication with energy suppliers

In the past two years, four-in-ten (37%) of our survey respondents had experienced poor customer service e.g. long call waits, as one person described:

"I have called [my energy supplier] on a number of occasions but have spent hours trying to talk to someone, they have ended the call several times, asked for call back but no one contacted me, rude customer service." (Survey respondent)

Three-in-ten (27%) survey respondents said they were not able to communicate in the way that suited them e.g. using the method of communication they preferred or at a time that worked for them. One survey respondent described ongoing communication problems even after making their support needs known to their supplier (an issue we discuss further in section 3.3):

“Online chat is not good! I have arthritis in my hands and take longer to type. Despite advising [my supplier] and asking for extra time to reply, they continually just cut me off – for taking too long to respond.” (Survey respondent)

One of our interviewees could not take telephone calls from her energy supplier during work hours, but the supplier did not provide out-of-office hours customer service. In the end, she agreed to communicate by email, which worked better for her:

“They would try to ring me at like 10 o'clock in the morning and I'd answer the phone and say, I can't talk to him at work. And can you ring me after work? And every day this happened for like weeks to just keep ringing me through the day at work."
(Client interview)

Another interviewee found it difficult to deal with her energy supplier on the phone, partly due to a hearing impairment but also because she simply found it hard to understand what they were talking about. This was one of the reasons she sought independent debt advice:

"I couldn't really understand what they were saying, and then, in terms of the phrases they were using. And it was just so confusing. And that's when I just I needed someone to help."
(Client interview)

More positively, interviewees valued energy suppliers having UK-based call centres; and several mentioned energy supplier apps being simple and easy to use for things like payments queries and energy efficiency information. Ofgem put in place new and updated rules at the end of 2023 to make it easier for domestic customers to contact their supplier and its consumer tracker survey shows there has been a positive impact as a result.

3.3 Support with extra needs

People with debt problems can have complex circumstances that mean they would benefit from support with extra needs. Our evidence suggests relatively high levels of need that are not always met.

As noted in Section 2, over half (55%) of StepChange's new clients **have a vulnerable characteristic in addition to their debt problem** that may impact their ability to access support. In our survey, nearly half (47%) of StepChange clients with energy debt said they were on the **Priority Services Register** (PSR), a free UK wide service that provides extra non-financial advice and support to **eligible consumers**, including when there's an interruption to electricity, gas or water supply.

Our survey also asked whether people had told their energy supplier about any extra needs they had (for example due to a health condition or impairment). Around three-in-ten (27%) of survey respondents had told their energy supplier about their extra needs; but one-in-ten (11%) had extra needs that they had not told their supplier about.

For the most part, disclosing extra needs did not lead to better customer service outcomes. Of those who told their supplier about extra needs:

- **57%** said it led to no change in support/customer service.
- **27%** said support/customer got better.
- **16%** said support/customer got worse.

These findings highlight that while creating positive disclosure environments for their customers is an important first step for energy suppliers (as discussed earlier under Pre-referral, Step 1 of the referral process), crucially they need to act on that information constructively for customers to have a good outcome.

In addition, in the past 2 years a quarter (25%) of survey respondents said they had difficulties getting reasonable adjustments from their energy supplier because of health or other support needs.

Looking at the outcomes from debt advice for survey respondents, those who were on the PSR (i.e. their circumstances meant they were eligible for additional support) were more likely to say they had made little or no progress with their energy debts (44%) compared to those not on the PSR (34%) since contacting StepChange. This is likely to reflect the more difficult financial and non-financial circumstances of customers on the PSR compared to those not on the PSR, and potentially a higher need for support with their energy debts and finances more generally.

Accessing hardship funds

Most major energy suppliers run hardship funds to support customers who fall into arrears, offering support such as grants to write-off debt, energy efficient white goods and appliances. The type of help available, eligibility, and application process vary by supplier. Several StepChange clients we talked to had applied unsuccessfully for hardship grants from their energy supplier, but did not understand why they had been turned down, as one survey respondent explained:

> ***"I applied for the hardship fund but was rejected without any information why I did not qualify, which was confusing as I had met all the criteria for the hardship fund."*** (Survey respondent)

After some confusion about the application process, one client we interviewed was successful in her grant application, which was contingent on three consecutive months repaying her arrears at an amount agreed with her supplier. The grant was conditional on keeping up the payments for her ongoing supply, otherwise she would have to repay it. She was also provided new white goods to replace her old, energy inefficient ones.

Other research has highlighted the need to raise consumer awareness of energy assistance schemes and remove barriers to eligibility and access. The new **Consumer Energy Debt Advice service**, led by Citizens Advice and delivered in partnership with the Money Advice Trust and StepChange, will support clients to resolve their energy debt problems and provide advice on consumer rights but also help those who are eligible to access energy efficiency support schemes.

4 CALLS TO ACTION

There is good work already happening in the energy sector to help people who have energy debts, but our evidence shows there is room for improvement.

Energy suppliers - via their frontline teams - already play a crucial role in referring customers with energy debt to debt advice services. But there is room for improvement to make sure that more energy customers benefit from independent, free debt advice. If energy suppliers have a clear and consistent debt advice referral pathway, this can help energy customers get help sooner, potentially saving them stress, time and money. Helping customers repay their energy debts in an affordable and sustainable way is also good for business.

In Section 2, we set out our vision for the three steps in an energy debt advice referral pathway: pre-referral; the moment of referral; and post-referral – and the evidence about consumer experiences now. In Section 3, we looked at wider consumer issues that, if addressed 'upstream' could also help resolve matters more quickly. This final section sets out our evidence-based ideas for change, in the form of calls to action for longer-term ambitions and quick wins.

4.1 Longer-term ambitions

What would good look like?	How can this happen?
1. There is greater coordination between the energy and debt advice sectors to ensure that debt advice providers are fully aware of all the support offered by energy companies (e.g. funds / grants) – and vice versa.	Energy UK - the energy industry trade association - could consider this as part of its **Vulnerability Commitment**.
2. Energy suppliers use more supportive debt collection communications as standard practice to avoid current 'mixed messages' (i.e. sometimes threatening, sometimes supportive).	See, for example, StepChange's '**Mixed messages**' report and Ofgem's report on **debt communications messaging**.
3. Energy suppliers and debt advice providers fully evaluate different approaches to referrals to understand what approaches work best for which clients.	This includes building understanding of what type of referrals (signposting / warm transfers / cold transfers / online) work best in what circumstances. It also requires having more mechanisms in place to monitor the effectiveness of referrals and understanding client outcomes in the short-, medium- and longer-term.
4. Energy suppliers adopt the Standard Financial Statement for producing (and accepting) customer income and expenditure statements.	The MaPS consults on and takes action related to any issues that energy suppliers have in adopting the Standard Financial Statement (via their Standard Financial Statement Advisory Group).

5. HM Treasury reviews and improves the statutory Breathing Space scheme e.g. by allowing resets when clients move between advice providers.	In the context of stretched support services, relatively little may actually happen to resolve someone's debts within the 60-day Breathing Space window. This is especially true if Breathing Space is set up by one organisation, but they then need to pass the client onto another organisation (which may have a long waiting list). In this instance, it may be better if Breathing Space could be 'reset' when passing from one advice provider to another.
6. Consumer data can be 'passported' between energy suppliers and debt advice services in a secure way, with sector-wide investment in debt advice ensuring that new innovations are equitably accessible to providers.	Building on work already underway to bring about a better system of secure data-sharing, there is an opportunity for the energy and debt advice sectors to work together to explore how consumer data can be 'passported' between energy suppliers and debt advice services, to cut down the number of times that customers have to repeat their story. This would require resource to build infrastructure and capacity across the debt advice sector.

4.2 Quick wins

What would good look like?	How can this happen?
1. Energy suppliers deal with all not-for-profit/free FCA-registered providers of debt advice.[4]	Where a customer has already engaged a debt advice provider, the supplier checks the provider's key details (name, website, location, phone number) against the **FCA firm checker**. If registered and approved for debt advice-related activities, the supplier works with them moving forward. Suppliers can also check debt advice providers via the Money and Pensions Service's **Debt Advice Locator tool** on its Money Helper website.
2. Energy suppliers' frontline staff receive adequate training on what a best practice referrals process looks like.	Training to include guidance on: - Creating a supportive environment in which the customer feels comfortable to disclose financial or other vulnerabilities. - Establishing the need for a referral to either debt advice and/or income maximisation. - Identifying customer capability / most appropriate channel for advice (e.g. face-to-face / telephony / web). - Offering a range of advice options, with details provided in writing to the customer (not just verbally).

[4] Unless there is a strong objectively justifiable reason for doing so, such as high risk of harm to the consumer.

	- Setting expectations about what type(s) of support organisations may or may not be able to offer. - Explaining what information / documents the advice provider is likely to need from the customer.
3. The most at-risk customers receive support from specially trained teams and ideally are automatically routed to this team when dialling the main switchboard number.	Frontline staff refer highly at-risk customers (e.g. situations of terminal or severe illness, suicidality, abuse) to specialist teams.
4. Energy suppliers accept payment offers from customers where they have sought advice from a debt advice provider.	Suppliers should ensure that when customers are referred to debt advice, they are told what information the advice provider is likely to need from them. This should include information on their energy usage / billing, to inform the income and expenditure statement.
5. Energy suppliers work with the customer and advice provider to ensure correct energy billing / usage information is used in the income and expenditure statement to avoid the risk of the payment offer being rejected.	Longer-term, suppliers work with advice providers to establish ways of sharing more accurate usage data. This also relates to the need for suppliers to offer advice providers a dedicated phone line to call.
6. Energy suppliers offer flexibility in the length of debt payment plans that they will accept.	Suppliers shouldn't insist on debt being paid off within a certain number of months (e.g. 6 months). They should, however, also be conscious of ensuring customers aren't on

		very long-term repayment plans (e.g. 20 years); these situations indicate extremely low or no affordability – suppliers may be better-off considering debt write-off in instances of ongoing and deep deficit budgets.
7.	Energy suppliers offer customers flexibility in the way that they pay their bills. This includes flexibility over the day of the month the bill is due, how frequently the bill is paid (e.g. 4-weekly / monthly), and by what means the bill is paid (e.g. Direct Debit / on receipt of bill / prepayment meter).	If a customer asks about paying on receipt of bill, they are informed that this will cost them an extra £X per year; however, they should not be forced to use one payment method or another. To prevent large, unexpected bill increases (which are part of the reason some customers are put off from paying by Direct Debit), automated reviews of customers' Direct Debits should not automatically supersede any payment plan previously agreed with a call handler / via debt advice. Tolerance checks could be conducted to see if any rise in bills is compatible with any previous income and expenditure statement. Debt matching / relief schemes offered by suppliers are flexible – for example, not tied to paying by Direct Debit and considerate of people with variable incomes.
8.	Energy suppliers pause collection activities while a customer is seeking debt advice and acting on it –	Suppliers should recognise that customers who are not yet on repayment plans may still be engaging with advice.

especially if there isn't an immediate clear debt solution and the client needs to take further action, such as a benefits application. This is particularly relevant for customers with negative budgets.	They may be acting on the advice by seeking income maximisation advice or submitting a benefits application. During this period, suppliers could perhaps 'check-in' on a customer to ask about progress with debt advice, but full debt collection activities are paused. Suppliers should also pause collection activities during formal Breathing Space. Longer-term, suppliers and advice providers could work together to build better feedback loops via data-sharing so that the supplier can see what stage of the advice process the customer has got to. Government bodies such as the Money and Pensions Service (MaPS) can help to support smaller advice providers to access data-sharing solutions (e.g. via the Debt Advice Modernisation Fund).

TECHNICAL APPENDIX

StepChange client data analysis

Our analysis of StepChange client data is based on approximately 170,000 records of new clients in the period January 2022 to December 2024 who had energy arrears. Of these 170,000 clients, approximately 22,500 were referred to StepChange by their energy supplier.

Survey of StepChange clients

We surveyed all StepChange clients who had gone through the full debt advice process in 2024 and were seeking help with energy debt. The survey was conducted in Feb-March 2025 and completed by 256 clients, covering experiences with 13 different energy suppliers. The survey took approximately 15 minutes to complete. It comprised mainly closed questions but respondents were also able to share their experiences through some open-ended questions.

Interviews with StepChange clients.

We conducted semi-structured qualitative interviews with ten StepChange clients who had energy debts, to understand their views and experiences in detail. The interviews were conducted using a discussion guide and recorded with permission for analysis purposes. The interviews were conducted online or by telephone between December 2024 and April 2025 and lasted up to 45 minutes. Interviewees were provided with a £35 shopping voucher as a thank for you for their participation.

Expert workshops

We conducted three in-person workshops in March-April 2025, in London, Bristol and Leeds, and one online workshop in May 2025. These workshops brought together representatives from the energy sector, debt advice providers and consumer organisations to consider the research evidence from our data analysis, client survey and qualitative interviews; discuss the key themes emerging; and activities in the energy and debt advice sectors to address some of the issues we identified. The workshops were conducted under the **Chatham House Rule**.

The workshops were attended by representatives from the following organisations:

- British Gas
- Burmantofts Community Project
- Cadent Gas Ltd
- Christians Against Poverty
- Citizens Advice
- Citizens Advice Leeds
- Clear Consultancy Services
- E Energy
- Energy UK
- EON Next
- Impact on Urban Health
- Leeds City Council
- Mangrove Energy
- Money Advice Trust
- Money and Pensions Service
- Money and Mental Health Policy Institute
- National Energy Action
- Octopus Energy
- Outfox the Market
- So Energy
- Sonex Financial
- Talking Money
- Trussell
- Welsh Government

The recommendations contained within this report were developed by the research team based on the content of the four roundtable discussions and on the findings from the survey and interviews with StepChange clients. Workshop attendees do not necessarily endorse the recommendations of this report.

Additional analysis tables derived from the quantitative data used in the project are available at: **www.bristol.ac.uk/geography/research/pfrc/themes/credit-debt/debt-advice/energy-referrals/**

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