

Gas and electricity problems

Utilities are the fastest growing area of enquiry for Scotland's Citizens Advice Bureau (CAB) service. Last year, we dealt with nearly 13,000 new utility enquiries, a 37.6% rise on the year before.

Power companies continue to cause misery for CAB clients through inaccurate billing, punitive debt recovery and inadequate complaints handling.

Problems experienced by CAB clients include:

- Inaccurate, confusing and contradictory bills
- Debt recovery that is mistaken, inappropriate, harsh or excessive
- Delays in fixing or recalibrating pre-payment meters
- Lengthy delays and frustration in contacting companies to resolve complaints

Billing errors

Billing errors continue to cause unnecessary hardship. Clients report receipt of multiple contradictory bills which are difficult to understand. Bills based on estimated readings can result in sizeable debts accruing, causing further problems for clients. On contacting their supplier, clients are often told to ignore letters threatening disconnection as they are the result of 'computer error'.

Debt recovery

When clients are in arrears, the repayment level is frequently excessive, both in relation to the debt owed and the client's income. Direct debits are altered without informing clients and it can be very difficult to get payment levels changed. Clients are often billed for the wrong amounts, due to errors or maladministration. Clients have also been pursued, even to disconnection, for the arrears of previous owners or tenants.

|| *A West of Scotland CAB reports of a client with two children whose partner had left them. The power company sent a bill for £4,551. They threatened disconnection but would not speak to her on the phone as the account was in her ex-partners' name.*

Contact

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Pre-payment meters

Pre-payment meters are often installed to repay fuel debt and are more common in low income households yet they are the most expensive payment method. In 2007 people paying by pre-payment meter paid an average £137 more than those paying by direct debit and £214 more than those paying online. Despite paying more, clients frequently encounter problems with faulty meters and delays in getting them fixed. Three companies also continue the practice of back-charging after a price rise. This can cause budgeting problems, particularly for those managing on low incomes, even though the onus is on the company to recalibrate the meter timeously.

'Smart meters' gauge energy usage and cost more accurately, and can be recalibrated or switched from credit to pre-payment remotely. They may therefore offer a long term solution to many of the problems currently experienced with pre-payment meters, but the UK Government and industry need to coordinate roll out at minimal cost to the consumer.

Complaints handling

Both clients and advisers can be exasperated by the length of time it takes to get through to companies, to find the right department and to resolve problems. Direct telephone lines for CAB advisers have helped but are of variable quality and not universal.

The changes to energy complaints handling from October 2008 assume considerable improvements in company complaint procedures. Energywatch, the gas and electricity watchdog, will cease to operate. Instead, basic assistance will be available from Consumer Direct and unresolved problems can be taken to an ombudsman after eight weeks. Vulnerable customers - a term yet to be defined - will be given assistance through the newly expanded Consumer Council.

We anticipate these changes will result in confusion and a further rise in the number of people coming to the CAB service for assistance.

CAS calls on power companies to:

- Significantly reduce their billing errors and improve their complaint handling
- Provide direct telephone numbers for CAB offices to speed up resolution of complaints
- End back-charging for token pre-payment meters and reduce the price difference between pre-payment meter customers and direct debit customers

CAS calls on the UK government to:

- Fulfil the Prime Minister's commitment to encourage roll out of smart meters to all households within ten years
- Ensure that all CAB clients are considered vulnerable and so can easily access effective complaints resolution through the new Consumer Council
- Increase pressure on the industry to improve complaints handling and intervene if there is no improvement

Case evidence

|| *An East of Scotland CAB reports of a couple who moved into a house, giving meter readings on entry. The previous owner had died and mail for them was sent on to their family. The clients returned from work one day to find that the house had been entered and the electricity supply disconnected. The power company said this was due to arrears of the previous owner. The clients lost a day's wages and a freezer full of food before the supply was reconnected.*

|| *A South of Scotland CAB reports of a client whose pre-payment meter key kept malfunctioning. She was told an engineer would be with her in four hours, but it took two days and she lost the contents of her freezer.*

|| *A West of Scotland CAB reports of a lone parent on income support who had not received an electricity bill for three years. She then received a bill for £3000 and it was agreed this would be paid by deductions from her income support. The rate was set at £43 per week, leaving the client in extreme hardship.*