



# Frontline perspectives: clients' journeys with prepayment meters

Exploring advisers' insights into  
clients' experiences prepayment meters



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## Who we are

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Citizens Advice Scotland (CAS), our 59-member Citizen Advice Bureaux (CAB) and the Extra Help Unit, form Scotland's largest independent advice network. Scotland's Citizens Advice Network is an essential community service that empowers people through our local bureaux and national services by providing free, confidential and independent advice. We use people's real-life experiences to influence policy and drive positive change. We are on the side of people in Scotland who need help and we change lives for the better.

During 2020-21, the entire Citizens Advice network provided advice and assistance to over 171,000 individuals; this equates to one in every 26 adults living in Scotland. The network put almost £147 million back into people's pockets during this time, with every £1 invested in core advice funding returning £14 in gains for people. Our extensive footprint is important in helping us understand how issues impact locally and nationally across the country and the different impacts that policies can have in different areas.

# Executive Summary

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Scotland has a disproportionate number of households on prepayment meters compared to Great Britain as a whole and many of those are households in or at risk of fuel poverty. Despite the increase in fairness and parity between different meter types, consumers on prepayment meters still face a significant range of harms linked to having a prepayment meter. Suppliers may also seek to install prepayment meters for consumers who are struggling to pay for credit meters on direct debit and may have accrued arrears for their energy costs.

Following insight from advisers and the data that Citizens Advice Scotland (CAS) receives from bureaux, CAS identified a need for a deeper dive into the issues that advisers are seeing day-to-day to identify where clients were experiencing detriment due to having prepayment meters. Advisers' unique insights on the experiences of their clients highlights wider issues that have occurred for prepayment meter customers. Analysing the case data received from bureaux provides the ability to identify where these experiences can be improved for all consumers.

A sample of 137 social policy cases were identified between July 2020 – January 2022 to provide a picture of clients' journeys with prepayment meters and problems they are having. The rich and detailed accounts given provide an insight into the clients that advisers are speaking with day-to-day. They provide the human story behind some of the data that many organisations, including regulators, may see in number form in terms of numbers of self-disconnections or enforcement of prepayment meters for debt collection. Focus groups with bureaux' staff and the Extra Help Unit were also conducted to supplement and expand on some of the issues identified from the social policy feedback data. The report has also included illustrative case studies from the Extra Help Unit to highlight some of the detriment being experienced by consumers.

The research found that where clients experienced a wide spectrum of harm or detriment, this was often severe. In particular, the analysis found that the implications of self-disconnection on clients had serious impacts on their health and wellbeing – exposing them to further harms as a result.

Prepayment meters as a payment method have created or exacerbated vulnerability for some prepayment consumers, particularly those who are disabled or struggling financially. The impacts of harm from self-disconnection do not affect all prepayment customers equally and harms may be amplified for some consumers compared to others.

## Executive summary

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In some cases, some clients are using (or being threatened with) prepayment meters which are not appropriate or safe given their wider circumstances. Appropriateness or safety issues may relate to making it more difficult to meet health needs; mental health conditions or learning difficulties may make it more difficult to manage a prepayment meter; or a financial situation which may leave them at risk of regularly coming off supply.

Affordability or vulnerability may create specific impacts for customers on prepayment meters. Clients are making difficult decisions about how to allocate their income which can mean that they are making difficult decisions about how and when to top up their meter. In other cases, clients may be reducing essential spending (such as food) to afford to top up their meter.

Clients were approaching bureaux as they were unable to afford either food, fuel or both and were looking for crisis support. Advisers sometimes identified that the limited nature of crisis support meant that clients struggled to manage these costs in the longer term.

Given the 54% increase in the price cap in April 2022, along with the 80% rise for October 2022<sup>1</sup>, this research provides a baseline for those who are most exposed to harm from their prepayment meters. CAS expects that some of these issues are likely to worsen the intensity of harms people are experiencing, as well as an increase in the number of people experiencing them.

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<sup>1</sup> Ofgem (2022) [Price cap announcement](#)



# Recommendations

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## **1. The UK and Scottish Governments should ensure that future funding is targeted to those most exposed in the energy crisis**

- Inclusive of those on prepayment meters at greatest risk and those frequently seeking crisis support to stay on supply.

## **2. Suppliers to review their vulnerability criteria to ensure it is inclusive and robustly protects people who are most vulnerable to detriment if they come off supply**

- Expand the vulnerability criteria to align with the Priority Services Register (PSR). The PSR already identifies who is vulnerable in the case of power outages and provides a useful framework for ensuring a robust vulnerability strategy for preventing self-disconnection.

## **3. Clearer, proactive and more accessible communication for consumers with prepayment meters, in a format agreed with the individual consumer**

- Weekly or monthly communication on how much to top up on a regular basis to stay on supply may prevent self-disconnection.
- Clear communication about standing charges to prevent consumers accruing debt.
- Outreach work with frontline agencies to improve communication about standing charges.
- Much clearer and more urgent communication is needed to ensure consumers switched remotely to PPM mode on smart meters.

## **4. A multi-agency effort to ensure greater awareness, coherence and consistency across fuel vouchers and other crisis support to ensure timely access to support when needed**

- Fuel vouchers are often patchy, with multiple access routes, inconsistently funded and difficult to navigate.
- Greater coordination is needed to ensure support is used.
- The creation of a central database or portal of all fuel voucher and fuel poverty support and referral routes.



## Recommendations

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### 5. The Scottish and UK Governments should ensure that there is increased and sustained investment in energy efficiency as a critical mechanism to reduce fuel prices and fuel poverty

- > Investment in energy efficiency as the main long-term strategy for reducing fuel poverty and reducing the risk of fuel costs pushing people to self-disconnect.
- > Scottish Government to bring forward energy efficiency regulations for the Private Rented Sector as a matter of urgency.

### 6. A continuous review of the adequacy of social security payments to ensure they meet everyone's needs

- > The UK Government needs to uprate benefits to ensure that households in poverty have access to essential-for-life services such as heat and power.



# Key Findings

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## **Finding 1: Many clients within our data face affordability issues related to PPMs**

- > Many clients on Universal Credit are struggling to top up their prepayment meters – and were struggling even prior to the energy crisis.
- > High cost of traditional electric heating (such as storage heaters) is creating significant affordability pressures for clients on PPMs.
- > Crisis support is not enough to alleviate ‘long-term crisis’.
- > Self-disconnection from supply is a symptom of poverty and predominantly relates to the insufficiency of benefits to cover basic costs.

## **Finding 2: Prepayment meters can potentially worsen or create vulnerabilities**

- > Prepayment meters can exacerbate or create vulnerabilities for some clients in fuel poverty.
- > Some clients are using (or being threatened with) prepayment meters which are not appropriate or safe given their wider circumstances.

## **Finding 3: In some cases, poor communication from suppliers had led to clients experiencing difficulties with their PPMs**

- > Clients had not had clear communication in a way that was easy to understand.
- > Some suppliers are remotely switching clients from credit to prepayment mode on smart meters – without clear communication or consent.
- > Some suppliers are remotely switching consumers without considering vulnerability.
- > Standing charges are not always well-communicated to clients, leading them to accrue debt over the summer months.

## **Finding 4: PPMs can lead to clients making difficult decisions about household spending – leading to impacts on health and wellbeing**

- > Clients are not only making decisions about heating and eating, but also whether to top up gas or electric meters.
- > Prepayment meters can lead to health impacts for certain clients.
- > Access to crisis support and fuel vouchers for those off-supply is patchy and depends on navigating a complex landscape of agencies.

## **Finding 5: The energy crisis has exacerbated a pre-existing issue regarding PPMs, particularly affordability and vulnerability**

# Background

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Scotland has a disproportionate number of households on prepayment meters – and many of those are households in or at risk of fuel poverty. Across Scotland, 17.9% of households have prepayment meters installed (421,000 households) with 19.7% of urban households having prepayment meters and 14.6% of rural<sup>2</sup>.

Prepayment meters have historically been viewed as a social issue as they tend to serve households who are more likely to be in fuel poverty, on low-income, in social housing or disabled, combined with being significantly more expensive before the introduction of the prepayment meter price cap in 2017.

The ongoing preconceptions about prepayment meters are often that they are significantly more expensive; in reality, the gap between costs for those on prepayment meters and those on credit meters has narrowed significantly – although prepayment meter customers do pay slightly more due to the increased costs of a prepayment meter service for energy suppliers<sup>3</sup>. In many cases, consumers on prepayment meters view them as a useful budgeting tool as it is easier to track and manage spending.

Despite the increase in fairness and parity between different meter types, consumers on prepayment meters still face a significant range of specific harms. Suppliers may also seek to install prepayment meters for consumers who are struggling to pay for credit meters on direct debit and may have accrued arrears for their energy costs.

Prepayment meter consumers can also face seasonal spikes in terms of cost – the ‘pay as you go’ approach means costs aren’t spread over the year<sup>4</sup>. Prepayment meter consumers may face a significant increase in costs for heating in the winter as their consumption increases, particularly if they haven’t planned for this period in advance or are unable to top up more during the summer in order to get them through winter.

## Self-disconnection

One of the greatest harms from prepayment meters is that prepayment meter customers are able to ‘self-disconnect’ which means that their supply is interrupted if they are unable to top up their meter.

Reasons for self-disconnection include not having sufficient funds to afford their energy costs; not realising or knowing their credit was low; forgetting to top up; or being unable to reach a top up point or the meter<sup>5</sup>.

Self-disconnection has far-reaching impacts for consumers who are unable to top up their meters and has a significant impact on a person’s ability to meet their basic needs – such as heating their home to a safe and healthy temperature, cooking and preparing food and washing and showering. They may also ‘self-ration’ by cutting back on energy expenditure to afford other essentials, such as food, or cut back on food to afford energy bills<sup>6</sup>.

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<sup>2</sup> Scottish Government (2019) [Scottish Housing Conditions Survey: fuel poverty key findings](#)

<sup>3</sup> Ofgem (2022) [Default tariff cap update 1 April 2022](#)

<sup>4</sup> Fuel Bank Foundation (2022) [Fuel Bank Whitepaper: Fuel Crisis report](#)

<sup>5</sup> Citizens Advice (2018) [Switch on: improving support for customers who have self-disconnected](#)

<sup>6</sup> Christians Against Poverty (2020) [A dark place: unaffordable energy costs and how low-income households cope](#)



# Background

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## Who has a prepayment meter?

### Income

Prepayment meters are most common in low-income households – with 21.9% of households on incomes less than £199 week on prepayment meters, 28% of households having an income between £200-299 and 26% of households with income between £300-399<sup>7</sup>.

### Fuel Poverty

Prepayment meters are more often found in households in lower socioeconomic groups and more prevalent in households in fuel poverty. Recent Lived Experience research from the Scottish Government showed that ‘fuel poor prepayment meter users are more likely to be in extreme fuel poverty as well as being more likely to be in income poverty’<sup>8</sup>. These findings are supported by the Scottish Conditions Housing Survey which reported that 36% of households with prepayment meters were in fuel poverty compared to 22% without<sup>9</sup>. Prepayment users are more likely to be on lower incomes and at higher risk of fuel poverty<sup>10</sup>.

### Housing

Social housing tenants are most likely to have prepayment meters, with 42.7% of households in the social sector having prepayment meters, compared with 21.3% of houses in the private sector and few (5.4%) in owner occupied households.

Households living in tenements and other flats have the highest number of prepayment meters, with 26.9% of tenement-based households having prepayment meters, 26.6% of other flats and 19.5% of terraced housing.

Households on council tax bands A-C have the highest number of prepayment meters – with 38.2% of households in band A having a prepayment meter, 24.5% of band B households and 13.9% of band C households<sup>11</sup>.

### Household composition

Prepayment meters are much more common in households with a single adult or single parent – with 25.8% of households with a single adult having prepayment meters and nearly half (48.5%) of single parent households having a prepayment meter<sup>12</sup>.

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<sup>7</sup> Scottish Housing Condition Survey (2019) Additional data supplied directly by SHCS

<sup>8</sup> Scottish Government (2021) [Tackling fuel poverty: a strategic approach](#)

<sup>9</sup> Scottish Government (2019) [Scottish Housing Conditions Survey: fuel poverty key findings](#)

<sup>10</sup> Scottish Government (2019) [Scottish Housing Conditions Survey: fuel poverty key findings](#)

<sup>11</sup> All cited data in section: Scottish Housing Condition Survey (2019) Additional data supplied directly by SHCS

<sup>12</sup> Scottish Housing Condition Survey (2019) Additional data supplied directly by SHCS

# Background

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## Disability

According to assessments, 34% of fuel poor households contain someone with a disability and 42% of all households in poverty in Scotland include a disabled person or are disabled themselves<sup>13</sup>.

Some disabled people face increased costs to stay safe and well. Nearly 1 in 5 (19%) households with a person with a long-term illness or disability have a prepayment meter<sup>14</sup>. These additional costs may be increased costs of power for medical equipment (for example, electric scooters, wheelchairs, medical equipment, hoists) or higher costs of heating to stay warm and well or high levels of hot water use to appropriately clean and sanitise equipment.

Many disabled people are on the Priority Services Register because they have medical equipment that requires power, so they need extra support during a power outage.

## Identifying and protecting vulnerable consumers

Our 'Fuel poverty advice and the protected characteristics' report<sup>15</sup> highlighted the disproportionate impact that prepayment meters can have on disabled people and that 'serious attention needs to be paid to the suitability of prepayment meters for disabled people in terms of their usability and given the increased risks of self-disconnection'.

There has been an increased effort to better consider vulnerability across the energy sectors. Ofgem's Vulnerability Strategy 2025 outlines its commitment to supporting and protecting vulnerable customers and to ensure 'positive and fair outcomes for all consumers including those in vulnerable situations'<sup>16</sup>. This commitment is in line with the statutory responsibility to protect the needs of people with disabilities, those who are chronically ill, people of pensionable age, or on a low income or living in rural areas<sup>17</sup>.

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<sup>13</sup> Scottish Government (2020) The Winter Heating Assistance for Children and Young People (Scotland) Regulations 2020 (legislation.gov.uk)

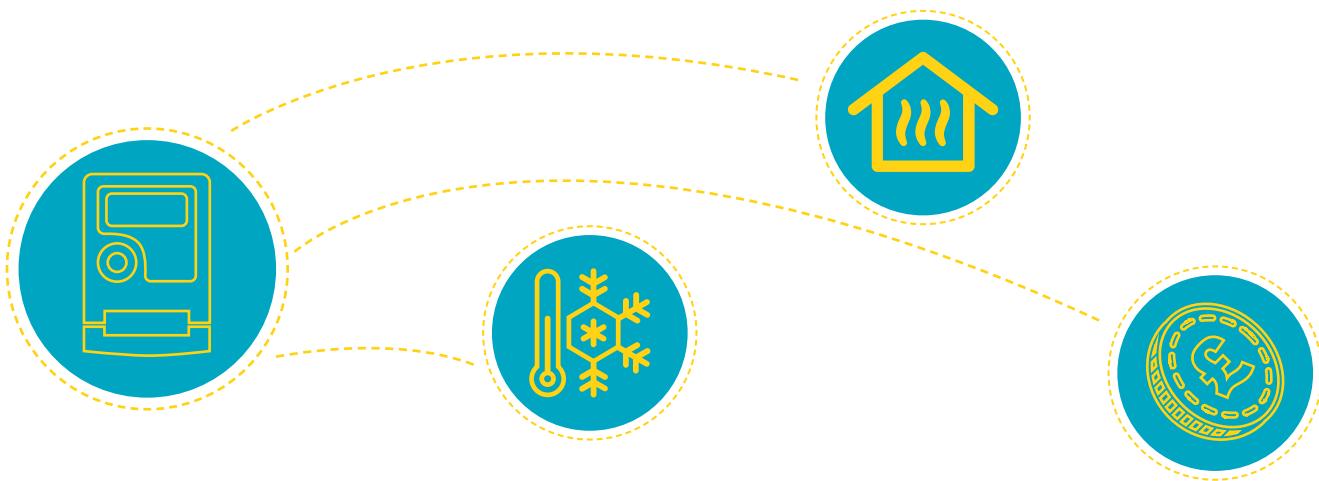
<sup>14</sup> Scottish Housing Condition Survey (2019) Additional data supplied directly by SHCS

<sup>15</sup> [The Fuel Poverty \(Enhanced Heating\) \(Scotland\) Regulations 2020 \(legislation.gov.uk\)](#)

<sup>16</sup> CAS (2021) [Fuel Poverty advice and the protected characteristics: An analysis of data from the Citizens Advice network in Scotland](#)

<sup>17</sup> Ofgem (2019) [Draft Consumer Vulnerability Strategy 2025](#)

<sup>18</sup> Ofgem (2019) [Draft Consumer Vulnerability Strategy 2025](#)



## Background

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Ofgem defines vulnerability as when a ‘consumer’s personal circumstances and characteristics combine with aspects of the market to create a situation where he or she is significantly less able than a typical customer to represent or protect his or her interests and/or significantly more likely than a typical consumer to suffer detriment or that detriment is likely to be more substantial’<sup>19</sup>. This could include a range of factors which may make energy consumers more vulnerable, although frequently used categories for the Priority Services Register include:

- > being D/deaf or hard of hearing
- > having a disability
- > a household with children under 5
- > being blind or partially sighted
- > having a chronic illness
- > requiring medical aids (especially ones requiring electricity for use)
- > being over 60 or
- > temporarily needing support<sup>19</sup>.

### The energy crisis

The 2021/22 energy crisis has had a significant impact on the average fuel prices faced by all households, including those on prepayment meters. The energy price cap rose by 12% in October 2021, by 54% in April 2022 and 80% in October 2022<sup>20,21,22</sup>. Whilst the full effects of the energy crisis have not been fully passed onto customers in their energy bills, our network of advisers has already begun to report significant detriment experienced by many households as their energy bills increase. The insight over the past winters provides a chilling look into experiences that are likely to be amplified over this 2022 winter period, even with Government support.

The following case studies came from the Extra Help Unit (EHU). The EHU raises complaints with energy suppliers on behalf of people who may be considered vulnerable or at risk of disconnection. It helps resolve issues for more than 12,000 people and micro-businesses each year, right across Great Britain. and works to improve standards across the energy industry, liaising closely with the regulator Ofgem and energy suppliers themselves. It is managed by Citizens Advice Scotland.

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<sup>19</sup> Ofgem (2019) [Draft Consumer Vulnerability Strategy 2025](#)

<sup>20</sup> [Priority services - we offer extra help for those who need it \(ssen.co.uk\)](#)

<sup>21</sup> Ofgem (2021) [Default tariff cap update from 1 October 2021](#)

<sup>22</sup> Ofgem (2022) [Default tariff cap update 1 April 2022](#)

## Background

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### Extra Help Unit: case study 1

The Extra Help Unit recently dealt with a very vulnerable consumer with significant mobility issues as well as emphysema, arthritis and brittle bone disease. The consumer uses a nebulizer and a stair lift. She is in receipt of Employment Support Allowance, Personal Independence Payment and Child benefits and has teenage children on the property, and also an adult daughter with mental health issues.

She has recently come out of hospital and is struggling to keep up with a large debt on her prepayment meter and maintain supply. She is spending £80 a week to keep the supply on and is prioritising feeding her children over herself.

The consumer's energy supplier advised the EHU that they were unable to assist as they had exhausted the number of loans to the consumer and the EHU had to apply for fuel vouchers through the Fuel Bank Foundation to maintain supply. The consumer is really worried about the upcoming price increases and worries that she will be unable to maintain her energy supply.



### Extra Help Unit: case study 2

A vulnerable consumer had a brain tumour a number of years ago which required a shunt to be fitted which means being cold can exacerbate issues with his brain. He also has memory problems and anxiety. The consumer is financially vulnerable and is receipt of Universal Credit but does not have enough money to get through the month.

The consumer has a prepayment meter installed in his property and contacted the Extra Help Unit as he only had £1 left on his emergency credit for gas and electricity. The EHU reached out to his energy supplier on his behalf who advised that because the consumer had a £6.50 debt on the meter and had had recent assistance, they were unwilling to assist further.

The EHU applied for a fuel voucher for the consumer and signposted him to his local bureau for further support. The consumer appreciated the support but feels it is a sticking plaster and is very concerned at the lack of support from his energy supplier in the context of rising energy bills.

## Background

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### Extra Help Unit: case study 3

A consumer with mobility issues, and who is bedbound as a result, was referred to the EHU because he can't afford to stay on supply and has been declined further support from his supplier. The consumer also had additional mental health issues. He lives alone and receives Personal Independence Payment.

Support was declined on the grounds he has had 3 previous additional support credits. His Debt Recovery Rate has not been reduced. A fuel voucher was obtained but the EHU raised concerns about his ongoing situation.



### Extra Help Unit: case study 4

Consumer lives in a property with their 5-year-old child. She is working but also in receipt of Universal Credit due to low earnings. Additional Support Credit had been provided on 9 previous occasions and she was denied further support. A fuel voucher was obtained by the EHU to get the consumer back on supply.

**Please note:** all EHU case studies are provided as illustrations and not part of the scope of the main study. As the EHU deal with many self-disconnection cases, these have been included as an important illustration of detriment that clients experience.





# Methodology

## Research aim

The research aim was to understand the depth of detriment prepayment meter consumers experience, using adviser knowledge and insight.

The research was conducted in response to trends in our quantitative data, issues raised in our social policy feedback data, and engagement with advisers.

## Methods

### SPF analysis

In addition to categorising cases by advice code, advisers can flag cases as social policy feedback. They do this if a case highlights significant disadvantage or is an example of a consistent practice that is causing detriment. The benefit of using SPF is that it utilises the expertise of bureaux' advisers and allows us to build up a portrait of detriment across all bureaux, identify patterns and trends, and, in this research, understand prepayment meters within a context of the client's wider circumstances.

A systematic search of the SPF was conducted to identify cases of clients with issues related to prepayment meters. Cases of clients who did not currently have a prepayment meter but were being pressured to have one to recover debt by suppliers were also included.

The cases were then systematically sifted to identify cases which met the criteria of including the following terms: prepayment meter, fuel vouchers, self-disconnection or topping up (as these indicated a prepayment meter). This approach was taken to ensure as many prepayment cases were captured as possible and allow for variations in categorisations.

The data was originally captured for the period of July 2020-October 2021, then replicated with cases between November 2021 and January 2022 to account for energy price cap increases and the removal of the Universal Credit £20 uplift in October 2021.

Date range	Initial cases	Eligible cases
28/07/20 – 11/10/21	150	79
12/10/21- 25/01/22	57	48
Total	207	127

Cases that met the criteria were then analysed using thematic coding. Themes were identified and long listed before sorting and categorised into hierarchies to create an overarching framework of themes and sub-themes, with cases sorted into these different groups.

Social policy feedback cases are selected and reported by advisers who have identified detriment or issues related to wider policy. Therefore, selection and reporting of these cases are subjective and depend on specific bureaux and advisers identifying and raising issues they identify as important.

Clients tend to approach bureaux when there is a problem. Therefore, most cases are likely to be related to negative experiences of prepayment meters. The implication is that, whilst the cases give us a deep insight into the detriment experienced by clients, it is unlikely to represent all user experiences of prepayment meters, particularly positive perceptions.

# Methodology

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## Advice code data

Our data is critical for giving us insights into trends of the advice given on prepayment meters. The Citizens Advice network in Scotland gave 6,234 pieces of advice relating to prepayment meters between April 2021-February 2022.

All SPFs are advice code data but are a smaller sample of it. Therefore, not all advice code data is SPF. In cases in which advisers want to flag a social policy issue, they will raise it as SPF on the system. Therefore, there is an overlap between SPF and advice code data. The codes that are used in this paper are:

- > prepayment meter
- > prepayment meter – discretionary credit
- > prepayment meter – standing charge
- > disconnection from supply

These were selected because they were the greatest number of advice pieces. The codes also provide insight into consumer experience with prepayment meters.

Advice codes are self-selected by advisers. The Citizens Advice network in Scotland provides a holistic service meaning that someone may be prompted to seek advice from on one specific issue, but then receive assistance with multiple issues. With that in mind, advice code selection is dependent on advisers' perception and may not always reflect whether that piece of advice was the main advice given, or supplementary.

## Monitoring webpages

CAS monitors webpage views which can provide insight into online advice people are seeking. These are measured through Unique Page Views (UPV) for individual pages (for example, issues with your prepayment meter or switching supplier).

## Advisers focus groups

CAS also ran focus groups with bureaux' advisers and EHU caseworkers after the analysis of SPF to add more depth to the findings.

- > Focus group 1: 15 energy advisers from multiple bureaux
- > Focus group 2: 5 members of the Extra Help Unit (mostly caseworkers)

The hour-long focus groups used a semi-structured and participatory approach with the purpose of (1) understanding advisers' overall views and experiences of prepayment meters and (2) understanding opportunities to improve current poor consumer journeys with prepayment meters, based on their experiences with clients.

# Methodology

## What our data shows

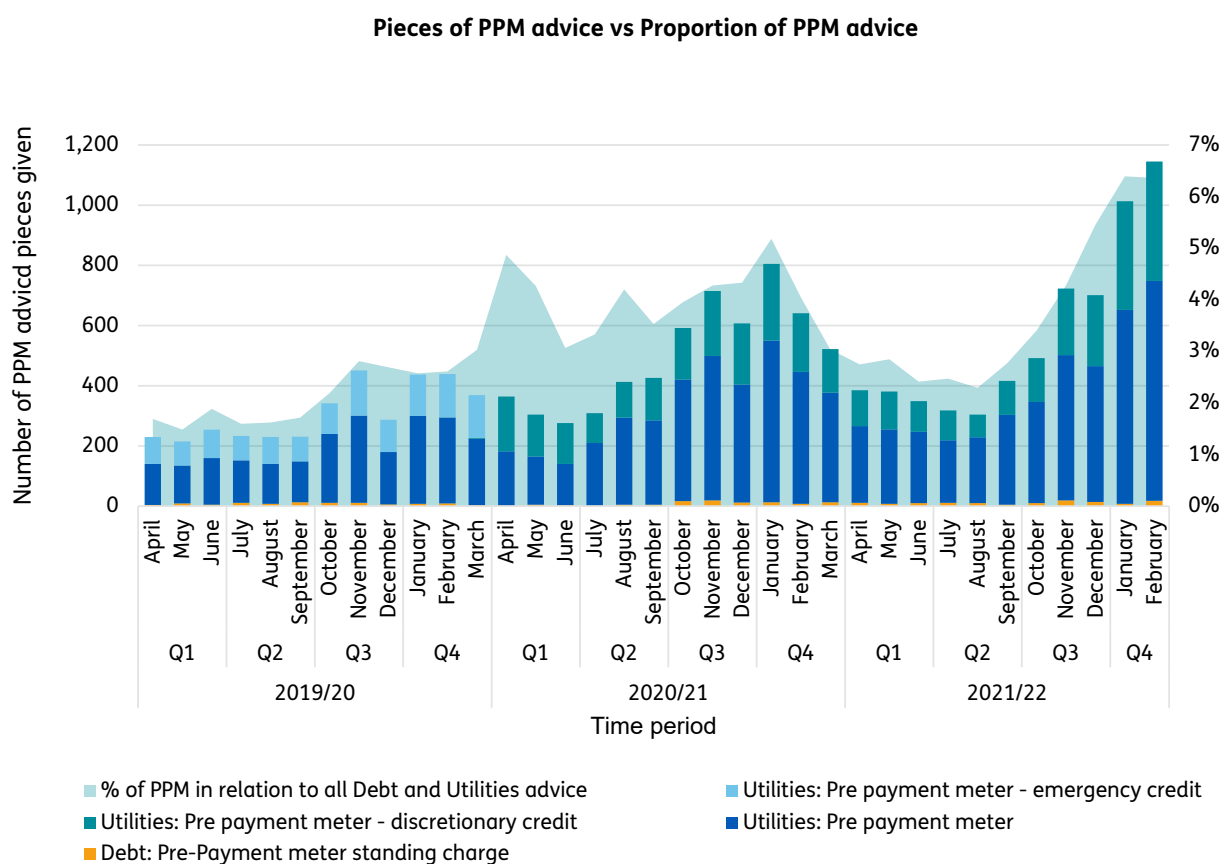


Figure 1 shows pieces of PPM advice as a proportion of overall debt and utilities advice



# Methodology

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## Our data: the numbers

As shown in figure 1, since 2019, bureaux have seen an increase each year on advice given out related to prepayment meters. Prepayment meter advice relating to traditional electric heating (as opposed to low-carbon electric heating) suggests there is a seasonality to demand for energy advice (see fig 1). Comparing the winters of 2019/20, 2020/21 and 2021/22 shows a year-on-year increase which may be attributed to the impact of COVID (on income, job security and time spent at home) and fluctuations in energy cost within a wider increase in costs of living and removal of the £20 Universal Credit uplift. Often clients at risk of self-disconnection seek financial support, such as through discretionary credits.

The seasonal variability in cost and affordability of prepayment meters is reflected in both our advice code data and our website data, with the highest number of unique page views for 'you can't afford to top up your prepayment meter' occurring in winter - particularly a large spike in both January 2021 (representing a 158% increase from December) and December 2022 (97% increase from November). The data also shows a 17% increase in advice given on discretionary credits (and at risk of self-disconnection) for February, rather than the usual reduction for previous years. The data also shows an increase in the proportion of prepayment meter advice in relation to total utility and debt advice. Usually, numbers would be expected to fall in February across both bureaux data and data from the Extra Help Unit, however, pieces of advice given on prepayment meters increased in February 2022.

More recently, the Extra Help Unit have reported a 600% increase in self-disconnection cases for April 2022 compared to April 2021 following the April price cap announcement. Self-disconnection cases are now also making up an increase in proportion of complaints to the Extra Help Unit. Between April 2022 and August 2022, the Extra Help Unit also handled almost 6000 self-disconnection cases which represents 50% more cases than the entire 2021/22 financial year<sup>23</sup>.

Data from our public-facing website, Advice for Scotland, helps us track who is searching for advice on specific issues. The seasonal variability in cost and affordability of prepayment meters is reflected in our website data with the highest number of unique pageviews occurring in winter - particularly a large spike in both January 2021 (158% increase) and December 2022 (97% increase). In terms of an overall picture, data from our website illustrates that the majority of searches relating to prepayment meters suggest that people are seeking advice when they are experiencing problems with their prepayment meters.

From a demographic point of view, clients visiting bureaux for advice on prepayment meters:

- > **mostly live in SIMD categories 1, 2 and 3 (most deprived):** in 2021/22 48% of clients seeking general advice on prepayment meters were in SIMD category 1, 26% in category 2 and 15% in category 3.
- > **mostly live in urban/other urban areas:** 21% of those seeking help with prepayment meters were in large urban areas and 50% in other urban areas in 2021/22.
- > **are mostly of working age:** 73% of clients seeking prepayment meter advice were between 25-59 in 2021-22.
- > **often sought advice relating to disability benefits:** 50% of those seeking disconnection of supply advice (who are primarily those with prepayment meters) also sought advice for Personal Independence Payment (PIP)/Disability Living Allowance (DLA); this suggests that around half of prepayment meter clients with disconnection issues have a disability or have someone in their home with a disability. Compared to clients seeking advice on fuel vouchers, only 7% also sought advice on PIP/DLA.

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<sup>23</sup> Extra Help Unit data which is given here is outside of the main dataset.

# Findings: the stories behind the numbers

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## Who is seeking advice on prepayment meters?

Our data shows prepayment meter detriment is often associated with a wider range and intersection of circumstances which may give rise to vulnerability – including financial vulnerability, disability, mental health issues, housing status, age or rurality.

The profile of those seeking advice on prepayment meters in our social policy feedback data gives an indication of who is experiencing detriment related to prepayment meters. As not all clients report demographic data<sup>24</sup>, the following figures given are indicative rather than a proportionate representation of all clients with prepayment meters.

Of the 79 SPF cases from July 2020-November 2021, 70 were of working age (between 18-64 years old) and 36% (n=29) of those social policy cases were single adults. In terms of housing, 58% (n=47) of these social policy cases reported were in council or social housing<sup>25</sup>.

In terms of employment, 28% of cases (n=23) reported as unable to work due to ill-health or disability; overall, 44% (n=36) of these cases were either unable to work or unemployed, while 18 cases were in full or part-time work.

## Affordability and fuel poverty



Many clients on Universal Credit are struggling to afford to top up their prepayment meters.

High costs of traditional electric heating (such as storage heaters) is creating significant affordability pressures for clients on prepayment meters.

Crisis support for clients facing self-disconnection and wider crisis is not enough to alleviate long-term crisis

One of the key issues that advisers report is that affordability is still a significant factor for clients staying on supply. The implications of low affordability, whether relating to debt, high heating costs or low income, is that many clients are self-disconnecting from, or self-rationing, their energy supply.

Pre-dating the onset of the energy crisis, the stories from the frontline of advice services provide a baseline of understanding clients' experience with prepayment meters. The data suggests that clients struggling with detriment relating to prepayment meters are doing so within a wider context of poverty.

There is an intersection between fuel poverty and income poverty in affordability challenges. The issues that people reported when they visited bureaux included being unable to afford energy bills due to high cost or low income (or a combination).

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<sup>24</sup> Note clients have variable response to some demographic questions with some choosing not to disclose or not having the opportunity to disclose

<sup>25</sup> Note all figures given for those who chose to disclose demographic data. Therefore, figures are given (n) as a proportion of those who disclosed demographics within the sample of SPFs (n = 81) . For each category, there was a high level of non-responders.



## Findings: the stories behind the numbers

### Universal credit and prepayment meters

Many clients using prepayment meters are on Universal Credit, or other benefits, and are struggling to afford their energy costs. Both focus groups and the data suggested that some clients saw the £20 uplift as the difference between being able to keep the heating on or not, and the removal of the uplift in October combined with the increase in energy prices has meant some clients can no longer afford their bills.

More broadly, the SPF paints a stark picture of affordability issues among low-income consumers, particularly those on Universal Credit, with prepayment meters.



“He has a prepayment meter...he is cold and worries about how he will afford to put the heating on. Client often self-disconnects due to lack of income, this will only get worse due to the £20 uplift being removed”.

“Too much is taken from the clients in terms of debt and repayments [from their Universal Credit] that the clients are struggling to make ends meet and do not have enough to cover essentials such as gas and electricity”.

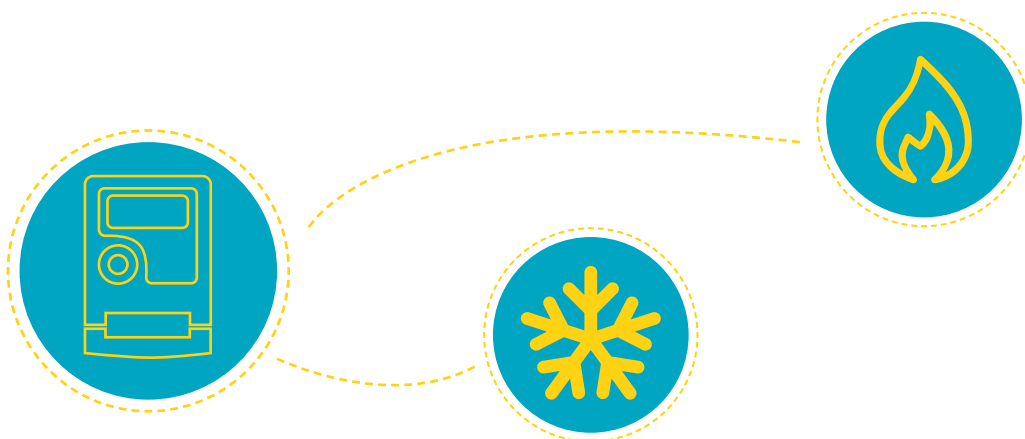
“Client has no electricity or gas and no money”.

Deductions to Universal Credit through overpayments or third-party deductions can also mean that clients have little money left to afford fuel costs and this increases the risk of self-disconnection. Whilst third party deductions can support people to manage debts<sup>26</sup>, including energy debt, in many cases deductions reduce the already low amount of money that people claiming benefits receive to cover essentials. A recent CAS report highlighted that the current deductions scheme is unaffordable, with a maximum level of deductions at 25% of total benefits, which is a significant loss to households living in fuel poverty.



“Third party deductions from UC resulting in food insecurity and fuel poverty which leads to recurring need for SWF crisis grants”.

<sup>26</sup> Ref CitA TPD report



## Findings: the stories behind the numbers

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### Heating type

Traditional electric heating also drives issues with affordability. Electricity is much more expensive per unit than gas, with an average of 32.4p/kWh for price cap for April-September 2022 compared with 7.5p/kWh for gas<sup>27</sup>. Clients are seeking support from bureaux due to the impact of high heating costs on their ability to top up their meters.

The high cost of electric heating makes it more difficult to manage wider household finances.

The impact of these costs is that clients are struggling to pay their bills which could result in clients struggling to stay on supply, cutting back on essentials or needing to access food banks to afford energy costs.



“Client is on Universal Credit and after rent is paid, he has around £690 every month and pays nearly half of the money for electricity”.

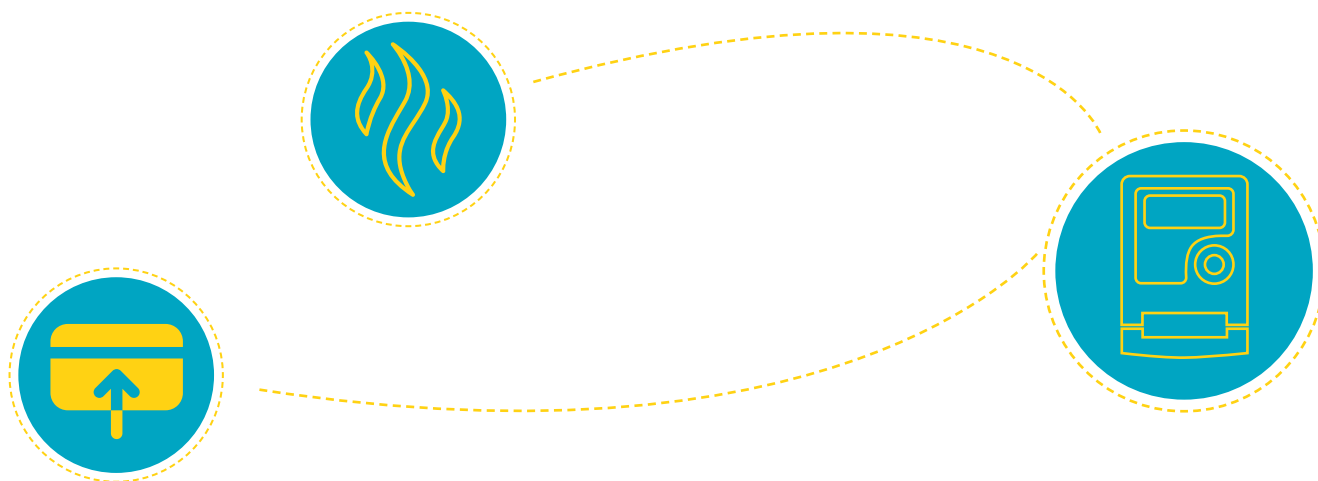
“Client has been paying £150 a week on electricity costs. The client now has to use a food bank due to the financial position the meter has led them to”.

“Client has...off-peak storage heaters. These are too expensive to use and have been switched off for several years”.

“Client is struggling to manage on Universal Credit for him and his 8-year-old daughter. Heating costs are very high due to the heating system he has, approximately £300/month”.

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<sup>27</sup> Ofgem (2022) [Default tariff cap level - 1 April 2022 - 30 September 2022 \(ofgem.gov.uk\)](https://www.ofgem.gov.uk/default-tariff-cap-level-1-april-2022-30-september-2022) – calculation based on GB average divided by average consumption



# Findings: the stories behind the numbers

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## Vulnerability



Prepayment meters can exacerbate or create vulnerabilities for some clients on prepayment meters

Some clients are using (or being threatened with) prepayment meters which are not appropriate or safe given their wider circumstances

Our research has shown that consumers experiencing vulnerability are not always getting the support needed to keep them safe from harm related to prepayment meters. Too many consumers are exposed to a greater vulnerability as a result of suppliers not meeting these conditions. There is a window of opportunity to improve how we enforce regulation to protect vulnerable consumers as we move through the energy crisis and protect those most at risk.

Despite the supplier obligations in the license code<sup>28</sup>, the research findings suggest that these protections for customers experiencing vulnerability may not be upheld by suppliers and prepayment meters may be being used or installed for customers for whom prepayment meters are not a safe or practical solution. Our recent report ‘Fuel poverty advice and the protected characteristics’ highlighted the disproportionate impact that prepayment meters can have on those with disabilities, including hidden disabilities, and that ‘serious attention needs to be paid to the suitability of prepayment meters for disabled people in terms of their usability and given the increased risk of self-disconnection’<sup>29</sup>.

Customers experiencing vulnerability are protected by the licence conditions (SLC 28)<sup>30</sup>, which includes a recognition that prepayment meters are not always appropriate for vulnerable customers<sup>31</sup>. Focus Groups with bureaux’ advisers and caseworkers at the Extra Help Unit highlighted that, despite the licence conditions, they are still seeing many cases of vulnerable consumers on prepayment meters when it is not a safe or practical solution for those consumers. Although this is often accompanied by arrears and poor payments, the provision of technology which is inappropriate increases risks to the health and wellbeing of vulnerable consumers. The focus groups with advisers also identified that some clients are using a payment method that isn’t safe or appropriate, given their circumstances.

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<sup>28</sup> Ofgem (n.d) [License and license conditions](#)

<sup>29</sup> CAS (2021) [Fuel poverty advice and the protected characteristics: an analysis of the Citizens Advice network in Scotland](#)

<sup>30</sup> Ofgem [Electricity Act 1989 Section 11A \(1\) \(b\)](#)

<sup>31</sup> Ofgem (n.d) [License and license conditions](#)

## Findings: the stories behind the numbers

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Prepayment meters can create or worsen vulnerabilities amongst consumers due to one, or a combination of, factors such as:

- > making it more difficult to meet their health needs, or those of other household members;
- > a mental health condition which may make it more difficult to manage their payments through a prepayment meter;
- > a financial situation which leaves them at risk of regularly coming off supply;
- > learning difficulties which may make it more difficult to manage a prepayment meter.

These factors may also take place within a context, such as being in a rural location or digital exclusion and low digital literacy, which may also expose consumers to greater vulnerability.



“She has complex physical and mental health issues, single parent with young children. Her supplier has not been sympathetic to the situation and are threatening to install a prepayment meter as debt has not been paid”.

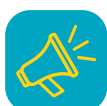
“She is disabled and has run out of money. She has a prepayment meter and is low on credit, having needed to use more in a cold snap. She has now needed to switch the heating off to preserve remaining credit for lights and has no food in the house. She has medication which requires to be taken with food so she has not taken it”.

“Client is an 83-year-old man living alone and has a storage heater. Client says half his pension is spent on heating. He has contacted the supplier several times but nothing has been done despite telling the supplier he is struggling mentally and physically to top up his meter”.

“Client states he has dementia and bronchitis, and after paying bills does not have enough money to buy food and his electricity meter ran out yesterday”.

“Client has fled domestic violence and has children at the property. She has depression and anxiety and is struggling with energy costs due to the cold weather”.

### Poor supplier communication



Clients had not had clear communication that was easy to understand.

Some suppliers are remotely switching clients from credit to prepayment mode on their smart meters

Some suppliers are remotely switching consumers without considering vulnerability

Standing charges are not always well-communicated to clients, leading to them accruing debt over the summer months

## Findings: the stories behind the numbers

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### Remote switching

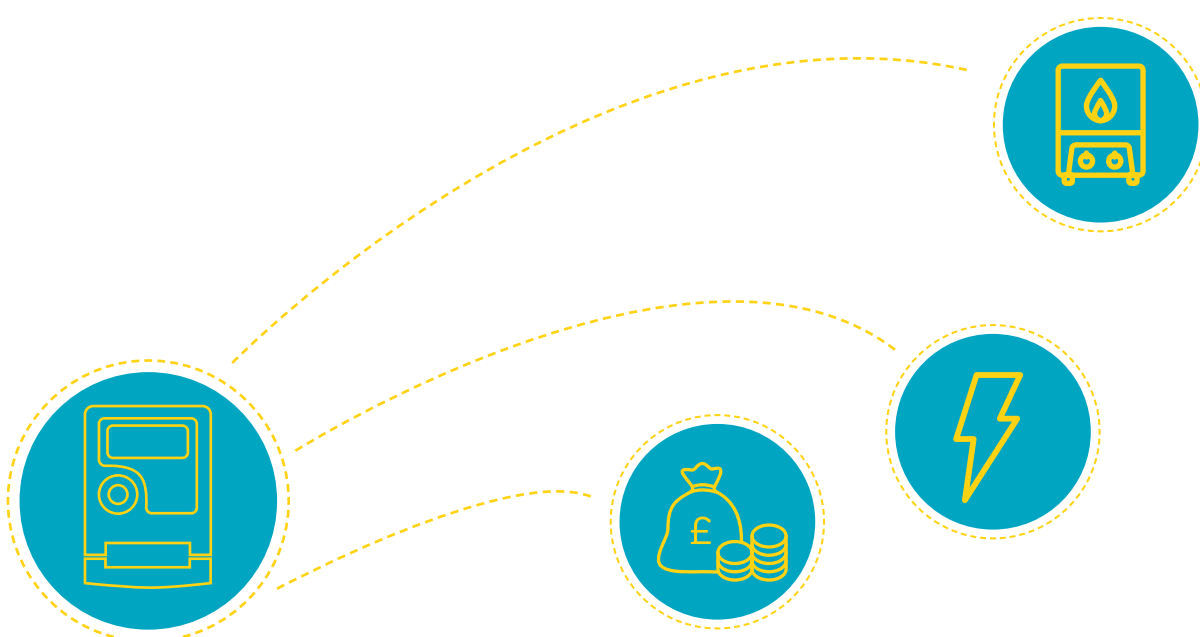
Evidence from focus groups has highlighted that some clients are experiencing detriment as a result of remote switching of their smart meter. For those without smart meters, switching to prepayment meters requires a warrant for entry to the property which goes through the Sheriff's court – with opportunity for appeal. Findings from the focus group and SPF is that some suppliers are switching potentially vulnerable clients without clear communication or consent through their smart prepayment meters. This leads to clients being unsure how to pay their bills or coming off supply as they weren't sufficiently informed that they were on prepayment meters.

### Standing charge

Some advisers report issues with clients accruing debt on standing charges because they were unaware that prepayment meters had a daily charge.



“Daily standing charge building up on prepayment meter over summer causes the client issues when winter comes. Client can then face fuel poverty and/or financial poverty in winter when their health and wellbeing could be most adversely affected”.





## Findings: the stories behind the numbers

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### The impacts of prepayment meters on clients

Clients facing a combination of vulnerability or fuel poverty may need to make difficult decisions about how and when they spend their money on energy bills or how they balance their spending with other essential spending areas, such as food.

#### Making difficult decisions

Advisers in both SPF and focus groups reported that clients may have to make difficult decisions about how to allocate their income. There is a varying degree of detriment that clients experience when managing money. For many, the cost of heating puts a lot of pressures on a very limited budget. At the extreme end, clients are approaching bureaux without the funds for essentials such as fuel or food. In the cases of debt, advisers highlighted in SPF instances when clients were having to make decisions about accruing debt to afford their bills.

Self-disconnection is a unique impact that prepayment customers face as they can have their supply interrupted if they are unable to pay for their gas or electricity. Clients approaching bureaux with issues related to self-disconnection, or the threat of self-disconnection, often face wider intersecting issues related to poverty, vulnerability, ill-health or disability.

Self-disconnection has often serious impacts on the health and wellbeing of prepayment customers and self-disconnection can lead to a range of harms as a result. Within our SPF, advisers have reported clients being unable to fulfil basic needs such as cooking or preparing food, turning on the heating, storing medicines (such as insulin) or using electric-assisted medical aids. Clients approaching bureaux may be relying on wider networks for support – such as borrowing money from friends or neighbours, staying with friends or relatives due to living in cold homes, wearing more layers or only using part of the house.



“Client was in a vulnerable position with his health conditions – his power had been off for 3 days and no money to buy food or top up his meter further”.

“...client has been staying at their partners house to save money on their energy”.

“I have seen a lot of cases recently from people having to choose between topping up their gas or their electricity. People are having to choose between heating or putting the oven on” (Focus group adviser).

In some cases, clients may be facing an inability to pay for heating amongst other household essentials, such as food.

“Client has been left without any money and has been unable to top up his prepayment meter”.

“Client unable to heat home adequately due to significant arrears deductions taken at prepayment meter”.

Client has been left with no working heating system and is struggling to feed himself on money leftover from benefits after he has paid electricity and other bills”.

## Findings: the stories behind the numbers

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### Health impacts

Evidence from both SPF and focus groups highlights that self-disconnection from prepayment meters may be impacting on some clients' ability to meet their health needs. For example, SPF reports instances where consumers have had to dispose of insulin following a period of self-disconnection. In some extreme cases, this also includes risks to continuous positive airway pressure (CPAP) machines to support the breathing of those with sleep apnoea.

Some consumers may experience a greater level of detriment and vulnerability due to living in a cold home which exacerbates age- or health-related needs. People with certain disabilities, or elderly people, are more likely to be sedentary and at home for longer periods which impacts on their ability to stay warm.



"Clients has been without power for three days. He has health conditions, diabetes and epilepsy. He has had to destroy some insulin as it need to be refrigerated".

"Client is a wheelchair user with complex physical and mental health issues, served notice by supplier of intention to install a prepayment meter. Her debt is £4491. Client is not able to deal with issues alone, as she is high risk and vulnerable."<sup>32</sup>

### Accessing support

In some cases, issues with self-rationing or self-disconnection can lead to clients approaching bureaux for emergency or crisis support. This support may be in the form of a foodbank referral, fuel voucher or an application to the Scottish Welfare Fund.

The landscape of crisis support for fuel vouchers in Scotland is complex – with multiple agencies and different pots of funding, such as fuel vouchers. This unevenness of support can make it difficult for advisers to navigate to refer client to appropriate support.

At the extreme, clients may have exhausted existing support for topping up prepayment meters, which may include additional support credits from their suppliers and fuel vouchers, which are often limited to three per household over a given period.

In many cases, clients can access short-term crisis support but there is no mechanism to mitigate long-term crisis around affording bills and other essentials. Once the client has reached the limit of crisis support, they are unable to access further support.

There are also issues with fund availability. In some cases, the vouchers are not available at the right time for clients leading to longer waits to get back on supply. A further issue with fuel vouchers is that much of the voucher is consumed by existing debt on the meter which means that a client may only access a small amount of top-up credit from a voucher.



"Too much has been taken from the client in terms of debt and repayments [on Universal Credit]. He has maxed out his applications for a crisis grant and cannot reapply until April. Client has been in touch with suppliers and has been getting emergency credit, but he is now coming to an end with electricity company in terms of emergency assistance".

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<sup>32</sup> This quote has been taken from SPF outwith the original analysis, for illustrative purposes

## Findings: the stories behind the numbers

“She has run out of money and is not due more until next week. She has needed to switch off heating to preserve remaining credit...was able to get her a call back to apply for a crisis grant but food bank has closed for the day and crisis grant not expected to be decided until tomorrow”.

“Client refused crisis grant based on fund availability restriction. Client is in crisis and no mention of how Scottish Welfare Fund are making decisions on who to help with restricted available grant payments.”

### Mental health impacts

Something to emerge out of the SPF is the impact of prepayment meters on mental health – in terms of exacerbating existing conditions or causing stress and anxiety. This impact can include self-disconnection, anxiety about having supplies interrupted, and the threat of prepayment meters for those in energy debt on credit meters.

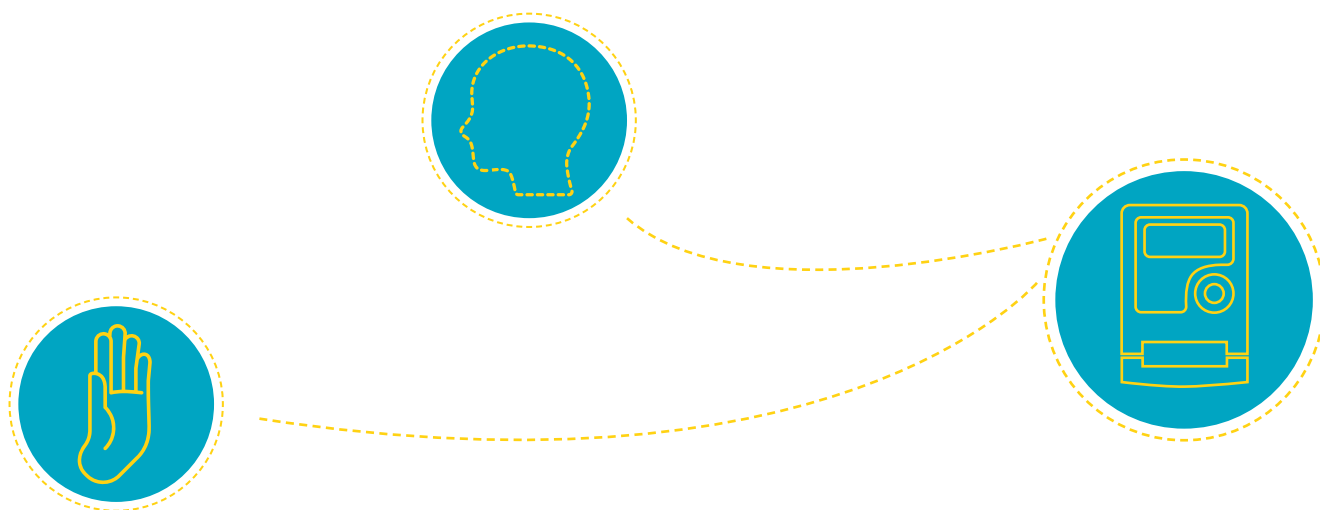
Worry about paying bills and the impact of being unable to meet basic needs can create or compound existing mental health issues. Some clients were also struggling to access support due to mental health issues.

In some cases, clients have approached bureaux because suppliers are not taking vulnerability relating to mental health into account when engaging with the customer – both in terms of support for prepayment meter customers and threatening to install prepayment meters on clients with significant mental health issues.



“Client has severe mental health issues which means he does not leave the house and is scared prepayment meters will be set up”.

“Client has mental health conditions and has struggled with priority debt for some time... Supplier will only set up direct debit based on arrears being spread over a fixed period...this has resulted in the client getting further into arrears as supplier is pushing prepayment meter rather than offering flexibility”.



## Findings: the stories behind the numbers

### Impact of price cap on prepayment meter customers

In the period between October 2021-April 2022 (after the October price cap increase), advisers flagged that clients were already struggling to meet their basic needs within their budget. Some advisers who submitted SPF, and those in focus groups, have attributed this to both the removal of the Universal Credit uplift and the 12% increase in the energy price cap. For prepayment meter customers, advisers in both SPF and focus groups are now citing the energy price cap increase and Universal Credit uplift removal as a direct driver of self-disconnection and affordability issues.

The stories that have been reported through our SPF highlight that clients are beginning to struggle with the onset of the cost of living crisis.

Focus groups with advisers and EHU caseworkers have highlighted issues are emerging related to prepayment meters and the October 2021 energy price increase. Advisers and caseworkers have identified that they are seeing an increase in self-disconnection cases amongst people in work (and not on benefits).

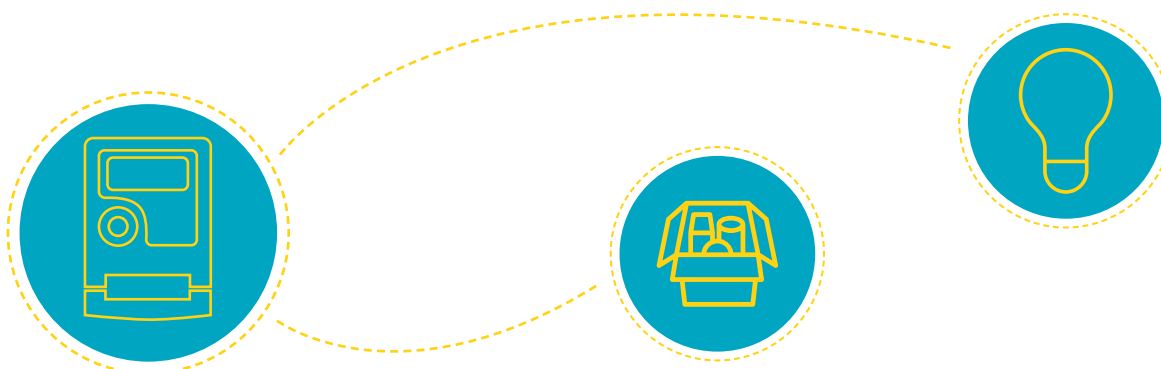
They have also seen an increase in the need for fuel vouchers, additional support credit and crisis grant support – particularly a big increase in repeated requests from a client struggling to stay on supply whereas they may have previously seen one or two requests.

There is also some concern about the future of support from suppliers, in terms of what they can offer clients to keep them on supply. In some cases, this may lead to a choice regarding clients staying on supply and accruing debt or being off-supply and the impacts on their health and wellbeing. With the energy price cap having had multiple increases during 2021-22, CAS anticipates a significant increase in self-disconnection cases which may be more difficult to resolve.



“Due to increase in electricity, client is struggling financially and having to resort to the food bank”.

“Family of four are having to ration their use of electricity. They are living as frugally as they can and cannot cut back further on their spending in other areas to compensate for the increase in electricity”.



# Conclusions

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Prepayment meters themselves cannot be siloed from the wider lives of those experiencing detriment from them. Affordability in many of the cases shared by advisers related to insufficiency of social security to cover the costs of energy. High costs of heating for those on prepayment meters using electric heating (often in social housing) also drives energy bills which are unaffordable.

Whilst it might be easy to see prepayment meters as a driving factor of detriment, in many cases income poverty plays a significant role. Low-income households are more likely to have a prepayment meter to pay for energy, and prepayment meters are a symptom of wider inability to pay. The outcome of this is when energy is unaffordable, customers are more able to self-ration or self-disconnect from their suppliers rather than accrue energy debt. The impact of either response is that low-income households are less able to meet basic needs such as heating, cooking, washing or health.

Some consumers are more exposed to harm due to the increasing costs of energy generally. As prepayment meter customers can self-disconnect if they cannot afford to top up their supplies, the impact is both severe and immediate. The cases and insights that have been highlighted by advisers show the extremes of the impacts for some consumers of being unable to afford to pay their energy bills.

Our research has highlighted that suppliers are not always meeting their obligations in relation to vulnerable consumers, despite these being regulated as a condition of their gas and electricity supply licenses. There is some concern amongst advisers and caseworkers that the financial squeeze on suppliers may mean they are less willing and able to offer alternative support to keep vulnerable customers on supply or prevent switching vulnerable consumers onto prepayment meters to recoup debt.

Fuel vouchers are an essential lifeline to keep many people on supply, but they are unable to mitigate long-term risk of self-disconnection as a result of low income and high heating costs. Prepayment meters are a symptom of a wider insufficiency of income to afford the cost of living amongst prepayment meter users and fuel vouchers are pushing these costs onto the third sector.

Looking ahead to the next few years, the forecasts for energy prices are concerning. Whilst the impact of energy prices affects everyone across the UK (and globally), some people are more exposed to experiencing vulnerability, and less able to absorb the cost. Responses to the energy crisis have largely been universal in their approach – with little targeting to those who are most exposed because of the crisis. This research highlights the need to consider how those who are most at risk of harm – as a result of financial vulnerability or needs related to health and disability – may be better targeted by support in future.



# Recommendations

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## **1. The UK and Scottish Governments should ensure that future funding is targeted to those most exposed in the energy crisis**

- > Inclusive of those on prepayment meters at greatest risk and those frequently seeking crisis support to stay on supply.

## **2. Suppliers to review their vulnerability criteria to ensure it is inclusive and robustly protects people who are most vulnerable to detriment if they come off supply**

- > Expand the vulnerability criteria to align with the Priority Services Register (PSR). The PSR already identifies who is vulnerable in the case of power outages and provides a useful framework for ensuring a robust vulnerability strategy for preventing self-disconnection.

## **3. Clearer, proactive and more accessible communication for consumers with prepayment meters, in a format agreed with the individual consumer**

- > Weekly or monthly communication on how much to top up on a regular basis to stay on supply may prevent self-disconnection.
- > Clear communication about standing charges to prevent consumers accruing debt.
- > Outreach work with frontline agencies to improve communication about standing charges.
- > Much clearer and more urgent communication is needed to ensure consumers switched remotely to PPM mode on smart meters do so with informed consent.

## **4. A multi-agency effort to ensure greater awareness, coherence and consistency across fuel vouchers and other crisis support to ensure timely access to support when needed**

- > Fuel vouchers are often patchy, with multiple access routes, inconsistently funded and difficult to navigate.
- > Greater coordination is needed to ensure support is used.
- > The creation of a central database or portal of all fuel voucher and fuel poverty support and referral routes.

## Recommendations

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5. The Scottish and UK Governments should ensure that there is increased and sustained investment in energy efficiency as a critical mechanism to reduce fuel prices and fuel poverty

- > Investment in energy efficiency as the main long-term strategy for reducing fuel poverty and reducing the risk of fuel costs pushing people to self-disconnect.
- > Scottish Government to bring forward energy efficiency regulations for the Private Rented Sector as a matter of urgency.

6. A continuous review of the adequacy of social security payments to ensure they meet everyone's needs

- > The UK Government needs to uprate benefits to ensure that households in poverty have access to essential-for-life services such as heat and power.



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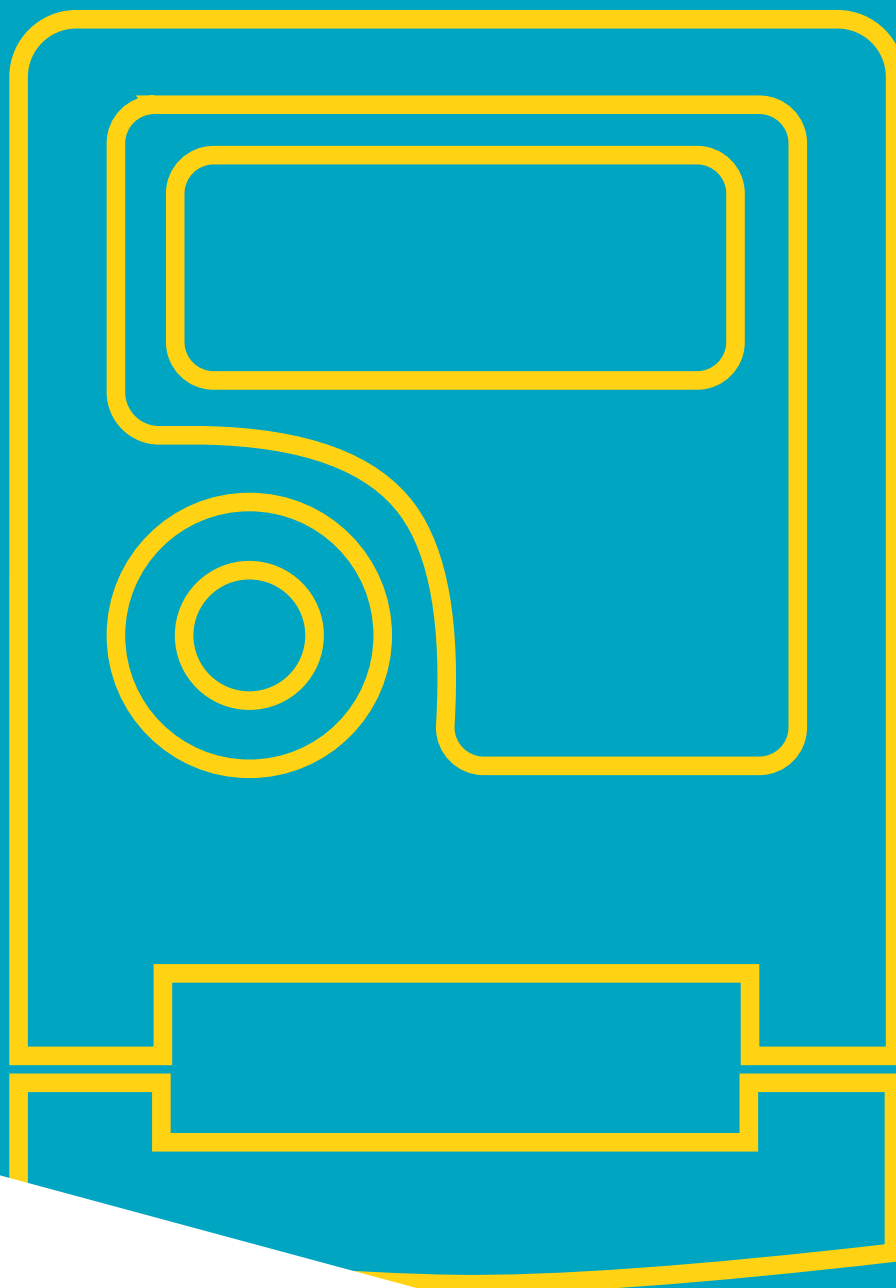
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