

Background

In January 2009, the Utility Regulator published a consultation document to inform the development of a Social Action Plan. The consultation document included a section looking at what the energy companies currently do to help customers in debt. This section included discussion on payment methods, debt recovery policies and the issue of self-disconnection. Respondents were asked a number of questions in relation to these issues including being asked to comment on the merits of a harmonized approach to helping vulnerable customers to avoid debt and to manage their way out of debt. Of the 29 respondents to the consultation, over 75% thought that a harmonized policy was a good idea and only one respondent was opposed to the idea. Therefore, the Utility Regulator's Social Action Plan for 2009-2012, published in October 2009, included a commitment to developing a harmonized policy/Code of Practice to help address some of the issues regarding financial vulnerability which many of the respondents to the consultation felt should be treated as a priority.

In order to inform the development of this proposed Code of Practice, it was considered necessary to carry out further research to identify current best practice standards in dealing with debt and debt prevention as well as to enable the analysis of reasons why energy customers in Northern Ireland get into debt and their experiences of being in debt. Following a tender process, Social Market Research in partnership with the Social Research Centre and Advice NI were commissioned to carry out the study.

Research Report

The attached report gives a comprehensive account of the research project and its findings along with recommendations for what a Code of Practice should contain. Also included within the report are suggestions regarding how the Utility Regulator, Energy Suppliers, the Advice Sector and other organisations can all play their part in helping energy customers avoid debt and, if need be, manage their way out of debt.

Next Steps

The Utility Regulator will carefully consider the findings of the research and the recommendations put forward in the report and will develop a harmonised code of practice that all energy companies supplying the domestic market, both existing and future entrants, will be asked to sign up to. This code of practice will set out the best practice standards that energy suppliers will be expected to comply with when dealing with customers in debt and helping customers to avoid falling into arrears with their energy payments. The draft code of practice will be subject to consultation.

Some of the recommendations raised by the consultants are outside the remit of the Utility Regulator. Therefore, the Utility Regulator will discuss the report with other organisations engaged in helping vulnerable customers and ensure that they are made aware of the report and its findings.

The findings of the research have been presented to the Fuel Poverty Advisory Group for Northern Ireland and the report will be widely circulated.

The Utility Regulator, in partnership with the Consumer Council, will also look at how compliance with the Code of Practice can be monitored and how we can review its effectiveness.