

Intelligence for Ofgem on electric only homes

June 2015

The logo for Citizens Advice, featuring a dark blue speech bubble shape with the words "citizens" and "advice" stacked in white lowercase text.

**citizens
advice**

About the CAB service

The Citizens Advice service provides free, independent, confidential and impartial advice to everyone about their rights and responsibilities. It values diversity, promotes equality and challenges discrimination.

The service aims:

- to provide the advice people need for the problems they face
- to improve the policies and practices that affect people's lives.

Citizens Advice is the membership body for Citizens Advice Bureaux in England and Wales. There are over 300 member bureaux in England and Wales giving advice from about 3,500 locations including high street bureaux, libraries, courts, prisons, GP's surgeries and hospitals.

Citizens Advice and Citizens Advice Scotland jointly run the Citizens Advice Consumer Service (formerly Consumer Direct), which provides consumers and small businesses with advice about problems with goods and services. The Consumer Service database also provides a source of intelligence for Trading Standards Services across Great Britain and national regulators.

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Methodology

Ofgem asked Citizens Advice to provide them with an analysis of problems off-grid consumers experience in heating their homes. We have already provided Ofgem with an analysis of problems consumers using oil-fired central heating systems, so this document examines the problems consumers experience with all-electric homes, and other forms of heating such as coal and wood-fired burners.

There is no overall statistical data collected by the Citizens Advice service about the number of problems local Citizens Advice clients who are off-gas grid. So the only data we have is evidence forms, anonymised case studies submitted where advisers consider that the client's problem cannot be solved through advice alone, but also requires a change in policy, legislation or practice. A full explanation of evidence forms, the information they contain and the circumstances in which they are submitted is contained in the Annex to this document.

We searched our database of evidence forms for the following terms:

- Economy 7/10
- storage heaters
- all-electric
- electric heaters

This yielded a total of 198 evidence forms for the period 1 January 2013 to 15 June 2015.

We downloaded the information into Excel and analysed the free text for the following:

- The type of heating system the client had
- The main issue described in the evidence form
- The impact of the client's health and that of other people in their household
- The financial impact of the client's problem

We also analysed the following client profile and geographical information contained in the evidence form:

- Gender
- Age range
- Disability
- Household type
- Employment status
- Total monthly household income
- Housing Tenure
- Local authority area where the client lives

Of these fields, gender, age range and disability are mandatory fields, whilst household type, employment status, household income and housing tenure are optional. Local authority data is available where the client's postcode is recorded.

Statistical data from the evidence forms

An analysis of the client profile and geographic information in this sample of evidence forms found that:

- 57 per cent of clients mentioned were female and 43 per cent male. This correlates with the fact that our local Citizens Advice network tends to see more women than men over all types of issue.
- 65 per cent of affected clients were aged over 35 with 22 per cent being 65 or over
- 42 per cent/**51 per cent**¹ of affected clients had either a disability or a long term health condition
- The clients whose situations were described in these case studies were most likely to be single (41 per cent/**52 per cent** of cases) or a couple without dependant children (13 per cent/**17 per cent** of cases)
- Clients tended to be either retired (15 per cent/**26 per cent**) or unemployed (13 per cent/**23 per cent**). However clients who worked full time were also affected by this issue (7 per cent/**12 per cent** of cases).
- Those earning less than £400 per calendar month were more likely to be affected by this issue

¹ Percentages in normal text are based on an analysis of all cases, whilst those in bold exclude those cases where this information is not recorded.

- In terms of housing tenure, affected clients were more likely to live either in housing association accommodation (25 per cent/**32 per cent** of cases) or be private tenants (22 per cent/**28 per cent** of cases). This meant that in the majority of cases studied that our clients had no control over the type of heating provided in their home.
- The local authority areas most often mentioned in the evidence forms were Cornwall, Thanet and Northumberland

We also looked at the type of heating being used by clients. Table 1 shows the breakdown of this analysis. We can see that the largest category was electric storage heating with 36 per cent of clients relying on this form of heating. A further 31 per cent of cases did not specify the type of heating system used.

Table 1: Types of heating being used by clients in electric only homes

Type of heating	Count	%
electric storage heaters	72	36%
unclear	61	31%
unspecified electric heating	39	20%
other electric heating (non-storage)	13	7%
multiple non-gas heat sources	6	3%
district heating system	4	2%
multiple electric heat sources	3	2%
Grand total	198	

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Main issues for clients

Table 2 below shows a breakdown of the main issues reported by our clients:

Table 2: main issues reported in cases

Main issue	Count	%
affordability	68	34%
billing problems	51	26%
problems with landlord/housing association	19	10%
faulty/inefficient meters or heating appliances	19	10%
mis-selling tariffs/heating systems	15	8%
standing charge for unused gas	10	5%
poor admin/customer service	9	5%
debt collection	7	4%
Grand total	198	

Affordability

General affordability accounted for over a third (34 per cent) of cases. This category included instances where clients sought advice over the cost of their electricity bills which they felt were unmanageable due to the expense of heating their homes using electricity. This was often compounded by the frequent use of economy 7 tariffs and their association with costly electric storage heaters:

A local Citizens Advice from the North of England saw a man who had had unusually high electricity bills since the start of his tenancy. His energy supplier checked the Economy 7 meter and advised it was not faulty. The client's landlord then sent an electrician to the property who disconnected the economy 7 storage heaters which resulted in a monthly saving of £88.

The cost of this method of heating put some clients off from using them at all which led to significant health risks in some situations:

A local Citizens Advice in London reported in December 2013 that a single female living with her 5 year old child in a privately rented flat was paying £40 a week for electricity that was mainly the result of storage heaters. She turns these off and sleeps in the front room with her daughter but this has led to mould and damp appearing on the walls. Her landlord has offered to provide plug-in electric heaters, but these are also expensive to run.

Some clients also found it hard to afford their heating costs when paying a flat rate fee to a social landlord for district heating systems. This meant they could not economise on energy use, leading to rent arrears and the threat of eviction in some cases:

In February 2014, a local Citizens Advice in Yorkshire saw an unemployed man aged 20. As he was under 25, his jobseekers allowance was just £56.80 per week. He had been rehoused to a council property with a district heating and water charge which he could not afford, neither of which were covered by housing benefit. As a result he had fallen into rent arrears and could not afford to heat the property. Rent formed 38 per cent of his income.

Affordability was an issue that particularly affected vulnerable people on low or no incomes:

In September 2013 a local Citizens Advice in the North West of England saw a retired man who was finding it difficult to pay his electricity bill. He had a fixed rate contract for the first twelve months. Initially he had been paying £62 per month, but his supplier had increased his payments several times, most recently to £87 per month, nearly 15 per cent of his £587 per month income. He lived in a one bed flat which was all electric, heated by night storage heaters. The client told the adviser that he did not understand why they wanted him to pay so much as he had no cooker, no washing machine, no fridge or freezer and that the only appliances he used aside from the heating were a toaster, kettle and microwave.

Billing problems

This was the second most common issue with just over a quarter (26 per cent) of clients reporting problems with their energy bills. This category included cases where suppliers had not read the meter or sent a bill to the client for a long period of time resulting in huge arrears, and where suppliers hugely underestimated the monthly cost of electricity bills, again resulting in arrears.

In March 2014, a local Citizens Advice in Yorkshire saw a 69 year old lone parent who had just received an electricity bill for £2,640 after not receiving bills for some time. He could not afford to pay this. He lived in housing association property where the electricity meter was situated in a locked cellar which he could not access so had little hope of knowing what was owed.

There were also numerous examples of clients receiving several different bills that quoted different amounts owed that caused significant confusion and anxiety to the client. In some cases they were told they were in arrears for thousands of pounds, only to find out later that this was not the case:

A local Citizens Advice in the East of England saw a woman in May 2015 who lived alone and was on an Economy 7 tariff. She had been with her current supplier since 2010 and had been paying her bills by direct debit which she felt were unusually high. She had numerous bills with conflicting amounts that did not add up, and showed rebates and outstanding amounts. She had received 5 bills since the beginning of May, the latest of which shows that she owes over £2,000. However, a printout from the company states she owes around £9,000, of which she has paid £5,500. She has also noticed that her bill is muddled as she has a night time and a day time tariff and the supplier gets them in the wrong order.

Problems with landlord

This was the joint third most reported issue which accounted for 10 per cent of all cases. This category included instances where landlords (both in the private and social rented sector) refused to install new meters, repair or replace faulty storage heaters, or failed to provide access to meters for readings. In some cases the lack of action from property owners led to hazardous health conditions for the tenants:

In December 2013, a local Citizens Advice in the South East of England saw a lone parent with three dependant children, one of whom is disabled. She needed advice as her night storage heaters had been broken for some time. She had contacted her landlord, the local authority, on three occasions and someone has visited and checked the power supply which is working but the client says her heating still does not work. As a result of the lack of heating, her baby of seven months is ill with bronchiolitis which her GP says is related to having no heating in the home. The client, whose only income is benefits, has struggled to buy one oil filled radiator to try to heat her home. She no longer knew where to turn for help.

In some instances housing associations refused to change their properties to all electric forcing clients to utilise other costly portable sources of energy to heat their

homes. This was a particular problem in rural areas which did not have access to mains gas:

A local Citizens Advice in Wales saw a client in October 2014 who lived on a housing association estate. Other residents had had their energy supply changed to all electric as the area is very rural and has no access to mains gas. The client asked for the same switch numerous times; however, the housing association stated they had no plans to convert client's property. As a result client is reliant on buying bottled gas which is very expensive. They are now in poverty and cannot afford the gas for heating and hot water. They are reliant on family support to have hot showers.

Faulty/inefficient meters or heating appliances

This was the joint third most reported issue which accounted for 10 per cent of all cases. Client's commonly spoke to Advisers about faulty electric heaters that made it difficult to heat the homes properly. In some cases this led to potentially dangerous health implications such as damp and mould:

In February 2014, a local Citizens Advice in the South West of England saw a man who had moved into a new housing association house the previous November. The house had been finished in a hurry and there were a number of repair problems including poorly fitting windows and storage heaters which do not work. As a result the house was cold and mildew was forming because of the damp. Although all these problems were reported to the landlord, nothing had been done to resolve them.

Some clients also found their storage heaters were inefficient and a full charge overnight would only last a few hours the following day. This meant some people were forced to use more electricity during the day, which in turn led to higher costs under economy 7 tariffs:

A local Citizens Advice in South-West England saw a client who faced an 'eat or heat' dilemma due to the costly storage heaters provided by their landlord. The heaters charge up overnight only to run out at about 6pm. The rise in energy prices coupled with the cap on benefits means the client cannot heat their home when the charge runs out.

Other problems our clients encountered included meter clocks that did not take into account daylight savings, incorrectly wired meters, and Economy 7 meters that only recorded the more expensive rate of daytime electricity.

In February 2014, a local Citizens Advice in the North East of England saw a man who had moved house in September 2012 and lived alone. His electricity supplier had assessed him as a low user on their Economy 7 tariff. After one bill on the basis of an actual meter reading the client was still assessed as a low user and his direct debit monthly payment reduced to £38. He subsequently received bills on basis of estimates until January 2014 when he telephoned in a meter reading. In February 2014 his supplier sent him a bill for £2,400 - amounting to about £141 per month extra since he moved home. The client told the CAB that he had tested his

meter overnight when he was using his 3 night storage heaters and discovered that the night rate did not register but the day rate increased. When the client informed his energy supplier of this fact, they initially accepted his meter was faulty but now asserted that the fault has only just arisen and therefore wanted full payment.

Mis-selling tariffs/heating systems

The fifth most reported issue by clients with 15 cases was the mis-selling of tariffs or heating systems. This category included situations where suppliers put clients on a completely inappropriate tariff to meet their needs:

In September 2013, a man sought advice from a local Citizens Advice in the East of England about his electricity bills. He had complained to his supplier about a faulty meter over a period of 5 years, causing excessively high bills. During that time his supplier had failed to manage his complaint properly. The customer in the way the client's complaint has been managed. The adviser identified that the cause of the high bills was that his supplier had placed the client on a tariff that was utterly unsuitable for Economy 7 heaters. Nonetheless his supplier had asked him to pay off an unfair bill of £821 at £10 per week. As the client's only income was £71.70 per week jobseeker's allowance, this was not affordable.

It also included cases where complex heating systems or tariffs were provided or sold to clients without any instruction on how to use them correctly or efficiently. This often led to much higher bills, when the correct application of the system would have resulted in lower energy costs:

In September 2014, a local Citizens Advice in Yorkshire saw an Eritrean woman who needed help with her electricity bill. She lived in a council flat with Economy 7 and had no idea of what this means and how the system worked. She had little understanding of energy billing (meter reads, estimated/actual usage, estimated annual usage, making regular weekly/monthly payments, quarterly billing, tariff prices, day/night prices, standing charges etc) or that she could switch supplier and how to go about doing this. At the time of seeking advice, she felt stressed owing so much money. She had had to rely on food vouchers to feed herself as she was paying so much for fuel.

Standing charge for unused gas

A handful of clients (10) sought advice relating to bills for unused gas meters in their properties. In some cases these meters had not been used for years, and the client was suddenly confronted with a demand for payment:

In September 2014 a local Citizens Advice in the South East of England saw a woman who lived in a warden assisted flat. She had received a demand for £256 standing charges for gas from her supplier. She was worried by this as she lived in all electric flat. The flat where she lived previously had gas appliances and had a meter fitted but it had not been used for 12 years. This is one of many flats in the block that could be affected by the same problem. The adviser commented that new Ofgem rules since the end of 2013 mean that if there is a gas or electric meter

customers have to pay a daily service charge which in this case is 26p per day even if no gas is used.

Poor customer service/admin

A small number of clients (9) cited poor customer service or administrative processes by suppliers as their main concern. Cases in this category varied but included engineers missing appointments, client's being unable to access online services, uncontactable suppliers, and suppliers not fulfilling their obligations towards vulnerable consumers, as the following case shows:

In February 2015, a local Citizens Advice in the South West of England saw an elderly man who had had problems with his electricity bills for a number of years. The adviser had arranged for the client to be placed on the supplier's priority service register and was under the impression that they had arranged for the client's meter to be read four times a year. This has not happened and he had received a very high bill following a first meter reading for over a year. The bill was in any case incorrect as it did not take any payments that the client had made into account and has caused him quite a lot of stress. The client was on an Economy 7 tariff and may not have sent correct readings in.

Debt collection

There were a small number of cases (7) referring to poor debt collection practices by suppliers. This category included cases where clients were forced to pay off arrears using their pre-pay meter credit, suppliers sold debts on irresponsibly, and clients were threatened with eviction to ensure payment of arrears. These cases are not necessarily related to electric only heated homes, but we include them for the sake of completeness:

In February 2014, a local Citizens Advice in the North West of England saw a woman placed on e.on's priority service register who had been threatened with eviction from her home by her supplier's debt collector for non-payment of an electricity bill from a former tenancy. As the client was so worried the threat might be carried out, she agreed to pay £100 per month from benefits which she understood were to pay current charges and address arrears. The arrears relate to a property she lived in 5 years ago and she told the adviser that she never received a statement to justify the arrears calculation.

Impact

Evidence forms are one of the best ways we have to record and probe the impact of issues on our clients. Each form gives a rich background around the problem and fully describes how the client had been affected by the issue. We explore the impact of heating issues in electric only homes on our clients below.

Health impact

In this analysis we found that many clients had their health affected by their heating problems as well as their finances. Many clients had their mental health deteriorate while coping with this type of issue (31 per cent of cases). The majority of these cases were about stress, worry and anxiety however cases were seen where existing mental health problems were exacerbated and where conditions such as depression were brought on in those coping with this issue.

Table 3: impact on health

Impact - health	Count	%
none	108	55%
mental health problems	61	31%
physical health problems	22	11%
both physical and mental health problems	7	4%
Grand total	198	

In early 2015, a local Citizens Advice in the North West reported that a disabled 50 year old man had to live in appalling conditions which were leaving him feeling depressed and suicidal. The client had lived in private accommodation for the past ten years and earned less than £400 pcm. His relationship with his landlord had slowly declined and now the landlord does not respond to requests for repairs to the flat. This has left the client living in a house which has no working bath, a leaky toilet causing mould in the room below the bathroom, dangerous electrical wiring exposed and no working heating for over 3 years. To heat his house the client relied on a portable electric heater and lives mainly in one room. Due to his windows being very draughty his electricity bills were very high. As a result the client has fallen behind with his rent payments and faced eviction.

Financial impact

Among the financial difficulties experienced by affected clients, the most common was high bills (31 per cent of cases). It was very common in the cases analysed for clients to be in arrears sometimes for several thousands of pounds. Ten per cent of clients also had additional costs associated with their problems. Notably, only 15 per cent of clients had no financial difficulty as a result of their problem meaning that 85 per cent of clients did.

Table 4: financial impact

Impact - financial	Count	%
high bills	62	31%
financial difficulties	53	27%
other financial impact	31	16%
none	30	15%
additional costs	19	10%
owed money by supplier	3	2%
Grand total	198	

A local Citizens Advice in Yorkshire reported that a disabled woman had received an electricity bill for over £1,000, despite having made regular payments of £86 per month. Her energy company demanded that she paid this at a rate of £125 per month. The woman whose income was largely means-tested benefits, could not do this. She also disputed the bill since she uses electric storage heaters using the Economy 7 tariff. Since the client lives in social housing, the local authority got involved and following an inspection of her heating system by an electrician it was found that her storage heaters had been recharging during the day time, explaining the large bill. The LA then contacted her supplier on the client's behalf and set up a meeting between the client, her supplier and themselves, which the supplier then failed to attend. The client had become very anxious due to her large arrears and has to heat her home effectively due to her disabilities. The local Citizens Advice has been working with the LA to try and resolve the issue, but the client has been struggling to live on the amount of money left to live on after the deductions by her supplier.

Annex: Evidence forms

Bureaux in England and Wales are required by the Citizens Advice membership scheme to have systems in place to send Citizens Advice anonymised case studies of people they have seen where they feel the client's problem cannot be solved by advice alone. For example, the client's situation may highlight where the law is inadequate or inequitable, where service provision has broken down, where the client has experienced harsh or unacceptable practices, or where poor administration or discrimination has led to distress or hardship for an individual.

These are called Evidence Forms. We receive about 50,000 evidence forms every year about the range of issues on which Citizens Advice Bureaux give advice.

Bureau evidence:

- describes the issue being illustrated, focussing on the underlying causes of the problem and what might be done to prevent the same thing happening to other people;
- paints a picture of the people affected by the issue;
- shows why it matters - the consequences for the individual and his or her family, and, where appropriate, on the community as a whole;
- illustrates the cause of the problem, and why options already tried don't work, if possible indicating the scale of the problem
- includes all the client profile and geographic data from the client case record.

Evidence forms are not submitted for every enquiry and so do not give us hard numbers on the sort of problems CAB clients are experiencing. But they allow us to identify broad trends in key practices and products causing consumer detriment. We always ask bureaux to name companies whose policies and practices are causing people problems, and most evidence forms do this.

Although evidence forms are anonymised, further details may be provided if that client agrees. We may be able to contact the bureau who submitted that evidence to request this.

Evidence forms are searchable using a bespoke online search tool using Boolean search terms and/or parametric search terms (which include date sent, Region, local authority, age range). The tool is updated once a day overnight with new evidence forms.

