

# Energy debt and prepayment meters

Hello, I'm Ann Robinson,  
Director of Consumer Policy at uSwitch.com.



Our research has shown that 6.5 million households are in debt to energy providers\*. But, there is some good news here too - the majority of those in energy debt owe less than £200 and so are free to take advantage of the cheaper

tariffs being offered by other suppliers. In this situation switching can be a 'quick fix' solution.

However, it can be difficult to see the positives if you are facing a huge bill. This factsheet is designed to offer useful advice and practical tips to follow if you or someone you know is trying to deal with just such a situation.

More importantly, I hope that it will help those struggling with debt to see that there are solutions and that talking to your supplier can actually help.

*Ann Robinson*

## Prepayment meters can be bad for your wealth

Suppliers can charge prepayment customers more than those paying on receipt of a bill. But in all cases it is far cheaper to pay by direct debit than through a prepayment meter.

Prepayment meters can push you into debt – some old style electricity meters have to be manually altered if prices change. If the supplier delays doing this, you may be back charged at a later date.

**Ann's top tip: make sure you talk to your supplier about any debt problems as soon as possible – remember to also ask about any free products, services or grants that you may be entitled to.**

## General tips for dealing with debt

- Don't ignore it – it won't go away.
- If you have a prepayment meter with a debt of £200 or less, consider switching to another supplier as you could save money – this could allow you to pay off your debt more quickly.
- Ensure your bills are based on up-to-date meter readings and not estimates. If your last bill was estimated, call your supplier to give them a reading.
- If you are struggling to pay, ask your supplier to set up a debt repayment scheme.
- Avoid changing to a prepayment meter if you can as these can cost you more.
- Take a few easy steps to lower your energy usage and save money on bills. Visit [www.energysavingtrust.org.uk](http://www.energysavingtrust.org.uk), or ask your supplier for more information.

## How to avoid debt

**Keep on top of meter readings** to ensure you are being billed accurately – debt can be caused by low estimated bills followed by a high actual bill.

**Get the best energy deal** – where possible move to dual fuel (getting both gas and electricity from one supplier), pay by direct debit and sign up to an online plan. These simple steps should help reduce your bill.

**Review your energy bills at least once a year** to ensure you are still on the cheapest plan.