

Consultation

Consumer Vulnerability Strategy Refresh

Publication date: 10 September 2024

Response deadline: 5 November 2024

Contact: Lauren Kennedy

Team: Consumer Vulnerability and Debt

Telephone: 020 7901 7000

Email: ConsumerVulnerability@ofgem.gov.uk

We are consulting on Ofgem’s Consumer Vulnerability Strategy. We would like views from people with an interest in consumer vulnerability and protections. We particularly welcome responses from consumer groups and charities, suppliers and network companies. We also welcome responses from other stakeholders and the public.

This document outlines the scope, purpose and questions of the consultation and how you can get involved. Once the consultation is closed, we will consider all responses. We seek to be transparent in our consultations. We will publish the non-confidential responses we receive alongside a decision on next steps on our website at [ofgem.gov.uk/consultations](https://www.ofgem.gov.uk/consultations). If you want your response – in whole or in part – to be considered confidential, please tell us in your response and explain why. Please clearly mark the parts of your response that you consider to be confidential, and if possible, put the confidential material in separate appendices to your response.

© Crown copyright 2024

The text of this document may be reproduced (excluding logos) under and in accordance with the terms of the [Open Government Licence](#).

Without prejudice to the generality of the terms of the Open Government Licence the material that is reproduced must be acknowledged as Crown copyright and the document title of this document must be specified in that acknowledgement.

Any enquiries related to the text of this publication should be sent to Ofgem at:

10 South Colonnade, Canary Wharf, London, E14 4PU.

This publication is available at www.ofgem.gov.uk. Any enquiries regarding the use and re-use of this information resource should be sent to: psi@nationalarchives.gsi.gov.uk

Contents

Consumer Vulnerability Strategy Refresh

Foreword	4
Executive Summary	6
The importance of our Consumer Vulnerability Strategy	6
Consumers in vulnerable situations have been badly affected by the cost-of-living crisis	6
Our work is crucial given the number of consumers in vulnerable situations in Great Britain	6
A refreshed and more targeted Consumer Vulnerability Strategy	7
1. Introduction	10
History of our Consumer Vulnerability Strategies	10
Why we are updating our Vulnerability Strategy.....	10
What are we consulting on	10
How our proposals contribute to our objectives.....	11
Context and related publications	11
Next steps.....	12
Your response, data and confidentiality	12
How to track the progress of the consultation.....	13
2. Refreshing the Strategy: Key things to know	14
Outcomes on a page	14
3. Our work to protect and deliver for consumers in vulnerable situations	16
The first year of the Consumer Vulnerability Strategy 2025	16
Delivery of Government Schemes.....	22
4. Consumer Vulnerability	26
Vulnerability definition.....	26
How vulnerability has evolved.....	27
5. Themes, outcomes and our immediate priorities	34
Our key priorities.....	34
Themes.....	34
Outcomes.....	36
6. Increasing transparency and accountability	52
Helping to rebuild trust in energy suppliers	52
Appendix 1–stakeholder feedback on Strategy refresh	56
Stakeholder feedback.....	56
Appendix 2– Privacy notice on consultations	57
Personal Data	57

Foreword

Energy consumers in Great Britain have experienced a once in a generation shock to the energy system. They have seen their energy bills rise far above what they had been used to, and millions have struggled to afford to pay for their energy consumption. We know consumers in vulnerable situations were particularly badly affected, and many still cannot afford essential energy costs.

At the same time, customer service satisfaction has been low, and has lagged behind other sectors. Consumers in vulnerable situations have too often not received the standard of service from their supplier that they are entitled to expect. Others feel left behind in the transition to Net Zero, unable to take advantage of technologies that they cannot afford or feel unable to use.

Whilst we know there have been challenges, and we will continue to face these, there are opportunities too. That's why our proposals for a refreshed Consumer Vulnerability Strategy are so important. They give us the chance to set out the outcomes we want to achieve for consumers in vulnerable situations, and how our and industry's work can help to achieve them. It complements our wider work on raising standards for all consumers, and in particular our recently launched Consumer Confidence package.

There are several outcomes we want to see industry deliver, such as:

- Companies should know who their consumers in vulnerable situations are and what help they need. Data sharing is important for this, and we know it can be improved. We are committed to keep working with government and industry to drive this forward.
- Consumers in vulnerable situations should know what support is available to them and how to access it, particularly when they are struggling to pay for their energy, and not face difficulties in doing so. They should get the best service for them from their supplier. Compassion and empathy are even more important when someone is struggling, and can be the difference between getting a good outcome or not.
- Consumers in vulnerable situations should be empowered to take advantage of Net Zero technologies that are designed for their needs.

These outcomes are vital for consumers in vulnerable situations to participate fully in the energy market.

Consultation – Consumer Vulnerability Strategy: Refresh

To achieve them, companies need to have all consumers at the heart of their culture and decision making, but ensure they are particularly considering the needs of consumers in vulnerable situations. Our proposals for Consumer Vulnerability Panels will help us with this, and to have a reset conversation with industry. It will give industry the opportunity to show us good practice in how they deliver for their consumers in vulnerable situations, and us the opportunity to push them on where we think they can go further. We want to hold these Panels in the spirit of working together to drive up standards for consumers in vulnerable situations across the industry.

Bringing this together into a refreshed Strategy is something we think can help guide us and industry in the months and years ahead. But we don't want it to sit on the shelf. Industry needs to use it, and so do we. Our proposals for a narrower Strategy with fewer outcomes will help, as will our proposals to report against the Strategy outcomes regularly. They will help us hold ourselves to account on the projects we have delivered, the difference they have made, and any reasons why we have changed our priorities. We hope this will bring the transparency and accountability that we want to demonstrate and that our stakeholders want to see.

I look forward to working with government, industry and consumer groups on the shared challenges we face, but also to take advantage of the opportunities we have to work together for the benefit of all consumers in vulnerable situations.

Tim Jarvis

Director General, Markets

Executive Summary

The importance of our Consumer Vulnerability Strategy

Our current Consumer Vulnerability Strategy was published in 2019. Since then, energy consumers in Great Britain have experienced significant challenges including the Covid pandemic, the gas crisis, and more recently cost of living challenges. We therefore want the Strategy to help domestic consumers in vulnerable circumstances to be at the heart of company cultures across the energy system. We want consumers in vulnerable situations to have their needs identified, to receive consistent and compassionate support, and be empowered to participate in the transition to Net Zero.

Our Strategy aims to improve accountability for how the sector treats consumers in vulnerable situations. It will also improve transparency on how we report progress against our goals and complement our Consumer Confidence work to raise standards for all consumers.

Consumers in vulnerable situations have been badly affected by the cost-of-living crisis

The effects of the gas crisis and its impact on the cost of living affected all energy consumers, but particularly the vulnerable. Millions struggled to afford their energy bills and were forced to make difficult decisions on their day-to-day spending. The effects of this are still being felt across the country.

Given our role as energy regulator, we could not fully shield consumers in vulnerable situations from the impact of high energy bills. But we worked closely with stakeholders to try and mitigate their effects. This included working with government to support the delivery of the Energy Bill Support Scheme (EBSS) and Energy Price Guarantee (EPG) to consumers, stabilising the market and avoiding further costly supplier exits, and bringing suppliers and consumer groups together to agree voluntary [Winter Debt Commitments](#).

There was significant public and stakeholder concern about suppliers' practices on involuntary prepayment meters, and we introduced stronger rules as part of our response.

Our work is crucial given the number of consumers in vulnerable situations in Great Britain

Although we cannot predict how energy costs will change in future, we are emerging from the previous gas crisis. Energy bills have reduced since their peak in 2022. Although there are signs that pressure on household finances is easing as inflation falls, overall debt and arrears remain high, and we also know the price cap will rise this winter. Millions of consumers have characteristics of vulnerability in GB, which when

Consultation – Consumer Vulnerability Strategy: Refresh

combined with aspects of the energy market, create situations where they are less able to protect themselves or represent their interests.

The population is ageing, many have physical and mental health conditions, and others have a low income or are in debt and arrears, which makes it difficult to afford the essentials. Many are digitally disadvantaged without internet access, a smartphone, or the skills and dexterity to use them, and are therefore excluded from the increasing digitalisation of services.

A refreshed and more targeted Consumer Vulnerability Strategy

The current Strategy published in 2019 has 5 themes and 19 outcomes. However, this number of outcomes made it more challenging to deliver work against them and maintain focus. We therefore propose a more targeted Strategy which will retain the five themes as four standalone themes and one cross cutting theme, but with a focus on a smaller number of projects to deliver the outcomes we want to see, and with an emphasis on those that most directly help consumers in vulnerable situations. We have set out our overarching approach to this below. The Strategy aligns with our Multi-Year Strategy aim of 'shaping a retail market that works for consumers,' and with our Consumer Interest Framework. ([Ofgem's multi year strategy](#))

Theme 1: Improving identification and smarter use of data

Outcome

Vulnerable customers should have their needs identified, be able to easily notify and update their circumstances, and have better understanding of and access to support services designed to suit their circumstances and meet their needs.

Work programmes

- Review of the Priority Services Register;
- Leading Working Group on development of multi-sector PSR; and
- Working with energy and water on data sharing.

Theme 2: Supporting those struggling with bills

Outcome

Vulnerable customers struggling to pay their bills should receive accurate bills that are easy to understand, compassionate and consistent support, and flexibility in payment methods and frequencies.

Work programmes

- Review our rules on debt and arrears; and

Consultation – Consumer Vulnerability Strategy: Refresh

- Work with government on financial solutions on energy affordability and energy debt.

Theme 3: Driving significant improvements in customer service

Outcome

Vulnerable customers should be provided with tailored communications that are easy to understand, are able to engage with their energy company with ease and do not face exclusion based on their circumstances.

Work programmes

- Continue our work on 24/7 emergency contact;
- Networks RII03;
- Networks ED3; and
- Consumer Confidence.

Theme 4: Encouraging positive and inclusive innovation

Outcome

Vulnerable customers should have access to inclusively designed innovative solutions, particularly those that can help them participate in the transition to Net Zero.

Work programmes

- Future Retail innovation: Consumer protection and participation; and
- AI strategy

Cross cutting Theme 5: working with partners to solve issues across multiple sectors'

This theme does not have standalone outcomes and specific work programmes. It will be relevant for all the work we are doing and is therefore a cross-cutting theme.

Vulnerability definition

Our definition of vulnerability is deliberately broad and recognises that vulnerability can be transient and multi-faceted. Some stakeholders suggest it could be narrower to focus on a smaller group of consumers, and others consider it should be broader to include financial vulnerability. We are not minded to revisit the definition at this time, however, we are keen to hear stakeholder views through this consultation.

Helping to build trust in energy suppliers

We recognise that energy suppliers have experienced challenges during the lifetime of our current Strategy. However, consumers have lower levels of trust in energy suppliers compared to other sectors. Our Consumer Confidence work will drive our work for all consumers, ensuring that suppliers are focused on delivering the outcomes we want to

Consultation – Consumer Vulnerability Strategy: Refresh

see. However we also want to make sure there is a specific focus on consumers in vulnerable situations. We think therefore there is an opportunity to challenge suppliers on what they are doing for their consumers in vulnerable situations. We are proposing to chair annual Consumer Vulnerability Panels, at which energy suppliers will provide evidence of what they are delivering for their consumers in vulnerable situations. It will give suppliers the chance to show us good practice and importantly allow us to challenge them on where they could go further. We propose to publish a report setting out our findings, to help spread good practice and set out our expectations for the sector.

Demonstrating our progress against the aims in the Strategy

We did not report our progress against the outcomes in the current Strategy. We know that stakeholders want this visibility of our work, and how it comes together to help protect consumers in vulnerable situations.

We propose creating a dedicated space on our website for a 'live' Strategy, which we will update as we deliver projects and priorities change. We will use this space to publish an annual workplan. It will also allow us to set out any work that we are deprioritising, and the reasons why.

We propose to supplement this with an annual report setting out good practice, areas for improvements and key statistics, including Social Obligations Reporting data and evidence from consumer research. These would be set out under the themes and outcomes in the Strategy. We intend all of this to improve transparency on how the whole sector is performing against the strategic goals we have set, including Ofgem. This will help to hold us all to account for delivering against outcomes for consumers in vulnerable situations.

The importance of working with our stakeholders

We know we cannot meet the needs of vulnerable energy consumers on our own. We will work with government and all stakeholders, to help protect the interests of consumers in vulnerable situations. This includes through work on affordability and debt and our Consumer Confidence package on consumer protection.

We welcome stakeholders' views on our proposals. Please submit these to ConsumerVulnerability@ofgem.gov.uk or using our Citizens Space survey here <https://consult.ofgem.gov.uk/energy-supply/consumer-vulnerability-strategy> by 5 November 2024.

1. Introduction

This section sets out why we are consulting on a new Consumer Vulnerability Strategy. It also explains how stakeholders can respond, and our next steps.

History of our Consumer Vulnerability Strategies

Our primary duty is to protect current and future consumers. We have a statutory duty to consider the needs of people with disabilities, who are chronically sick, of pensionable age, on low income or living in rural areas. Statute also allows us to consider the specific needs of other groups of consumers. (See section 3A (3) [Electricity Act 1989](#) and section 4AA (3) [Gas Act 1986](#).)

To translate this duty into our regulatory approach, in 2013 we published the first Consumer Vulnerability Strategy which examined the complex nature of consumer vulnerability, and our definition. ([Consumer Vulnerability Strategy \(ofgem.gov.uk\)](#))

In 2019 we published our updated 'Consumer Vulnerability Strategy 2025' due to widespread recognition that the energy market was going through great change with the impact of digitalisation, decarbonisation, and decentralisation. It set out 5 themes and 19 outcomes, along with the projects and work that we would take forward to help meet the outcomes. ([Consumer Vulnerability Strategy 2025 | Ofgem](#))

Why we are updating our Vulnerability Strategy

Since the Consumer Vulnerability Strategy 2025 was published, the sector has experienced significant upheaval and price rises, particularly affecting consumers in vulnerable situations. Further, many consumers have found themselves subject to poor supplier practices (for example, involuntary installation of prepayment meters (PPMs)).

While we have established new protections (for example, Consumer Standards and Involuntary PPM protections) and welcome the steps taken voluntarily by suppliers (e.g. Winter Voluntary Debt Commitment), more is needed. Our approach needs to stay ahead of a rapidly developing sector and target action to ensure consumers in vulnerable situations are better protected and benefit from the growth of new products, services, and technologies.

We therefore committed to refreshing our Consumer Vulnerability Strategy to be more targeted towards key outcomes and reflect a rapidly changing sector and evolving social and economic environment.

What are we consulting on

We are consulting on the content of a revised Consumer Vulnerability Strategy. It has four standalone themes, one cross cutting theme, and four high level outcomes. It sets

Consultation – Consumer Vulnerability Strategy: Refresh

out proposals for annual Consumer Vulnerability Panels, and proposals on how we report our progress against meeting the aims of the Strategy.

This document is split into six sections:

- Chapter 1: Consultation process;
- Chapter 2: Outcomes on a page – key things to know;
- Chapter 3: Work we have delivered to help protect consumers in vulnerable situations;
- Chapter 4: How vulnerabilities have changed since 2019;
- Chapter 5: Revised Strategy themes and outcomes; and
- Chapter 6: Increasing transparency and accountability.

How our proposals contribute to our objectives

Protecting the interests of consumers in vulnerable situations is our principal objective and aligns with our statutory duty. This work primarily aligns with our Multi-Year Strategy (MYS) *Objective 2: Ensure high quality of service* and helps to meet the MYS priority of “Continuing to prioritise vulnerable consumers, refreshing our Consumer Vulnerability Strategy to be more targeted towards key outcomes, and reflect a rapidly changing sector and evolving social and economic environment.” ([Consumer Vulnerability Strategy 2025 | Ofgem](#))

These proposals for a refreshed Vulnerability Strategy also aim to meet our Forward Work Programme (FWP) objective “*to review our Consumer Vulnerability Strategy 2019-25, to determine what further changes could support consumers in vulnerable situations.*” ([Ofgem’s Forward Work Programme – 2024/25](#) p.16) This sits under the FWP objective to “*ensure vulnerable consumers are protected, and find the right balance of competition and regulation to drive up standards for all consumers. We need to hold suppliers to account, through monitoring, compliance and enforcement - as consumer needs, the system, and the market evolve.*”

Context and related publications

The following publications are relevant to this consultation:

- [Consumer Vulnerability Strategy \(ofgem.gov.uk\)](#)
- [Consumer Vulnerability Strategy 2025 | Ofgem](#)
- [Forward Work Programme | Ofgem](#)
- [Ofgem's multi year strategy](#)
- [Consumer standards decision | Ofgem](#)
- [Involuntary prepayment meter decision | Ofgem](#)
- [The Winter 2023 Voluntary Debt Commitment - Energy UK \(energy-uk.org.uk\)](#)
- [RIIO-3 Sector Specific Methodology Decision – GD Annex \(ofgem.gov.uk\)](#)

Next steps

The consultation closes for written responses on 5 November 2024. We expect to conclude and publish our final Strategy by the end of 2024/25. We are keen to hear from anyone with views on our proposals, so please send your responses to

ConsumerVulnerability@ofgem.gov.uk or using our Citizens Space survey at <https://consult.ofgem.gov.uk/energy-supply/consumer-vulnerability-strategy>

We have asked for your responses to questions throughout the document, so please respond to each one as fully as you can.

Your response, data and confidentiality

You can ask us to keep your response, or parts of your response, confidential. We'll respect this, subject to obligations to disclose information, for example, under the Freedom of Information Act 2000, the Environmental Information Regulations 2004, statutory directions, court orders, government regulations or where you give us explicit permission to disclose. If you do want us to keep your response confidential, please clearly mark this on your response and explain why.

If you wish us to keep part of your response confidential, please clearly mark those parts of your response that you do wish to be kept confidential and those that you do not wish to be kept confidential. Please put the confidential material in a separate appendix to your response. If necessary, we'll get in touch with you to discuss which parts of the information in your response should be kept confidential, and which can be published. We might ask for reasons why.

If the information you give in your response contains Personal Data under the General Data Protection Regulation (Regulation (EU) 2016/679) as retained in domestic law following the UK's withdrawal from the European Union ("UK GDPR"), the Gas and Electricity Markets Authority will be the Data Controller for the purposes of GDPR. Ofgem uses the information in responses in performing its statutory functions and in accordance with section 105 of the Utilities Act 2000. Please refer to our Privacy Notice on consultations, see Appendix 3.

If you wish to respond confidentially, we'll keep your response itself confidential, but we will publish the number (but not the names) of confidential responses we receive. We won't link responses to respondents if we publish a summary of responses, and we will evaluate each response on its own merits without undermining your right to confidentiality.

General feedback

We believe that consultation is at the heart of good policy development. We welcome any comments about how we have run this consultation. We'd also like to get your answers to these questions:

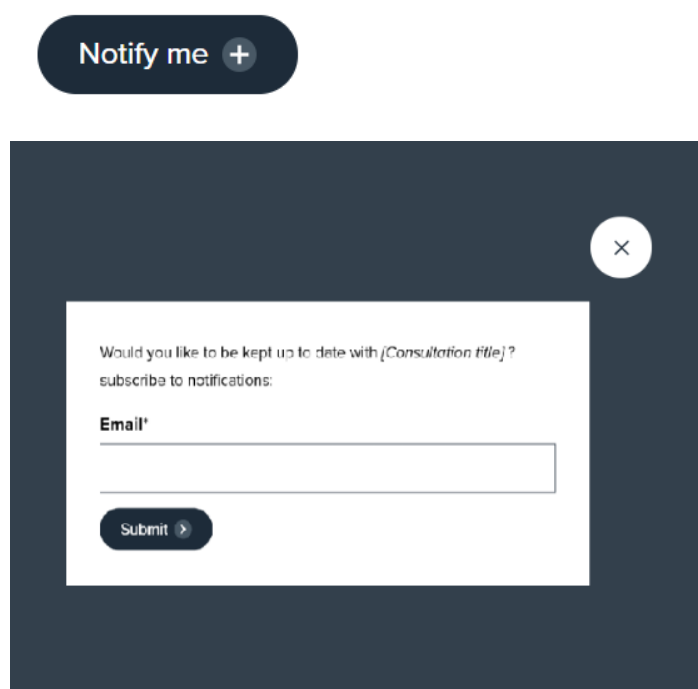
- Do you have any comments about the overall process of this consultation?
- Do you have any comments about its tone and content?
- Was it easy to read and understand? Or could it have been better written?
- Were its conclusions balanced?
- Did it make reasoned recommendations for improvement?
- Any further comments?

Please send any general feedback comments to stakeholders@ofgem.gov.uk

How to track the progress of the consultation

You can track the progress of a consultation from upcoming to decision status using the 'notify me' function on a consultation page when published on our website.

[Ofgem.gov.uk/consultations](https://www.ofgem.gov.uk/consultations)



Once subscribed to the notifications for a particular consultation, you will receive an email to notify you when it has changed status. Our consultation stages are:

Upcoming > **Open** > **Closed** (awaiting decision) > **Closed** (with decision)

2. Refreshing the Strategy: Key things to know

By refreshing the Strategy, we intend to:

- Refocus ours and industry’s priorities to ensure that consumers in vulnerable circumstances are at the heart of company cultures and the right support and outcomes are delivered consistently.
- Build an enduring, collaborative way of working to deliver and maintain sufficient focus on the needs of consumers in vulnerable situations.
- Bring transparency to our priorities, work programmes, and expectations on companies.

We are proposing to retain all five themes from the Consumer Vulnerability Strategy 2025, but consider that ‘working with partners to solve issues across multiple sectors’ should be cross cutting to reflect where the fact the Strategy can add particular value by bringing work and stakeholders together, rather than having specific outcomes attached to it.

Our key immediate priorities are:

- Working with government to tackle the growing affordability and debt challenges;
- Identifying consumers in vulnerable situations through data sharing and PSR reform;
- Improving customer service; and
- Encouraging positive, inclusive innovation.

Outcomes on a page

Theme: Improving identification and smarter use of data

Outcome: Vulnerable customers should have their needs identified, be able to easily notify and update their circumstances, have better understanding of and access to support services designed to suit their circumstances and meet their needs.

Sub-outcome 1: *Vulnerable customers to have minimal burden in notifying and updating energy companies of their circumstances*

Sub-outcome 2: *Vulnerable customers should have sufficient understanding of and easy access to the support and services available to them, including via the PSR*

Theme: Supporting those struggling with bills

Outcome: Vulnerable customers struggling to pay their bills should receive accurate bills that are easy to understand, compassionate and consistent support, and flexibility in payment methods and frequencies

Consultation – Consumer Vulnerability Strategy: Refresh

Sub-outcome 1: *Vulnerable customers should have accurate, easy to understand bills that support flexible payment methods and frequencies*

Sub-outcome 2: *Vulnerable customers who are struggling to pay their bills, or are indebted, should have proactive and consistent affordability and debt support, that is delivered with compassion and understanding*

Theme: Driving significant improvements in customer service

Outcome: Vulnerable customers should be provided with tailored communications that are easy to understand, able to engage with their energy company with ease and do not face exclusion based on their circumstances

Sub-outcome 1: *Vulnerable customers should be able to contact their energy company easily, their needs are accommodated and that they are not excluded due to language barriers or capability with digital tools*

Sub-outcome 2: *Vulnerable customers should receive communications that are easy to understand and tailored to suit their needs*

Theme: Encouraging positive and inclusive innovation

Outcome: Vulnerable customers should have access to inclusively designed innovative solutions, particularly those that can help them participate in the transition to Net Zero

Sub-outcome 1: *Vulnerable customers should have access to innovative solutions that deliver positive outcomes*

Sub-outcome 2: *Innovative solutions should be inclusively designed to limit the barriers to take up or adverse outcomes for vulnerable customers*

3. Our work to protect and deliver for consumers in vulnerable situations

In this section, we set out some of the work we have delivered for consumers in vulnerable situations since 2019. We also set out what we have seen from industry during this time.

The first year of the Consumer Vulnerability Strategy 2025

In the first year of the Strategy, we committed to delivering several projects to help consumers in vulnerable situations. We set these out below, along with the progress we made against each one.

Progress against year 1 Consumer Vulnerability Strategy workplan

Analytical framework

We developed a Distributional Impacts Framework ([Assessing the distributional impacts of economic regulation \(ofgem.gov.uk\)](https://www.ofgem.gov.uk/assessing-the-distributional-impacts-of-economic-regulation)) to help us understand how different policies may impact on a selection of different types of households and energy consumers. We also developed 'Consumer Archetypes' as an input to the framework. The Archetypes are segmented into distinct consumer groups, representing all households in GB. The Archetypes are used to investigate existing or proposed policy designed to help rebalance any policies which have been identified as unintentionally overlooking or disadvantaging certain households. ([Consumer archetypes for Ofgem - Centre for Sustainable Energy \(cse.org.uk\)](https://www.cse.org.uk/consumer-archetypes-for-ofgem))

Self-disconnection protections

In 2020 we published our final decision on changes to rules to protect PPM customers at risk of self-disconnection. The new rules introduced requirements on suppliers to identify PPM customers who are self-disconnecting and to offer short-term support through emergency and friendly hours credit, as well as to offer additional support credit to PPM in vulnerable situations who have self-disconnected or self-rationed. ([Self-disconnection and self-rationing: decision | Ofgem](https://www.ofgem.gov.uk/self-disconnection-and-self-rationing-decision))

Ability to Pay rules

The self-disconnection decision also included enhanced requirements on suppliers to support all customers who are facing financial difficulties through the inclusion of updated Ability to Pay principles in the supply licence. ([Self-disconnection and self-rationing: Decision | Ofgem](https://www.ofgem.gov.uk/self-disconnection-and-self-rationing-decision))

Gas Network vulnerability principle

As part of the RII0-GD2 vulnerability package, we introduced a new licence obligation to ensure domestic customers are treated fairly. Gas distribution networks (GDNs) must comply with Standard Special Condition D21, which places greater onus on the GDNs to

Consultation – Consumer Vulnerability Strategy: Refresh

treat their customers fairly and, including customers in vulnerable situations and develop approaches that deliver fair outcomes for those customers. ([RIIO-GD2 Fair Treatment Guidance \(ofgem.gov.uk\)](#)).

Future energy retail market

In 2018, the Department for Energy Security and Net Zero (DESNZ) and Ofgem launched a joint review to investigate what policy, legal and regulatory changes might be needed to ensure the energy retail market is fit for the future. The joint review phase of the project is now over, with government and Ofgem taking forward policy making processes for our respective areas independently, but with close consultation. ([Flexible and responsive energy retail markets - GOV.UK \(www.gov.uk\)](#)) In 2020, we consulted on broadening our derogations regime and better enabling licensed suppliers for specific geographic areas or premises. ([Supporting retail innovation: Policy consultation on ability to provide derogations from certain standard licence conditions; and, granting supply licences for specific geographic areas or premises types | Ofgem](#)) Now the energy sector is more stable following the gas crisis we will be re-starting this conversation about how we unlock innovation and protect consumers as the market changes. We will continue to work with the new government to ensure that we have a coordinated strategy and approach for the future of the retail market.

After year one

Our work following these year one deliverables was less proactively focused on the specific outcomes for the Consumer Vulnerability Strategy 2025 due to impacts of the Covid pandemic and the gas crisis. We responded to the Covid pandemic and aimed to ensure that consumers in vulnerable situations were not adversely impacted in their energy supply by:

- Taking a more flexible approach in our regulatory regime to ensure focus on preventing harm to consumers; ([Impact of COVID-19 on retail energy supply companies – an enabling framework for regulatory flexibility | Ofgem](#))
- Working with government to agree principles to support energy customers impacted by Covid; ([Supplier Agreement 19.3.2020.pdf \(publishing.service.gov.uk\)](#)) and
- Reallocating a proportion of funding from the Energy Redress Fund to fund emergency fuel vouchers. ([Supplier Agreement 19.3.2020.pdf \(publishing.service.gov.uk\)](#))

Following the Covid pandemic, Europe moved into the energy and subsequent cost of living crisis. Energy prices rose sharply due to increased demand as countries emerged

Consultation – Consumer Vulnerability Strategy: Refresh

from Covid, combined with supply shortages due to Russia’s invasion of Ukraine. Our work during this crisis included:

- Delivering the EBSS and EPG schemes on behalf of government, providing relief on consumers’ energy bills.
- Updating and monitoring compliance with the energy price cap which helped to protect consumers from unfair prices caused by the volatile gas market. ([Energy price cap | Ofgem](#))
- Protecting over 2.5 million customers during 30+ supplier exits since January 2021 through our Supplier of last resort (SoLR) process. ([How you’re protected when energy firms collapse | Ofgem](#))
- Agreeing Voluntary Commitments with Energy UK and suppliers for winter 2021 and 2023. ([Energy sector offers helping hand - Energy UK \(energy-uk.org.uk\)](#))
- Launching Market-wide Compliance Reviews into customers in payment difficulty, vulnerability and customer service. ([Compliance and enforcement - Improving energy supplier performance for consumers | Ofgem](#))
- Publishing good practice guides for treatment of customers in payment difficulty. ([Good practice for supporting customers in payment difficulty | Ofgem](#)) ([Cost of Living Working Group - Joint Letter on Debt Collections | UKRN: the UK Regulators Network](#))

More recently, and as noted above, we introduced new requirements for suppliers as part of our Consumer Standards work. This included new and updated rules:

- To make it easier for domestic customers to contact their supplier;
- For suppliers to prioritise contacts from the most consumers in vulnerable situations and their representatives;
- To help provide support for domestic customers who are struggling with their energy bills, with more proactive contact consideration of debt repayment holidays; and
- To compel suppliers to publish information on their customer service performance, as measured by Citizens Advice. ([Consumer standards decision | Ofgem](#))

In 2023 we also launched a package of work to investigate and improve supplier processes with Involuntary PPM. This resulted in a moratorium on installation, a Market Compliance Review (MCR), Code of Practice and new rules to transform how suppliers treat their customers struggling to pay their bills and in vulnerable circumstances. The rules include much greater prescription about how and when suppliers can proceed with

Consultation – Consumer Vulnerability Strategy: Refresh

Involuntary PPM and provides examples of customer circumstances or characteristics where a PPM should not be deemed as safe and reasonably practicable. The rules also obligate suppliers to provide specific aftercare following installation and conduct regular reviews of the cases that are progressed. ([Market Compliance Review: Remote mode switching and pre-payment meter warrant installations | Ofgem](#)) ([Involuntary prepayment meter energy supplier Code of Practice | Ofgem](#)) ([Involuntary prepayment meter decision | Ofgem](#))

Our work with suppliers as they restarted Involuntary PPM (having met strict restart criteria) has demonstrated the value of working collaboratively to support understanding and implementation of the rules we impose, and in delivering the right outcomes for consumers.

Following our Vulnerability Summit in April 2023 we have made significant progress with sharing data across energy and water sectors. We have also made progress with government and other stakeholders on scoping a ‘tell us once’ or multi-sector PSR. The need to improve how industry identifies customers in vulnerable circumstances remains crucial and central to delivering the support those customers need.

To ensure that our work protects the interests of current and future consumers, we conduct a range of consumer insight and behavioural science research with consumers to understand their perspectives and lived experiences and champion the consumer voice in our decision making. Examples of this include Consumer Attitudes to Involuntary PPM and Consumer Standards qualitative research. ([Consumer attitudes to involuntary prepayment meter installation rule changes | Ofgem](#) and [Consumer standards qualitative research | Ofgem](#)) ([Consumer standards qualitative research | Ofgem](#))

More recently, Ofgem conducted research to directly inform the future of our Consumer Vulnerability Strategy ([Understanding the lived experiences of consumers in vulnerable circumstances | Ofgem](#)) . This research aimed to explore, and bring to life, the contexts and lived experiences of consumers in vulnerable circumstances. The findings of this research were used to support recommendations on how to take the Strategy forward. Ofgem’s board, GEMA, also heard directly from consumers that participated in this research, to support the decision on next steps.

Compliance and Enforcement

From a broader compliance and enforcement perspective, we have undertaken significant programmes of work to ensure that energy companies are complying with their obligations. This has included MCR work on how companies identify and support consumers in vulnerable situations, and how they support customers in payment difficulty or debt.

Consultation – Consumer Vulnerability Strategy: Refresh

The MCRs have led to improvements across several areas, including suppliers' processes on identifying and supporting customers in payment difficulty. Updates on our MCR work can be found on our website. ([Compliance and enforcement - Improving energy supplier performance for consumers | Ofgem](#))

Separately to our MCR work, we have also undertaken compliance and enforcement investigations into energy company treatment of vulnerable customers. For example, we have opened investigations into compliance with smart meter roll out activities, treating customers fairly, obligations on the Priority Services Register (PSR), and billing and communications. ([Compliance and enforcement - Investigations, orders and penalties | Ofgem](#))

We have ensured that money companies pay into the Energy Industry Voluntary Redress Scheme is used to fund energy related projects to support vulnerable customers. ([Three suppliers pay total of £8 million in relation to 'Guaranteed Standards of Performance' Final Billing Compensation failures | Ofgem](#)) ([Your guide to understanding the new redress scheme \(energyredress.org.uk\)](#)) The Scheme, launched in 2018, has awarded over £100 million to fund over 500 projects across GB that support vulnerable energy consumers and carbon emission reduction initiatives. ([Your guide to understanding the new redress scheme \(energyredress.org.uk\)](#))

Infrastructure and Networks

In Electricity Distribution (ED2), the Stakeholder Engagement and Consumer Vulnerability Incentive (SECV) was replaced by the strengthened and sharpened Customer Vulnerability Incentive (CVI). The CVI's purpose was to ensure that Distribution Network Operators (DNOs) are held to account for delivering their vulnerability strategies and baseline expectations. We did this by setting key metrics which we then measured over time.

The CVI drives performance in respect of increasing sign-up to the PSR, improving customer satisfaction in the delivery of services and measuring the value of services provided.

In addition to the CVI, we also sought to protect consumers in vulnerable situations in ED2 by introducing a new principles-based licence obligation for networks electricity distribution licensees to treat domestic customers fairly.

More recently, as part of our price control setting for RIIO-3 ([RIIO-3 Sector Specific Methodology Decision – GD Annex \(ofgem.gov.uk\)](#)) (which will apply from April 2026), we reviewed our approach to consumer vulnerability in the gas distribution sector, to ensure we protect and support those in vulnerable situations. In our RIIO-GD3 SSMD, we decided that the Gas Distribution Networks (GDNs) should continue to address

Consultation – Consumer Vulnerability Strategy: Refresh

consumer vulnerability within their existing areas of competence, activity and consumer interaction. This role includes addressing issues of fuel poverty, carbon monoxide safety, and supporting a just transition to Net Zero. We are also mindful of our wider work in Ofgem looking at debt and affordability, and we will ensure these areas remain in alignment with each other.

In our RIIO-GD3 SSMD, we also decided to retain the Vulnerability Minimum Standards, which include the Additional Services Licence Obligation for specified customer groups, a principles-based “Treating Domestic Customers Fairly” Licence Obligation, and the Guaranteed Standards of Performance (GSOPs). These will continue to protect consumers in vulnerable situations and to ensure that they are treated fairly.

We also decided in our SSMD to retain the requirement for the GDNs to each maintain and update individual consumer vulnerability strategies, which are tested with diverse stakeholders and inform both their use of the Vulnerability and Carbon Monoxide Allowance (VCMA) and business as usual (BAU) activities. We made the decision to introduce a new requirement for GDNs to develop and maintain a high-level joint-GDN vulnerability strategy. This will help facilitate a more collaborative approach to anticipating, identifying and responding to vulnerability issues, and facilitate progress on cross-sector challenges like delivering a just transition and data use for vulnerability identification and action. The GDNs should ensure that the most up-to-date versions of their individual and joint-GDN strategies, including executive summaries, are easily accessible to stakeholders on their websites.

In our SSMD, we decided to retain the VCMA in RIIO-3. The VCMA enables the GDNs to fund vulnerability projects and carbon monoxide safety initiatives that go beyond the BAU activities already funded through other price control mechanisms, or required through the license conditions. It is a use-it or lose-it allowance, with unspent funds returned to consumers at the end of the price control, and projects are mostly delivered in partnership with third sector organisations. The GDNs must produce individual and collaborative annual reports detailing their use of the VCMA and the progress of their VCMA Projects, and publish these on their websites. We will work with the GDNs and stakeholders ahead of RIIO-3 to further develop the VCMA to ensure it is sustainable and impactful for consumers in vulnerable situations.

We decided in our SSMD to retain the financial output delivery incentives for Customer Satisfaction and the Complaints Metric, and intend to update the target scores to reflect and incentivise the GDNs’ continued high performance in these areas. To provide additional protection for consumers in vulnerable situations, we have decided to introduce new reputational output delivery incentives which will require the GDNs to

Consultation – Consumer Vulnerability Strategy: Refresh

report on their Customer Satisfaction and Complaints Metric scores for customers on the Priority Services Register.

Delivery of Government Schemes

Throughout the lifespan of the Consumer Vulnerability Strategy 2025 we have continued to deliver and administer government schemes designed to tackle fuel poverty. Below we set out our role on the Warm Home Discount, Great British Insulation Scheme and Energy Company Obligation schemes.

Key information on Ofgem’s role in WHD, GBIS and ECO

WHD

Purpose:

The Warm Home Discount scheme (WHD) provides an annual, one-off £150 discount off energy bills for eligible households including those on low-income and who are vulnerable to cold-related illness or living wholly or mainly in fuel poverty. In addition to providing the £150 bill rebate, each participating supplier has a spending obligation towards Industry Initiatives.

Ofgem’s role:

Ofgem’s role is to administer the Industry Initiatives and facilitate suppliers’ compliance with the scheme.

Key information:

The scheme’s 12th year, which covered support delivered between 1 April 2022 and 31 March 2023, delivered over £443m in rebates to eligible households and £44.3m on industry initiatives that provided different types of support to fuel poor households.

[\(Warm Home Discount Annual Report - SY12 | Ofgem\)](#)

ECO

Purpose:

The Energy Company Obligation scheme (ECO) works by placing a Home Heating Cost Obligation (HHCRO) on medium and large energy suppliers. Obligated suppliers must promote measures that improve the ability of low income, fuel poor and vulnerable households to heat their homes

Ofgem’s role:

Ofgem’s role in administering the scheme includes allocating a proportion of targets to obligated suppliers, monitoring supplier progress and compliance and reporting to the Secretary of State.

Key information:

ECO4 runs from 27 July 2022 to 31 March 2026. Over 500,000 measures have been delivered to eligible households to date. ([Energy Company Obligation public reports and data | Ofgem](#))

GBIS

Purpose:

Like ECO, the Great British Insulation Scheme (GBIS) places an obligation on medium and large energy suppliers.

A minimum of 20% of GBIS obligations must be delivered to low income, fuel poor and vulnerable households

Ofgem’s role:

Ofgem’s role in administering the scheme includes allocating a proportion of targets to obligated suppliers, monitoring supplier progress and compliance and reporting to the Secretary of State.

Key information:

GBIS runs from 1 April 2023 to 31 March 2026. Whilst measure volumes have thus far been low, we have recently seen increases in delivery activity.

What have we seen from industry

In the lifespan of the Consumer Vulnerability Strategy 2025, we have seen good practice from energy companies to help support and protect consumers in vulnerable situations.

While we recognise that there are areas of good practice across industry, there remains challenges with consistency of support offered across energy companies. We consider that more can be done to put consumers at the heart of company policies and ensure that consistently appropriate support is provided to customers in vulnerable circumstances.

Collaboration and best practice sharing

In 2020, Energy UK launched its Vulnerability Commitment, aiming to drive continuous improvement in standards over and above the expectations set out in licence conditions. The Commitment is based on three key principles:

- Accessibility;
- Collaboration; and
- Innovation.

Consultation – Consumer Vulnerability Strategy: Refresh

13 suppliers have signed up to the Commitment, which covers around 90% of UK homes. ([Vulnerability Commitment - Energy UK \(energy-uk.org.uk\)](https://energy-uk.org.uk/vulnerability-commitment))

As part of their annual assessments, good practice is identified and shared with industry. Energy UK published the most recent Vulnerability Commitment Good Practice Guide in 2023, highlighting good practices from the panel hearings and sharing industry-leading customer support. ([Energy-UK Vulnerability Commitment- Good Practice Guide 2023](#))

Involuntary Pre-payment Meters

Ofgem has been monitoring suppliers' handling of Involuntary PPM under the new licence conditions implemented in 2023. We have taken suppliers through a rigorous process prior to being given permission to restart to ensure that they had made appropriate changes to their processes.

Through the monitoring of PPM customer journeys, we have seen that suppliers have put in place new processes to handle vulnerability during the PPM pathway, both as defined in the licence conditions as "do not install" or "further assessment needed" categories and where complex vulnerability is discovered.

We have worked closely with suppliers throughout the monitoring processes and have seen their identification and handling of vulnerability within the Involuntary PPM process mature. They are keen to learn from each other and share best practice, which will be beneficial for all customers with vulnerabilities.

Support for customers struggling to pay their bills

In addition to offering hardship funds for customers who are struggling to pay their bills and/or in debt, some suppliers have partnered with third parties to help people with severe health conditions manage their energy bills by providing targeted support to ensure they live in a warm home. Others have also launched targeted debt support, such as schemes aimed at incentivising debt repayment by providing financial support that matches customer payments.

Data Sharing

A significant amount of progress has been made in sharing PSR data between utility sectors, thanks to the work of Water UK and the Energy Networks Association, with support from Ofgem, Ofwat and Energy UK. All DNOs had established data sharing agreements with local water companies by 2023, and the majority of suppliers have adopted the necessary legal changes to enable their PSR data to also be shared with water companies. We expect this project to be fully functional across all parties during 2025.

Several companies have established relationships with projects looking to establish multi-sector data-sharing platforms, for example some network companies are working

Consultation – Consumer Vulnerability Strategy: Refresh

with Northumbrian Water’s Support for All pilot, which aims to establish a ‘tell us once’ model of vulnerability data sharing. Some suppliers have also partnered with third parties to offer customers on the PSR free wellbeing checks to identify any additional health issues which may need support. ([Support for All 2 - Ofwat Innovation Fund \(challenges.org\)](#))

We want to build on the good practice we have seen, and we set out proposals for how we could do this in chapter 6.

4. Consumer Vulnerability

This section sets out key information on vulnerabilities across Great Britain, and how these may have changed since we published the current Consumer Vulnerability Strategy 2025 in 2019. More detail on this is included in Annex 2.

Questions

Do you agree that we should not prioritise updating the vulnerability definition?

Vulnerability definition

We define vulnerability as when a consumer’s personal circumstances and characteristics combine with aspects of the market to create situations where he or she is:

- significantly less able than a typical domestic consumer to protect or represent his or her interests; and/or
- significantly more likely than a typical domestic consumer to suffer detriment or that detriment is likely to be more substantial.

In developing our Consumer Vulnerability Strategy 2025, we looked at amending our vulnerability definition, first set out in 2013. We decided against changing the definition to make it more prescriptive and less dynamic as this would not do justice to the many types of vulnerable situations customers can face. The current definition retains a nuanced perspective of vulnerability, that recognises its transient nature. Risk factors for individual circumstances mean that vulnerability can be complex and multidimensional, and as such, we consider that changing the definition of vulnerability does not prevent, discourage or otherwise impact the outcomes we see for vulnerable customers.

We also have received stakeholder feedback around defining financial vulnerability and including it in the vulnerability definition. Financial vulnerability remains a key focus for us and we have work to tackle specific issues such as energy affordability in train. We believe this is a better way of delivering outcomes for consumers in these circumstances than amending the definition to include financial vulnerability specifically.

Qualitative research conducted with consumers demonstrated that some participants felt that the complexity of their circumstances required a more personalised approach to provision of support. ([Understanding the lived experiences of consumers in vulnerable circumstances | Ofgem](#))

We remain of the view that energy companies must put in effort to identify and support customers in vulnerable circumstances, even if that is challenging. Where self-identification and notification of consumer vulnerabilities or circumstances is required, we expect suppliers to allow consumers to do so easily.

Consultation – Consumer Vulnerability Strategy: Refresh

Our broad definition ensures the energy sector is focusing on all aspects of vulnerability, and it does not prevent developing more specific definitions to target solutions to certain cohorts. We therefore propose that we **do not focus on updating the vulnerability definition at this time**. Our overarching focus is to deliver for consumers in vulnerable situations against the outcomes set out later in this chapter and concentrate on specific interventions.

Q1. Do you agree that we should not prioritise updating the vulnerability definition?

If you disagree and think that we should update the vulnerability definition, please provide reasoning for prioritising this activity.

How vulnerability has evolved

Our statutory duty requires us to consider the needs of people with disabilities, who are chronically sick, of pensionable age, on low income or living in rural areas. Vulnerability in the energy market is not solely related to affordability of energy. There are many factors that contribute to vulnerability and can increase the risk of detriment or harm to consumers being realised, such as health and mental health, poor literacy or numeracy skills, and digital or language exclusion.

All consumers, in any market can be vulnerable to detriment. As set out above, our definition of vulnerability is intentionally broad to capture the dynamic and transient nature of vulnerability.

We have seen economic factors exacerbate and stretch the nature of vulnerability over recent years. The Covid pandemic has contributed to an increase in long term health conditions and the cost-of-living crisis, including soaring energy prices, have contributed to an increase in customers struggling to pay their bills, which in turn can create and exacerbate health and mental health conditions.

There are millions of consumers with characteristics of vulnerability in GB. It is crucial that we understand these vulnerabilities so that we can determine how best to protect their interests.

Customer circumstances

Disability

There are around 16 million people in the UK with disabilities, representing 24% of the total population. ([UK disability statistics: Prevalence and life experiences - House of Commons Library \(parliament.uk\)](#)) The proportion of the population reporting a disability has risen by 6 percentage points since 2002 ([UK disability statistics: Prevalence and life](#)

Consultation – Consumer Vulnerability Strategy: Refresh

[experiences - House of Commons Library \(parliament.uk\)](#), data running up to FY 2021/2022)) In 2021/22 around 11% of children were disabled, compared to 23% of working age adults and 45% of adults of state pension age. The number of people in Great Britain entitled to receive a disability benefit has risen from 3.9 million in 2002 to 6.3 million in 2023 and is expected to rise further. ([UK disability statistics: Prevalence and life experiences - House of Commons Library \(parliament.uk\)](#)) In contrast, there are around 5 million with health conditions and disabilities in work. ([Disability facts and figures | Disability charity Scope UK](#)) However, disabled people are almost twice as likely to be unemployed as those without health conditions or disabilities. ([Disability facts and figures | Disability charity Scope UK](#))

Data shows that along with food, energy bills make up a larger proportion of expenditure for disabled households. ([Cost of living for people with disabilities - House of Commons Library \(parliament.uk\)](#)) Many disabled people need more heating to stay warm, in particular if they lack mobility, or use additional electricity to charge specialist equipment. ([Out in the Cold | Disability charity Scope UK](#)) Despite this, research suggests disabled people are more likely to live in a cold home. In November 2022, research suggested that 41% couldn't afford to keep their homes warm compared to 23% of the non-disabled population. ([Out in the Cold | Disability charity Scope UK](#)) In 2020 the average disabled household faced around £975 a month in extra costs, if this figure is updated to account for inflation over the current period, these extra costs rise to £1,122 per month. ([Disability Price Tag 2023: the extra cost of disability | Disability charity Scope UK](#))

Long term health issues

Self-reported long-term health conditions are increasing among working-age adults, especially since the Covid pandemic. The number of working-age people reporting at least one long-term health condition has climbed steadily, reaching 36% in the first quarter of 2023. This is a jump from 29% in 2016. ([Rising ill-health and economic inactivity because of long-term sickness, UK - Office for National Statistics \(ons.gov.uk\)](#))

Over 2.5 million people are now economically inactive due to a long-term health issue. This represents an increase of over 400,000 since the Covid pandemic began. For those unable to work due to long-term sickness, nearly two-fifths (38%) report having five or more health conditions; this is an increase from 34% in 2019. ([Rising ill-health and economic inactivity because of long-term sickness, UK - Office for National Statistics \(ons.gov.uk\)](#)) This suggests a rise in complex and interconnected health problems.

Consultation – Consumer Vulnerability Strategy: Refresh

Pensionable age

Our aging population likely means continued growth in long-term sickness inactivity in coming years ([REAL Centre \(health.org.uk\)](https://www.health.org.uk)). In 2023, there were over 11 million people aged over 65 in GB. This is projected to increase by 10% in the next five years and by 32% by 2043. ([Age UK briefing - State of Health and Care July 2023 \(ageuk.org.uk\)](https://www.ageuk.org.uk)) In 2021, over 97% of residents aged 65 years and over, in England and Wales lived in private households. ([Profile of the older population living in England and Wales in 2021 and changes since 2011 - Office for National Statistics \(ons.gov.uk\)](https://www.ons.gov.uk))

Rurality

In 2020, 13.5% of households in urban areas in England (2.7 million) were fuel poor and in rural areas 11.7% (495,000) were fuel poor (ie where a household is living in a property with an energy efficiency rating of band D or below in a home that cannot be kept warm at reasonable cost without bringing their residual income below the poverty threshold). ([Fuel poverty in rural areas - GOV.UK \(www.gov.uk\)](https://www.gov.uk);) However, homes in rural areas are typically less energy efficient and can be more reliant on potentially expensive heating fuels. ([Fuel poverty in rural areas - GOV.UK \(www.gov.uk\)](https://www.gov.uk))

In England, around 12 million (21.3%) people live in predominantly rural areas, in Scotland 17% and in Wales, 32.8% of the population live in rural areas. ([Statistical Digest of Rural England: 1 - Population April 2024 \(publishing.service.gov.uk\)](https://www.publishing.service.gov.uk)) In these rural areas, more people are aged 50-59 years old than any other group. More than one in ten rural homes in England fail to meet the minimum standard set under the Housing Health and Safety Rating system and one in five fail to meet the decent homes standard. ([Statistical Digest of Rural England: 1 - Population April 2024 \(publishing.service.gov.uk\)](https://www.publishing.service.gov.uk)) ([Statistical Digest of Rural England: 2 - Housing July 2024 \(publishing.service.gov.uk\)](https://www.publishing.service.gov.uk))

Literacy and digital exclusion

Around 8.5 million people in England, Scotland, Wales and Northern Ireland have very poor or lack basic literacy skills ([Adult literacy | National Literacy Trust](https://www.national-literacy-trust.org.uk)). Government statistics from its 2012 report also suggest that 49% of the working-age population of England have the numeracy level that we expect of primary school children. ([2011 Skills for Life Survey: A Survey of Literacy, Numeracy and ICT Levels in England \(publishing.service.gov.uk\)](https://www.publishing.service.gov.uk))

Around 2.1 million adults (4%) do not use the internet and around 4.4 million (8%) adults lack 'some of the essential skills for life' like using email or search engines. ([2023](https://www.gov.uk))

Consultation – Consumer Vulnerability Strategy: Refresh

[Consumer Digital Index \(lloydsbank.com\)](#)) There are a range of drivers for digital disadvantage. These can include, but are not limited to, factors such as low income, disability and impairments, age and education. ([2023 Consumer Digital Index \(lloydsbank.com\)](#))

Whilst smart meters are the foundation of a new energy system for domestic consumers, their "one-size-fits-all" approach might not benefit all users, particularly older adults. This demographic often faces an "age-based digital divide" when it comes to Information and Communication Technologies (ICT). ([View of Too Old for Technology? How The Elderly of Lisbon Use and Perceive ICT | The Journal of Community Informatics \(uwaterloo.ca\)](#))

Financial Vulnerability

As the cost of living increased, so did the number of UK adults with low financial resilience, increasing from 11.9 million in February 2020 to 12.9 million in May 2022. In 2023, a report by Retail Economics and Grant Thornton showed that nearly nine out of ten adults plan to cut back on their spending. ([The Cut Back Economy 2023.pdf \(grantthornton.co.uk\)](#)) Most people had seen their financial position worsening; 7.8 million UK adults (15%) found paying their domestic bills or meeting credit commitments a heavy burden and over a third were finding it impossible or difficult to cope financially. ([Financial Lives 2022 survey | FCA](#))

While around 73% of adults reported having sufficient savings to cover a 25% fall in household employment income, ONS analysis between April 2018 and March 2020 found over a quarter of households could not. Households most likely to report this were:

- Lone parents with dependent children;
- Renters;
- Households with a Black, African, Caribbean, or Black British head;
- Households where the head had a routine or semi-routine occupation; and
- Households where the head had a limiting disability or longstanding illness.

([Impact of increased cost of living on adults across Great Britain - Office for National Statistics \(ons.gov.uk\)](#))

Fuel Poverty

In 2023, there were an estimated 13.0 per cent of households (3.17 million) in fuel poverty in England under the Low Income Low Energy Efficiency (LILEE) metric, effectively unchanged from 13.1 per cent in 2022 (3.18 million). ([Annual fuel poverty](#))

Consultation – Consumer Vulnerability Strategy: Refresh

[statistics in England, 2024 \(2023 data\) \(publishing.service.gov.uk\)](#)). For fuel poverty definitions across nations, please see England [Fuel poverty statistics - GOV.UK \(www.gov.uk\)](#) Scotland [Fuel Poverty \(Targets, Definition and Strategy\) \(Scotland\) Act 2019 \(legislation.gov.uk\)](#) and Wales [Fuel Poverty in Wales - National Energy Action \(NEA\)](#).

The latest Scottish figures indicate that in 2022, an estimated 31.0% of all households were in fuel poverty, around 791,000 households. Higher than the 24.6% seen in 2019. Around 472,000 of these households (18.5% of all households) were living in extreme fuel poverty, higher than 311,000 in 2019. ([Scottish House Condition Survey: 2022 Key Findings - gov.scot \(www.gov.scot\)](#))

In 2021, 14% of households were reported to be in fuel poverty in Wales, with predictions of this increasing to 45% in 2022. 3% of households were in severe fuel poverty. ([Fuel poverty in Wales: interactive dashboard | GOV.WALES](#))

In England, households with children or people aged 24 or under had the highest rates of fuel poverty. ([Annual fuel poverty statistics in England, 2024 \(2023 data\) \(publishing.service.gov.uk\)](#)) This was due to these households having a lower than average equivalised median income (ie a median income that is adjusted for household size and composition. The lowest equivalised median income was £22,400 for households with a child aged 0-4 and £22,700 for households with a child aged 5-10, compared with an overall median income of £28,800. ([Annual fuel poverty statistics in England, 2024 \(2023 data\) \(publishing.service.gov.uk\)](#))

Research shows that families with young children spend a large portion of their income on energy, making them vulnerable to financial stress. ([Pre-Autumn Statement briefing for MPs \(cpag.org.uk\)](#)) Reasons for increased vulnerability include:

- Higher energy usage: Heating, hot water, and childcare appliances increase energy needs, straining household budgets.
- Difficulties accessing support programs: Complex eligibility requirements, lack of awareness, and challenges completing applications can hinder access to assistance. ([Modernising support for independent living: Citizens Advice response to the health and disability green paper - Citizens Advice; Addressing the impacts of COVID-19 on vulnerable energy customers - National Energy Action \(NEA\)](#))
- Covid pandemic impact: Lockdowns, job uncertainty, and childcare needs worsened energy poverty for families with young children.

Innovation

Innovative products and services provide new opportunities for consumers to lower their bills, get a service that better meets their needs and deliver net zero at lowest cost. We are starting to see innovative products and services emerge. For example, the development of tariffs to allow customers to take advantage of cheaper, off-peak energy prices. We want all customers to be able to engage with innovative products and services. We also want customers to be protected when using innovative products and services.

Where innovative products and services are not accessible to all consumers, some consumers can experience harm by missing out on energy and cost saving benefits. Consumers who can engage with innovative products and services may also encounter new harms.

We have identified potential harms specific to innovative products and services. Infrastructure constraints, such as housing tenure and interoperability of products and services, feature prominently among harms, as they prevent consumers from engaging with products or services. (Page 13, [Toynbee-Hall Net Zero Report \(toynbeehall.org.uk\)](https://toynbeehall.org.uk)) The cost of products and services may present a barrier to uptake and also a harm, as new and unfamiliar payment models (such as subscription services) can be challenging for consumers to understand and afford.

We know that some new products and services provide limited or unclear routes for dispute resolution, increasing the potential for consumer harm when things go wrong. The complexity of innovative offerings also raises concerns about accurate information provision and suitability of choice. Digitally disadvantaged consumers may meet significant barriers to engagement owing to new products and services' increasing reliance on digital interactions, this is also likely to impact their experience during the lifecycle of the product or service. ([Digital Disadvantage and Exclusion Report \(citizensadvice.org.uk\)](https://citizensadvice.org.uk))

Further, research by Citizens Advice highlighted that customers with a health-related need for energy "will struggle to access the value of models like time-of-use tariffs", (page 15, 'A flexible future', Citizens Advice, August 2023, [Citizens Advice - A flexible future Extending the benefits of energy flexibility to more households](https://citizensadvice.org.uk)) rendering supply-dependent vulnerability another significant barrier to and potential harm in consumer engagement.

Consumer awareness of new products and services can also present a challenge to uptake. For example, only 31% of people knew "a fair amount" or "a lot" about low-carbon heating and only 22% of owners-occupiers said that they already had an air

Consultation – Consumer Vulnerability Strategy: Refresh

source heat pump or were likely to install one. (*Data from Winter 2023. See Figures 1.3 and 2.2, [DESNZ Public Attitudes Tracker Winter 2023 Heat and Energy in the Home.](#)*)

As we start to see more innovation entre the market and adoption rates increase we want to ensure that new harms don't emerge for consumers, especially those in vulnerable circumstances.

5. Themes, outcomes and our immediate priorities

Section summary

This section sets out our proposals to retain the themes from Consumer Vulnerability Strategy 2025, but to have 'working with others to solve issues across sectors' as a cross cutting theme. We also set out our proposals for outcomes under the themes, our expectations for energy companies and how we propose defining success and measuring the outcomes. It then sets out immediate work priorities to support delivery of the outcomes.

Q1. Questions

Q2. Do you agree with our proposals to retain the five themes?

Q3. Do you agree with our proposal to retain 'working with partners to solve issues across multiple sectors' as a cross-cutting theme?

Q4. Do you agree with our proposed outcomes?

Q5. Do you have any comments on our definitions of success or metrics to monitor progress and delivery of the outcomes?

Our key priorities

We consider it vital that the following areas remain the key priorities for Ofgem.

1. Affordability and debt;
2. Data sharing and PSR;
3. Customer Service; and
4. Net zero and innovation.

Much of our work in these areas has already commenced, such as our package of work for affordability and debt, improving PSR data sharing between essential service sectors, and introducing new consumer standards measures. ([Affordability and debt in the domestic retail market – a Call for Input | Ofgem](#)) ([Smarter regulation: delivering a regulatory environment for innovation, investment and growth - GOV.UK \(www.gov.uk\)](#))([Consumer standards decision | Ofgem](#))

Themes

Background to themes

In developing our Consumer Vulnerability Strategy 2025, we conducted a considerable programme of stakeholder engagement, to understand the key issues affecting consumers in vulnerable situations.

Consultation – Consumer Vulnerability Strategy: Refresh

Stakeholders raised several important issues then that remain relevant today including:

- Changes to welfare and increased income volatility;
- Affordability and the cost of energy;
- Effective identification of vulnerability;
- Customer service and inconsistencies across suppliers; and
- Limitations in consumption flexibility and that innovation would not benefit the most vulnerable.

This led to the development of five key themes, which set our focus areas for the lifetime of the Strategy:

1. Improving vulnerability and smart use of data
2. Supporting those struggling with bills
3. Driving significant improvements in customer service for vulnerable groups
4. Encouraging positive and inclusive innovation
5. Working with others to solve issues that cut across multiple sectors

Figure 5.1: The five key themes of the Strategy



Retaining the themes

To assess the relevance of the themes, earlier this year we spoke in depth with consumer groups and charities, suppliers, energy networks and internal colleagues, and

Consultation – Consumer Vulnerability Strategy: Refresh

conducted consumer research, to understand the challenges being faced by consumers in vulnerable situations today.

There was unanimous agreement that the themes remained relevant, with affordability and debt, data sharing and PSR and broader consumer protection at the forefront of stakeholders' minds. Their views were that focusing on delivering solutions to the challenges still faced by consumers in these areas were fundamental to developing a refreshed Vulnerability Strategy.

Stakeholders also voiced concerns over Net Zero and the energy transition, and the challenges and barriers customers in vulnerable circumstances could face as new innovative products and solutions enter the market. While this concern was voiced as important, the former three areas were considered as the utmost priority.

We consider that the themes developed for Consumer Vulnerability Strategy 2025 therefore remain relevant to these focus areas and our immediate priorities as part of our refreshed Strategy, and therefore propose that the themes are retained.

Q2. Do you agree with our proposal to retain the five themes of Consumer Vulnerability Strategy 2025?

Working with others

Our work over the last few years and the lifetime of the Consumer Vulnerability Strategy 2025, particularly in the context of the Covid-19 pandemic and gas crisis, has advanced collaborative working with the sector. As our work with consumer groups and charities, suppliers, network companies and government continues, we view this theme to be relevant across the other themes, priorities and work programmes.

We are therefore proposing that while we retain 'Theme 5: Working with partners to solve issues that cut across multiple sectors', we are proposing that it is a cross-cutting theme. Working together is critical to successful delivery of the other themes and outcomes. We consider this is one of the key roles of the Strategy, and allows for greater focus on the customer outcomes as part of the themes, immediate priorities and structure of the refreshed Strategy.

Q3. Do you agree with our proposal to retain 'working with partners to solve issues across multiple sectors' as a cross-cutting theme?

Outcomes

Our Consumer Vulnerability Strategy 2025 set out 19 outcomes. The high number of outcomes, which in some areas are duplicative or not fully within our control, made it more challenging to deliver our work against them, and maintain focus. The reactive work we had to deliver in response to the Covid pandemic and the gas crisis had a major

Consultation – Consumer Vulnerability Strategy: Refresh

impact on our approach to delivering work against the Strategy, however on reflection we also consider that there were too many outcomes to track and deliver against.

Further, our reactive work created an absence of year-on-year, vulnerability focused work plans, which meant that the Strategy lacked specific and measurable actions beyond year 1.

To reflect the current state of the energy market, a rapidly changing sector and an evolving social and economic environment, we propose that the outcomes under each theme are narrower and more targeted. This will enable us to focus our efforts and attention on getting the right solutions for our immediate challenges, and to prevent losing sight of our key priorities.

We anticipate that our Strategy will need to be flexible as our priorities evolve to meet the changing needs of customers in vulnerable circumstances. While the outcomes we propose below are relevant to our immediate priorities now, changing economic factors or delivery of significant work packages may shift our focus to other important work or outcomes. We therefore propose that this Strategy will be a living Strategy, which may evolve if our priorities change or in response to changing external circumstances. To ensure transparency and create a single point of reference for stakeholders to see our work we intend to develop a section on our website dedicated to vulnerability, with any updates to the outcomes and work plans available to view, alongside progress of ongoing activities. Chapter 6 has more details of these proposals.

In the rest of this chapter, we set out a summary of the harms we currently observe under each theme, the outcomes we want to see and how we will measure success of each outcome.

Theme 1: Improving identification of vulnerability and smart use of data

Vulnerability is complex, multi-layered and often transient. Energy companies and network operators rely almost exclusively on customer disclosure of their individual circumstances. We also know that when customers most need to notify essential services of their circumstances, it is often when they have the least capacity to do so.

[\(Understanding the lived experiences of consumers in vulnerable circumstances | Ofgem\)](#)

Self-identification and disclosure of vulnerabilities can be challenging for customers in vulnerable circumstances, with some not identifying as vulnerable at all and thus, not recognising that their special or specific vulnerable needs should be registered. Indeed, customers are not always aware of the support that might be available to them or how to go about getting that support.

Consultation – Consumer Vulnerability Strategy: Refresh

Low levels of disclosure are also linked to a lack of perceived benefit, concerns around control over Personal Data, worries about potential negative outcomes or experiences, and feelings of embarrassment to share. ([A once in 25 years opportunity: ten principles for designing vulnerable consumer data-sharing programmes \(moneyadvicetrust.org\)](#))

Even if customers are aware of support services that may be available to them, our research shows many people rarely self-identify as being vulnerable, assuming they will not receive support or expect that help won't be available to them due to the perception of others being 'worse off'. Indeed, almost two-thirds of consumers who are likely eligible and aware of the PSR say they are not on the PSR because they do not believe they are eligible. ([Consumer Impacts Market Survey Wave 5 | Ofgem](#))

At present, energy companies rely almost exclusively on customer disclosure of their individual circumstances. We have observed that low levels of understanding of customer circumstances can have a significant customer detriment when combined with supplier activities. A clear example of this was the highly publicised news story regarding suppliers' actions to install PPMs for debt. ([Energy regulator outlines next steps on forced Prepayment Meter \(PPM\) installations | Ofgem](#))

Energy companies and network companies can do more to utilise data to identify customers in vulnerable circumstances, to negate the reliance of self-identification and to identify cues given in interactions to ensure that they are picked up and recorded accurately. Support could also be much more tailored to customers' needs.

During Ofgem's Vulnerability Summit in April 2023, Jonathan Brearley, the chief executive of Ofgem, set out the need for greater data collaboration within the utilities sector, and for the creation of a multi-sector or universal vulnerability register, which could make better use of government-held data to identify consumers in vulnerable situations.

The outcomes we want to see

We expect companies to improve cross sector data sharing and digital solutions to identify, understand and support consumers in vulnerable circumstances. This includes understanding consumers' circumstances and providing appropriate support to those who need it.

Where consumers' vulnerabilities have been identified or disclosed, it is imperative that they are offered adequate support. We expect companies to improve their targeting of support for customers on the PSR or have been identified as in a vulnerable situation. This includes carefully exploring new digital solutions, such as AI, to support understanding consumer behaviour and intervene early.

Consultation – Consumer Vulnerability Strategy: Refresh

To ensure consumers are receiving the support they need, we expect companies to work with the Government and third parties to improve education and promotion of support available. This ensures consumers in vulnerable circumstances are aware of the support they can access.

We also expect companies to prioritise vulnerable PPM households when they are replacing traditional meters with smart meters, where consumers have provided consent. ([Smart Meter Rollout: Open Letter on the roll out of smart meters for Prepayment and Radio Teleswitch \(RTS\) customers \(ofgem.gov.uk\)](#))

Summary Outcome

Vulnerable customers should have their needs identified, be able to easily notify and update their circumstances, and have better understanding of and access to support services designed to suit their circumstances and meet their needs.

Outcome 1

Vulnerable customers should have minimal burden in notifying and updating energy companies of their circumstances.

Outcome 2

Consumers in vulnerable situations should have sufficient understanding of, and easy access to, the support and services available to them, including via the PSR.

The definition of success

We propose defining success with this outcome as:

1. Improved awareness of and take up of support services amongst consumers in vulnerable situations;
2. Delivery of PSR data sharing project between energy/water companies; and
3. Development of a multi-sector PSR with government. ([Department for Business & Trade - Smarter regulation: Delivering a regulatory environment for innovation investment and growth \(assets.publishing.service.gov.uk\)](#))

How we will measure

We propose a combination of methods to measure success with this outcome. For some areas this will be based on qualitative and quantitative data, whereas for others this may be delivery of a final work activity which may require further monitoring to track the success. In all cases, we expect to use the annual senior Consumer Vulnerability Panel sessions (details in chapter 6) to identify how this has worked in practice within energy companies.

Success and measures for Theme 1:

Success: Improved awareness and take up of services

Measure: Social obligations reporting and analysis

- *For example, number of customers on the PSR; receiving services*

Measure: Consumer insight and behavioural science research

- *For example, percentage of customers aware of support services; percentage of customers eligible using services*

Success: PSR energy/water data sharing

Measure: Delivery of final data sharing project;

Success: Development of multi-sector PSR

Measure: Progress against milestones for the project

Our immediate priorities to help achieve the outcomes

We will take forward the following work to help achieve the outcomes we want to see:

- **Working with energy and water on data sharing:** we will continue to work with ENA, Water UK, and Ofwat on the energy-water data sharing project. This includes continued work towards an automated solution.
- **Working with Department for Business and Trade and Department for Energy and Net Zero on a multi-sector PSR:** We will continue to chair the Working Group that we set up following the DBT's consultation on the Future of Economic Regulation. We will help stakeholders to determine the best solution for a multi-sector PSR, and how we can work together to achieve it.
- **Review of the PSR:** we will scope discovery work on whether we need to review the PSR. Some stakeholders have told us the PSR's main purpose has been lost and should have a narrower focus. Others have told us that it should be broader, and should include financial vulnerability. We are keen to get stakeholders' views on the PSR as part of this consultation on our refreshed Vulnerability Strategy. We may take forward work on this next year if we see a need to and if deemed a priority.

Consultation – Consumer Vulnerability Strategy: Refresh

Other important projects relevant for this theme include:

- **Consumer consent for data:** We are examining improvements in the method by which consent for accessing data is obtained from consumers, allowing consumers greater visibility and control of who has access to their energy data. We aim to address this with our proposals for the development of a digital solution that will enable consumers to easily share their energy data not just with their suppliers but with trusted third parties by granting consent in a simple and accessible way. ([Consumer Consent Solution consultation | Ofgem](#))
- **Data Sharing Infrastructure:** We will continue to explore different uses for the Data Sharing Infrastructure which is a proposed digital asset that allows for information exchange at scale across the energy sector.

Theme 2: Supporting those struggling with bills

Record numbers of customers are struggling to pay their bills and getting into unsustainable energy debt. Repayment plans are not always affordable or based on ability to pay and customers are faced with detriment caused by self-disconnection and inappropriate debt collection practices, with some also turning to energy theft.

([Affordability and debt in the domestic retail market – a Call for Input | Ofgem](#))

We know that being in debt can cause harm, but so can going without energy and therefore the relationship between affordability, debt, thermal comfort, fuel poverty and energy use is complex. We recognise that debt can help consumers to meet their energy needs if they have short term difficulties paying their bills. However, we also recognise that debt is often the symptom of wider affordability pressures, rather than the cause.

([Affordability and debt in the domestic retail market – a Call for Input | Ofgem](#))

While we are concerned about persistent and problem debt, we are also concerned that billing inaccuracy and complexity can create barriers to consumer engagement with energy bills. We are particularly concerned about consumers who may be unable to reduce their energy consumption, cannot increase their income level, or have a PPM.

Latest consumer research shows that there have been improvements in consumers' satisfaction with bill accuracy and ease of understanding (78% and 74% respectively). Of the 8% dissatisfied with the ease of understanding the bill, half said this was because it was difficult to understand how the numbers relate to energy usage. A high share also reported that it was because it was difficult to understand the amount of energy used (43%), or difficult to understand how the total cost has been calculated (41%). There has been an increase from 11% in August/September 2023 to 18% in January/February 2024 in the proportion mentioning that the information they need is difficult to find.

([Energy Consumer Satisfaction Survey: January to February 2024 | Ofgem](#))

Consultation – Consumer Vulnerability Strategy: Refresh

These results reflect a broader, long-standing theme of consumer confusion around some aspects of the energy market, which may have financial implications for energy consumers. For example, our research shows that the proportion who report being on a fixed tariff (50%) is considerably higher than official figures suggest, meaning large numbers of consumers may be unaware of potential savings they could make from moving off default tariff options. ([Consumer Impacts Market Survey Wave 5 | Ofgem](#))

In relation to billing, research from the National Literacy Trust shows that a reasonable proportion of consumers feel that easier-to-understand bills would help them understand how they could use less energy (33%), reduce the cost of their energy use (28%), make them feel more confident when reading their bills (26%) and make them feel more in control of their money (25%). ([Energy Bills and Literacy – National Literacy Trust 2021](#))

The outcomes we want to see

Energy suppliers have made progress in providing support to support those struggling with their bills. We expect this support to continue in an efficient manner that is sustainable for both the customer and the sector. It is also important that staff representatives are trained to deliver support with compassion for customers struggling to pay.

We also expect suppliers to be proactive in their approach. Improved analysis of consumption and spend is important in identifying customers who may be struggling.

Collaboration is vital in ensuring consumers are adequately supported. We expect companies to work collaboratively with and support third party debt organisations to ensure consumers have appropriate help.

We are keen to see smart meter installations continue, with prioritisation of vulnerable customers with traditional smart PPM.

Bills should be accurate and designed inclusively to make them easier to understand and provide clear routes for support that consumers can access.

Summary Outcome

Vulnerable customers struggling to pay their bills should receive accurate bills that are easy to understand, compassionate and consistent support, and flexibility in payment methods and frequencies.

Outcome 1

Vulnerable customers should have accurate, easy to understand bills that support flexible payment methods and frequencies.

Outcome 2

Vulnerable customers who are struggling to pay their bills, or are indebted, should have proactive and consistent affordability and debt support, that is delivered with compassion and understanding.

The definition of success

We propose defining success with this outcome as:

1. Improvements in the number of customers on repayment plans vs in arrears;
2. An increase in accurate bills provided; and
3. Improved customer understanding of bills.

How we will measure

We will primarily measure success with this outcome through quantitative and qualitative data:

Success and measures for Theme 2:

Success: Debt repayment plans

Measure: Social Obligations Reporting and analysis

- *For example, number of customers in arrears; on repayment plans*
- *Other RFIs*

Measure: Consumer insight and behavioural science research

- *For example, proactive contact*

Success: Billing accuracy

Measure: Supplier RFIs

Success: Consumer satisfaction and understanding of bills

Measure: Consumer insight and behavioural science research

- *For example, ease of understanding bills and other communications;*

Our immediate priorities to help achieve the outcomes

We will take forward the following work to help achieve the outcomes we want to see:

- **Review the rules Ofgem has on debt and arrears:** we have recently launched our Consumer Confidence package of work. As part of that, we want to review the rules we have on the debt pathway. We consider it is important to assess the rules now, to determine if any changes could help consumers that are struggling to pay or already in debt and arrears.

Consultation – Consumer Vulnerability Strategy: Refresh

- **Work with government on financial solutions on debt:** we will continue to work with government on options to help consumers in debt and arrears.
- **Standing charges:** In August 2024 we published a discussion paper on standing charges in the domestic retail market. Through this, we are considering whether there is a case to reduce standing charges in the price cap and whether there are actions that we can take to increase the diversity in standing charges available to consumers.
- **Accurate bills:** We will consider the rules around billing accuracy and supplier billing practices to understand where improvement is needed and whether compliance action is required.
- **Continue to work with Government on Future Price Protection:** We will continue to work with Government on the future of the price cap and other price protection measures, including those to support more dynamic pricing solutions such as Market wide Half Hourly Settlement (MHHS) and Time of use (TOU) tariffs.
- **Heat Networks regulation:** Later this year we plan to consult further in several areas including supporting those struggling with bills and fair pricing. Our aim is to deliver improvements in customer outcomes and confidence in heat networks as a technology that can provide fairly priced, reliable, and low carbon heating and cooling.

Other projects relevant for this theme include:

- **Smart metering and Radio Teleswitch (RTS) meters:** We will continue to work with Government to progress the smart meter rollout and ensure that smart meters are working effectively. We will also work with Government and suppliers to ensure that RTS meters are replaced to prevent adverse consequences for vulnerable customers.
- **Delivery and Schemes:** we will continue to deliver government schemes including Warm Home Discount to help consumers with their energy bills.

Theme 3: Driving improvements in customer service

Consumers in vulnerable circumstances struggle to engage with the energy market because suppliers often don't provide the appropriate and necessary customer service to meet their varying and complex needs. Examples of barriers to engagement include digital exclusion, lack of translation services, and poor support for vulnerable circumstances such as mental health services.

While the focus of this outcome is to improve customer service for vulnerable groups, broader customer service components such as getting in touch with suppliers easily and

Consultation – Consumer Vulnerability Strategy: Refresh

how the supplier responds to a query remain important factors in ensuring the right outcomes are delivered for customers in vulnerable circumstances.

While we are starting to see some improvements, satisfaction with energy suppliers has been consistently lower than that of other sectors. Recent years have been challenging with volatile energy prices driving increases to levels of customer need for support, against stretched supplier resources. Difficulty getting in contact, long call wait times, lengthy resolution timescales and poor communication have impacted how satisfied customers are with their energy suppliers. Combined with reports of soaring supplier profits, all of this has contributed to impact consumers trust in the energy market.

The outcomes we want to see

It is critical that that energy suppliers put consumers first and deliver high quality services that are accessible and responsive. Importantly, these services must also deliver to suit the evolving and complex circumstances and needs of consumers in vulnerable situations.

Companies should have consumer centric cultures that focus on the right outcomes for the customer. It is important there are specific measures that have been designed to overcome barriers for vulnerable customers.

Engagement with customers should not be one dimensional. Multi-channel communication methods should be adopted and utilised to deliver various engagement routes for customers.

It is important that consumers are appropriately supported. This includes having staff and representatives that have been trained to identify and support customers in vulnerable circumstances. It is also important that communication is also designed to be easy to navigate and understand, appropriate to the needs of each vulnerable consumer.

Summary Outcome

Vulnerable customers should be provided with tailored communications that are easy to understand, are able to engage with their energy company with ease and do not face exclusion based on their circumstances.

Outcome 1

Vulnerable customers should be able to contact their energy company easily, their needs are accommodated and that they are not excluded due to language barriers or capability with digital tools.

Outcome 2

Vulnerable customers should receive communications that are easy to understand and tailored to suit their needs.

The definition of success

We propose defining success with this outcome as:

1. Improvements in customer service key performance indicators;
2. Improved customer understanding of communications; and
3. Improved solutions for consumer engagement.

How we will measure

We will primarily measure success with this outcome through quantitative research data and energy company data provided for the annual senior Consumer Vulnerability Panel:

Success and measures for Theme 3:

Success: Customer Service performance indicators

Measure: Customer service RFI

- *For example, customer service metrics: Contact response times by contact method, % of answered call (in and out of hours)*

Measure: Citizens Advice Star rating

Measure: Other Customer service metrics

- *For example, supplier satisfaction, complaints and ombudsman data*

Success: Consumer understanding of communications

Measure: Consumer insight and behavioural science research

- *For example, understanding of communications*

Success: Solutions for customer engagement

Measure: Energy company-led data

- *For example, availability of different communication methods; digital tools; translation services;*

Our immediate priorities to help achieve the outcomes

We will take forward the following work to help achieve the outcomes we want to see:

- **24/7 emergency contact:** In our October 2023 Consumer Standards decision we gave suppliers further time to work with network operators to

Consultation – Consumer Vulnerability Strategy: Refresh

develop an industry-led solution to deliver 24/7 emergency contact and support for customers off-supply due to meter faults. As we have previously set out in our Forward Work Programme 2024/25, we are now actively considering whether it is in consumers' interest to activate the currently dormant licence condition that requires suppliers to provide 24/7 support for customers off-supply due to meter faults. We intend to consult in the Autumn on activating this Standard Licence Condition.

- **Networks RIIIO-3:** We will continue to collaborate with stakeholders and partners to address issues of consumer vulnerability and ensure that consumers in vulnerable situations are protected and treated fairly. We will retain the Vulnerability Minimum Standards, the requirement for the Gas Distribution Networks (GDNs) to maintain and update individual and joint-GDN consumer vulnerability strategies, and the Vulnerability and Carbon Monoxide Allowance (VCMA). We will also be introducing a requirement for GDNs to separately report on their PSR Customer Satisfaction Survey performance and their PSR Customer Complaints performance.
- **Networks ED3:** In ED2 we introduced a new principles-based licence obligation for DNOs to treat domestic customers fairly, which includes those in vulnerable situations. ED3 is the price control for the electricity distribution sector that will commence in 2028. The process of setting the new price control starts with a framework consultation that we will publish in October 2024. We are already giving consideration to how we might best consider vulnerability in developing this document, as well as for the price control's broad policy objectives.
- **Consumer Confidence:** In September, we launched a programme of work to drive up consumer standards. This work will focus on defining the outcomes we want to see, assessing the regulations and incentives to best deliver those outcomes, and ensuring Ofgem has the right powers.

Other important projects relevant for this theme include:

- **GSOPs:** In August we published a statutory consultation seeking views on uplifting Guaranteed Standards of Performance payment levels from £30 to £40 to take account of the fiscal and market developments since these payments were set in 2015. ([Statutory Consultation on Supplier Guaranteed Standards of Performance \(GSOP\) Payment Uplift | Ofgem](#)) These are payments that suppliers must pay directly to a customer when it fails to meet a certain standard of performance set by Ofgem in regulations. We are also undertaking a more fundamental review of the scope of GSOP framework to understand if they are driving the right outcomes for

Consultation – Consumer Vulnerability Strategy: Refresh

consumers and the level of compensation is effective in improving suppliers' performance.

- **Customer Service metrics:** We are working with stakeholders to make it easier for customers to compare supplier performance. This includes making the data we currently publish easier to understand as well as exploring what other data could be published to improve outcomes for consumers.
- **Work with suppliers and consumer groups to help spread good practice:** we will consider what more we can do to help spread good practice that we see in the sector through our Consumer Vulnerability Panels and annual reporting.

Theme 4: Encouraging positive and inclusive innovation

The energy system is transforming rapidly as we progress towards achieving our Net - Zero targets. The uptake of electric vehicles, heat pumps and other green technologies are changing how we use energy. The growth of small-scale, localised energy generation (e.g. rooftop solar) and storage is providing new opportunities for consumers to produce and manage their own energy. Alongside this, the integration of digital technologies into the energy system is enabling consumers to manage their energy usage more effectively. Innovation will allow us to take advantage of these changes and help us solve problems faced by the sector in new ways. Specifically, innovation can help consumers take more control over their bills, delivers higher quality products and services that are tailored to better meet consumers' needs and facilitate net zero at lowest cost.

A just transition empowers consumers to actively shape decisions on low-carbon energy solutions. As it stands, consumers in vulnerable situations often face a poverty premium or are at significant risk of fuel poverty due to factors such as receiving a low income, being a carer, having a disability and/or ill health. However, the transition to Net Zero also presents an opportunity to redesign the energy market to work for everyone. The energy market has already begun reflecting some of the changes needed in services and products to support the transition.

Although innovation provides benefits, it can also present issues for consumers in vulnerable situations. For example, new products can be unfamiliar, complex, difficult to use or operate and difficult to compare. This makes it harder for consumers to make the best and most cost effective decision for them (e.g. choosing the most appropriate smart tariff). ([Innovation in the tariff market: Discussion on how new tariffs can work better for people, Citizens Advice](#))

Consultation – Consumer Vulnerability Strategy: Refresh

Customers in vulnerable circumstances can face barriers to engaging with new and innovative solutions. This can be because of:

- Cost;
- Lack of awareness and understanding;
- Consumers in vulnerable situations not being the target audience for innovation;
- Inability to shift consumption or lower overall demand;
- Literacy, numeracy and digital literacy challenges;
- Digital exclusion;
- Residential status; and
- Unintended adverse consequences.

As the market evolves, we want to support positive and inclusive innovation that allows all consumers to benefit. We therefore want a range of innovative products and services to emerge which are accessible and meet the needs for the diversity of characteristics and circumstances across GB households.

For example, more innovation that reaches a wider group of consumers in vulnerable situations than to date could help ensure accessibility, affordability, up-take of new products and services, and ongoing engagement. Our goal is for all consumers to benefit from improved products and services, nonetheless, we also understand how particularly consumers in vulnerable situations can particularly benefit from positive developments in the retail market.

The outcomes we want to see

We expect energy companies to collaborate with a broad range of stakeholders to promote the accessibility of their products to consumers in vulnerable situations.

We also expect companies to adopt digital innovation to support customers in vulnerable circumstances, ensuring that risks are mitigated, and opportunities maximised for consumers.

Consumers in vulnerable situations often may have additional needs and require adjustments. Companies are expected to incorporate inclusive design at the earliest feasible stage to prevent exclusion or adverse outcomes for consumers in vulnerable situations. It is imperative innovative solutions are inclusive for all consumers and that innovation is used to better meet the specific, more complex needs of customers in vulnerable situations.

Summary Outcome

Vulnerable customers should have access to inclusively designed innovative solutions, particularly those that can help them participate in the transition to Net Zero

Outcome 1

Vulnerable customers should have access to inclusively designed innovative solutions, particularly those that can help them participate in the transition to Net Zero

Outcome 2

Innovative solutions should be inclusively designed to limit the barriers to take up or adverse outcomes for vulnerable customers

The definition of success

Due to the emerging nature of our work in this area, defining success and measurability is more challenging to quantify. However, we propose defining success with this outcome as:

1. Lower or eliminated barriers to entry for consumers in vulnerable situations to Net Zero products and services;
2. Effective protections for consumers in vulnerable situations from priority harms by increased monitoring and regulatory interventions; and
3. Ensure that consumers in vulnerable situations are no more disadvantaged than a typical domestic consumer.

How we will measure

We will primarily measure success with this outcome through our own consumer research and the monitoring of uptake, along with our own monitoring and engagement with energy companies, government and innovators in the market:

Success and measures for Theme 4:

Success: Lower or eliminate barriers

Measure: Consumer insight and behavioural science research

Success: Increase protections

Measure: Internal monitoring of new products and services to assess inclusiveness of design

Success: Reduce disadvantage

Measure: Consumer insight and behavioural science research

- *For example, consumer research*

Our immediate priorities to help achieve the outcomes

We will take forward the following work to help achieve the outcomes we want to see:

- **Heat Networks regulation:** Later this year we plan to consult further in a number of areas including quality of service, information transparency, and protections for consumers in vulnerable circumstances. Our aim is to deliver significant improvements in customer outcomes. Regulation needs to strike the right balance between consumer protections and supporting the expected growth of the market which should contribute to net zero targets.
- **Retail Innovation:** Innovation could unlock real benefits for all consumers. For example, lower bills, better service and facilitation of the delivery of net zero at lowest cost. We are keen to ensure that our approach to regulation does not create barriers to innovation that delivers these benefits. We are working with industry to better understand the barriers and how we may be able to unlock more innovation and protecting consumers in vulnerable situations.
- **Future Price Protection:** Ofgem is working with the government on options for reforming the price cap, especially as the market prepares for the implementation of Market Half Hourly Settlement (MHHS) from 2025. MHHS is crucial to enabling the flexibility needed for the lowest possible cost transition to net zero which will benefit all energy customers. It may be that price protection might need to be implemented alongside an affordability intervention. Ofgem will set out next steps for future price protection in due course.
- **AI strategy:** We will continue to engage with the energy sector, energy consumers, including consumers in vulnerable situations and the digitally excluded, technology developers, academia and wider stakeholders, including consumer groups and other regulators to develop and consult on guidance for energy sector licensees on AI use in the sector. We will continue to develop and iterate our AI guidance to enable safe and fair innovation, supporting increased confidence on AI use within the energy sector.

Questions

Q4. Do you agree with our proposed outcomes?

Q5. Do you have any comments on our definitions of success or metrics to monitor progress and delivery of the outcomes?

6. Increasing transparency and accountability

This section sets out our proposals on how energy suppliers can present to Ofgem on what they are doing for their vulnerable customers. We think these proposals will help to build consumer and stakeholder confidence in suppliers. The section also sets out how we will report against the outcomes in the refreshed Strategy.

Questions

Q6. Do you agree with our proposals for annual supplier presentations to Ofgem on how they are delivering good outcomes for their consumers in vulnerable situations?

Q7. Do you agree with our proposals for reporting the findings from these presentations, and for the inclusion of the key SOR metrics and research to be included?

Q8. Do you agree with our proposals for a dedicated section on our website to inform updates for the live Strategy?

Helping to rebuild trust in energy suppliers

As we have set out earlier, the gas crisis has put the retail energy market through a period of intense upheaval and scrutiny. Through this period we have aimed to protect consumers in vulnerable situations, whilst balancing suppliers' need to operate their businesses in a sustainable way.

We recognise that consumer trust in energy suppliers is lower than in other sectors. We also recognise that our work on consumer vulnerability has been necessarily reactive as we responded to the challenges of the Covid pandemic and the gas crisis.

We now think there is an opportunity to help reset the conversation we have with energy suppliers on consumer vulnerability. We think there is value in taking a step back, to enable suppliers to show how they are delivering good outcomes for their consumers in vulnerable situations, and challenge them where we think they can go further.

To do this, we propose annual presentations from supplier senior staff who have responsibility for consumers in vulnerable situations. This could be CEOs, directors, and non-executive directors. They would present to an Ofgem-led panel that would be chaired by our Director for Consumer Protection and Competition. It would include staff from Ofgem that have expertise in vulnerability, and possibly also representatives from stakeholders including consumer groups and charities. This could bring valuable perspectives to the issues.

This process would supplement our business-as-usual engagement with suppliers on policy development, compliance matters and other issues. We will work with industry on the best way to implement the panel sessions.

Consultation – Consumer Vulnerability Strategy: Refresh

Following the presentations, we would synthesise and publish our findings. This report would highlight good practice but also where we think suppliers can go further. Given we propose to do this every year, we would explore whether suppliers have adopted any of the good practices we had highlighted in the previous year.

How we use the Strategy and reporting against its outcomes

Our ambition in refreshing the Strategy is to create a framework that refocuses ours and industry's priorities, improve company cultures and build collaborative ways of working to deliver for consumers in vulnerable situations. We consider our approach to be threefold:

1. Setting clear focused outcomes, expectations for energy companies and transparency with our work, which we have set out in the chapters above.
2. Monitoring and reporting against progress.
3. Looking at our own internal processes.

Monitoring and reporting against progress

We recognise that we need to report our progress against the outcomes in the Strategy. This includes demonstrating where we have delivered projects or other work, but also where we have not, and the reasons why.

In our engagement for this draft Strategy, stakeholders agreed that there would be benefits from improved monitoring and reporting. It would increase transparency and allow stakeholders to better scrutinise what we are doing for consumers in vulnerable situations.

Alongside or as part of the findings report from the Consumer Vulnerability Panels, we also propose publishing:

- Key metrics under each of the themes, such as Social Obligation Reporting (SOR) data and any evidence from our consumer research.
- The Strategy with an accompanying workplan, setting out the projects and other work that we want to deliver in the year ahead.

Further, in recognition of our need to be flexible in our priorities and focused outcomes, we also want to improve our website to make it easier to find the Strategy and the progress of the work and projects we have set out underneath the themes and outcomes:

- As part of our ongoing work to develop and maintain Ofgem website content to focus on the needs of our audiences, including industry stakeholders and consumers, we are working with our content design team to update our

Consultation – Consumer Vulnerability Strategy: Refresh

vulnerability content. Our aim is to provide an up-to-date Strategy, which clearly shows updates as we deliver projects or change priorities.

- We do not intend to publish a revised Strategy every year, but will direct stakeholders to our website to see any revisions we make to the Strategy, projects and other work. Our workplan will be set out against the themes and outcomes in the Strategy, and will aim to clearly show stakeholders relevant projects under each.
- Progress updates, which will inform updates on key milestones within ongoing activities.

Question

Q.8 Do you agree with our proposals for a live Strategy on the Ofgem website?

Ofgem processes

We have conducted a review of our internal processes for ensuring consumer vulnerability is at the heart of our policy making, governance and decision processes. As part of refreshing the Strategy we will be making internal recommendations to strengthen our organisational approach to vulnerability, which includes internal monitoring and reporting.

Consultation – Consumer Vulnerability Strategy: Refresh

Appendices

Index

Appendix	Name of appendix	Page no.
1	Stakeholder feedback on Strategy refresh	56
2	Privacy notice on consultations	57

Appendix 1 – stakeholder feedback on Strategy refresh

Stakeholder feedback

Earlier this year, we conducted engagement with consumer groups and charities, suppliers, network companies and internal colleagues to understand their priorities. Stakeholders all agreed that while the Strategy as a broad framework remained relevant, the context and priorities within that require some updating.

Affordability, debt and fuel poverty, remained considerable key concerns. Social tariffs, standing charges and the future of the price cap were all mentioned in the context of bringing prices down and consumer groups are keen to see more done to encourage suppliers to accept budget and repayment plans and help to repay schemes.

Identification of vulnerability, including those on low income/in financial difficulty was also a focus area – with improvements in data sharing and consumer awareness and education most noted from stakeholders.

With these areas in mind, there was no consensus for financial vulnerability to be defined, nor with revisiting the core vulnerability definition. ([Consumer Vulnerability Strategy \(ofgem.gov.uk\)](#)) Consumer groups though were keen for us to adopt a similar approach to the FCA, by introducing a Consumer Duty or focusing on more outcomes and prescriptive regulation.

Finally, stakeholders also commented on Net Zero, especially our new duty, and that consumer protection with innovation should be considered more as the transition gains pace. We will need to think about what the transition looks like and what our approach is to protection for consumers in vulnerable situations. Within this, inclusive design and smart metering were at the front of stakeholders' minds.

Appendix 2– Privacy notice on consultations

Personal Data

The following explains your rights and gives you the information you are entitled to under the General Data Protection Regulation (GDPR).

Note that this section only refers to your Personal Data (your name address and anything that could be used to identify you personally) not the content of your response to the consultation.

1. The identity of the controller and contact details of our Data Protection Officer

The Gas and Electricity Markets Authority is the controller, (for ease of reference, “Ofgem”). The Data Protection Officer can be contacted at dpo@ofgem.gov.uk

2. Why we are collecting your Personal Data

Your Personal Data is being collected as an essential part of the consultation process, so that we can contact you regarding your response and for statistical purposes. We may also use it to contact you about related matters.

3. Our legal basis for processing your Personal Data

As a public authority, the GDPR makes provision for Ofgem to process Personal Data as necessary for the effective performance of a task carried out in the public interest. i.e. a consultation.

4. With whom we will be sharing your Personal Data

Your personal information is never shared with anyone outside of Ofgem. However, we may publish your response to our consultation on our website. If your response includes personal information we will publish your response as is, unless you tell us you wish to have any names on the document redacted.

5. For how long we will keep your Personal Data, or criteria used to determine the retention period.

Your personal data will be held for six months after the project has closed.

6. Your rights

The data we are collecting is your Personal Data, and you have considerable say over what happens to it. You have the right to:

- know how we use your Personal Data
- access your Personal Data
- have Personal Data corrected if it is inaccurate or incomplete
- ask us to delete Personal Data when we no longer need it
- ask us to restrict how we process your data

Consultation – Consumer Vulnerability Strategy: Refresh

- get your data from us and re-use it across other services
- object to certain ways we use your data
- be safeguarded against risks where decisions based on your data are taken entirely automatically
- tell us if we can share your information with 3rd parties
- tell us your preferred frequency, content and format of our communications with you
- to lodge a complaint with the independent Information Commissioner (ICO) if you think we are not handling your data fairly or in accordance with the law. You can contact the ICO at <https://ico.org.uk/>, or telephone 0303 123 1113.

7. Your Personal Data will not be sent overseas

8. Your Personal Data will not be used for any automated decision making.

9. Your Personal Data will be stored in a secure government IT system.

10. More information

For more information on how Ofgem processes your data, click on the link to our "[Ofgem privacy promise](#)".