2. Prepayment Meters

Companies usually jump to give you a prepayment meter, with a key or a card. This can prevent you running up any further debt, but that's because when you can't feed the meter, you end up in the dark and the cold – they make you in effect disconnect yourself whatever the season, and however it might affect you.

Some people prefer prepayment meters, and others hate them – you should have a choice!

If you are thinking about asking to get a prepayment meter installed, or if your energy supplier is trying to force you to accept one, it is worth reading the following information.

Prepayment meters and the Standard Variable Tariff

Tariffs can be high whether you pay by a key meter or by a monthly or quarterly bill, using a "credit meter". The Competition and Markets Authority announced in 2016 that domestic customers have been paying around £1.4 billion per year more than if the market were functioning as it should. Many people who pay by a bill are on a **"Standard Variable Tariff"** – a tariff that you get put on by default if you don't choose a cheaper fixed deal from your supplier. Typically, this could lose you around £300 a year. You also pay more if you're not in a position to pay by direct debit or online.

Standard Variable Tariffs (SVTs) and other "default" tariffs are now being capped by the regulatory body Ofgem, after years of delay (the head of Ofgem has given up his bonus as an apology!). The amount the cap will save you depends on wholesale fuel prices – it was intended to save about £120 a year – more, if you use a lot of fuel, then that went down to £66. But in any case the cap **is only applied if you receive Warm Home Discount** (see Section 7). It is supposed to be extended to other low income households by winter 2018-19, and the government has promised legislation to make a cap apply across the board, to everyone on a default tariff, but as we go to press this change is still in the pipeline. As things stand now, some people would

qualify to have their prices capped if they have a prepayment meter, but would miss out on the cap if they have a "credit" meter. So the bottom line is that you need to look carefully or get advice to see what is best for YOU.

How prepayment meters work

Even if your tariff is similar to what you would pay with a credit meter, you don't have the same access to cheaper fixed price deals, or to the better tariffs for people who pay online or by direct debit from a bank. You may have your electricity or gas clicking off when you most need them. You may also need to travel to get top-ups from a shop.

Standing Charge

If you go away for a few days or you do not top up, your meter will continue charging you the **"Standing Charge"** which you must continue to pay even when you are not using the fuel. It is typically a charge of about £4 per week (but may be more or less, depending on who your energy supplier is), which will be taken off of any money you top up. If you have not topped up your meter for a while, you may need to pay off all of the standing charge before you can use any fuel.

For example, if you have not topped up your gas meter at all for 20 weeks over the summer you will need to put in (£4 per week x 20 weeks =) £80 before your supplier will give you credit which you can then spend on fuel. If you are paying off a debt via the meter, the accumulated debt repayments, for the weeks you were not using fuel, may also be taken off your credit when you do top up in the end. Some meters are more flexible, or can be adjusted.

Not-for-profit energy supplier **Ebico** don't have a Standing Charge, and they also charge prepayment meter customers the same rate as everyone else. If you use a low amount of energy, you may save money by moving to Ebico. But NB they cannot now offer the Warm Home Discount, which may make them more expensive if you qualify for that. There are many other **new energy providers**, with different policies and tariffs. If you can look at them carefully it could save you a lot. See Section 8 for more about switching suppliers.

Emergency credit

Most energy suppliers will give you £5 to £7 "emergency credit" on your meter. This means if you run out of money/credit on your meter, you can use up to another £5 to £7 worth of "emergency" credit before you are then cut off from your gas or electricity. This has to be paid back however, as "emergency credit" is "just like an overdraft from the bank". The next time you go to the shop to top up, your supplier will then take the emergency credit you owe back off you before you can use your energy again. Don't forget, they will also take money off for the Standing Charge.

For example, if you top up £10 after having used £5 of your emergency credit, you will be left with £5 to use on energy (and less after your Standing Charge has been taken off).

Rights on a prepayment meter

In the next section we will say how you can avoid having a prepayment meter installed. But even if you end up having one, you still have rights.

- **There should now be no charge for installation** in most cases, except warrant charges if the meter is imposed through a court (see Section 6). The regulator Ofgem has imposed a cap of £150 on the warrant charges, and has banned these charges altogether for the most vulnerable customers.
- **You have a right to have the meter located in a place that's easy for you to reach and use**, especially if you are elderly or disabled. There is no charge for this. (And it applies to other kinds of meters too). If this isn't the case, **phone your energy provider and let them know that you want it moved.**
- You have a right to have the **meter set to collect arrears at a rate you can afford.** Don't let them tell you the setting can't be changed – it can.
- **No night time switch-offs!** Companies are, generally, not supposed to switch you off at night. If you are running out, you may want to time your usage so that you've still got some credit in the meter in the evening and then it will last through the night. All the big energy providers have "friendly" times when they should not cut you off.
- **If you move into a property with a prepayment meter with debt on it you should not have to pay the debt.** We have heard several reports of people being forced by their energy supplier to pay off the debt of the person who lived there before them, sometimes with promises that the supplier will "pay them back". The safest thing is to **call the energy supplier when you first move in to inform them that you are a new resident in the building and give them a meter reading.** Your meter may need to be reset. Then make certain that you are not repaying someone else's debt when you top up your meter.
- The supplier **cannot insist on a security deposit** or part-payment of a debt if you are getting a prepayment meter.

Switching supplier when on a prepayment meter

If you owe money to your energy supplier you will not be allowed to switch supplier until your arrears are less than £500 (per meter). **The Debt Assignment Protocol** is a process which allows you to switch to a cheaper prepayment meter deal so that you can pay off your debts more easily. In theory this sounds like it could help, but in practice it seems that successful switching is rare.

You need your landlord's permission to switch.

Changing back to a credit meter

If you are able to pay off your arrears you can request to have a credit meter back. However, you will have to pass credit checks and be willing to set up a fixed direct debit for future payment.

An example of getting an unwanted meter removed

Residents of a shared rented house had a meter installed without their consent. The residents repeatedly called and wrote to their energy supplier (E.ON) to ask to get it removed but were told they owed a debt they were not aware of. They were losing about £6 of every top up for 4-5 months before they enlisted the help of a community lawyer who wrote to the supplier requesting the meter was removed. The energy company subsequently removed the meter and reimbursed the residents before sending them a bill detailing their actual arrears.