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CONSUMERS IN DEBT TO ENERGY SUPPLIERS BY £637 MILLION - £159 MILLION MORE THAN LAST YEAR

- **A nation in the red: over five million households (20%) are currently in debt to their energy supplier - 6% more than last year^[1]**
- **After price cuts early last year, average debt per household has fallen by £8 to £123^[1] - however the impact of this winter's price hikes plus the coldest March on record could see this shooting back up again**
- **Mounting debt: collectively consumers owe an estimated £637 million to energy suppliers - £159 million more than last year^[2]**
- **From bad to worse: over four in ten of those in debt (41%) say they owe more now than they did a year ago – just 9% owe less^[3]**
- **No end in sight: the average household energy bill is now at an eye-watering £1,353 a year – almost £100 more than a year ago and £831 more than at the start of 2004^[4].**

The number of households in debt to energy suppliers has rocketed by over a million in a year, according to new research from uSwitch.com, the independent price comparison and switching service. Over five million households (20%) are now believed to owe their energy supplier money, compared to under four million (14%) last year^[1]. Collectively, consumers now owe an estimated £637 million - £159 million more than last year^[2].

One in four of those in debt (41%) owe more than they did a year ago, while just 9% owe less^[3]. And, while the average amount owed to suppliers has fallen by £8 to £123^[1] following price cuts early last year, this winter's price hikes coupled with the coldest March on record could see the average energy debt shooting back up again.

More tellingly, the average household energy bill now stands at an eye-watering £1,353 a year – almost £100 more than a year ago and £831 more than at the start of 2004^[4], putting unprecedented pressure on household budgets.

Just over two in ten (22%) of those in debt to their supplier are turning a blind eye to it in the hope that the amount they owe will go down naturally over time. However, the same number again, (22%) intend to pay it off with a lump sum, while almost half (45%) plan to increase their regular direct debit payment^[5].

Worry over mounting debt is leading almost one in ten (8%) to agree a repayment plan with their supplier, while 2% expect to go so far as to move onto a prepayment meter^[5]. This is a cause for concern as prepayment meters are a more expensive way to pay for energy.

Ann Robinson, Director of Consumer Policy at uSwitch.com, says: “The soaring number of households in debt to energy suppliers is a clear indication of the pressure people are coming under just to meet the cost of their basic bills. The fact that a million more households have fallen behind in the last year so that over five million are now in debt to suppliers tells us everything we need to know about the impact of sky-high energy prices.

“The important thing for households is to try to keep a lid on energy costs. There are two simple ways to do this - use less energy by making our homes more energy efficient, perhaps by taking advantage of the Green Deal, and paying less for the energy we do use by switching to the most competitive tariff for our needs.

“Paying energy bills by direct debit will also help to cut the cost as suppliers offer valuable discounts for paying this way. It also spreads the cost of energy use evenly throughout the year, so that households can avoid the burden of heavy winter bills. Consumers should also make sure that they or their supplier are taking regular meter readings, as relying on estimated bills can be a shortcut to debt. The important thing is that anyone who is concerned about managing their energy bills or their ability to pay should contact their supplier sooner rather than later to discuss their options.”

For more information visit www.uSwitch.com or call 0800 093 06 07

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Notes to editors

Research referred to in the notes below was conducted online by YouGov Plc on behalf of uSwitch.com. Fieldwork took place 13th to 15th February, 2013, amongst 2,106 adults with decision making involvement with energy suppliers. Data is weighted to be representative of GB adults. Previous research referred to in the notes below was also conducted through YouGov. Fieldwork took place from 3rd to 6th February 2012 among 2,014 people with decision making involvement with energy suppliers. Data was weighted.

1. When asked 'Thinking about your most recent energy bill from your supplier, which of the following best applies to you?' 20% of respondents answered that they were in debt. 20% of 26 million is 5,200,000 households, or over 5 million. The mean amount of those in debt was £122.51. In 2012 the mean debt was £131.33.
2. 5,200,000 households in debt owing an average of £122.51 each equates to £637,052,000 in total. Last year 3,640,000 households in debt owed an average of £131.33 each, equating to £478,041,200 in total.
3. When asked 'Thinking about the amount you are in debt/arrears with your energy supplier, how does this compare with a year ago?', 41% of respondents answered 'My debt/arrears is higher' and 9% responded 'my debt/arrears is lower'
4. According to uSwitch.com - based on a medium usage customer using 3,300 kWh of electricity and 16,500 kWh of gas on a standard Dual Fuel bill, paying quarterly by cash or cheque with bill sizes averaged across all regions and the big six suppliers.
5. When asked 'Thinking about the amount you are in debt/arrears with your energy supplier, how are you going to pay it off?' 45% answered 'By increasing my monthly direct debit', 22% answered 'I'm hoping it will go down naturally over time', 22% answered 'By lump sum', 8% answered 'By agreeing a repayment plan with my energy supplier', 2% answered 'By going on a prepayment meter' and 2% answered 'Don't know'.

About us

uSwitch.com is a free, impartial, online and telephone-based comparison and switching service, helping consumers compare prices on gas, electricity, water, heating cover, home telephone, broadband, digital television, mobile phones and personal finance products including mortgages, credit cards, current accounts and insurance. In 2010 uSwitch.com celebrated ten years of saving customers money.

uSwitch.com is the first comparison website to achieve the Plain English Campaign's Internet Crystal Mark, which is recognised as a standard that a website has clear language, is accessible and easy to use, and has been tested on a sample of its users.

uSwitch.com is dedicated to helping consumers save money whether they have internet access or not. It offers a dedicated call centre, manned by uSwitch customer service representatives, as well as a freepost 'Send us your bill' service, whereby customers can post their latest energy bills with their telephone number to FREEPOST USWITCH, to get a free call back from a dedicated customer services representative. The service is also available via fax, email and post. Consumers should fax 0203 214 8417, email CustomerServices@uswitch.com or write to Customer Services, uSwitch.com, Centro 3, 19 Mandela Street, London, NW1 0DU with their postcode and usage details.

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