

Under embargo until: 00.01hrs Friday 18th May, 2012

COST OF HOUSEHOLD ENERGY GROWS FIVE TIMES FASTER THAN INCOME

The cost of household energy^[1] has rocketed more than five times faster than household income since 2004^[2], according to new research from uSwitch.com. And while the basic state pension for a couple is now £11,175 a year^[3], at £1,252 a year the average household energy bill^[1] now accounts for just over a tenth of this (11%). As a result, the cost of energy is now the top household worry for Brits (90%), ahead of the rising cost of food (77%) and even mortgage payments (42%)^[4].

- **Average household income has increased by 20% since 2004^[2], but the average household energy bill has rocketed by 140%^[1]**
- **In 2004 households were paying £522 a year on average for their energy – today they are spending £1,252 a year^[1]**
- **In 2004 energy accounted for 1.6% of average household income – today it eats up twice as much at 3.2%^[5]**
- **Minimum state pension for a couple has gone up by 35% to £11,175 a year since 2004^[3] - energy costs now eat up a tenth (11%) of this**
- **Energy is unaffordable for almost a third of consumers (32%)^[6] while 83% say that the rising cost of energy has had an impact on their household's disposable income^[7].**

New research from uSwitch.com, the independent price comparison and switching service, reveals that the rise in the cost of household energy has significantly outpaced the growth in household incomes since 2004. While household incomes in the UK have increased by 20%, from £32,812 in 2004 to £39,468 today^[2], the average household energy bill has shot up by an eye-watering 140%^[1]. This means that energy bills have increased more than five times faster than income.

In 2004, households were spending £522 a year on average for their energy. Today the average household energy bill is a crippling £1,252 a year^[1]. In 2004, energy accounted for 1.6% of household income – today this has doubled to 3.2%^[5].

Although the basic state pension has increased by 35% since 2004 to £11,175 a year for a couple living together^[3], this hasn't been enough to stave off the effects of rampantly increasing fuel bills. The average household energy bill today would eat up a tenth (11%) of their income.

As a result of the alarming pace that energy prices have been accelerating by, almost a third of consumers (32%) say that household energy is unaffordable in the UK^[6]. The cost of energy is now the top household worry for Brits (90%), ahead of the rising cost of food (77%) and even mortgage payments (42%)^[4], while the number of households rationing their energy use has grown year-on-year. This winter over eight in ten people (83%) cut down or rationed their energy use because of cost – a 7% increase on 2011 and 14% higher than in 2010^[8].

The elevated cost of living over the past few years has eaten away at consumers' wallets. On average, Brits have just £297 of disposable income left per month after all essential household bills are paid^[9]. In fact, eight out of ten people (83%) believe that the rising cost of energy bills has had an impact on their disposable income^[7]. Of these, nearly a fifth (17%) say that they no longer have any disposable income as a result and more than one in four (27%) say energy bills have reduced their disposable income dramatically^[7].

Ann Robinson, Director of Consumer Policy at uSwitch.com, says: “This is the cold reality facing households today – in less than ten years our energy bills have rocketed by 140%. The break-neck speed at which energy prices have sprinted upwards has caught many people unawares. Consumers are still playing catch-up.

“Energy now accounts for a significant slice of household income which is why the numbers rationing their energy use have risen so steeply in recent years. But going cold or without is a short-term and potentially harmful fix and not a long-term solution. The fact is that consumers can control how much they spend on energy by making their homes more energy efficient and paying less for the energy they do use by moving to a competitively priced energy plan. Those who are on a low income or benefits could even benefit from free insulation from their energy supplier so it's always worth contacting them first to see what financial help you can get.”

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

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For more information please contact:

Jo Ganly, uSwitch.com on 0207 802 2915 or joganly@uswitch.com,

Adam Harwood, Lansons Communications on 0207 566 9725 or adamh@lansons.com

Nithiya Gnanathas, Lansons Communications on 020 7566 9716 or nithiyag@lansons.com

Notes to editors

1. Source: uSwitch.com. Based on a medium user customer using 3,300 kWh of electricity and 16,500 kWh of gas, on a standard dual fuel plan, paying quarterly by cash or cheque with bill sizes averaged across all big six suppliers and all regions. In 2004, the average dual fuel energy bill was £522, today it is £1,252.
2. In 2004/5, the average annual household income for a non-retired man and woman was £32,812. In 2010/11 (the latest official data available) it was £39,468. The rise is 20.28%. <http://www.ons.gov.uk/ons/rel/family-spending/family-spending/index.html>
3. In 2004, the minimum state pension for two people was £8,278.40. In 2012 it is £11,174.80. <http://statistics.dwp.gov.uk/asd/index.php?page=sossp>
4. Research carried out in September 2011 with the uSwitch.com Consumer Opinion Panel amongst 2,295 adults with bill paying responsibility for gas and electricity in their household. When asked: 'Thinking of the rising cost of living, which FOUR of the following worry you the most?', the answers were: Food bills 77.00%, Council tax 58.90%, Energy bills 89.60%, Petrol 73.50%, Train fares 11.60%, Mortgage/rent payments 41.90%, I am not worried 3.80%.
5. See point 1 and 2 above.
6. Research carried out in September 2011 with the uSwitch.com Consumer Opinion Panel amongst 2,295 adults with bill paying responsibility for gas and electricity in their household. In response to: 'The average household energy bill is currently around £1,200 a year. At what point do you think energy will become unaffordable in the UK?' 32.2% of respondents said 'it's already unaffordable'.
7. Survey conducted by YouGov online between 14th – 18th October, 2011. A total of 5,270 UK energy customers took part. In response to: 'Thinking specifically about energy bills, what impact has the rising cost of these had on your household's disposable income?' 17% said 'we no longer have any disposable income', 27% said 'It has reduced our disposable income dramatically' and 39% said 'It has reduced our disposable income slightly'. These add up to 83%.
8. Research conducted with the uSwitch.com Consumer Opinion Panel amongst 1,225 respondents in January 2012. Previous research from last year was also conducted with the uSwitch.com Consumer Opinion Panel amongst 1,557 respondents between 27th December, 2010 and 3rd January, 2011. 2010 research was conducted with the uSwitch.com Consumer Opinion Panel amongst 4,734 respondents between 1st March and 5th March, 2010. In response to: 'Have you cut down or rationed your energy use this winter due to the increased cost of energy?' 83.3% said 'yes'.
9. Survey conducted by YouGov online between 14th – 18th October, 2011. A total of 5,270 UK energy customers took part. In response to: 'After you have paid for your entire monthly household essential bills (including housing, food, telephone, broadband and energy bills) how much disposable income does your household have a month?' The mean (including 'nothing' and in debt) was £296.96.

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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