Consumer Impacts of Market Conditions Survey

Wave 4 report – November 2023 (Fieldwork July 2023)

Prepared by BMG for Ofgem

Contents

Ofgem foreword

Households have faced hard times in recent years – and continue to do so. High energy prices have added to the cost of living worries many people continue to experience. It has always been a priority for Ofgem, Great Britain's independent energy regulator, to take any necessary steps to protect energy customers. Ofgem is always looking for ways to improve the energy market to better protect customers, particularly those most vulnerable in our communities.

Ofgem engages with the people it serves in many different ways. One of these has been through a survey called the Consumer Impacts of Market Conditions, conducted on Ofgem's behalf by the research agency BMG. This began in 2022 and periodically takes a snapshot of how people think and feel about their energy bills, how much they know about the service they are entitled to, and intentions to engage in the market by comparing or switching tariffs or suppliers. Through the survey we have explored how many people know that the cost of their energy can depend on *how* they pay for it and whether those facing affordability issues know *who* to approach for help if they struggle to pay their bills?

This survey has gone through four waves to keep its finger on the pulse of consumer experiences during a period of volatility. When it launched in 2022, many energy companies were going out of business causing concern among consumers. Later waves explored consumer readiness for power outages as international conflict increased the risk of supply disruption. Each wave has adjusted the questions asked where necessary to better reflect changing market conditions and issues and to support our drive to improve consumer standards and experiences.

This fourth wave took place in July 2023. This time a greater focus was put on learning about how consumers prefer to pay for their energy. It has also explored with more depth consumer intentions to engage with the market. Are customers more willing to switch suppliers as the energy market has become more settled?

Feedback about consumers' energy experiences informs Ofgem's work to protect domestic customers. It gives insight into the concerns of those who struggle to pay their energy bills. This supports Ofgem's decision making, allowing us to introduce beneficial changes for customers, such as when considering levelisation of charges between payment types upon which we are consulting. Where appropriate, it has also served as a baseline to monitor the impact of reforms and market changes.

As consumers continue to face difficult market conditions, a fifth wave of this survey is due to be conducted in early 2024. Ofgem will continue to seek to understand the needs and experiences of consumers, sharing insights as they emerge, and taking action where required.

Executive Summary

The Consumer Impacts of Market Conditions Tracking Survey is designed to provide Ofgem, and the wider energy sector, with a good understanding of domestic consumers' experiences and attitudes at a time of significant variability within the energy market. The survey takes a mixed methods approach to data collection, by utilising online, face-to-face and telephone interviewing. This is the fourth wave of the project and comprises 3,434 interviews with a representative sample of GB energy bill payers. The key findings are described below.

Affordability

The findings in this report highlight the widespread financial challenges that continue to be faced by consumers due to rising energy costs and general inflation.

The proportion of respondents who are behind on their household bills has risen to the highest level since this survey started in March 2022. Household's financial circumstances also appear to be worsening, with a majority reporting that their situation is worse than a year ago.

Unsurprisingly, there is a strong link between broader household affordability issues and energy affordability specifically. 37% of respondents are being impacted by energy affordability issues; meaning they are being required to take more severe action than only reducing their energy use; this rises to 58% of those in a financially vulnerable position. Of those facing affordability issues the majority (65%) only started experiencing these issues more recently (since the energy crisis began in August 2021).

Worryingly it appears that certain groups financial circumstances are worsening. For instance, the proportion of standard credit customers who report being behind on their energy bills has almost doubled since Nov/Dec 2022. Across the same period the share of prepayment customers who say they have run out of emergency credit has also risen significantly.

Awareness of support

Respondents' understanding of the support available to help them is currently mixed. Relatively few are aware of the energy price guarantee or the Priority Services Register (PSR), and even where awareness is better, such as with the energy price cap, understanding of what this does or covers is low.

Addressing these issues is crucial for helping consumers make informed decisions and access necessary support in the ever-changing energy market.

When looking at the best ways for an organisation to communicate with consumers, we can see that respondents are most likely to look for advice with Martin Lewis/Money Saving Expert, comparison websites, and energy suppliers. Friends and family are also a common source of advice.

Payment Method Choices

Although most consumers are happy with their payment method, the reasons selected for choosing each payment method vary. Prepayment meter and standard credit customers are less likely than direct debit customers to pay that way for positive reasons. This includes notable minorities who say they pay that way because their supplier made them (9% for prepayment and 6% for standard credit).

A higher proportion of consumers who use standard credit (35%) or prepayment meters (25%) want to change payment methods than direct debit customers (14%).

Market awareness and understanding

The responses to this survey suggest there is limited respondent understanding across several topics within the energy market. This is significant as there are opportunities for consumers to ease financial pressure on their household by making informed decisions.

Understanding of fixed, variable, and green tariffs is generally low. Many respondents aren't aware of what tariff type they are on. For instance, nearly half of respondents claim to be on fixed tariffs, which is a significantly higher proportion than official figures suggest.

While respondents show relatively good awareness of different payment methods, understanding of the costs associated with them is low, with specific misunderstandings about standard credit being more expensive than prepayment meters.

Market engagement

While a majority of respondents both trust and are satisfied with their own supplier, trust in energy suppliers as a collective remains low.

While engagement in the energy market has been consistently low since this research programme started in March 2022 there is a notable increase in willingness to engage in the future. This includes an increase in the share of respondents who say they would compare tariffs, switch to a new tariff with their current supplier, and switch to a new supplier.

It is worth noting that those with affordability issues are more likely to have switched in the past six months, and say they are more likely to engage in the market in the future. This suggests a renewed interest in engaging with the market is driven by respondents' desire to seek better deals and financial security, even if they do not trust the sector.

Understanding of Ofgem

The vast majority of survey respondents are aware of Ofgem, and most claim to have some degree of knowledge about this regulatory body. Furthermore, perceptions of Ofgem are improving, with higher proportions than in Nov/Dec '22 agreeing that it is delivering a fairer energy system, that it is a trusted information source and puts consumers first. Fewer agree it is to blame for high bills. However, there is a notable level of uncertainty regarding Ofgem's specific role and responsibilities.

Background and research objectives

Background

Ofgem commissioned BMG to launch the Household Consumer Impacts of Market Conditions Tracking Survey in early 2022 to ensure that they and the energy sector have a good understanding of consumers' experiences and attitudes during this period of market volatility. The survey covers issues such as affordability and awareness of available support, as well as the impact of these on energy market engagement now and in the future.

This report summarises the findings from the fourth wave of the Survey, carried out in July 2023, drawing comparisons with previous waves where relevant.

Reports and data tables for those previous waves can be found through the following links:

- Waves 1 and 2
- Wave 3

Research objectives

This research is intended to:

- measure overall consumer awareness, perceptions and experiences relating to changes in the energy market
- analyse how different audiences have been affected by these changes
- track how awareness, perceptions and behaviours vary over time

The research aims to answer five overarching questions.

What are the impacts of the changing market conditions on energy market consumers over 2022-23?

1 What impacts have rising costs had on consumers?

How do broader cost of living increases impact consumers?

What impact has the rising cost of energy had on their household and their well-being?

Which consumers are most impacted?

How do consumers see their energy bills and wider market conditions changing in the future?

What are consumers' future affordability concerns?

2 Are consumers aware of sources of support?

Have consumers sought out institutional and other forms of support?

Where would consumers go for trustworthy advice and support?

Are consumers aware of the PSR?

Are consumers aware of the EPG and energy price cap and how they work?

3 How do consumers understand payment methods and tariffs?

How do consumers differentiate between different payment types?

Does awareness of different payment methods affect consumers' preferences?

What are consumers' understanding and preferences of tariffs types?

4 What has been the impact on consumers' engagement in the energy market?

Do consumers trust their energy supplier(s)/ the energy market in general?

What are consumers' intentions to engage in the future, and what are the "push" and "pull" factors to doing so?

What have search and switching habits been, and why?

What are consumers' attitudes towards future engagement?

What barriers are preventing consumers from engaging in the market?

5 What are consumers perceptions of Ofgem?

How well do consumers understand Ofgem's purpose?

Do consumers trust Ofgem/the market to deliver a fair and affordable energy market as the industry regulator?

Method

Timing of fieldwork

Fieldwork timings for each of the four waves were as follows:

- **Wave 4:** 3rd – 20th July 2023
- **Wave 3:** 21st Nov – 11th December 2022
- **Wave 2:** 4th – 31st July 2022
- **Wave 1:** 18th – 31st March 2022

Data collection method

The survey takes a mixed methods approach to data collection, by utilising three main approaches:

- Online surveys via online panels to capture the digitally enabled general population.
- Online river sampling to capture those digitally enabled but less present on panels.
- Face-to-face and telephone interviews to ensure the inclusion of the digitally excluded.

The figure below summarises the sample sizes achieved by each data collection method at each wave. Wave 4 comprised 3,434 respondents[1], consisting of 3,000 online panels, 233 online river sampling, 120 face-to-face, and 81 telephone interviews.

Figure 1: Sample composition by method of data collection by wave

		Sample size			
Consumer type	Methodology	W1	W2	W3	W4
Digitally enabled general population	Online survey via online panels	3,208	3,087	3,035	3,000
Digitally enabled but less present on panels	Online survey – river sampling	54	271	221	233
Digitally excluded	Face to face and telephone interviews	217 (100 F2F / 117 CATI)	202 (100 F2F / 102 CATI)	201 (122 F2F / 79 CATI)	201 (120 F2F / 81 CATI)
Total	All combined	**3,479**	**3,560**	**3,457**	**3,434**

Sample frame

Quotas were set in order to achieve a sample representative of the GB population. Quotas are set on gender, age, region, and SEG. While these quotas are broadly achieved within the sample, any slight discrepancies are addressed through weighting which uses the same proportions.

All targets are taken from the 2011 Census. Data is representative of the GB population, not bill payers (using household reference person), for both quotas and weighting.

[1] A sample of this size carries a maximum confidence interval of ±1.67% at the 95% level of confidence.

Notes on statistical significance

Given that the survey uses quotas rather than random probability sampling, statistical significance is indicative only.

Where significant differences between sub-groups and the total sample are identified, 'total sample' represents the total sample minus the sub-group in question.

Significance differences are calculated at a 95% confidence level and shown on charts throughout the report with the use of an up ▲ or down ▼ arrow. Only where a difference is statistically significant is it discussed in the report analysis.

Findings

What impacts have rising costs had on energy consumers?

General affordability

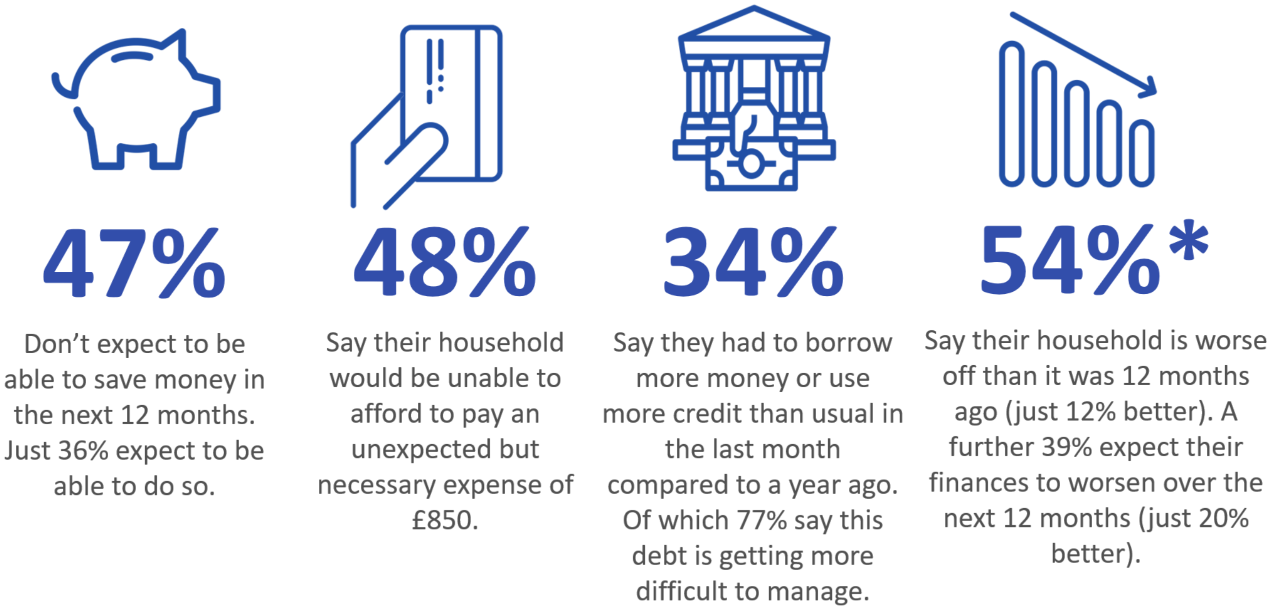
Overview of findings

- **Over a third of respondents could be considered to be financially vulnerable as a result of the rising cost of living**: these respondents either cannot afford unexpected expenses, are borrowing more than usual, or both. Vulnerable groups are more likely to be middle-aged, be paying by prepayment meters, on lower incomes, have a mortgage or rent their home, receive means-tested benefits, female, and have dependent children.
- **Respondents continue to feel the strain of high household bills:** The percentage behind on their household bills has been slowly rising, meanwhile the rate of respondents experiencing energy affordability issues is yet to decline.
- **Respondents indicate they would prioritise energy bills:** excluding rent/mortgage payments, energy is the bill type that respondents are most likely to prioritise when struggling to pay household expenses, ahead of council tax and water bills.

Financial circumstances of respondents

In general, many respondents reported that they are struggling financially, with nearly half not expecting to be able to save any money in the next 12 months (47%) or afford an unexpected but necessary £850 expense (48%). Meanwhile, a third (34%) have had to borrow more money or use more credit than usual in the last month compared to a year ago, of which 77% say this debt is getting more difficult to manage.

Figure 2: Overview of financial circumstances



CL1. In view of the general economic situation, do you think you will be able to save any money in the next 12 months?
CL2. Could your household afford to pay an unexpected, but necessary, expense of £850?
CL3. Have you had to borrow more money or use more credit than usual in the last month, compared to a year ago?
Base: All respondents: July '23 (W4) 3,434. Question wording for CL1, CL2, CL3 replicates those used by the ONS.
** Additional data taken from BMG's omnibus*

To put this into context, taken from BMG's August 2023 monthly omnibus[2], over half (54%) report that their household is worse off than it was 12 months ago, with just one in ten (12%) reporting it is better off. Two in five (39%) expect their finances to worsen over the next 12 months, while just one in five (20%) expect their finances to improve.

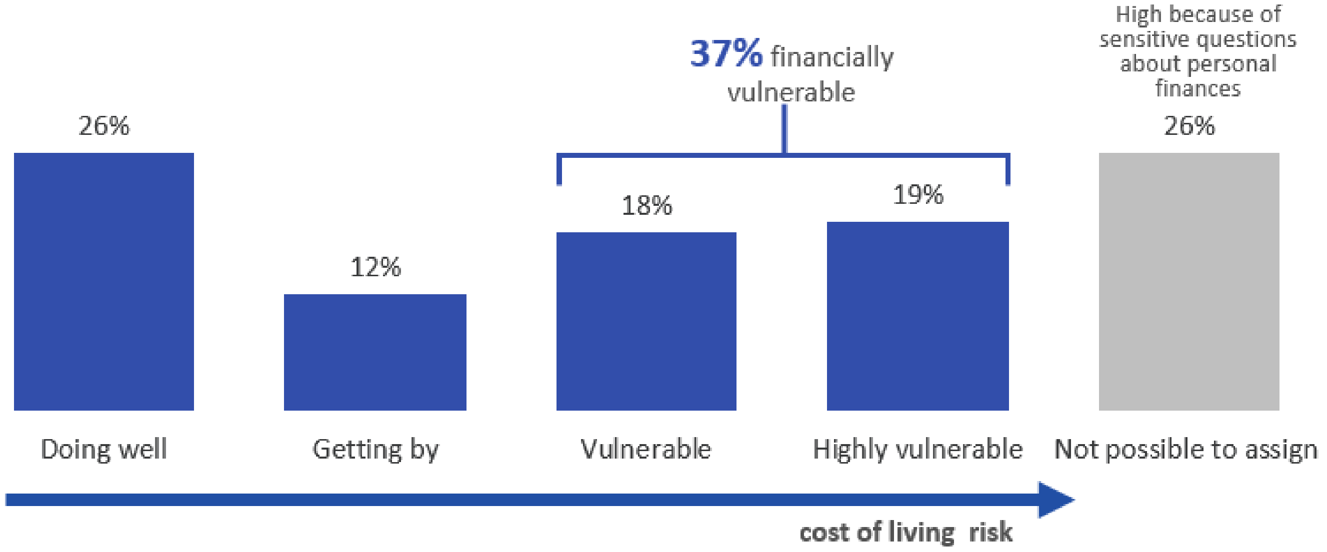
In order to provide a summary metric of a respondent's overall financial circumstances in relation to the rising cost of living, we have combined three metrics – saving, debt and unexpected expenses – into categorisations of financial vulnerability as a result of the cost-of-living crisis. These categories are defined using the following approach:

- (Financially) Highly vulnerable – those not able to save, and who cannot afford unexpected expenses and who are borrowing more than usual

[2] BMG Research GB Omnibus August 2023 F02. Thinking about the previous 12 months, how would you say that your household finances have changed during that period? (base= 1,562). Tables found here - https://www.bmgresearch.co.uk/bmg-the-i-polling-aug23/

- (Financially) Vulnerable – those not able to save, and who either cannot afford an unexpected expense or are borrowing more than usual
- Getting by – those who expect to save or can afford unexpected expense, and who are not borrowing more than usual
- Doing well – those who expect to save in the next 12 months, can afford an unexpected £850 expense, and who are not borrowing more than usual

Figure 3: Cost of living groupings using saving, debt, and unexpected expense metrics[3]



Derived variable using responses from CL1, CL2, and CL3 – see previous page.
Base: All respondents: July '23 (W4) 3,434

On this basis, close to two in five (37%) respondents can be said to be financially vulnerable, including one in five (19%) who are highly vulnerable, and 18% who are vulnerable. By contrast, a quarter (26%) are doing well, and a further one in ten (12%) are getting by. While we don't have historic data to understand the proportion of respondents who were financially vulnerable before the global gas crisis resulted in energy price rises, the current share of those who currently are, demonstrates the extent of low financial resilience across respondents.

Those who are financially vulnerable are more likely to be middle-aged, paying by prepayment meters (26% on PPM in the highly vulnerable group cf. 6% in the doing well group), on lower incomes, receiving means-tested benefits, female, and have dependent children.

These categorisations are, as expected, predictive of energy bill affordability issues[4]; 58% of financially vulnerable groups face affordability issues, while only 26% do so in the 'doing well' group.

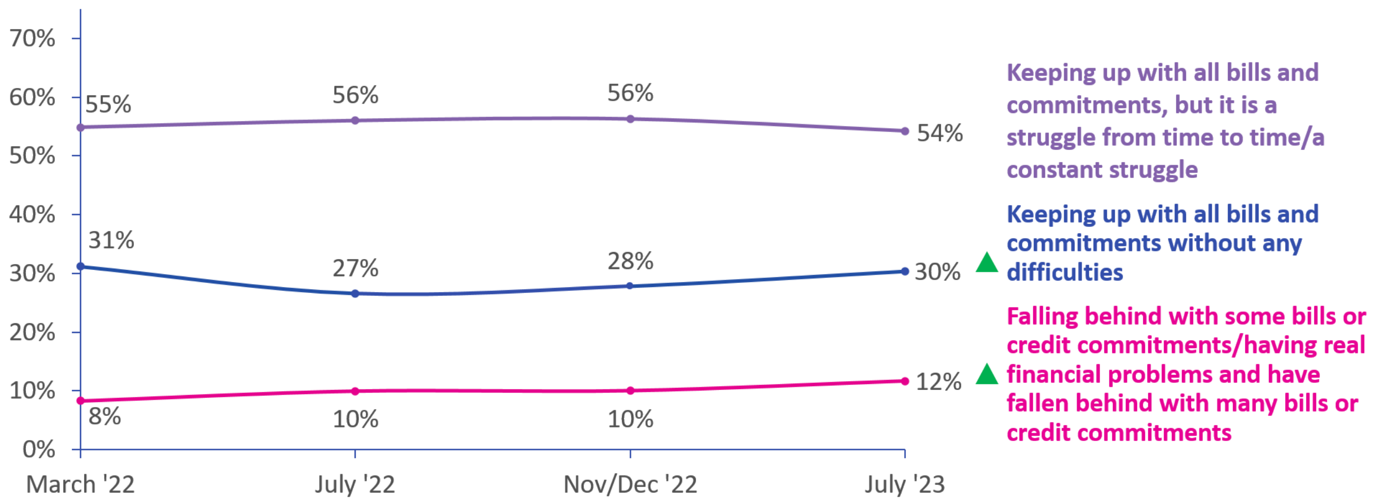
[3] Respondents were not possible to assign if they said "don't know" or "prefer not to say" at any of the three questions used to create this variable.

[4] Energy Affordability issues detailed on page 15 using data from E3. Thinking about your energy bills over the last 3 months. Which, if any, of the following have happened to you or your household because of affordability issues?

Ability to pay household bills

Respondents were asked how well they are keeping up with their general household bills and credit commitments at the moment.

Figure 4: Proportion of respondents behind on their household bills and credit commitments over time



F5: Which one of the following statements best describes how well you are keeping up with your general household bills and credit commitments at the moment?
Base: All respondents: Mar '22 (W1) 3,479 / July '22 (W2) 3,560 / Dec '22 (W3) 3,457 / July '23 (W4) 3,434

There has been an increase in the proportion of respondents who report having financial problems and having fallen behind with bills or credit commitments, since tracking began, from 8% in March 2022 to 12% in July 2023. Conversely, at 30%, the proportion who report keeping up with all bills and commitments without any difficulties has returned to March 2022 levels (31%).

The relatively small changes in this metric since Nov/Dec 2022 suggest that while monthly household energy costs will have declined during the summer months, wider pressures on household costs or reduced financial resilience due to previously high prices have kept the proportion of households struggling with their bills consistently high.

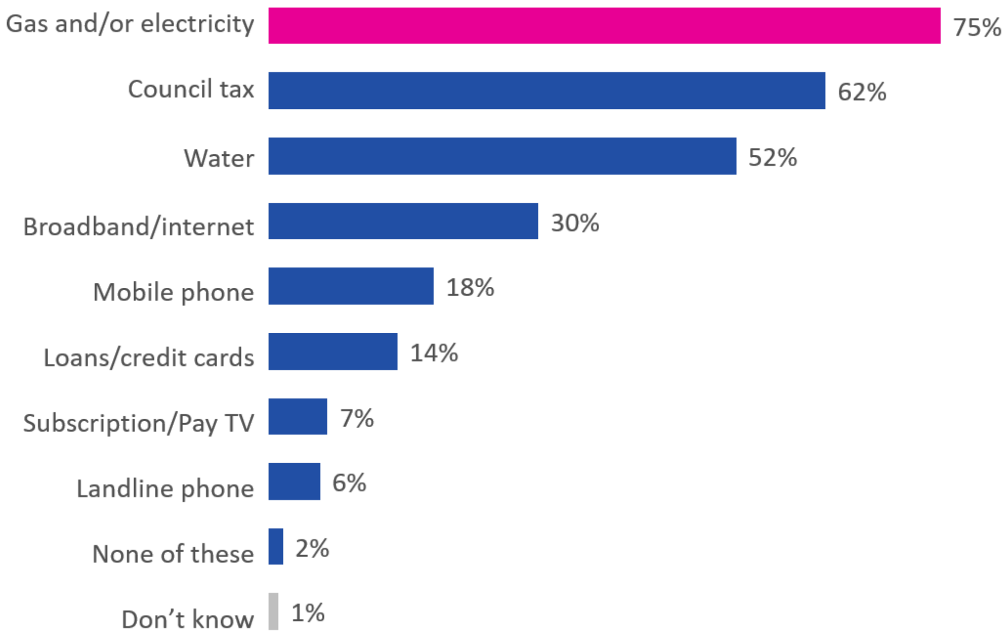
The following groups likelihood of falling behind on their household bills are all higher than the average across all respondents (12%):

- prepayment meter customers (27%)
- those in social housing (24%)
- those on means-tested benefits (19%)
- those with a disability (16%)
- standard credit customers (16%)
- where there is someone who is expecting or a child under 5 in the household (15%)
- ethnic minority groups (15%)
- those on the Priority Services Register (PSR) (14%)

Prioritisation of bills

The wider strain on household finances could lead to a situation where households are unable to afford to pay some or all of their bills. With this in mind, respondents were asked, apart from their mortgage or rent, which three types of bills are the most important bills for their household to pay.

Figure 5: Most important bills for households to pay – top 3 selected.



E28: Apart from your mortgage or rent, which of the following, if any, are the MOST important bills for your household to pay?
Base: All respondents: 3,434

Respondents indicated that they were most likely to prioritise their energy bills (75%) when struggling to pay household expenses. This was ahead of council tax (62%) and water bills (52%). While the majority of respondents say gas and electricity bills are important, we can't be sure whether these results reflect a more fundamental prioritisation of energy bills or are a response to the different legal status of some bills and debts[5].

Those who own their home are more likely than average to feel that energy (78%), council tax (65%) and water (55%) are one of the three most important bills. While those who rent are also most likely to feel energy bills are important, they are less likely than respondents overall to do so (73%). Instead, they are more likely than average to feel broadband (34%) and mobile phone bills (23%) are one of the three most important bills.

[5] It should also be noted that this proportion may have been influenced by respondents having answered several questions about the energy market as part of this survey.

Energy affordability

Overview of findings

- **Affordability issues vary by payment method:** Standard credit and prepayment customers continue to experience affordability issues at higher rates than direct debit. The share of standard credit customers behind on their energy bills has also doubled since Nov/Dec '22, and an increasing share of prepayment meter customers have run out of emergency credit.
- **Affordability issues are impacting new groups:** Of the 37% of respondents facing affordability issues the majority (65%) only started experiencing these issues more recently (since the energy crisis began in August 2021).
- **Those with recent affordability issues may need pro-active support:** Compared to those with repeat issues, those with recent affordability issues are less inclined to contact sources of institutional support or have been contacted by them. They also show less interest in actively participating in the energy market, such as switching providers or comparing options.
- **Customers are taking action to reduce energy use:** The vast majority of respondents are reducing their energy usage. However, those reducing their energy use suggest it is having negative effects, particularly when it comes to mental health. There is a striking disparity in the mental health impact between those struggling financially and those not.

Energy affordability issues experienced

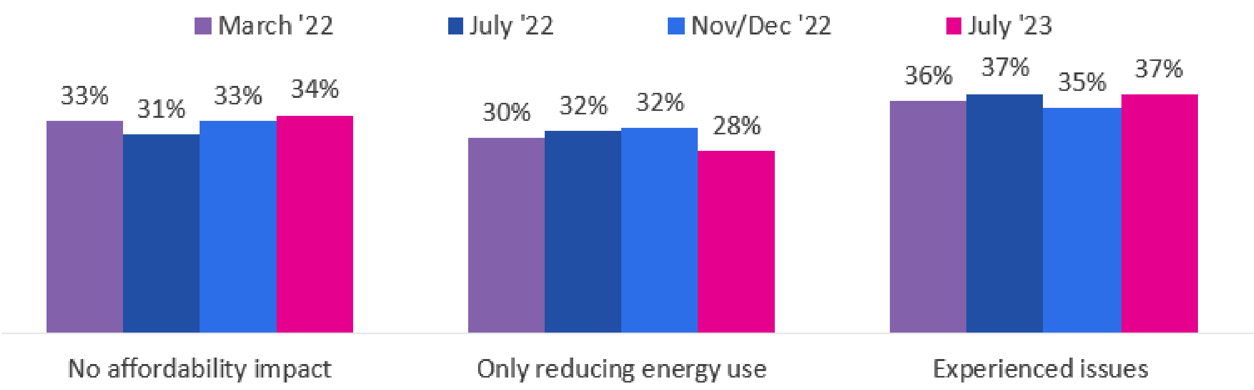
Knowing that many respondents have experienced pressures on their household finances, respondents were asked if they or their household had taken any action because of energy affordability issues, with the options tailored to reflect the payment method used[6].

For analysis purposes respondents have been grouped based on what impacts they are experiencing. These groups are:

- no affordability impact: those experiencing none of the impacts listed above
- only reducing energy use: those who have reduced their energy use due to affordability issues but have not experienced any other impacts
- experienced issues: those who experienced any of the affordability impacts other than reducing their energy use. This is not mutually exclusive with reducing energy use.

[6] Options included: reduced the amount of energy we are using; contacted our energy supplier to ask for assistance with paying our energy bills; energy supplier has contacted us to offer us assistance with paying our energy bills; been unable to top up the meter because we can't afford it; reduced the amount we usually put on our prepayment meter; run out of credit on our meter and have been disconnected from our energy supply for more than 3 hours; used the emergency credit on our meter; asked our supplier for additional credit above the emergency credit on our meter ; cancelled the direct debit payment for our energy bill; reduced the amount of our direct debit for our energy bill; fallen behind on an energy bill and owe money to our energy supplier; recently moved on to a prepayment meter because I wanted it to help me manage what I spend on energy; recently moved on to a prepayment meter because my energy supplier made me; recently changed my payment method from direct debit to standard credit to help me manage my energy bills; been contacted by a debt collection agency

Figure 6: Affordability issues experienced by households over time.



E3. Thinking about your energy bills over the last 3 months. Which, if any, of the following have happened to you or your household because of affordability issues?
Base: All respondents: Mar '22 (W1) 3,479 / July '22 (W2) 3,560 / Dec '22 (W3) 3,457 / July '23 (W4) 3,434
Base: July '23 (W4) by payment method: direct debit 2,388 / standard credit 450 / prepayment meter 559

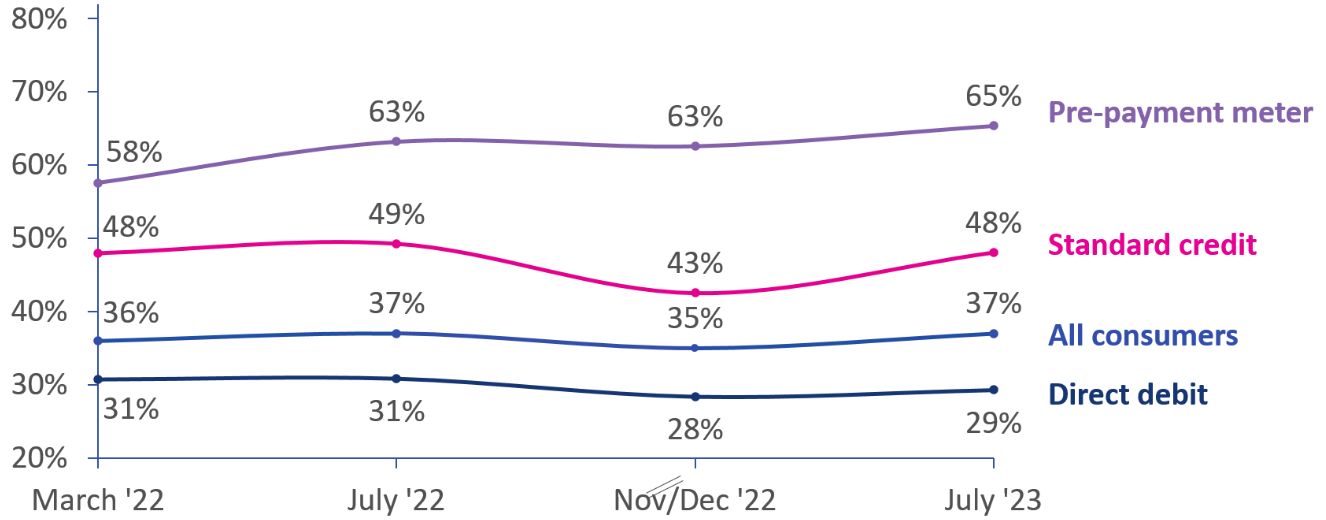
Though in real terms energy bills generally decreased since the winter, the number facing energy affordability challenges beyond reducing energy use has remained steady (despite seasonal consumption variations) since March '22 (37% in July 2023, compared to 36% in March 2022). This is unsurprising given that:

- consumers are still paying nearly double what they did before the energy crisis hit in the autumn of 2021[7]
- consumers do not have access to the £400 EBSS Government Support which was available last winter
- while average energy costs have started decreasing, other inflation pressures persisted at the time of fieldwork, including stubbornly high grocery prices[8].

[7] Source: https://www.ofgem.gov.uk/energy-data-and-research/data-portal/wholesale-market-indicators
[8] Source: https://www.ons.gov.uk/economy/inflationandpriceindices/articles/costoflivinginsights/food

As expected, the profile of those experiencing energy affordability issues has a great deal of consistency with those experiencing general cost of living impacts, and those struggling to afford household bills. Further detail on the profile of each of these can be found in the affordability classification section later in this chapter, but one of the most consistent signifiers of this is the way in which respondents pay for their energy.

Figure 7: Affordability issues over time, excluding reducing energy use.



E3. Thinking about your energy bills over the last 3 months. Which, if any, of the following have happened to you or your household because of affordability issues?
Base: All respondents: Mar '22 (W1) 3,479 / July '22 (W2) 3,560 / Dec '22 (W3) 3,457 / July '23 (W4) 3,434. PPM base c. 500. SC base c. 400 DD base c. 2,400 per wave

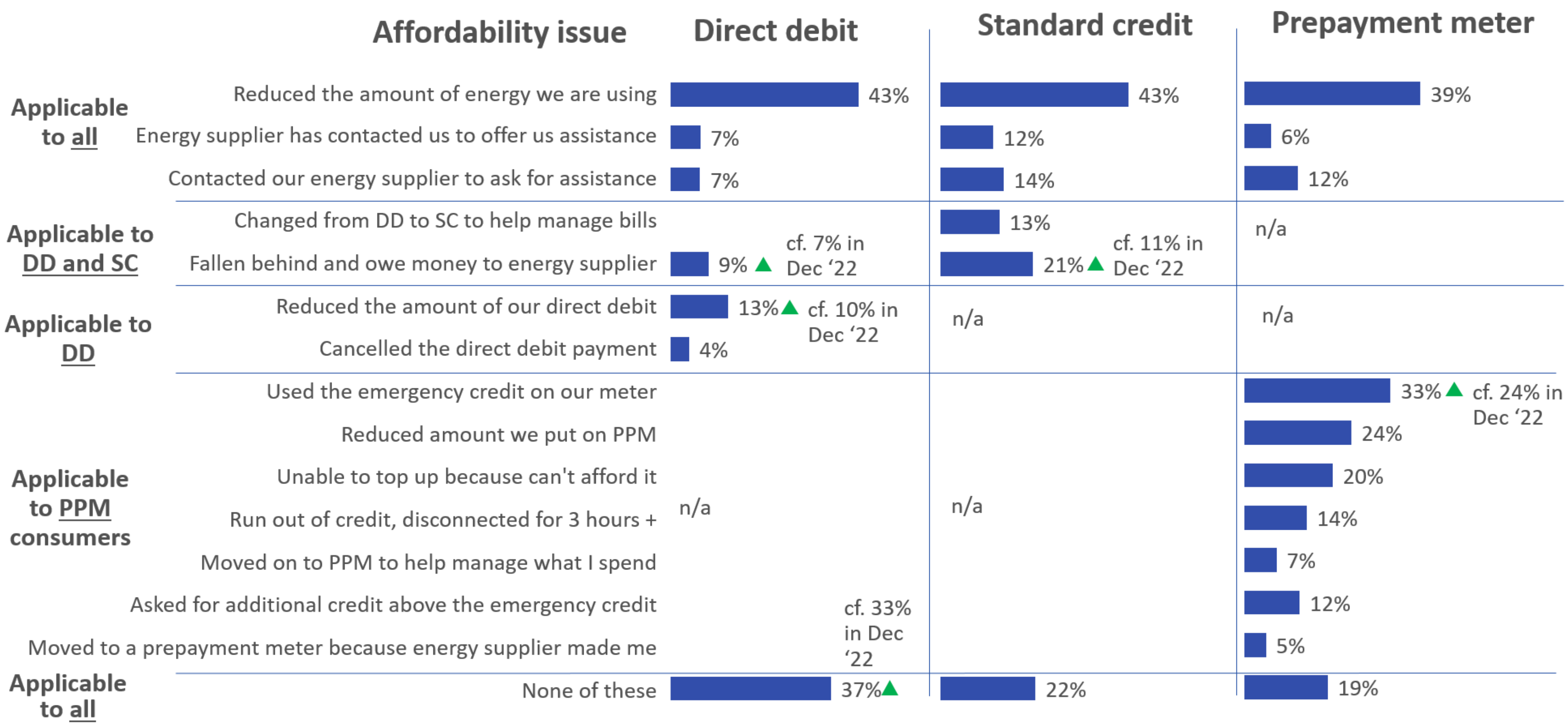
Among households experiencing affordability issues, and not just reducing their energy usage, there is variation by payment method. Experiencing affordability issues rises from 29% of those paying by direct debit, to 48% of those paying by standard credit, and to two in three (65%) of those on prepayment meters.

Looking at the nature of these affordability issues, the proportion of standard credit customers who say they are behind on their energy bills has doubled since Nov/Dec 2022, from 11% to 21% in July 2023. This is a particularly large and notable increase.

Similarly, a third (33%) of prepayment customers say they have used emergency credit, significantly higher than was the case in Nov/Dec 2022 (24%)[9]. A quarter (24%) of prepayment customers have reduced the amount put on the meter, and one in five (20%) have been unable to top up. One in ten (12%) have asked for additional credit above their emergency amount.

[9] For more information on different payment methods please see the chapter on "understanding of payment methods and tariffs"

Figure 8: Affordability issues by method of payment

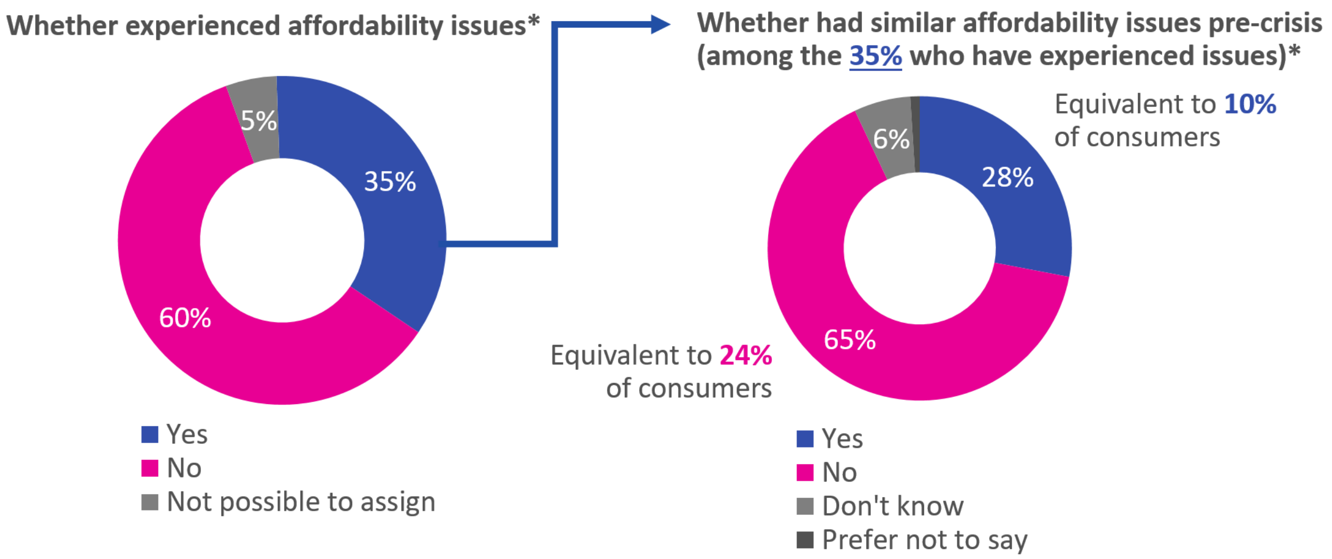


E3. Thinking about your energy bills over the last 3 months. Which, if any, of the following have happened to you or your household because of affordability issues? (DD = Direct Debit, SC = Standard Credit, PPM = Prepayment Meter)
Base: Prepayment meter 559; Standard credit 450; Direct debit 2,388

Recent and repeated experience of affordability issues

Around two-thirds (65%) of the respondents who had experienced affordability issues in the past three months had not experienced similar affordability issues pre-crisis, while 28% of this group had, equating to 10% of all respondents. This shows how changes in the price of energy, which first emerged in August 2021, have caused a large new cohort of respondents to begin to experience energy affordability issues.

Figure 9: Experience of affordability issues now and prior to the energy crisis



[10]E24. Has your household ever had similar affordability issues with your gas or electricity bills before the energy crisis (pre-August 2021)?
Base: All respondents July '23 (W4) 3,434/those with affordability issues in the past 3 months: July '23 (W4) 1,269
**Not directly tracked due to minor changes in question-wording, but all figures are broadly similar to that recorded in Nov/Dec '22*

Affordability classification

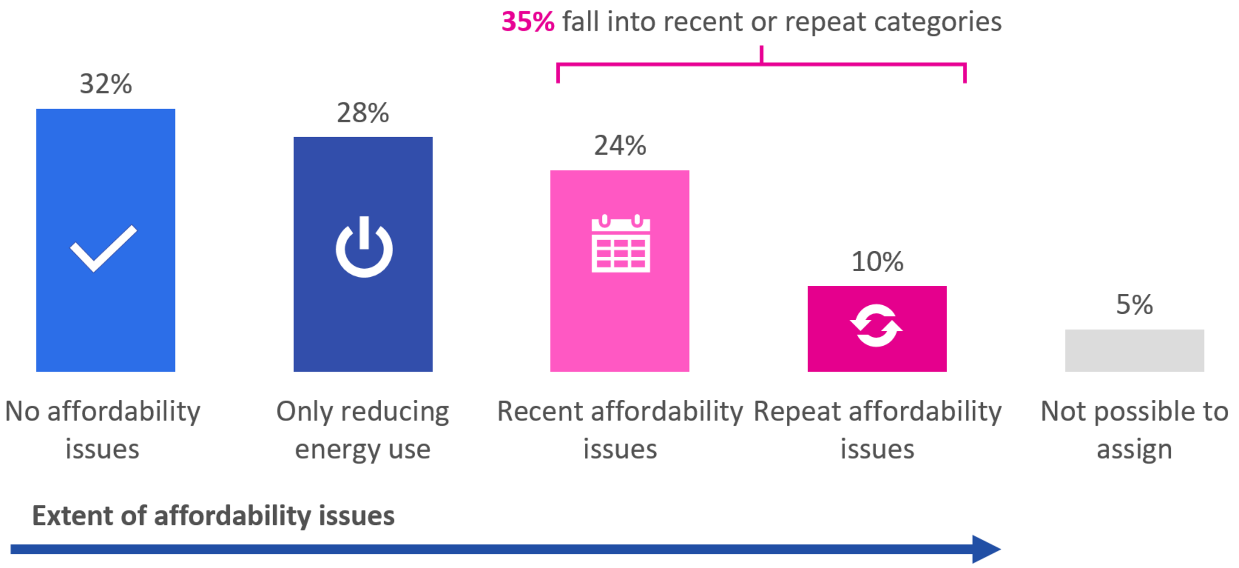
In order to better understand how respondents are being impacted by affordability issues linked to the rising cost of their energy bills, BMG and Ofgem have developed groups based on the extent of these impacts and the length of time households have been experiencing them.

[10] Please note that the total percentage experiencing affordability issues is 37%. The 35% total figure is lower as some respondents who were experiencing affordability issues did not provide an answer to explain if they had similar affordability issues before the energy crisis. This reduces the sum of the recent and repeat groups by 2 percentage points to 35%.

These groups are defined as follows:

- No affordability issues – not experienced any affordability issues, including no reductions to energy usage.
- Only reducing energy use – are reducing their energy usage, but not experiencing other affordability issues.
- Recent affordability issues – experiencing affordability issues (beyond reducing energy) but hadn't experienced similar issues before August 2021.
- Repeat affordability issues – experiencing affordability issues (beyond reducing energy) and experienced similar issues before August 2021
- Not possible to assign – answered prefer not to say/don't know at one or more of the classification questions.

Figure 10: Affordability classification as a percentage of total respondents



E3/E24 (Derived Variable). E23. Thinking about your energy bills over the last 3 months. Which, if any, of the following have happened to you or your household because of affordability issues?
E24. Has your household ever had similar affordability issues with your gas or electricity bills before August 2021?
Base: All respondents: July '23 (W4) 3,434

Around a third (35%) of respondents have experienced affordability issues, the majority (24%) of which have started experiencing issues since the energy crisis began, in line with Nov/Dec 2022.

A third (32%) are experiencing no affordability issues, while over a quarter (28%) have reduced energy use but are not experiencing other affordability issues.

Demographic characteristics of affordability groups

Each of the different affordability groups has a distinct demographic profile.

The profile of each group is summarised below.

No affordability issues (32% of all respondents):

- 80% direct debit, 9% standard credit, 9% prepayment meter
- 65% homeowners
- 50% female
- 24% on means-tested benefits
- 20% aged 16 to 34, 44% aged 35 to 64, 37% aged 65+
- 15% on the PSR
- 8% expecting a child, or with a child aged under 5 in the household

Only reduced energy (28% of all respondents)

- 78% direct debit, 14% standard credit, 7% prepayment meter
- 63% homeowners
- 56% female
- 32% on means-tested benefits
- 21% aged 16 to 34, 50% aged 35 to 64, 29% aged 65+
- 19% on the PSR
- 11% expecting a child, or with a child aged under 5 in the household

Recent affordability issues (24% of all respondents)

- 56% direct debit, 16% standard credit, 28% prepayment meter
- 51% on means-tested benefits
- 51% female
- 43% homeowners
- 37% aged 16 to 34, 53% aged 35 to 64, 10% aged 65+
- 19% on the PSR
- 15% expecting a child, or with a child aged under 5 in the household

Repeat affordability issues (10% of all respondents)

- 68% on means-tested benefits
- 59% aged 16 to 34, 38% aged 35 to 64, 3% aged 65+
- 53% direct debit, 21% standard credit, 26% prepayment meter
- 44% homeowners
- 40% female
- 30% on the PSR
- 23% expecting a child, or with a child aged under 5 in the household

In brief, as affordability issues become more severe, the age profile gets younger, the likelihood of being on the Priority Services Register (PSR)[11] tends to increase, the likelihood of paying by standard credit or prepayment meter increases, the likelihood of being on means-tested benefits increases, the proportion expecting a child or with a child aged under 5 in the household increases and the likelihood of being a homeowner decreases.

The demographic characteristics of those experiencing recent affordability issues strongly overlap with those groups defined as finanicially vulnerable and those who are likely to be struggling with wider household bills.

[11] The Priority Services Register is a free support service that makes sure extra help is available to people in vulnerable situations.

Key metrics by affordability group

Despite experiencing affordability issues for a shorter time span, respondents who have faced recent affordability challenges are more likely to face some kinds of financial difficulties (see figure 11) than those who have experienced issues pre-crisis, suggesting their need for support might be greater.

Figure 11: Key metrics by affordability group

Key metric	No affordability issues	Recent affordability issues	Repeat affordability issues
Financial measures			
Behind on household bills or credit commitments	3%	26%	21%
Vulnerable or highly vulnerable to cost of living	23%	57%	38%
Taken action to reduce energy bills	71%	91%	90%
Payment methods			
Want to change payment method	7%	26%	48%
Correctly say costs vary by payment method used	48%	57%	70%
Institutional support			
Contacted institutional support	8%	46%	74%
Seen Ofgem advice	13%	23%	59%
Who would go to for energy advice (top)	Martin Lewis/ MSE (46%)	Martin Lewis/ MSE (37%)	My energy supplier (28%)
Engagement metrics			
Switched supplier/tariff in last 6 months	8%	21%	39%
Compared energy tariffs but have not switched	16%	27%	34%
Trust energy suppliers (generally)	35%	34%	56%
Satisfied with their supplier(s)	69%	60%	70%

E3/E24 (Derived Variable).
E3. Thinking about your energy bills over the last 3 months. Which, if any, of the following have happened to you or your household because of affordability issues?
E24. Has your household ever had similar affordability issues with your gas or electricity bills before August 2021?
Base: All respondents: July '23 (W4) 3,434. 5% who could not be assigned are not included in the breakdown.
Results presented for a series of metrics across the survey.

Close to three in five (57%) respondents with recent affordability issues are financially vulnerable to rising living costs, in contrast to 38% in the repeat group.

Worryingly, despite greater financial vulnerability on these metrics, those in the recent group are less inclined than those in the repeat group to have contacted institutional support (46% compared to 74%) or report seeing Ofgem advice (23% compared to 59%). They also show less interest in actively participating in the energy market, such as switching suppliers (21% compared to 39%) or comparing tariffs (27% compared to 34%). In a separate question, we also found that those in the recent affordability issues group were less likely than the repeat affordability issues group to say they had been contacted by their supplier to give them information or advice about paying their energy bills (26% compared to 36%)[12].

Respondents dealing with recurring affordability issues – even though they have been struggling longer – exhibit greater satisfaction with their energy suppliers (70% compared to 60%) and greater trust in energy suppliers generally (56% compared to 34%). Whilst we don't yet fully understand the reasons for this, it is possible this trust

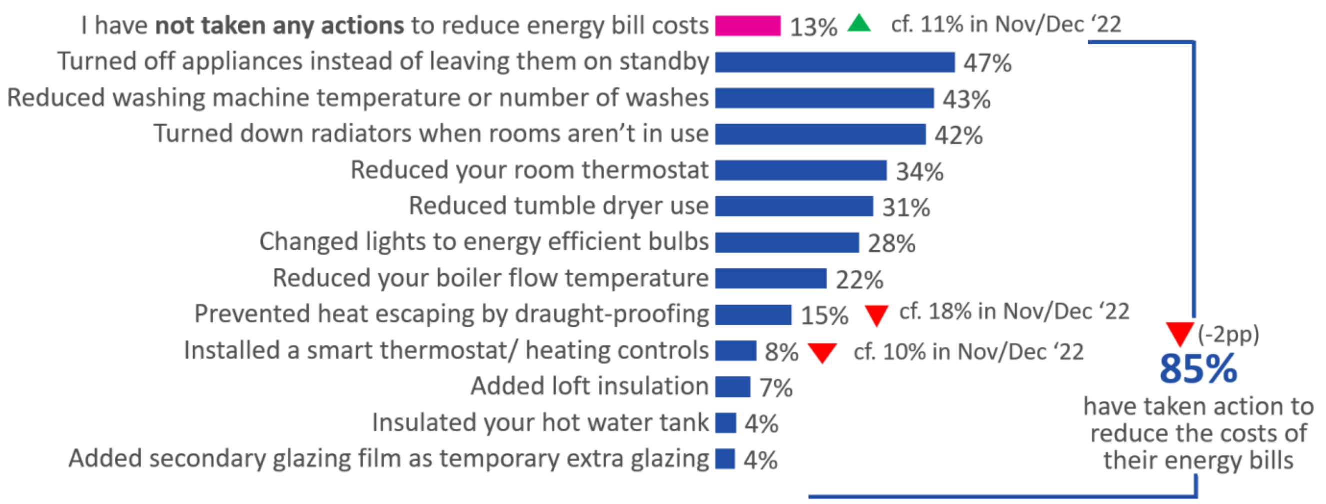
[12] Question C8 'Has your supplier(s) contacted you (via phone, email, app, letter or in another way) in the past 3 months for any of the following reasons?' included an answer option 'Yes - To give me/us information about potential price changes in the future'

may stem from their more frequent engagement with suppliers and other institutional support, giving them a greater sense of understanding and security within the system.

Actions taken to reduce the cost of energy bills

While a large majority (85%) are taking action to try to reduce the cost of their energy, the proportion doing so has declined slightly by two percentage points since Nov/Dec 2022.

Figure 12: Actions taken to reduce the costs of energy bills[13]



E20a. Which of the following actions, if any, have you taken in order to reduce the costs of your energy bills in the past 3 months?

Base: All respondents: Dec '22 (W3) 3,457 / July '23 (W4) 3,434

This 85% who are taking action represents a larger group than the combined proportion of those who reported reducing their energy usage or who are experiencing affordability issues (63%) in the previous section. This suggests that even those not reporting any affordability impacts are taking steps to reduce the cost of their bills.

Those under the greatest financial pressures have taken more action to reduce costs. Over nine in ten (91%) in the 'highly vulnerable' group have taken action – but as many as 79% of the 'doing well' group have still taken steps to do so.

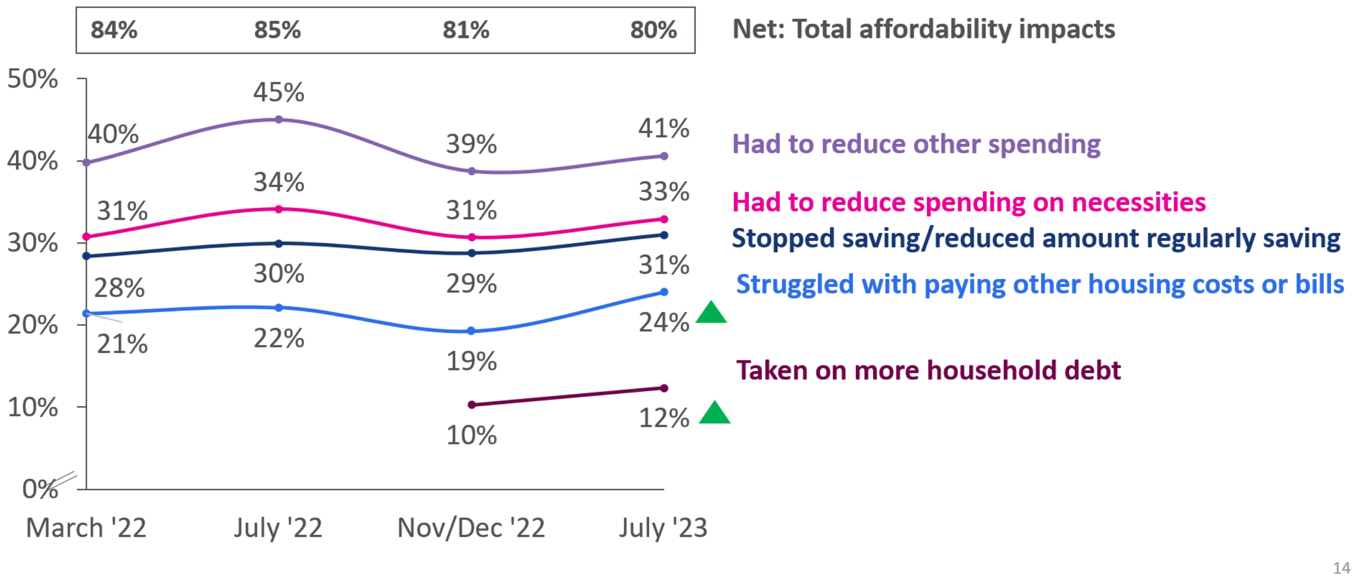
There are also differences in the types of actions taken by those under more financial pressure. Those in the 'financially vulnerable' groups are more likely to have taken measures without any up-front costs, such as reducing their thermostat (41% compared to 34% average), reducing their boiler flow (26% compared to 22%), turning down radiators (51% compared to 42%), and turning off appliances (59% compared to 47%). In comparison, those in the 'doing well' group are more likely to have taken actions such as insulating hot water tanks (5% compared to 4%), or no actions (20% compared to 13%).

[13] Note only those responses taken by more than 3% of respondents are listed. Full results are available in supporting data tables.

Affordability impacts

Overall, 80% of households report that they have been financially impacted as a result of increased energy costs, consistent with Nov/Dec 2022 (81%).

Figure 13: Affordability impacts of increased costs of home energy on household – top five impacts shown or where significant change.

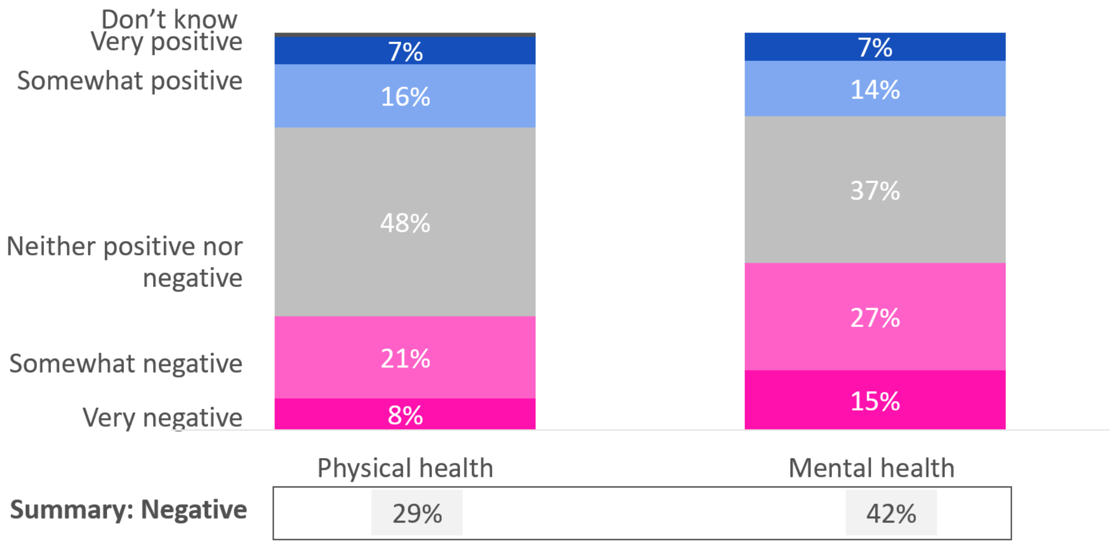


** E2. What impacts, if any, have the increased costs of home energy had on your household?*
Base: All respondents: March '22 (W1) 2,500 / July '22 (W2) 2,791 / Dec '22 (W3) 3,457 / July '24 (W4) 3,434
** Note that the base for this question has changed. Waves 1 and 2 were asked of those who said they were paying more for energy. In waves 3 and 4, this was changed to be asked to all respondents.*

There has been an increase in the proportion of respondents who report that the increased cost of home energy has caused their household to struggle with paying other housing costs or bills from 19% in Nov/Dec 2022 to 24% in July 2023, as well as in the proportion who report taking on more debt, from 10% in Nov/Dec 2022 to 12% in July 2023.

Reducing home energy has also had knock-on effects on mental health.

Figure 14: Impact of reducing the cost of energy bills.



E27. You mentioned you had taken action to reduce the cost of your energy bills. To what extent is this having a positive or negative effect on the following?
Base: All who are reducing the costs of their energy bills (1,447)

Two in five (42%) say taking action to reduce the cost of their energy bills has had a negative impact on their mental health and three in ten (29%) say the same about their physical health.

The difference in impact across the different cost-of-living groups is striking. Among those taking action to reduce their energy consumption, 72% of those in the 'highly vulnerable' group say their efforts have negatively impacted their mental health and 51% say the same for their physical health. This compares to 17% and 10% respectively in the 'doing well' group.

Future affordability outlook

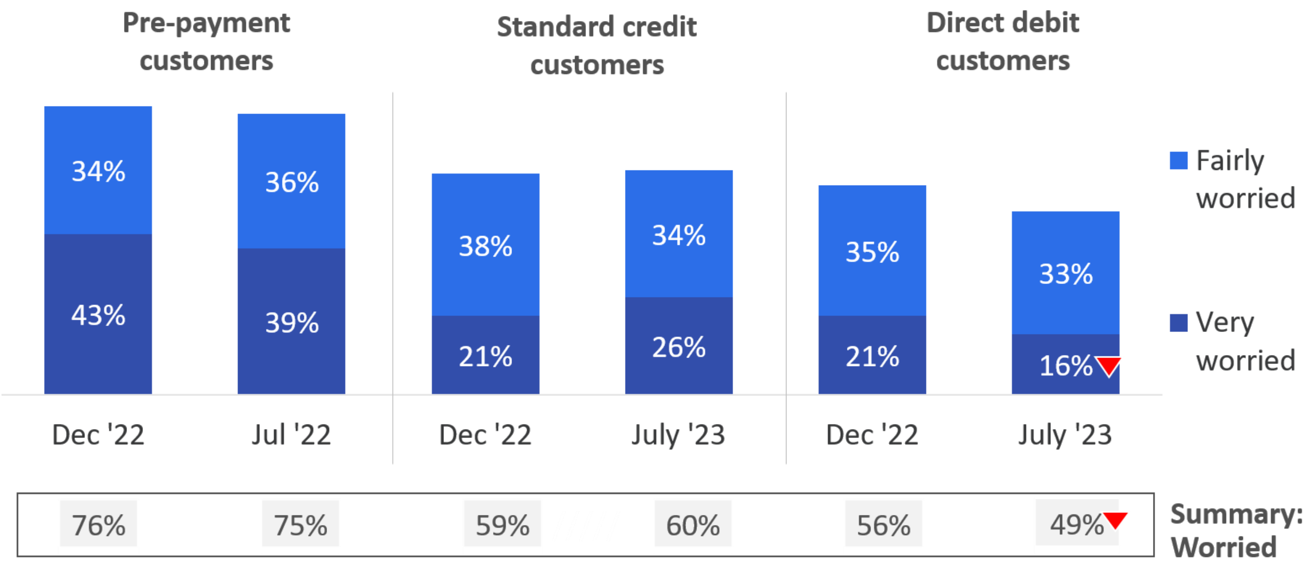
Overview of findings

- **<u>Respondents remain worried about not being able to afford to pay for energy:</u>** Among standard credit and prepayment meter customers, worry is just as high as it was in Nov/Dec '22. However, levels of worry have reduced among direct debit customers since Nov/Dec '22.
- **<u>There are signs that perceptions of future energy costs are improving:</u>** However, while fewer respondents than in Nov/Dec '22 believe that costs will go up in the short, medium, and long term over half still think costs will increase in the short, medium and long term.

Concerns for the future

Despite the relative decline in energy costs since the start of the year, concern about being able to afford to pay for energy in the future remains widespread amongst respondents of all payment methods.

Figure 15: Extent of worry about not being able to top up/falling behind on energy bills as a result of increased household costs.



E4. At the moment, to what extent are you worried, if at all, about any of the following happening to you? Base: All PPM respondents: Dec '22 (W3) 525 / July '23 (W4) 559. All SC respondents: Dec '22 (W3) 396 / July '23 (W4) 450. All DD respondents: Dec '22 (W3) 2,492 / July '23 (W4) 2,388.

Three-quarters (75%) of prepayment customers are worried about not being able to top up, and three in five (60%) of standard credit customers are worried about falling behind on energy bills, because their general household costs are increasing, as was the case in Nov/Dec 2022 (76% and 59% respectively).

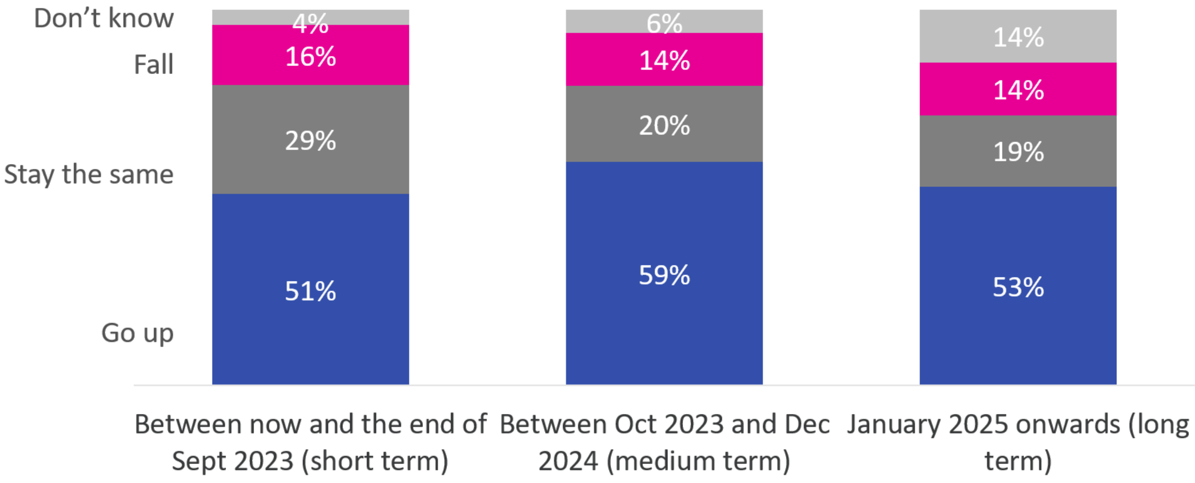
However, there has been a decrease in the proportion of direct debit customers who are worried about falling behind, from 56% in Nov/Dec 2022 to 49% in July 2023. There has also been a corresponding decrease in those who are very worried, from 21% to 16%.

Half (49%) of direct debit and standard credit customers also report being worried about falling behind on other bills because they need to prioritise paying energy bills (18% very worried and 31% fairly worried).

Expectations about how the market will change

Most respondents continue to believe their cost of energy will go up in the short (51%), medium (59%) and long term (53%).

Figure 16: Expectations about how household energy costs will change in the short, medium, and long term.



E10. Looking forward, what do you think will happen to your household's energy costs across the following time periods?
Base: All respondents (3,434)

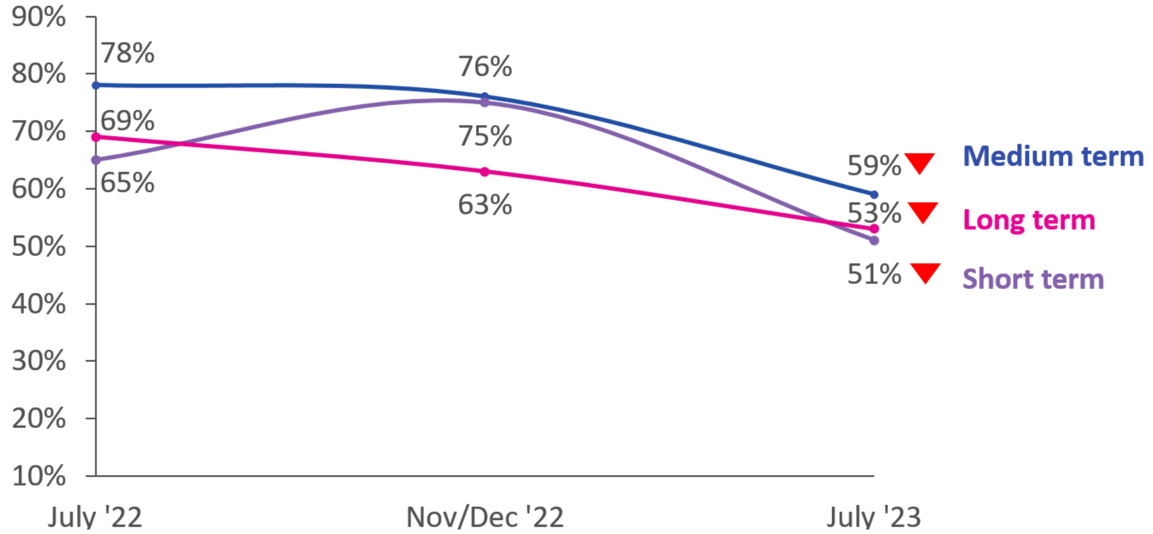
Three in five (59%) of the 'highly vulnerable' group believe prices will go up in the short term, compared to 43% in the 'doing well' group, suggesting that respondents under greater financial pressure are more pessimistic about future prices. This reflects a greater general disillusionment with the energy market. This group have lower levels of trust in their own energy supplier (55% among those doing well vs 32% of those highly vulnerable), and energy suppliers more generally (45% among those doing well vs 26% of those highly vulnerable).

The expectation that prices will rise is also associated with increased engagement with the market. Again, three in five (60%) of those who have compared or switched believe prices will go up relative to 44% of those who have not engaged in the market.

Believing that prices will increase in the short, medium, and long term is not associated with a specific preference for fixed tariffs. Rather, those who believe costs will rise are simply more engaged in the market and, therefore, more likely to consider all tariff types, both fixed and variable. This could demonstrate that either respondents do not understand that fixed tariffs can insulate them against energy price rises, or that they believe the cost of a fixed tariff is not significantly more competitive than a variable tariff[14].

[14] For more information on the public's understanding of various tariffs, see the chapter on "understanding of payment methods".

Figure 17: How short-, medium- and long-term expectations have changed – % expecting costs to go up.



E10. Looking forward, what do you think will happen to YOUR HOUSEHOLD'S ENERGY COSTS across the following time periods?
Base: All respondents: July '22 (W2) 3,560 / Dec '22 (W3) 3,457 / July '24 (W4) 3,434

The share who believes their costs will rise has declined in the short (from 75% to 51%), medium (from 76% to 59%) and long term (from 63% to 53%) [15], suggesting some appreciation that prices are not increasing as they once were. However, most still feel that costs will rise in each period.

[15] Short-term was defined as between July '23 and Sept '23, medium-term was between Oct '23 and Dec '24, and long-term was from Jan '25 onwards.

Are respondents aware of changes to the energy market and sources of support?

Energy price cap

Overview of findings

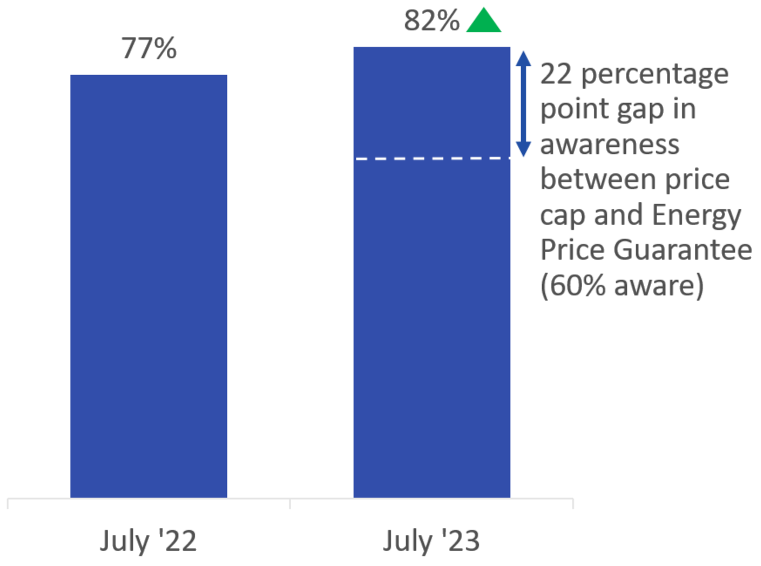
- **Awareness of the price cap has risen slightly since July '22:** with 4 in 5 being aware of the cap. Awareness also continues to be higher than the Energy Price Guarantee[16], with the gap in awareness levels widening between Nov/Dec 2022 and July 2023.
- **While awareness is high, understanding around the price cap is mixed:** 3 in 5 can correctly identify what it does, but a notable minority incorrectly say the price cap limits the total amount suppliers can charge customers for energy regardless of how much they use.
- **Awareness of what the cap covers is even lower than what it does:** only one in 10 correctly identify that the price cap only applies to standard variable tariffs, and less than half correctly identify the price cap as the scheme determining prices from the 1st of July.

Awareness of the energy price cap

The energy price cap ensures that prices for consumers on default energy tariffs are fair and that they reflect the cost of energy. Ofgem updates the cap level every three months.

Awareness of the price cap has risen slightly since last asked in July 2022, from 77% to 82%, and is 22 percentage points higher than awareness of the Energy Price Guarantee (60%).

Figure 18: Awareness of the energy price cap



B5A. Before today, had you heard of the following? The Energy Price Guarantee (EPG) / The energy price cap
Base: All respondents 3,560 July '22 (W2) / 3,434 July '24 (W4)

Understanding of the energy price cap

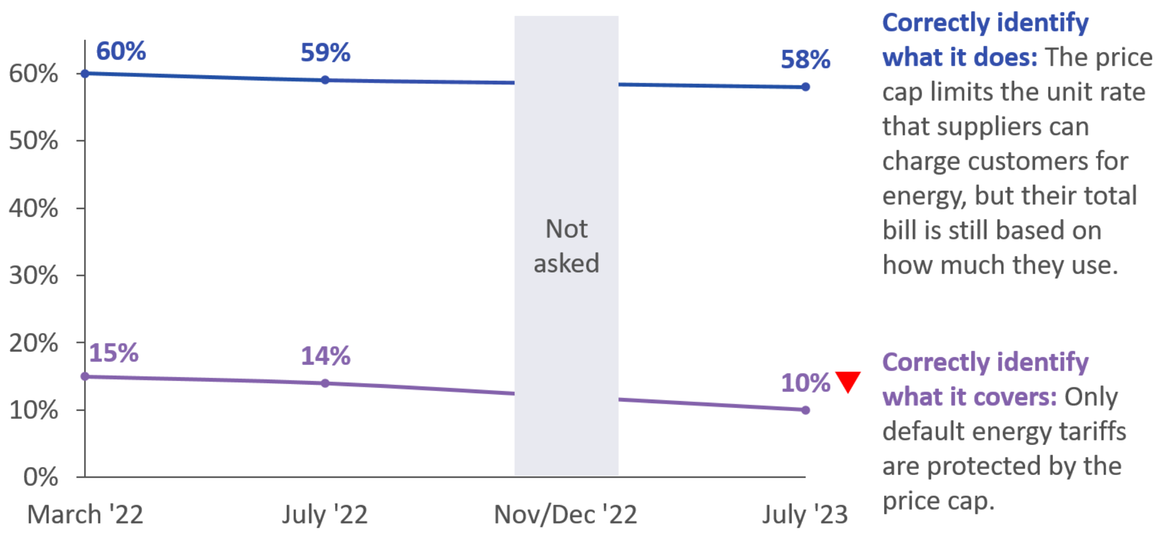
Despite rising awareness of the cap, understanding of how it works remains poor. Less than half (46%) of those who say they know about the energy price cap and energy price guarantee know that the energy price cap is the

[16] The Energy Price Guarantee (EPG) was introduced on 1 October 2022. However, from, 1 July 2023 the price cap fell below the EPG, meaning for most the EPG no longer applied during the time of this fieldwork.

scheme that determines prices on standard variable tariffs from 1 July 2023, while a third (32%) believe it is the energy price guarantee that does so.

Among those aware of the energy price cap, awareness of what it does continues to be much higher than what it covers (58% compared to 10%), with the gap between the two widening slightly compared to July 2022.

Figure 19: Proportion correctly identifying what the price cap does and covers.

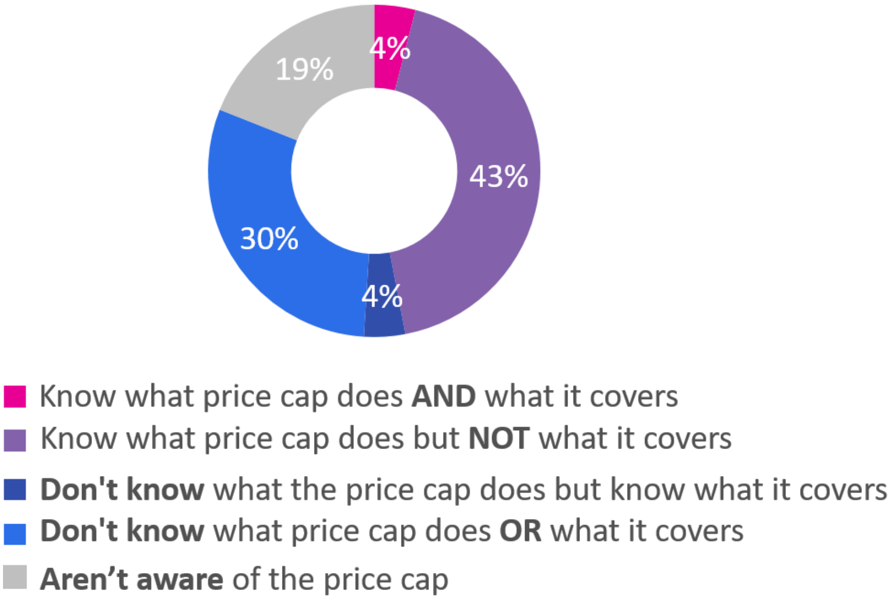


B7A. Which of the following statements below do you think best describes what THE ENERGY PRICE CAP DOES?
B7B: Which of the following statements below do you think best describes what THE ENERGY PRICE CAP COVERS?
Base: All who have heard of the energy price cap 2,765 March '22 (W1) / 2,773 July '22 (W2) / 2,815 July '24 (W4)

Over a quarter (27%) of those aware of the energy price cap incorrectly say the price cap limits the total amount suppliers can charge customers for energy regardless of how much they use, with a further 9% saying the price cap is a minimum amount that customers have to spend on their energy. Meanwhile, 61% incorrectly believe the cap covers all energy tariffs, with a further 20% unsure.

By combining the responses to these questions, it is possible to identify that just 4% know both what the energy price cap does and what it covers, down from the 6% who did so in July 2022.

Figure 20: Summary of awareness and understanding of the energy price cap.



Derived variable using responses from B5A, B7A, and B7B
B22. As of July 1st, which scheme determines the price a household on a standard variable or default tariff pays for their energy?
Base: All respondents: 3,434

Concerningly, respondents experiencing affordability issues (both recent and repeat) are more likely to incorrectly believe the price cap limits the total amount that suppliers can charge customers for energy regardless of how much they use (33% for recent and 37% for repeat cf. 27% of respondents overall). This will clearly affect how these respondents can make informed decisions about their energy usage and finances.

More generally, respondents' poor understanding of the energy price cap and how it can support them is another demonstration of low literacy in relation to the energy market.

Sources of support

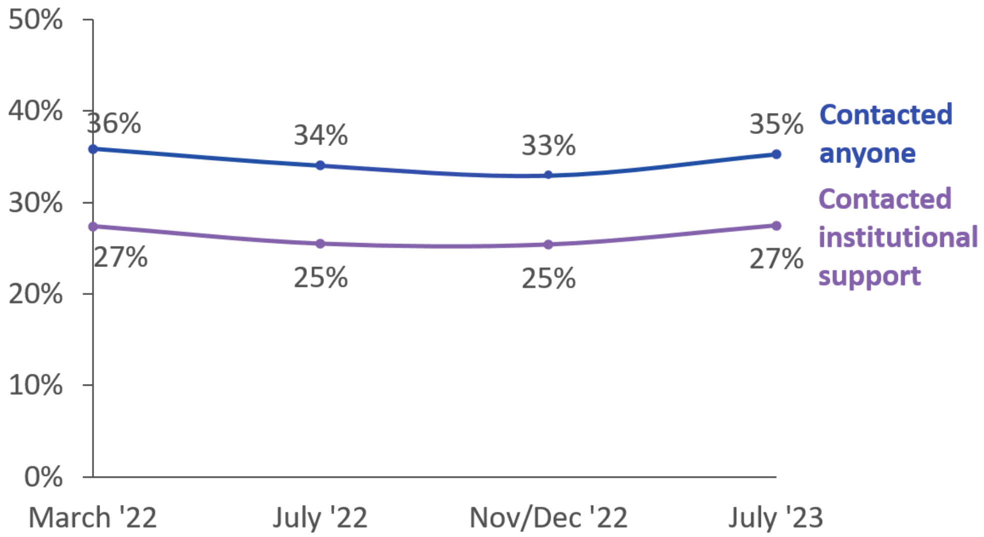
Overview of findings

- **Around one-third of respondents have reached out for help with their energy bills in the last 3 months:** when looking for advice, debt advice charities, friends and family and energy suppliers continue to be the most common sources respondents have contacted. Those with more experience with energy affordability issues are more likely to reach out for support than those who have started experiencing affordability issues since the energy crisis began.
- **Martin Lewis/ Money Saving Expert is the most common source for energy advice:** though there is some variance in sources selected by age and whether respondents have experienced recent issues or long-term affordability issues.
- **Relatively few have seen advice from Ofgem about managing bills:** and this proportion has declined since Nov/Dec 2022. Those with repeat affordability issues continue to be much more likely to report seeing Ofgem advice than those experiencing issues more recently.

Accessing support for paying energy bills

While energy affordability issues, or concerns about affordability are widespread amongst respondents, the proportion who have looked for advice is relatively low.

Figure 21: Contact for advice or support with paying energy bills over time

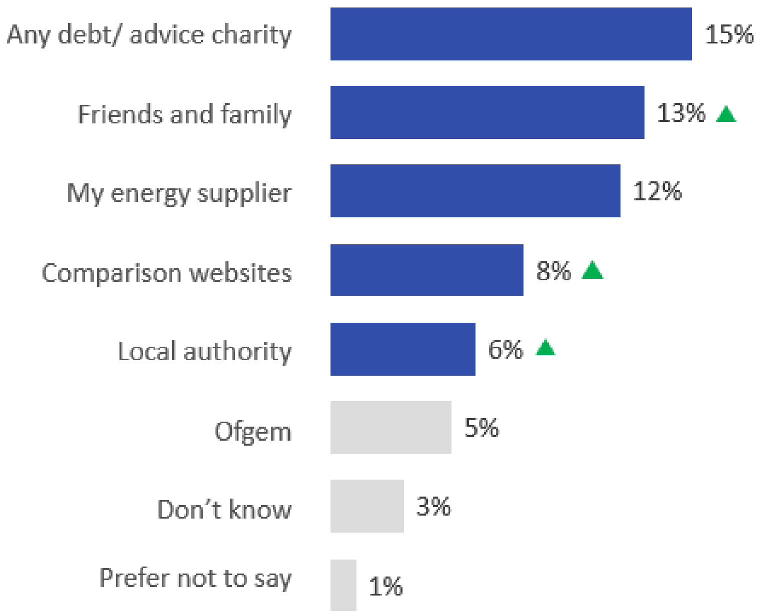


E5: Have you contacted any of the following for information, advice, or support with paying your energy bills in the past 3 months?
Base: All respondents: Mar ‘22 (W1) 3,479 / July ‘22 (W2) 3,560 / Dec ‘22 (W3) 3,457 / July ‘23 (W4) 3,434

A third (35%) have contacted someone for information, advice, or support with paying their energy bills in the past 3 months, consistent with the previous waves, and within this, a quarter (27%) have sought institutional support, again consistent with previous waves. Included in institutional support are official, formal organisations – Citizens Advice, Ofgem, energy suppliers, local authorities, StepChange, Money Advice Trust or other debt advice charities.

There has been a slight rise since Nov/Dec 2022 in those turning to comparison websites, up 2 percentage points to 8%, their local authority, up 1 percentage point to 6%, and friends and family, up 2 percentage points to 13%.

Figure 22: Contact for advice or support with paying energy bills



E5: Have you contacted any of the following for information, advice, or support with paying your energy bills in the past 3 months?
Base: All respondents: July ‘23 (W4) 3,434

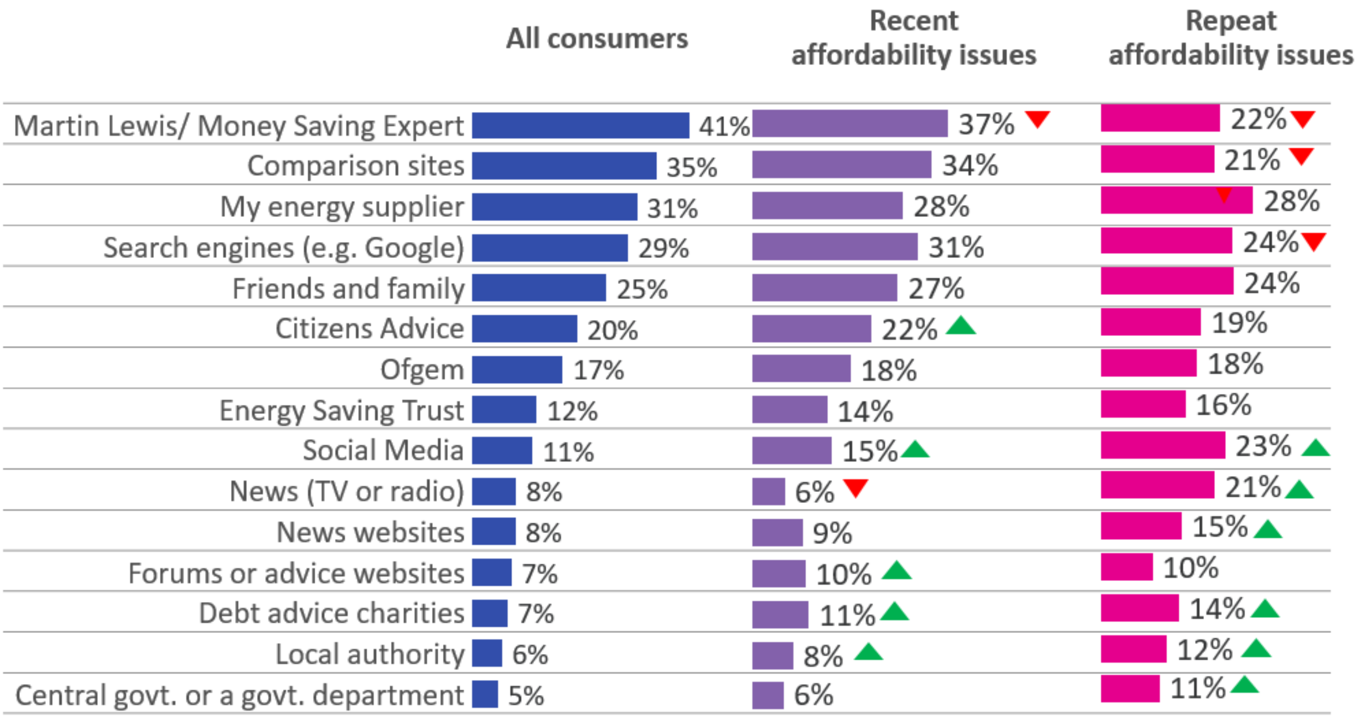
As has been the case in Nov/Dec ‘22, respondents with recent affordability issues continue to be less likely to have contacted anyone for support than customers with repeat affordability issues (56% compared to 81%). However, those with recent affordability issues are still more likely to have contacted anyone for support than the overall average (56% compared to 35% average).

In terms of the specific sources of advice or support with paying energy bills, in July 2023, 15% have contacted a debt advice charity, 13% friends and family, and 12% their energy supplier.

Sources of advice

When asked about who they might contact in the future for advice about the energy market, energy bills or switching suppliers if they needed it, Martin Lewis / Money Saving Expert (41%) is the top source that respondents, mentioned.

Figure 23: Sources respondents would go to for energy advice by affordability status



B21. Which of the following groups would you go to for advice about the energy market, energy bills or switching suppliers if you needed it?
Base: All respondents: 3,434; Recent affordability issues (848); Repeat affordability issues (337).
Significant difference against 'All Consumers' at 95% confidence interval.

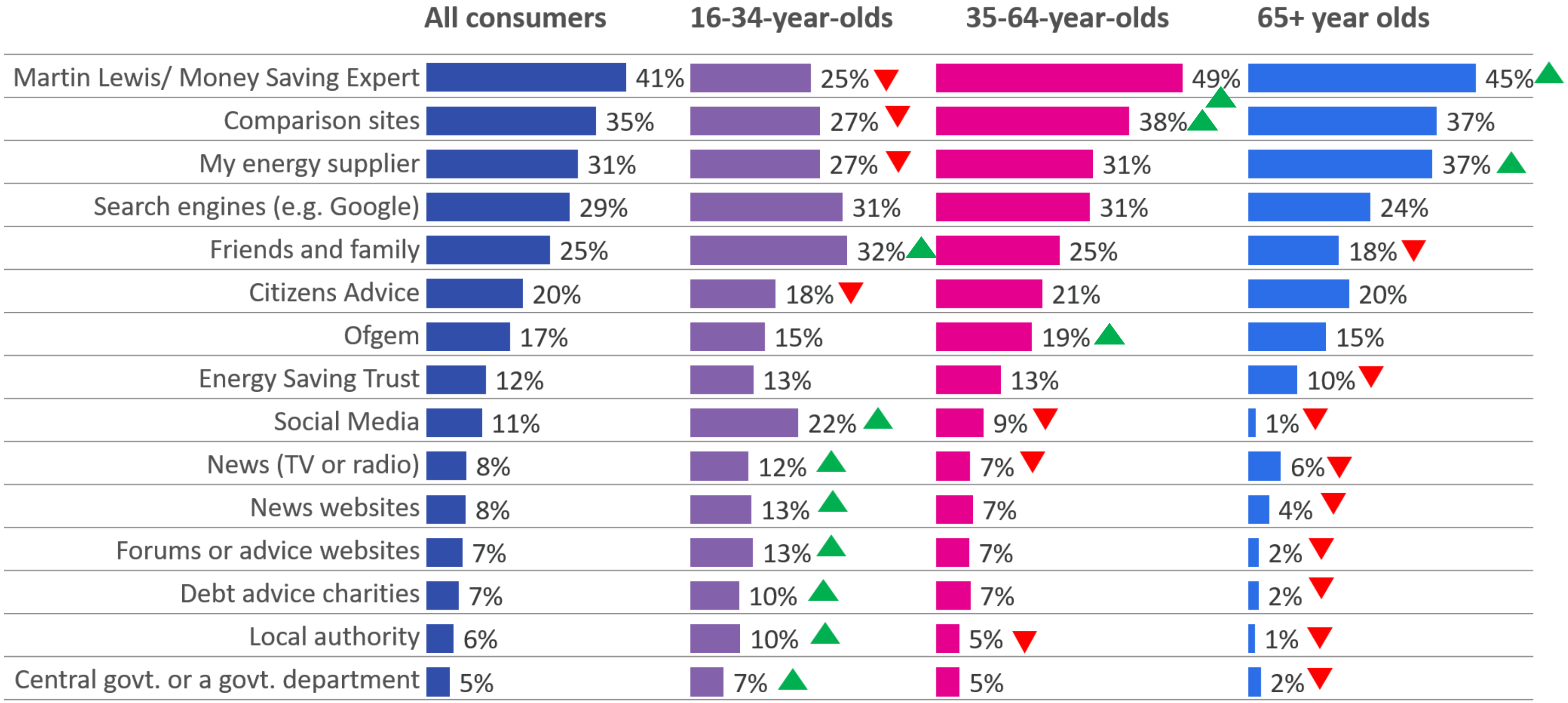
This is followed by comparison sites (35%), energy suppliers (31%), search engines (29%) and friends and family (25%).

However, sources vary between those who have experienced affordability issues and those who have not, with those who have experienced affordability issues (32%) less likely to select Martin Lewis than those without affordability issues (46%). This is especially true for those who have experienced repeat affordability issues (22% compared to 37% of those with recent affordability issues). This may reflect different sorts of advice being sought as well as different preferences and levels of understanding of the energy market.

Respondents with repeat affordability issues are more likely than average to say the sources they use include social media (23%), the news (21%), debt advice charities (14%) and local (12%) and central government (11%). In comparison, those with recent affordability issues are more likely to mention Citizens Advice (22%), social media (15%), forums or advice websites (10%), debt advice charities (11%) and their local authority (8%).

There are no significant variations in sources by those who have historically engaged in the energy market, either by switching or comparing.

Figure 24: Sources respondents would go to for energy advice by age.

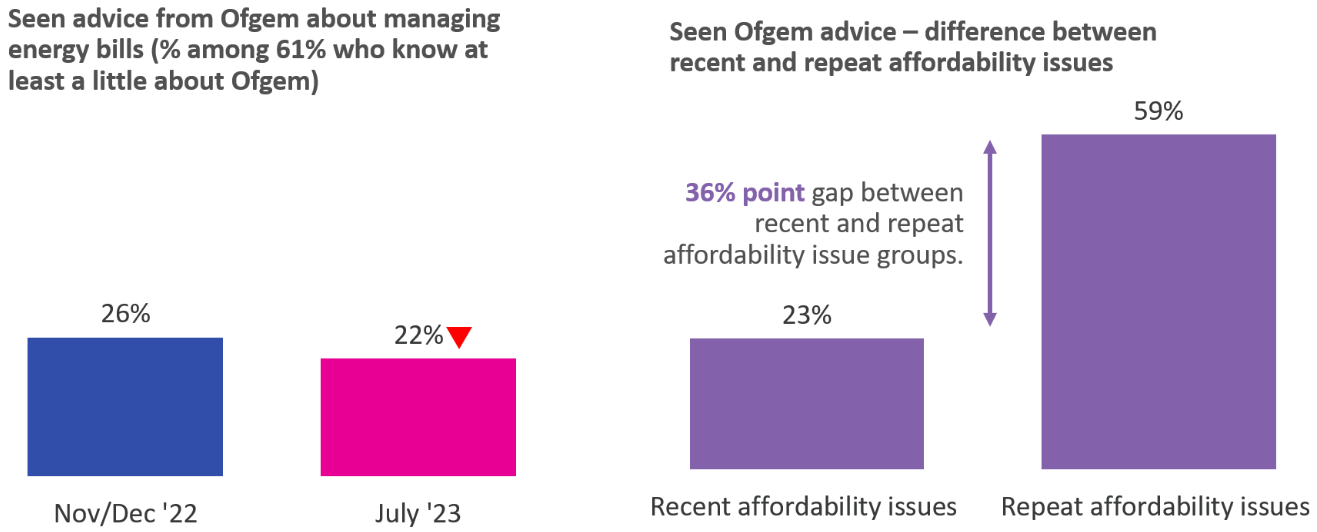


B21. Which of the following groups would you go to for advice about the energy market, energy bills or switching suppliers if you needed it?
Base: All respondents: 3,434; 16-34s (856); 35-64s (1682); 65+ (893)
Significant difference against 'All Consumers' at 95% confidence interval.

Those aged 16-34 are more likely than older groups to turn to social media (22%) and friends and family (32%) for advice and less likely to use Martin Lewis (25%), comparison sites (27%) and their energy supplier (27%). Those aged 16-34 are also more likely to use a variety of different sources, compared to those aged 35+ who are more likely to use a smaller number of sources but greater numbers. It is therefore easier to reach a high proportion of those aged 35+ through only a handful of sources, whereas to reach the same number of young people, information would have to be spread over many more sources.

There has been a slight fall in the numbers seeing advice from Ofgem about managing energy bills since last Nov/Dec 2022, from 26% to 22%.

Figure 25: Seen advice from Ofgem about how to manage energy bills over time and by affordability status.



E22x. Have you seen any advice from Ofgem about how to manage your energy bills?
Base: Know at least a little about Ofgem July ‘23 (W4) 2,104; Recent affordability issues July ‘23 (W4) 497; Repeat affordability issues July ‘23 (W4) 216

There is a 36-percentage-point gap between those who have experienced recent affordability issues, where 23% have seen advice from Ofgem, and those who have experienced repeated affordability issues, where 59% have seen advice from Ofgem.

This suggests there may be challenges engaging with those with recent affordability issues, which, when compared to the total sample profile, are more likely to be younger (37% aged 16 to 34) and on prepayment meters (28%). When combined with their poor general understanding of the energy market, this suggests that those with recent affordability issues are less likely to be aware of the options they have to rectify the issues they are experiencing.

Priority Services Register (PSR)

Overview of findings

- **Awareness of the PSR is low, with just 2 in 5 respondents aware:** Among those who are aware, around half say they are on it, which translates to 18% of the population.
- **Many eligible respondents are not on their supplier's PSR:** This could mean many in vulnerable groups are missing out on valuable support including high shares of respondents who are expecting or with children under 5, digitally excluded, with a disabled person in the household and respondents at pension age or above.

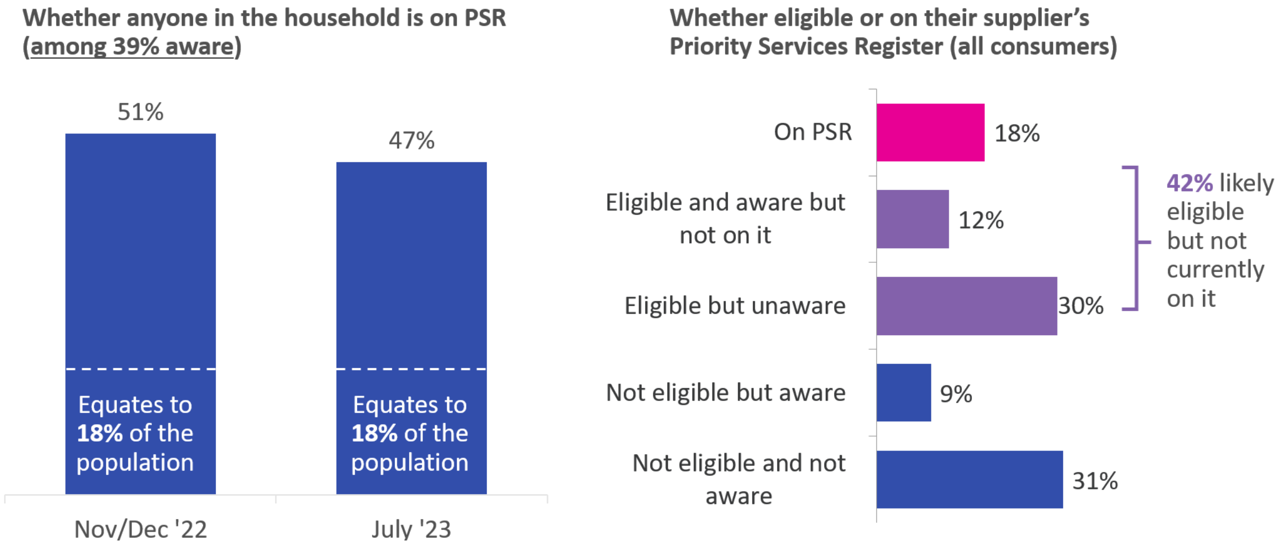
The Priority Services Register is a free support service that makes sure extra help is available to people in vulnerable situations. Those eligible for the PSR include those who:

- have reached the state pension age
- are disabled or have a long-term medical condition
- are recovering from an injury
- have a hearing or sight condition
- have a mental health condition
- are pregnant or have young children
- have extra communication needs (such as if they don't speak or read English well)
- need to use medical equipment that requires a power supply
- have poor or no sense of smell
- would struggle to answer the door or get help in an emergency.

Awareness and eligibility for PSR

Two in five (39%) of respondents are aware of the PSR. Among this group, 47% say someone in their household is on the PSR. This equates to 18% of all households, a proportion consistent with Nov/Dec 2022.

Figure 26: Eligibility for PSR



F6. As far as you are aware, are you, or is anyone in your household on your energy supplier's Priority Services Register?
Base: Those aware of the PSR: 1,242 Nov/Dec '22 (W3) / 1,359 July '24 (W4)/all respondents: 3,434

As many as two in five (42%) respondents are likely to be eligible to be on the PSR[17] but are not currently on it – with many of those eligible unaware of it altogether (30%).

There are several groups that are more likely than average to be eligible but unaware of the PSR, or aware but not on the PSR. These include:

- those expecting or with children under 5 are especially likely to be unaware of the PSR, with 66% unaware and eligible and 16% aware and eligible but not on it
- 47% who have a disabled person in the household are unaware and eligible, with 17% aware and eligible but not on it
- 44% of those aged 65+ are unaware and eligible, with 24% aware and eligible but not on it

[17] Eligibility for PSR determined by pregnancy, those with children under 5 or pensioners in household, or if they have a long-term illness or disability.

How do respondents understand and feel about different payment methods and tariffs?

Understanding of payment methods and tariffs

Overview of findings

- **Only half of respondents know costs vary by payment method**: and even among those who do, knowledge of how costs vary is generally low – especially understanding that standard credit tends to be more expensive than paying by prepayment meter.
- **Understanding of fixed and variable tariffs is also generally low:** many respondents misreport being on fixed tariffs, despite official Ofgem figures (49% claimed fixed tariff customers cf. 9-18% official figures from Ofgem)[18]. There is little preference between fixed and variable tariffs, as those who believe costs will rise in the future are more likely to consider switching to either rather than just fixed tariffs.
- **There is similar confusion over green tariffs:** More than half cannot correctly define a green tariff, including many respondents claiming to be on one themselves.

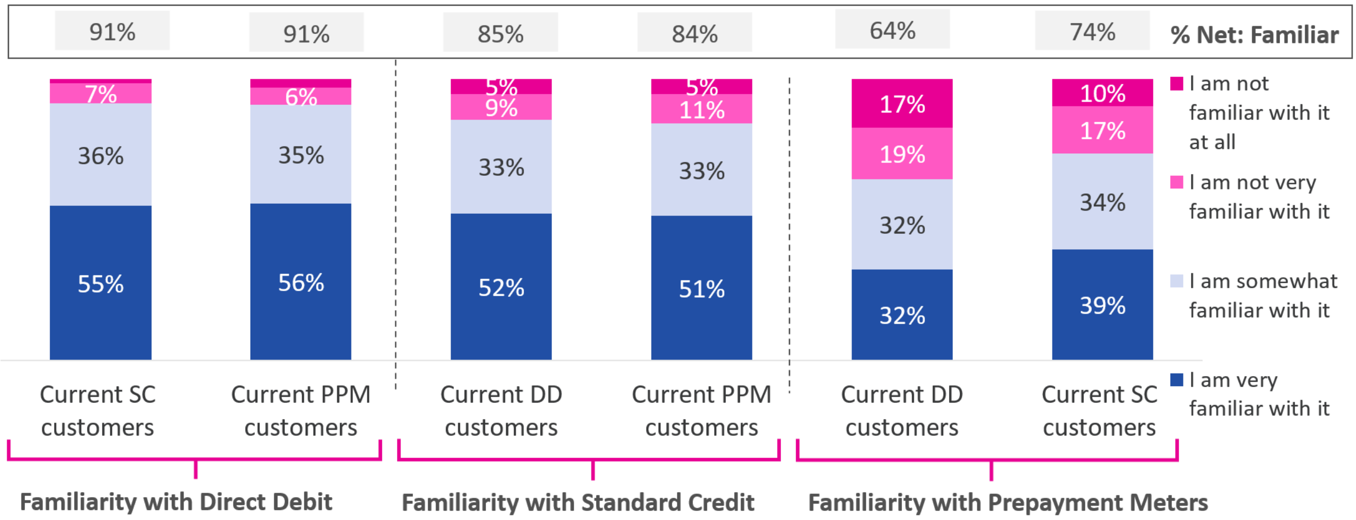
Familiarity with ways of paying for energy

Background – Payment methods

The three main payment methods are direct debit, standard credit, and prepayment meters.

- Direct debit customers have a regular direct debit or standing order, where money automatically leaves their account – usually on a monthly basis. These customers do not actively need to pay their energy bills as this money gets taken routinely.
- A standard credit customer will pay after receiving their energy bill. They can do so in a variety of ways, including paying by cash, cheque or by debit or credit card among others.
- Prepayment meter customers have a key, card or application which gives them credit for their energy usage by paying in advance.

Figure 27: Familiarity with ways of paying for energy.



A19. Before today, how familiar, if at all, were you with the below ways of paying for your energy?
Base: All respondents with a Direct Debit (2,388), Prepayment meter (559) or Standard Credit (450) July '23 (W4).
Significant differences to average for all respondents not marked for presentation purposes.

[18] See Ofgem's Data Portal - [Retail market indicators | Ofgem]

Nine in ten standard credit and prepayment customers (both 91%) are at least somewhat familiar with direct debit as a means of paying for their energy. While over four in five direct debit (85%) and prepayment (84%) customers are at least somewhat familiar with standard credit as a means of paying for their energy. However, familiarity with prepayment meters is lower, at 64% among direct debit customers, and 74% among standard credit customers.

This suggests that a lack of awareness around direct debit and standard credit payment methods are not a barrier to uptake of each method.

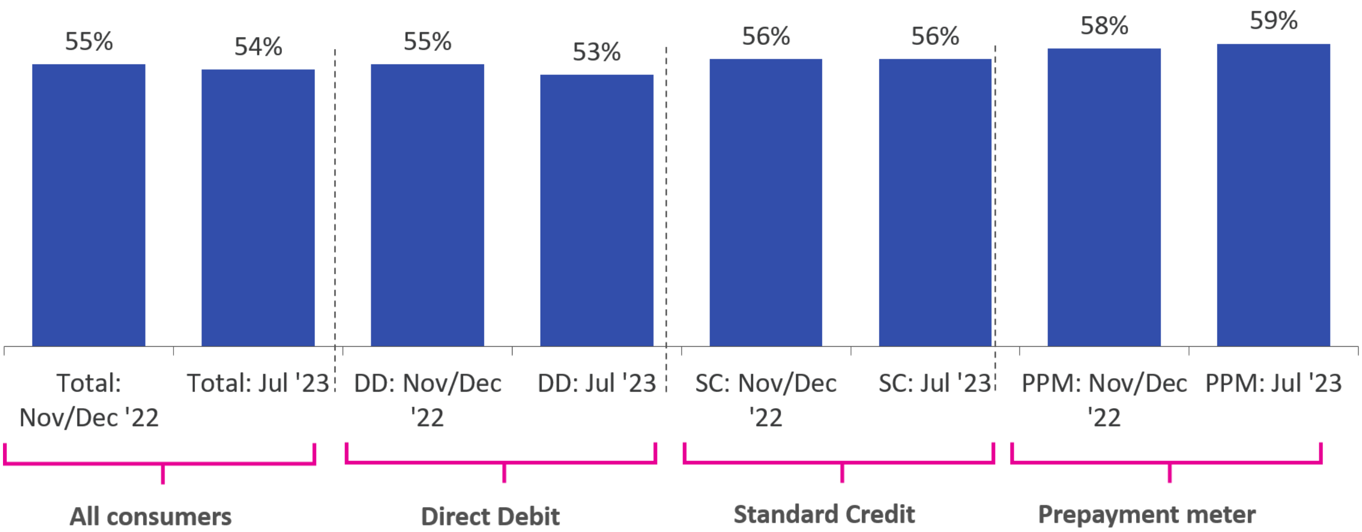
Understanding of how prices vary by payment method

Background – Price variation by payment method

The cost per unit of energy used and the cost of the standing charge changes depending on the payment method used. Typically, the cheapest payment method is direct debit, followed by prepayment meters and then standard credit which is the most expensive. This has been the case for many years – and continued to be true for waves 1 to 3 of this survey.

From July this year, the month in which fieldwork for the latest wave took place, the government used the EPG to bring prepayment meter charges in line with direct debit charges through a standing charge discount. It is unclear whether respondents were aware of this change during the fieldwork period.

Figure 28: Whether think energy payment method used makes a difference to energy costs by payment method.



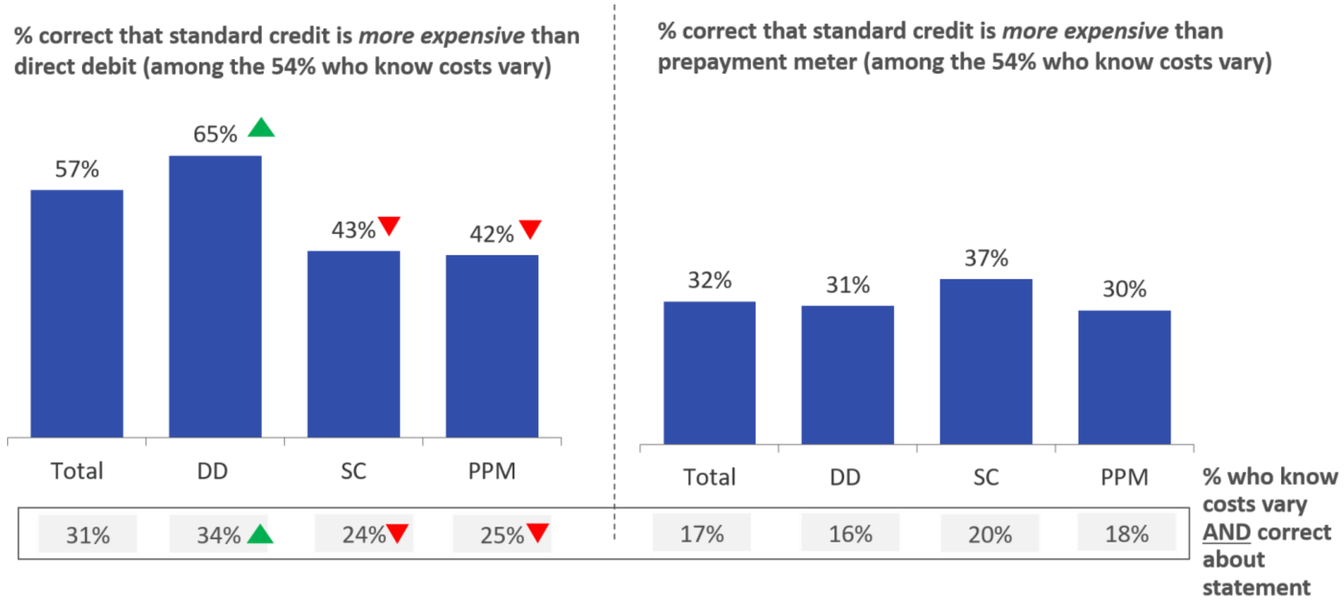
A17A. Do you think the energy payment method used (e.g., direct debit, on receipt of bill, or prepayment meter) makes a difference to people's energy costs?
Base: All respondents (3,434); with a Direct Debit (2,388); Prepayment meter (559); or Standard Credit (450) July '23 (W4).

While knowledge of different payments is relatively good, only around half (54%) correctly identify that costs vary depending on the payment method, consistent with Nov/Dec 2022 (55%), and by payment method.

To test their understanding, respondents who did know that costs vary by payment method were presented with two true or false statements. The first regarding whether standard credit is typically more expensive than direct debit, and the second asking if standard credit is more expensive than prepayment meter.

As of 1st July, prepayment meter customers no longer pay more on average for their energy than direct debit customers. However, despite being a potentially important payment type consideration, awareness that standard credit is more expensive than prepayment meter is low.

Figure 29: Whether standard credit is more expensive than direct debit and prepayment meter by payment type.



A17D. Are the following statements true or false?
Base: All respondents who think energy payment methods make a difference to energy costs (1,836); with a Direct Debit (1,251); Prepayment meter (327); or Standard Credit (244) July '23 (W4).

Only a third (32%) correctly identified that paying by standard credit is more expensive than prepayment meter. On this basis, just 17% of respondents both know that costs vary and are correct that standard credit is more expensive than prepayment meter. These figures are similar for standard credit customers themselves; just 20% of whom knew that their method is more expensive.

Similarly, only 24% of standard credit consumers knew that standard credit was more expensive than direct debit. This is significant as this lack of awareness may impact some respondent's choices of which payment method to use. Especially as those on standard credit are more likely than those on direct debit to be experiencing energy affordability issues. Therefore, increasing knowledge of the differences in cost amongst this group has the potential to help many alleviate some of the financial pressure they are under.

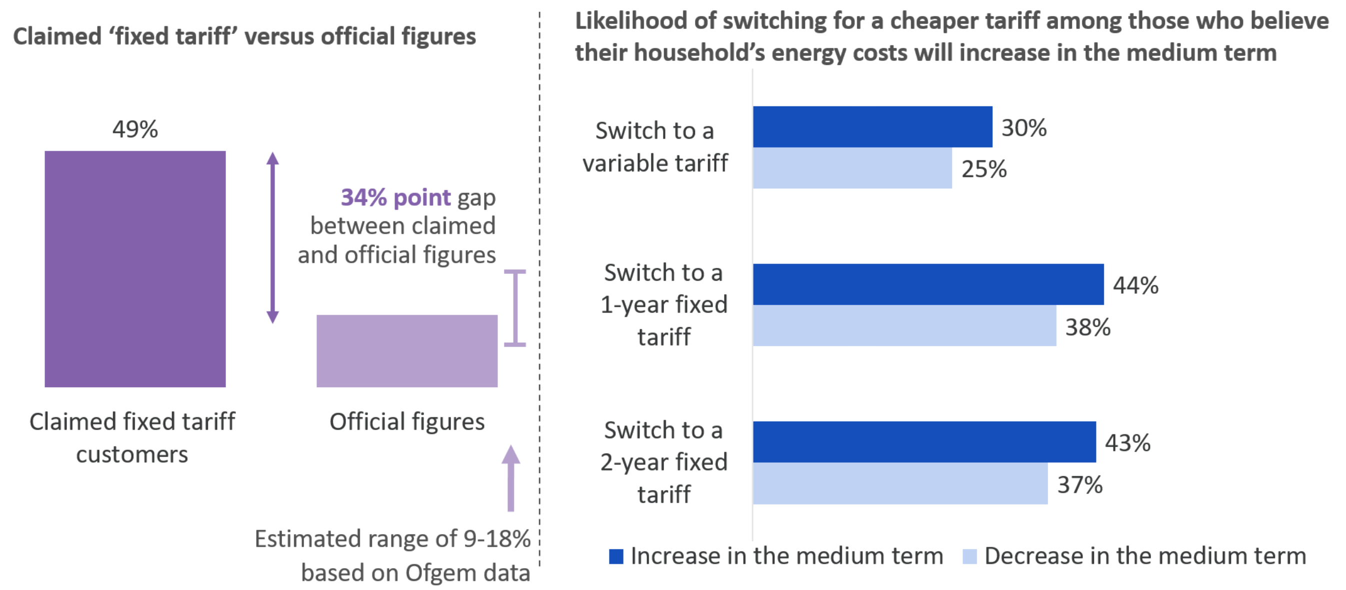
Understanding of fixed and variable tariffs

Background – Fixed and variable tariffs

A fixed tariff charges the same rate for energy and standing charges until the contract ends, even if the wholesale price of energy changes. On a standard variable tariff, the price of energy usually changes every 3 months, and if the price of energy goes up, so will the rate paid for the energy used.

Understanding of fixed and variable tariffs is generally low, with respondents largely unable to differentiate between the pros and cons of each.

Figure 30: Proportion on fixed tariff and the likelihood of switching for a cheaper tariff.



A13: A fixed term tariff is a tariff that has a definite end date, and you pay a set rate per unit of energy. Are you on a fixed term tariff for gas and electricity /gas/ electricity?
D7. For each of these options, HOW LIKELY WOULD YOU BE TO switch to them to get a cheaper energy tariff?
Base: All respondents: 3,434.

While close to half (49%) of respondents claim to be on a fixed tariff, official figures suggest this is a large 'over-claim', representing up to a 34-percentage point uplift on official Ofgem figures from the same period, which suggest a range between 9% and 18%[19].

Respondents who think their household's energy costs will increase in the medium term are more likely to look for both variable (30%) and one-year (44%) and two-year (43%) fixed tariffs, suggesting that understanding is poor, and they are unaware of how a fixed tariff can insulate them against price rises.

[19] See Ofgem's Data Portal - [Retail market indicators | Ofgem]

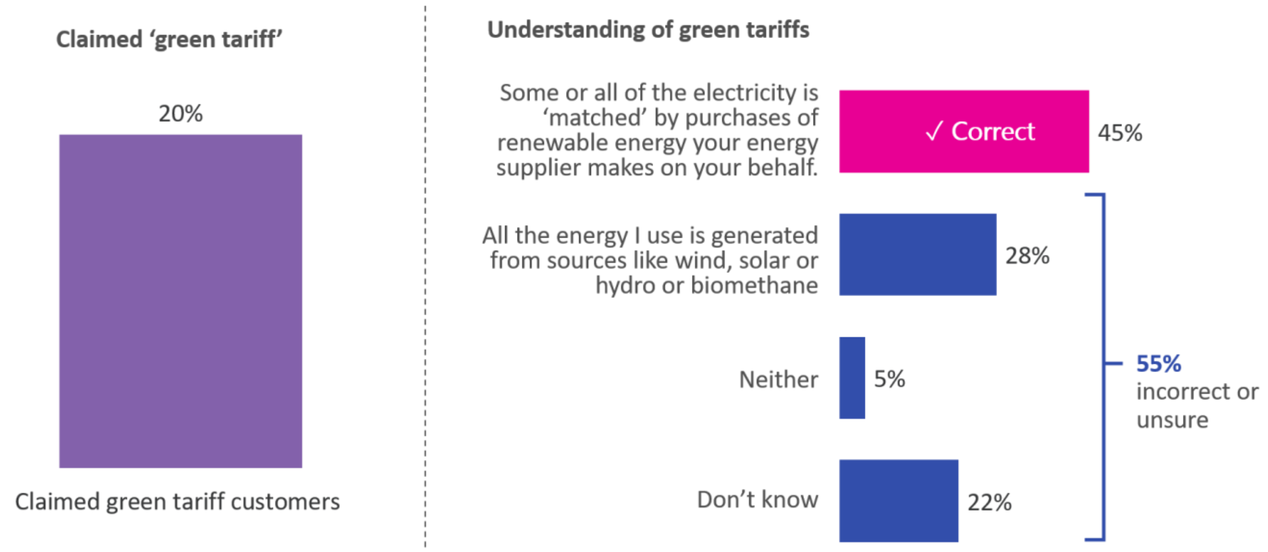
Understanding of green tariffs

Background – Green tariffs

A green energy tariff matches the energy bought with renewable energy. Some tariffs are 100% renewable, while others use a proportionate mix of renewable and non-renewable energy. It is also possible to get nuclear-free or carbon-offsetting green tariffs.

One in five (20%) respondents claim they are on a green tariff. Underscoring the general low levels of energy understanding found across several questions, over a third (35%) were unsure if they were on a green tariff or not.

Figure 31: Proportion on green tariff and understanding of green tariffs.



B23. Are you on a green tariff for either your electricity or gas/electricity/gas?
Base: All respondents excluding telephone completions: 3,358. Telephone excluded to reduce questionnaire length.

Close to half (45%) of all respondents are correct in thinking that green tariffs mean that some or all their energy consumption is 'matched' by purchases of renewable energy that their energy supplier makes on their behalf. In comparison, close to three in ten (28%) incorrectly believe a green tariff means all the energy they use is generated from sources like wind, solar, hydro or biomethane, and one in five (22%) don't know.

Even among those who claim to be on a green tariff, over two in five (42%) are incorrect or unsure what this means.

Reasons for choosing payment methods

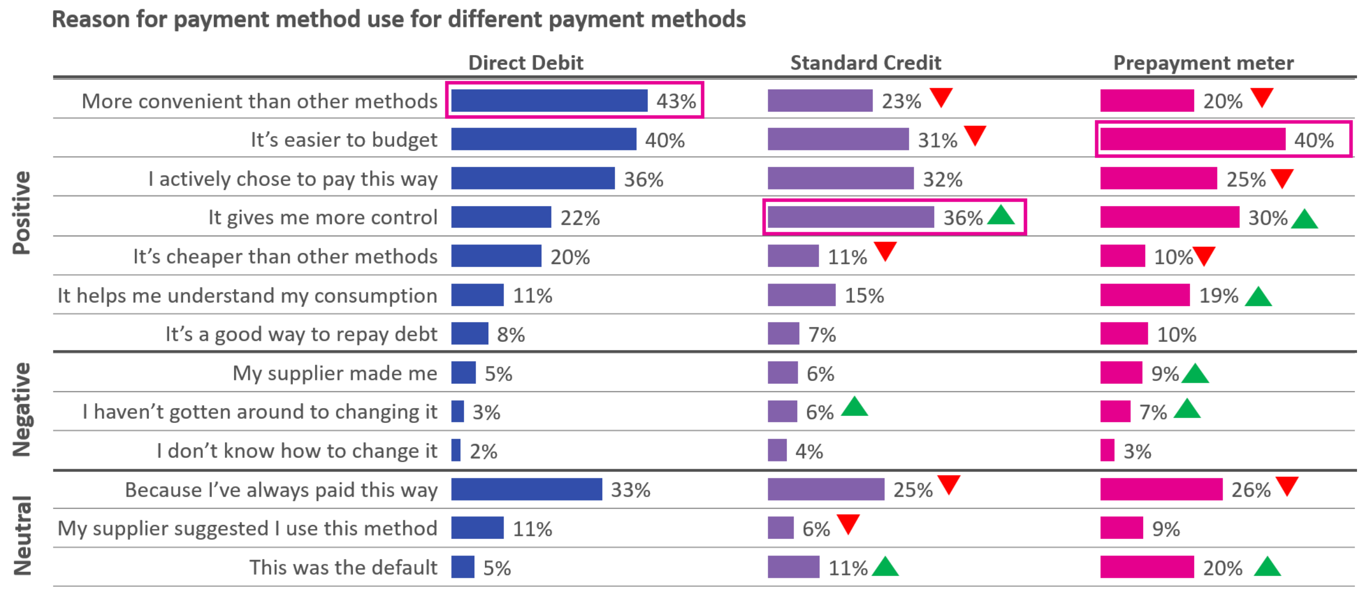
Overview of findings

- **Respondents reasons for choosing their payment method varies by method:** Direct debit customers choose this method because of convenience, standard credit customers for control, and prepayment meter customers because of ease of budgeting, in line with Nov/Dec '22.
- **Prepayment and standard credit customers are more likely choose their methods for neutral or negative reasons:** While the reasons respondents cite for using each method tend to be positive, prepayment meter and standard credit customers are more likely than direct debit customers to do so for more neutral or negative reasons. This includes notable minorities who say they pay that way because their supplier made them (9% for prepayment and 6% for standard credit).
- **Respondents are mostly content with their payment method:** However, notable minorities of standard credit and prepayment meter customers want to change payment methods. Most of those who want to change would prefer to pay by direct debit.

Reasons for payment method

Of the three types of payment methods available, the most popular is direct debit, which 70% report being on. 16% have a prepayment meter and 14% use standard credit to pay their energy bills. Only 1% report using another method.

Figure 32: Reasons for payment method by payment method



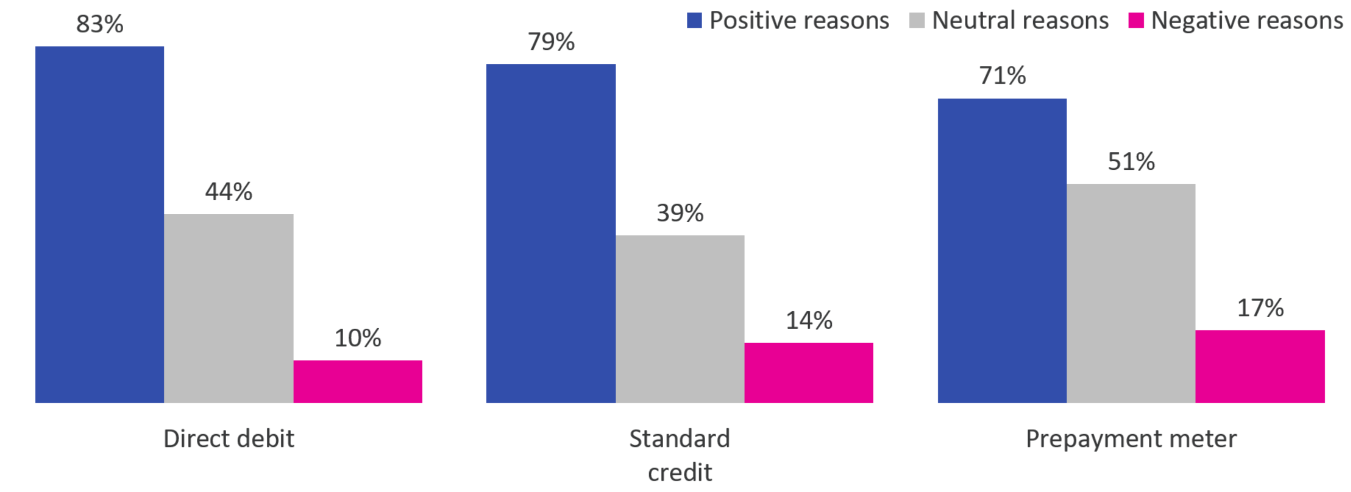
A15: Why do you use the payment method you use?
Base: All respondents with a Direct Debit (2,388), Prepayment meter (559) or Standard Credit (450) July '23 (W4).
Top selected source marked using pink boxes. Non-valid codes (i.e., don't know) are not shown.
Significant difference against Direct Debit at 95% confidence interval.

In line with Nov/Dec 2022, direct debit customers are most likely to pay this way because of convenience (43%), standard credit is for control (36%), and prepayment is because of budgeting (40%). This suggests, that with regards to the latter two, respondents are using their payment method as a way of monitoring their own energy usage, and perhaps to alleviate affordability issues.

One in ten (9%) of those with prepayment meters report that their supplier made them have one.

Prepayment meter customers are more likely to be on their method for negative (17%) and neutral (51%) reasons than those paying by direct debit or standard credit.

Figure 33: Reasons for payment method by payment method

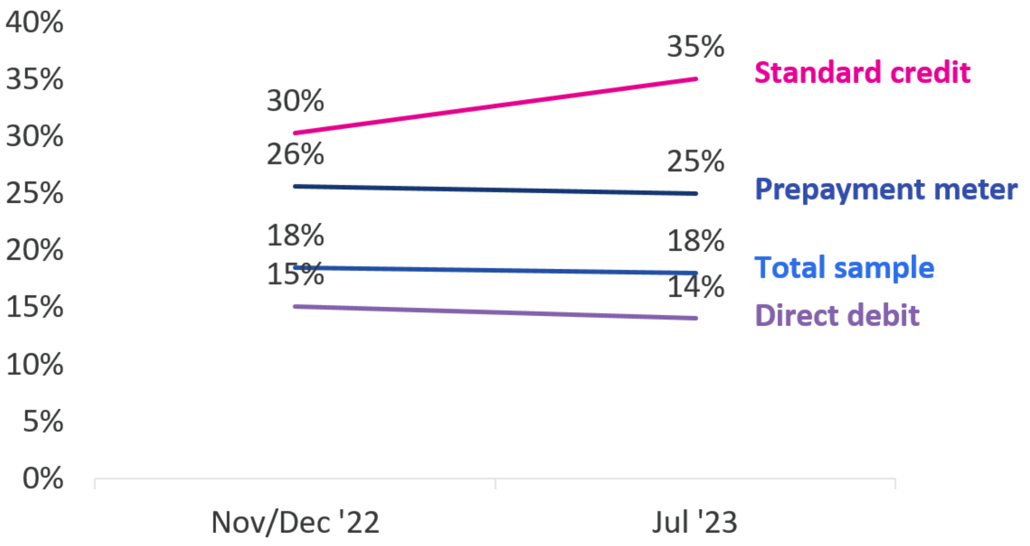


A15: Why do you use the payment method you use?
Base: All respondents with a Direct Debit (2,388), Prepayment meter (559) or Standard Credit (450) in July '23 (W4)

Satisfaction with payment methods

Most respondents (78%) are happy with the way they currently pay for their energy, although those who pay by direct debit are more likely to be happy with their current method (84%) than standard credit (61%) or prepayment (70%) customers.

Figure 34: Those who want to change payment method by payment method.



A16: If you could change your payment method for your energy, would you want to do so?
Base: All who pay by direct debit, prepayment meter or standard credit: Dec '22 (W3) 3,447 / July '24 (W4) 3,419. PPM base c. 500. SC base c. 400 DD base c. 2,400 per wave

As was the case in Nov/Dec 2022, notable minorities of standard credit and prepayment meter customers say they want to change payment methods (35% and 25%, respectively).

For those who do want to change, standard credit and prepayment meter customers are most likely to want to change to direct debit (29% and 21%, respectively). The majority (84%) of those who pay by direct debit are happy with this payment method.

Figure 35: Preferred payment method by payment method

	Direct Debit	Standard Credit	Prepayment Meter
No - happy with the way we currently pay	84%	61% ▼	70% ▼
Yes - by DD	n/a	29%	21%
Yes – by SC	11%	n/a	7% ▼
Yes – by PPM	4%	9% ▲	n/a
Don't know	2%	4%	5% ▲

A16: If you could change your payment method for your energy, would you want to do so?
Base: All who pay by direct debit, prepayment meter or standard credit: Dec '22 (W3) 3,447 / July '24 (W4) 3,419. PPM base c. 500. SC base c. 500 DD base c. 2,400 per wave

What has been the impact of the global energy crises on respondents' engagement in the energy market?

Trust

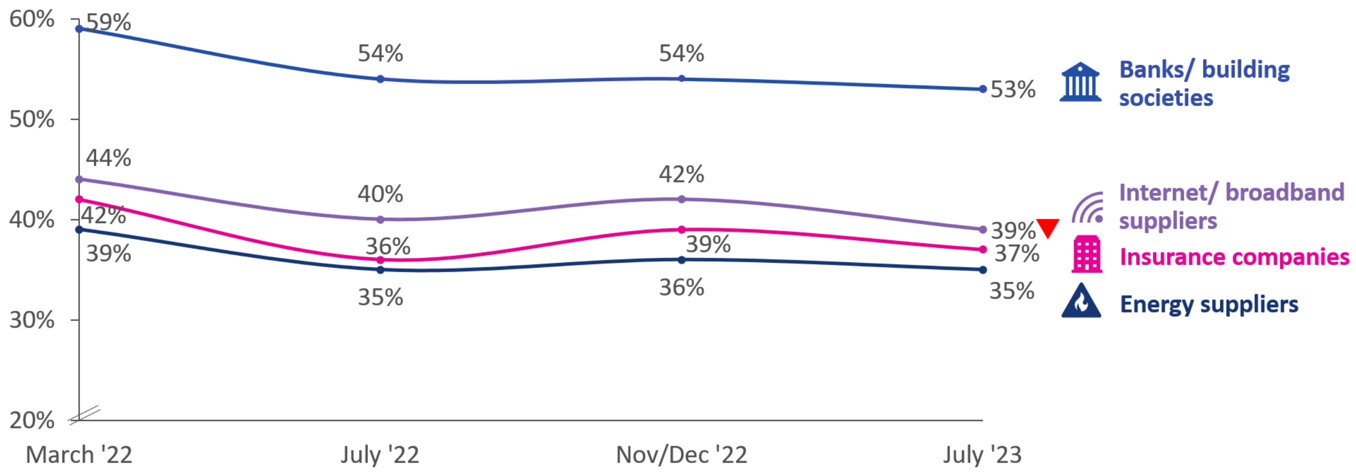
Overview of findings

- **Trust in the energy sector remains lower than other sectors:** with only 1 in 3 trusting the energy sector. Despite this, 2 in 3 respondents are satisfied with their energy supplier.
- **Those who are financially vulnerable are less likely to be trusting:** especially those who are highly vulnerable to cost of living impacts, as are those behind or constantly struggling with their energy bills.
- **Respondents' trust in their own suppliers is higher:** half trust their supplier to treat them fairly, and 2 in 5 trust them to charge them a fair price, both in line with Nov/Dec '22. Both measures are strongly correlated with satisfaction - i.e. those who trust their supplier to treat or charge them fairly are more likely to say they are satisfied with them.

Trust in organisations to be fair in the way they deal with customers

Energy suppliers continue to be less trusted than providers in other markets, and at 35%, trust remains below where it was in March 2022 (39%). This downward trend is also evident for other sectors.

Figure 36: Trust in organisations to be fair in the way they deal with customers and citizens.



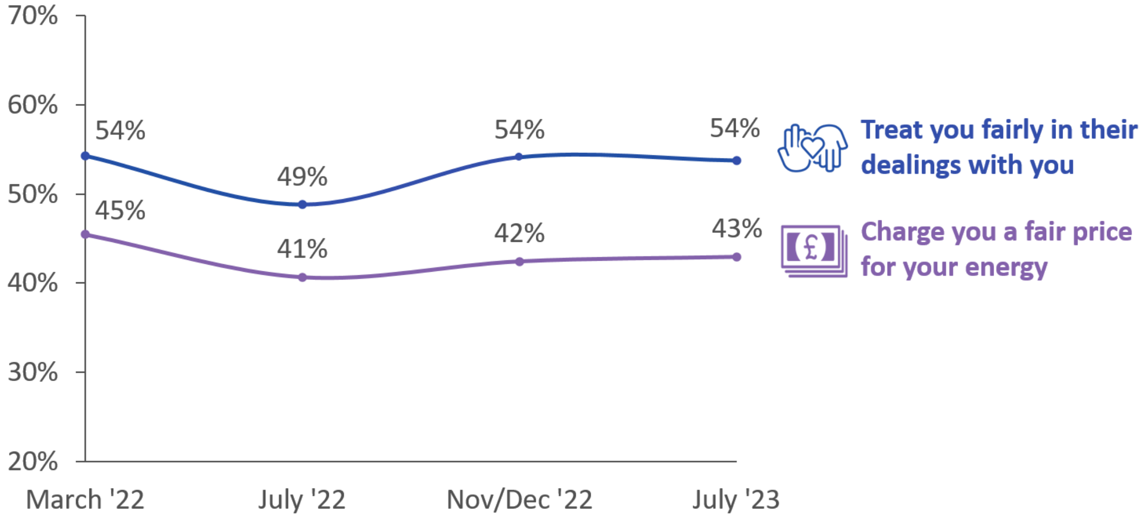
D2a. To what extent do you personally trust or distrust each of the following different organisations to be fair in the way they deal with customers and citizens?
Base: All respondents: March '22 (W1) 3,479 / July '22 (W2) 3,560 / Nov/Dec '22 (W3) 3,457 / July '23 (W4) 3,434

Those who are financially vulnerable to cost-of-living impacts are significantly less likely to trust energy suppliers (30% for those who are financially vulnerable and 26% for those highly vulnerable), as are those who are behind (27%) or constantly struggling (29%) with their energy bills. However, lower trust amongst these groups does not subsequently impact upon their likelihood to engage in the market.

Trust in energy suppliers

Over half (54%) state that they trust their own supplier to treat them fairly, and two in five (43%) trust them to charge them a fair price, in line with Nov/Dec 2022.

Figure 37: Trust in supplier to be fair in the way they deal with customers.



D1. To what extent do you trust or distrust your energy supplier(s) to...?
Base: All respondents: March '22 (W1) 3,479 / July '22 (W2) 3,560 / Nov/Dec '22 (W3) 3,457 / July '23 (W4) 3,434.

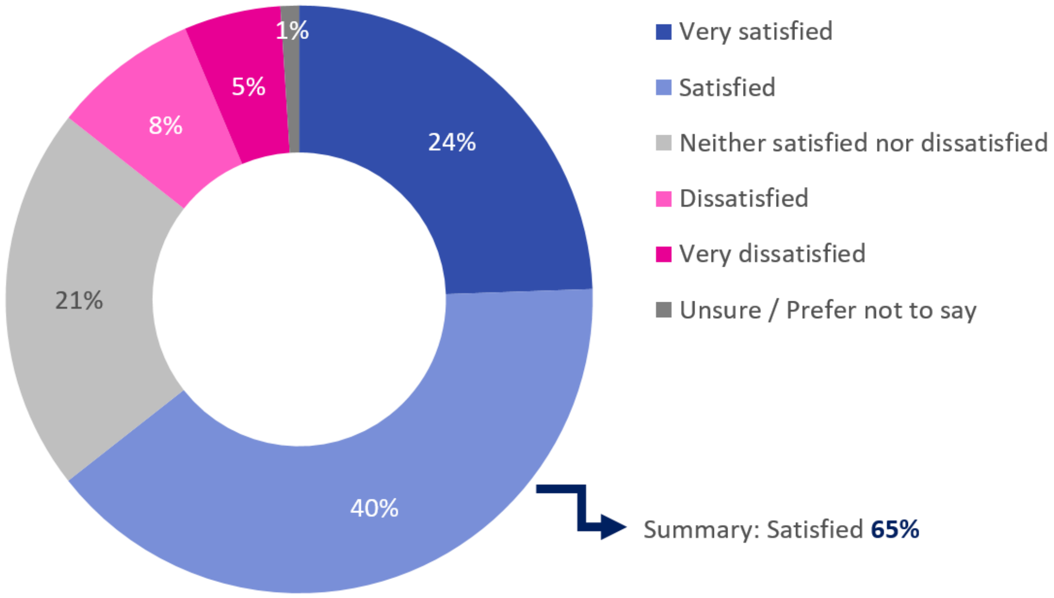
This stands in contrast to a relatively low trust in energy suppliers as a collective (35%).

Unsurprisingly, both metrics are significantly higher among those who are satisfied with their supplier (71% and 58% respectively). However, trust in suppliers treating them fairly and charging them a fair price is lower among respondents who are highly financially vulnerable (47% and 32%), and those who are behind on their bills (40% and 25%), suggesting that those under the most financial pressure are less likely to feel supported by their supplier.

Satisfaction with energy suppliers

Despite lower levels of trust in the sector as a whole (35%) compared to other sectors, such as banks/building societies (53%) and insurance (37%), two in three (65%) are satisfied with their own energy supplier.

Figure 38: Satisfaction with own energy supplier(s)



A9B. Overall, how satisfied, or dissatisfied are you with your supplier/your suppliers?
Base: All respondents: 3,434

The following groups are significantly less likely to say they are satisfied with their energy supplier (note that many of these groups overlap with each other):

- 35-64-year-olds (60%)
- renters (61%)
- respondents with recent affordability issues (60%), although those with repeat affordability issues are similar to the average (70%)
- those who are highly financially vulnerable (58%)
- respondents behind on their bills (52%)

Those who have switched to a new supplier are also no more satisfied with their suppliers than the average (65%). However, respondents who switched tariffs with the same supplier are more likely to be satisfied (74%).

Recent market activity (switching tariffs or energy suppliers)

Overview of findings

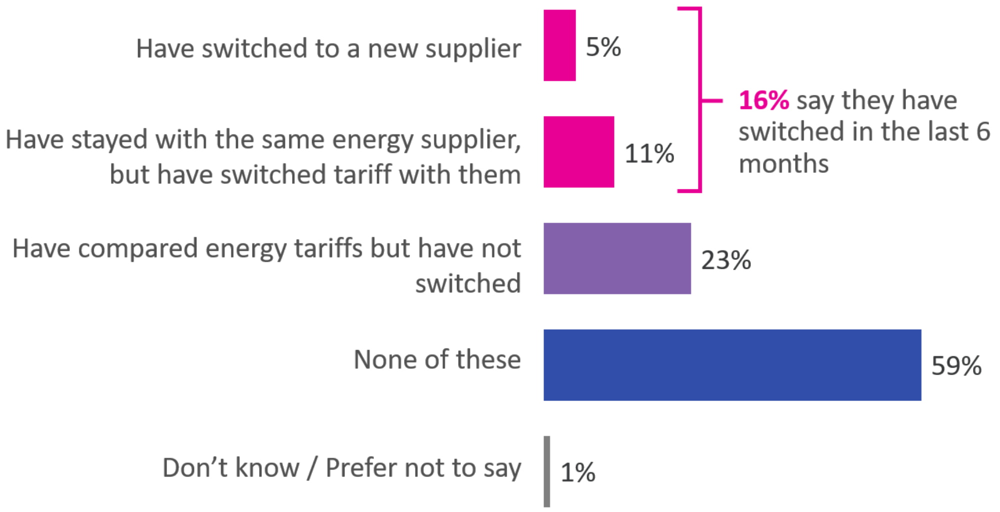
- **<u>Switching tariffs or energy suppliers, and comparing tariffs in the last 6 months is relatively low:</u>** only 1 in 6 have switched, with a further 1 in 5 comparing.
- **<u>Cheaper tariffs are the top motivation for comparing tariffs and switching tariffs and suppliers:</u>** However those who have compared but not switched are the most price-motivated. While those who switched to a new supplier do so disproportionately to get a particular type of tariff (e.g. a time of use tariff (a tariff where energy costs a tariff are different at different times of day) and because of supplier issues.
- **<u>Some motivations are shifting over time:</u>** as prices have risen since March '22, people have avoided fixed tariffs, with more switching to get a variable tariff. Since Nov/Dec '22, there has been a notable increase in those reporting to have switched to get a time of use tariff.

Switching/comparing behaviour

While historic tracking of switching behaviour is not possible in this wave[20], we can see that market engagement through comparing or switching has been consistently low since the energy crisis began in August 2021.

This trend continues in July 2023, with around one in six (16%) respondents reporting switching tariff in the last 6 months, 5% to a new energy supplier and 11% to a new tariff with the same supplier. A further 23% have compared tariffs but not switched.

*Figure 39: Actions taken in the last 6 months**



C4. Which, if any, of these have you or your household done in the last 6 months?
Base: All respondents: 3,434
**Question wording changed from 12 months to 6 months, so changes haven't been tracked*

Ofgem data on supplier switching data shows ~3.5 million switches to *new suppliers* in the 6 months to June, broadly in line with our figures.[21]

Those who have switched, across and within suppliers, are more likely to:

- be in the 16-34 bracket (26%)
- have historically engaged with the market before the energy crisis (pre-August 2021) (23%), compared to just 8% of those who never engaged with the market

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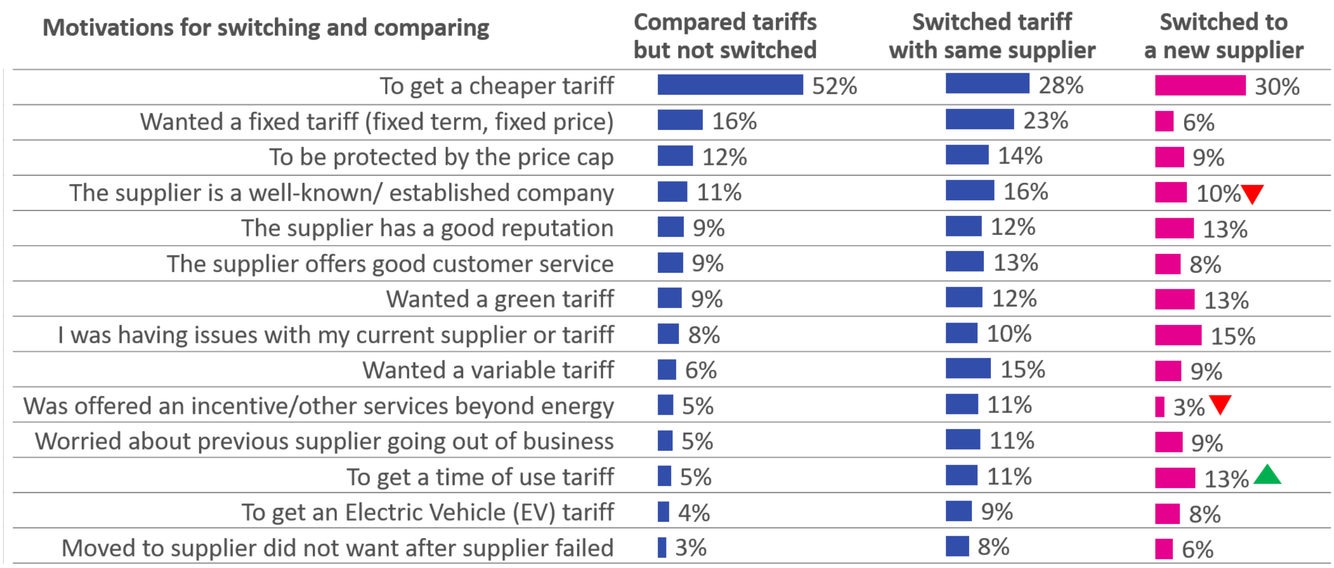
[20] Question wording changed at wave 4 from 12 months to 6 months, so tracking changes with historic data is not possible.
[21] See published data on Ofgem's data portal - [Retail market indicators | Ofgem]

- have affordability issues; 21% with recent issues, and 39% with repeat
- be male (19%)
- pay by direct debit (15%) or standard credit (23%), compared to 11% on prepayment meters
- face no digital exclusion (16%). Strikingly, just 3% of digitally excluded customers report switching in the last 6 months

Motivations for switching/comparing

Respondents were provided with 14 possible reasons for comparing or switching tariff (see figure 40).

Figure 40: Motivations for switching or comparing by market activity.



C5: And why did your household compare or switch tariff or supplier?
Base: All who have switched/compared: 1,313

A cheaper tariff is the top motivation for all three switching and comparing groups – but there is a clear difference in motivations across the three.

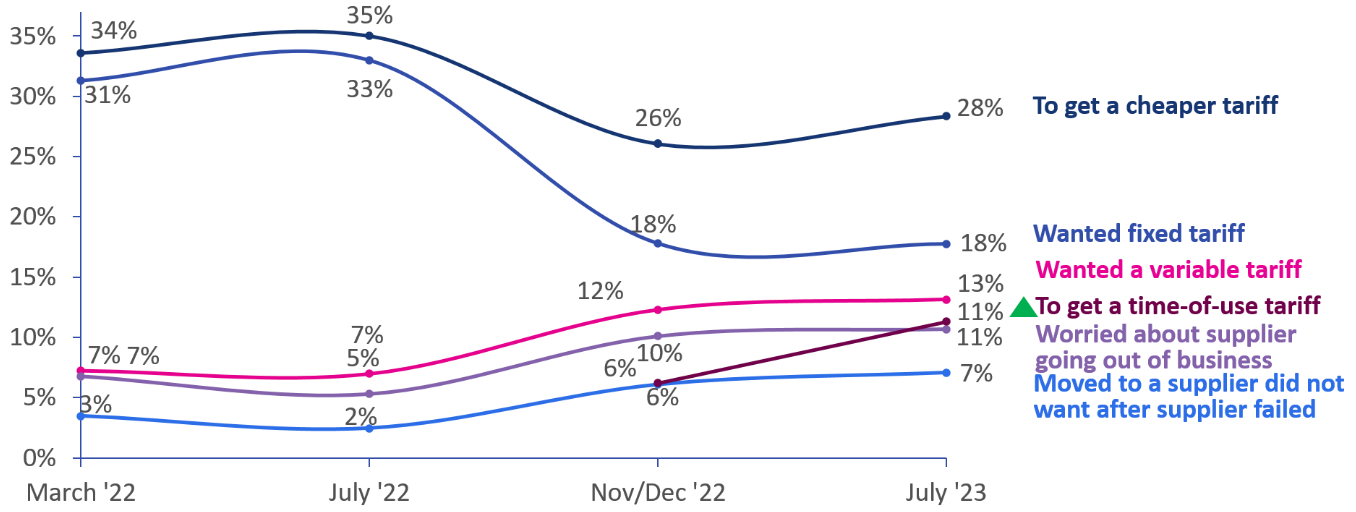
While getting a cheaper tariff is also the top selected motivation for those who have switched with the same (28%) and new supplier (30%), it is by far the most common reason for those comparing tariffs but not switching (52%). This could suggest that many of those who are comparing to find a cheaper tariff are not successful in their search, or do not believe that the cost savings on offer are worth the effort of switching.

Those who switched with the same supplier are more likely to do so because they wanted both a fixed (23%) and variable (15%) tariff, again showing that respondents do not significantly differentiate between the benefits of the two.

As you would expect, a strong relationship exists between being price-motivated and financial security. Those doing well are less likely to be looking for a cheaper tariff (35%) than those getting by (50%), those who are vulnerable (48%) and highly vulnerable (50%) to the cost of living.

Among those who have switched suppliers, there has been a significant increase in the proportion who did so to get a time of use tariff, from 6% to 13%. At the same time there has been a decline in the proportion who did so because the company is well known, from 18% to 10%, and the proportion who did so because they were offered an incentive, from 9% to 3%.

Figure 41: Motivations for switching – reasons with the greatest change over time.



C5: And why did your household switch tariff or supplier?
Base: All those who switched tariff or supplier: March '22 (W1) 610 / July '22 (W2) 618 / Nov/Dec '22 (W3) 726 / July '23 (W4) 525

As prices have remained high over the last six months, interest in switching to time of use tariffs has significantly increased, from 6% in Nov/Dec 2022, to 11% in July 2023. However, interest in the other types of tariffs on offer have remained consistent.

Attitudes towards future engagement

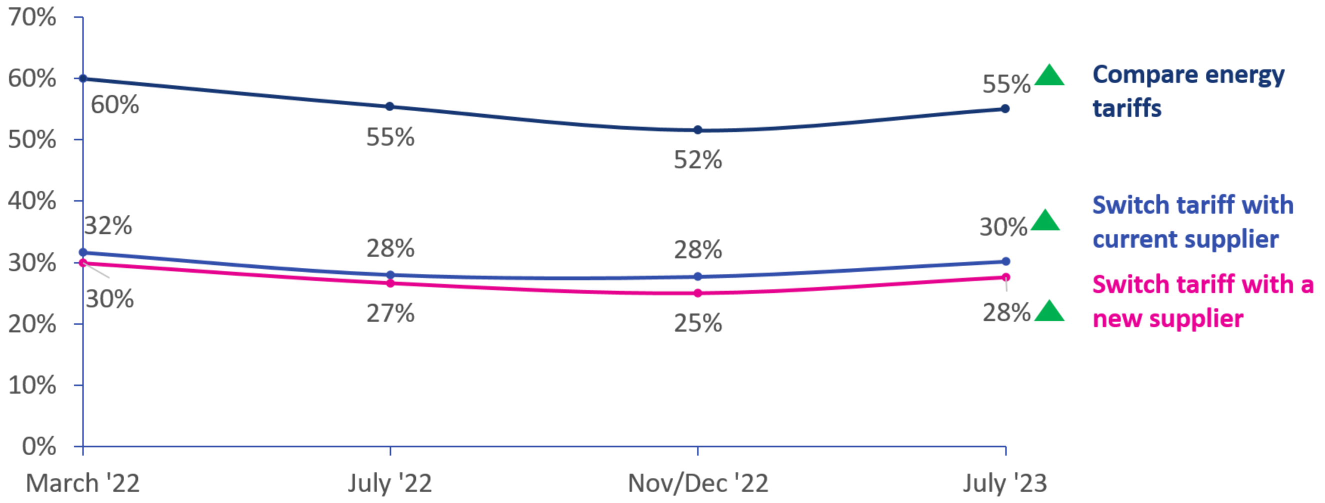
Overview of findings

- **Attitudes towards future engagement are looking more positive than in Nov/Dec '22:** with intentions to compare, switch with a current supplier, and switch with a new supplier all increasing. Openness to switching to save money is also at its highest levels since tracking began across all scenarios.
- **Respondents are more open to changing to smaller and newer suppliers than they have been in the past:** openness to changing to an existing small supplier or a new supplier if it meant saving money has increased to their highest points, though still lower than for larger, well-known companies.
- **Levels of worry about things going wrong after switching is also falling:** Fewer than in Nov/Dec '22 are worried about changing suppliers if costs increase and the new supplier goes out of business.

Attitudes towards engagement

There has been a clear increase in respondents saying they are likely to engage with the market.

Figure 42: Likelihood of switching to new suppliers or comparing over the next three months – definitely or probably will.

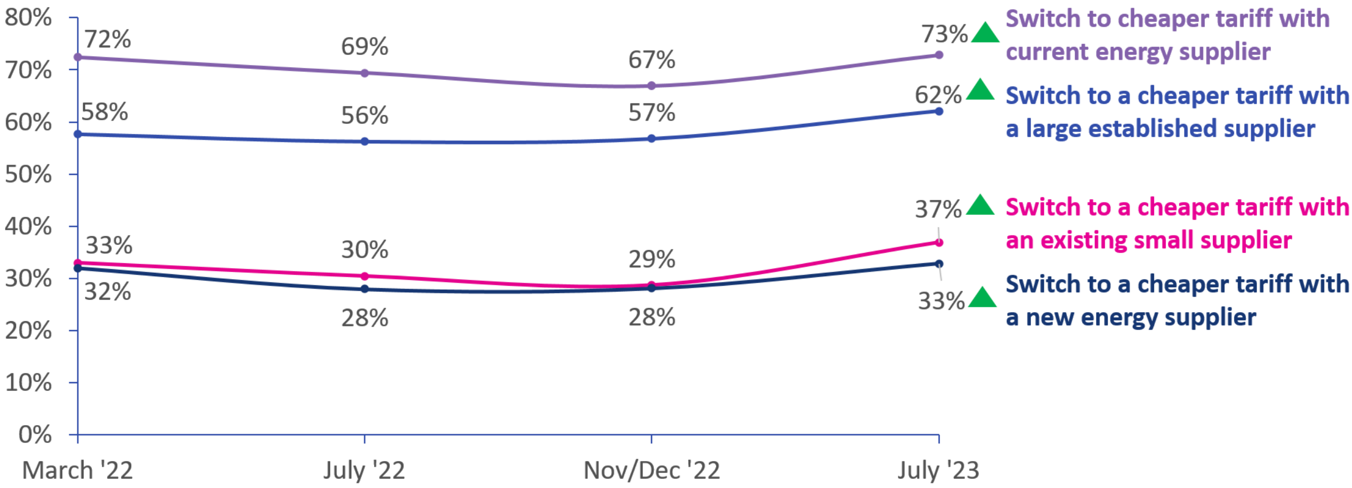


D3. How likely do you think it is that you or someone in your household will do these things over the next three months?
Base: All respondents: March '22 (W1) 3,479 / July '22 (W2) 3,560 / Nov/Dec '22 (W3) 3,457 / July '23 (W4) 3,434

This can be seen in terms of both comparing (up 3 percentage points to 55%), switching tariff with current supplier (up 2 percentage points to 30%) and switching supplier (up 3 percentage points to 28%). This is the first time that engagement in the market has increased since tracking began.

Openness to switching in scenarios where respondents felt they could save money has also increased and is at its highest since tracking began.

Figure 43: How likely would be to take actions in the next three months if they find out they could save money by moving to a new energy tariff over time – definitely or probably would.

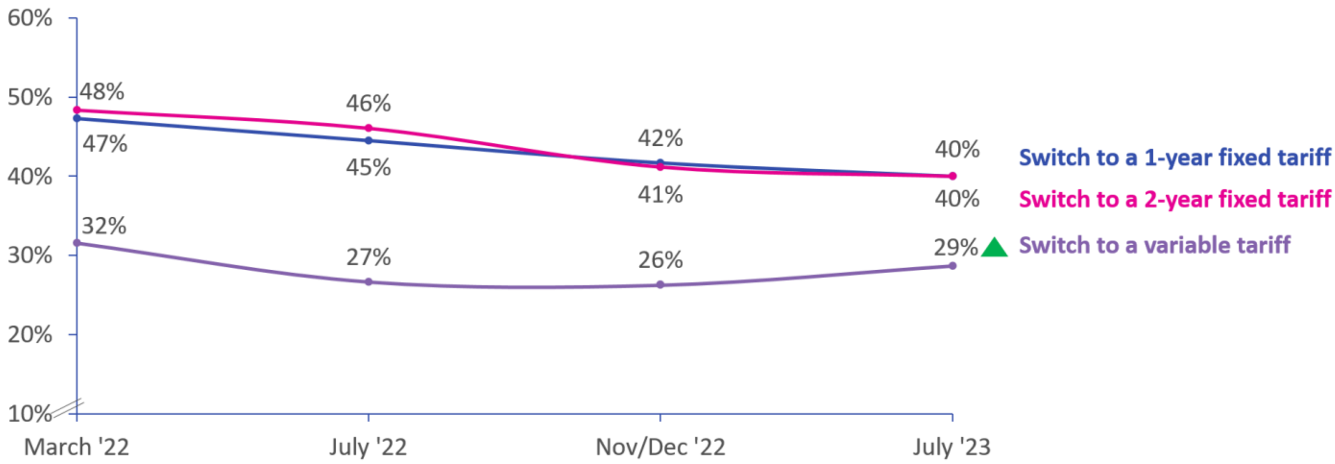


D6. How likely do you think it is that you or someone in your household will do these things over the next three months?
Base: All respondents: March '22 (W1) 3,479 / July '22 (W2) 3,560 / Nov/Dec '22 (W3) 3,457 / July '23 (W4) 3,434

Three quarters (73%) would switch to a cheaper tariff with their current supplier, 62% would switch to a cheaper tariff with a large established supplier, 37% would switch to a cheaper tariff with an existing small supplier, and 33% would switch to a cheaper tariff with a new energy supplier. With the increase across all statements at this metric, and the increase in market engagement above, it is clear that energy consumers are beginning to re-engage with the market after a long period of declining engagement.

There has been a small increase in those willing to switch to a variable tariff, up 3 percentage points to 29%, while willingness to switch to fixed tariffs remains stable at 40%.

Figure 44: How likely to switch to fixed/variable tariff if they find out they could get a cheaper energy tariff over time – definitely or probably would.

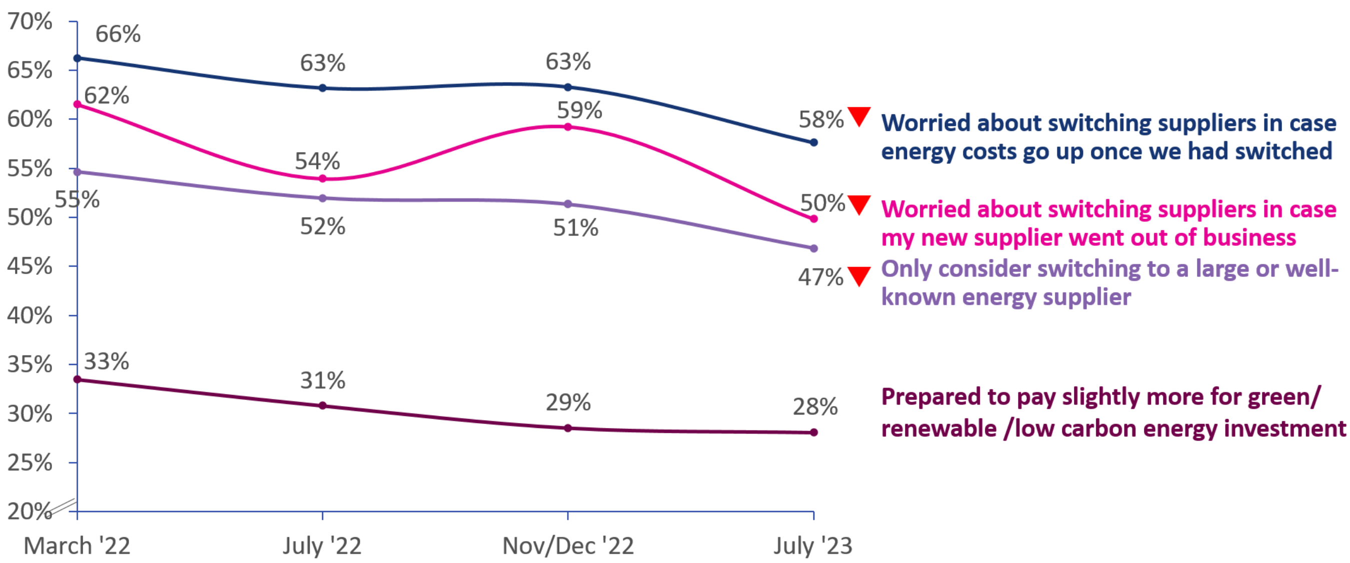


D7. For each of these options, HOW LIKELY WOULD YOU BE TO switch to them to get a cheaper energy tariff?
Base: All respondents: March '22 (W1) 3,479 / July '22 (W2) 3,560 / Nov/Dec '22 (W3) 3,457 / July '23 (W4) 3,434

Supplier solvency

There have been declines in levels of worry about switching to less established suppliers (4 percentage points to 47%), suppliers going out of business (down 9 percentage points following a spike in Nov/Dec 2022 to 50%), and costs increasing after switching (down 5 percentage points to 58%).

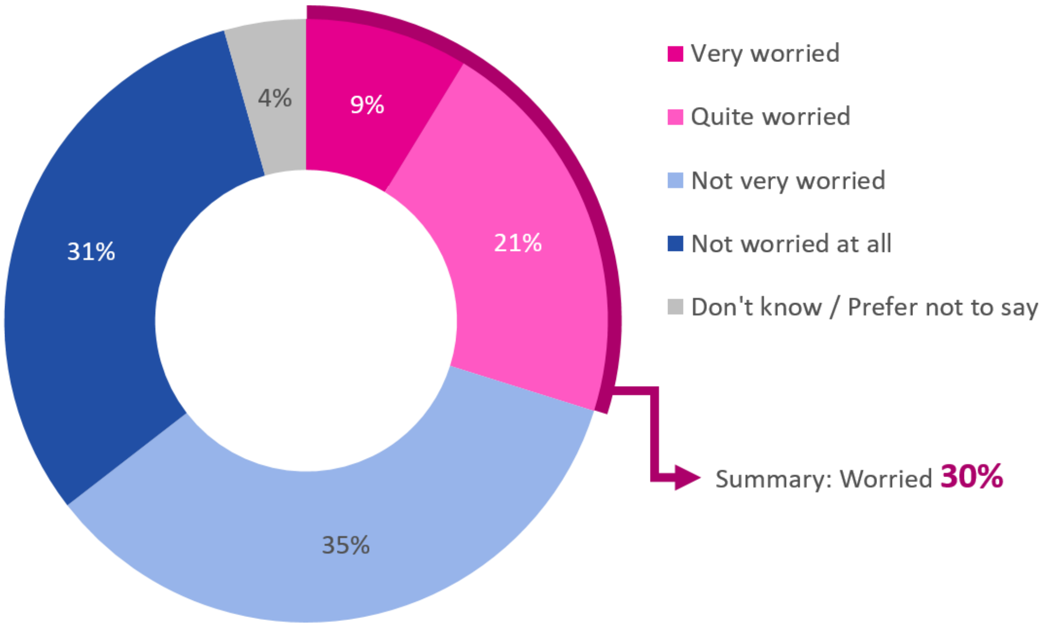
Figure 45: Perceptions towards switching – agree.



D8. And how much do you agree or disagree with the following statements about energy suppliers…
Base: All respondents: March '22 (W1) 3,479 / July '22 (W2) 3,560 / Nov/Dec '22 (W3) 3,457 / July '23 (W4) 3,434

Three in ten (30%) respondents worry their supplier may go out of business.

Figure 46: Worry that supplier might go out of business.



B11. Thinking about your household's energy supplier(s), to what extent, if at all, are you worried your household's energy supplier(s) might go out of business?
Base: All respondents: 3,434

Respondents with repeat affordability issues are more likely to worry that their supplier will go out of business (62%) than participants in other groups, including those with recent issues (35%).

Perhaps surprisingly, levels of worry do not vary that much by supplier size; those with large (29%), medium (31%) and small suppliers (32%) have similar levels of worry, although those with small suppliers are less likely to be 'not worried at all' (19% cf. 31% in large suppliers).

Understandably, those who have been with a Supplier of Last Resort (SoLR) company (43%) are more worried than those who have not (24%).

Barriers to engagement

Overview of findings

- **Despite attitudes towards future engagement improving, many respondents identify perceived or real barriers:** with certain groups more likely to experience higher numbers of barriers. This includes the digitally excluded, those highly vulnerable to the rising cost of living, those constantly struggling to keep up with their bills, females, private renters, those with a disability and 16–34-year-olds.
- **A lack of perception of benefit (that either better price or customer service are available) was found to be particularly correlated with an unwillingness to engage:** This is particulalry meaningful as currently 67% of respondents thought that no cheaper deals were available and 67% thought that there weren't suppliers who offered better customer service than their own. The time barrier – whether respondents feel they have enough time to look for better deals – also appears to be an important driver.

Barriers

In order to gain a deeper understanding of respondents' ability to engage with the energy market, questions were added to this wave of the survey to understand what particular barriers, if any, currently present a challenge to respondents. These individual barriers were then categorised into broader groups to understand the kinds of issues which might need to be resolved to encourage greater respondent engagement with the market.

The most commonly cited barriers were around consumer perception of benefit. 67% of respondents thought that no cheaper deals were available and 67% thought that there weren't suppliers who offered better customer service than their own. The second most common group of barriers cited were cost risks (e.g., those relating to price changing after switching).

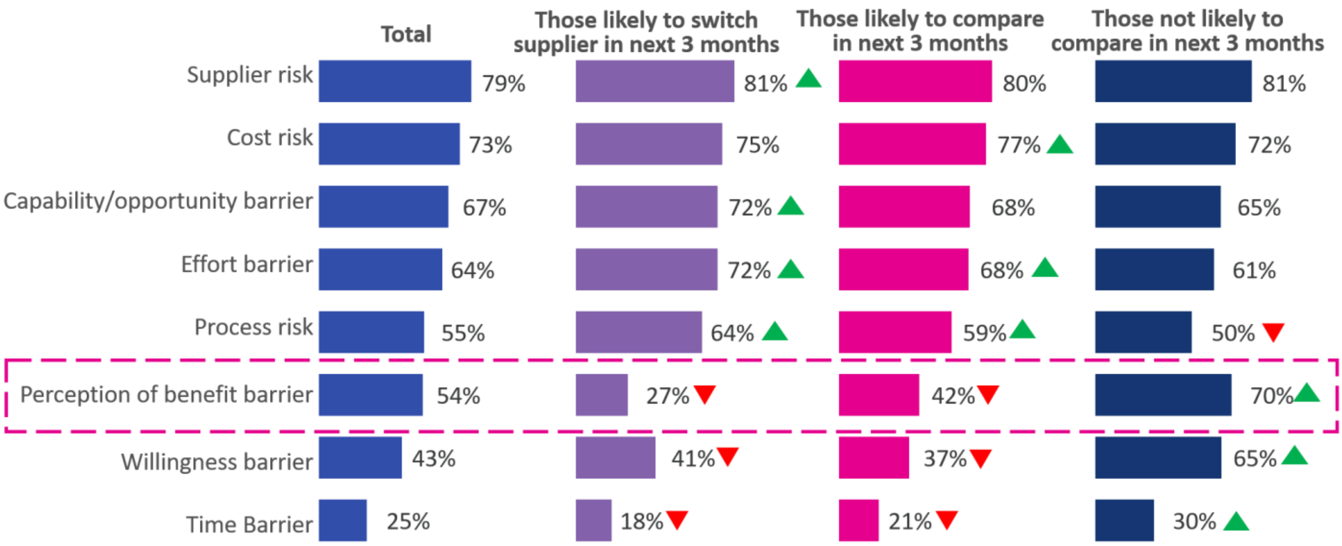
Key metric	Short title	Barrier Categorisation	%
Disagree or are unaware that there are cheaper deals available at the moment	No cheaper deals	**Perception of benefit barrier**	67%
Disagree or are unaware that there are energy suppliers who offer better customer service than theirs	No better service	**Perception of benefit barrier**	67%
Agree that even in normal times, they find the process of finding good energy deals complex	Finding deals complex	**Capability and opportunity barrier**	52%
Disagree that there is enough reliable information available to compare energy deals	No reliable information	**Capability and opportunity barrier**	19%
Disagree that they understand the energy market well enough to compare energy deals	Don't understand market	**Capability and Opportunity Barrier**	30%
Disagree that they have the time to check for better energy deals	Not time to check	**Time barrier**	25%
Disagree that they trust other energy suppliers as much as theirs	Distrust other suppliers	**Supplier risk**	24%
Agree that they would be worried about switching supplier in case they misunderstood the terms and conditions	Worried about T&Cs	**Supplier risk**	48%
Disagree that they don't care which supplier we use as long as they get a good energy deal	Care about supplier	**Supplier risk**	19%
Agree that they would be worried about switching suppliers in case their new supplier went out of business	Worried new supplier fails	**Supplier risk**	50%
Agree that they would be worried that they could be cut-off during the switching process	Cut off during the switching process	**Process risk**	34%
Agree that they would be worried that they could get billed twice during the switching process	Worried about double-billing	**Process risk**	47%
Agree that switching is risky right now as prices are changing so rapidly	Switching risky due to price changes	**Cost risk**	58%
Agree that they would be worried about switching suppliers in case energy costs go up once they have switched	Worried that costs rise once switched	**Cost risk**	58%
Agree that it takes a lot of effort to find energy deals	Too much effort to find deals	**Effort barrier**	54%
Agree that they imagine it takes a lot of time to go through the switching process	Time consuming to go through process	**Effort barrier**	37%
Agree that they're just not interested in comparing or switching energy deals at the moment	Just not interested	**Willingness barrier**	43%

Varying impact of barriers

After understanding the proportion of respondents impacted by each barrier, it was important to determine whether each barrier was associated with changes in respondents' intentions to engage in the energy market. Interestingly the repeat affordability issues group have more barriers but are also more likely to engage with the market. This demonstrates that not all barriers have an equal impact on market engagement behaviours, and that some groups might be willing to engage in the market even when several barriers are present if the perception of benefit is high enough (e.g., if they are strongly cost motivated and seeking a better deal).

The importance of perceiving some benefit exists to switching is shown in figure 47. Those not likely to compare in the next three months are significantly more likely to perceive that there is no benefit from engaging in the market (70% compared to 27% of those likely to switch in the next three months and 42% of those likely to compare in the next three months). They are also much more likely to say they lack the time to engage in the market (30% compared to 15% of those likely to switch in the next three months and 21% of those likely to compare in the next three months).

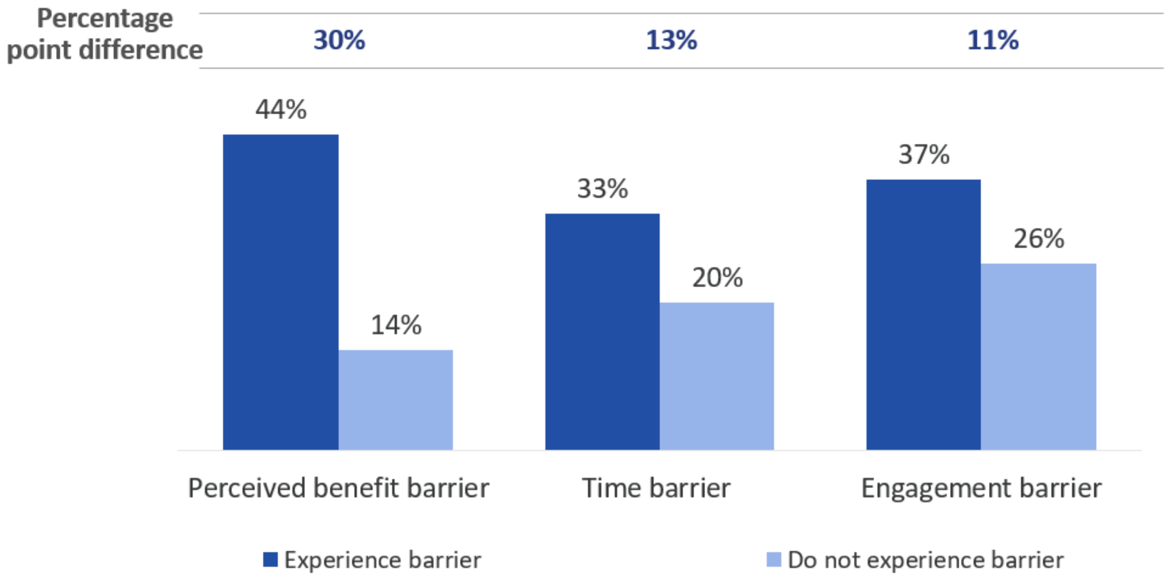
Figure 47: Barriers to market engagement by whether likely to switch and compare in the future.



Market engagement barriers derived variable.
D8/11/12. To what extent do you agree or disagree with the following statements about comparing the market for new deals?
Base: All respondents: July' 23 (W3) 3,434.

Perception of a benefit drives the greatest increase in the likelihood of engaging in the market. Close to half (44%) of those who perceive a benefit are likely to switch compared to 14% of those who do not perceive a benefit, a 30-percentage point gap. This compares to a 13-percentage point gap between those who do and do not perceive a time barrier, and an 11-percentage point gap between those who do and do not perceive an engagement barrier.

Figure 48: Likelihood of switching to a new tariff with a new energy supplier by presence of barrier.



D8/11/12. To what extent do you agree or disagree with the following statements about comparing the market for new deals?
Base: All respondents: 3,434

What are respondents' perceptions of Ofgem?

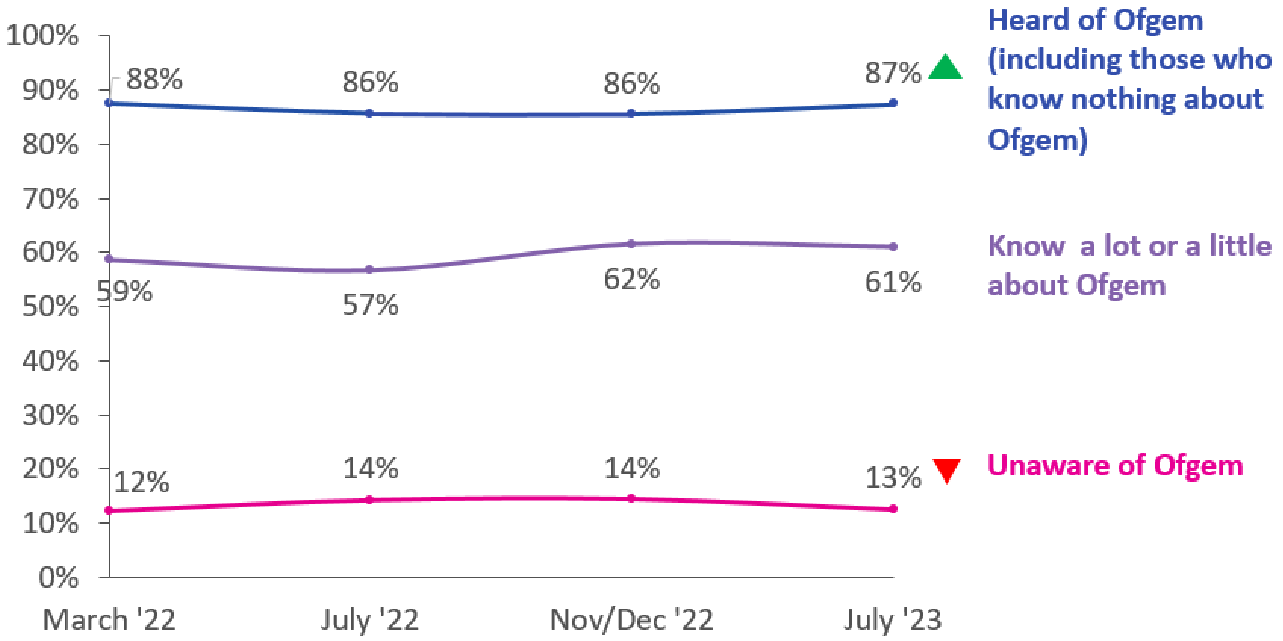
Overview of findings

- **Awareness of Ofgem has risen slightly:** with nearly 9 in 10 respondents having heard of Ofgem, a slight increase on Nov/Dec' 22. Meanwhile, self-reported knowledge is consistent with Nov/Dec '22, with 3 in 10 saying they know at least a little about Ofgem.
- **However, despite high awareness, there is uncertainty over what is within Ofgem's role and remit:** for example, 1 in 5 who say they know at least a little about Ofgem believe Ofgem is an energy supplier.
- **Perceptions of Ofgem are improving:** Around 6 in 10 now agree that Ofgem is delivering a fairer energy system, back in line with March '22 and recovering from the low point in Nov/Dec '22. More also agree Ofgem is a trusted information source and puts consumers first, and fewer agree it is to blame for high bills. However, the share who believe Ofgem delivers a greener energy system is yet to recover, stable at Nov/Dec '22 levels.[22]

Awareness and understanding of Ofgem

In line with previous waves, nearly nine in ten (87%) respondents are aware of Ofgem, and three in five (61%) know something about them.

Figure 49: Awareness of Ofgem



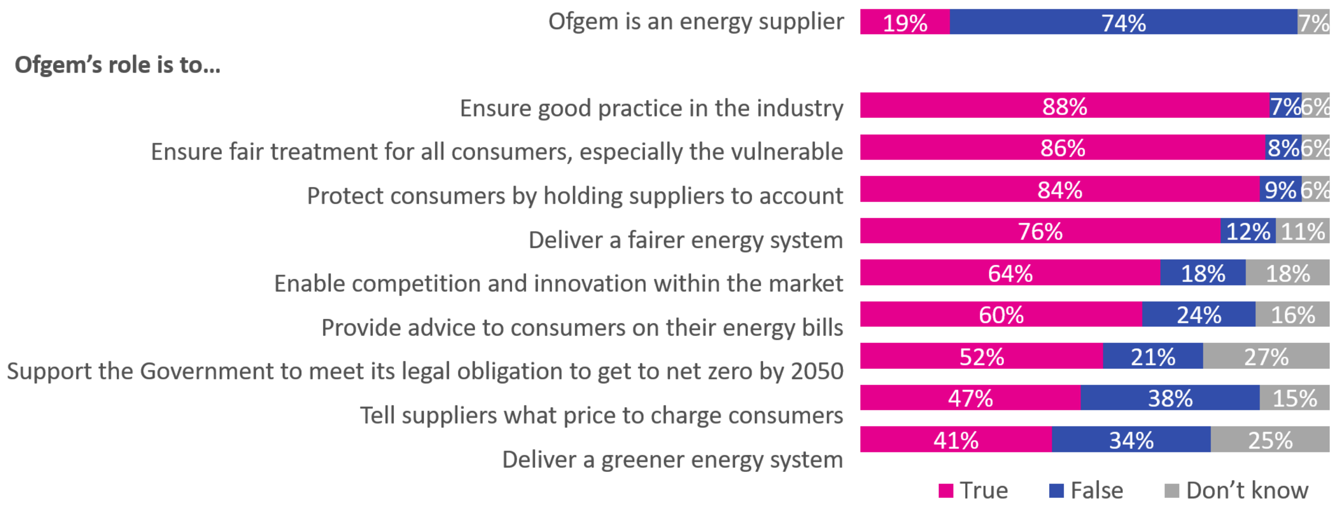
B1. Before today, had you heard of Ofgem, the independent energy regulator for Great Britain?
Base: All respondents: March '22 (W1) 3,479 / July '22 (W2) 3,560 / Nov/Dec '22 (W3) 3,457 / July '23 (W4) 3,434

At a top level, three quarters (74%) of those who know at least a little about Ofgem identify that it is not an energy supplier, but one in five (19%) believe it is.

[22] Several factors might have impacted how people responded to these questions. Survey respondents were informed in the survey introduction that it was commissioned by Ofgem. In addition, given the relatively low levels of consumer understanding of the energy market and confusion around Ofgem's remit it is possible that these results might reflect general sentiment towards government and the energy sector, as much as Ofgem and its specific role. As such results may vary depending on the extent and nature of energy related media activity at the time of data collection.

However, there is uncertainty over what is within Ofgem's role and remit, with mixed views on many aspects of what it might cover.[23]

Figure 50: Understanding of Ofgem



B1B: Do you think the following statements about Ofgem are true or false?
Base: All online/panel/F2F respondents who know at least a little about Ofgem: 2,057

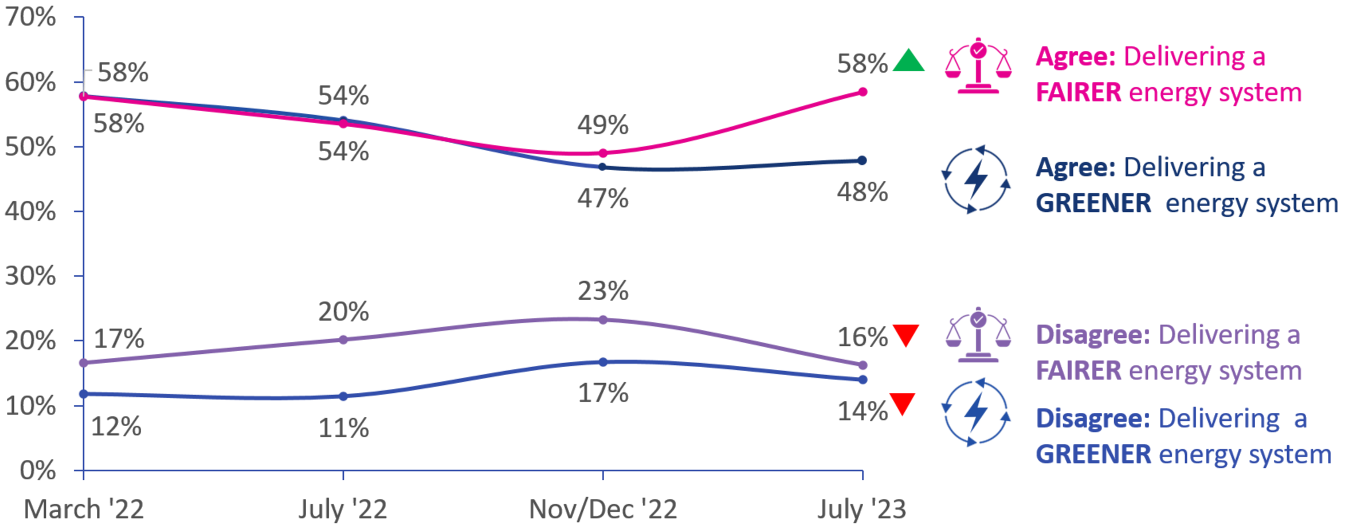
Respondents are most likely to believe that it is true that Ofgem's role is to ensure good practice in the industry (88%), ensure fair treatment for all consumers, especially the vulnerable (86%), protect consumers by holding suppliers to account (84%) and deliver a fairer energy system (76%). A smaller proportion (41%) believe it is true that Ofgem's role is to deliver a greener energy system with over a third (34%) thinking this is untrue.

[23] Please note that respondents were aware this survey was carried out on behalf of Ofgem, which may have impacted how people answered.

Perceptions of Ofgem

Following a downward trend since March 2022, levels of agreement that Ofgem delivers a fairer energy system have recovered, matching levels in March 2022 (58%).

Figure 51: Agreement that Ofgem delivers a greener and fairer energy system.



B2a/b. Based on everything you have heard, read, or know about Ofgem, to what extent do you agree or disagree that Ofgem protects consumers by delivering a GREENER energy system / a FAIRER energy system?
Base: All who know at least a little about Ofgem: March '22 (W1) 2,073 / July '22 (W2) 2,039 / Nov/Dec '22 (W3) 2,167 / July '23 (W4) 2,104.

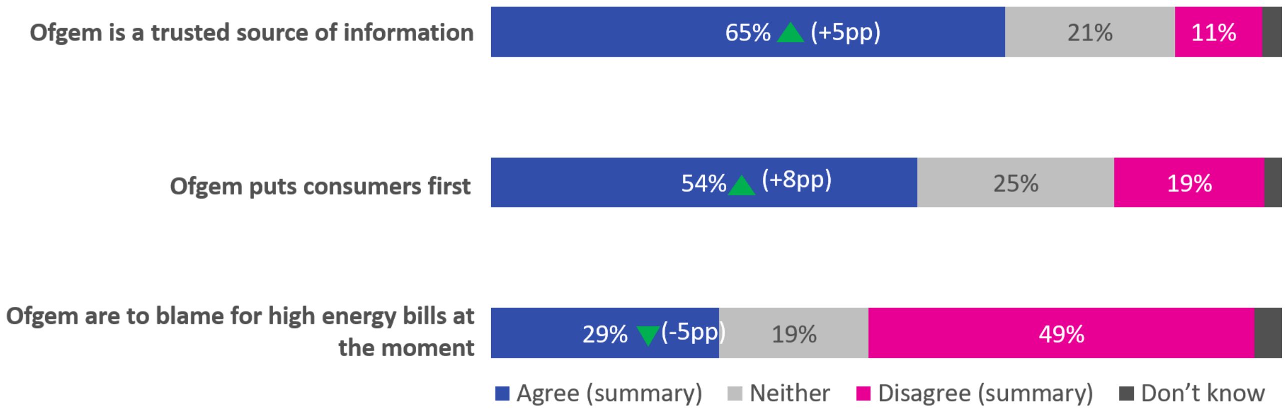
However, following a similar downward trend from March 2022, the proportion who agree that Ofgem is delivering a greener energy system, at 48% has not recovered.

Three in five agree that Ofgem protects vulnerable customers (59%), and that it holds suppliers to account (62%).

In general perceptions of Ofgem are improving, with an uplift of 5 percentage points to 65% who agree that Ofgem is a trusted information source, and an 8-percentage point increase to 54% who agree that it puts consumers first.

There has also been a 5-percentage point decrease to 29% that Ofgem is to blame for high bills.

Figure 52: Agreement with Ofgem-tracked statements.



B12. To what extent do you agree or disagree with the following statements about Ofgem?
Base: All who know at least a little about Ofgem: July '23 (W4) 2,104

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