Consumer Impacts of Market Conditions Survey

Wave 5

Published September 2024
Fieldwork conducted in January and February 2024

Prepared by BMG for Ofgem

Contents

Ofgem foreword

In recent years, households across Great Britain have faced challenging times, and, for many, these struggles are ongoing. The surge in energy prices brought on by the global gas crises compounded cost of living concerns.

As the nation's independent energy regulator, Ofgem remains steadfast in its commitment to protecting energy customers, with a keen focus on enhancing support for the most vulnerable members of our communities. To do this, it is vital we understand consumers' needs and experiences. One of the ways that Ofgem does this is through consumer research.

Launched in 2022 and now in its fifth iteration, the Consumer Impacts of Market Conditions survey (CIM), has become a pivotal tool for Ofgem to understand the views of the nation's energy consumers. By tracking responses over time, we are able to monitor how consumers are affected by ongoing changes in the market. The core topics of affordability, sources of support, payment and tariff preferences, sectoral trust, and energy market engagement remain at the forefront of this research. However, we continually expand our scope to include additional topics that reflect the current energy landscape.

The latest wave, conducted in January and February 2024, retained its emphasis on affordability. It also sought to understand whether a more stable energy market has influenced customers' willingness to switch suppliers. The findings provide further insights into the drivers of consumer engagement with the market, helping give us a better understanding of the effectiveness of competition in delivering benefits for consumers.

As we navigate through persistent market difficulties, the fieldwork for the sixth wave of the survey, is expected in the latter half of 2024. This will further our understanding of consumer needs and experiences and ensure Ofgem remains able to share emerging insights and take decisive action as necessary.

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 and face-to-face interviewing. This is the fifth wave of the project and comprises 3,439 interviews with a representative sample of GB energy bill payers. The key findings are described below.

Affordability

The broader financial pressures on households are still worryingly high and many consumers continue to report struggling to pay bills. However, in comparison with the previous wave in July 2023, there are signs that some bill pressures are beginning to ease.

Notably, we saw:

- 9% of consumers say they are behind on their household bills. While this is a 3% fall from the previous wave in July 2023 (12%), it remains higher than the first wave results in March 2022.
- Similarly, 9% say they are behind on their energy bills, with a further 53% struggling to pay.
- 27% said they faced an affordability issue (beyond reducing energy usage) as a result of the cost of their energy bills. While this is now at its lowest level since tracking began in March 2022, over half (57%) of prepayment meter customers continue to report experiencing issues.

Sources of support

19% of consumers contacted some form of institutional support (e.g. Ofgem, energy suppliers, government, comparison websites, or charities) for information, advice or support with paying energy bills in the past 3 months. This is down from 27% in the previous wave.

The slight easing in affordability pressures felt by consumers has likely contributed to this fall.

However, 32% of those struggling with the cost of their energy did not think that their supplier was aware of this, suggesting many consumers might not be receiving the advice or support they need.

Payment method and tariff preferences

Most consumers are happy with their current payment method and do not want to change (94%). However, only 48% are aware that energy costs vary by payment method. Amongst those who are aware, far fewer know the relative costs of each payment method.

Consumers often have a poor understanding of which tariff they're on, with many claiming they are on a fixed tariff or a green tariff when official figures suggest this only accounts for a small portion of the market. Understanding of exit fees is also low, with a quarter (24%) believing that they would have to pay one, and a third (36%) saying they did not know if it applied to their own contract. These results continue to reflect a broader, long-standing theme from this survey of consumer confusion around some aspects of the energy market.

Regardless of their current tariff, some consumers are likely already able to flex their energy consumption through smart technology or many seem open to flexible energy consumption behaviours in the future.

Energy market engagement

Despite greater choice available through a more competitive market, current market engagement remained unchanged from July 2023, and future engagement intentions decreased.

- Under a fifth (17%) said they have switched (to a new supplier or to a different tariff with the same supplier) in the last 6 months, the same proportion (16%) as in July 2023.
- Just one in five (19%) said they are likely to switch in the next 3 months, down from over one in four (28%) in July 2023.

Trust in the energy sector remains lower than other sectors with only one in three (36%) trusting energy suppliers in general. Despite this, levels of trust in, and satisfaction with consumers' own supplier have improved, with three in five (60%) stating that they trust their own supplier to treat them fairly and half (47%) stating that they trust them to charge them a fair price. Both these measures are now at their highest levels since tracking began in March 2022.

Background and research objectives

Background

Ofgem commissioned BMG to launch the Household Consumer Impacts of Market Conditions Tracking Survey in early 2022 to build understanding of consumers' experiences and attitudes during this difficult time.

This report summarises the findings from the fifth wave of the survey, carried out in January 2024, 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
- Wave 4

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 2023-24?

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?

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?

Do consumers believe their suppliers are aware of their energy bill affordability issues?

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' preferences of tariffs types?

4 What are consumers' levels of trust in the energy market?

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

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?

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

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?

How does understanding of exit fees impact on consumers' engagement with the market?

Method

Timing of fieldwork

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

- **Wave 5:** 12 January to 1 February 2024
- **Wave 4:** 3 to 20 July 2023
- **Wave 3:** 21 November to 11 December 2022
- **Wave 2:** 4 to 31 July 2022
- **Wave 1:** 18 to 31 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 interviews to ensure the inclusion of the digitally excluded. Previous waves also included an element of telephone interviewing, which was discontinued in the latest wave

The figure below summarises the sample sizes achieved by each data collection method at each wave. Wave 5 comprised 3,439 interviews[1], consisting of 2,947 online panels, 292 online river sampling, 200 face-to-face interviews.

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

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

		Sample size				
Consumer type	Methodology	W1	W2	W3	W4	W5
Digitally enabled general population	Online survey via online panels	3,208	3,087	3,035	3,000	2,947
Digitally enabled but less present on panels	Online survey – river sampling	54	271	221	233	292
Digitally excluded	Face to face and telephone interviews	217	202	201	201	200*
Total	All combined	**3,479**	**3,560**	**3,457**	**3,434**	**3,439**

**All digitally excluded interviews conducted face to face in wave 5, with the telephone methodology discontinued*

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

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

Affordability: What impacts have rising costs had on energy consumers?

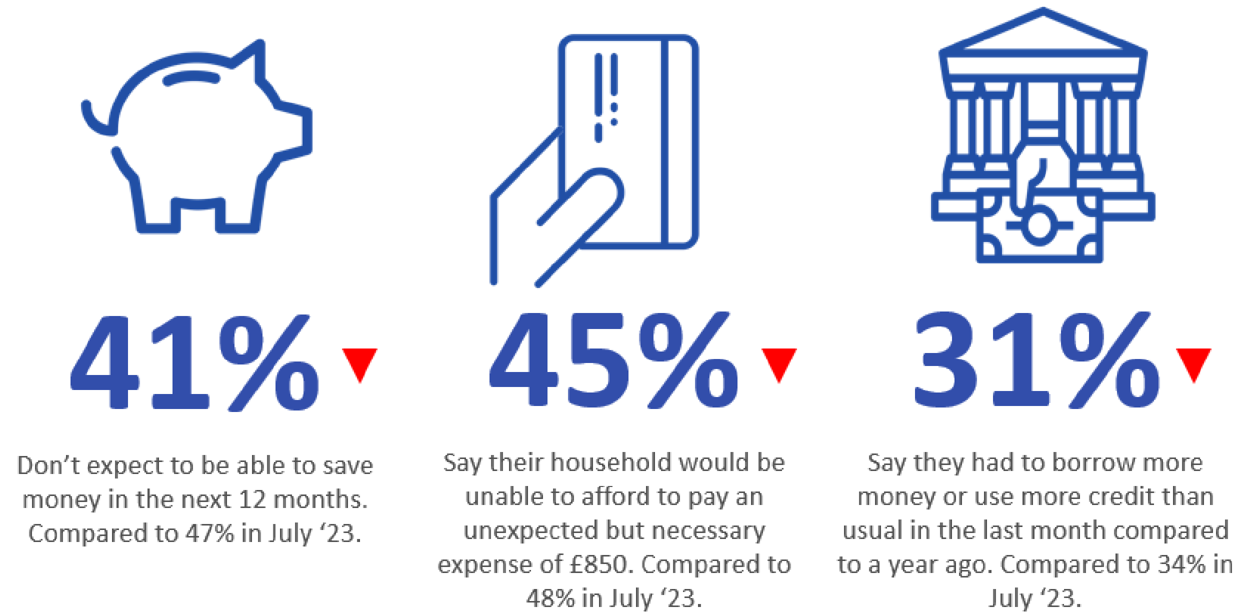
Overview of findings

- **Bill Pressure –** The proportion of households who are behind on household bills has fallen from 12% to 9%, despite general bill pressures remaining high with 53% struggling with their household bills.
- **Affordability Impacts –** Energy bill pressures continue to have serious impacts. Although down from one in three (33%) in July 2023, over a quarter (26%) of households still reduced spending on necessities, like food, due to the cost of energy.

Financial circumstances of consumers

Many consumers continue to struggle financially, with two in five not expecting to be able to save any money in the next 12 months (41%) or afford an unexpected but necessary £850 expense (45%). However, the proportion doing so has declined since July 2023 (47% and 48%, respectively).

Figure 2: Overview of financial circumstances

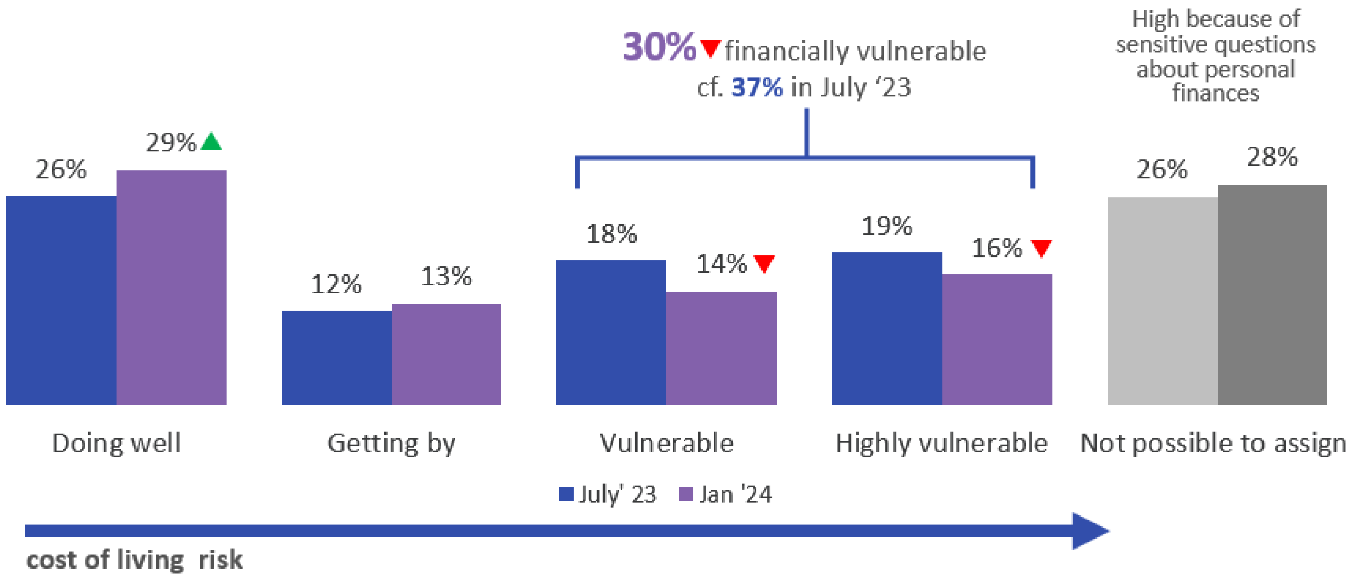


CL1. In view of the general economic situation, do you think you will be able to save any money in the next 12 months?
CL2. Could your household afford to pay an unexpected, but necessary, expense of £850?
CL3. Have you had to borrow more money or use more credit than usual in the last month, compared to a year ago?
Base: All respondents: July 2023 (W4) 3,434 / January 2024 (W5) 3,439. Question wording for CL1, CL2, CL3 replicates those used by the ONS
Significant difference shown against previous wave at 95% confidence interval

To summarise respondents' financial vulnerability, we have combined three metrics – savings, household debt and unexpected expenses – to create four categories. These categories are defined as:

- **Highly vulnerable** – those not able to save, and who cannot afford unexpected expenses and who are borrowing more than usual
- **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: Financial vulnerability groupings using savings, household debt and unexpected expense metrics[2]



Derived variable using responses from CL1, CL2, and CL3 – see previous page.
Base: All respondents: July 2023 (W4) 3,434 / January 2024 (W5) 3,439
Significant difference shown against previous wave at 95% confidence interval

One in three (30%) consumers are financially vulnerable or highly vulnerable. While this remains high, it has declined from 37% in July 2023.

Those who are financially vulnerable are more likely to be middle-aged (58% 35-64 year olds in the highly vulnerable group cf. 39% in the doing well group), paying by prepayment meters (24% on PPM in the highly vulnerable group cf. 7% in the doing well group), on lower incomes

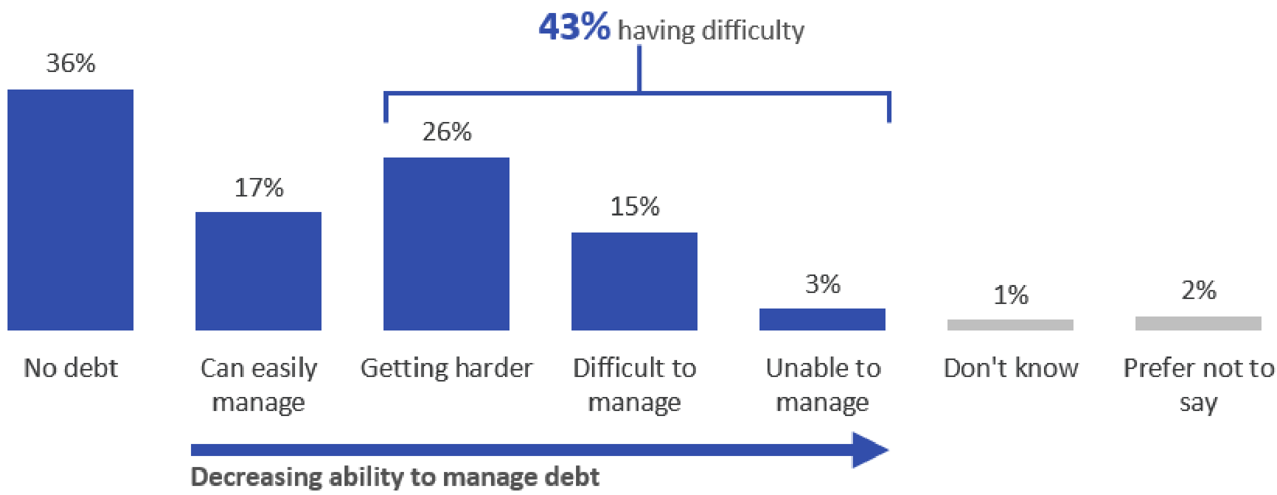
[2] Respondents were not possible to assign if they said "don't know" or "prefer not to say" at any of the three questions used to create this variable.

(27% earning less than £16k in the highly vulnerable group cf. 10% in the doing well group), receiving means-tested benefits (52% receiving benefits in highly vulnerable group cf. 25% in the doing well group), female (66% of highly vulnerable, cf. 41% doing well), and have dependent children (35% with children aged 5-15 in highly vulnerable group, cf. 12% doing well).

Levels of household debt

Regardless of their current financial circumstances, consumers were also asked whether they had wider household debt. From the below results we can see that 43% of consumers had household debt and were having some level of difficulty in managing this.

Figure 4: Respondent's experience of wider household debt



CL3E. Which of the following statements best describes your situation in relation to your current level of debt?
Base: All respondents: January 2024 (W5) 3,439

Ability to pay household bills and energy bills

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

Results show that while a majority are still struggling with their household bills (53%), some pressures are easing. For instance, there has been an increase in the proportion of consumers who report having had no difficulties with their household bills, from 30% in July 2023 to 35%.

There has also been a corresponding decrease in the proportion who report having fallen behind with household bills or credit commitments from 12% in July 2023 to 9%. This may reflect some recent falls to Consumer Prices Index (CPI) gas and electricity prices up to the most recent wave.

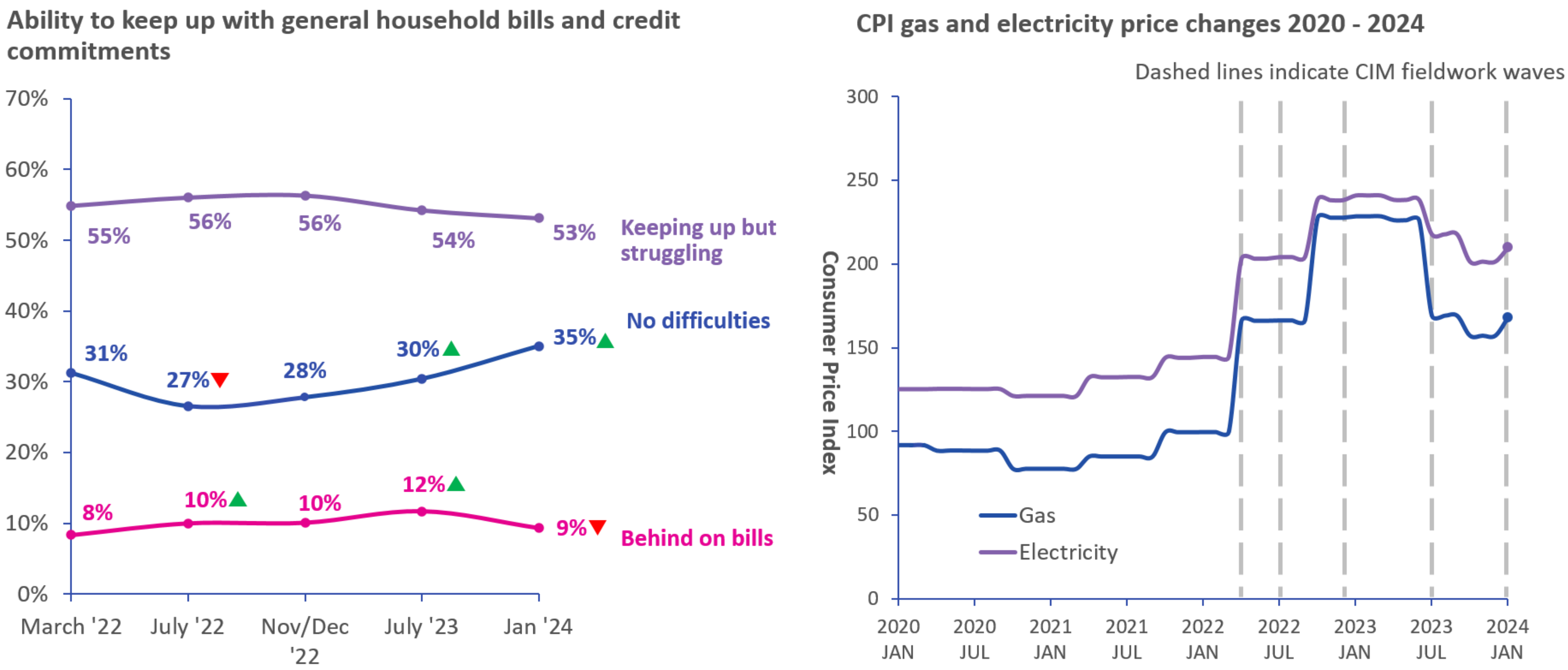
As might be expected, those vulnerable to the cost of living were much more likely to be struggling to keep up with their household bills compared to those doing well (72% cf. 29%)

Consumers were also asked how well they are keeping up with their energy bills specifically at the moment. As with general household bills, the majority report that they are keeping up but struggling (53%). A further 9% say they are falling behind, and 35% say they are having no difficulties keeping up with their energy bills.

It is important to note that other Ofgem data indicates that the total pound value of debt and arrears continues to rise, however the combined number of customers in debt or arrears dropped slightly in Q1-24[3]. This suggests that the average value of debt or arrears is increasing.

[3] Debt and Arrears Indicators | Ofgem

Figure 5: Proportion of consumers behind on their household bills and credit commitments over time and CPI price changes 2020[4] to 2024



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: March 2022 (W1) 3,479 / July 2022 (W2) 3,560 / December 2022 (W3) 3,457 / July 2023 (W4) 3,434 / January 2024 (W5) 3,439. Significant difference shown against previous wave at 95% confidence interval

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[4] CPI is calculated as a comparison metric where prices in 2015 are given a value of 100. Ofgem reduced the price cap for Q3 2023 to £2,074 for typical annual consumption, meaning prices for SVTs fell for the first time in almost three years. There was a further 7% cut in the price cap in Q4 2023.

Affordability issues

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[5].

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

- **no affordability issues:** those experiencing none of the issues
- **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 issues other than only reducing their energy use. This is not mutually exclusive with reducing energy use.

Mirroring the decline in those struggling to afford household bills, for the first time since July 2023 there has been a meaningful increase in the proportion of consumers who reported no affordability issues, from 32% to 44%, placing this at its highest levels since tracking began in March 2022.

While over a quarter (27%) of consumers reported experiencing affordability issues beyond saving energy, this was down from 37% in July 2023 to 27%, and is now at its lowest levels since tracking began.

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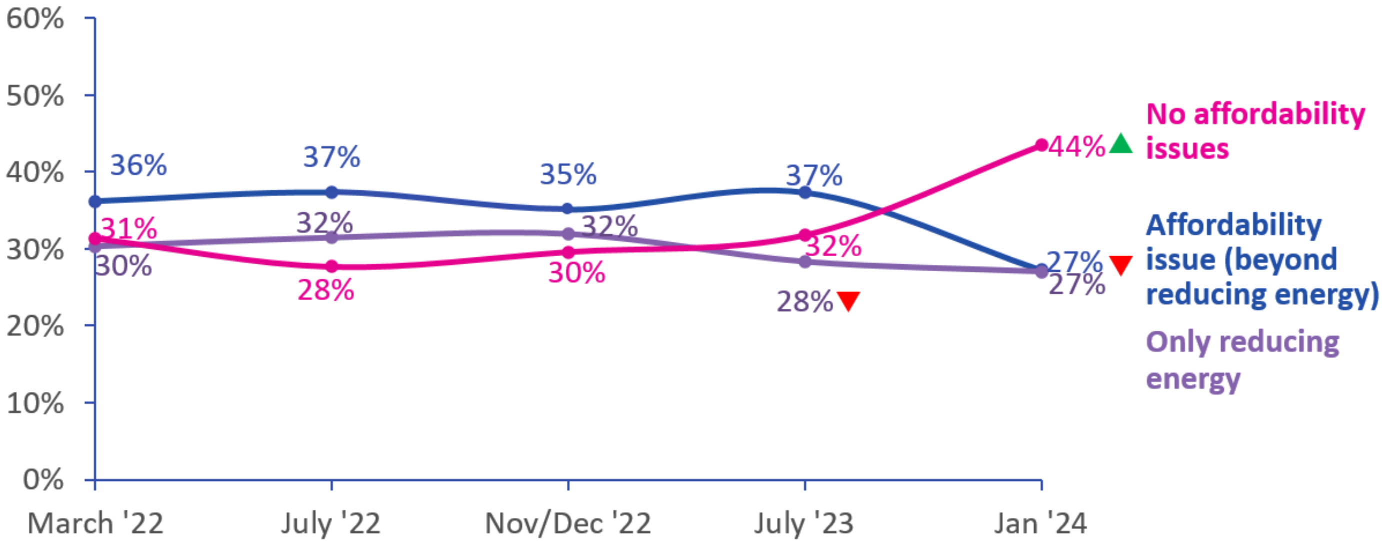
[5] Options included: reduced the amount of energy we are using; contacted our energy supplier to ask for assistance with paying our energy bills; energy supplier has contacted us to offer us assistance with paying our energy bills; been unable to top up the meter because we can't afford it; reduced 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

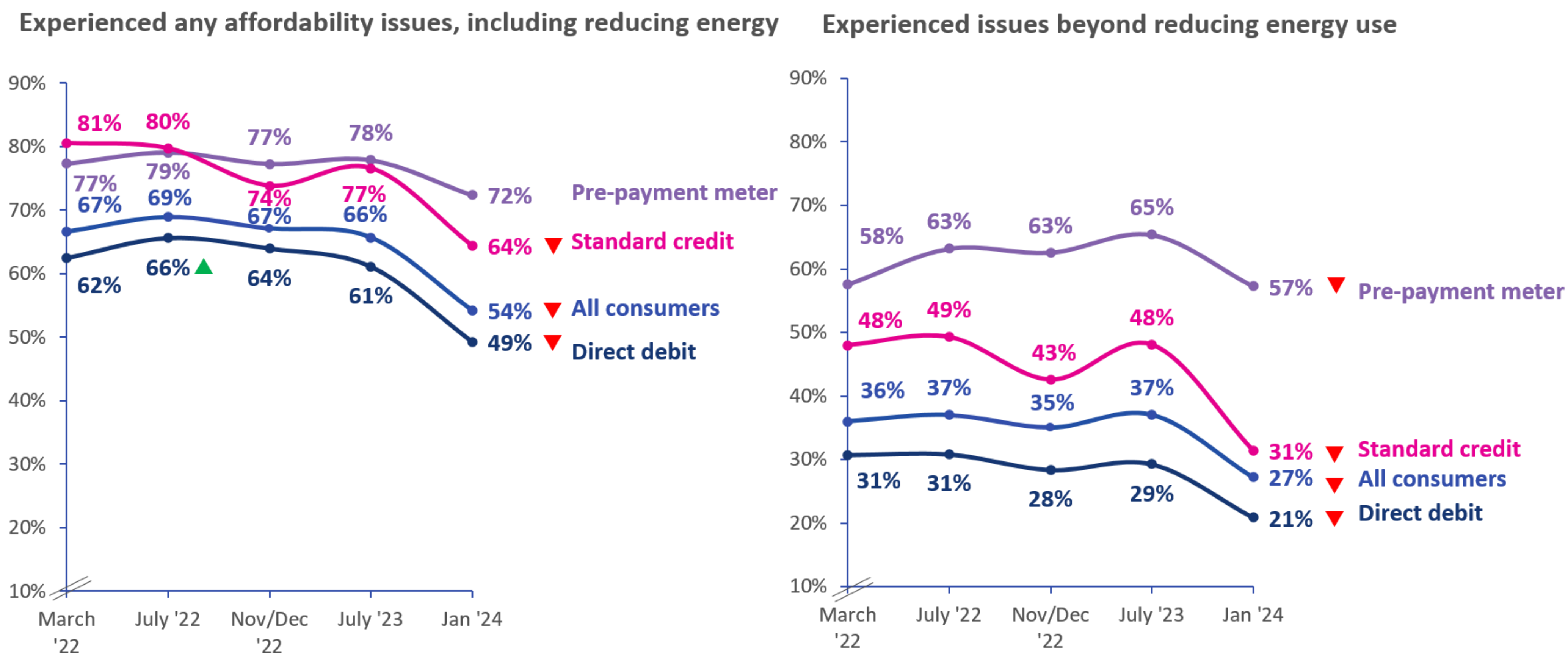
Figure 6: Affordability issues experienced by households over time



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: March 2022 (W1) 3,479 / July 2022 (W2) 3,560 / December 2022 (W3) 3,457 / July 2023 (W4) 3,434 / January 2024 (W5) 3,439
Significant difference shown against previous wave at 95% confidence interval

The proportion who reported experiencing affordability issues beyond saving energy has reduced for all payment types, particularly standard credit, where 31% did so as compared to 48% in July 2023. One in five (21%) of direct debit customers reported experiencing issues beyond reducing energy use, as compared to 29% in July 2023. While this has also reduced for prepayment meter customers, from 65% to 57%, it is worth noting that the majority of this group continued to report experiencing affordability issues (beyond reducing energy).

Figure 6: Any affordability issues over time, and affordability issues beyond 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: March 2022 (W1) 3,479 / July 2022 (W2) 3,560 / December 2022 (W3) 3,457 / July 2023 (W4) 3,434 / January 2024 (W5) 3,439

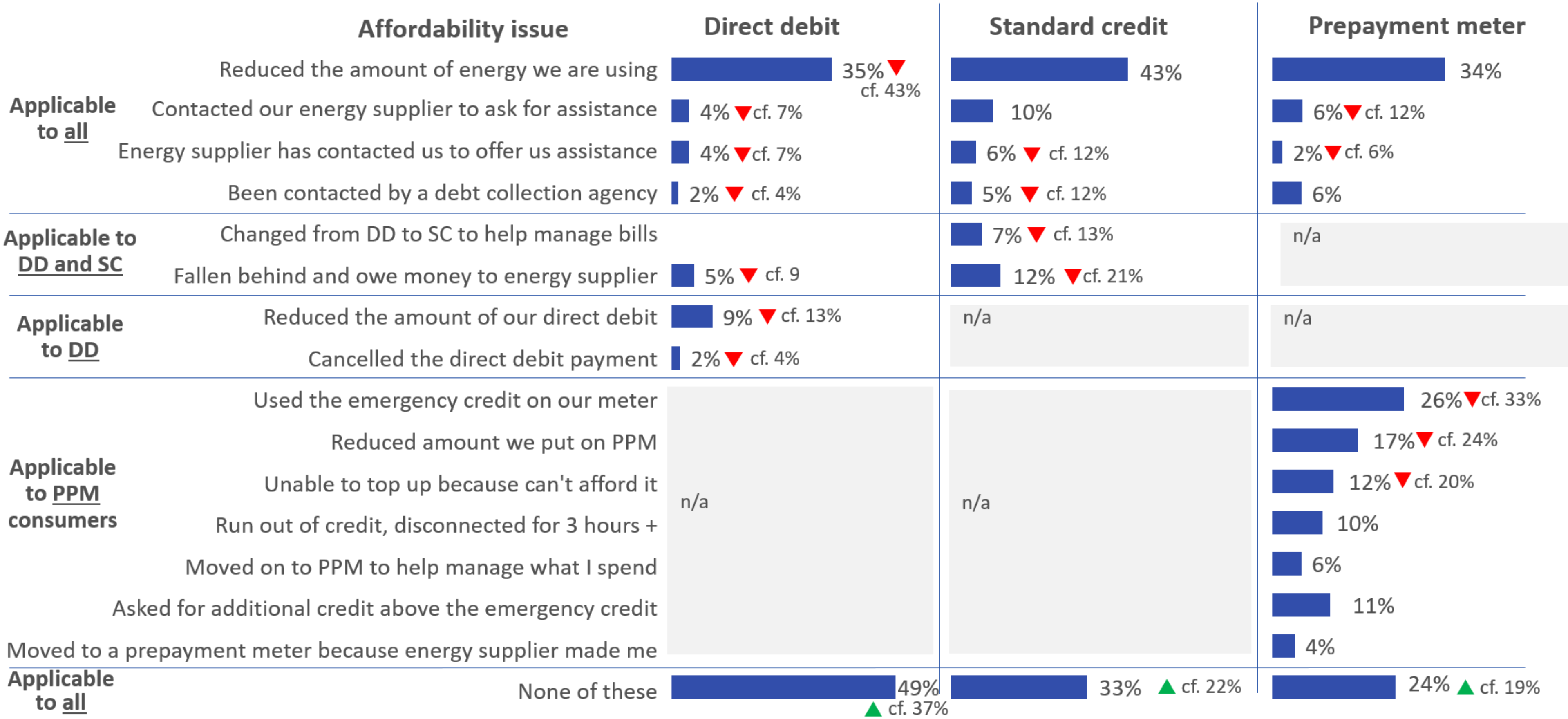
PPM base c. 500. SC base c. 400 DD base c. 2,400 per wave

Significant difference shown against previous wave at 95% confidence interval

Encouragingly, a wide range of affordability issues were less evident since July 2023 across all payment methods, as detailed below. Nonetheless, it remains a serious concern that one in ten consumers on a prepayment meter report being unable to afford to top up (12%).

- **Direct Debit:** 2% mentioned being contacted by a debt collection agency, as compared to 4% in July 2023, 5% mentioned falling behind and owing money to their energy supplier, compared to 9%, 2% mentioned cancelling their direct debit, compared to 4%
- **Standard credit:** 12% mentioned falling behind, as compared to 21% in July 2023, and 5% mentioned being contacted by a debt collection agency, as compared to 12%
- **Prepayment meter:** 26% mentioned using emergency credit, 17% reducing the amount put on and 12% not being able to afford to top up, as compared to 33%, 24% and 20% respectively in July 2023.

Figure 7: Affordability issues by method of payment



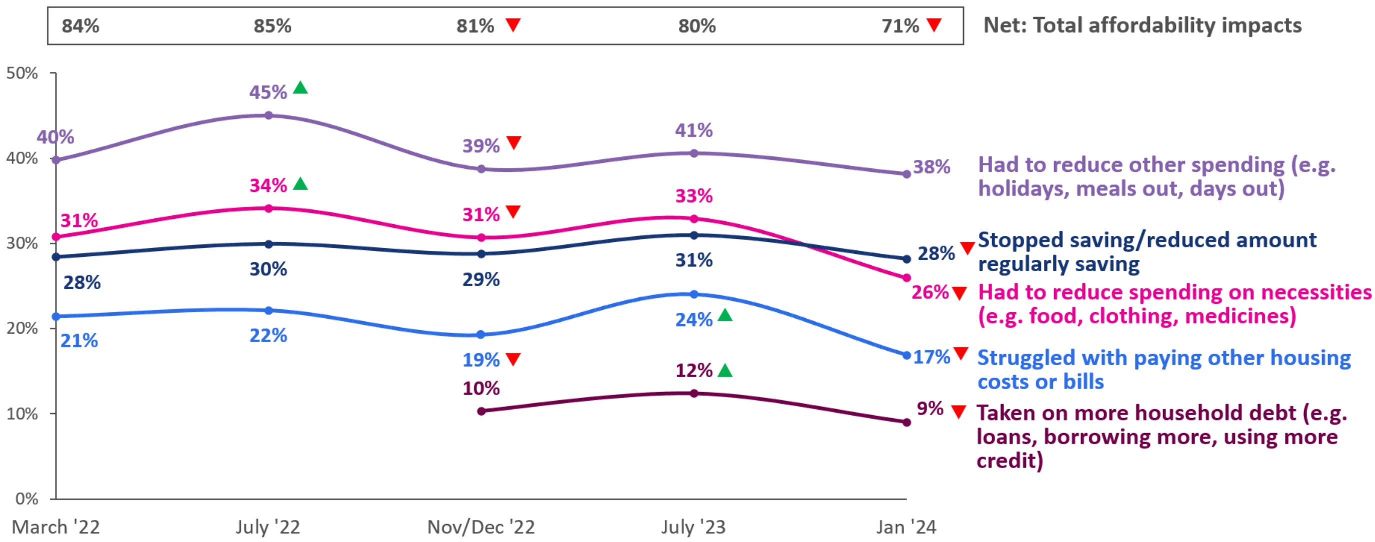
E3. Thinking about your energy bills over the last 3 months. Which, if any, of the following have happened to you or your household because of affordability issues? (DD = Direct Debit, SC = Standard Credit, PPM = Prepayment Meter)
Base: All respondents: January 2024 Prepayment meter 470; Standard credit 387; Direct debit 2,545
Significant difference shown against previous wave at 95% confidence interval

Affordability impacts

Seven in ten (71%) consumers reported a wider impact of high energy costs on their households. While high, this represents a reduction on the 80% who did so in July 2023.

The affordability impacts that saw the greatest reduction were reducing saving (from 31% to 28%), reducing spend on necessities (from 33% to 26%), and taking on more household debt (from 12% to 9%). In addition, reflecting the findings in earlier sections, the proportion who reported struggling to pay other housing costs or bills has reduced from 24% to 17%.

*Figure 8: Wider household affordability impacts of increased costs of home energy (selected impacts shown) **



E2. What impacts, if any, have the increased costs of home energy had on your household?
Base: All respondents: March 2022 (W1) 2,500 / July 2022 (W2) 2,791 / December 2022 (W3) 3,457 / July 2024 (W4) 3,434 / January 2024 (W5) 3,439
Significant difference shown against previous wave at 95% confidence interval
**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 onwards, this was changed to be asked to all respondents.*

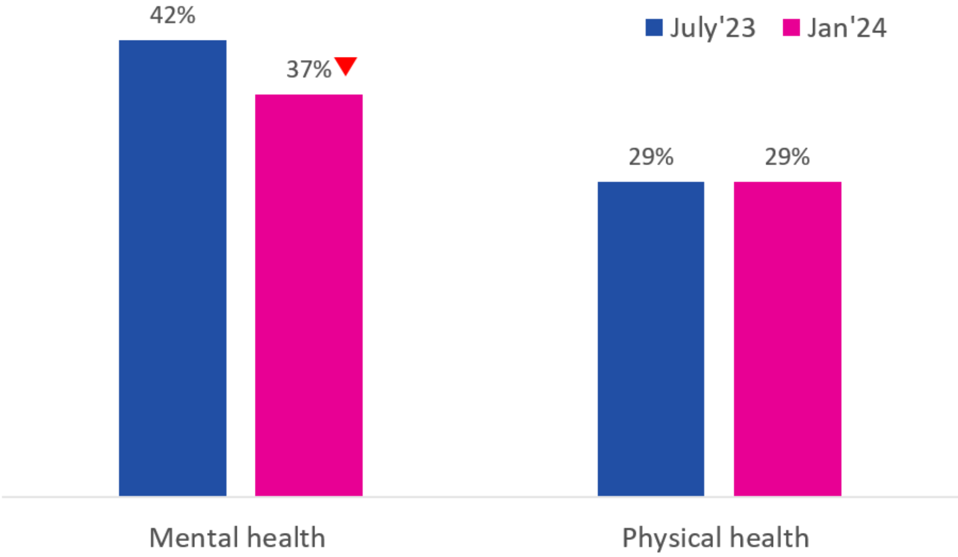
Around one in seven (15%) reported that they could rarely or never keep rooms being used at a comfortable temperature in the last month.

Those 'vulnerable' (24%) or 'highly vulnerable' (35%) to the rising cost of living were much more likely to say they can rarely or never keep the rooms in their home at a comfortable temperature.

Those who pay for their energy by standard credit (20%) or prepayment meter (24%) were also much more likely to be unable to keep their rooms at a comfortable temperature.

Reducing home energy has also had knock-on effects on mental health, although to a lesser extent than was the case in July 2023. Two in five (37%) said taking action to reduce the cost of their energy bills has had a negative impact on their mental health, as compared to 42% in July 2023. Three in ten (29%) said the same about their physical health, in line with July 2023.

Figure 9: Negative impact of reducing the cost of energy bills



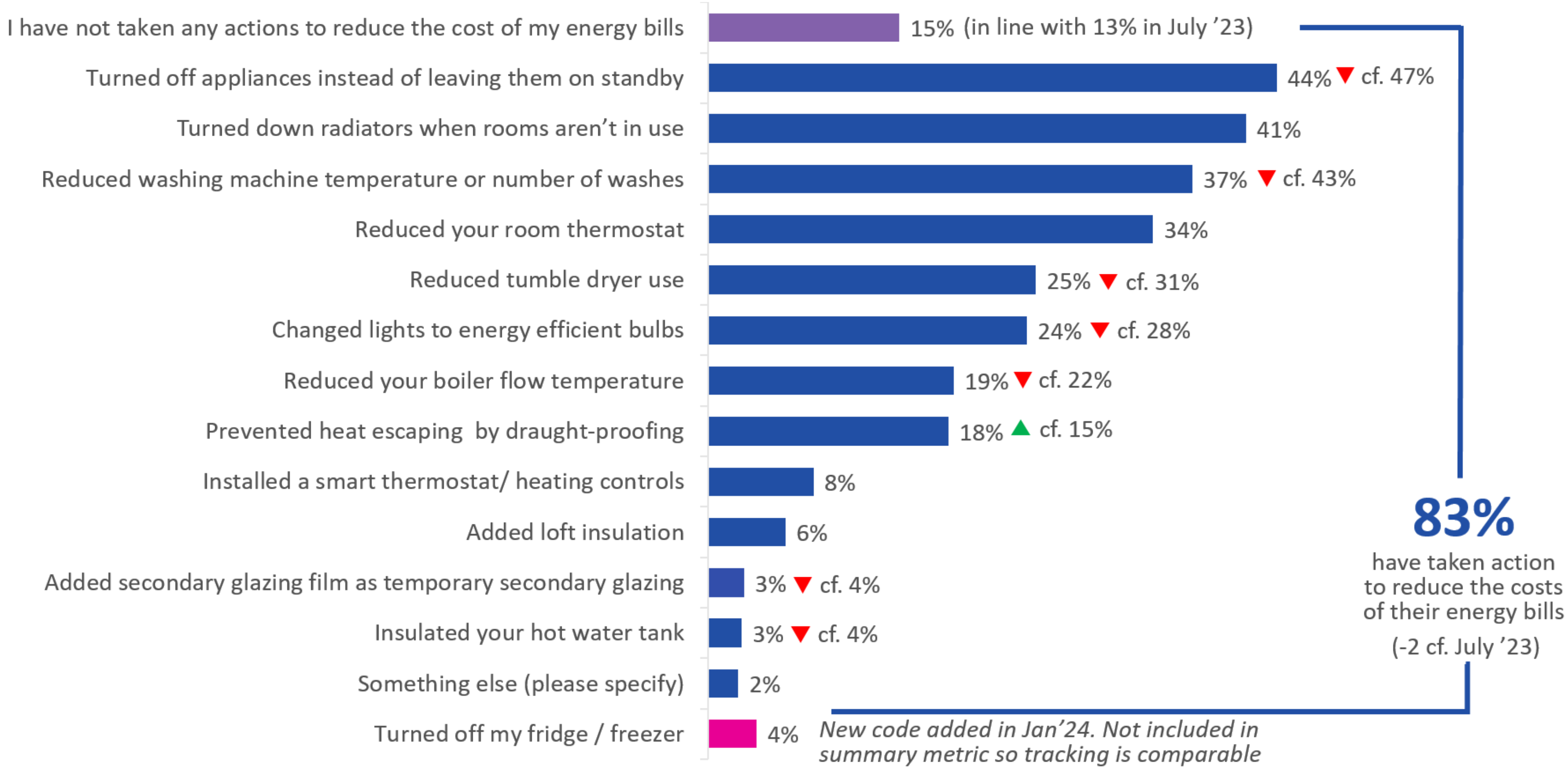
E27. You mentioned you had taken action to reduce the cost of your energy bills. To what extent is this having a positive or negative effect on the following?
Base: All who are reducing the costs of their energy bills: July 2023 (W4) 1,447 / January 2024 (W5) 1,234
Significant difference shown against previous wave at 95% confidence interval

The difference in impact across the different cost of living groups remains striking. Among those taking action to reduce their energy consumption, 64% of those in the 'highly vulnerable' group said their efforts have negatively impacted their mental health compared to 15% in the 'doing well' group. As such, the ‘highly vulnerable’ group were four times more likely to be experiencing negative health impacts related to reducing the cost of energy bills as consumers in the ‘doing well’ group. Negative impacts on mental health were also more prevalent amongst those with someone with a disability in their household (52%), and those who are dissatisfied with their energy supplier (57%).

Actions taken to reduce cost of energy

Overall, a large majority (83%) reported taking action to try to reduce the cost of their energy, in line with July 2023 (85%), although many specific actions saw decreases. The actions which did not decline compared to July 2023 were those related to heating the home, which might be expected given that fieldwork was conducted during the winter.

Figure 10: Actions taken to reduce the costs of energy bills[6]



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: July 2023 (W4) 3,434 / January 2024 (W5) 3,439
Significant difference shown against previous wave at 95% confidence interval

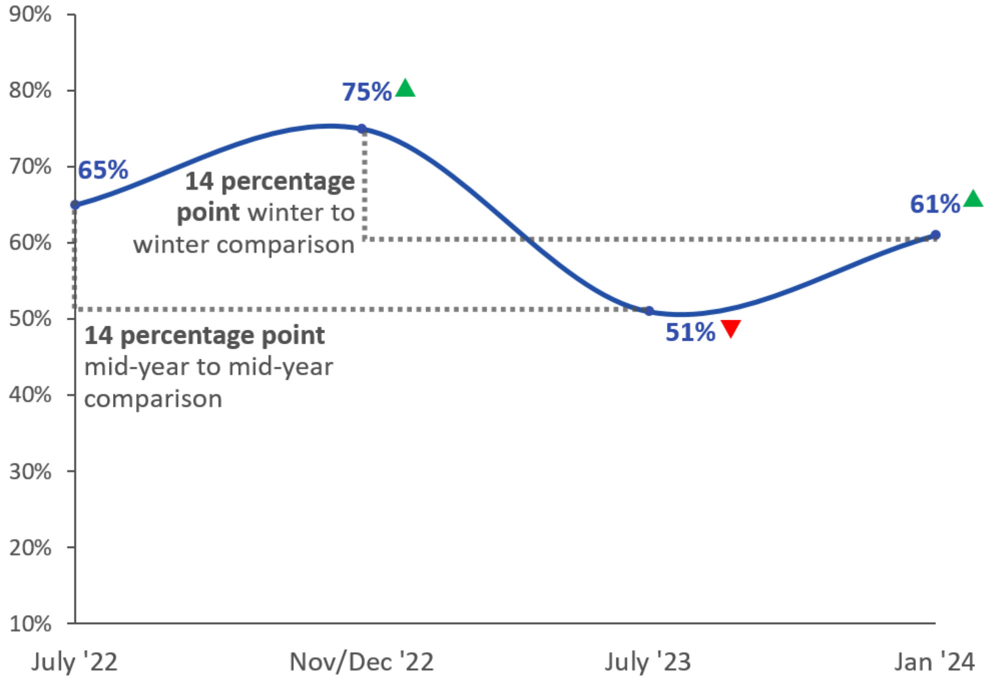
[6] Note only those actions taken by more than 3% of consumers are listed. Full results are available in supporting data tables.

Expectations about how the market will change

The chart below shows how consumers' expectations of short-term price rises fluctuate between a peak in winter and a low in the summer.

While a majority expected their energy bill to increase by the end of March 2024 (61%), this expectation was significantly lower than in winter last year (75%). The percentage point gap between the winter last year and this year is the same as the gap between last summer and the summer before that (both 14%). This shows that while expectations of prices rises fluctuate seasonally, year-on-year expectations have declined.

Figure 11: Expectations that household energy costs will go up in the short-term future



E10. Looking forward, what do you think will happen to your household's energy costs across the following time periods? (between now and March 2024)
Base: All respondents: January 2024 (W5) 3,439
Significant difference shown against previous wave at 95% confidence interval

Those who said they were likely to compare energy tariffs in the next 3 months were more likely to expect prices to rise in the short-term (67%) than those unlikely to compare tariffs (54%). The same was true for those likely to switch supplier (66% cf. 53%) or to switch tariff with the same (64% cf. 52%).

Sources of Support: Are consumers aware of sources of support?

Overview of findings

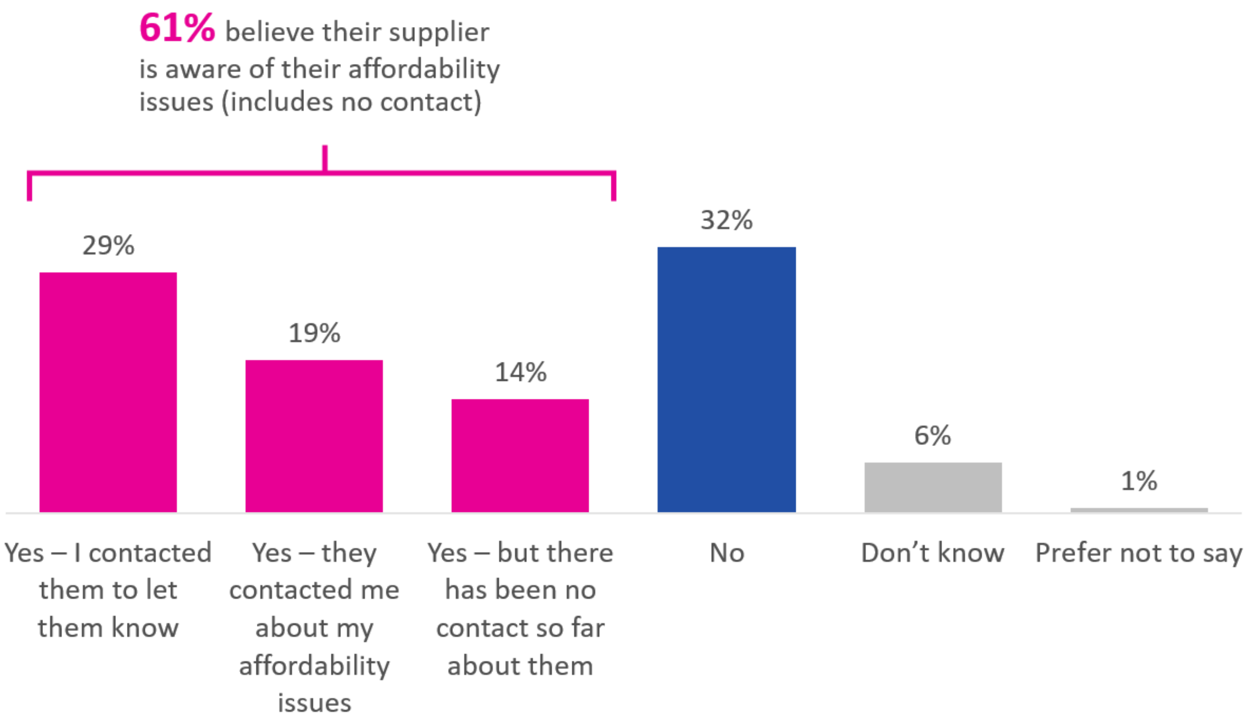
- **Supplier awareness –** Around one-third of consumers experiencing energy affordability issues reported that their supplier was unaware (32%). Where suppliers were aware, this was most commonly because consumers had made contact with the supplier (29%), with fewer being contacted by their supplier (19%). One in seven experiencing affordability issues reported no contact on the subject (14%).
- **Consumers contacting suppliers –** This is at its lowest level since tracking began. A quarter (27%) have reached out for help, including a fifth (19%) who have sought institutional help[7].Those seeking help most commonly do so from friends/family, debt/advice charities or their supplier.
- **Suppliers contacting consumers –** Fewer consumers reported having been contacted by their supplier in the last three months (47%). This continues a long-term decline since March 2022, the decline in consumers reporting contact with their supplier was driven largely by fewer contacts regarding information or advice about paying energy bills.
- **Sources of energy advice –** Martin Lewis/ Money Saving Expert remains the most common source (42%), while Ofgem was mentioned by around one in five (17%) consumers.

Supplier awareness of affordability issues

Among consumers experiencing affordability impacts a third (32%) believed that their supplier was unaware of their affordability issues. Where consumers did believe their supplier was aware the majority reported that this was because they had contacted their supplier to let them know (29%). A further 14% said they thought the supplier was aware, but they had not had any contact so far. Only one in five (19%) said their supplier contacted them proactively about their affordability issues.

[7] Included in institutional support are official, formal organisations – Citizens Advice, Ofgem, energy suppliers, local authorities, StepChange, Money Advice Trust or other debt advice charities.

Figure 12: Supplier awareness of affordability issues



E26: You said you had experienced an issue with affordability of energy bills. Do you think your supplier is aware of these affordability issues?
Base: All having recent or repeat affordability issues (737)

Amongst those who are facing affordability issues, certain groups were more likely to say their supplier is unaware of these problems. These included consumers with no children under 5 in household (34% vs. 23% of those with children under 5), those without high risk needs[8] in the household (34% vs 15% of those with high risk needs), those not on benefits (39% vs. 26% of those on benefits) and those on a prepayment meter (42% vs. 13% of those on standard credit and 31% of those on direct debit).

Those who thought their supplier is aware of their affordability issues were more likely to say that they trust them to charge them a fair price than those who thought their supplier was unaware of their issues (49% cf. 40%).

Accessing support for paying energy bills

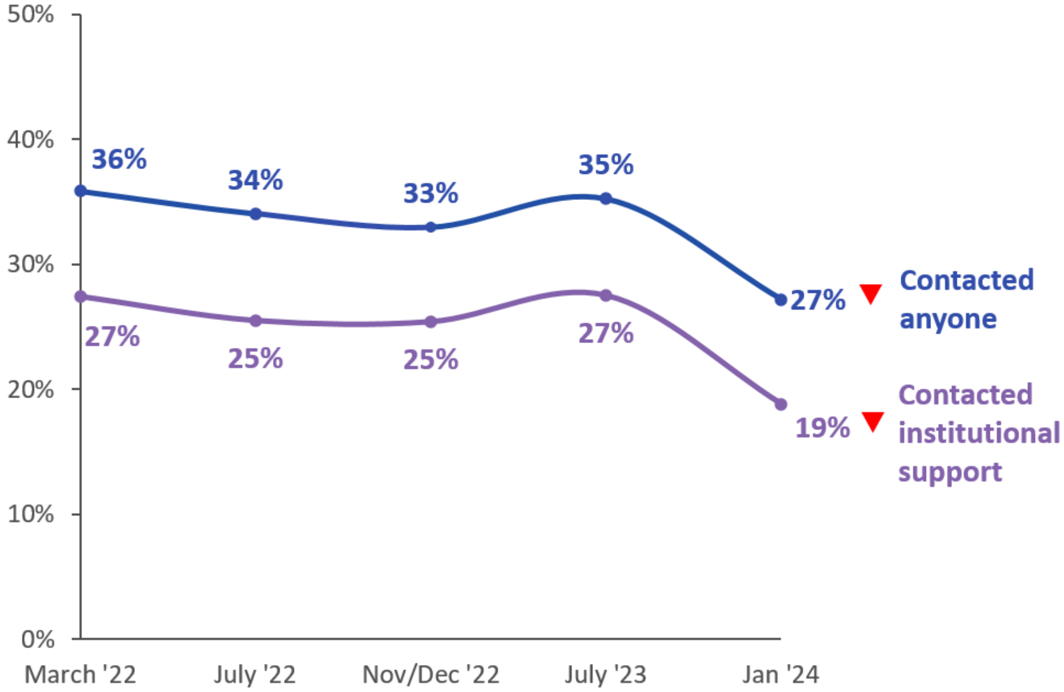
With affordability pressures easing, there has been a corresponding decline in consumers contacting anyone for advice or support with paying energy bills, from a consistent level of around a third from March 2022 until July 2023, to its lowest level of 27% in the latest wave.

[8] This is defined as any household where any one person has high-risk needs that require you to use medical equipment at home that run on energy. For example, this could be a dialysis machine, an oxygen concentrator or a ventilator.

Likewise, there has also been a reduction in the proportion of consumers who have sought institutional support, from around a quarter since March 2022, to 19% in the latest wave.

Those consumers who are 'vulnerable' (28%) or 'highly vulnerable' (41%) to the rising cost of living were much more likely to have reached out for support than those who were 'doing well' (21%).

Figure 13: Contact for advice or support with paying energy bills over time



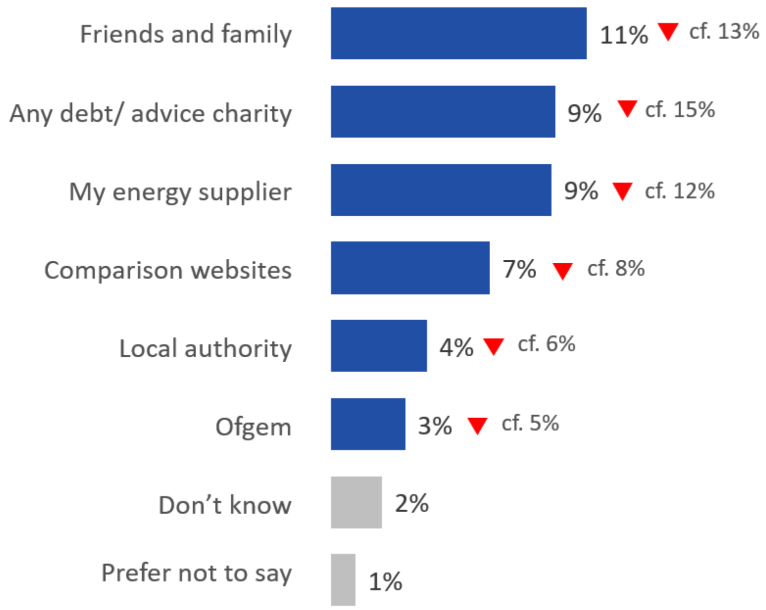
E5: Have you contacted any of the following for information, advice or support with paying your energy bills in the past 3 months?

Base: All respondents: March 2022 (W1) 3,479 / July 2022 (W2) 3,560 / December 2022 (W3) 3,457 / July 2023 (W4) 3,434 / January 2024 (W5) 3,439

Significant difference shown against previous wave at 95% confidence interval

Reflecting the reduced levels of contact overall, fewer consumers sought advice or support from all sources than was the case in July 2023.

Figure 14: Contact for advice or support with paying energy bills

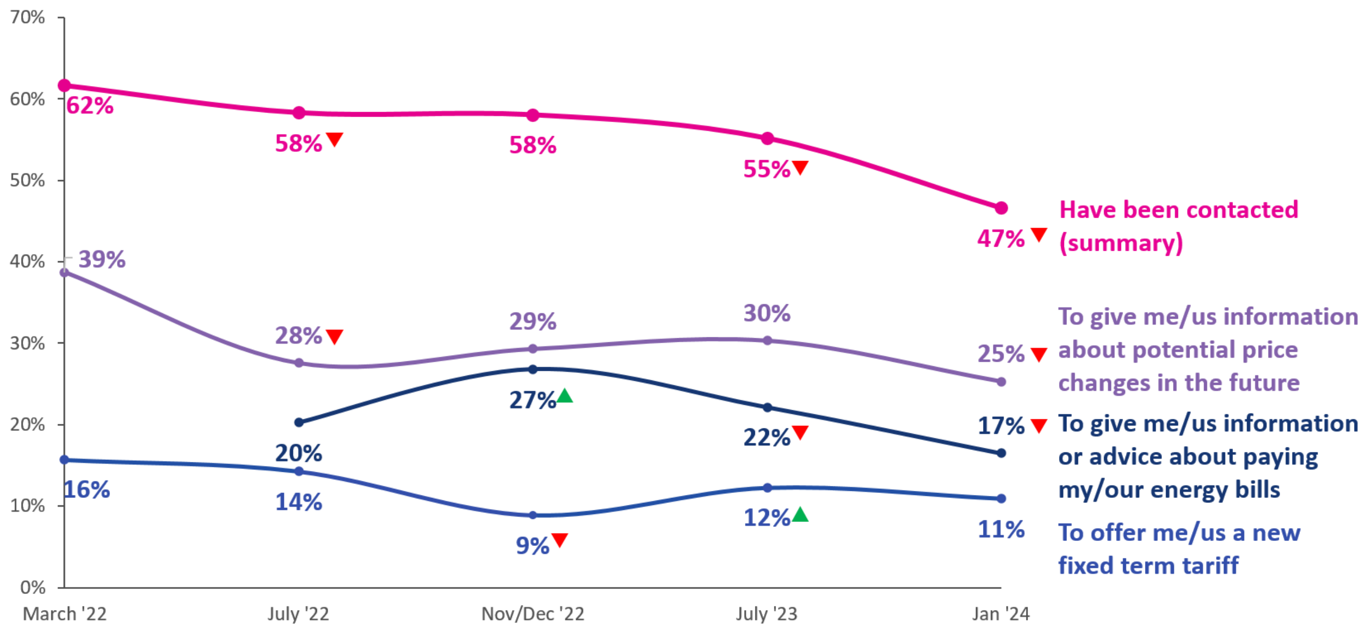


E5: Have you contacted any of the following for information, advice or support with paying your energy bills in the past 3 months?
Base: All respondents: January 2024 (W5) 3,439
Significant difference shown against previous wave at 95% confidence interval

Supplier contact

Fewer consumers this wave reported having been contacted by their supplier in the last three months continuing a long-term decline since March 2022, from 62% to 47%. This was driven largely by fewer customers reporting contact from their supplier regarding information or advice about paying energy bills, from 39% in March 2022 to 25% in the latest wave.

Figure 15: Supplier contact in the last three months



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?
Base: All respondents: March 2022 (W1) 3,479 / July 2022 (W2) 3,560 / December 2022 (W3) 3,457 / July 2023 (W4) 3,434 / January 2024 (W5) 3,439
Significant difference shown against previous wave at 95% confidence interval

Those with high risk needs[9] in the household were more likely to have been contacted by their supplier than those without (66% vs. 46%).

Those consumers who are 'highly vulnerable' (43%) to the rising cost of living were much less likely to say they had been contacted by their supplier than those who were 'doing well' (52%), reflecting possible issues around proactive support for those with affordability issues.

Sources of advice

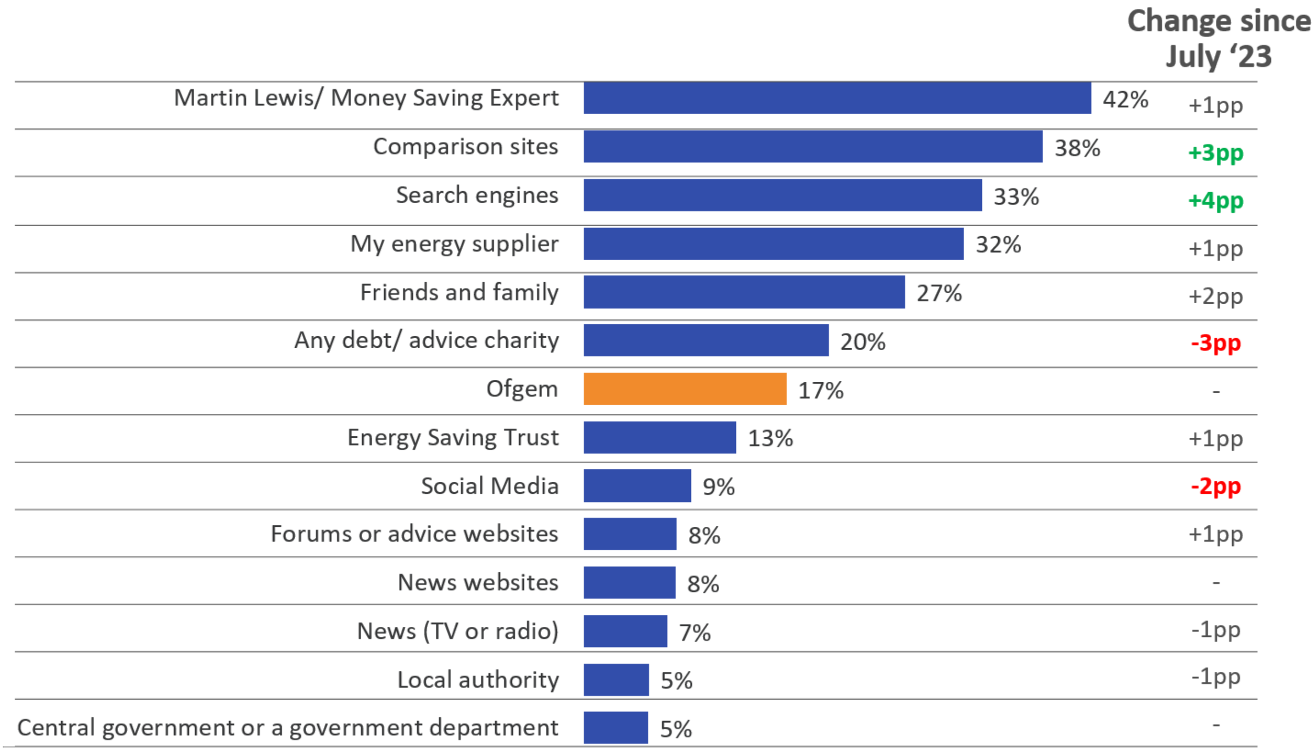
When asked about who they might contact in the future for advice about the energy market, energy bills or switching suppliers, Martin Lewis / Money Saving Expert (41%) remains the top source that consumers mentioned.

This was followed by comparison sites (38%), search engines (33%), energy suppliers (32%), and friends and family (27%).

One in five (17%) said they might contact Ofgem, in line with July 2023.

[9] Those with high-risk needs are defined as all those who answered 'Yes' to the question *F7A. Do you or anyone in your household have any high risk needs that require you to use medical equipment at home that run on energy? For example, this could be a dialysis machine, an oxygen concentrator or a ventilator.*

Figure 16: Sources consumers would go to for energy advice



Source: 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: January 2024 (W5) 3,439

Priority Services Register (PSR) and Distribution Network Operator (DNO)

Overview of findings

- **Eligibility and takeup –** Many of those eligible for the PSR are not on it. While 16% of all respondents reported being on the PSR, a further four in ten (39%) were likely to be eligible, including 28% not aware of the PSR at all.
- **Perceived ineligibility –** Many consumers aware of the PSR and likely to be eligible are not on it. Amongst these respondents, perceived ineligibility is the biggest barrier, cited by six in 10 (62%) of this group.
- **DNO awareness –** Consumers' awareness of their DNO is even lower than when last measured in Dec 2022. Prepayment meter customers and those highly vulnerable to the cost of living crisis were less likely than average to be aware of/familiar with their local DNO.[10]

Background – What is the Priority Services Register?

The Priority Services Register (PSR) 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)

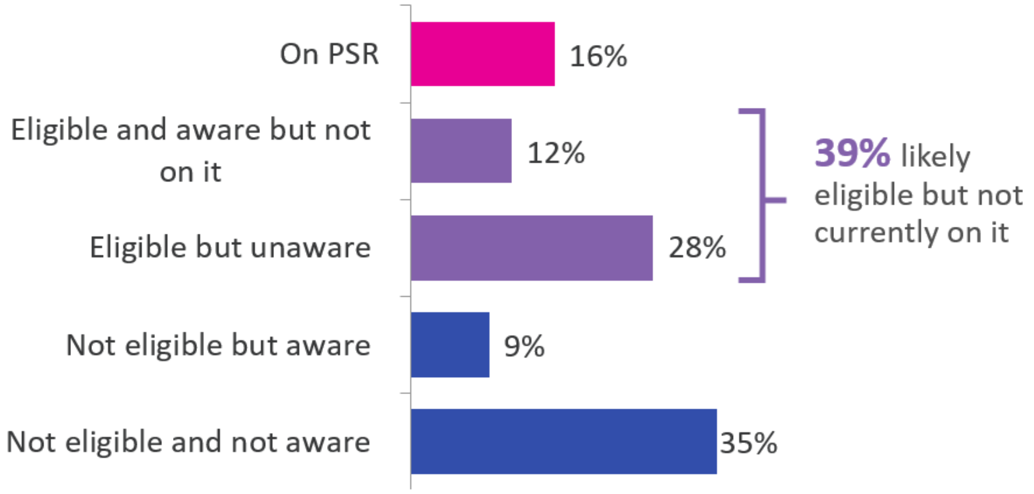
[10] This is not an unexpected finding given that most DNOs have no direct relationship with customers.

Awareness and eligibility for PSR

Overall, 16% of respondents reported being on the PSR, and a further 39% indicated that they are likely to be eligible to be on the PSR but are not currently on it, including 28% who are likely to be eligible but are unaware of the PSR.

These findings are consistent with December 2022 and July 2023.

Figure 17: 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: All respondents: January 2024 (W5) 3,439

Consumers aged 65+ (29%) or households in which someone has a disability[11] (36%) were much more likely to say they are on the PSR than those expecting or with a child under 5 in the household (17%).

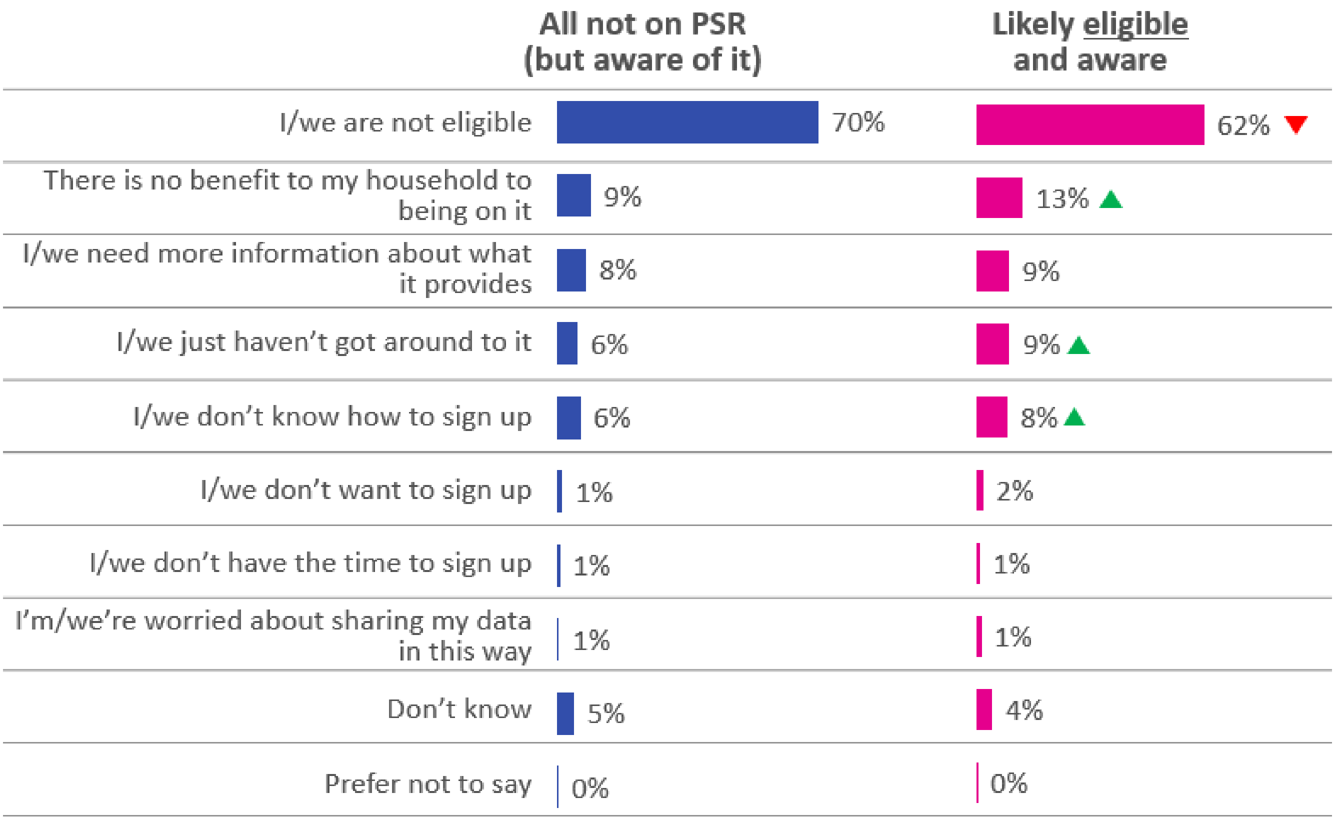
Those likely eligible but unaware of the PSR are 2.6 times more likely than the average consumer to have children under 5. They are 1.6 times more likely than average to have a long-term illness, or a physical or mental health condition or disability, and 1.4 times more likely to be aged over 65. This suggests that parents of young children are a key target in terms of boosting awareness amongst eligible groups.

[11] This is recorded as any household in which any one person has a long-term illness, physical or mental health problem or disability which limits their daily activities or the work you can do. This includes problems due to old age

When those aware of the PSR were asked why they were not on it, 62% of those likely to be eligible stated that they thought they were ineligible.

Around one in ten of this group also mentioned there being no benefit (13%), needing more information (9%), having not got around to it (9%) or not knowing how to sign up (8%).

Figure 18: Reasons for not being on the PSR

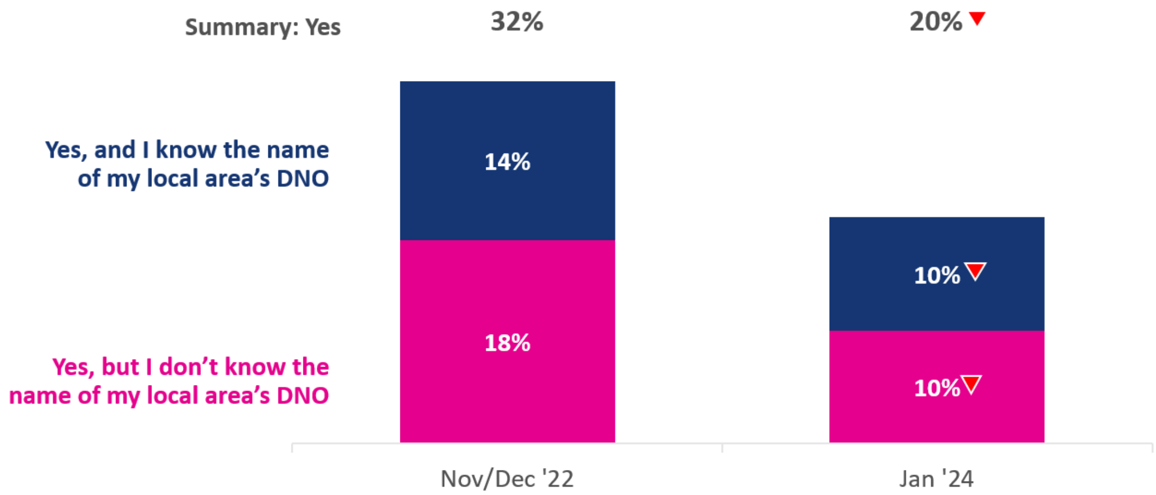


F6C. Which of the following reasons best describes why there isn't anyone in your household on the Priority Services Register?
Base: All respondents not on PSR January 2024 (W5) (698)
Significant difference shown against all not on PSR but aware of it at 95% confidence interval

Awareness of local Distribution Network Operator (DNO)

Consumer awareness of the local DNO has fallen further since December 2022, the last time this question was asked, from 32% to 20%[12]. In late 2022, media discussions about potential energy shortages and outages were prevalent. The changes observed in our figures may be partly attributable to these concerns becoming less prominent.

Figure 19: Awareness of local Distribution Network Operator



B16D: Are you aware of your Distribution Network Operator (DNO) for electricity?
Base: All respondents except those with mains gas only. November/December 2022 (W3) 3,423 / January 2024 (W5) 3,426
Significant difference shown against previous wave at 95% confidence interval

Prepayment meter customers (14%) and those classified as 'highly vulnerable' to the cost-of-living crisis (14%) were less likely than average to be aware of, or know the name of, their local DNO. However, those with children under 5 in their household (28%) and those with any individuals with high risk needs in their household (44%) are more likely to be aware or know the name of their local DNO.

Those engaged with the energy market were also more likely to be aware or know the name of the local DNO (e.g. 32% of consumers who have switched to a new supplier in the past 6 months). Nonetheless, a majority of these consumers had not heard of their local DNO.

[12] It is important to note that Ofgem does not otherwise test awareness of DNO operators among consumers. As such, this should be understood as *reported* awareness of DNO operators among survey respondents.

Payment method and tariff preferences: How do consumers understand payment methods and tariffs?

Payment frequency

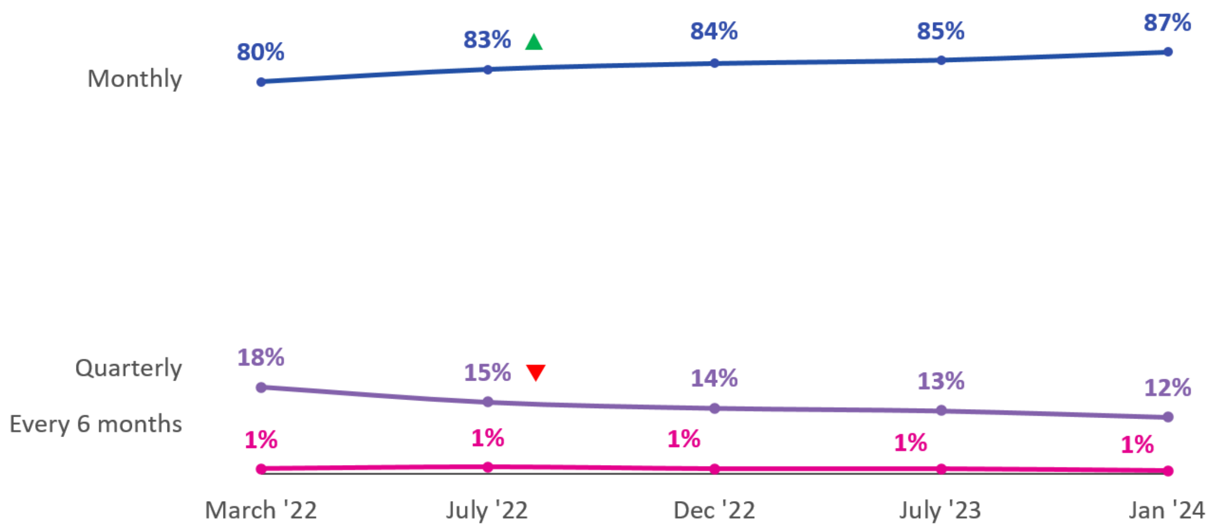
Overview of findings

- **Payment frequency –** Monthly payments are the most common**.** Around nine in ten consumers report paying monthly, and one in ten quarterly. The share paying monthly has slowly increased since the question was first asked in March 2022.
- **Payment frequency impact –** Amongst consumers paying by direct debit, those paying quarterly were less likely than those paying monthly to see the benefits of their payment method when it comes to budgeting, convenience, control and cost.
- **Payment frequency preference –** Importantly, most consumers do not want to change their current payment frequency (94%), though those who pay quarterly are less likely to say this (87%) than those who pay monthly (95%).

Prevalence of different frequencies

Monthly payments continue to be the most common frequency of payments, with 87% of consumers paying monthly. This has slowly increased over time, up from 80% in March 2022. Quarterly payments have declined over the same time period (12% cf. 18% in March 2022).

Figure 20: Frequency of payment



A11: How often do you usually pay?
Base: All who do not have a prepayment meter: March 2022 (W1) 2,999 / July 2022 (W2) 3,008 / December 2022 (W3) 2,922 / July 2023 (W4) 2,860 / January 2024 (W5) 2,961
Significant difference shown against previous wave at 95% confidence interval

Direct debit customers were more likely than standard credit customers to pay monthly (91% cf. 61%), while standard credit customers were more likely to pay quarterly (35% cf. 8%).

Impact of payment frequency

Those who pay quarterly were more likely to have affordability issues. For example, those paying quarterly were more likely than those paying monthly to be struggling or behind on their bills (68% cf. 58%).

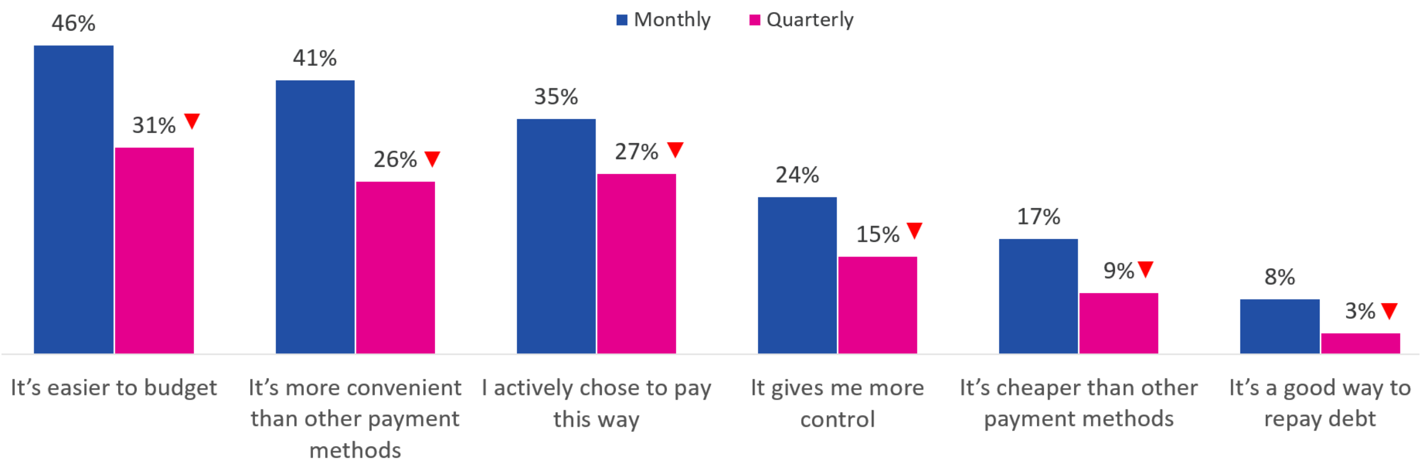
However, it should be noted that both of these differences may be driven by payment method, as standard credit customers are more likely than direct debit to be struggling or behind on their general household bills (75% cf. 57%).

Given standard credit customers were more likely to pay quarterly, it is likely that these higher level observed differences between monthly and quarterly payment frequencies are at least in part driven by differences in payment method.

By isolating standard credit customers, we can more accurately attribute observed effects to payment frequency. Standard credit customers paying quarterly were more likely to say that they are behind on their energy bills than standard credit customers who pay monthly (14% cf. 8%). However, due to small sample sizes, this data should be interpreted cautiously, and more investigation is required.

We can also isolate direct debit customers to show that those paying by quarterly direct debit were less likely than those who pay by monthly direct debit to see the benefits of their payment method when it comes to budgeting (31% compared to 46% of those paying by monthly direct debit), convenience (26% compared to 41%), control (27% compared to 35%) and cost (9% compared to 17%).

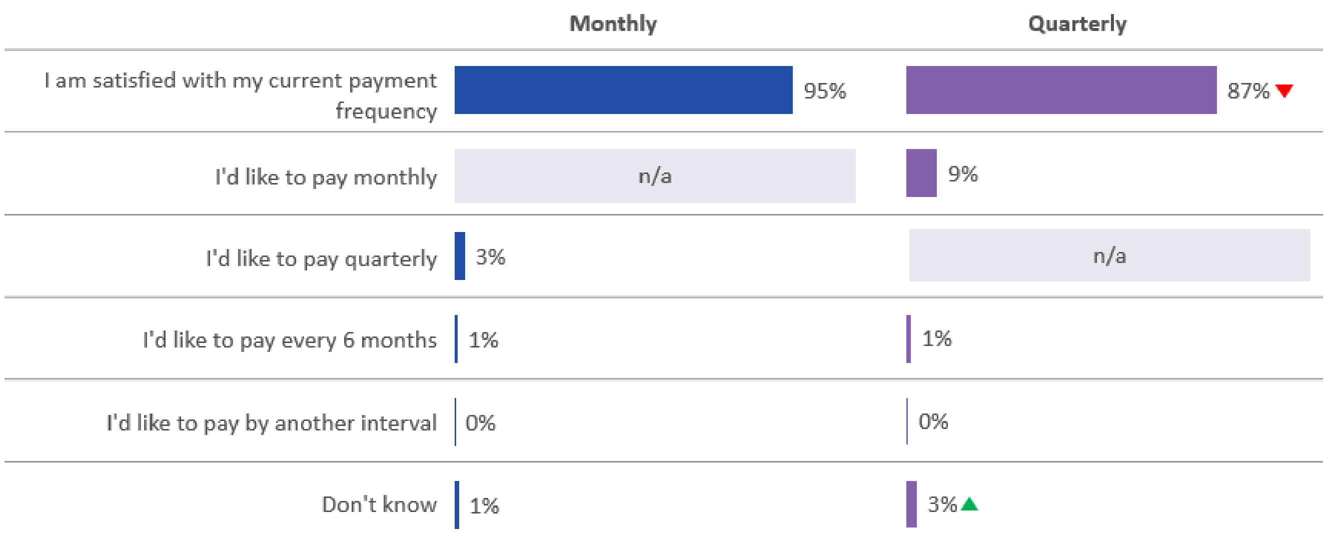
Figure 21: Reasons for paying by direct debit split by payment frequency



A15: Why do you use the payment method you use?
Base: January 2024 (W5): All respondents who pay via direct debit monthly (2,355), or quarterly (166)
Significant difference shown against monthly at 95% confidence interval

Those who pay quarterly were less likely to be satisfied with their current payment frequency than those who pay monthly (87% cf. 95%). For those who pay quarterly and would like to change their frequency, these consumers were most likely to want to pay monthly (9%).

Figure 22: Satisfaction with current payment frequency by payment frequency



Source: A11B: Are you satisfied with your current payment frequency, or would you prefer a different payment frequency for your current tariff?
Base: Base: All who do not have a pre-payment meter and know how often they pay (2,947)
Significant difference shown against monthly at 95% confidence interval

Payment method

Overview of findings

- **Payment method satisfaction –** Most consumers (85%) did not wish to change their payment method. Standard credit and prepayment meter customers were more likely than direct debit customers to say they want to change. For those who did want to change, standard credit and prepayment meter customers were most likely to want to change to direct debit.
- **Reasons for chosen payment method –** Direct debit customers most commonly selected budgeting and convenience. For standard credit and prepayment meter customers the most common reason was level of control, followed by budgeting. Standard credit and prepayment meter customers were more likely to say they pay this way to help understand their consumption.
- **Barriers to changing method –** Poor understanding was the most common barrier across all three payment methods, mentioned by about half of those wishing to change. This was followed by supplier barriers, mentioned by around a third. Standard credit and prepayment meter customers reported more barriers than direct debit customers.
- **Cost variation –** Only half of consumers (48%) knew costs vary by payment method.

Uptake of payment methods and the profile of each customer group

Of three types of payment methods available, the most common is direct debit, which 73% reported using, followed by 14% who have a prepayment meter and 12% who use standard credit to pay their energy bills. Only 1% reported using another method.

In general, standard credit and prepayment meter consumers are more likely than direct debit consumers to be financially vulnerable, and to be struggling with their energy bills. Looking at household income for these groups gives this context, where we can see that prepayment meter consumers are more likely to earn less than the UK median (£30k), while direct debit consumers are more likely to earn more than the UK median.

Key metric	Total	Direct debit	Standard credit	Prepayment meter	Smart PPM	Traditional PPM
Household Income (per year)						
Less than £16,000	18%	14% ▼	18%	36% ▲	35% ▲	39% ▲
Less than £30,000 (UK median)	46%	41% ▼	50%	65% ▲	64% ▲	67% ▲
Between £30,000 and £59,999 (1x-2x UK median)	33%	36% ▲	30%	21% ▼	23% ▼	18% ▼
Financial vulnerability						
Benefits recipients	35%	29% ▼	38%	61% ▲	63% ▲	58% ▲
Renting (private or social housing)	42%	32% ▼	52% ▲	81% ▲	83% ▲	79% ▲
Struggling with general household bills	53%	51% ▼	63% ▲	57%	56%	61%
Struggling with energy bills	53%	50% ▼	62% ▲	62% ▲	62% ▲	65% ▲
PSR and eligibility characteristics						
On the Priority Services Register (PSR) [of those aware of it]	45%	43%	46%	50%	51%	49%
Expecting and/or having children under 5	11%	11%	9%	12%	15%	8%
Household includes someone aged 65+	27%	31% ▲	20% ▼	13% ▼	12% ▼	16% ▼
Long-term disability or illness in household	31%	29% ▼	28%	42% ▲	48% ▲	32%

Significant difference shown against total consumers at 95% confidence interval

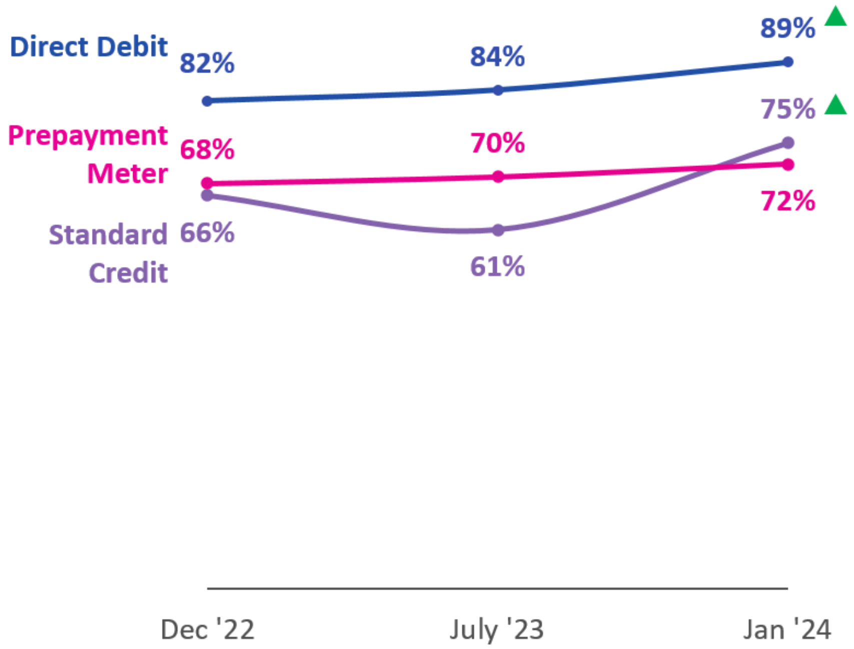
Satisfaction with payment methods

Most consumers are satisfied with how they pay for their energy.

Close to nine in ten (89%) direct debit customers said they would not want to change their payment method if they could, an uplift on the 84% who said this in July 2023.

There have also been increases in the proportion of standard credit customers who would not wish to change payment method, from 61% to 75% in the latest wave. The proportion who would not wish to change from prepayment meter has remained consistent with July 2023 at 72%.

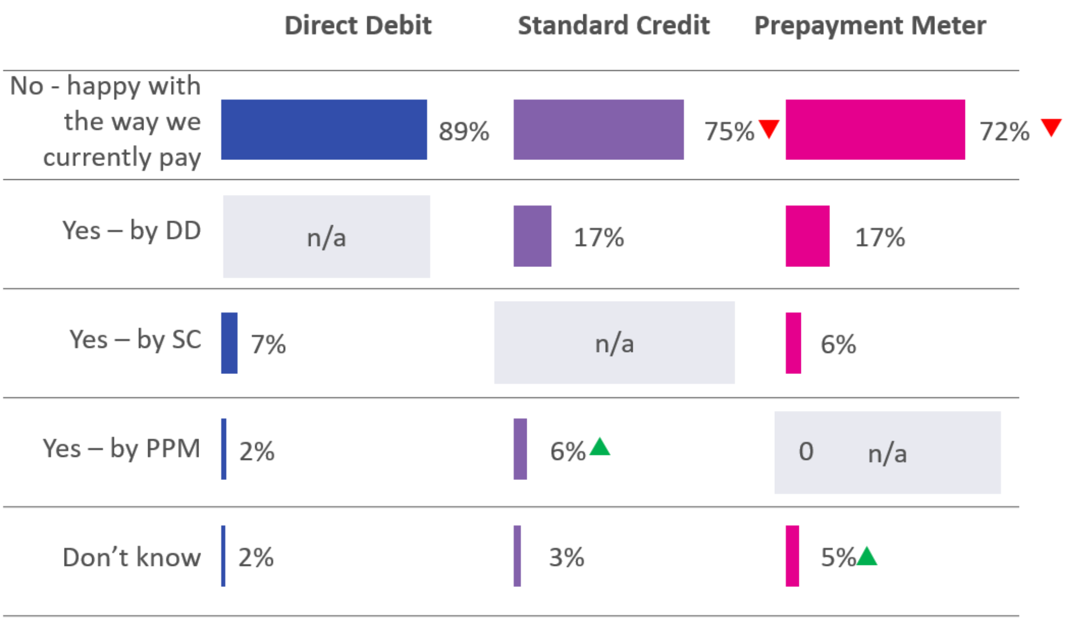
Figure 23: Do not want to change payment method by payment method



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: December 2022 (W3) 3,447 / July 2023 (W4) 3,419 / January 2024 (W5) 3,431
PPM base c. 500. SC base c. 400 DD base c. 2,400 per wave
Significant difference shown against previous wave at 95% confidence interval

For those who did want to change, standard credit and prepayment meter customers were most likely to want to change to direct debit (17% in both instances).

Figure 24: Preferred 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: January 2024 (W5) PPM base 470. SC base 387 DD base 2,545
Significant difference shown against direct debit at 95% confidence interval

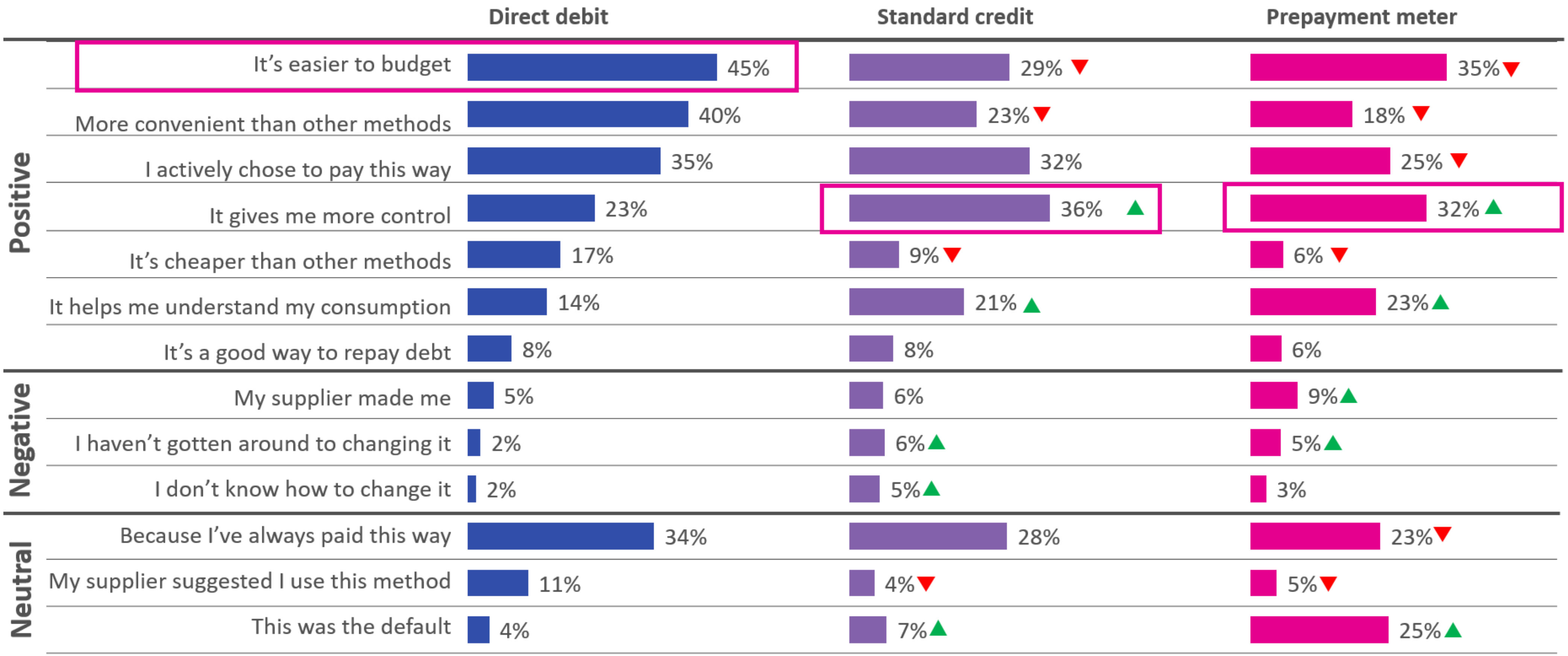
Reasons for payment method

In terms of the reasons for the payment method used, for direct debit customers the most common reasons were that it is easier to budget (45%) and more convenient (40%). For standard credit and prepayment meter customers the most common reason was the level of control (36% and 32% respectively), followed by the ease of budgeting (29% and 35% respectively).

Standard credit and prepayment meter customers were more likely than direct debit customers to say that they use their current payment method because it helps them understand their consumption (21% and 23% respectively compared to 14%).

Significant proportions of each group reported using their payment method because they had always paid this way (34% direct debit, 28% standard credit and 23% prepayment meter).

Figure 25: Reasons for payment method by payment method



A15: Why do you use the payment method you use?
Base: All respondents: January 2024 (W5) Direct Debit (2,545), Prepayment meter (470) or Standard Credit (387)
Top selected source marked using pink boxes. Non-valid codes (i.e. don't know) are not shown.
Significant difference shown against direct debit at 95% confidence interval

Prepayment meter customers were generally less likely to mention positive factors as reasons for using a payment method and more likely to mention negative factors. 85% of direct debit customers selected at least one positive reason, compared to 76% of those on standard credit and 67% of those on a prepayment meter.

Figure 26: Reasons for payment method by payment method

Top reasons for selecting Direct Debit (% ranking as 1st-4th top reason)		
1st	It's easier to budget	43%
2nd	It's more convenient than other payment methods	38%
3rd	I actively chose to pay this way	32%
4th	I've always paid this way	30%

Top reasons for selecting Standard Credit (% ranking as 1st-4th top reason)		
1st	It gives me more control	34%
2nd	I actively chose to pay this way	30%
3rd	It's easier to budget	27%
4th	I've always paid this way	26%

Top reasons for selecting Prepayment Meter (% ranking as 1st-4th top reason)		
1st	It's easier to budget	34%
2nd	It gives me more control	31%
3rd	This was the default / I moved into a new home that already paid in this way	24%
4th	I actively chose to pay this way	22%

A15: Why do you use the payment method you use?
Base: All respondents: January 2024 (W5) Direct Debit (2,545), Prepayment meter (470) or Standard Credit (387)

Barriers to changing payment method

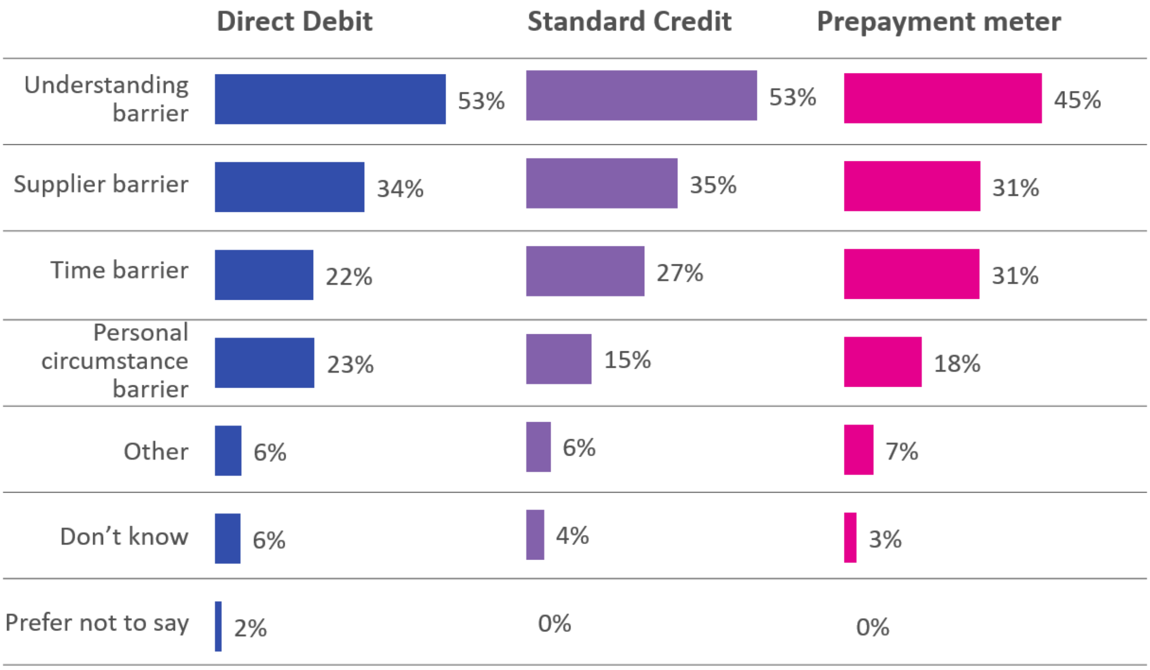
We asked about barriers to understand why the 13% of consumers who would want to change payment methods have not yet done so. In order to summarise the barriers to payment method change, we have grouped more detailed barriers under four headings – understanding barriers, supplier barriers, time barriers and personal circumstance barriers, as shown in the table below.

Group	Statement(s)
Understanding barrier	The change process is too complicated
Understanding barrier	I need some more support or advice before I can change
Understanding barrier	I'm not totally sure it is the right method for me
Supplier barrier	My supplier won't allow me to change
Supplier barrier	I owe my supplier money, so I can't move
Supplier barrier	My supplier said there were issues with my credit rating
Supplier barrier	My payment method of choice is not supported by my supplier
Time barrier	I don't have the time to change it
Time barrier	I just haven't got around to this yet
Personal circumstance barrier	I'm not sure whether my credit rating would allow for this
Personal circumstance barrier	My landlord wouldn't agree to it

Among those who wish to change their payment method, the understanding barrier emerged as the most significant, preventing payment method change across all three main methods. This barrier was mentioned by approximately half of consumers in each instance (53% for direct debit and standard credit, and 45% for prepayment meter), underscoring the need for clearer communication and education on payment methods.

Supplier barriers were mentioned by around a third (34%, 35% and 31% respectively).

Figure 27: Reasons preventing payment method change among those who want to change by payment method

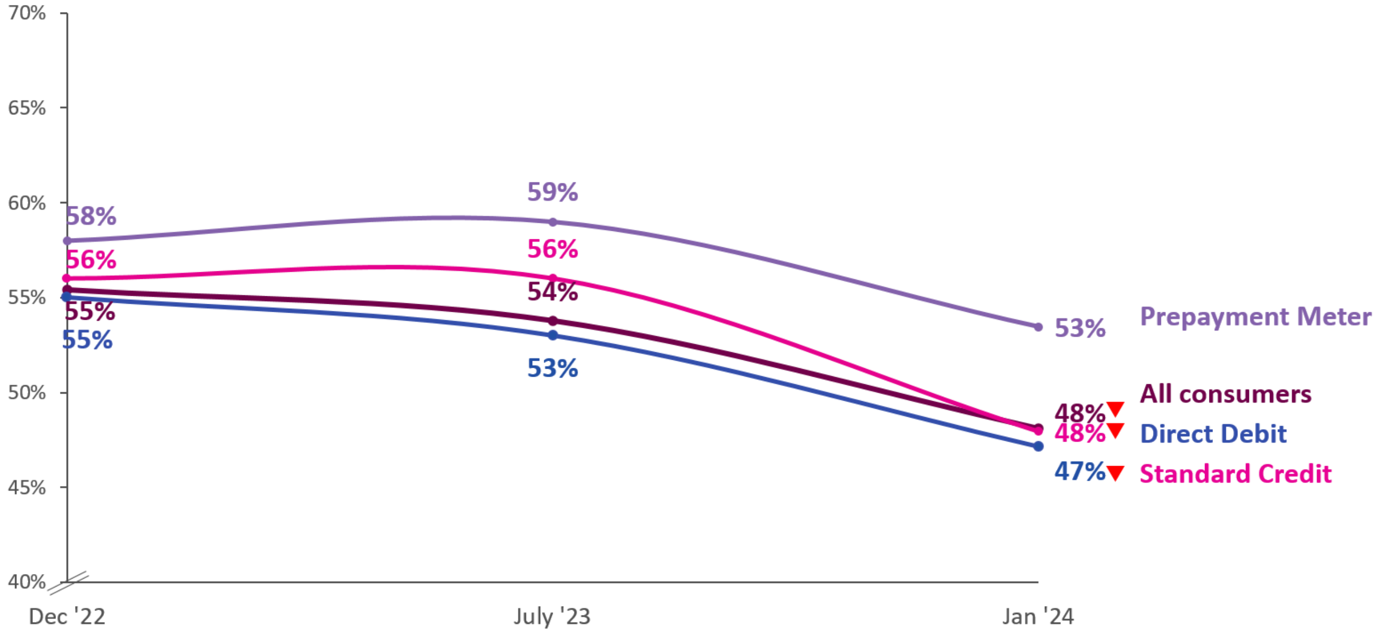


A16A: What is preventing you from changing your payment method to your preferred choice? Base: All respondents who want to change their payment method: January 2024 (W5) Direct Debit (235), Prepayment meter (119) or Standard Credit (84)

Impact of payment method on energy costs

Only half (48%) of all consumers believed payment method makes a difference to energy costs, a decline on the 54% who did so in July 2023, and this decline was evident across all three main payment methods.

Figure 28: Whether believe payment method makes a difference to energy costs by payment method, percentage reporting yes – costs vary depending on the payment method used



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: January 2024 (W5) 3,439 Direct Debit (2,545), Prepayment meter (470) or Standard Credit (387)
Significant difference shown against previous wave at 95% confidence interval

When asked to consider how moving between different payment methods would impact on energy costs, half (53%) of consumers were aware that that moving from direct debit to standard credit would make prices more expensive.

Half (48%) of standard credit customers knew that price varied between payment methods. However, only 43% of these consumers knew that standard credit was more expensive than direct debit, and only 20% knew that it was more expensive than prepayment meter. This means the majority of standard credit consumers are unaware that they could feasibly save money by changing their payment method and reducing their standing charges.

Tariff types and flexibility

Overview of findings

- **Time of use tariffs –** One in five consumers reported having some sort of time of use tariff[13] or meter. Among those who stated that they were not on one, half said it would be likely that they would switch to one if it was available, which equates to a quarter of all consumers.
- **Flexible capacity –** A quarter (25%) can be categorised as those likely to have 'current flex capacity' for their energy usage, a further 44% are 'open to flexing', while 31% are 'not open to flexing'.
- **Tariff recognition –** Many consumers did not understand which tariff they were on, with 50% reporting being on a fixed tariff. This is considerably higher than official figures suggest (11%) highlighting the extent to which many consumers may not understand their options within the energy market.
- **Exit fees –** A quarter believed they would have to pay an exit fee to leave their contract early, but a third did not know whether this was the case or not.

Time of use tariffs and meters

Background – Time of use tariffs and meters

Some suppliers offer energy tariffs that charge consumers cheaper 'off-peak' rates for their energy at times of night or day when demand is at its lowest, and higher 'peak' rates at more popular times. These are called time of use tariffs. Economy 7 and Economy 10 meters also charge time variable rates through a specific meter system.

One in five (19%) consumers reported having either an Economy 7 (12%) or Economy 10 (4%) meter, or another time of use tariff (4%).

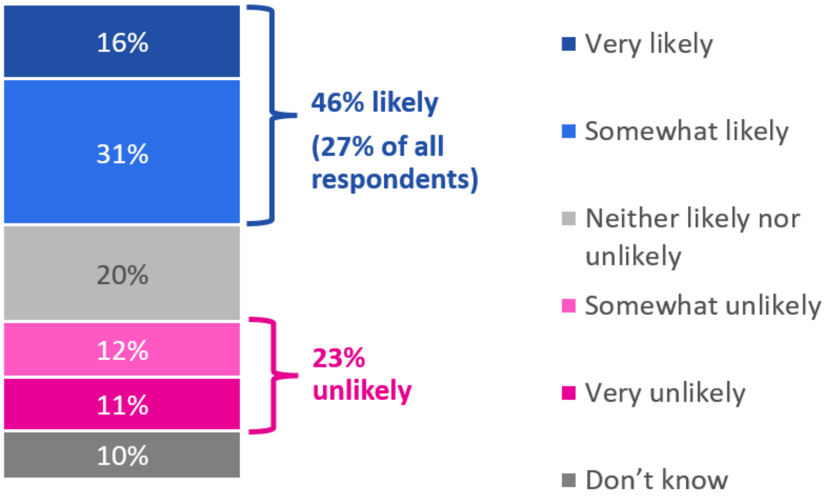
Among the 58% who stated that they were not on a time of use tariff (not including those who were unsure), half (46%) said it would be likely that they would switch to one if it was available, which equates to a quarter (27%) of all consumers, while a quarter (23%) said it would be unlikely. While this shows mixed attitudes amongst consumers towards time of use tariffs, consumers were twice as likely to be to be open to switching to this type of tariff than they were to be unlikely to do so.

Overall, half (47%) of all consumers reported either having (19%) or being likely to get a time of use tariff (27%)[14].

[13] All time of use tariffs are for electricity

[14] Respondents who said they did not currently have a time of use tariff were asked how likely or unlikely it is that they would switch to one. It is important to note that the survey question did not reference the fact that you need a smart meter to sign up to a time of use tariff. It is possible that sharing this information with respondents may have impacted the number who said they would be likely to get a time of use tariff.

Figure 29: Likelihood to switch to a time of use tariff among those not already on one



A20: Think about a tariff where pricing varies at different times. If this was available to you, how likely or unlikely is it that your household would switch to it?
Base: All who do not have a time of use tariff: January 2024 (W5) 2,149

Capacity for flexibility

To understand consumers' ability to flexibly adapt when they consume energy, we have created the groups below based on a range of household and attitudinal characteristics.

This categorises consumers into those who are likely to have 'current flex capacity' or who are 'open to flexing', as well as those who are 'not open to flexing'.[15] Those in the 'likely to have current flex capacity' group already have some technology or tariff associated with flexible energy use. Those 'open to flexing' don't have flexible technologies or tariffs currently but would be willing to get one or to allow automation of household devices. Those 'not open to flexing' do not have these devices and are not open to time of use tariffs or automation.

On this basis, a quarter (25%) have been categorised as those who are likely to have 'current flex capacity', and a further 44% as those who are 'open to flexing', while 31% are 'not open to flexing'.

[15] This measurement is intended as a broad heuristic and may result in some under or overcategorization of flex capacity. For example, there may be EV owners who do not have rapid or smart chargers at home which are usually required for flexible charging.

Group	Statement(s)
Likely to have current flex capacity	Have an electric vehicle OR, Have heat pump OR, Have time of use tariff / economy meter[16]
Open to flexing	Don't have an electric vehicle AND, Don't have heat pump AND, Don't have time of use tariff / economy meter Likely to get a time of use tariff / economy meter OR, Likely to use automated appliances which can help reduce the cost of energy bills
Not open to flexing	Don't have an electric vehicle AND, Don't have heat pump AND, Don't have time of use tariff / economy meter Not likely to get a time of use tariff / economy meter AND, Not likely to use automated appliances which can help reduce the cost of energy bills

Those more likely to be in the 'current flex capacity' or 'open to flexing' groups were those who wanted to change the way they currently pay for their energy (88%) and those who were likely to switch tariff (82%) or supplier (85%) in the next 6 months. This suggests this group are likely to be more generally engaged with the energy market.

Those who were behind on their household or energy bills (79%) and those 'highly vulnerable' to the rising cost of living are more likely to be in the 'open to flexing' group (49% cf. 44%). This suggests that consumers facing cost pressures may be more accepting of flexibility where it is positioned as capable of providing financial savings.

Fixed tariffs

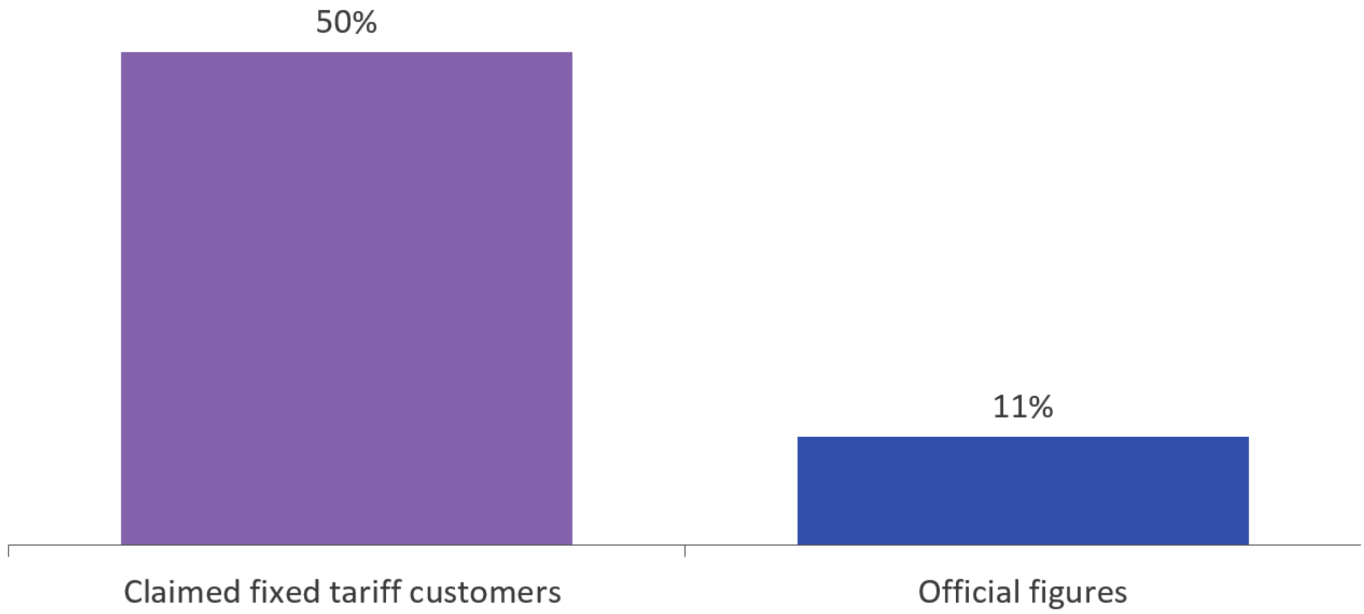
The proportions who reported being on a fixed tariff (50%) was considerably higher than official figures suggest (11%)[17].

[16] Note that we did not ask a direct question about storage heaters, however many consumers with storage heaters are likely to be covered by questions about economy meters

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

This suggests that many consumers may have low levels of energy literacy or find terminology confusing. This may also mean large numbers of consumers are unaware of possible savings they could make from moving off default tariff options.

Figure 30: Claimed fixed tariff customers



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?
Base: All respondents: January 2024 (W5) 3,439

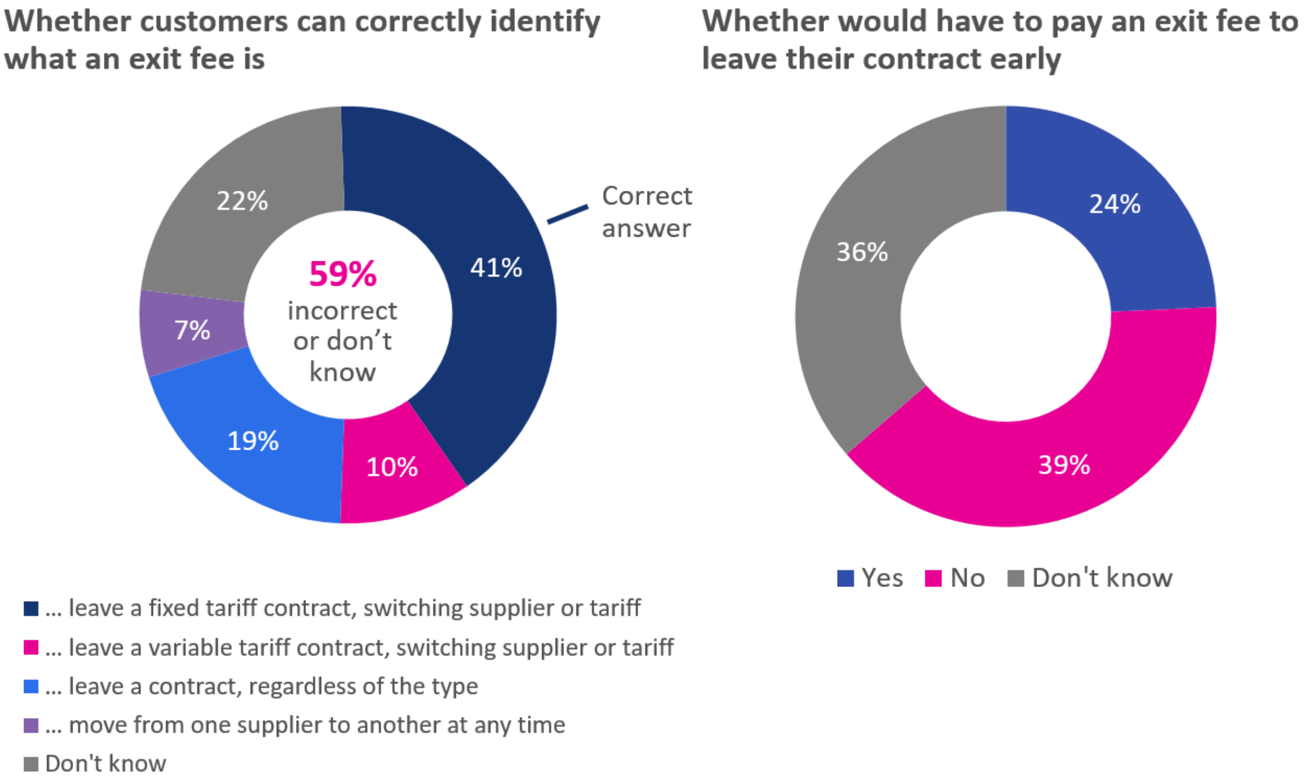
Exit fees

Knowledge of exit fees was low, with two in five (41%) correctly identifying that you pay an exit fee if you leave a fixed tariff contract, or switch supplier or tariff.

While a quarter (24%) believed they would have to pay an exit fee to leave their contract early, a third (36%) did not know whether this was the case or not. While those who reported being on a fixed tariff were more likely to believe that they would have to pay an exit fee to leave their contract early than those on a variable tariff (40% compared to 9%), this proportion falls well below the 80% of fixed rate tariffs currently on the market that have exit fees[18].

[18] Numbers correct as of 08/07/2024

Figure 31: Knowledge of exit fees



D14: Which of the following statements below do you think best describes an exit fee for an energy contract? / D15: On your current contract, would you have to pay an exit fee if you decided to leave your contract early?
Base: All respondents: January 2024 (W5) 3,439

Sectoral trust: What are consumers' levels of trust in the energy market?

Perceptions of energy suppliers

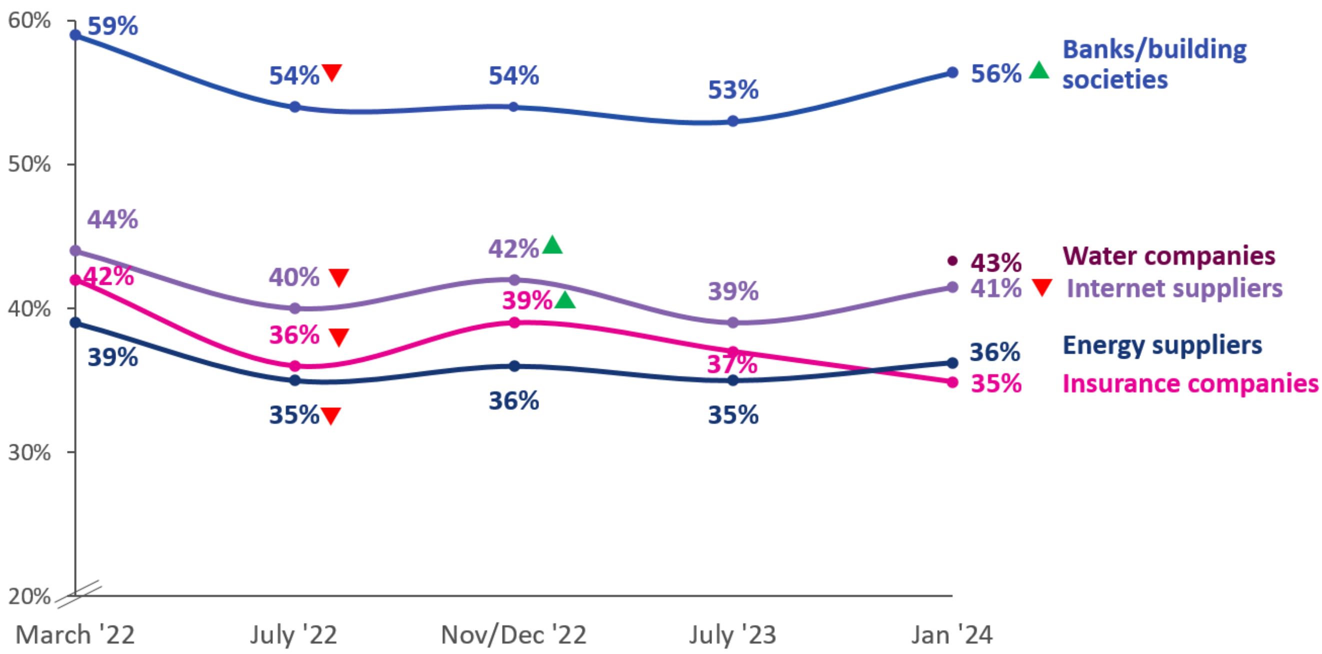
Overview of findings

- **Trust in the energy sector –** Trust remains lower than other sectors with only one in three trusting energy suppliers in general.
- **Trust in own supplier –** Nevertheless, levels of trust in, and satisfaction with their own supplier have improved, with three in five stating that they trust their own supplier to treat them fairly the highest level since tracking began in March 2022. Those classified as 'vulnerable' or 'highly vulnerable' to the impact of the cost of living were less likely to trust energy suppliers to be fair in the way they deal with customers and citizens.

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

Energy suppliers continue to be less trusted than providers in other markets to be fair in the way they deal with customers and citizens. At 36%, the proportion who trust suppliers has remained consistent since July 2022.

Figure 32: 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 2022 (W1) 3,479 / July 2022 (W2) 3,560 / December 2022 (W3) 3,457 / July 2023 (W4) 3,434 / January 2024 (W5) 3,439

Significant difference shown against previous wave at 95% confidence interval

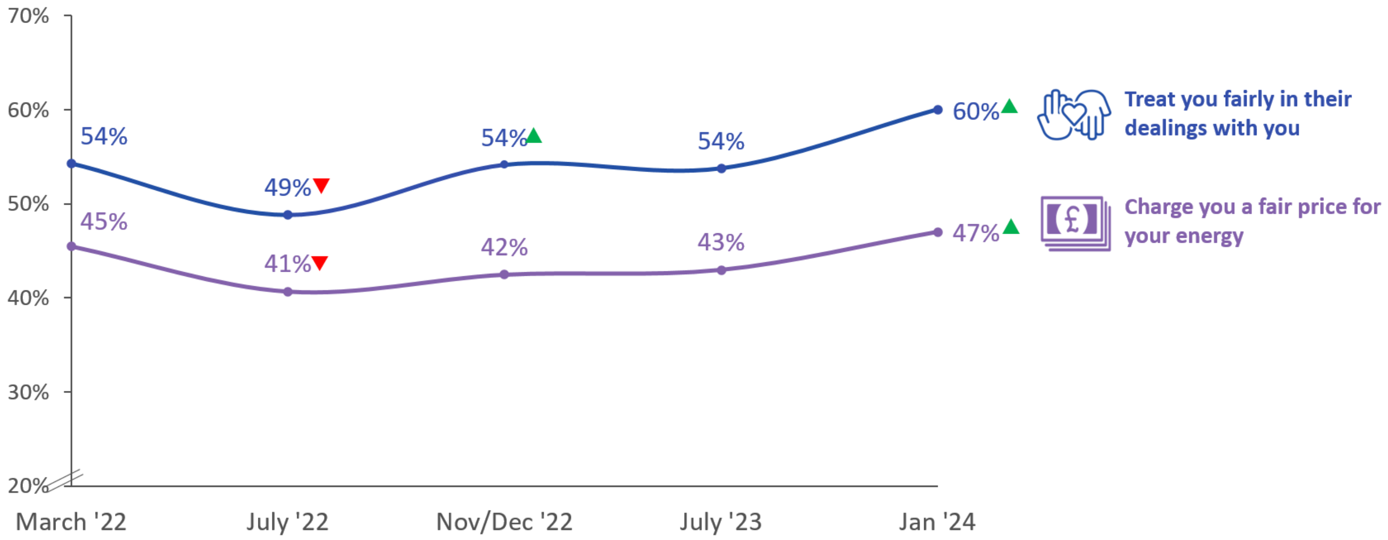
Those classified as ‘vulnerable’ (32%) or ‘highly vulnerable’ (25%) to the impact of the cost of living were less likely to trust energy suppliers to be fair in the way they deal with customers and citizens.

Trust in energy suppliers

While levels of trust in energy suppliers in general to be fair in the way it deals with customers and citizens were lower than for other sectors, three in five (60%) said they trust their own supplier to treat them fairly, an uplift from the 54% who did so in July 2023. Half (47%) said that they trust them to charge them a fair price, again an uplift from the 43% who did so in July 2023.

Both measures are now at their highest levels since tracking began in March 2022.

Figure 33: 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 2022 (W1) 3,479 / July 2022 (W2) 3,560 / December 2022 (W3) 3,457 / July 2023 (W4) 3,434 / January 2024 (W5) 3,439
Significant difference shown against previous wave at 95% confidence interval

Similar to trust in the energy sector, those consumers who are 'vulnerable' (54%) or 'highly vulnerable' (49%) to the rising cost of living were less likely to trust their supplier to treat them fairly than those who were 'doing well' (71%). The same trend can be seen when looking at trust that suppliers are charging a fair price. This may suggest that the improvements in supplier trust may in part be driven by improvements in the average financial outlook of consumers since the last wave.

Satisfaction with energy suppliers[19]

Seven in ten (69%) were satisfied with their supplier, an increase on July 2023 (65%). This was driven by an increase in those reporting they were very satisfied, from 24% in July 2023 to 28% in the latest wave.

As with trust, there continues to be a strong relationship between vulnerability to the cost of living and satisfaction, with 78% of those who are classified as 'doing well' satisfied, compared to 55% of those classified as 'highly vulnerable'.

[19] More data on supplier satisfaction is available as part of Ofgem's Energy Consumer Satisfaction Survey. That survey should be considered the primary source for supplier satisfaction data.

Perceptions of Ofgem

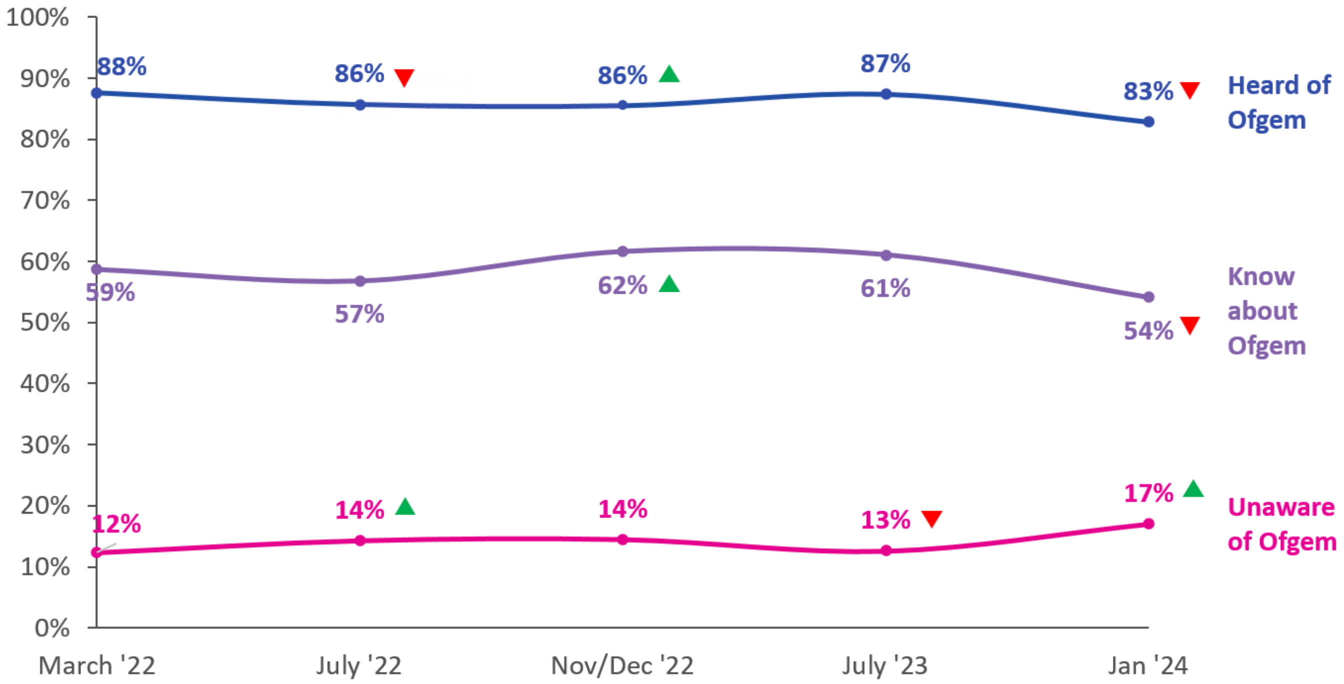
Overview of findings

- **Awareness of Ofgem –** Four in five respondents (83%) had heard of Ofgem and within this, half knew something about the organisation. While levels of awareness and knowledge of Ofgem amongst consumers remains high, these have declined to the lowest levels since tracking began.
- **Ofgem's role and remit –** Most of those who say they know at least a little about Ofgem continue to correctly identify that Ofgem's remit involves enuring good practice in the energy industry, and ensuring fair treatment and protection for consumers. However, the proportion who believe Ofgem's role is to support the Government to meet its legal obligation to reach net zero by 2050, and that their role is to deliver a greener energy system, has fallen from an already low base.
- **Ofgem's support for consumers –** There has being a small decline in consumers agreeing that Ofgem puts consumers first. However, two in three continue to agree that Ofgem is a trusted source of information, and three in five that Ofgem protects vulnerable customers, and that it holds suppliers to account.

Awareness and understanding of Ofgem

There has been a reduction in the proportion of consumers who have heard of Ofgem, from 87% in July 2023 to 83% in the latest wave, and in the proportion who know a little or a lot about Ofgem, from 61% to 54%. This may reflect decreasing media focus on energy as prices have reduced in recent months.

Figure 34: Awareness of Ofgem



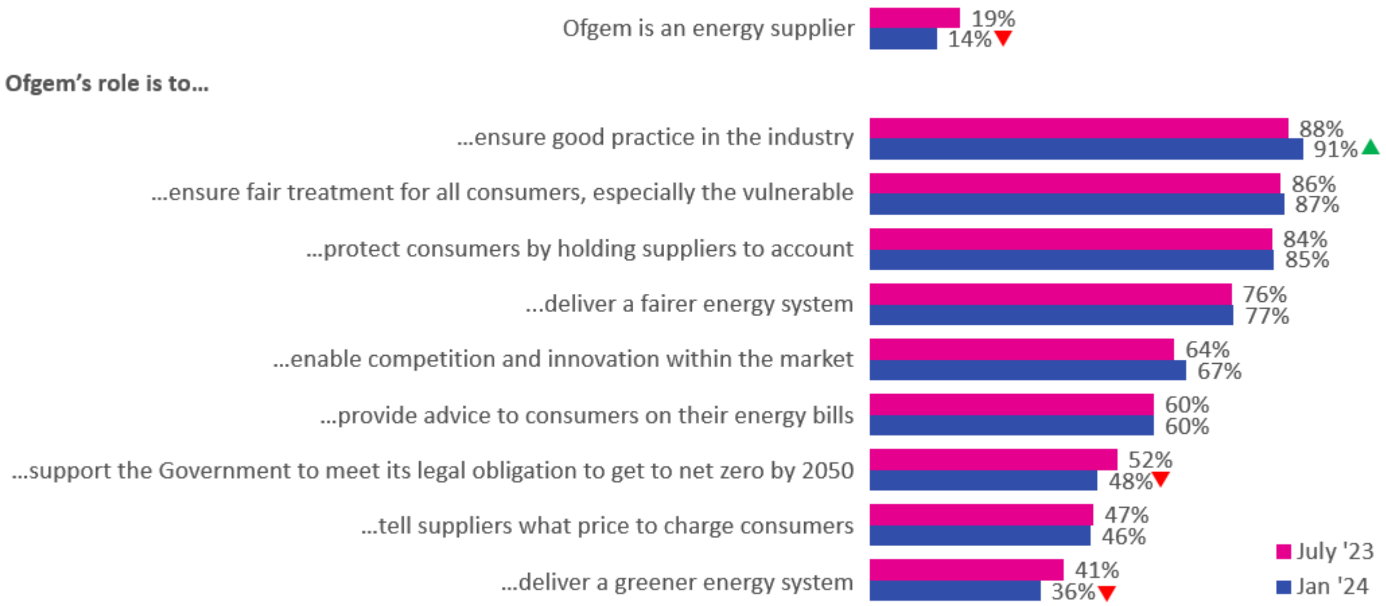
B1. Before today, had you heard of Ofgem, the independent energy regulator for Great Britain?
Base: All respondents: March 2022 (W1) 3,479 / July 2022 (W2) 3,560 / December 2022 (W3) 3,457 / July 2023 (W4) 3,434 / January 2024 (W5) 3,439Significant difference shown against previous wave at 95% confidence interval

Broadly, consumers' understanding of Ofgem has remained consistent between July 2023 and January 2024.[20] The only exceptions to this were:

- The proportion who incorrectly believed that Ofgem is an energy supplier has reduced since July 2023, from 19% to 14% in the latest wave.[21]
- The belief that Ofgem's role is to ensure good practice within the industry has increased from 88% to 91%
- Fewer believed that Ofgem's role is to support the Government to meet its legal obligation to get to net zero by 2050 (48% compared to 52%)
- The proportion who believe Ofgem's role is to deliver a greener energy system has also declined (36% compared to 41%).

[20] Please note that respondents were aware this survey was carried out on behalf of Ofgem, which may have impacted how people answered.
[21] This question was included to test respondent knowledge and see how many incorrectly believe that Ofgem is an energy supplier.

Figure 35: Understanding of Ofgem



B1B: Do you think the following statements about Ofgem are true or false?
'Ofgem is an energy supplier' is separated from other codes due to the difference in wording. All codes were asked within the same question.
Base: All online/panel/F2F respondents who know at least a little about Ofgem: July 2023 (W4) 2,057 / January 2024 (W5) 1,982
Significant difference shown against previous wave at 95% confidence interval

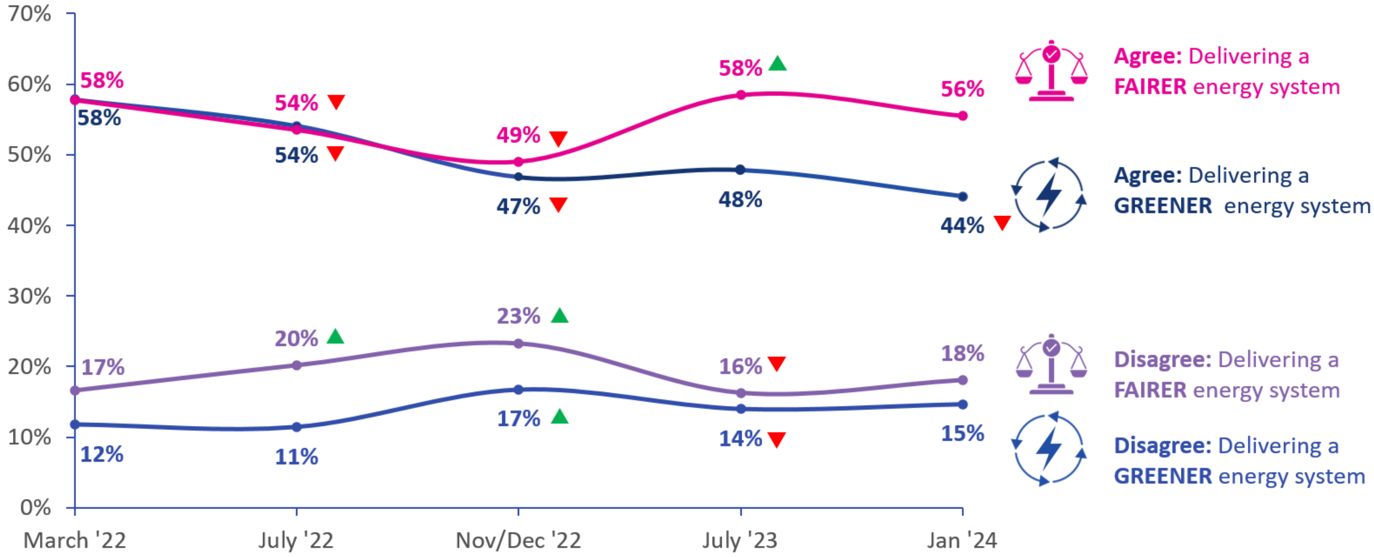
Perceptions of Ofgem

Reflecting the findings above in relation to Ofgem's role within Net Zero, agreement that Ofgem delivers a greener energy system has continued a long-term decline since March 2022, from 58% to its lowest level of 44%.

However, the gains made in July 2023 in relation to Ofgem delivering a fairer energy system have largely been maintained, with agreement at 56% compared to peaks of 58% in March 2022 and July 2023.

Levels of disagreement have remained stable for both measures.

Figure 36: Agreement that Ofgem delivers a greener and fairer energy system



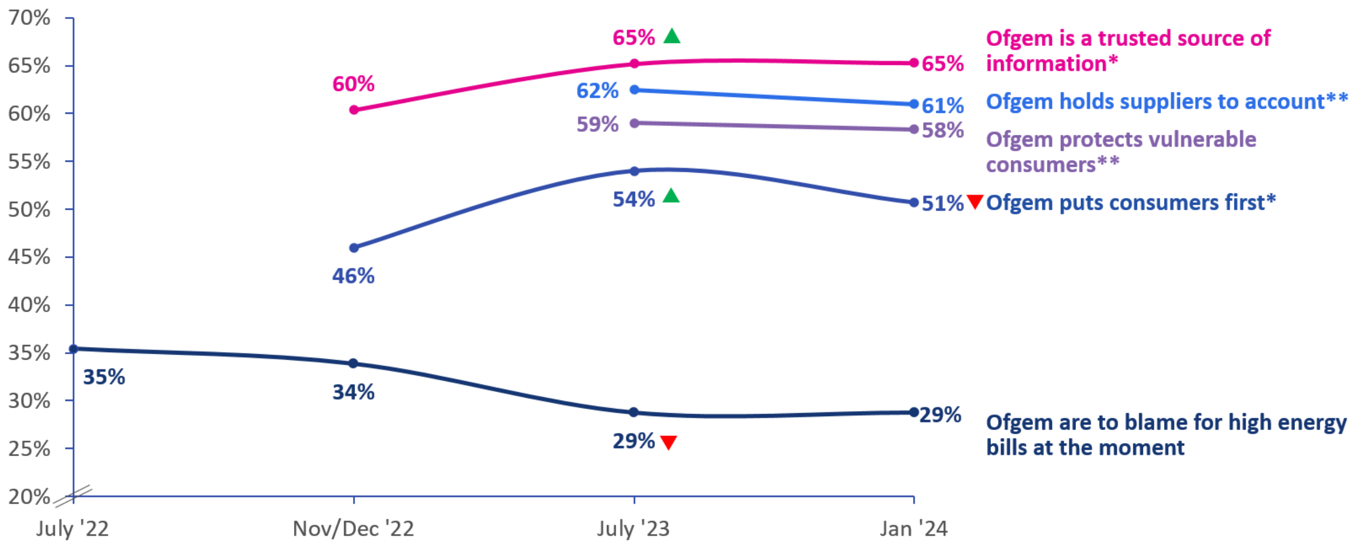
B2a/b. Based on everything you have heard, read, or know about Ofgem, to what extent do you agree or disagree that Ofgem protects consumers by delivering a GREENER energy system / a FAIRER energy system?
Base: All who know at least a little about Ofgem: March 2022 (W1) 2,073 / July 2022 (W2) 2,039 / December 2022 (W3) 2,167 / July 2023 (W4) 2,104 / January 2024 (W5) 1,982
Significant difference shown against previous wave at 95% confidence interval

Two in three (65%) agreed that Ofgem is a trusted source of information, and three in five agreed that Ofgem protects vulnerable customers (58%), and that it holds suppliers to account (61%), in line with July 2023.

While half (51%) agreed that Ofgem puts consumers first, this is a reduction on the 54% who did so in July 2023.

The decline seen in the previous wave (in July 2023) in the proportion who agreed that Ofgem are to blame for high energy bills to 29% has been maintained in the latest wave with results stable between July 2023 and January 2024.

Figure 37: 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 / January '24 (W5) 1,982
Significant difference shown against previous wave at 95% confidence interval
**New codes added to W3 ** New codes added to W4*

Energy market engagement: How are consumers engaging with the energy market?

Recent engagement

Overview of findings

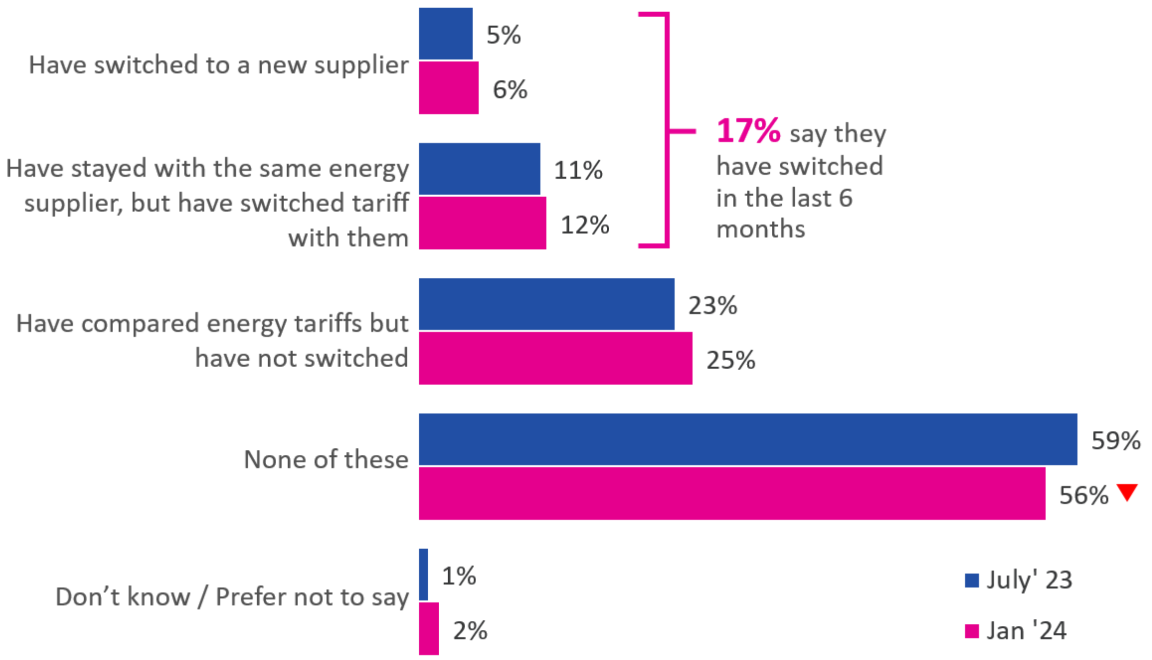
- **Switching behaviour –** Close to one in five (17%) said they had switched, either to a new supplier or to a different tariff with the same supplier. Despite the energy market now providing more choice for consumers, these figures are largely comparable with July 2023, and with official figures.
- **Motivations for those who have switched –** The most common motivation for switching is to get a cheaper tariff (41%) and there has been an increase in the proportion who switched for this reason. There has also been a rise in the proportion who switched to get a fixed tariff (26%). Fewer wanted a variable tariff compared to July 2023, and fewer were worried about their supplier going out of business.

Past switching/comparing behaviour

Close to one in five (17%) said they had switched, either to a new supplier (6%) or to a different tariff with the same supplier (12%), in the last six months. A further 25% have compared tariffs but not switched.

These figures are largely comparable with July 2023. Official Ofgem figures suggest 6% switched suppliers (based on the 12-month rolling switch rate) and 10% switched tariff (based in the 6-month rolling switch rate).

Figure 38: 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: July 2023 (W4) 3,434 / January 2024 (W5) 3,439
Significant difference shown against previous wave at 95% confidence interval

Sources of information when switching or comparing

When asked how they searched for information when switching or comparing, half (51%) said they used a price comparison website and two in five (40%) that they went directly to their own, or another supplier.

Past regular switchers were more likely to have gone directly to their supplier (47%) and past non-switchers were less likely to have done so (33%).

Motivations for switching/comparing

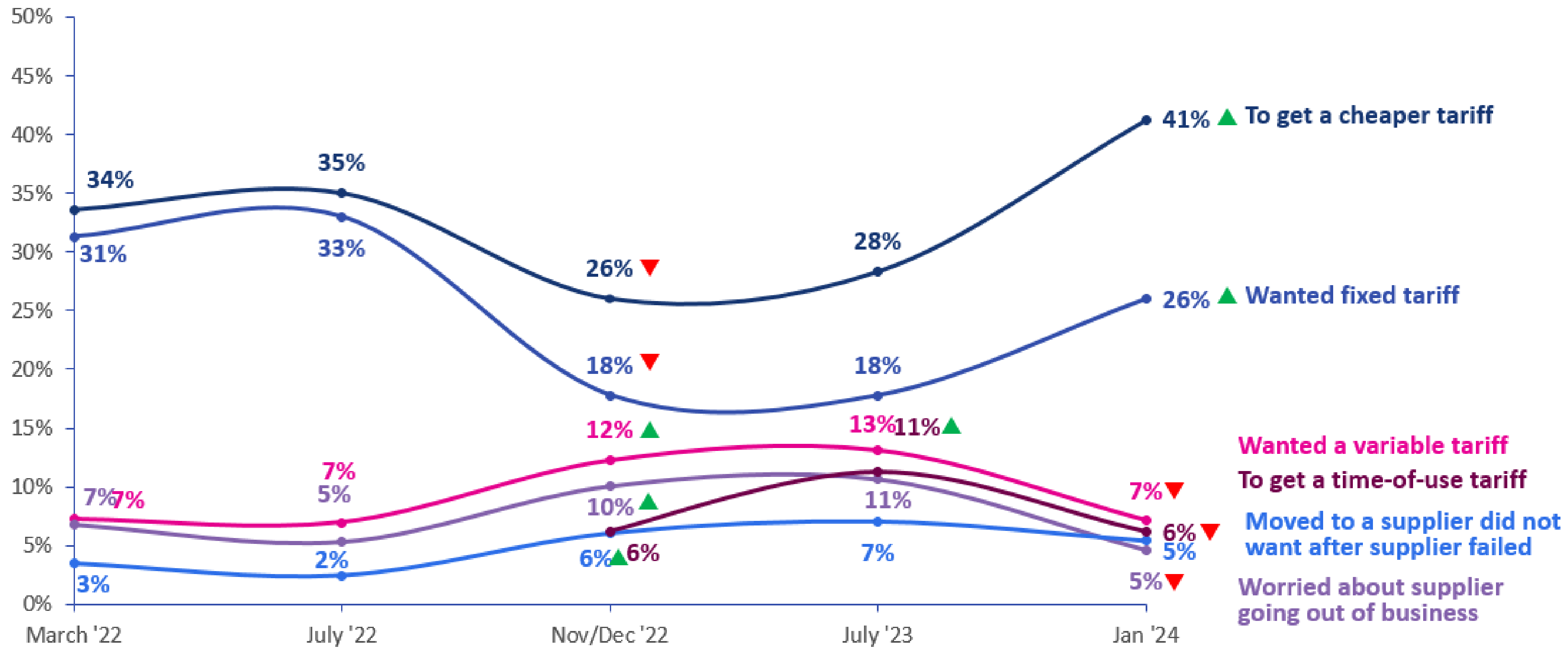
Among those who have switched suppliers, the proportion who did so to get a cheaper tariff has increased significantly, from 28% in July 2023 to 41% in the latest wave, and in the proportion who did so to get a fixed tariff, from 18% in July 2023 to 26% in the latest wave.

Fewer switched because they wanted a variable tariff (7% compared to 13% in July 2023), and fewer switched because they were worried about their old supplier going out of business (5% compared to 11%).

Following an increase in those citing time-of use tariffs as a motivation for switching in July 2023, from 6% to 11%, this has now reduced back to previous levels, at 6%.

Interest in the other types of tariffs on offer has remained consistent.

Figure 39: 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 2022 (W1) 610 / July 2022 (W2) 618 / December 2022 (W3) 726 / July 2023 (W4) 525 / January 2024 (W5) 575

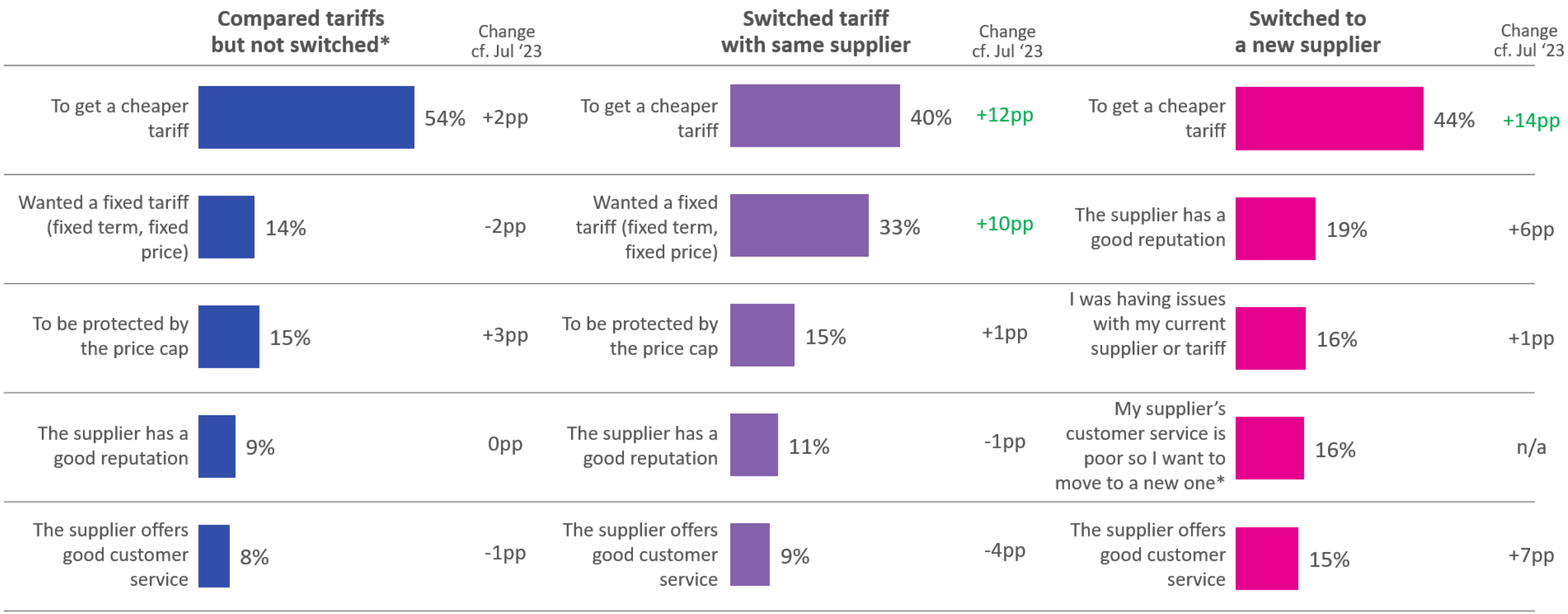
Significant difference shown against previous wave at 95% confidence interval

The figure below considers this by three switching/comparing groups – those who have compared tariffs but not switched, those who have switched tariff with the same supplier and those who have switched to a new supplier.

By grouping the motivating factors into broad financial and supplier-related motivators[22] we see that:

- Financial motivators were more common than supplier perceptions for all groups.
- Those who switched to a new supplier were much more likely than those who have just compared or switched tariff to cite a supplier related reason as a motivator for their switch (39% compared to 23% and 28% respectively), and were less likely to cite a financial motivator (64% compared to 75% and 80% respectively).

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

[22] Financial-related motivators at C5: To get a cheaper tariff; Wanted a green tariff; Was offered an incentive / other services beyond energy; Wanted a fixed tariff (fixed term, fixed price); Wanted a variable tariff; To be protected by the price cap; To get a time of use tariff; To get an Electric Vehicle (EV) tariff
Supplier-related motivators at C5: The supplier has a good reputation; The supplier is a well-known/ established company; The supplier offers good customer service; Worried about my/our previous supplier going out of business; I was moved to a supplier I did not want to be with, after my supplier failed; I was having issues with my current supplier or tariff; My supplier's customer service is poor so I want to move to a new one

Future engagement

Overview of findings

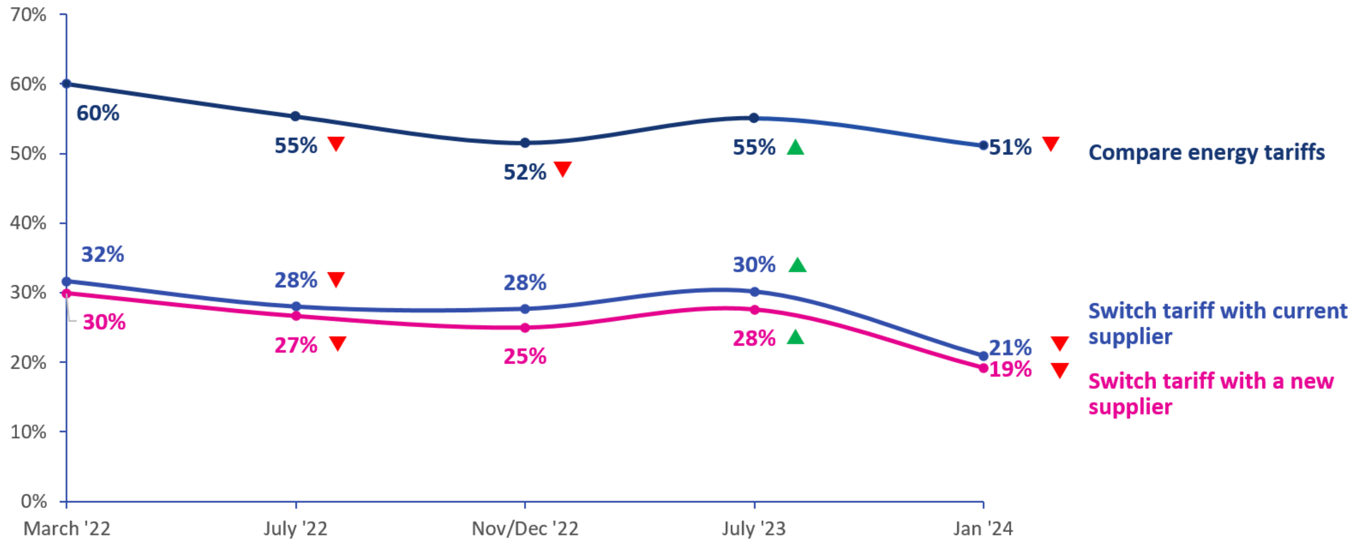
- **Intentions to engage –** Despite new more financially competitive tariffs entering the energy market, the increases in consumers who said they were likely to engage with the market seen in July 2023 have not been maintained in the latest wave, and have instead declined to the lowest levels since tracking began.
- **Tariff preferences –** The proportions who said they would be likely to switch to a 1- or 2-year fixed tariff, or a variable tariff, are at the lowest levels since tracking began.
- **Perceptions of the market –** Nearly three out of five consumers indicated that a cheaper tariff would encourage them to switch. Concurrently, the percevied current lack of cheaper alternatives is a significant deterrent for consumers considering new deals.
- **Supplier stability –** Fewer were concerned that either a potential new supplier or their own supplier might go out of business. This could be reducing the pressure some consumers feel to engage in the market in search of a new supplier.

Likelihood of engagement

The increases in consumers who said they were likely to engage with the market seen in July 2023 have not been maintained in the latest wave. Half (51%) said they would be likely to compare energy tariffs, compared to 55% in July 2023, and one in five said they would be likely to switch tariff with their current supplier (21%) or to switch to a new supplier (19%), compared to 30% and 28% respectively in July 2023. In each case, these are the lowest levels seen since tracking began.

For those consumers who are highly vulnerable to the rising cost of living, they remain more likely to engage in the market than consumers overall (on average 5pp more likely to compare, switch tariff or switch supplier). Their likelihood to engage has also declined by a smaller margin between July 2023 and January 2024 than consumers overall (on average a 2pp decline cf. a 7pp decline). Meanwhile, those who are doing well have seen a much greater decline in their likelihood to engage in the market since last July (on average a 10pp decline). With the cohort of those who are doing well growing since July, this suggests that decreasing financial pressures on some households may have resulted in less engagement in the market.

Figure 41: Likelihood of switching to new suppliers or comparing over the next three months – definitely or probably will



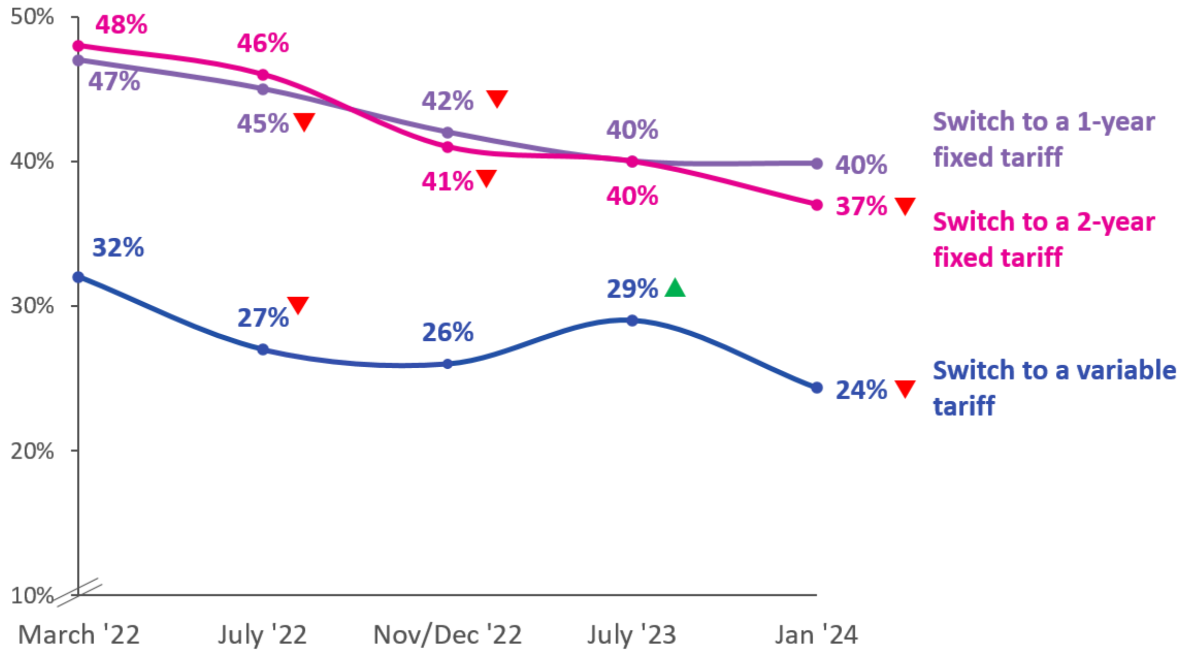
D3. How likely do you think it is that you or someone in your household will do these things over the next three months?
Base: All respondents: March 2022 (W1) 3,479 / July 2022 (W2) 3,560 / December 2022 (W3) 3,457 / July 2023 (W4) 3,434 / January 2024 (W5) 3,439
Significant difference shown against previous wave at 95% confidence interval

Despite a small increase in those willing to switch to a variable tariff in July 2023, the long-term trend in relation to the likelihood to switch to a 1- or 2-year fixed tariff, or a variable tariff is down.

From peaks of 47% and 48% in March 2022, the proportions who said they would be likely to switch to a 1- or 2-year fixed tariff have fallen to lows of 40% and 37% respectively.

Similarly, the proportion likely to switch to a variable tariff has reduced from a peak of 32% to a low of 24%.

Figure 42: 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 2022 (W1) 3,479 / July 2022 (W2) 3,560 / December 2022 (W3) 3,457 / July 2023 (W4) 3,434 / January 2024 (W5) 3,439
Significant difference shown against previous wave at 95% confidence interval

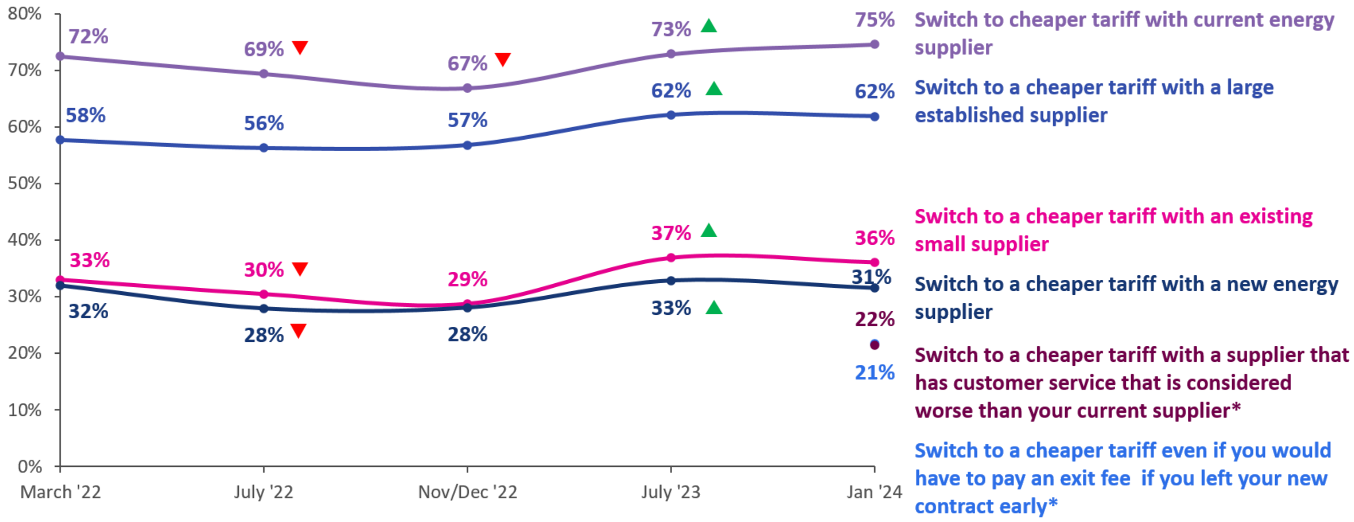
In July 2023, openness to switching in scenarios where consumers felt they could save money increased to their highest levels since tracking began, and these gains have very largely been maintained in the latest wave.

Three quarters (75%) would switch to a cheaper tariff with their current supplier, 62% would switch to a cheaper tariff with a large established provider, 36% would switch to a cheaper tariff with an existing small supplier, and 31% would switch to a cheaper tariff with a new energy supplier.

New statements in the latest wave, one in five said they would be likely to switch to a cheaper tariff with a supplier that has customer service that is considered worse than their current supplier (22%), and that they would be likely to switch to a cheaper tariff even if they had to pay an exit fee (21%).

Although the likelihood to switch or compare has been reduced in a general sense, these results show that the belief that they can save money remains a key motivator for consumers to engage in the market.

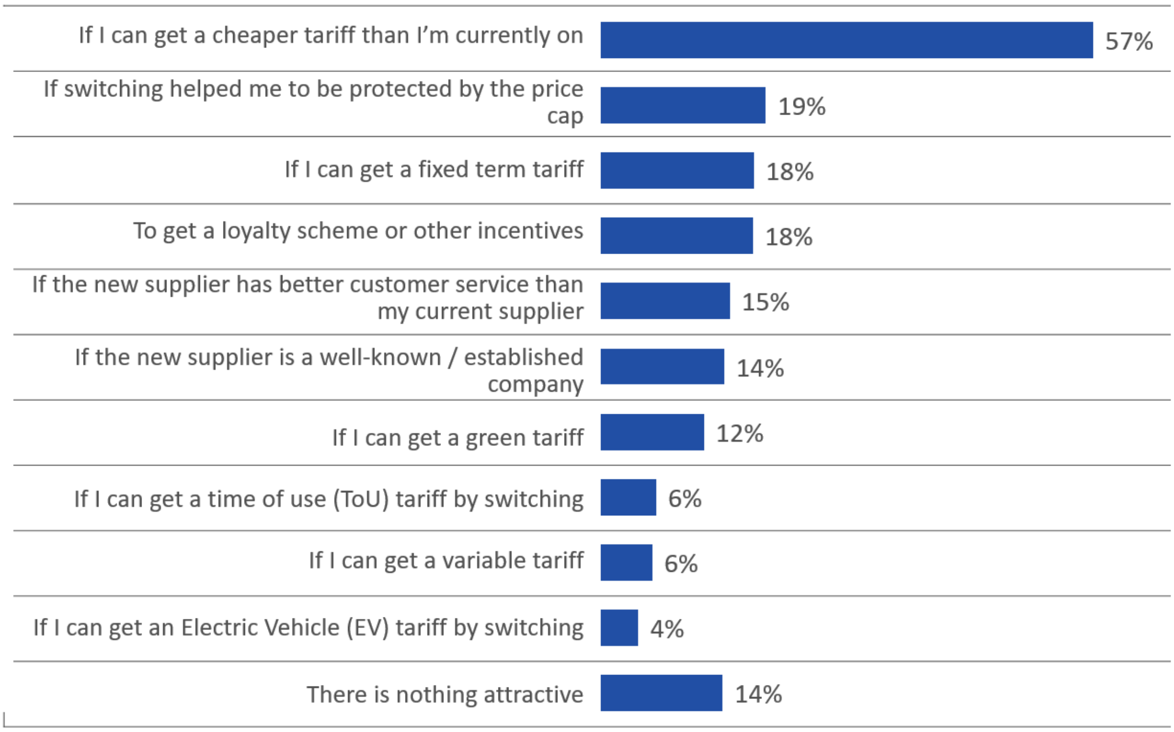
Figure 43: How likely would be to take actions in the next three months if they find out they could save money by moving to a new energy tariff over time – definitely or probably would



D6. Imagine you find out that you could save money by moving to a new energy tariff. How likely would you be to do each of the following in order to get a cheaper energy tariff?
Base: All respondents: March 2022 (W1) 3,479 / July 2022 (W2) 3,560 / December 2022 (W3) 3,457 / July 2023 (W4) 3,434 / January 2024 (W5) 3,439
Significant difference shown against previous wave at 95% confidence interval

Close to three in five (57%) said that a cheaper tariff might make them want to switch to a new energy deal, further supporting the point above – that a belief that a switch will save money is a key pre-requisite factor for a majority of consumers' to engage in the energy market.

Figure 44: Motivators for switching to a new energy deal



D13: What, if anything, might make you want to switch to a new energy deal at the moment?
Base: All respondents: January 2024 (W5) 3,439

There were significant differences by payment method in what might make consumers want to switch to a new energy deal, with those paying by direct debit more likely to cite getting a cheaper tariff (60%) than standard credit (53%) or prepayment meter (48%) customers.

Those on prepayment meters meanwhile, were less likely to be interested in a fixed-term contract (13% compared to an average of 18%).

When looking at those who are highly vulnerable to the rising cost of living, we can see that financial motivators, such as getting a cheaper tariff (66%) and being protected by the price cap (25%), are more important to these consumers.

Barriers to engagement

When asked which of a range of reasons were the main reasons not to find new deals, the most commonly selected response was that there are unlikely to be cheaper deals available at the moment, mentioned by 31% as a main reason, and by 20% as the single most important reason.

Exit fees and factors reflecting the effort and complexity of switching were also commonly cited.

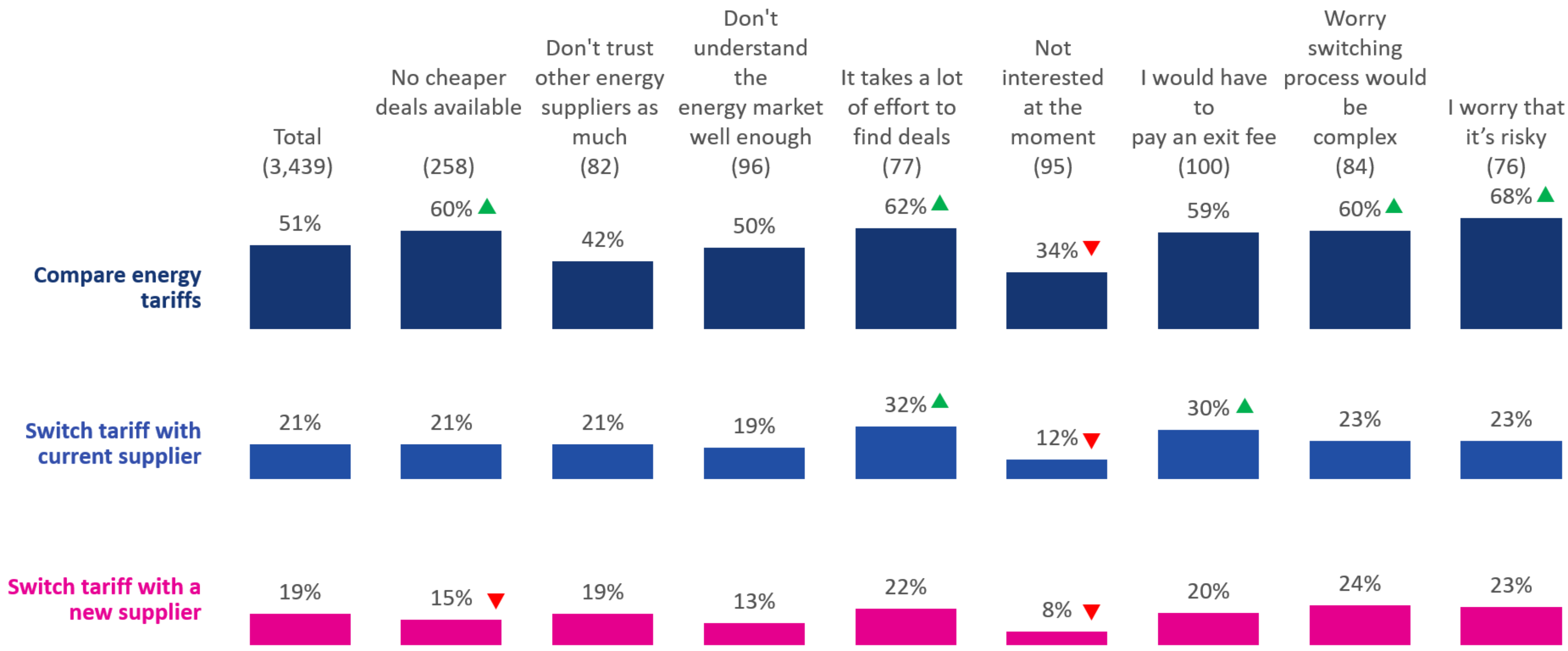
Figure 45: Barriers to market engagement

D11A: Below are a number of statements about comparing the market for new energy deals. Which, if any, do you find are the main reasons not to look for new deals? D11B: And which, is the main reason not to look for new deals?
Base: Split sample: All respondents in group B: January 2024 (W5) 2,205

Considering each of the main barriers, those who cited the lack of availability of cheaper deals were more likely than average to say they would be likely to compare energy tariffs (60% compared to an average of 51%).

Those who cited the effort involved to find deals as a barrier were also more likely than average to be likely to switch tariff with their current suppliers (32% compared to 21%), as were those who cited exit fees as a barrier (30%).

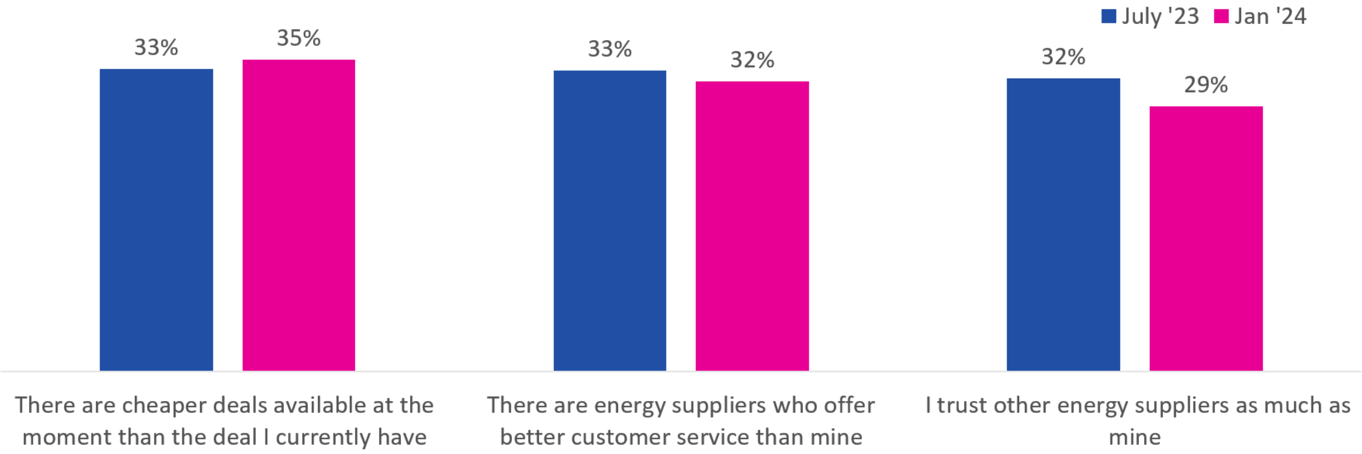
Figure 46: Likelihood to engage in market by perceived barriers



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 selecting each barrier (bases in parenthesis)
Significant difference shown against total consumers at 95% confidence interval
**Codes with base below 70 excluded*

As was the case in July 2023, only around three in ten agreed that there are cheaper deals available at the moment than the deal they currently have (35%), that there are energy suppliers who offer better customer service than theirs (32%), and that they trust other suppliers as much as theirs (29%).

Figure 47: Perceptions around market engagement



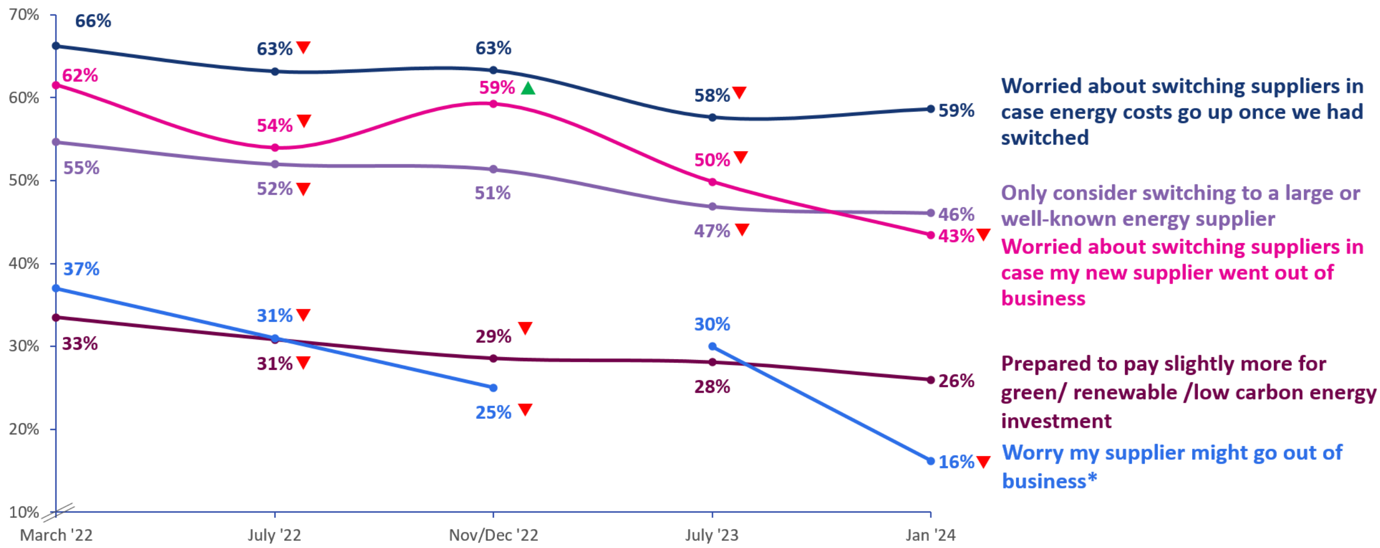
D11: To what extent do you agree or disagree with the following statements about comparing the market for new deals?
Base: All respondents: July 2023 (W4) 3,343 / All respondents in group A: January 2024 (W5) 1,234

Worries about engagement

There have been continued declines in levels of worry about switching suppliers in case the new supplier goes out of business, from a peak of 62% in March 2022, to 43% in the latest wave, and in the proportion concerned that their current supplier might go out of business, from a peak of 37% in March 2022, to 16% in the latest survey.

Other measures were consistent with July 2023.

Figure 48: Perceptions towards switching – agree



D8. And how much do you agree or disagree with the following statements about energy suppliers…
Base: All respondents: March 2022 (W1) 3,479 / July 2022 (W2) 3,560 / December 2022 (W3) 3,457 / July 2023 (W4) 3,434 / January 2024 (W5) 3,439
Significant difference shown against previous wave at 95% confidence interval

Produced by BMG Research

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