

Effective mitigation and handling of back billing incidents up to the first bill or vend following a smart meter installation

1) Background

The Consumer Reference Group (CRG) has undertaken work to examine suppliers' existing approaches to mitigating the risk and impact of consumers receiving a back bill following the installation of their smart meter(s). This was in response to a growing number of Citizens Advice contacts on the issue. Suppliers were asked to provide information on their approach where a bill is based on estimated use prior to a smart installation, due to an absence of legacy meter readings.

Feedback from this exercise has been aggregated and used to identify good practice. This has led to the creation of a good practice framework (see section 4)

2) Purpose

This framework aims to establish a good practice guide which, if followed, will ensure that all suppliers have robust arrangements in place to identify and handle a potential back bill prior to the point of meter exchange, meaning:

- a) Incidences of back billing at the point of meter exchange are minimised;
- b) Consumers are treated fairly, consistently and in a manner that promotes positive consumer perception of smart metering;
- c) The Programme's overall reputation is not impacted by back billing issues from energy consumed on legacy meters.

3) Definitions

Back billing: A 'catch-up' bill sent to a customer when they haven't been correctly billed for your energy use. Back bills can be for any amount but there is a principle in place defining when and for how far back suppliers can charge customers.¹

This framework seeks to highlight and draw together existing guidance and complement Energy UK's back billing code² and Code of Practice for accurate bills scenarios³ on the application of back billing. Energy UK codes apply only to suppliers who have signed up to them whereas this code is good practice for all suppliers. Since 2007, a back billing code of practice has been in place, under which all domestic energy suppliers committed to not bill customers for previously unbilled

¹ <https://www.ofgem.gov.uk/consumers/household-gas-and-electricity-guide/who-contact-if-its-difficult-paying-energy-bills/energy-back-billing-your-rights>

² *Code of Practice for back billing*, Energy UK, January 2017: <http://www.energy-uk.org.uk/files/docs/Industry%20codes/Code%20of%20Practice%20for%20accurate%20bills/CodeofpracticeforaccuratebillsWEB.pdf> & *Back billing scenarios*: <http://www.energy-uk.org.uk/files/docs/Industry%20codes/Code%20of%20Practice%20for%20accurate%20bills/CodeofpracticeforaccuratebillsWEB.pdf> -

³ *Code of Practice for accurate bills scenarios*, January 2017: <http://www.energy-uk.org.uk/publication.html?task=file.download&id=6066>

energy used more than 12 months ago, if the supplier was at fault for not having sent a bill to the customer. Ofgem is undertaking further work to limit back billing.

4) Good Practice

Following consideration of supplier responses and feedback from consumer groups, CRG agreed that suppliers should build on the following examples of good existing good practice in suppliers' consumer journeys.

Principle	Good practice
<p>Mitigate:</p> <p>Take steps to reduce the likelihood of a back bill occurring at the point of meter exchange and manage consumer expectations from an early stage.</p>	<p>i. Making multiple attempts to obtain legacy meter readings prior to smart meter installations.</p>
	<p>ii. Managing consumer expectations prior to and immediately after installation where the need for a back bill has been identified.</p>
<p>Manage:</p> <p>Treat consumers fairly, consistently and in a manner that promotes a positive perception of smart metering.</p>	<p>iii. Explaining that a back bill has occurred because of a lack of meter reads under legacy metering and why, to ensure future confidence and provide reassurance of smart metering arrangements and how smart meters can prevent future inaccurate bills.</p>
	<p>iv. Handling disputes in line with the Billing Code⁴ and Back billing Principle⁵</p>
	<p>v. Offering a suitable repayment plan in line with electricity and gas supply licences 27.8⁶.</p>
<p>Support:</p> <p>Assist consumers to identify sources of additional support.</p>	<p>vi. Actively referring and signposting to sources of additional help, for particularly vulnerable consumers and those unable to pay (including training customer service staff to make appropriate referrals), in line with Citizens Advice's good practice guidance⁷.</p>
	<p>vii. Signposting of tenants to their local authority</p>

⁴ Code of Practice for accurate bills scenarios, January 2017: <http://www.energy-uk.org.uk/publication.html?task=file.download&id=6066>

⁵ Code of Practice for back billing, Energy UK, January 2017 <http://www.energy-uk.org.uk/files/docs/Industry%20codes/Code%20of%20Practice%20for%20accurate%20bills/CodeofpracticeforaccuratebillsWEB.pdf> & Back billing scenarios: <http://www.energy-uk.org.uk/files/docs/Industry%20codes/Code%20of%20Practice%20for%20accurate%20bills/CodeofpracticeforaccuratebillsWEB.pdf>

⁶ Electricity supply licence 27.8: "The licensee must take all reasonable steps to ascertain the Domestic Customer's ability to pay and must take this into account when calculating instalments...". Exactly the same in the Gas supply licence 27.8.

⁷ Good Practice Guidance, Citizens Advice: <https://www.citizensadvice.org.uk/Global/CitizensAdvice/Energy/Good%20practice%20guide%20FINAL.pdf>

	as a potential source of support.
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5) Implementation

CRG members recommend that energy suppliers embed the principles as soon as practicable, but no later than 1 March 2018.

6) Next steps

CRG will take stock of implementation of the principles at the next CRG on 31 October 2017, or sooner in accordance with developments from Ofgem's back billing project⁸ and review them within one year to assess their impact.

BEIS will work with Citizens Advice and Ofgem to monitor adherence to the principles and identify any trends in consumer complaints, including from Smart Energy GB consumer contacts.

⁸ <https://www.ofgem.gov.uk/gas/retail-market/market-review-and-reform/energy-back-billing-project>
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