



‘Help to Repay’: a funded scheme to offer repayment matching and debt relief on domestic energy arrears

High energy prices have led to increasing energy arrears.

Some people will be able to repay this through affordable repayment plans. However, for people who have little to no spare income, repayment will be difficult or take a very long time. This has a significant negative impact on individual vulnerable households, and also leaves a high bad debt burden in the market which will drive up all consumers’ bills.

- Ofgem data to the end of 2022 shows a total of £2.28 billion of debt across domestic electricity and gas accounts – of which around £785m is currently being repaid through repayment plans, and £1.5 billion currently has no arrangement to pay in place.¹

To tackle this, the Department for Energy Security and Net Zero should create and fund a dedicated ‘Help to Repay’ scheme which would offer support to eligible people struggling to afford to repay arrears.

How would this work?

- The government-funded scheme would offer access to two different forms of support, depending on the level of need of the individual:
 - Debt relief in the form of writing off eligible energy arrears.
 - Repayment matching – for example, by matching each pound repaid with an equivalent amount of debt relief, or providing debt relief on remaining arrears after a certain period of ongoing payments.
- Similar, supplier-led schemes have been used to good effect on a smaller scale for a number of years. The development of a scheme that would accelerate the repayment of energy debt through payment matching was also recommended by the-then Business, Energy and Industrial Strategy Committee as part of their inquiry into Energy pricing and the future of the energy market.²
- To ensure the efficient running of the scheme, standardised eligibility criteria could be developed, as a proxy for people who are likely to struggle to repay arrears – for example household income level, receipt of means-tested benefits or eligibility for existing support such as the Warm Home Discount.

¹ Ofgem [Debt and arrears indicators – to Q4 2022](#)

² Business, Energy and Industrial Strategy Committee, [Energy pricing and the future of the energy market: Final report](#), July 2022 – Paragraph 193

- To ensure people in need are not excluded from accessing the scheme because they do not fit into standardised criteria, there would also need to be an additional route to access it. This could be based on an individual's income and expenditure, as calculated using the Standard Financial Statement - an agreed, objective tool for assessing affordability, run by the Money and Pensions Service and used by FCA-authorized debt advice providers and the Insolvency Service – or the Common Financial Statement, which is used in Scotland. Where this showed that people would struggle to afford to repay energy arrears, or to do so in a reasonable timeframe, they would become eligible for support from the scheme.
- There are different options for the administration of the scheme. For example:
 - o Individual suppliers could administer the scheme for their own customers based on the eligibility criteria and scheme guidance, with costs claimed back from government.
 - o The scheme could be centrally administered – either by government itself or by commissioning an existing, experienced grants administrator. Administration would be conducted centrally and then communicated to suppliers to implement debt relief or repayment matching to the individual customer's account.
 - o The use of standard eligibility criteria creates the opportunity to automatically enrol eligible people into the scheme through data sharing and matching, reducing the administrative burden. Applications for the scheme could also be submitted by customers, suppliers or appropriate third parties such as debt advice agencies and other charities.
- It is envisaged that the scheme would sit alongside existing supplier-specific support, for example through trust funds. The purpose of this scheme would be to offer a temporary, consistent, UK-wide support scheme in response to arrears that have built up during this period of high prices.

What would it cost?

- We would expect the Government to work with Ofgem, suppliers and charities to establish the exact amount needed based on the best available data – including the recent Requests for Information (RFIs) Ofgem has recently issued to suppliers on debt-related costs.³
- Not all energy debt currently on suppliers' books will be held by people struggling to repay, and therefore eligible for the scheme. For the repayment matching element of the scheme, only part of the debt cost would need to be met.

What would the benefits be?

- Contributes to the Government's priority to reduce inflation by keeping energy bills lower for all consumers than they would be without such a scheme (through decreased bad debt allowance required in the price cap amount) and contributing to the financial stability of the domestic energy market.

³ Ofgem [Call for Input on allowance for debt-related costs](#)

- Supports financially vulnerable households, helping them to get out of debt safely. This reduces the risk of them being pushed into further hardship through inappropriate or unaffordable debt collection, and enables them to focus on paying for ongoing consumption. Wider benefits for economy and public purse through reduced mental and physical health impacts of debt and reduced incidence of falling behind on other bills, such as rent and council tax.
- In line with public attitudes on how energy arrears should be dealt with, and funded:
 - o Almost **three quarters of UK adults (73%) think people who have fallen into energy debt due to high prices should be given help to reduce what they owe.**⁴
 - o Recent consumer research conducted by Ofgem highlighted support for writing off energy debt, funded by taxation rather than higher consumer bills – with this being **spontaneously raised by consumers in focus groups.**

*“While consumer support for protecting vulnerable customers from being moved on to PPMs without their consent is strong, many instinctively opposed paying for this through higher bills themselves. **Many focus group participants said that energy suppliers should cover the costs, either by writing off debt or by some form of taxation / industry scheme...** Some participants also said they would be willing to see an increase in their taxes to pay for these as preventative measures.”⁵*

- On 13th June 2023, 14 organisations wrote to the Secretary of State for Energy Security and Net Zero, supporting the proposal for a ‘Help to Repay’ energy arrears scheme. The full list of signatories is as follows:

Money Advice Trust	Fair By Design	Christians Against Poverty
Scope	Energy Action Scotland	National Energy Action
StepChange Debt Charity	End Fuel Poverty Coalition	University of Bristol Personal Finance Research Centre
Institute of Money Advisers	Community Money Advice	Chartered Institute of Housing
Debt Justice	Warm This Winter	

⁴ Research of 2,000 UK adults, weighted to be nationally representative, conducted by Opinium on behalf of the Money Advice Trust, 25th – 28th April 2023.

⁵ Ofgem - [Consumer attitudes to involuntary prepayment meter installation rule changes](#), April 2023