

MONEY ADVICE TRUST

BUSINESS
DEBTLINE

NATIONAL
DEBTLINE

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ADVISER

Consultation Response:

Dept for Energy Security and Net Zero Continuing the Warm Home Discount Scheme

Response by the Money Advice Trust

Date: November 2025

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Introduction

About the Money Advice Trust

The Money Advice Trust is a charity founded in 1991. Our mission is to help prevent financial difficulty and remove problem debt from people's lives.

In 2024, our National Debtline and Business Debtline advisers provided help to 156,100 people by phone and our digital advice tool, and 47,600 people by webchat, with 2.8 million visits to our advice websites. In addition to these frontline services, our Wiseradviser service provides training to free-to-client advice organisations across the UK and in 2024 we delivered this free training to 750 organisations.

We use the intelligence and insight gained from these activities to improve the UK's money and debt environment by contributing to policy developments and public debate around these issues.

Find out more at www.moneyadvicetrust.org.

Public disclosure

Please note that we consent to public disclosure of this response.

Introductory comment

The Warm Home Discount Scheme is currently the main route for providing support to households that the government deems to be at greatest risk of fuel poverty and energy affordability issues. The help it provides can be a vital lifeline to some households. We are very pleased to see the Government's continued support for the scheme.

However, there are a number of issues with its current design that make it inadequate as the sole form of energy affordability support and, in our view, it is in need of further reform.

We very much hope that the Government will improve the scheme over the next five years to ensure as many people can benefit as possible. We have set out our thoughts on how the WHD scheme can be enhanced in our responses to the question below.

In particular:

- The **current level of £150 needs to be substantially increased** to better reflect the costs of energy following the energy crisis, and perhaps the support should be provided on a tiered basis that targets the most vulnerable.
- We would like to see the scheme **expanded to cover people who are eligible for DLA, PIP and AA** even where they do not qualify for a means tested benefit.
- We favour an **enhanced scheme in England and Wales and Scotland** that combines elements of both schemes to protect the greatest number of people.
- For low-income households who are not on means-tested benefits there should be an **application pathway for support**.
- We very much support the continuation of the wider **Industry Initiatives Scheme**.
- There should **be flexibility in the scheme design** with automatic review time periods built in.
- The government should consider **wider social tariff proposals** as an additional means of supporting households on low incomes, with high energy costs who are at risk of fuel poverty.
- Any WHD scheme improvements need to **link to wider reforms such as the Warm Homes Plan and the Fuel Poverty Strategy** and pricing reforms to ensure these align together.

Responses to individual questions

Proposals for continuing the Warm Home Discount Scheme

Question 1: Do you agree with our proposal to continue the Warm Home Discount scheme supporting households at risk of fuel poverty for the next scheme period from 2026/27? Please provide any reasoning/comments/evidence to support your view.

We very much support the proposal to continue the Warm Home Discount Scheme. It is vital that vulnerable households at risk of fuel poverty are supported with help to pay their energy bills.

We are very pleased to see the Government's continued support for the scheme.

"The Warm Home Discount scheme continues to provide valuable support to eligible low-income households, but it has its limitations."

It is also crucial that the Government has recognised that the scheme is not able to solve fuel poverty as it stands.

"The amount of support available, which must be balanced against the cost of providing it, is insufficient to fully alleviate the level of fuel poverty faced by many households."

We agree that the current level of support is insufficient to alleviate fuel poverty. We very much hope that the Government will improve the scheme over the next five years to ensure as many people can benefit as possible.

The recent report from the Energy Security and Net Zero Committee¹ states that the WHD is a "crucial mechanism to tackle fuel poverty" but concludes:

"The value of the Warm Home Discount has increased by only £10 since 2011, while household energy bills have risen by more than £500. The current value of the rebate is wholly insufficient to support vulnerable consumers this winter and compounds a severe affordability crisis in this country."

We want to see better-targeted support and the widening of eligibility. We appreciate that there is a tension between the aim of increasing the amount that is awarded under the WHD scheme, but also widening the eligibility for the scheme. However, it is vital that these two aims work together.

¹ Energy Security and Net Zero Committee (2025) [Tackling the energy cost crisis](#) report

We agree with the conclusions of the Energy Security and Net Zero Committee which also recommends:

“The eligibility criteria for the Warm Home Discount should be broadened to include all households in fuel poverty and those meeting vulnerability criteria, such as those with disabilities or long-term health conditions.”

At National Debtline, our clients are in particularly vulnerable circumstances, in multiple debt, and on low incomes, in rented property and more likely to be single or lone parents with children. Their energy arrears have grown over the last few years, which indicates a lack of ongoing affordability due to the cost of energy.²

- As of October 2025, **34% of National Debtline clients have energy debt**, owing on **average £2,470**.³
- 43% of National Debtline clients have deficit budgets, where their incomes do not cover essential household expenses including energy.

The table below shows the household profile of our National Debtline clients with energy debt, compared to all clients. As you can see from the table, our clients with energy arrears are:

- **More likely to be renters (80% vs 67%);**
- **More likely to be women (71% v 62%);**
- **Less likely to be in employment (36% v 44%), with a higher rate of people not working due to long-term illness or disability (27% v 20%);**
- **More likely to have an additional vulnerability** on top of their financial difficulty (**59% v 49%**);
- **More likely** for their debt problems to have been caused by not having enough money for basic needs (**23% v 18%**).

² The trend of increasing amounts owed on energy debt is something we are seeing in our services. For comparison, in 2019 the average amount of energy debt owed by National Debtline clients with arrears was £1,150.

³ All statistics, unless otherwise stated, are based on people supported by National Debtline between 1 October 2024 – 1 October 2025. Key categories only are shown for each demographic type.

Household profile of National Debtline clients

Category	Clients with energy debt	All clients (for comparison)
Housing status	Rented: 80% Mortgage: 10% Owned-outright: 4%	Rented: 67% Mortgage: 12% Owned-outright: 4%
Gender	Female: 71%	Female: 62%
Ethnicity	White: 75% Black: 12% Asian: 7%	White: 76% Black: 10% Asian: 7%
Relationship status	Single: 60% Married / civil partnership: 16% Living with partner: 9% Separated/ divorced / widowed: 15%	Single: 57% Married / civil partnership: 18% Living with partner: 11% Separated/ divorced / widowed: 14%
Employment status	Not working due to long-term sickness or disability: 27% Full-time employment: 21% Part-time employment: 15% Unemployed but seeking work: 16% Retired: 6% Not working (carer): 6%	Not working due to long-term sickness or disability: 20% Full-time employment: 30% Part-time employment: 14% Unemployed but seeking work: 15% Retired: 6% Not working (carer): 4%
Age	18-24: 5% 25-34: 25% 35-44: 27% 45-54: 20% 55-64: 15% 65+: 8%	18-24: 9% 25-34: 27% 35-44: 25% 45-54: 19% 55-64: 13% 65+: 7%
Vulnerability	Additional vulnerability on top of financial difficulty: 59% Health-based vulnerability: 47% Capability-based vulnerability: 25%	Additional vulnerability on top of financial difficulty: 49% Health-based vulnerability: 38% Capability-based vulnerability: 20%
Reason for debt	Not enough money for basic needs (23%) Unexpected bill, spending or debt (18%) Loss of job or other income shock (17%)	Unexpected bill, spending or debt (22%) Not enough money for basic needs (18%) Loss of job or other income shock (17%)

For our clients, energy affordability is closely tied to income levels, which themselves are impacted by factors such as whether household incomes rise, through wage rises, and through substantial reforms to the social security system, in particular increasing benefit levels. In terms of cost, people on lower incomes, or with stretched budgets (such as the people we support) are much more exposed to price fluctuation – when energy costs rise, they have less resilience to cope with this – and costs can therefore be a key driver of energy affordability.

On costs, we would also highlight that our clients are also affected by increases in household bills in addition to energy, with rent costs and mortgage interest rates being of particular concern here. Difficulty affording other bills can impact on energy affordability – for example, an individual may prioritise their rent or housing payments, while falling behind on other bills. If inflation were to rise again, and interest rates increase, then such factors will severely impact affordability further for our clients.

In addition, it is of course vital to note that the level of energy needed by a household and the resulting costs will be impacted by different factors. These will include extra heating needed for many health conditions and disabilities, as well as the age of people in the household and whether there are young children in the home.

Proposals for England and Wales from 2026/27

Question 2: Do you agree with our proposal to rename the current ‘Core Group 1’ and ‘Core Group 2’ in England and Wales, bringing the existing groups together under one ‘Core Group’? Do you have any views on whether this approach could bring any potential advantages or disadvantages, including practical considerations in delivering the scheme?

We support the proposal to rename the current core groups 1 and 2 in England and Wales as the one core group. As the support is identical for both the core groups, we cannot see any advantage in maintaining the differentiation. It would be simpler for consumers to understand and easier for advisers to explain.

We have not identified any particular disadvantages to doing this, and the reduction in complexity in any scheme is to be welcomed.

Question 3: Under these proposals the eligibility criteria established for 2025/26 would be continued for the next scheme period in England and Wales. Do you have any concerns about the impact of this proposal on households, in particular on those with protected characteristics? What concerns do you have? Do you have any suggestions for mitigating your concerns, including through use of Industry Initiatives? Please provide any evidence you may have to support your answer.

We have concerns about the impact of the eligibility criteria in England and Wales, as we feel that there is a group with protected characteristics who are unreasonably excluded from help. Changes to the scheme have simplified some elements of the scheme, but have meant that substantial numbers of people who used to be eligible have missed out (particularly those on disability benefits).

The paper states that:

“analysis from DWP’s benefit statistics on Stat-Xplore, published in the 2025 Impact Assessment, indicates that over 40% of disability benefit recipients (DLA, PIP, and AA) received a qualifying means-tested benefit in August 2024”.

This indicates that there are still 60% of the most vulnerable people with significant health conditions that will not qualify for the WHD where they are on disability benefits only.

We would like to see the scheme expanded to cover people who are eligible for DLA, PIP and AA even where they do not qualify for a means tested benefit. This would substantially reduce the negative impact of the scheme on people with disabilities who are also likely to be older than the general population.

We would hope that the broader industry initiatives scheme will help to mitigate some of the resulting detriment in these groups.

Proposals for Scotland from 2026/27

Question 4: Which of the three options listed above is your preferred option for the next scheme period in Scotland?

It would appear to be fairer for there to be the same criteria for eligibility for the WHD scheme in both England and Wales and Scotland. There would be the advantage of simplicity and smoothness of administration by using a scheme that is based on data matching for eligibility.

However, the current scheme in Scotland has additional merits in that it has a wider scope, allowing the broader group to include an additional vulnerable group of consumers that qualify in certain circumstances.

We do not want to see eligibility criteria narrowed so that fewer consumers qualify and receive the assistance that they do now. As we have said, the scheme in England and Wales appears to be set up with criteria that excludes vulnerable groups, such as people on non-means tested disability benefits. We do not want to see the scheme in Scotland do the same. In our view **both schemes** need to include these groups.

Question 5: Do you have any views on the advantages, disadvantages or concerns of any of the options presented?

We have covered this in our response to question 4.

Question 6: Do you have any views about the use of a centralised Warm Home Discount helpline for auto matched Scottish consumers in options 2 and 3? Currently only the Core Group receives helpline support.

We would like to see a centralised WHD helpline available for anyone with queries in relation to the WHD scheme in whichever group they are in. We do not want to see options for support limited in the way it is currently, as this provides assistance to a potentially narrower group.

Question 7: Do you foresee any practical challenges or have any delivery concerns with replacing the Broader Group and its application process in options 2 and 3 with a data matched broader Core Group?

We cannot comment on this question.

Question 8: Do you have a preferred option for the next scheme period in Scotland that is not presented above? If so, please provide details.

As we have said, we favour an enhanced scheme in England and Wales and Scotland that combines elements of both schemes.

Question 9: Do you have any concerns about the impact of these proposals, including the three options as presented, on households, in particular on those with protected characteristics in Scotland? What concerns do you have? Do you have any suggestions for mitigating your concerns, including through use of Industry Initiatives? Please provide any evidence you may have to support your answer.

It is important to acknowledge that the replacement of the broader group in Scotland with a new core group could have adverse effects. The paper acknowledges this.

“This could have an adverse impact on some people with protected characteristics such as those with disabilities and long-term health conditions, or families and pregnant people, where they are on low incomes but not on a qualifying means-tested benefit; these are two examples of groups to which some suppliers have extended additional eligibility which directly relate to protected characteristics. Some suppliers have created additional criteria which do not directly align with any protected characteristics but may be correlated with them (e.g. receipt of working tax credit, veterans).”

This is the reason we have argued that any move to a new core group in Scotland and the current group qualification criteria in England and Wales should be expanded to include non-means tested benefit recipients of DLA, PIP and AA. We do not think that it is adequate to rely on the potential mitigating factors identified in the Impact Assessment, that:

“over 40% of disability benefit recipients (DLA, PIP, and AA30) received a qualifying means-tested benefit in August 2024. So, these customers in Scotland could benefit from the move from the current Broader Group to a Core Group with automated data matching.”

As we have said, this leaves 60% of those on disability benefits not being eligible for support. We therefore do not agree with the conclusion that replacement of the broader group would not *“represent a systematic disbenefit to the cohorts of people with these protected characteristics”*.

Whilst we acknowledge that it is inadequate to leave the broader group to an inconsistent approach from suppliers, who may have limited funding and therefore operate a “first come first served” system, we believe the solution is to expand the scheme to ensure all those on disability benefits qualify automatically for full support rather rely on the Industry Initiatives scheme to provide mitigation to those who lose out.

Question 10: Do you think there are advantages or disadvantages in setting out eligibility separately in Scotland?

We agree that it makes sense to change the eligibility criteria in Scotland so that eligibility can be set out in a binding “eligibility statement” as it is in England and Wales. This is a more flexible approach without requiring regulations to be updated every time there is a change in criteria e.g. updating the list of benefits when they are phased out or updated.

Review of the Industry Initiatives across England, Wales, and Scotland

Question 11: Do you agree that Industry Initiatives should be continued into the next scheme period?

We very much support industry initiatives continuing into the next scheme period. Industry initiatives are an invaluable source of funding for charities providing specialist support and advice directly to clients. They have helped provide support to thousands of utility customers across England and Wales – where energy suppliers are limited in what advice they can give directly.

In addition, the initiatives are creating partnerships to provide wider access to advice services for customers struggling to pay their bills. This is a vital source of support.

Question 12: Do you agree that Industry Initiatives should continue to be designed by individual energy suppliers and third-party partners? What are the benefits and drawbacks of this approach?

We agree that industry initiatives should be designed by individual energy suppliers and third-party partners. We would expect energy suppliers to know their customers be able to set up the help required to meet those needs. Partnerships can then be built and initiatives created to provide the bespoke support needed for their customers.

Question 13: Do you have any proposals to improve the design and/or delivery of Industry Initiatives in the future? Do you have any proposals for additional activities that would be of benefit to include as permissible Industry Initiatives in the future?

The addition of debt advice as an additional activity would be beneficial. The number of customers in arrears is rising all the time as are arrears levels (£5 billion currently). As the customers eligible for support are all in or at risk of fuel poverty, providing debt advice to these customers under industry initiatives will help to reduce or prevent customers from falling into arrears and help them to reduce arrears where they can.

Question 14: Do you have any views on eligibility for Industry Initiatives, or the extent to which energy suppliers should have discretion and flexibility to who they are awarded to within fuel poverty risk groups?

The eligibility criteria for Industry Initiatives include groups that are at risk of fuel poverty. This seems to be wide enough to cover many of the most vulnerable groups who may be in need of support. We certainly would not want to see the eligibility rules made any narrower.

We are not aware of examples that indicate energy suppliers have insufficient discretion and flexibility as to how the support is provided.

Specified activities

Question 15: Do you have any views on whether specified activities should be included in the new regulations for the next scheme period from 2026/27? Are there any advantages or drawbacks to their inclusion in your view?

We appreciate that the powers to issue a notice requiring energy suppliers to undertake specific activities to benefit a specific group in fuel poverty, have not yet been used in the current 2022 scheme.

However, we do not see this is a justification for removing the potential option from the scheme rules, as it may be required in future.

Scheme information and communicating with eligible customers

Question 16: Do you agree with the proposals to expand the role of suppliers in the communications around Warm Home Discount? Does this approach raise any advantages, or concerns in your view?

We would hope that the government's plan to expand information-sharing powers under the Digital Economy Act, would enable household-level targeting. This would remove some of the problems with data matching and eliminate the requirement for further data checks on eligibility.

Having said that, we would welcome any proposals that lead to a higher chance of eligible customers finding out about and claiming the WHD. We are not able to comment on whether suppliers will be more "efficient and effective" in communicating with customers if that responsibility was to move to them. Perhaps a combination of approaches should be trialled, involving both government and supplier communications. We would expect all suppliers to already refer customers in their communications to the Warm Home Discount helpline.

Any changes to the way in which messaging is delivered should be carefully trialled before implementation with a particular focus on the potential for scam communications. We worry that any confusion over how communications will be sent, and who from, could give an extra opportunity to scammers. Scam activities are already a current and growing concern in relation to many government schemes.

Question 17: Do you have any views on appropriate governance arrangements or oversight to monitor the effectiveness of this approach?

Any changes to the communications scheme should be monitored and evaluated to ensure that there are limited unintended consequences and that the changes are successful. This review should use transparent criteria.

This evaluation should be carried out annually to make sure that the effectiveness of this approach is monitored in a timely way. We would urge government to pay particular attention to any changes in scam activity that could impact on the most vulnerable.

Changes to the levy – removal of spending target

Question 18: Do you have any views on the proposed change to how the Warm Home Discount cost is estimated for reflecting in retail gas and electricity prices, moving from an annual spending target set out in regulations to the introduction of estimates of total spend for that coming winter? Do you have any views on how this may work on a practical level for suppliers? If your response is specifically relevant to England and Wales, or Scotland only please make this clear in your reply.

Question 19: Do you have any views on how to determine spending for Industry Initiatives in Scotland if data matching is adopted in place of the Broader Group?

Question 20: Do you agree, in the absence of data matching, Scottish spending should continue to be determined as a proportion of expected spending in the England and Wales?

Question 21: Do you agree that Industry Initiatives should be funded to a similar level as currently? Do you have any views on whether their value should be adjusted for inflation during the scheme period?

Question 22: Do suppliers have any views on whether the reconciliation process works as currently organised? Do you consider whether any changes could improve the process?

Question 23: Do you have any other comments, views or evidence on the proposals for the changes to the levy?

We have no comments to make on this section of the paper as these questions mainly concern suppliers.

Proposals for the issuing of rebate notices after the end of the scheme year

Question 24: Do you have any comments on the proposal for allowing rebates notices to be issued after 1 March (31 March for 2025/26) where the Secretary of State is satisfied that an error has occurred?

This sounds like a reasonable proposal and helps the scheme to operate fairly for consumers who have lost out on a rebate where an error has occurred that is caused by government or the energy supplier.

Innovation and improvement during the scheme period

Question 25: During the scheme period between 2026/27 and 2030/31, do you have any suggestions on what further improvements or additions to the scheme we could be exploring?

We very much agree that the scheme needs to go further and that there is a need for improvements in the level of support available and the reach of the scheme. The Government recognises in the paper that:

“Many fuel poor households are unable to access the support, either by not being in receipt of means tested benefits or by not paying their energy bills directly to a participating supplier”.

- We want to see the amount provided to individuals under the WHD **substantially increased** to provide greater support to households in fuel poverty.
- Public First’s recent report proposed **increasing the value of the WHD to £400** as a targeted bill support measure.⁴ Raising the level of the WHD to this amount would mean it better reflects the typical fuel poverty gap, which stands at around £400 in England, according to the report. This would allow the WHD to provide greater support to individuals and lift more households out of fuel poverty entirely.
- The Government should also develop **a progressive funding mechanism** to ensure the cost of funding any WHD increase does not fall on to the bills of customers living on a low income. This is to reflect that households currently receive less than the £150 in real terms as part of their WHD, as all bill-payers fund the scheme from their bills.
- The WHD eligibility criteria must also be **expanded to include low-income households** who are not in receipt of means tested benefits, so that those on low incomes not receiving benefits do not miss out in vital support. For low-income households who are not on means-tested benefits there should be an application pathway for support. Whilst automated payments are preferable, having an application pathway is better than people who need help missing out on support.
- The Government should consider **expanding automatic eligibility to those on specific disability benefits such as DLA, PIP and Attendance Allowance**. The paper states: *“analysis from DWP’s benefit statistics on Stat-Xplore, published in the 2025 Impact Assessment, indicates that over 40% of disability benefit recipients (DLA, PIP, and AA) received a qualifying means-tested benefit in August 2024”*. This indicates that there are still 60% of the most vulnerable people with significant health conditions that will not qualify for the WHD where they are on disability benefits only. The Public First report finds that *“disabled households are almost twice as likely to face fuel poverty and pay an extra £86–£97 per year on energy”*.

⁴ Public First (2025) [Closing the fuel poverty gap: a plan for targeted energy support](#)

- The **eligibility criteria should be consistent across England, Wales and Scotland** and match the best eligibility rules available in each scheme to ensure good outcomes for all recipients. We do not want to see eligibility criteria narrowed so that fewer consumers qualify and receive the assistance that they do now. As we have said, the scheme in England and Wales appears to be set up with criteria that excludes vulnerable groups, such as people on non-means tested disability benefits. We do not want to see the scheme in Scotland do the same. In our view both schemes need to include such groups.
- The Government should consider **wider social tariff proposals** as an additional means of supporting households on low incomes, with high energy costs who are at risk of fuel poverty. This could be in addition to targeted bill support through the WHD. We appreciate that there are various models that could be considered such as a unit-rate discount, or a payment-based discount such as WHD or a rising block tariff. We are not in a position to comment on which solution is the fairest, but would expect extensive modelling to be carried out before a decision is made. However, at this stage, given the prolonged discussions that have been happening for a number of years about the merits of a social tariff, without result, that an enhanced WHD model will at least plug the gap.
- We are not close to problems with **atypical energy supplies** such as to mobile homes, park homes, houseboats and district heating systems. For example, we understand that the Charis Grants Park Homes Warm Home Discount scheme⁵ has only limited funding and scope which is very valuable but can run out of funding.
- In addition, we understand there can be particular problems ensuring eligibility and receipt of WHD relating to households that have electricity only, storage heating, oil supplied heating, prepayment meters, and landlord direct payments for supply. **It is important that any additional scheme accounts for the different types of supply** and the particular issues relating to each, and that people without a direct electricity account are covered.
- Concerns have been raised about the way in which standard credit customers bear a repayment penalty because of the way they pay their energy bills.⁶ This can add up to £135 a year on bills, according to Fair by Design, when compared with payment by direct debit. Ofgem should consider taking action to **remedy the standard credit payment penalty** as this extra cost wipes out most of the benefit of the WHD.
- Any WHD scheme improvements needs to link to wider reforms such as the **Warm Homes Plan and the Fuel Poverty Strategy** and pricing reforms to ensure these align together.

⁵ Charis Grants [Park Homes Warm Home Discount scheme](#)

⁶ Fair by Design blog (2025) [Paying the Price: Low-income households still paying more for energy through standard credit – and most don't know it](#)

Question 26: Are there in your view households with particular characteristics that are or will be particularly impacted by changes to the energy sector and how costs feature in bills?

As we are a debt advice charity, we will leave this question to those with broader knowledge of the energy transition and how households with particular characteristics might be affected.

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