



Consultation Response:

Ofgem Debt Relief Scheme: Statutory Consultation

Response by the Money Advice Trust

Date: December 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

We very much welcome the Ofgem statutory consultation on the introduction of Phase 1 of the debt relief scheme. We agree with Ofgem that the case for change has been made already and *“that the continuing growth of debt and arrears is unsustainable for both suppliers and customers”*. We proposed the Help to Repay scheme originally and very much support the proposal for the DRS as part of the Ofgem overall debt strategy.

We hope that the scheme can be put in place as soon as possible to alleviate the impact of energy arrears on vulnerable low-income households. While we would continue to advocate for support to extend beyond the eligible debt period, overall, the proposed eligibility and engagement criteria for phase 1 looks reasonable and effective. Our comments here are therefore predominantly around areas we think should be clarified, or made more explicit, including as part of the scheme guidance.

We look forward to working with Ofgem on Phase 2 of the scheme which we hope will broaden eligibility within the scheme parameters.

Comments on individual sections

Eligibility and engagement criteria

We do not have any comments on the overarching eligibility criteria for phase 1 of the scheme (be a domestic customer, hold eligible debt of £100 or more, be in receipt of means tested benefits). These appear to be clear and straightforward.

On the automatic engagement condition

- We welcome the fact that anyone on a prepayment meter will qualify automatically for support irrespective of whether the meter is on or off supply, and would not want to see this changed. We are pleased to see that the guidance sets out that it is not appropriate for the DRS scheme to be used by suppliers as a reason to move a customer from credit billing to a prepayment meter, and Ofgem will need to monitor this as the scheme is delivered.
- We are pleased that it has been clarified that anyone who has made a payment in the most recent billing period will be entitled to support. In the DRS workshop with consumer groups on 20th November 2025, it was confirmed that this means any level of payment, even if a part or token payment. This is not currently set out in the guidance, however, and needs to be added to avoid any potential confusion. The guidance must also set out that suppliers cannot refuse partial payments to bills.
- There may be situations where an eligible customer has not paid their most recent bill at the start date of the scheme, meaning they are not automatically enrolled by their supplier. However, they may then get another bill and pay this (either in part or full). Again, at the consumer groups workshop (20th November), it was clarified that this would then mean the customer should be treated as meeting the engagement criteria and have the DRS support applied, without having to take any further steps. We could not see this set out in the current guidance – it needs to be added to avoid any confusion.

Non-automatic engagement criteria

Firstly, we would highlight the importance of it being the customer's choice and decision as to which engagement option they pursue, and we welcome that this is set out in the guidance. Overall, we think Ofgem has struck the right balance between encouraging engagement and not putting unnecessary barriers in place.

We understand the rationale for removing the engagement condition that related to installing a smart meter, as such a measure is not related to energy arrears as such.

On the three remaining engagement criteria, we have a few points and some areas we would like to see further clarity on.

Repayment plans

- We welcome the delivery guidance setting out that any repayment plan should be based on debt left after DRS support has been applied (para 3.28).
- We are pleased to see that the guidance clearly states that anyone on an existing repayment plan will meet the engagement condition: “*3.20 Similarly, a Phase 1 Customer on an existing repayment plan would meet the Phase 1 Engagement Condition, as long as the Phase 1 Customer adheres to the agreed repayment plan.*” From reading the guidance, this seems to suggest that customers on existing repayment plans would qualify automatically for the scheme, even if they haven’t paid anything towards their most recent bill, but this wasn’t entirely clear. We would welcome clarity on this. We also think the guidance should define what is meant by ‘adhering’ to the plan. For new repayment plans, set up under the scheme engagement criteria, people qualify after making one repayment. Does that mean eligible customers on existing repayment plans qualify for DRS if they have made at least one repayment already?
- It is good that the guidance has made clear that the supplier must ensure that any repayment plans agreed as part of the scheme adhere to the ability to pay rule as per SLC27.8. Ofgem will need to monitor this closely as part of their compliance activity to ensure any repayment plans set are affordable for the individual.

Fuel Direct

- We note that the DRS engagement criteria will be fulfilled by joining the fuel direct scheme. Debt write off should be carried out by the supplier once the first payment is received under the scheme.
- We would like clarification in the scheme rules and guidance as to whether fuel direct can be set up to cover deductions for energy arrears *only*. Unfortunately, it is often the case that deductions to cover ongoing bills under fuel direct are so substantial that there is a risk that a claimant would be left with very little of their benefit income to live on. This would make it a very difficult condition for that person to agree to.

Referral to debt advice

- We are pleased that Ofgem intends that “*Eligible debt should be written off following the ‘warm’ referral*” under the scheme without extra requirements for the advice provider or client to provide evidence of outcomes from the referral. This is reasonable and practical, to avoid any unnecessary barriers being put in place.

- We are pleased that the guidance makes it clear that a previous referral to debt advice in the previous six months counts towards the engagement route. This is important in managing the demand on debt advice providers and not duplicating work that has already been done.
- As per the point we made above, we would reiterate again the importance that it is the customer's choice which route they go down. This will mean that suppliers shouldn't set criteria for which customers can be referred to debt advice, but should offer this to any customer who chooses this route / thinks they could benefit from receiving advice.

We are conscious that the guidance highlights the need for a 'warm' referral (para 3.28) and are aware from discussions that Ofgem is keen to understand how to define this and what the requirements should be here. We currently understand that the intention is to require more than simple signposting, but less than a traditional warm referral.

Generally, a warm referral includes activities such as direct transfers into a specific service, assistance with making an appointment, or a personal introduction. We do not think that requiring this level of interaction would be feasible under this scheme given the lack of dedicated funding, the range of free debt advice charities and their current relationships with suppliers.

The guidance talks about providing the customer with "*details of an appropriate debt advice service*", rather than just signposting the customer to the service. Perhaps a better and clearer way of phrasing this in the guidance, that balances what is possible within the scheme with Ofgem's intention is to say that: "*Suppliers should provide the customer with details of appropriate debt advice services, rather than just referencing the concept of debt advice in an overarching or general way. This would include providing contact details for specific debt advice services, rather than just signposting to where customers can look up details of debt advice services.*"

In doing so, suppliers should be mindful of the needs of the customer, where these are known – for example, if they are aware that the customer's circumstances, or any particularly vulnerabilities, make it more likely they will need a casework service, they should try and refer to an appropriate service. Similarly, if the customer is self-employed then a referral to Business Debtline may be most appropriate. This reflects best practice in referrals in any case, and is not specific to the Debt Relief Scheme.

Debt advice capacity and funding

We are currently working to model the potential demand for debt advice generated by the scheme. Unfortunately, this was not available in time to include in this response, but we would welcome the opportunity to discuss this further with Ofgem in January 2026.

We note that the current guidance states: "*Suppliers should use existing relationships with advice charities, including providing funding for the charity as appropriate.*" We think this is likely the right intention, to avoid the need to set up any new, centralised or complicated arrangements, which may delay the scheme implementation. However, as highlighted above, we would welcome the opportunity to discuss this further with Ofgem in the new year.

If modelling reveals that the demand generated by the scheme is likely to outstrip current capacity, then consideration will need to be given to whether a temporary increase in capacity can be funded to meet this demand.

There are steps that can be taken to manage demand generated on debt advice charities, such as phasing customer communications so that referrals are spread over a number of months, rather than being generated in a short space of time, at the start of the scheme.

Finally, we'd highlight that the DRS is likely to generate demand to debt advice agencies not just as a result of referrals from the supplier. When a customer is contacted by their supplier about potentially being eligible for DRS, they may contact a debt advice provider – including to check that the communication is genuine. If a customer doing so then receives debt advice, will this qualify them for the scheme (despite the fact they haven't spoken to the supplier first to receive the referral)? We would welcome clarity on this, and for this to be included explicitly in the guidance to avoid any confusion. This should include what the customer might need to do to show they had received debt advice from an FCA-authorised debt advice provider, such as providing a reference number.

Debts passed to debt collection agencies or sold on

We understand from discussions with Ofgem that the expectation is that debts that have been passed to a debt collection agency are eligible for the scheme and that suppliers must write-off this debt in line with scheme rules. We could not see this set out in the guidance, and think it needs to be included.

We understand that debt which has been sold onto a debt purchaser will not be covered by the scheme, as this presents significant additional complexities. While this is disappointing for the customers involved, we understand the challenges of including this debt in the scheme and why Ofgem has therefore taken this decision.

Supplier delivery and scheme oversight

We agree with the Ofgem conclusion that it is best for suppliers to deliver the DRS with oversight of the delivery and administration of the scheme by Ofgem. It would have been too lengthy a process to appoint a third party to deliver the scheme.

We agree that oversight should include a supplier readiness assessment by Ofgem. We would like to see Ofgem conduct a robust supervision and compliance scheme to ensure that suppliers are compliant with the requirements of the scheme and not turning down applications without good cause or excluding consumers from the scheme parameters unreasonably.

We are concerned that the compliance tools used by Ofgem such as monitoring of supplier data and "deep dives" into supplier data may not be sufficient in themselves, so believe Ofgem should keep compliance tools under review and make sure that sufficient resources are employed to enable Ofgem to carry out investigations where necessary.

We would like to see the proposed periodic reporting on the scheme progress made public so that the scheme outcomes are transparent.

Financing approach

We gave no comments regarding the approach to financing of the scheme.

Supplier reimbursement methodology

We have limited comments to make in relation to the methodology used for supplier reimbursement under the scheme. However, we would highlight – as per our previous consultation responses on the Debt Relief Scheme – the importance of ensuring that suppliers are not double-compensated for debt they have already received compensation for under the bad debt allowance. This is integral to the fairness of the scheme for all customers.

Supplier claims process

We have no comments to make in relation to the supplier claims process to be adopted under the scheme.

Wider comments

While we appreciate it is very unlikely to change now, we think it is important to highlight that we would still advocate for a longer eligible debt time period, given energy costs have settled at a much higher level than before the energy crisis, we do not accept that the scheme should only cover the time period identified, with average bills that are 44% higher than in Winter 2021.¹

As we have said before, it is important that suppliers use their own existing debt relief schemes to write off additional debt outside of scheme parameters, and provide appropriate support to customers who have remaining debt after the DRS scheme is applied. This approach would help to alleviate the pressures on households who are accepted to be in difficult circumstances, but their debt is not fully eligible under the scheme. A clean slate on energy arrears is likely to be much more beneficial than a partial write-off.

We also hope that, if this scheme proves successful, it could be expanded either to cover debt accrued over a longer time period or to become a permanent scheme. We agree with the conclusion of the Energy Security and Net Zero Committee report that a permanent solution is needed.²

¹ House of Commons Library Research briefing (November 2025) Gas and electricity prices during the energy crisis and beyond [CBP-9714.pdf](#)

² Energy Security and Net Zero Committee (2025) [Tackling the energy cost crisis](#)

“The UK is experiencing a severe energy debt crisis that shows little sign of abating. Millions of customers currently owe more than £4bn in debt and arrears, a record figure that has more than tripled in just five years. This is having a devastating impact on the wellbeing of millions, while increasing energy bills for everyone. We welcome Ofgem’s proposals for an Energy Debt Relief Scheme, but a more permanent solution is clearly needed to tackle both an energy debt and energy affordability crisis.”

Finally, we know Ofgem are well aware of our views on this already, but it is worth repeating that the scheme of course needs to sit alongside wider action to improve the affordability of ongoing energy bills. As we have demonstrated before in support of the scheme, many of our clients have huge struggles paying their ongoing bills. 43% of National Debtline clients have deficit budgets, where their income does not cover their essential outgoings. Therefore, help to write off debt needs to be accompanied by support with ongoing bills such as a social tariff or substantial expansion of the Warm Home Discount scheme, which we appreciate are issues for government.

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