

## **Debt Relief Scheme: Statutory Consultation - AdviceUK Submission**

### **Executive Summary**

AdviceUK supports the creation of a statutory Energy Debt Relief Scheme and welcomes Ofgem's recognition of the need for targeted intervention. To be effective, the scheme must be inclusive of all affected households, cover energy debts from the start of the pandemic and integrate effectively with existing debt relief tools. Advice agencies must be properly resourced and engaged in the scheme's design and delivery.

### **Introduction**

AdviceUK is the UK's largest support network for independent social welfare advice organisations, with nearly 700 members providing advice to individuals, families and communities on a wide range of issues including debt, housing, benefits, immigration and more. Our members work with people experiencing domestic violence, disability, poverty, and systemic disadvantage. Many of these clients are facing escalating energy debts that are impossible to repay.

Energy debt is now one of the most significant issues presented by people seeking advice. Recent AdviceUK data underscores the scale of energy-related advice demand. Since 2024, there have been nearly 90,000 cases, categorised as Energy Advice, recorded on AdvicePro, a case management system used by advisers. Thousands are specifically tagged for energy vouchers, fuel poverty, and assistance with energy bills.<sup>1</sup> There were 4,425 cases tagged as energy debt in the 2024 financial year and 3004 cases in the 2025 financial year.<sup>2</sup>

The cost-of-living crisis has deepened inequalities, and exceedingly high energy bills have left households facing impossible choices between heating and eating. Our advisers report seeing clients living without gas or electricity, unable to top up prepayment meters, or accruing arrears they have no means to repay. In this context, we welcome the creation of an Energy Debt Relief Scheme.

However, for the scheme to be truly effective, it must reflect the lived experience of those most affected and be shaped with the advice sector. If third sector organisations, including our members, are to play a referral role, they will need to be properly resourced to do so. We urge Ofgem to work the MoJ and DWP to discuss how advice services will be supported. Please see our recent AdviceWorks report for more

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<sup>1</sup> AdvicePro data.

<sup>2</sup> Ibid.

information on how a cross-government [National Advice Workforce Strategy](#) can be developed.

Furthermore, the scheme needs to be inclusive to ensure all individuals and families that have suffered as a result of unfairly high energy bills are supported. We have set out below how support must be granted as well to those who have consume energy via unconventional sources such as fuel bottles and cans. Additionally, the period of support should be expanded.

Our response is based on the direct experiences of our members, who have consistently highlighted gaps in supplier practices, barriers to accessing support, and the need for clear, coordinated interventions. If you would like to discuss our response further, please contact [willem.vandeven@adviceuk.org.uk](mailto:willem.vandeven@adviceuk.org.uk).

### **Inclusivity and Scope**

Any scheme designed to address energy debt must reflect the diversity of energy users in the UK. Many households affected by high energy costs do not fall within the conventional categories of energy use. People reliant on alternative fuels, such as bottled gas, LPG, heating oil, or those living in off-grid or park home settings have all been impacted by rising fuel costs, often with fewer protections and higher per-unit costs than standard energy users. The number of people using alternative fuels is significant and should not be ignored by government. The 2023–24 English Housing Survey reports that about 809,000 household used a solid or oil-fired system as their main heating source and a further 2 million used electric heating.<sup>3</sup> Furthermore, according to a recent research briefing, an estimated 4.4 million households across Britain were not connected to the mains gas grid in 2021, roughly 15.1% of all domestic properties.<sup>4</sup>

We also draw attention to prepayment customers, who are more likely to be on low incomes and vulnerable to self-disconnection. These customers have experienced some of the harshest effects of the energy crisis, and the scheme must be designed to reflect the way debt builds up and is managed within the prepayment system. This includes arrears accrued through standing charges and emergency credit use.

Furthermore, eligibility must not be contingent on a customer remaining with the same supplier. Many individuals who accrued energy debts have changed supplier, had accounts closed, or had their debt passed to a third party. Excluding these customers

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<sup>3</sup> MHCLG, [English Housing Survey 2023 to 2024: low carbon technologies in English homes - fact sheet](#), 15 May 2025.

<sup>4</sup> House of Commons Library, [Households off the gas-grid and prices for alternative fuels](#), 24 October 2024.

risks punishing those who have attempted to engage with or escape unaffordable supply arrangements. The scheme must be designed in a way that follows the debt, not just the account.

The delivery model must avoid creating a two-tier system. Consumers who are equally affected by the crisis should not receive different levels of support simply because of the type of fuel they use, their payment method, or the supplier they were with at the time the debt was accrued. We urge Ofgem to adopt a definition of eligible energy debt that includes all household fuel types and supply arrangements, and to make clear that debt held by third parties or on closed accounts is within scope.

### **Eligibility Period**

We note Ofgem's proposal to limit the eligible debt period to April 2022 to March 2024. While this window captures much of the acute phase of the energy crisis, it fails to reflect the persistence of energy debt into 2025. AdviceUK members continue to report significant levels of new and unresolved energy debt cases well beyond March 2024. Annex A shows a clear spike in the number of energy debt cases logged on AdvicePro beginning in the 2022 financial year.<sup>5</sup> In 2021, there were 592 cases which nearly doubled to 1064 in 2022. The number of cases rose nearly fourfold in 2023, continuing at a similar rate 2024. The number of cases in 2025, so far at the time of writing, is at 3004, demonstrating that energy debt is an issue that is not abating.

Therefore, restricting eligibility to debts accrued before the end of March 2024 risks excluding households who have fallen into arrears in more recent months, despite facing the same affordability challenges. We recommend that Ofgem extend the eligibility period to cover debt accrued at least through 2025, ensuring the scheme responds to ongoing need and aligns with the continued realities faced by the people our members support.

### **The Role of the Advice Sector**

The statutory scheme anticipates a central role for the advice sector in reaching, assessing, and supporting eligible individuals. However, to date there has been insufficient clarity about how charities and advice agencies will engage with the scheme in practice. Our members report that supplier engagement is often inconsistent or poor, with long delays and a lack of clear referral pathways.

To function effectively, the scheme must include clear, standardised referral mechanisms between suppliers and advice organisations. These mechanisms must be co-designed with the advice sector. Critically, the scheme cannot rely on charities to

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<sup>5</sup> Ibid.

deliver key parts of the process without providing additional funding and infrastructure. The advice sector is already under exceptional strain and cannot absorb further responsibilities without risking delivery of core services. Indeed, our Advice Works report finds that the average service needs three more advisers to meet demand and lost three staff/volunteers in the last year; demand for free, independent advice rose by 40% in 2024/25 vs the 2018–2022 average; and only 1 in 10 feel extremely confident they have the resources to operate beyond the next year.<sup>6</sup>

Ofgem must work with the Government must ensure that the organisations involved in implementation are properly supported, including with training, data access and financial resourcing. Our Advice Works Report recommends a national advice workforce strategy, led by government, to ensure the sustainability of the sector. Such a strategy should be led by DWP, in collaboration with the MoJ, DWP, DHSC and other relevant departments, and co-designed with the advice sector. This should focus on recruiting, training and retaining the next generation of advisers, through apprenticeships, accredited qualifications and clear career pathways. We urge Ofgem to consider this report and engage with the relevant government departments and advice sector stakeholders.

### **Accessibility and Affordability Assessments**

Any affordability assessment used within the scheme must be straightforward, proportionate, and designed around the needs of people in vulnerable circumstances. Long, complex assessments will exclude many of the people most in need. The process must minimise administrative burden on both the customer and the advice worker supporting them.

We also urge Ofgem to require suppliers to accept assessments from accredited advice organisations without further challenge or delay. Too often, advisers report that suppliers' quality of engagement and correspondence is weak, time consuming and ineffective.

### **Integration with Existing Debt Relief Tools**

The scheme must complement, not complicate, existing statutory debt solutions such as Debt Relief Orders (DROs), Individual Voluntary Arrangements (IVAs), or bankruptcy. Some people eligible for the energy debt scheme will also be in the process of seeking a DRO or have already had one.

Relief provided under the scheme must not be considered a barrier to other forms of debt relief, nor should it disqualify individuals from accessing additional help. We

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<sup>6</sup> [Advice Works Report 2025](#).

recommend that Ofgem work with the Insolvency Service and the debt advice sector to develop clear guidance on how the scheme interacts with DROs and other debt solutions. This will be essential to avoid confusion, especially among advisers and vulnerable consumers navigating multiple systems.

### **Communication and Public Awareness**

The success of the scheme will depend significantly on public awareness and the clarity of communications. Ofgem must ensure that a national, accessible communications strategy accompanies the rollout. Materials should be made available in multiple languages and formats, and delivered across diverse media channels, such as radio, online platforms, printed mailouts and face-to-face outreach. Particular attention must be given to reaching communities at greater risk of digital exclusion and to countering misinformation or scam activity. The advice sector will likely play an important role in communicating the scheme to communities. Therefore, the government should consult the sector on the design and implementation of communication plans.

### **Addressing Structural Issues**

The scheme represents a necessary intervention but cannot be a substitute for tackling the deeper structural issues that lead to energy debt. Despite falling wholesale prices, retail energy costs remain historically high. Retail energy bills have not decreased in line with falling wholesale costs, leaving many households still paying well above pre-crisis levels. During the energy crisis, wholesale gas and electricity prices surged, prompting Ofgem to raise the energy price cap by 54% in April 2022 (from £1,277 to £1,971) and by a further 27% in October 2022 (to £2,500 under the Energy Price Guarantee).<sup>7</sup> Although wholesale prices have since declined from their 2022 peaks, the reduction in household energy bills has not been proportional. As of Q1 2025, the typical annual dual-fuel bill under the price cap stood at £1,928, around 51% higher than in winter 2021/22, and still well above pre-crisis levels.<sup>8</sup>

Ofgem should continue to investigate and address supplier behaviours that contribute to debt, including poor customer service, lack of transparency, and inflexible repayment practices. It must also use its regulatory position and convening power, both with government and industry, to advocate for wider policy changes ensuring retail prices are brought in line with wholesale trends, so that fewer households are forced into debt.

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<sup>7</sup> House of Commons Library. "[Gas and Electricity Prices: Domestic \(Great Britain\)](#)," CBP-9491, updated 22 November 2023. HoC Library

<sup>8</sup> Ofgem. "[Price Cap Level from 1 January 2025](#)." Ofgem, 2024

## **Conclusion**

We welcome the development of a statutory Energy Debt Relief Scheme and the opportunity to contribute to its design. Our members see every day the impact of energy debt on the most vulnerable and the barriers that prevent people from getting help. This scheme could be transformative but only if it is inclusive, accessible, and developed in close partnership with the advice sector. We look forward to engaging with Ofgem further on Phase 2 of the scheme.

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## Appendices

### Annex A

#### **Energy Debt Cases Annual Trends 2018/2026**

Case Details Case Open Year	Case Details Count Number of Cases
2018	184
2019	457
2020	464
2021	592
2022	1064
2023	4170
2024	4425
2025	3004
<b>Report Total</b>	<b>14360</b>