

Energy Security and Net Zero Committee

Oral evidence: [Back billing by energy companies](#),
HC 737

Wednesday 19 March 2025

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Members present: Bill Esterson (Chair); Ms Polly Billington; Sir Christopher Chope; Torcuil Crichton; Wera Hobhouse; Luke Murphy; Melanie Onn; Claire Young.

Questions 1-84

Witnesses

[I](#): Martin Lewis CBE, Founder and Executive Chair, MoneySavingExpert.

[II](#): Tim Jarvis, Director General for Markets, Ofgem, and Beth Martin, Director for Consumer Protection and Competition, Ofgem.

[III](#): Miatta Fahnbulleh MP, Minister for Energy Consumers, Department for Energy Security and Net Zero, Jessica Skilbeck, Director, Net Zero Buildings, Department for Energy Security and Net Zero, and Jane Walker, Director, Energy Affordability and Consumers, Department for Energy Security and Net Zero.



Examination of witness

Witness: Martin Lewis CBE.

Q1 **Chair:** Welcome to today's session of the Energy Security and Net Zero Committee. We are delighted to welcome Martin Lewis, the founder of MoneySavingExpert. You are not just founder but chairman—

Martin Lewis: Founder and exec chair, yes.

Chair: Thank you for clearing that up for me. We are going to hear from you about the scandal of back billing, which has been very much in the news recently, but I believe you would like to talk to us about one or two other things, which will contribute not just to this stand-alone session but to our forthcoming inquiry on the cost of energy. Martin Lewis, you are very welcome. Tell us what you would like to talk to us about.

Martin Lewis: I will hold off on back billing for the moment. If I look at my mailbag, which is extensive, by far the biggest issue on energy costs is standing charges. That is of a different scale of magnitude from everything else that we get in. There is of course enormous difficulty presented by the standing charges regime under the price cap, often for many low-income people who have low usage and for many older people who, for example, have their gas heating on only during the winter and do not have it on in the summer but are still having to pay every day just for the facility of having gas, even though they do not use it. There is also the moral hazard of the standing charge—the fact that lower users are effectively disincentivised from cutting their bills, because they cannot get rid of the cost of the standing charge.

I have long campaigned on this. We have done lots of surveys and polling, and the vast majority of the public do not like the standing charge. We accept that the only thing you are going to be able to do within the current price cap regime is shift some of those fixed costs towards the variable costs—to the unit rate costs of energy. I think that would be an acceptable mechanism.

We have long talked to Government and to the regulator about this. The regulator, understandably, has been reticent to change the standing charge regime, for the simple reason that many charities rightly lobby on behalf of people who are vulnerable high users through disability or illness, who would be disadvantaged by lowering the standing charge and moving it to the unit rate. What we ultimately need to fix that is Government support for those users, so that the standing charge can be brought down for everybody else. We have not had that Government support, which is a problem, and therefore I am pleased to see the regulator come up with a dual price cap suggestion of standing charges, which came from an original suggestion by my team and me and under which you would have two price caps.

The difficulty on that, though, is that the price cap is a backstop. By definition, the price cap is supposed to be there for those people who will



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not switch, so that they will automatically, by default, have what is called a fair tariff. A fair tariff is not a good tariff, but it is at least a fair tariff. A tariff that is by definition there for those people who do not take action and do not switch does not work if you have two of them, so one of the things that we will be pushing the regulator to try to introduce, which I think companies will fight, is a defaulting to the cheaper tariff of the two, which could be done by looking at the past year's-worth of bills.

You could do that for everybody, which would be my preference, but I have political realism about the way these things work, so at least you should be doing it for vulnerable customers. Otherwise, we will drop the standing charge on one of the price caps, but we will have many low-using vulnerable customers—because the two things tend to go together—and, especially, low-using elderly vulnerable customers, who will not take the no-standing-charge price cap because it means taking an action. Therefore, the only way you can do this is by having a default mechanism. We are suggesting mechanisms for doing that with the regulator, but I think we need the support of this Committee on the fact that if we are going to have a dual price cap, it cannot just be left to a choice. When the price cap was by definition put in to be a backstop tariff for those people who do not make a choice, it does not work.

I thought that would be a decent place to open. I have two more of these points, if that is okay.

Q2 Chair: That is very helpful; thank you. No doubt you will put in writing more detail about these points as well, Martin. They will be very good starts to the inquiry, but please proceed.

Martin Lewis: The second thing—this does relate to back billing to an extent—is the problem with smart meters. I am generally supportive of the concept of smart meters. The roll-out of smart meters was an abomination. I think we have all spent far too much money, certainly on rolling out SMETS1 meters that were not compatible if you moved. It was a terrible thing that has added cost to all our energy bills and should not have happened, but it has happened.

Where we are now, though, is that the Government's—not the regulator's—targeting of smart meters is wrong. By our statistics, 20% of smart meters do not work. The Government's statistics say 10%. The difference is that the Government count a smart meter as not working if it does not feed back bills to the company, but we count a smart meter as not working if the customer says, "My smart meter doesn't work," which could include that your monitor is not working, that the billing is wrong, or that there is back billing—we include all those factors.

Many people who wanted a smart meter have a smart meter. If you want to encourage everybody else who does not have a smart meter, now all the low-hanging fruit have gone, to get one, the problem is that if there are a lot of people out there saying, "Don't get a smart meter, because mine doesn't work," you have a brand issue by word of mouth that is hitting people getting smart meters. This comes down to the targeting.



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The Government target firms to install new smart meters—that is the target. We know of cases where they install new smart meters that they know will not work because there is not a signal, because their target is to install new smart meters.

The right form of targeting would be to target firms on the number of working smart meters, which would include both installations—new ones that work—and making sure that the ones that do not work are fixed. One of the problems you have when you do not do that is that all the people who have non-working smart meters cannot get anyone to repair them, because the companies are putting all their resources into installing new smart meters, not repairing the ones that do not work. This is a real case of poor Government targeting, which has a side effect for the way the sector is working in practice.

The companies do not particularly support the way it works either—this is not me versus the companies. I have written to the Secretary of State on this. I have had some warm feedback, but nothing has happened yet. I think it is important for the Committee to look at whether we have the wrong targeting of incentives. Remember, firms are fined if they do not meet their installation targets, but it is not installation that matters; it is working smart meters that we should be judging it on.

Q3 Chair: Thank you. We have heard similar evidence previously, so that is very helpful. You said there was a link between this and back billing. Do you want to briefly explain what that is?

Martin Lewis: The link with back billing is pretty simple. If you do not have a smart meter that is working, and it is sending the wrong information and the data is not going through, you can find that you have a back bill, because they suddenly come back and catch up. But we do not know how big that issue is, because the smart meters do not work.

Q4 Chair: Thank you. And your third opening point?

Martin Lewis: The final thing to say is that I think there is a real problem with competitiveness in the energy market. If you will forgive me going a bit navel-gazing, we in this country have defined our energy market under a competitive system. Being very simple, there are two ways to do energy: you either regulate and nationalise pricing so there is just one set price that everybody pays, or you go for a competitive market. If you go for a competitive market, which is the system we have worked under since we privatised—there is market competition—then you need price differentials and competitiveness. The biggest incentive to switch is saving money. Customer service also plays a role, which is why Octopus has been so successful recently—it has a very good customer service reputation—but the biggest incentive is saving money.

The differentials between the price cap and the cheapest tariffs are still very small. They are still fractions of what they were before the energy crisis. There is a number of reasons for that. First, we have a far smaller market of providers—almost an oligopoly. There is only a small number of primarily former incumbent providers, all with large numbers of



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customers. Because of the way the rules work at the moment, they have to charge their existing customers the same as their new customers. Therefore, if you have a very large existing supply, you do not want to cut your prices too much because you would have to allow your existing customers too, and you would be self-cannibalising. That works against competition in the marketplace. The lack of competition is there because we are so interlinked, and we have not got much innovation going on because we are still all just recovering from what went on before.

Ofgem has a ban on acquisition-only tariffs. That means that firms must offer all deals to existing customers as well as new customers. If I were here with you in normal times, I would be supporting that, because we do not want a legacy issue with a lack of loyalty. These are not normal times—we have limited competition, and we need to do everything we possibly can to kick-start competition. Energy firms do not particularly want that much competition; they do not need to acquire customers, because they have them already. We have a competitive market where two thirds of people are on a regulated price under the price cap and the other third are not getting that big gain from being in the competitive market. You can either have a competitive market or you can have regulated pricing. We have the worst of both worlds in the middle right now, and we probably need to address that.

Q5 Chair: I would love to explore how you would define when the abnormal times ended, so we could move back to a ban on acquisition tariffs, but that is probably for another day, because that is quite a long—

Martin Lewis: We already have the ban on acquisition tariffs; we need to end it before we can bring it back.

Q6 Chair: Exactly, and I have every sympathy with what you said about normal times.

We will concentrate now on back billing. We have been told by a number of people that the rules on back billing are very clear and simple, and should be straightforward to follow. I believe you have a rather different take on this. Perhaps you could explain why you think they are not clear enough.

Martin Lewis: I think the principles are certainly clear: you should not back bill more than 12 months, as long as there has not been an unreasonable obstacle. Now, that is pretty plain. For me, where there is confusion is that Ofgem does not describe when the back-billing exemption is valid. That “unreasonable obstacle” is principles-based regulation rather than examples-based regulation, and the pendulum needs to swing the other way.

Let us say that someone came to read someone’s meter, but they were not available at the time, so the meter reader went away, so they then sent letters to that person, but that person says they did not receive the letters. Has the company done enough? Has the company not done enough? The company will clearly say it has done enough; the consumer will clearly say it has not done enough. Where is the dividing line? I do not



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know, because all we have is: "There should not be an unreasonable obstacle." Now, we all know that the definition of reasonableness changes depending on who is looking at it and whose definition it is. I think there is a lack of specificity in the definition.

That said, there are companies that clearly know there has not been an unreasonable obstacle that are still back billing. We have a systemic problem of a lack of enforcement of the back-billing rules and a flaccid Energy Ombudsman, which is a real problem. One of the things we have discovered when looking into this is something that we think is a real issue of breach. What energy firms are doing is saying, "If customers are in credit when we are back billing"—so they know they are back billing—"it is fine to take the credit, because we are not asking them for money." That is not fine; it is not correct. Credit is still money, and they should not be taking it, but they are using that as their justification for back billing, and we have examples of that. I do not think Ofgem has particularly got this wrong in a form of deliberation, so I am not trying to slap Ofgem around on this, to be fair—

Q7 Chair: But do you think there are energy companies that are deliberately using the kind of ambiguity that you alluded to?

Martin Lewis: I would say negligently rather than deliberately, probably. I do not think there is a chief executive who has sat there and said, "Let's go back bill and get every penny we can." When it comes to energy systems and billing systems, certainly there are some that are worse than others. ScottishPower has always been particularly abominable. I hope it has improved over the last few years, but I know that I can say that here without any worry, so I will say it: ScottishPower has been particularly abominable in its billing over the years. I think there is just a lack of care in how this works, and a failure to be really strict and say, "You can't back bill."

There are obvious and direct examples of them charging people on the bills. I know that you have heard evidence of 3,000 people complaining to the ombudsman. First of all, that is trivial compared with the number of people who complain to the firm, but the number of people who complain to the firm is a subset of those people who know there is a back-billing rule. We are reliant on those who know there is a back-billing rule to complain about back billing, not of what is actually happening. In energy, which is close to a public utility, it is the energy companies that should be proscribing back billing, not the customers having to revolt over back billing.

So, the first problem is that there are many people who do not know that there is a back-billing rule. Then there are those who complain to the companies; and, as with many companies, and energy companies specifically, some of their staff are not well trained, or it is negligent—or it may be deliberate, but I have no proof of that. Those companies then use legalese to say, "No you do owe us the money." Many people, when told that, get worried and scared and think, "I'm going to have bailiffs at my door"—even if it has not been suggested, that is what they worry about—



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so they pay. Then you get those few people who are tooled-up enough to know that they should go to the Energy Ombudsman, who can give them an independent adjudication. Then we get to the Energy Ombudsman, and we get a ruling.

I will address the Energy Ombudsman for a second, as it is another one of the really big issues. This is not about the organisation—I think their adjudications tend to be pretty decent—but the Energy Ombudsman is not really an ombudsman. The Energy Ombudsman is an appointed alternative dispute resolution process. It is not an ombudsman. We do not have a protected term “ombudsman” in this country. We absolutely should do. There are ombudsmen out there who really are not ombudsmen and should not be allowed to call themselves ombudsmen. We have a 2017 report on that; if any of you are interested, I can send it to you later. The issue is much wider than just the energy sector.

In the consumer sector there is only one really strong ombudsman, and that is the Financial Ombudsman Service, which is a statutory body. When you get a ruling from the Financial Ombudsman Service, first of all, almost all firms obey it. On the very few occasions that they do not, you can take them to court, and you already have a ruling, so the court is just enforcing the ombudsman’s ruling. That is not the same in this case, as far as I know—to be fair, it has been tough to get an answer.

What happens if you have an Energy Ombudsman ruling? First of all, the rate of companies complying with Energy Ombudsman rulings is not close to those complying with the Financial Ombudsman. I do not have the exact numbers, but I can tell you that we get virtually no complaints in our mailbag about firms not upholding Financial Ombudsman rulings, but we get a lot about them not upholding Energy Ombudsman rulings. I do not have a statistical number though, so I am afraid it is only anecdotal.

Q8 Chair: I am going to move us on. Ofgem is going to be giving evidence a bit later and I have a couple of questions on your views. Do you support calls to reduce the back-billing period to six months? Do you think the Ofgem rules on back billing are fair on consumers at the moment? Is Ofgem doing enough to crack down on unfair and inaccurate billing?

Martin Lewis: We live in a modern, digital age where we are trying to have smart meters installed that give you an instant reading of what is going on in your energy system. Why should a firm take over six months to give you a correct bill? I cannot see any reason for that. I absolutely would support reducing it to six months. I would also support mandating that if companies are billing you for a period that is over the back-billing period, whether that is six months or 12 months, they must include, in prominent print, on any letter where they are doing that, “There is a back-billing rule. If you believe we are doing this, you have a right to forward it.” The rule must be incorporated. If companies believe that it is a fair back billing over the six-month period, then they should be quoting prominently the rule, so that you know your rights if you want to argue that, rather than just allowing it to go through, and that does not happen.



Q9 **Chair:** Do you want to see more of a crackdown from Ofgem?

Martin Lewis: I would like to see two things. First of all, I think the rule needs to be more specific. The biggest complaints we tend to get are in the grey areas, on whether somebody has obstructed or not. I would like to see more specific rules from Ofgem on that—principles-based is fine, but with some specific examples and setting up some codification of what does and does not count as back billing.

If you have got 3,000 cases at the ombudsman, it is quite easy to do an analysis of what companies they are with to see which companies tend to have the major systemic faults, and then Ofgem should be investigating those companies. That is how ombudsmen should always work. If you have upholds at the ombudsman relating to a company on a specific issue that is manifestly disproportionate to other companies, then clearly there is a regulatory issue and a systemic issue in the way the company is behaving and it should be cracked down on.

Q10 **Chair:** Has the amount of consumer switching, maybe not so much in the last few years but historically, led to an increase in the amount of wrongful back billing?

Martin Lewis: We have actually had relatively less switches in the past few years. I will tell you why I think we are hearing more about back billing: bills are bigger, so back bills are bigger. If you get a back bill for £150, you spit and swear a bit and you pay it and you get on with it; if you get a back bill for £10,000 you try and fight it. The reason for this raising its head higher is not necessarily that we have seen a sea change in the numbers, because it has always been around and, actually, with regulation, companies behave better than they did a decade ago. It was absolutely appalling then; now it is just appalling. I think it is probably a function of the size of bills. It is such a bigger part of people's finances than it used to be that people care about it more.

Q11 **Melanie Onn:** Thank you for bearing with us while we disappeared—we appreciate your time. You started to touch on consumers and the complaints process. Do you think it is straightforward enough for people to complain? You mentioned the fact that suppliers could print on their bills something like, "If you think that we have got it wrong, contact us this way." But is there anything else they could do to be more proactive and aid consumers? What more could they do internally to be proactive about rectifying those billing situations?

Martin Lewis: Not back billing in the first place would be the best thing, clearly, and I know that you know that. Another is to improve clarity. My little girl is 12. When we do maths, I tell her to check things intuitively: "Okay, you have done the answer. Does the answer make sense?" If somebody in a three-bedroom home has a back bill for £11,000, it does not take a rocket scientist to say, "Something's up here." Sometimes, you just go, "How has somebody allowed that to go through?", because it is clearly bonkers.



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It may just be a computer and digitisation issue. But when the customer raises that complaint, what you tend to hear is somebody on the other side arguing the company line, rather than going, "That doesn't sound right. I'll get back to you in a day or so because I don't know what's going on here, but there's something wrong." If I were running a customer complaints team and wanted to get it right, I would tell people that if something intuitively feels wrong, they should flag it and say they will take some time and get back to them. I do not think that happens with all firms, is how I would phrase it.

Again, I still push on the fact that you cannot enforce the ombudsman's decision in court. What tends to happen is that when it is systemic, the ombudsman goes to the regulator, and the regulator then tries to deal with the company. But that does not work for individual cases. There is no backstop of enforcement for the individual. You have the ombudsman, but it does not have statutory backing, which is ridiculous for the Energy Ombudsman. It absolutely should be a statutory body with full ombudsman power that all companies must comply with and is enforceable in court. But it is not, so I think the whole pipeline has problems.

Q12 Melanie Onn: Do you think that energy companies have invested in their systems sufficiently to identify early issues that are obviously erroneous, such as an £11,000 bill for a three-bedroom house?

Martin Lewis: I do not have enough knowledge to answer that question because, funnily enough, I am very much not on the inside of it. I have a little bit of sympathy because a number of energy retail firms went bust and were then transferred into other suppliers. Often, those small, tinpot firms had absolutely no proper data entry. On those issues, I have sympathy for the suppliers that became suppliers of last resort and took things over because what was going on before was crap.

We need to ensure that there are fit and proper person, customer service, and database tests for anyone allowed to set up an energy firm in the future. The regulator is stronger on that now. But no, I still think some of our major suppliers—I have named one, but there are others—have been consistently very poor with their billing for many years; they have had data issues when launching new systems, and I still do not hear great things. We get a lot of billing inquiries that are wrong.

We are on the issue of back billing—that is obvious. The biggest billing complaints we get are about direct debit levels. We have people who are in credit in March, which is the point of the year where you should have the minimum credit in the direct debit cycle—it is like a sine wave, and we are at the bottom of the sine wave right now.

Those people, who are in credit in March by three or four months, see the prices going down and their direct debit going up by 30%, and they are doing meter readings. They are saying, "Why is that happening?" and the answer I want to give—I was going to say a rude word—is that the company is baloney in what it is doing. It is just wrong, and I do not

understand why the systems are allowed to do that. For me, that is probably an easier, clearer and more mainstream example of billing systems not working properly—and that is right across the board.

Q13 Melanie Onn: Within that, are there safeguards for consumers? If there was legitimate back billing under the current rules and a consumer faced a significant bill, are there protections if they were struggling to pay, or are they just at the mercy of the energy company?

Martin Lewis: There are vulnerable customer protections and there are protections that sort of semi-treat customers fairly and work. I am going to use language that I probably should not use, but it is an easy way to explain it. The difficulty with all this is that your good, middle-class, knows-how-to-complain, can-work-the-system person can tend to find their way and navigate through these issues relatively well. They go and do their research and read about the different places out there.

But that means that you have a group of information-disenfranchised people, often from educational disadvantage and poverty, those who are vulnerable or with mental health issues, who do not work those systems particularly well and tend to be the worst victims. Do I think there are adequate safeguards in place? For someone like me, yes. Not just because I am me but if I were doing this as a private individual I could work the system; I would manage to get myself through this. I would make a very formal back-billing complaint, push it very hard and probably get myself justified.

This is a public utility—people cannot avoid using it. This is not a discretionary choice. I do not believe the safeguards are in place for many people out there, or that we are hearing about anywhere near the number of those people who are out there.

I will quickly raise some other things. We are hearing that quite a lot of people get a back bill 11 months after, so the company's systems are doing the checks to make sure they can still back bill. With another hat, I chair the Money and Mental Health Policy Institute. A large back bill issued just in time, even when it is legal, is a bill shock—a catastrophe that can be very damaging for people on the breadline. That is not good in its own right. Moving it to six months would help. You would still get a five-and-a-half-month bill, but it would not be as big. The systems are not set up with the level of consumer care that a public utility should have.

Q14 Claire Young: Welcome, Martin. We have talked a little about the regulators, but how effectively are energy suppliers being held to account over breaches of the back-billing rules? Do we need tougher penalties for repeat offenders?

Martin Lewis: I would say that you probably should not have a licence if you are a repeat offender and have been warned by the regulator. Why should you be allowed to have an energy licence if you are back billing people and causing them catastrophic finances? A year is a very long time to get your bills right. If you have cocked up as a company, why are you asking the customer to pay for your cock-up? People do not know they are



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going to be back billed. They are not expecting it and do not have the finances. Not everybody is able to pay for a back bill they did not know about. I do not think the system works.

Look, I need to be straight: back billing is not in the top five issues we get raised with us. It is an issue, and it is raised, but it is not in the top five on energy. I think it is an important issue. In terms of studying how the regulator operates, I tend to think these again are all pipeline issues. How few people are getting to the regulator in the first place makes it difficult for the regulator to look at it.

I hope that through your raising the issue here the regulator is going to take a tougher line. I think when they do the next session you will probably hear that they are going to do exactly that, which I would support. I am not sure that all companies take seriously enough the impact they have on consumers with these back bills—not just the finances, but the mental health impact and abject panic when people get these big bills. This is a much bigger and more serious issue than just billing. It is a wellbeing issue.

Q15 Claire Young: Leading on from that, we hear about threatening and bullying tactics being employed. Is enough being done to crack down on that? If not, what would you do? Do you go back to taking away their licence?

Martin Lewis: I think that is symptomatic of the entire debt-collection industry rather than just the energy industry, if I am honest. We have problems with how the bailiff sector works. According to the data, the majority of people who have bailiffs go to their house tend to have mental health issues. Yet you have to declare if you are vulnerable.

If you were to look at the statistics, you could argue that there should be a presumption of vulnerability once you are in that particular position. I am not saying we should do that because there is a practical issue in doing so; I am saying that philosophically we are not far from doing that. We have only had a couple of reports of bullying tactics, so I am not sure that I can stand that up although I know you have other evidence on that. However, right across the board there are issues with debt collection, whether it be energy firms, private credit, or the two worst out there: central and local Government debt collection. They are way worse than energy firms.

Q16 Claire Young: I think you have already covered my next question: do you think the Energy Ombudsman needs to be a proper ombudsman, with teeth?

Martin Lewis: I think it needs to be a statutory ombudsman.

Q17 Claire Young: Are you concerned that energy suppliers may be deliberately using back billing as a strategy to recover financial losses, rather than as a last resort?

Martin Lewis: That would just be supposition—I can do supposition, but it would be supposition. I do not talk to the bosses of energy companies. I



see it only from the consumers' perspective. What I would suspect, if anything were happening—and this is only guesswork—is that there may be a question on the lightness of touch, where the line is drawn and where you pursue a grey area. I go back to the fact that a lot of the cases we have are grey areas; that is the difficulty. A lot of them are people saying, "I didn't get your letters," "We sent you the letters," "I didn't get your letters," "We sent you the letters." That is where a lot of this is coming from.

I can actually understand that from an energy company's perspective, and I can equally understand it from a consumer's perspective. The exact phrase in the regulator's guidance is "unreasonable obstacle". Ultimately, that is a judicial decision as to whose fault it is. We probably need to clear up those grey areas. If you are writing and someone has not replied, there needs to be a different form of communication, and there needs to be a minimum basis of communication attempt for it to count as an unreasonable obstacle. We do not have any of that, and it is up to energy companies to decide at the moment.

To bring that round to what I am actually saying, I am not sure that there is a deliberation to breach the rules, but I suspect there is what I would consider to be a lax interpretation of the unreasonable obstacle rules, because they are doing it from their own agenda—and these companies are there to make money for their shareholders, not to keep people warm. We sold them to shareholders; that is their job. So they are probably doing much that is right for them, but it is not necessarily right for the public. The way to protect that is to have tighter, firmer and more defined regulation.

Chair: Martin Lewis, thank you very much for your time today. Thank you for waiting for us to troop round the voting Lobbies so many times. I look forward to hearing more from you towards our energy costs inquiry. Thank you for starting that, as you did earlier on in the session. We will have a short suspension while we change witnesses.

Examination of witnesses

Witnesses: Tim Jarvis and Beth Martin.

Chair: Welcome to our two witnesses from Ofgem. I will ask you briefly to introduce yourselves and your roles.

Beth Martin: Hello. I am Beth Martin. I am the director for consumer protection and competition at Ofgem.

Tim Jarvis: Tim Jarvis, director general of markets at Ofgem.

Q18 **Chair:** Thank you, and thank you also for your forbearance, given the lengthy delay we have had because of votes. You have heard Martin Lewis, the money saving expert, giving his opinion on back billing. As a start point, what is your response to what he said?



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Tim Jarvis: There is a lot there that I agree with, to be honest. What we do when we monitor the market is look at complaints. We look at complaints by companies and complaints to the ombudsman, and we also look at our survey data. Where we see patterns of behaviour where suppliers are acting outside our rules, we will take enforcement action. What we have seen on back billing, with the evidence that we have—and we are still looking at the evidence and the data from suppliers, so I will caveat that—is that there have not been huge increases in numbers of back billing.

But I think Martin Lewis is right that the size of the bill that people are getting is significantly higher than a few years ago. When people get catch-up bills within the rules—say six months or eight months—a bill that a few years ago was perhaps £100 or £200 can now be £800 or £1,000. That is a significant issue. I think we are looking at the length of period for back bills, particularly for people with smart meters, because where the supplier is getting accurate and timely information through a smart meter, there is no reason that we can see, particularly for back billing, why that should be so much.

Q19 **Chair:** So you are considering six months instead of 12.

Tim Jarvis: We are looking at reducing it from 12. We are looking at all options, to be honest, for smart meters. That is again something that I would agree with.

In terms of the comments on the ombudsman, I think that that is a matter for the Government. The Government sets the rules for the ombudsman. Our experience with the ombudsman is that they do a decent job. People tend to get a good experience and the outcomes are generally good. But clearly it is not a statutory ombudsman in the same way that, for example, the Financial Ombudsman Service is. There is potential for reform there.

Q20 **Chair:** You talked about enforcement action at the start of your comments. What would you like to see done differently there?

Tim Jarvis: On enforcement action and all the issues, we have started a project looking at billing accuracy. Our view is that back billing is a subset of a broader issue across some of the billing accuracy issues that we are seeing.

What we have seen in the market over the last 12 months is a significant decrease in the number of complaints and an increase in the levels of customer satisfaction, and that includes customers who are financially vulnerable and struggling with their bills. We have put a lot of effort over the last 12 to 24 months into setting rules that will try to help customers who are vulnerable and struggling with their bills.

But clearly there are still issues around back billing, and that is why we want to look very closely at the data we have had from the suppliers. Although there might not be that many cases, for customers on the end of these bills it is extremely distressing. When I have talked to customers about this and heard their stories, it is really distressing. It is often not so



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much the fact of the back bill; it is how customers are treated when they query it and go to their supplier. That is where suppliers have got to do better. We have seen improvements in customer satisfaction, as I say, but we will keep pushing them to do better and make sure that people get a proper service.

Q21 **Chair:** You said that you are working on the data at the moment. Does that mean you cannot tell us how many energy customers were back billed?

Tim Jarvis: To put this in context, there are about 340 million bills going out each year to 30 million domestic households. We are seeing data from the suppliers suggesting back bills in the low thousands, consistent with what we are seeing at the ombudsman. But as I say, we would want to check that. We are looking at that.

Q22 **Chair:** Just to check that I have understood this correctly, the figure in the low thousands is for back billing against the rules.

Tim Jarvis: Yes. But we want to look at that—

Q23 **Chair:** And you think that is reasonably stable. That is not going up or down.

Tim Jarvis: We are not seeing an increase. If you look at the ombudsman's figures as well, they also are not increasing year on year. They are roughly the same each year. You would expect that to follow through. But there is more for us to do in looking at that data in more detail. Beth might want to say a little about what we are planning to do with that data and the work that we are looking to do now.

Beth Martin: One of the things that we want to do is put that data in the context of the press reports. Some of the cases that have come to light really test and challenge whether it is accurate. We are looking at working through with suppliers to really understand and interrogate the data. We want to do some dip sampling.

Suppliers are telling us that they are issuing back bills within the exemptions. We want to actually get some specific cases and test whether they are applying the exemptions correctly. We also want to work with them. A number of suppliers have said in response to our recent queries that they are either doing full audits of all of their bills or that they themselves have identified improvements that they want to make either to their systems or their processes. So what we want to do is follow up with suppliers on those, both to check whether that changes our sense of the scale of the issue, but also to make sure that those improvements are effective in addressing the problems.

Q24 **Chair:** That is very helpful. I have some hopefully short questions before I hand over to Wera Hobhouse. Are you able to say what percentage of consumers who have been wrongly back billed were informed by their supplier and then automatically compensated? Do you have a figure for that?



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Beth Martin: Those low-thousands figures that Tim quoted are the numbers that suppliers have given to us themselves about cases where they have wrongly back billed, and they have said that in all of those cases they are proactively correcting it.

Q25 **Chair:** Okay. Are you able to give a breakdown of the main causes of back billing, and within those causes the proportion that are the fault of the supplier rather than the customer?

Tim Jarvis: I am afraid it will not be that quick an answer. There are three reasons why we see back bills. The main one is if the supplier does not have an accurate and up-to-date meter reading. That could be because they have not been able to get access to the property or have not been able to get hold of the customer to get an accurate reading. The onus is on the supplier to get an accurate meter reading, so they need to do all they can to contact the customer and try to get one. But clearly if people do not have a smart meter and the supplier is having problems, that will be one of the reasons.

Change of tenancy or occupancy is the other big reason—where the supplier has been unable to understand when somebody has moved in and when they became eligible for the energy that is used. The other reason, which is entirely up to the supplier to get right, is when people have been given direct debits that are too low and they have built up. That is something that the supplier has to take responsibility for.

Q26 **Chair:** Do you have a sense of the balance or proportion of each of those reasons?

Tim Jarvis: Not statistically, no. Generally, if you look at the cases we have seen and that have been in the press, they nearly always revolve around not having accurate meter readings and people moving property or into a new house.

Q27 **Chair:** Are you able to say how many of the back-billed customers are vulnerable, going back to what Martin Lewis was saying, and how many consumers may have been pushed into financial hardship due to back billing?

Tim Jarvis: Again, it is quite difficult to put a figure on that, given that the numbers of people getting back bills are very low. We know that there are 2.3 million people struggling with their energy bills and in some form of energy debt at the moment, so this is a major issue.

Beth Martin: Vulnerable customers are a clear focus for what we want to pick up through the back-billing project that Tim mentioned. We will be looking to get data from suppliers on the number of customers who were back billed and who were vulnerable. We will also want to look at the impact of the totality of the billing journey that suppliers are going through in considering the impact on vulnerable customers.

Q28 **Chair:** Perhaps you can provide that information to us when it is available. That would be very helpful.



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Beth Martin: Absolutely, we would be happy to.

Tim Jarvis: Yes.

Q29 **Wera Hobhouse:** Thank you for coming to give evidence. We have already heard you say that the number of back billing is in the low thousands, but the impact on those who are at the other end and are being back billed is quite high, therefore it is important that we raise all these questions.

Why do you think that so many energy suppliers still issue back bills beyond the permitted timeframes? You have also explained that you are going to reduce the time from 12 months to six months. Will that not actually make it even worse? Why do you think suppliers do that, particularly in the light of the fact that there are all sorts of reasons why people are getting into that problem, such as a tenancy change?

Beth Martin: Suppliers are telling us that their systems are all set up to proactively identify bills that go back over more than 12 months, and they have manual quality assurance processes. What that suggests is that the failure is happening in relation to that manual quality assurance check, or potentially in relation to the training of those staff or the policies that they are applying when they are doing the manual check.

Q30 **Wera Hobhouse:** But it is often the customers who have the responsibility. It seems that there is an imbalance, because it is the customers who pick up that a bill is not accurate. They even have to query when something has been billed incorrectly.

Tim Jarvis: To go back to your first point, in a sense it is not about the numbers, but about the experiences that people have. It is of no comfort to someone who has had a back bill and has been pursued by an energy company to know that there are only a few thousand of them. It is still a distressing experience.

The main answer to your question about why these bills are still being issued is because for the vast majority of cases—I am sure the energy suppliers would tell you this—the system runs quite smoothly. When they do not get accurate meter readings over a prolonged period of time and they are relying on estimated bills, but then they get an accurate reading that is very different from those estimated bills, that is when they will look to ensure that they are billing within the rules and are billing back for the right period. That is where you get into these grey areas.

Q31 **Wera Hobhouse:** Given the number of faulty smart meters, do you believe that they have reduced incidences of wrongful back billing, or simply introduced new technical errors?

Chair: Do you accept Martin Lewis's description of the extent of the problem?

Tim Jarvis: The Government's data suggests that around 10% of smart meters are not working.

Q32 **Wera Hobhouse:** That is a high number.

Tim Jarvis: That is a high number—I agree. That does not include when people’s in-home display does not work, for example. That should not affect the information that is going back to the supplier, but there is no doubt that a non-working smart meter is a massive issue. I do agree.

Q33 **Wera Hobhouse:** If the display does not work, that is a transparency issue: if I think this is what I’ve consumed and the energy company records something entirely different, that is just not acceptable, is it?

Tim Jarvis: I absolutely agree, which is why we have focused on working smart meters. I agree with Martin that it is really important that we get these meters working and more meters working. As I said, 90% are working but that is still 10% that are not. We have started compliance action with each of the six major suppliers to ensure that they are taking all the steps they can to make sure that meters are working, and that we are getting more meters online that are working. Ultimately, that is the answer to this question. If everybody had a working smart meter, there would not be a need to back bill.

Q34 **Chair:** Do you agree with his recommendation about how the targeting is carried out?

Tim Jarvis: The decision on the smart meter programme is one for the Government. We obviously look to support the Government and enforce against the rules. I definitely think there is a case for more emphasis on working smart meters, and we are trying to do that within the system as it is at the moment. We are currently looking to consult on giving consumers more direct redress when their smart meter is not working.

Q35 **Wera Hobhouse:** Do you think that it is because of the smart meters that companies can now back bill, when in the past they would have written the bills off?

Tim Jarvis: I do not think that, actually. Historically, the problem with traditional meters is that suppliers rely on estimated readings, and then they finally get an accurate reading that is wildly different. Smart meters should reduce that. The challenge is getting more smart meters and more working smart meters.

Chair: Luke Murphy has some questions about enforcement and redress.

Q36 **Luke Murphy:** Is the number of customers that the suppliers are reporting on back billing proportionate to their customer base? Is it broadly distributed, rather than there being a particular repeat offender?

Beth Martin: Yes, the cases that go to the Energy Ombudsman are broadly in line with market share. There are one or two outliers at either end of the spectrum, but broadly it is in line with market share.

Q37 **Luke Murphy:** Do you publish the figures?

Beth Martin: It is Energy Ombudsman’s data rather than ours. I do not think they publish the supplier breakdown.



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Q38 Luke Murphy: Is there a particular reason why they would not do that? Would that not be a useful thing to see?

Beth Martin: It would be useful to see. You would have to ask the ombudsman why they do not do that.

Q39 Luke Murphy: In 2023, the energy suppliers paid around £78 million in redress payments and fines. Are you able to say how much of that was directly related to breaches of the rules on back billing?

Tim Jarvis: Around £25 million of redress payments and fines have been related to billing and metering issues. We tend to see that back billing is a symptom of a broader problem. If you look at some of the cases that we have heard about—for example, some of the cases highlighted by the work that “Money Box” has done—they are often not so much about the bill, but about the treatment of the customer when they query the bill: they are having to battle for months on end to get a resolution, rather than being treated fairly. We will look at a range of licence conditions, including treating customers fairly, to make sure they get good treatment.

Q40 Luke Murphy: I think the numbers you mentioned were almost self-reported. Do you think that suppliers are being proactive enough? It sounds like they are not identifying back-billing errors and offering consumers automatic compensation.

Tim Jarvis: We do not rely on self-reporting, to be clear. We monitor ombudsman data and look at suppliers’ complaint data. We also run our own surveys on customer satisfaction and look at data, and we talk to consumer groups and charities about what they are seeing and hearing. That is what we follow up on when we take compliance action and, ultimately, potential enforcement action. We need to do some more work on the data that we have had from the suppliers, but if we see patterns of behaviour of consistent non-compliance with our rules, we will take enforcement action. We have done so in the past.

Q41 Luke Murphy: Where someone has been incorrectly back billed, is there a case for the supplier having to pay that back, plus 100%?

Tim Jarvis: We have these sorts of rules for other things. For example, if you have a missed appointment, there is an automatic—what do we call it?

Beth Martin: Guaranteed standards of performance.

Tim Jarvis: Thank you. Customers get automatic compensation, for example, if someone does not turn up. We are looking at that for smart meters, and we are shortly going to consult on potential rules so that customers have automatic redress. That is another way of incentivising the supplier, but also ensuring that the customer gets automatic compensation when they are not treated appropriately.

Beth Martin: If I might build on what Tim has said, we are looking to do a broader review of that system of automatic compensation—the guaranteed standards of performance—because we want to assess whether the



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financial level of that payment is sufficient to create the right incentive. It increased last year to £40, in line with inflation, but there is a question about whether that is driving the behaviour we want to see with suppliers.

As Tim has said, we also want to look at the scope of the application of that regime. In addition to smart, I think there is a case for looking at its application to billing practices.

Q42 Luke Murphy: I guess my point was, if it was commensurate with the size of the back bill, that would create quite a powerful incentive not to do it. What actions have you taken in instances of threatening and bullying behaviour from energy suppliers when seeking payment for back bills? Have you seen instances of that?

Beth Martin: It is important to say, first, that threatening or bullying behaviour is never acceptable from suppliers. If the Committee or any of the other witnesses have examples, we would like to see them so that we can look at them. As Martin Lewis says, we have a fundamental licence condition, our standards of conduct, that suppliers have to treat customers fairly, honestly and in a professional manner.

That is a critical part of our licence condition. It applies to every single interaction that a supplier has with a customer, and we will take action on that if we need to. We certainly have had cases over the past couple of years of failings in customer service against that standard, and we have taken action against suppliers for that.

Q43 Luke Murphy: Martin talked about the Financial Ombudsman—admittedly, this is his postbag—and the fact that he does not get complaints about providers in that market ignoring its rulings, but he regularly gets that with regard to the Energy Ombudsman. How can it be right when, according to Martin, it appears that suppliers are consistently ignoring the rulings of the Energy Ombudsman?

Beth Martin: We engage with the ombudsman in a couple of different ways. We get the overarching data from the ombudsman, and that tells us where there are patterns of complaints and the types of issues that are coming. We engage with them, and they talk to us about how well the remedies that they are applying are being implemented in those cases. It is actually quite rare for the ombudsman to come to us and identify a pattern of behaviour with a supplier not implementing remedies, although they have done that, and we have taken action against suppliers where we saw that as a pattern of behaviour.

I think what Martin Lewis was talking about was the ability of an individual customer to be able to challenge in court when the supplier has not implemented those remedies. As Tim said previously, we think that is an issue for the Government to consider as part of their Ofgem review, in which they are looking at the role of the ombudsman.

Q44 Luke Murphy: It does not sound like the Energy Ombudsman refers those kinds of cases to you on the regular.

Beth Martin: We do not have a role in resolving individual disputes.



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Q45 **Luke Murphy:** Do you think there is a case for a statutory Energy Ombudsman?

Tim Jarvis: As I said earlier in my remarks, our experience of the Energy Ombudsman has been quite positive in terms of the outcomes for consumers and the operation it runs, but Martin Lewis is right that it is different from some of the other markets that have a statutory ombudsman. That is certainly something that the Government might want to look at as part of the broader Ofgem review.

Luke Murphy: The Minister arrived just as you said that.

Chair: Yes—that was a very well-timed comment.

Q46 **Ms Billington:** I am interested in the example that Martin Lewis gave where, at the moment, the energy company's system does not give a flag for a three-bedroomed house with a £5,000 back bill. What kind of regulation do you have to enforce on them to make sure that their customer service has some kind of system, so that they are not just going, "Well, it says £5,000 here," and you then end up in a situation that is unfair for the customer?

Tim Jarvis: The short answer is that they should have systems that do that.

Q47 **Ms Billington:** And how do you enforce if they are failing on that?

Tim Jarvis: What we have looked at is if you look at energy consumer satisfaction over the last 12 months, it has actually increased by around 30%, and complaints have come down by around 20% over the last 12 months, so the systems are getting better. Are they as good as they should be? Absolutely not, and we will continue to push for better performance by suppliers.

We expect suppliers to treat their customers fairly, and that means responding to those sorts of requests in a timely and efficient way, and treating them fairly. They should be flagging that. What they are telling us is that their systems automatically weed out back bills, that everything else comes in with a manual override and that the staff are trained. Clearly, that is not working in all cases because otherwise we would not be here, so we will be pushing them to do more to make sure that they treat customers fairly and respond.

Q48 **Ms Billington:** To follow up on that, what guidance or regulation do you have for the energy companies to ensure that they are not treating all customers the same, but are factoring in risks around vulnerability?

Beth Martin: Those standards of conduct that I talked about, which require energy companies to treat customers fairly, also require energy companies to identify where a customer might have a particular set of vulnerabilities and to take that into account in every dealing that they have with that customer. That is built into those foundational standards of conduct that we expect from suppliers.



Q49 Ms Billington: What was also interesting about what Martin said was that the people who are going through that system are—I tend to say—like my dad, who has plenty of time on his hands, likes spending quite a lot of time in front of the computer and likes to make sure that he gets a fair deal. They are not the people who necessarily need it. Are you satisfied that the regulations and guidance that you have for those energy companies are ensuring the equitable treatment of all customers, so that the process of complaint is reaching the people who really need it?

Tim Jarvis: We have put in a lot of time and work over the last two years, particularly to focus on the rules on vulnerable consumers. We have seen improvements in that. If you look at the survey data, it is getting better. It is not where it needs to be. We will always be pushing the suppliers to do more on this because what you ideally want is a system that people really do not need to engage with, because they are getting accurate bills in a timely way and are getting treated well and fairly if they are struggling with their bills.

What we need to drive is increasing that performance and improving that customer satisfaction even more, so we will always be looking at our rules on this sort of issue. We are looking at the rules on billing and trying to particularly focus on exactly that. Most people do not have the time, energy and, often, wherewithal to challenge some of the bills.

Q50 Ms Billington: Or to understand their bills.

Tim Jarvis: Absolutely.

Chair: Thank you very much indeed to Tim Jarvis and Beth Martin from Ofgem. I encourage you to look out for the evidence that we receive and publish. I think you will see some examples of the kind of behaviours you alluded to, so perhaps you will look at those.

Examination of witnesses

Witnesses: Miatta Fahnbulleh MP, Jessica Skilbeck and Jane Walker.

Chair: Welcome to our third panel on back billing. We will also ask some questions about the retrofit scandal, which we have been hearing evidence on. We are delighted to be joined by the Minister for Energy Consumers, Miatta Fahnbulleh, and your two colleagues. I will ask your colleagues to introduce themselves.

Jessica Skilbeck: My name is Jessica Skilbeck. I am one of the directors for net zero buildings.

Jane Walker: I am Jane Walker, the director for energy affordability and consumers.

Q51 Chair: Thank you for your patience as we trekked through the voting Lobbies—some together, some not. We have taken evidence from Martin Lewis and Ofgem, some of which you heard. We heard from both panels



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about thousands of cases of back billing. There is a suggestion that they are higher profile now because bills are so much higher, and there are significant concerns about vulnerable customers. Minister, what is your sense of how well Ofgem's back-billing rules are being applied and enforced against suppliers that breach them?

Miatta Fahnbulleh: The rules are very clear. It is clear that, with the exception of particular circumstances, suppliers cannot bill customers for energy that was consumed more than 12 months previously, but there are clearly instances where that rule is not playing out in the way that is set out on paper. There are some grey areas where there is dispute around whether the exceptions are applying, and that is what we are seeing in some of the cases that are coming through.

We have been really robust with suppliers, through Energy UK, and Ofgem. I have met them, and the Secretary of State has written to Ofgem and has been very clear that if the rules are breached, we expect a review and enforcement. Ofgem is going through a process of reviewing to ensure that there is not a systemic problem. We are in the process of that; let us see what comes out of it. The early evidence suggests that this is still quite small scale, but for the customers it has an impact on, it doesn't matter whether it is small scale or not.

The second thing for us is ensuring that there is enforcement action if it appears there is a breach. Critically, we are interested in suppliers and Ofgem reviewing the rules themselves to ensure that there is not so much of a grey area that you can have these instances where the customer thinks they should not be back billed and the supplier thinks they should.

Q52 **Chair:** I am glad you said that, because Martin Lewis said that he felt that perhaps the rules are not so clear after all. There are these grey areas when it comes to who is responsible for the problem arising, and that causes significant difficulty. Many energy suppliers continue to issue back bills after a 12-month period, in clear breach, as you said, of Ofgem's rules. Do you think Ofgem is fulfilling its statutory duty to protect consumers?

Miatta Fahnbulleh: There are two things I would say. Ofgem's expectation on this is very clear, and the direction that has been given from the Government is also very clear. On the evidence that we have to date, in the year to September '24, just over 3,000 cases relating to back billing went through the Energy Ombudsman. It is of that magnitude, versus the many millions of bills that go through the system, so, from Ofgem's perspective, I think they feel that they have a grip on this.

Candidly, the thing that I am worried about is that this is a bit of a canary in the coalmine. You start finding these examples that go through the likes of Citizens Advice and MoneySavingExpert that alert you to a problem, which is why we have moved pretty quickly to ask the regulator to look at this and make sure it is not happening.

To be fair, on the response from industry, if there appears to be an issue with back billing, it is escalated up to senior levels. Ofgem is reviewing it.



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It is in constant touch with Energy UK. The priority for me is to get a sense of whether there is a systemic problem, rather than individual cases that will be dealt with through the ombudsman process, and if there is, to make sure that we are taking the action on suppliers if they are in systemic breach.

There will always be those grey areas. That is why we are asking for a review of the rules to make sure that they are as clear as they should be. But the question for me is: is this systemic, or is it a small number of cases that are problematic for the individuals they matter to but should be dealt with through the ombudsman process?

Q53 Chair: You mentioned Citizens Advice. They say that not only are many consumers not aware of their rights about back billing, but they find their bills difficult to understand. Do you think there is a case for reviewing and advocating a simplifying of energy bills?

Miatta Fahnbulleh: Absolutely. I think a lot of people will find their energy bills—

Q54 Chair: So what are you doing about it, as the Minister for Energy Consumers?

Miatta Fahnbulleh: To be fair, on energy bills, there has been lots of work to try to make them simpler, but for your average consumer, they are still very complicated, not least because of the way that we structure tariffs. We are thinking about ways in which we can make energy bills more accessible and simpler for consumers, and more transparent.

For me, the fundamental point is that people have to have a sense that bills are fair. The reason we are doing the review of Ofgem is to give people a sense that the system is on their side. I think they do not always feel that it is on their side. When you have bills that require a PhD to navigate, it compounds the sense that the system is not necessarily working on your side. That is something that we absolutely have to correct.

Q55 Chair: Okay. Can we expect an announcement on simplifying bills—and if so, when?

Miatta Fahnbulleh: We are doing a wider piece of work on consumer confidence in the system. We are looking at a suite of things. My objective, and the objective I have been set by my boss, is to make sure that the energy system works for consumers, that it is accessible, fair and transparent, and that people feel like it is on their side.

We are doing a package of work on consumer fairness and how we can put in place measures on things from automatic compensation, and people's understanding of their rights in the system and the role of the regulator and the ombudsman, through to how we make it a far more transparent and accessible process. That will come in due course.

Q56 Chair: Will that include ensuring that consumers are better informed of their rights about back billing and that they have clear means of redress



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when they have been wrongly billed?

Miatta Fahnbulleh: Not just back billing, but across the piece. I will give you the example of the Energy Ombudsman. That is something that is there and available to all consumers, but a lot of consumers do not know they have that point of redress. One of the things that we are looking at through the review is how we make the system far more accessible to consumers—for example, the period that you have to wait before you move on to the ombudsman, and where the balance of responsibility is in terms of entering the redress system. Should it be the consumer that has to contact the ombudsman, or should there be an automatic referral? We are looking at all those things in the context of the Ofgem review

The objective is very clear: we need to make this as simple for consumers as possible. They have to be able to navigate the system. Critically, we need to build confidence that the energy market and the energy system are working for consumers. That is not where we are at the moment. It has got better—Ofgem no doubt quoted to you the satisfaction levels, which are going up—but consumers still do not feel like the system works on their behalf and in their interest. The package of things that we are trying to do is to try to redress that.

Q57 **Chair:** Are you considering moving to a statutory ombudsman?

Miatta Fahnbulleh: As part of the review, we are looking at all the options. The call for evidence closed at the end of February. Many ideas have come through that, including a statutory ombudsman. We are going to look at it in the round. We are doing a root-and-branch review of both Ofgem and the ombudsman that looks at everything—their mandate, duty, roles and powers. We will be looking at that and thinking about the right balance to achieve that simple objective: consumer confidence in a system that works on their side.

Q58 **Torcuil Crichton:** Thank you, Minister, Jessica and Jane, for coming in. Tim Jarvis, who we heard from earlier, described a billing system where bills arrived on time and were readable, accurate and paid on time. We are a long way from that. The canary in the coalmine that you described is 60,000 consumers complaining to Citizens Advice last year. It is 43% of consumers saying that they are dissatisfied with the service they get and they do not believe their bills. Whose fault is that?

Miatta Fahnbulleh: There is a systemic problem that stems from the fact that we have had problems in this sector, without a doubt. Therefore, you have a combination: the fact that things are a long way from being perfect and the lack of confidence that you are being treated fairly by the system, which compounds that because consumers will assume the worst, even when there are justifiable grounds for where we are. There is a massive repair job. I certainly recognise that. Ofgem, the regulator, recognises that, as do the industry and suppliers.

We absolutely need to get to the point where basic customer service and basic fair treatment are standard and given. Every instance in which that is not the case fundamentally knocks people's confidence in the system. In



the end, my view is that the route to that is to have a regulator that people genuinely feel is working in their interests and is a consumer champion. Part of the reason that we are doing the review is to make sure that the regulator has the remit, the mandate and the powers to fulfil that function in a way that can rebuild trust among consumers. That is the primary objective of it. If we get it right, we make sure that we have at the heart of our system a regulator that can do the job of getting the system to where everyone wants it to be.

- Q59 **Torcuil Crichton:** Far from feeling that it is fair, consumers told Radio 4's "Money Box" that they feel bullied and threatened when they make complaints. Are we doing enough to stop energy suppliers carrying out that kind of behaviour? If you talk about regulation, the regulator needs muscle, which means financial penalties. Should there be financial penalties for suppliers who consistently back bill their consumers?

Miatta Fahnbulleh: Let me start by saying that there are clear expectations in the licence conditions. What we expect from suppliers is written there in black and white. If there are breaches of those conditions, of course there should be financial penalties. Last year Ofgem fined—

- Q60 **Torcuil Crichton:** Stronger financial penalties? They have paid £5.5 million already and it does not seem to change their behaviour.

Miatta Fahnbulleh: When we think about the powers that are available to the regulator, the question is: what is the sanction that shifts behaviour where things are not going right? But there are also things like automatic compensation, which is one of the things we are looking at through the review. There are two parts of it. The first is making sure that the system has the right incentives to ensure that customers are always treated fairly. But as a consumer, you do not really care if a supplier is being fined. What you care about is that you are out of pocket or feel aggrieved, and you want an instant response to that, so alongside making sure that the regulator has the powers to have the right level of sanction in the system to drive the behaviours we want, it is important that when people are put out, there is redress, and they do not have to jump through lots of hoops to get that redress. We are looking at what automatic compensation could look like and how, potentially, we equip the regulator and the ombudsman with powers to put that in the system.

- Q61 **Torcuil Crichton:** We heard from Martin Lewis that something like one in five smart meters simply do not work, because companies are incentivised to install them but not to repair them. Do you think energy suppliers are doing enough to fix that problem? What can we do to make sure that smart meters, which are meant to give us accurate billing, actually do their job?

Miatta Fahnbulleh: Let me put this on the record: if we get to the scale of coverage of smart meters that we want, it will do a massive job in terms of dealing with some of these problems and help us to deliver better customer service, and more tailored and targeted services to customers. We are very clear that we need to drive up the roll-out.



Q62 **Torcuil Crichton:** Sorry to interrupt, Minister, but Martin identified the problem: energy companies are incentivised to install them—to roll them out, sure—but not to make sure that they work.

Miatta Fahnbulleh: In about 90% of cases, smart meters are working absolutely fine, but in 10% of cases they are not, and that is not good enough. We have been clear to the suppliers about our expectations and are working with the DCC to solve that problem. We are looking at the balance of incentives for suppliers so that there is as much of an incentive to fix meters that are not working as there is to install new ones.

The most important thing from the perspective of a consumer is to know that they have an accurate reading. Even if a smart meter is not operating in smart mode, it will still be doing readings, so that you can know how much energy you are using. There will be a tiny number of instances—we think about 0.7% or 0.6%—where we may not be able to get full coverage. We are working with the DCC now to think about alternatives, for example using broadband technology.

There is no complacency. There is a problem. One smart meter that is not working and is putting a consumer out is one too many. We are putting quite a lot of pressure on the system to get its act together so that we are both trying to get coverage up to 90% or 100%—which we are committed to do—and, critically, where it is not working, making sure that we are going in and fixing it.

Q63 **Chair:** Can I assume from that that you agree with Martin Lewis's suggestion that the target for installers should be that the meters work, not that they have installed them?

Miatta Fahnbulleh: Yes, because that is what consumers want. A meter that is installed and not working is no good to anyone. It allows you—

Chair: You will make that change—that is great. Thank you.

Q64 **Torcuil Crichton:** That is one thing you would do to change their behaviour. What other two things would you do to make sure that these reforms go through and that suppliers are forced to serve consumers?

Miatta Fahnbulleh: There are three things. If we get the regulatory framework right, it will do a lot of that, as will having clear powers of investigation and enforcement. For me, there is a question about the things that we do as Government within the framework that we create, and the reforms that we are driving through in the energy market; that also has a role to play and is just as important. Finally, we have to have a backstop for consumers. In the end, what do consumers care about? They care that their energy is affordable, and that they get a reasonable service. That is not asking too much, and we need to make sure that we are putting in the right policy framework to deliver those two things.

Q65 **Torcuil Crichton:** With a bit of muscle. Martin Lewis talked about a "flaccid" ombudsman that does not really enforce. Is there a case to make it a statutory ombudsman?



Miatta Fahnbulleh: We are looking at all the options, including different models of the ombudsman, to think about how we strengthen it. As I said, we are looking at everything from the time people have to wait before they get into the redress process through to where the burden of action is. Do you wait for the customer to apply to the ombudsman, or do you make it a bit more automatic? The whole purpose of the review is to look at the entire landscape. The objective is very clear: we have to get to a system that builds consumer confidence, in which people do not feel that they are being fleeced or treated unfairly. I think that is still the feeling for a lot of people. I concede that it is has got a lot better, but there is definitely a dent in confidence and trust that we have to try to repair.

Q66 **Melanie Onn:** This is the bread and butter of the energy retailers—this is their job. If I went into a shop, I would not be expected to pay three times the amount for a product some months later and to be told, “Oh, I’m so sorry, we didn’t realise that was the product we gave you.” I would not expect that with my mobile phone bill or anything else where there is automatic billing. Should they not just be getting it right in the first place? Is there enough incentive for them to get it right in the first place?

I was interested in the response to Torcuil about fines. Is that really enough? It does not seem to be making a difference. Is there a case to be made for giving the regulator more powers to remove licences from some of these retailers, where they are repeat offenders, for failing to do the very basics of their job?

Miatta Fahnbulleh: The case for more powers is absolutely clear, and that is one of the things that we will look at in the context of the review. I am not here to defend energy suppliers, but I think it is really important that we put the issue of back billing in context. There are absolutely a sizeable number, but in the context of the millions of bills that are issued, it is a small proportion. For the consumers that are impacted, it is not small, and that is why I care about it and why it matters, but in the end we have a job of lifting up the standards and lifting up the customer service across the piece.

In the grand scheme of the things that the regulator needs to be pushing suppliers on, the quantum here is small. It is targeted in particular areas, and we need to get underneath the skin of what it is and why it is happening. It is not systemic. We are not seeing thousands and thousands of instances, in part because there has been a lot of pressure on the system to solve the problem. There are very clear rules put in place to make sure that back billing was not pervasive. As I said, it has now been escalated up to senior levels to make sure that it does not become a pervasive problem.

When we had the crisis with involuntary installation of prepayment meters, for example, that was systemic, and it was massively problematic. There is a problem here, but it is not on that scale. Of course, the regulator needs to get on top of this, but there is a wider set of things that it needs to look at in terms of customer service and experience that goes beyond back billing.



Q67 **Luke Murphy:** Would the Government consider a complete ban on back billing beyond 12 months to make the rules as clear as possible? At the moment it does not seem right that a consumer has to have asked for an accurate bill in order to be exempt from back charges beyond 12 months.

Miatta Fahnbulleh: We definitely need to tighten the rules, and that is what we have asked Ofgem to look at. On paper, the rules are that you do not back bill beyond 12 months, except where you have already issued a bill and there is debt that you are trying to recoup and/or the customer has acted unreasonably, so you cannot bill accurately—for example, if you have asked for lots of meter readings but they will not give you access to their home. There are some very specific conditions, but there are clearly grey areas, and that is what is playing out at the moment. I do think we need to look at it again, so that it is as clear as possible for the consumers that are impacted, as well as for the suppliers. That is one of the things that the Secretary of State asked Ofgem to look at when he wrote to it.

Q68 **Luke Murphy:** Do you think there is a case for the period to be shortened to six months, as Citizens Advice has recommended?

Miatta Fahnbulleh: Again, the Secretary of State, when he wrote to Ofgem, asked it to look at whether six months can be applied, particularly where there is a smart meter and there is no excuse. In the review, those are the two things that the regulator will be looking at.

Q69 **Luke Murphy:** This is a wider issue beyond back billing, but what about the case for a social tariff to protect the most vulnerable consumers?

Miatta Fahnbulleh: There are two things I would say. We absolutely need to get better at identifying vulnerable customers so that we can protect them across the piece. It is everything from billing to the sort of priority service they will get. When customers go into debt, one of the challenges that suppliers have is those who cannot pay and those who will not pay. At the moment, we do not have the data to target the people who cannot pay. Part of the reason we are doing quite a lot of work across Government at the moment is to get to that data. We are working with the DWP and the Department of Health and Social Care to see whether we can target that vulnerable cohort better for a whole set of interventions. That is about saying to suppliers, "Look, this is our protected group. You treat all customers well, but there will be extenuating circumstances, so when you are thinking about things like debt recovery, bear that in mind for this group." That is a bit of work that is going on.

On the question of a social tariff, there are clearly a lot of people who cannot afford their energy bills and are under a huge amount of pressure. We know that, and we are putting in short-term measures. For example, last winter we negotiated and agreed £500 million with suppliers to support people. We have got the warm home discount, and we are consulting on extending that to 2.7 million people so that 6 million people will be protected. We are working with Ofgem to accelerate their help to pay scheme—support for people who accumulated debt over the course of the crisis and cannot pay it.



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The warm home discount regulations come to an end in 2026, so we are looking at a set of options to build on bill support. We recognise that, as we make the sprint to clean power, which is the thing that we hope will bear down on bills, we absolutely need to protect a cohort of people that, with all the will in the world, will not be able to afford their energy bills. We are looking at the options to do that.

Q70 Luke Murphy: I have spoken to a number of people in the industry, and they have said a number of things on this issue. One is that they really welcome the Government's action on data matching; I think they have seen that as a really positive step by the Government. They have also said that they have gone through repeated winters under multiple Governments when there has been a cry just before Christmas: "Help us out." Given that the 2026 date is coming up, they have asked whether there is a case for the Government to say, "Right, there is a looming deadline in front of us. We will not just consider options, but by that date will have a new form of social tariff," whether you call it that or not. Is there not a case for setting that target and ambition and then working with the industry and saying, "Right, we've got the data matching and we're going to launch a social tariff," or whatever you want to call it, "in 2026"?

Miatta Fahnbulleh: Well, look, 2026 is when the regulations come to an end. We will need a successor scheme. We are working with the industry towards that. One of the challenges I have is that everyone says "social tariff" but they mean slightly different things by it. Our warm home discount—our rebate—is a form of social tariff. We are absolutely having that conversation on what is working with what we have, what is not, and what we need to build on to think about what succeeds it in 2026. That is a clear deadline. We will have to lay new regulations in order to extend bill support, so there is an opportunity to think about what comes next, and that is the work we are trying to do with industry, with the third sector and across Whitehall.

Q71 Luke Murphy: On the data matching, is there a concern that it might work against the objectives of some Departments—the Treasury, for example? If you apply data matching across a whole number of benefits, suddenly it becomes much easier for everyone who is eligible to receive the benefit.

Miatta Fahnbulleh: I cannot speak for Treasury colleagues. In the end, my view on this—and it is certainly the view that we have taken through our warm home discount—is that if you are eligible, it is our job to make it as easy as possible for you to get support. In a change to the warm home discount that predated me, we went from by-application to automatic. We do data matching with DWP to identify a cohort and they automatically get the discount. They get a letter telling them that they can get support. There will be some edge cases where we will ask them to come back to us, but broadly, my view is that if you are eligible, you should be getting this stuff, and our job is to try to make it as easy as possible .

Q72 Luke Murphy: I think this question has kind of been answered, but do



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you believe that greater oversight of energy billing is needed to prevent suppliers from issuing unfair or inaccurate bills in the first place?

Miatta Fahnbulleh: Yes. In the end, the whole point of having a regulator is to make sure that we have a basic quality of customer service that all consumers can expect. It has got better, but it is absolutely not where it needs to be. If it were, we would have far more confidence in the system. That is what our regulator is there for. Our job is to make sure that the mandate and the duties it has around this are crystal clear. One of issues the regulator has is that there are 200 duties that we asked of them. There are 200 things that we have in our strategic statement—the opposite of strategic. There is a job for us to make sure that we have set the right framework for the regulator so that it can operate in a way that will protect consumers, be a clear consumer champion and manage that with other things we will ask of it, but absolutely deliver confidence in the system.

Q73 **Chair:** Since you mentioned Clean Power 2030, I will ask a question about the levies on our electricity bills, and the very high electricity bills we have given the Government's priority to move to electric heat, in particular, but also to electricity more widely. When might we expect an announcement on any rebalancing or otherwise of the levies on energy bills? We had an answer yesterday from your colleague, Michael Shanks, but it is your responsibility—

Miatta Fahnbulleh: Let's hope we don't give different answers.

Chair: We are keen to hear when we are going to hear something, even if you cannot tell us exactly what it is.

Miatta Fahnbulleh: We are committed to publishing our warm homes plan in the spring. In truth, at the heart of the plan is the question of how we get clean heat into millions of households. That is predicated on two things: the up-front cost of doing that being far more affordable than it is at the moment, and the running cost of it being far more affordable than it is at the moment. We are looking at that question.

Candidly, the challenge for Government is that the case for rebalancing is obvious if you want to move towards electrification and clean heat, but we need to think about the distributional impacts of doing it. A system-wide rebalancing for customers on gas—I am particularly worried about low-income customers—will be difficult, so we want to ensure that we are providing enough protections and designing it in a way that does not disproportionately impact households that we need to protect.

That work is going on at the moment. It is difficult and complex. If it were easy, I think it would have been done before. We absolutely understand that we need to grip this, because otherwise it is a barrier to us driving clean heat at the pace and scale we want to, but we have to do it in a way that is fair for everyone.

Q74 **Chair:** Thank you for engaging with the question. That will be part of the inquiry that we will go into in greater detail in the coming months, so I



look forward to further commentary and analysis and to decisions being announced about that point and many others.

We will move on to the failure of the installation of insulation, which you made a statement on in January, when you suspended 39 businesses from installing new solid wall insulation under Government schemes until they fund repair work. The figures we have are that there were 65,000 external wall insulation and internal wall insulation measures fitted in about 65,000 households to the end of November 2024 under the two Government schemes, ECO4 and GBIS. Can you confirm how many of those households have been impacted by substandard solid wall insulation?

Miatta Fahnbulleh: We do not have an accurate number now. I do not want to give the Committee a number while we are still trying to get a full sense of the scale of the problem. I will say that we committed to doing a set of things, one of which was to contact all customers we thought might be impacted, so 60,000 customers have been contacted via Ofgem to be told that they might potentially be impacted and that we are putting a process of triage around them to identify whether there is a problem and to get the system to resolve it if there is a problem.

The second thing we committed to was a programme of audits and site audits in order to get a full sense of the scale of the problem. That is still going through. I will be honest that it is moving a little slower than I would have liked, so we are applying quite a lot of pressure on TrustMark, the certification bodies and the system in order to speed it up. We hope to have a better view of this at the back end of April. From the data that we do have, it looks like a better picture than my worst-case scenario when we embarked on this, but I will not give you numbers that are not completely corroborated.

The second thing to come out of the audits that are ongoing is that a significantly better picture is coming out of capital schemes—capital schemes are, for example, those that go via social housing providers and local authorities—because there is an additional level of assurance. That is our emerging picture. Once we have firm data that has been corroborated and that I am confident in, we absolutely will write to the Committee to update you.

Q75 Chair: Thank you for your answer. The Government say that installers responsible for substandard work will be forced to fix it at no cost to households and will remain banned from installing new solid wall insulation on Government schemes if they do not fulfil their obligations to put the poor installation right. What happens if they go bust or refuse to carry out the repair work? Who will take on responsibility and cover the costs?

Miatta Fahnbulleh: The system has a kind of backstop built into it, which is the guarantee system. In instances where a supplier goes bust—so far, that is not the world we are in—the guarantor will and should pick it up, and they will commission installers to come and remediate the work. That is the expectation. It is a 25-year guarantee, and we expect that to hold. We are working with the guarantors at the moment to make sure that our expectation of them and the system's expectation of them is very clear.



Q76 Chair: One of the witnesses, whose mum, I think, had had a terrible experience with solid wall insulation, expressed grave concern that the people who had caused the problem in the first place would be the ones to come in and put it right. How do you square that circle? How do you think that those responsible for the poor-quality work can be trusted to repair the damage? In addition, will the Government be requiring a follow-up inspection to guarantee the high quality of repairs?

Miatta Fahnbulleh: There is a fine balance. If you have done work that is not up to the standard required and set out in the PAS standards and requirements, it is your responsibility to fix it, so we have to make sure that we are not letting people off the hook. The experience so far, and certainly the intel that we are getting—for example, from the audits that were done originally by TrustMark, where we identified issues—is that installers have gone in and are making repairs pretty quickly. There is an incentive for them to do that: they are suspended and will not be reinstated until they have proved that they have done the repairs to a good standard and the customer is happy. That is holding.

I am speaking a lot to installers to try to understand what is going on—what has gone wrong and what is going right—and the vast majority want to do the right thing. They want to do good-quality work, and if there is a problem, they are very up for going and fixing it. We will get a minority that are not going to play by the rules and are not going to do that, and we will have to make sure that TrustMark and the certification bodies are working to fix those instances, whether the installer chooses not to go and repair the work or it chooses to exit the market. They will have to work with the guarantor to make sure that those consumers are not put out or left out of pocket, which is my priority.

Q77 Chair: That is an important answer for very many cases, but where someone has a particular concern about trusting people being in their house, that is a real worry for them, isn't it? Perhaps you can pick up that point a bit further. I understand that regaining consumer trust in insulation schemes more widely is part of the challenge that you face, but there is this specific problem for those who have been the victims of some of the most egregious examples.

Miatta Fahnbulleh: Absolutely. In the vast majority of cases, the system should hold. There will be a minority where the work has either been done by installers that perhaps should not be installing—there will be a tiny minority of cases where that is true—or there has been such a breach of trust that the consumer does not feel confident in that installer coming back in. There, they will need to speak to their certification bodies and, ultimately, the certification bodies will need to respond, to make sure that the work is being done and the consumer is not out of pocket. That is the expectation. There is a bit of a balance.

What we are saying is that if there are edge cases like that, we want to know, and we will keep it under review. We have to get the system to deliver, and that is my main priority. If the system is not delivering and we are getting intel that work that should be done is not being done, then



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we will have to respond to that, but so far, installers want to get the work done and the problems are not so egregious that they cannot come in and fix them relatively quickly. There will absolutely be cases where that is not true, and we will need to think about how we respond to those, but we are keeping it very much under review.

Q78 Ms Billington: How confident are you that issues with Government-funded retrofit are specific to solid wall insulation under the ECO4 and GBIS schemes?

Miatta Fahnbulleh: At the moment, pretty confident. Based on the data that we have so far, it does seem to be an issue with solid wall, in part because of the complexity of the installations, and targeted at ECO4 and GBIS, but we will absolutely keep it under review. For example, we were doing audits of the capital schemes to make sure that it does not extend to those—again, the story is positive there—and a lot of our certification bodies, when they go to inspect people's homes, are doing a wider inspection just to make sure that there are not wider problems. The complaints that are coming through the system suggest that it is targeted. We are not taking it out of scope. We have to keep a watching brief to make sure that we have 100% confidence that it is isolated to those areas, but that is the impression we have at the moment.

Jessica Skilbeck: That is right. Generally, calls through to the Ofgem call centre are an important source of intelligence here, and the call levels have been lower than the worst-case scenario that we perhaps anticipated in January. Where particular issues are identified, they can be triaged through the system quickly, so that is another temperature check on what is actually going on and whether it is contained as our initial hypothesis.

Torcuil Crichton: Polly, can I jump in there?

Ms Billington: I have a lot to ask on this—I am sorry, Torcuil.

Torcuil Crichton: The Minister talked earlier about 60,000—

Ms Billington: I have a lot to ask.

Chair: Order. First, can we go through the Chair, please? Secondly, we do not have very much time, so I will let Polly Billington continue.

Torcuil Crichton: Apologies, Polly.

Q79 Ms Billington: I am afraid that my view is that the focus on solid wall insulation has been driven by the news reports that have demonstrated that this is a systemic failure. I know from my own casework that ECO4 is failing on a number of fronts. A woman on disability benefits was left without heat or hot water for days after having had a boiler and radiators ostensibly installed by somebody under the ECO4 scheme. I am just wondering how confident you can really be. I also have an 84-year-old man in a one-bedroom flat in a converted Victorian house who ended up with a heating system that nobody was able to teach him to operate, and somebody else who wanted to be able to get a clean energy system in a



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high-rise and basically was fobbed off and then told that there was nothing that could be done—that somebody had ticked the right boxes and their duty to her had been discharged. There are wider systemic problems about the way that the ECO4 system works.

On the issue of installation failure, in the case of the woman on disability benefits, nobody is redressing it; nobody is fixing it. She has home insurance, so she has been looked after for five days outside of the house, but she cannot live in her house. Nobody is coming back to sort it out. That feels to me like—forgive me for quoting the Government back at themselves—a really egregious example of state failure.

Miatta Fahnbulleh: The headline is that the system of quality assurance that we have is not fit for purpose. I do not think that is unique. We think we have a particular systemic issue around ECO4 and GBIS and solid wall insulation, but there is a wider point that, in the end, our system of quality assurance and consumer protection where people go into people's homes to do installs and upgrades is not fit for purpose, and I am at the front of the queue shouting that.

Is there a systemic structural problem we need to deal with? Absolutely, and that is why we have been very clear that we will have to think about a root-and-branch overhaul. That covers everything from who goes into your house and how you have confidence that they are the right people to go into your house, to how we are doing quality assurance of the work that is done—there are short-term things that we are doing, and I will come on to that, but it needs a much bigger review—through to our quality mark system.

In the end, candidly, the thing I care about is that we want to see hundreds of thousands—millions—of home upgrades, and if people do not have confidence that when someone comes into their home to upgrade it, that will be of a particular quality, we will not deliver that outcome. The system at the moment is not the system that you would design. It is far too complicated. It is ad hoc. Accountability and protection for consumers are far too weak. We have to overhaul the whole thing. I am very clear about that, and that is what our reforms will do.

We are trying to do some things in the short term—little things. TrustMark is our core quality mark for this, and we want to increase the level of engagement that we have in the short term. For example, we will have an observer on its board. We are now in constant contact with it. We are getting dashboards on progress. I was pretty shocked by this, but originally you did not have to go on site to do a site audit to check quality. We have now updated the PAS guidance, which means that you have to have an on-site audit for complex schemes, to make sure that we are doing some of that—and that comes into place straightaway, in March. Certification bodies are supposed to oversee all this. Before, if you were a supplier, you could be with multiple certification bodies, which meant that oversight and quality assurance could be gamed. I do not think it happened often, but it could be gamed. Again, we have said that there should be one certification body.



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So there are short-term things that we are doing, but does the system need to be overhauled? Absolutely. Would you design it in this way? Absolutely not.

Q80 Ms Billington: I will come to that in a moment. The company that carried out the works, the certification bodies and Ofgem—so far, none of them have offered to remedy the works in the example that I gave. This might not be systemic, but it is an extreme example of some of the failures. What have you learned from schemes that do work that might help address some of the failures in ECO4 and GBIS?

Miatta Fahnbulleh: On the example that you gave, we are trying to build a picture, so if there are examples where the system is failing, please do feed those into—

Ms Billington: Don't worry; there is a lot to come .

Miatta Fahnbulleh: I know I don't need to ask.

Q81 Ms Billington: What have you learned from schemes that do work?

Miatta Fahnbulleh: As I said before, our capital schemes, in particular, are telling a much stronger story. We are still trying to get a full picture—a big enough sample—so that I can speak with full confidence, but at the moment, from what we are getting, it looks like night and day. What do we know about those schemes? First, there is a much stronger level of assurance through housing associations, which are the commissioners. Instead of individual households, they are the commissioner, or local authorities are. They are putting in place additional checks in the system to make sure it is working better. The lines of accountability are much stronger. We have delivery partners and agents that are playing a much stronger role. Salix and some of our delivery partners are playing a much stronger role in terms of quality assurance.

The lesson I have taken from that is that if you have clear oversight and quality assurance and you have that intermediary, quite frankly, at local level that is delivering better-quality schemes for people, and when things are going wrong, the response rate is much quicker without the burden being on the individual consumer and households.

Q82 Ms Billington: Have you had any evidence presented to you by civil servants about the way the Warmer Homes Scotland programme works? It has, for example, a single entry point for all the centrally managed schemes—in contrast to England, where the short-term funding on a local scale has been going for years. It has had a significant roll-out across a range of kinds of communities and you do not have a postcode lottery. Has that evidence been presented to you—and, if it has, what has been done in the light of that evidence?

Miatta Fahnbulleh: I will let Jess speak about the evidence more broadly. I have spoken to the Scottish Government. We know that they are delivering it in a slightly different way. My three takeaways are these. First, being area-based is an important ingredient here, because you can deliver at scale and bring partners together. Secondly, you absolutely



need that level of commissioning oversight that can be provided by local government and social housing providers on the ground. And you absolutely need to do everything you can to make the journey very simple for consumers. For example, the advice service that they have—the single advice service—makes it easier for people to navigate. We are absolutely learning the lessons from Scotland and elsewhere about what is working well as we think about how we design schemes through the warm homes plan.

Jessica Skilbeck: Just to echo what the Minister has said, we are in very regular communication with our colleagues in Scotland, looking to learn from them—and potentially them from us. As we think about the warm homes plan, the future of the capital programmes and the future of supplier obligations post 2026, it is a very important time. We absolutely hear the messages about the importance of long-term certainty, simplicity, ease of access, and a trade-off between complexity, often designed to reduce deadweight in schemes but leading to a difficult to navigate picture for the end consumer. Absolutely, we are looking to learn from their experience.

Chair: Thank you very much. We will move on because I know you have to be away at 6 pm, Minister.

Q83 **Sir Christopher Chope:** I sympathise with you, Minister, because you are trying to champion consumer confidence and you have some real problems. One of the first that you have to overcome is the fact that consumers were promised that their bills would go down by £300 and you have not got anywhere towards achieving that yet. Similarly, you have to try to rebuild confidence in smart meters. I do not know whether you heard the evidence earlier, but it seems that it is not just one in 10 but five in every 100 that is not working properly. There is a much bigger problem for smart meters, as a result of which the word on the street is, “I wouldn’t touch a smart meter.”

Will you, in the interim, stop essentially forcing consumers into having smart meters imposed on them? A lot of consumers feel that the smart meter system is duping them into believing that it is all for their own convenience and that they will be able to see how much energy they are using, whereas we know that in reality it is all designed to enable Big Brother to keep an eye on when and how the energy is being used. If the smart meters themselves do not work and then create all the problems we heard about earlier, people lose confidence in them. How are you going to rebuild that confidence? Wouldn’t one way be to introduce a guarantee—a Government-funded, supported guarantee—that anybody who has a smart meter installed will be able to have that put right quickly, within a specified timescale? That would replicate what should have been happening in relation to these other Government schemes.

As I understand it, even today there are 250,000 homes that are unmortgageable because they have been subject to retrofitted spray foam. What are we doing to help those people? They are completely under the cosh. As I think has already been made clear, there is a feeling out there



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that ECO4 and the Great British Insulation Scheme are still delivering bad results for people, so confidence is plummeting. Despite your best efforts, I think it will continue to plummet until such time as there are firm guarantees that people who have already been done down in various ways will get proper remedies and compensation, and people who are seduced into adopting these Government schemes in their own homes have an assurance that they are not going to suffer the same fate as so many others. So—

Chair: I am finally going to intervene and stop you there, because we are here to hear from the witnesses and not from the members of the Committee.

Sir Christopher Chope: I am sorry, Chairman, but that is what happens if you have been waiting for two hours to ask a question.

Chair: I do not think it was a question; it was a statement. I will ask the Minister to reply, but I suggest that your next questions should be a lot shorter.

Sir Christopher Chope: My next question will be much shorter, but perhaps the Minister would like to comment on that one first.

Miatta Fahnbulleh: I think there were five questions in that, so I will take each in turn. Is the inheritance really tough? Absolutely. Is the confidence in the system not where it needs to be? Absolutely. That is the backdrop, and the job is to try to turn that around. I am confident that we can turn it around.

Let me take each of the points in turn, starting with bills going down. In the end, that is our primary objective with everything we are trying to do. Colleagues in the Department are driving the move to clean power—our view is that decoupling and breaking our reliance on fossil fuel will be the key thing that helps us get bills down, because at the moment wholesale costs are the thing that is driving bills up—but that sits alongside upgrading people's homes, so that we can make them warmer and cheaper to run. We are putting everything into the objective of delivering homes that are not just warm but ultimately cheaper to run for consumers, because that is all that really matters.

There is no compulsion on any household to adopt a smart meter. The reason we think smart meters are good, and the arguments that we will be trying to make and will drive a lot of the marketing campaign and the things that energy suppliers are doing, is that they mean that consumers know how much energy they are using, and that things like back billing and all the other things we talked about at the start of the session are reduced. But critically, I want to move from a world where consumers are takers of a system that does not really do very well by them, to a more flexible system with half-hourly rates in which a consumer can say, "I'm going to use my energy at this time because it's better for me." Smart meters mean that we can get to the world we want to, with smart homes, where people can basically sell their energy back into the grid and get



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money. We want empowered consumers, but to be empowered consumers they have to be smart consumers with smart homes, and that is the opportunity around smart meters.

Do we need to get the roll-out better? Absolutely. Any smart meter that does not work dents people's confidence and trust in them, so we will never impose them on people. We need to make sure that they are persuaded that this is good for them, and show the benefits in tangible ways. That does, to be fair, mean benefits into your pocket.

When we are not delivering the standard, we have to make sure that there is that guarantee. Some of the work we are doing at the moment, thinking about smart meters and working with industry, is about saying, "What's the standard that consumers can expect, that they are aware of, and then how do we make sure that there are clear incentives and sanctions if those sanctions aren't met?" Otherwise, your point about confidence is absolutely a thing.

Finally, on spray foam specifically, I come back to the point I made that we have to get to a world where every upgrade is a good upgrade, whether it is through a Government scheme or not, quite frankly. That is not the world we are in, and that is a function of a system that is dysfunctional and that we need to reform. In the past eight months—and, to be fair, the Government before us tried to do this too—we have been working with MHCLG and the mortgage industry to say, "There cannot be a blanket presumption that just because someone has had spray foam you don't give them a mortgage, because if it's installed well, it's absolutely fine." We have got that reassurance now from a lot of the mortgage providers—I think there are one or two that we are still working with—in order to take away that genuine risk.

I am getting lots of emails from colleagues on behalf of their constituents for whom this is a problem. We have got to fix things like that and work with others in the system to do it, but ultimately, as you say, it is all about confidence and trust, so we have to design the system up-front so that consumers are at its heart, it is simple and fair, and, when things go wrong, people are confident that there is redress. That is not where we are now, but that is absolutely where we need to get to.

Chair: This will be the last question.

Q84 Sir Christopher Chope: May I express my appreciation to the Minister for her constructive and full response? My last question is slightly off-piste, but the figures we have been given by the Clerks to the Committee show that almost all the people who are working in the industry that we have been discussing this afternoon are men. What is the Minister doing to try to introduce the caring sex into this?

Miatta Fahnbulleh: The energy sector is dominated by men, as I am finding. There is a big push across the sector, but we are particularly exercised by it as a Department and trying to get more women in. I think about the warm homes plan: if we get that right, we will be creating jobs



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in every part of the country. Whether that is the work we are doing with industry, the money we are putting into training and grant schemes or the work we are doing with local authorities, we have to open it up. I was at Futurebuild, a big industry conference, and they were trying to bring in young students and female students in order to open this up. We definitely need diversity, but, most importantly, there are jobs that will be created here, and we need to make sure that those jobs are equally accessible to everyone.

Chair: Thank you very much, Minister. My daughter hopes to be one of those workers, as she wants to train as a heat pump installer.

Miatta Fahnbulleh: Amazing. I strongly encourage it!

Chair: Indeed. Thank you, Jessica Skilbeck, Jane Walker and Minister Miatta Fahnbulleh, for your evidence this afternoon.