

**To:** Rt Hon Bill Esterson, MP  
Chair of the Energy Security and Net Zero Committee

**CC:** Rt Hon Miatta Fahnbulleh, MP, Minister for Energy  
Consumers  
Dhara Vyas, CEO, Energy UK

**BY EMAIL ONLY**

24 February 2025

Dear Bill,

Thank you for your letter dated 10<sup>th</sup> February 2025. I share your concern about recent media reports of instances of consumers being back-billed and receiving poor customer service when they contact their energy supplier.

The back-billing requirements are there to protect consumers from ‘shock bills’ that can drive them into debt. The impact on individual customers can be severe, especially for those in vulnerable situations. The Energy Ombudsman has confirmed back billing accounted for around 3,000 upheld complaints in 2024, equivalent to 5% of all upheld complaints.

We have taken immediate action to get a fuller understanding of supplier compliance with our back-billing requirements. Tim Jarvis, Director General for Markets, has raised this issue with the CEOs of the largest domestic suppliers and has written requiring data on instances of backbilling and supplier compliance.<sup>1</sup> We will share this information with the Committee and will be in a position to update you when we attend the Committee next month.

Ofgem introduced back-billing rules in 2018 to protect consumers and promote better billing practices. The rules prevent a supplier from being able to charge for energy used more than 12 months ago.<sup>2</sup> This includes the following scenarios:

- The supplier has not issued any bill or has issued an inaccurate or underestimated bills.
- The supplier has set the Direct Debit at an amount that is too low to cover charges.

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<sup>1</sup> Centrica (British Gas), EDF, E.ON, Octopus, OVO Energy, Scottish Power, Utility Warehouse.

<sup>2</sup> [Standard Licence Condition](#) (SLC) 21BA

- The supplier has failed to update a prepayment meter with the correct tariff or balance, which means the consumer has been undercharged.

Suppliers are permitted to not apply the back-billing rules under certain limited circumstances, for example when a consumer engages in unlawful behaviour<sup>3</sup> or obstructs physical access to the meter. Suppliers must follow the back-billing rules, and where they find that they have not met the rules, they must act promptly to set things right.

Though the proportion of back-billing complaints to the Energy Ombudsman is small, relative to other issues, we recognise the impact on individual customers can be severe, especially for those in vulnerable situations. In addition to the rules on back-billing, suppliers are required to treat domestic customers fairly (SLC 0) and they must consider a customer's ability to pay (SLC 27.8).

Suppliers' compliance with billing rules, including those relating to back-billing, are a priority for Ofgem. In our Consumer Confidence report in September 2024, we set out our plan to review the rules around billing and suppliers' compliance with existing billing rules, including those relating to back-billing. As part of this, we are looking at new rules to improve and incentivise better billing accuracy and debt support, including default monthly bills for households and reducing how far back a supplier can bill a customer where the error was the supplier's fault.

We have taken action in the past against suppliers when they have not complied with our rules, resulting in widespread customer detriment, and we will not hesitate to act in the interests of consumers.

I look forward to continuing to work with the Committee on the important issue of customer billing and welcome your recently announced inquiry.

Yours sincerely,



**Jonathan Brearley**

Chief Executive

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<sup>3</sup> An example of unlawful behaviour would include the theft of energy, i.e. tampering with a meter or bypassing it to give the impression no energy, or a limited amount of energy, has been used at the property.