



## Money and Mental Health response to Ofgem's Consultation on Proposals to improve outcomes for consumers who experience self-disconnection and self-rationing

### Introduction

The Money and Mental Health Policy Institute is working for a world in which the vicious cycle of money and mental health problems is broken, so that we all have an equal chance of financial security, regardless of our mental health; and everyone's mental health can flourish, regardless of their financial circumstances. We aim to be a world-class centre of expertise on the links between money and mental health problems, developing practical policy and solutions, working in partnership with those providing services, those who shape them, and those using them, to find out what really works.

Everything we do is rooted in the lived experience of our Research Community, a group of 5,000 people with personal experience of mental health problems. As part of this consultation response, we carried out a survey between 13 and 17 September 2019 of 157 members of our Research Community, about their experience of self-disconnection and self-rationing, and their thoughts on Ofgem's proposals. All quotes are from members of the Community who have participated in our research.

We are pleased to have the opportunity to respond to this consultation on Ofgem's proposals to improve outcomes for consumers who experience self-disconnection and self-rationing.

### Background

- In any given year, one in four people will experience a mental health problem.<sup>1</sup> However, we do not always know when we are unwell, or receive treatment. Over a third (36%) of people with a common mental disorder have never received a diagnosis, and 62% are not currently receiving treatment.<sup>2</sup>
- Common symptoms of mental health problems, like low motivation, unreliable memory, limited concentration and reduced planning and problem-solving abilities, can make it harder for people to be engaged consumers and navigate the energy market. They can also make it harder for people to advocate for themselves if something goes wrong.<sup>3</sup>

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<sup>1</sup> McManus S et al. Adult psychiatric morbidity in England, 2007. Results of a household survey. NHS Information Centre for Health and Social Care. 2009.

<sup>2</sup> McManus S et al. Mental health and wellbeing in England: Adult Psychiatric Morbidity Survey 2014. NHS Digital. 2016.

<sup>3</sup> Holkar M. Seeing through the fog: How mental health problems affect financial capability. Money and Mental Health Policy Institute. 2017. Holkar M and Evans K. Levelling the playing field. Money and Mental

- All of this contributes to an increased risk of detriment in energy markets. People with mental health problems are three and a half times as likely to be in problem debt as those without.<sup>4</sup>
- Half (46%) of adults in problem debt also have a mental health problem.<sup>5</sup> Within the energy market specifically, 53% of people in debt on their gas bill have a mental health problem, as do 59% of those in electricity arrears.<sup>6</sup>
- The psychological impact of poor affordability, self-disconnection, service disruption and energy debt can be particularly acute for people who are experiencing mental health problems. The additional pressures of living in a cold home or worrying about the threat of debt collectors can wear away at people's resilience and reduce their chances of recovery.

### **Question 1: Do you agree with our proposal to require suppliers to identify prepayment self-disconnection and the associated proposed licence conditions?**

Yes, we agree with the proposal to require suppliers to identify prepayment customers who self-disconnect, and to offer them appropriate support where needed.

#### **Why do people with mental health problems self-disconnect?**

People with mental health problems are more likely to be in financial difficulty, which can lead to affordability pressures and increase the risk of self-disconnection. Among respondents to our Research Community survey, 29 out of 157 respondents have a prepayment meter, and just over half of these respondents (16) have experienced self-disconnection.<sup>7</sup>

Common symptoms of mental health problems, like memory problems and low motivation, can also make it harder for people to keep on top of the management of their energy supply and ensure their meter is topped up. When people are acutely unwell they can disengage from energy management altogether, and some people struggle to leave the house, which can prevent them from topping up.<sup>8</sup>

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Health Policy Institute. 2017. Holkar M, Evans K and Langston K. Access essentials. Money and Mental Health Policy Institute. 2018.

<sup>4</sup> Holkar M. Debt and mental health: A statistical update. Money and Mental Health Policy Institute. 2019.

<sup>5</sup> Ibid.

<sup>6</sup> Jenkins R et al. Mental disorder in people with debt in the general population. Public Health Medicine 2009; 6, 3: 88-92.

<sup>7</sup> Money and Mental Health Survey. Base for this question: 29 people with lived experience of mental health problems who have a prepayment meter.

<sup>8</sup> Holkar M. Seeing through the fog: How mental health problems affect financial capability. Money and Mental Health Policy Institute. 2017. Holkar M, Evans K and Langston K. Access essentials. Money and Mental Health Policy Institute. 2018.



*“(My prepayment meter) ran out of credit and nobody was here to go to the shop to buy me some. I can’t go outside or to the shop due to mental health problems. I can go days without either gas or electricity due to being unable to get out to top it up or having no money” - Expert by experience*

*“Often [I self-disconnect] because I’ve forgotten to top it up or if I’ve been in a bad way and not wanted to go out.” - Expert by experience*

Several respondents described self-disconnecting due to not having enough money to keep their meter topped up.

*“(I) simply did not have enough money at the time to add more credit.” - Expert by experience*

### **The impact of self-disconnecting on people with mental health problems**

Aside from the practical impact of being without power, self-disconnection can have a serious impact on people’s mental health, causing stress and aggravating existing mental health problems.

*“[Self-disconnection] caused me tremendous stress and distress and makes me feel hopeless and useless and worthless and depressed.” - Expert by experience*

The feelings of hopelessness described above are particularly concerning, as they closely mirror the psychology of suicidality. Where self-disconnection is driven by financial difficulties, this could be an important warning sign of potential risk of suicide: people in financial difficulty are three times as likely to have thought about suicide in the past year as those who aren’t, and nearly a quarter of people (23%) who attempted suicide last year were in problem debt.<sup>9</sup>

*“It made me feel like I was failing at even the most basic standard of living, and left me afraid to answer the door in case they knew I had no electric and it got me into trouble. I was also afraid for my personal safety - in the winter it’s dark by 4pm, I was worried about falling over or candles setting fire.” - Expert by experience*

### **Ofgem’s proposal**

The proposed approach of requiring providers to identify customers who have self-disconnected should make a particular difference for customers with mental health problems. While people with mental health problems are more likely to experience financial difficulty, a risk factor for

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<sup>9</sup> Bond N and Holkar M. A silent killer: Breaking the link between financial difficulty and suicide. Money and Mental Health Policy Institute. 2018.

self-disconnection, they can also find it harder to reach out and ask for help, and so often do not get the support they are entitled to.

If someone's financial problems are related to their mental health, stigma can dissuade people from asking for help, as can uncertainty about how a provider might deal with a disclosure of a mental health problem. For those experiencing social anxiety, the practical act of asking for help can be a daunting prospect, and avoiding the problem is a common coping mechanism. Many people with mental health problems also struggle to communicate with their energy provider due to accessibility challenges. More than half (54%) of people who have experienced a mental health problem struggle to use the telephone to communicate with providers, but sometimes it is the only option.<sup>10</sup>

Among our small sample of Research Community members who have experienced self-disconnection, there was clear consensus that requiring providers to identify customers who self-disconnect and to offer them support would make a difference. All 16 respondents report that this would be a useful intervention, and 13 of these respondents thought it would be extremely useful.<sup>11</sup>

## **Question 2: Do you agree with our proposal to require suppliers to identify self-rationing and the associated proposed licence conditions?**

Yes, we agree with the proposal to require suppliers to identify customers who self-ration, and to offer them appropriate support where needed.

Eight in ten (82%) of our Research Community respondents report having self-rationed their energy usage, and respondents described a range of associated detriment.<sup>12</sup>

### **Why do people with mental health problems self-ration?**

Many Research Community respondents report self-rationing their energy usage due to financial pressures. Some respondents attribute self-rationing to persistent poverty, and having to use less energy than they need in order to pay for food or other essentials. Other respondents describe self-rationing in response to a financial shock, such as unexpectedly large bill, or a fall in income due to a change in benefits entitlement or being unwell and having to take time off work.

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<sup>10</sup> Holkar M, Evans K and Langston K. Access essentials. Money and Mental Health Policy Institute. 2018.

<sup>11</sup> Money and Mental Health Survey. Base for this question: 16 people with lived experience of mental health problems who have experienced self-disconnection.

<sup>12</sup> Money and Mental Health Survey. Base for this question: 157 people with lived experience of mental health problems.



*"I constantly worry about electricity as it seems to have become a luxury item. We have electric heating and have to use one room in the winter. We simply cannot afford to heat the whole house."*  
- Expert by experience

*"My direct debit went up based on estimated readings as I wasn't well enough to do them."*  
Expert by experience

Many of our respondents also describe having particularly high energy costs, for instance due to living in poorly insulated housing, being at home for long periods of time when unwell, or having difficulty engaging with their provider to resolve problems. These cost pressures can stretch budgets and lead to people cutting back on other important areas of expenditure, or self-rationing energy.

*"I simply can't afford to keep warm in winter. Most of the gas is wasted as [I] live in an old property with single glazing and draughts everywhere."* - Expert by experience

Some Research Community respondents also report being confused about how to get a good deal in the energy market, or not knowing what they could do to cut their energy costs. Common symptoms of mental health problems can make it harder for people to shop around and get a good deal in the energy market.<sup>13</sup>

*"While my daughter was away and with only me at home, I kept the heating off as my direct debit kept being increased. I couldn't see any other way to reduce costs."* - Expert by experience

These high costs directly lead to self-rationing as people cannot afford to purchase more energy at the price they pay.

### **The impact of self-rationing on people with mental health problems**

Research Community members describe feeling paralysed when unable to use the energy they require. Being unable to wash, cook and clean can directly affect people's health and can also have profound effects on feelings of self-worth. Many respondents described feelings of guilt and shame, particularly if their children, or other loved ones, were also affected by self-rationing.

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<sup>13</sup> Holkar M. Seeing through the fog: How mental health problems affect financial capability. Money and Mental Health Policy Institute. 2017. Holkar M and Evans K. Levelling the playing field. Money and Mental Health Policy Institute. 2017. Holkar M, Evans K and Langston K. Access essentials. Money and Mental Health Policy Institute. 2018.



*“I was really worried anyway and then because I didn't put the heating on it also affected my physical health which again made me feel low. I stayed in bed because it was the only way to stay warm which again affected my mood.” - Expert by experience*

Many respondents described how not being able to use the energy they need had negatively impacted their mental health, and some directly attributed suicidal feelings to self-rationing. Some respondents described feeling insecure in their own homes or constantly preoccupied by worries about their energy usage. Others described feeling embarrassed at not being able to heat or light their homes and not inviting friends round as a result, leading to social isolation.

*“I became suicidal because I was so cold.” - Expert by experience*

### **Ofgem's proposal**

Among the 127 Research Community respondents surveyed who have experienced self-rationing, only 1 respondent felt that requiring providers to identify customers who self-ration and offer them appropriate support where needed would not be a useful intervention. 61% felt it would be extremely useful.<sup>14</sup>

As described in response to question 1, people with mental health problems are both more likely to experience financial difficulty, a risk factor for self-rationing, and can also often find it harder to advocate for themselves and to ask for help. As a result, requiring providers to take proactive action could make a particular difference for many customers with mental health problems.

### **Question 3a: Do you agree with our proposal to require suppliers to offer emergency and friendly credit functions for all customers?**

Yes, we agree with the proposal to require suppliers to offer emergency and friendly credit for all customers. From our sample of Research Community members who have experienced self-disconnection, all 15 who responded to the question felt that this would be a useful step for Ofgem to take. 13 of these 15 respondents felt that requiring all providers to offer emergency credit would be extremely useful.<sup>15</sup>

The energy market is complex, and there are a range of support options offered by different providers. For many people with mental health problems, which can affect our ability to take in and process information, this complexity can be overwhelming. Inconsistent approaches can make it

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<sup>14</sup> Money and Mental Health Survey. Base for this question: 127 people with lived experience of mental health problems who experienced self-rationing.

<sup>15</sup> Money and Mental Health Survey. Base for this question: 15 people with lived experience of mental health problems who have experienced self-disconnection.

harder for people experiencing mental health problems to identify and engage with support, so we welcome Ofgem's proposal to formalise emergency and friendly credit.

**Question 4a: Do you agree with our proposal to require suppliers to offer discretionary credit for customers in vulnerable circumstances?**

Yes, we agree with the proposal to require suppliers to offer discretionary credit.

It is appropriate that providers offer additional protection to customers who are particularly vulnerable, and may be at greater risk of harm if they self-disconnect. As in our response to question 3a, formalising this support should also ensure greater consistency and make it easier for customers with mental health problems to understand the support offered by energy providers.

A limitation of discretionary credit is that it relies on providers knowing which of their customers are vulnerable. Many people with mental health problems do not feel comfortable telling their energy provider about their mental health problems, for a range of reasons including stigma, lack of perceived benefit and uncertainty about what providers might do with this information. Research with the Money and Mental Health Research Community found that just one in four (24%) respondents had ever told an energy supplier about their mental health problems.<sup>16</sup>

To ensure that discretionary credit reaches the customers who need it most, it is essential that providers create a supportive environment for customers to disclose any problems they may be experiencing, and that they get better at proactively identifying signs that a customer may be struggling, whether from data or through interactions with customers.

**Question 5: Do you agree with our proposal to incorporate the Ability to Pay principles in the supply licence?**

Yes, we agree with the proposal to incorporate the Ability to Pay principles in the supply license.

The Ability to Pay principles are rightly described as a minimum standard that consumers should be able to expect across the energy market. We support Ofgem's proposal to formalise this expectation by incorporating the Ability to Pay principles into the supply license. Ofgem should take clear action if it continues to see suppliers falling short of these minimum standards, and should consider producing additional guidance if it continues to see inconsistency in how suppliers implement them.

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<sup>16</sup> Holkar M and Evans K. Levelling the playing field. Money and Mental Health Policy Institute. 2017.





Almost all (98%) of our Research Community respondents felt it would be useful for Ofgem to require all suppliers to take into account how much a customer can afford to pay if they are in debt or struggling financially. Three quarters of respondents (73%) felt that this would be extremely useful.<sup>17</sup>

Financial difficulties can have a devastating impact on people's mental health, and can drive feelings associated with suicidality by undermining people's resilience.<sup>18</sup> The impact on people's mental health can be particularly acute when creditors are aggressive or insensitive when collecting debts, and when people go without essentials like eating and heating to try and cut costs.<sup>19</sup> By improving how suppliers treat customers in financial difficulty, Ofgem can make a significant difference to the mental health of the nation, and will ultimately save lives.

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<sup>17</sup> Money and Mental Health Survey. Base for this question: 117 people with lived experience of mental health problems who have experienced self-rationing.

<sup>18</sup> Bond N and Holkar M. A silent killer: Breaking the link between financial difficulty and suicide. Money and Mental Health Policy Institute. 2018.

<sup>19</sup> Holkar M and Mackenzie P. Money on your mind. Money and Mental Health Policy Institute. 2016.