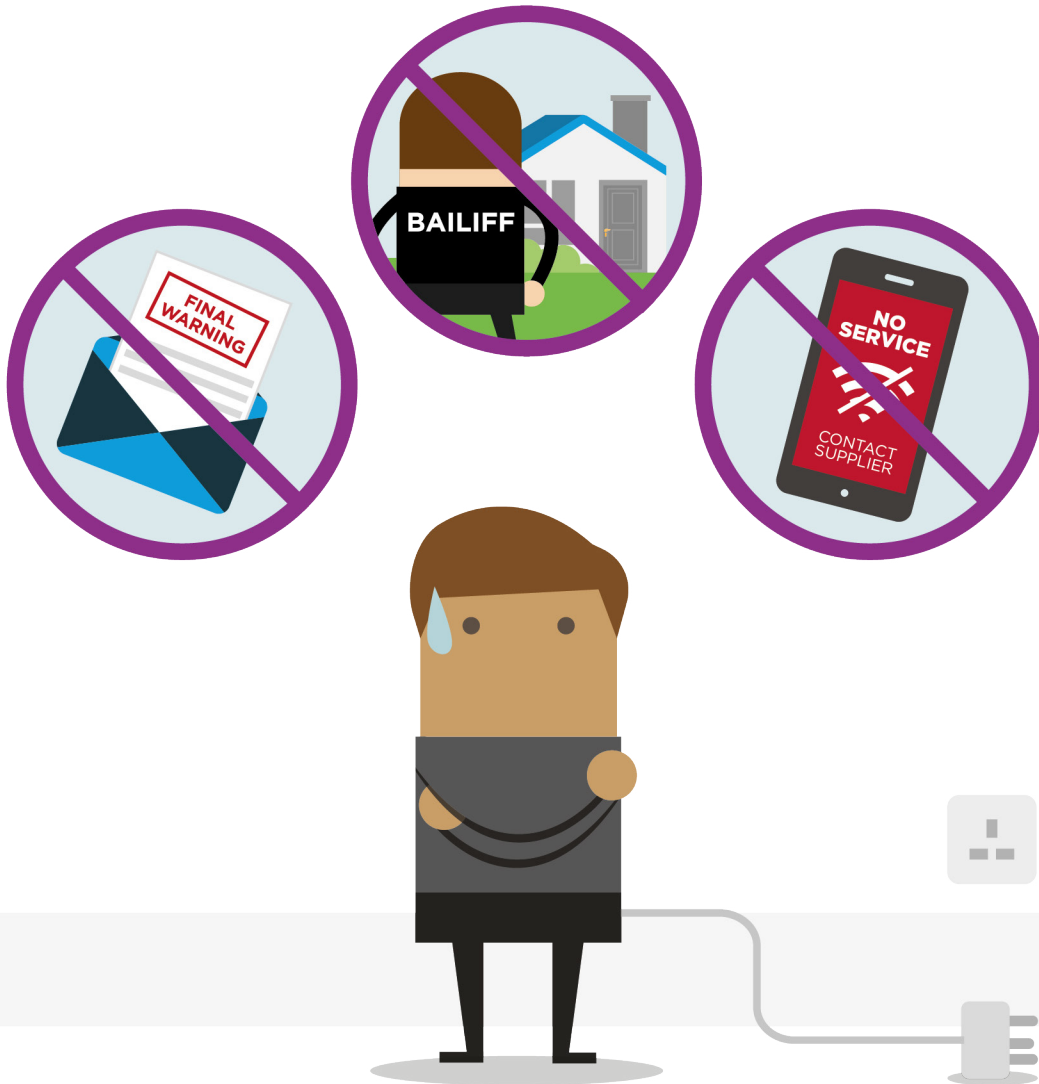




MONEY AND
MENTAL HEALTH
POLICY INSTITUTE



abrdn
Financial Fairness Trust



CONNECTION LOST

Understanding the psychological harm of
utilities debt collection and disconnection

Toby Murray

Contents

Executive summary	5
Key recommendations	6
Introduction	8
This report	9
The scale of the problem	12
Relationship to mental health	13
Double disadvantage: the intersection of mental health and other vulnerabilities	16
Debt collection in the utilities sector	20
Remediation strategies	23
Threatening communications	24
Bombarding communications	24
Communication channels	25
Unsustainable repayment plans	26
The importance of certainty	27
Compounding effects	27
Interaction with severe mental illness	28
Improving practice	29
Service restrictions	31
Disconnection	32
Prepayment meters	34
Force fitting of prepayment meters	38
Debt collection and enforcement action	40
Debt collection agencies	41
High Court Enforcement Agents	42
Interaction of enforcement action and mental health	44
Recommendations	47

Publication

The Money and Mental Health Policy Institute, April 2025. 22 Kingsway, London, WC2B 6LE.

Citation

If you are using this document in your own writing, our preferred citation is:

Murray T. Connection Lost: Understanding the psychological harm of debt collection and disconnection. Money and Mental Health Policy Institute. April 2025.

Permission to share

This document is published under a Creative Commons licence: Attribution-NonCommercial-NoDerivs 3.0 Unported (CC BY-NC-ND 3.0) England and Wales Licence.

<https://creativecommons.org/licenses/by-nc-nd/3.0/>

For commercial use, please email contact@moneyandmentalhealth.org

This report represents the research and views solely of the authors and of the Money and Mental Health Policy Institute. The analysis, interpretation and recommendations that originate from our use of the Debt Need Survey 2023 are those of the Money and Mental Health Policy Institute, and are not the responsibility and do not necessarily represent the Money and Pensions Service.

Alongside this research, Money and Mental Health has launched a new campaign calling on the government to end the Council Tax Trap for people with mental health problems. Find out more and sign our petition here: moneyandmentalhealth.org/council-tax-trap.

Acknowledgements

The Money and Mental Health Team would like to express our gratitude and admiration to all those members of our Research Community who gave up their time and shared their experiences.

Thanks also go to colleagues across local and national government, academia, and the charity sector who attended our summit, engaged in expert interviews, and generously shared their knowledge and expertise.

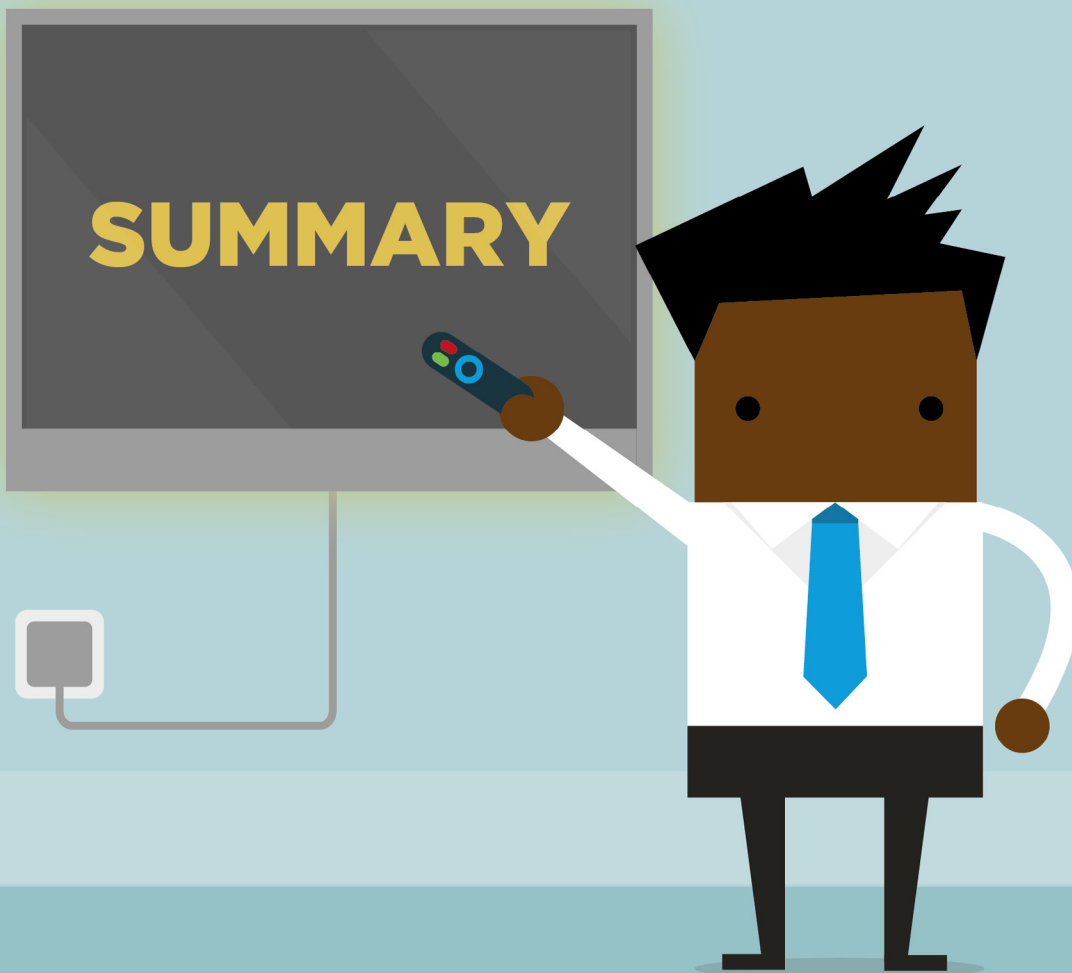
A special thanks to the rest of the team at Money and Mental Health, in particular to Conor D'Arcy and Nikki Bond for their leadership and support.

About the authors

Toby Murray was a Senior Research Officer at the Money and Mental Health Policy Institute. He left the charity in early 2025. He led Money and Mental Health's work on debt collection and support services. He previously worked at the RSA as a Health Foundation Policy Fellow, and at the Northampton Hope Centre.



abrdn Financial Fairness Trust funds research, policy work and related advocacy activities. It aims to tackle financial problems and improve the living standards of people on low-to-middle incomes in the UK. It is an independent charitable trust registered in Scotland. The Trust's name recognises a historic donation from Aberdeen Group plc which led to the foundation of the Trust. The views expressed by the Trust and its funded partners do not necessarily represent those of the Aberdeen Group. For more information see financialfairness.org.uk



Executive summary

7 million people are in some form of water, energy or telecommunications debt, collectively known as utility debt. Nearly 1 million are in debt to all three

- Those in debt are overwhelmingly likely to have mental health problems. Half (53%) of those in some form of utilities arrears have a mental health problem. More concerning, people with severe and enduring mental illnesses (SEMI) such as bipolar or schizophrenia are over four times as likely to be in some form of utility debt as those without a mental health problem.
- Further, being behind on essential bills can have an outsized impact on our mental health. The psychological toll of struggling to pay for essential services like heating or internet may come with an increased sense of stigma, while common debt collection processes can force customers in arrears to forgo critical usage, exacerbating poor health outcomes.

We identify three distinct categories of debt collection practice across the three utility sectors that have significant harm built in:

- **Remediation Strategies** for customers are let down by high pressure practices, like threatening and harassing communications, and unrealistic repayment requirements.
- **Service restrictions** in the energy and telecommunications sectors which cause significant psychological harm through creating barriers to essential service. This can lead to feelings of isolation, anxiety and deprivation.
- **Third party collection and enforcement** action in the utilities sector is confusing, intimidating and costly, with outdated regulation potentially trapping people in financial hardship for longer.

We conclude that it's imperative we step up protections for those struggling with utility arrears

- These services are unique in the central role they play in our lives. Common debt collection practices in the sector risk abusing that relationship by threatening barriers between people and their needs. People with vulnerabilities, in particular, deserve greater reassurance that those services will be there when they need them.

Key recommendations:

Working with firms in their sector, all utility regulators (Ofcom, Ofgem and Ofwat) should:

- Work with the government to reduce the scale of debt and arrears in each sector by introducing a range of additional forbearance and affordability measures, including social tariffs, debt matching schemes and debt write off.
- Improve communications processes to ensure people with mental health problems are supported to disclose, and that communications encourage engagement through implementing universal design and better support.
- Update guidance to bring utility providers in line with central government creditors like HMRC, who commit to only using FCA-regulated debt collection agencies.
- Require all firms to implement a pre-compliance stage to contracts with enforcement agents, to help people avoid unnecessary charges.

To protect customers from the devastating effects of disconnection from broadband and mobile services, Ofcom should:

- Implement a pre-disconnection protocol to ensure disconnection is only used as a last resort, including appropriate safeguards for vulnerable customers.

To protect customers with mental health problems from the harms associated with pre-payment meters, Ofgem should:

- Safeguard people with mental health problems through requiring firms to assess a customer's ability to access services necessary to top up their meter when conducting a welfare visit.

HM Treasury should:

- Explore, as part of their financial inclusion strategy, the issue of disconnection from broadband and mobile services as a barrier to banking for customers who have been disconnected

The Department for Energy Security and Net Zero should:

- Grant Ofgem the power to implement a full ban on force fitting prepayment meters.

The Ministry of Justice should:

- Amend the Taking Control (Fees) Regulations 2014 to allow for repayment plans at the compliance stage of High Court Enforcement

Utility firms should:

- Put our recommendations around improving practice into action, getting ahead of regulation and showing the importance of good practice across the sector.



Introduction

In many ways, the cost of living crisis owes its staying power to the ongoing cost of utilities crisis. Domestic electric and gas prices remain close to double pre-pandemic levels.¹ Water prices are set to rise by up to 53% over the next 5 years.²

Inflated prices have had a devastating impact on living standards, but are unlikely to shift any time soon. Future-proofing these industries requires ongoing investment to bring about a zero-carbon future, better water infrastructure and facilitate emergent telecoms technologies like 5G.

Within these price rises is a complicated relationship. These services are central to our lives. Energy providers heat our homes and cook our food. Water providers ensure we have clean water on tap. Telecoms providers connect us to the world and are increasingly indispensable to our ability to work. We call these services “essential” because they are exactly that. We cannot simply opt out of using them.

Consequently, having to cut back on (or being completely excluded from) energy, water, phone or internet usage has serious implications for the quality of our lives, with consequences for both our health and wellbeing. Both fuel poverty and digital exclusion have clear links to health inequalities and poor mental health.^{3,4}

Debt collection in these sectors plays off this centrality to our lives. As we'll see, disconnection and service restrictions (and threats of both) place a barrier between people and their daily needs, exacerbating these problems and causing unnecessary anxiety and stress.

While it's important utilities companies balance the books so they can continue to provide services to the country and invest in the future, this cannot be at the expense of their customers' physical and mental health. The recent scandal of force-fitting pre-payment meters in vulnerable customers' homes is a powerful example of damaging overreach.⁵ Other examples include sanctions that ultimately encourage self-disconnection, and costly enforcement action that traps customers in debt. These stand in contrast to cases of good practice and support-first approaches, such as those developed in the water industry since losing its disconnection powers a generation ago.

With prices set to continue rising, debt collection is only likely to play a greater role in the sectors' futures.⁶ Grappling with the challenge it presents for the sector is essential. Comparing and contrasting these three sectors will help us to understand where good practice exists and how counterproductive it can be where practice falls short and falls disproportionately on vulnerable customers, such as those with mental health problems.

1 Bolton P. [Gas and electricity prices during the 'energy crisis' and beyond](#). House of Commons Library. 2024.

2 Jolly J et al. [Average water bill in England and Wales to rise by 36% over five years](#). The Guardian. 2024.

3 Marmot M, Geddes I. [Fuel poverty, cold homes and health inequalities in the UK](#). Institute of Health Equity. 2011.

4 Robotham D et al. [Digital divide: amplifying health inequalities for people with severe mental illness in the time of COVID-19](#). The British Journal of Psychiatry. 2020.

5 Jolly J. [UK energy firms forcibly installed prepayment meters](#). The Guardian. 2023.

6 This report defines utility sector debt as any form of arrears in what we consider to be the three main utility sectors: Energy (including both electricity and gas), Water and Telecommunications (which we limit to mobile phone and internet providers).

This report

This report will begin by setting out the scale of utility sector debt before exploring specifically how these issues affect people with mental health problems.

We will take a look through three key areas of debt collection practice:

1. **Remediation** strategies to engage with customers' communications and repayment plans.
2. **Service restrictions** in the energy and telecommunications sectors through disconnection and prepayment meters.
3. **Third party collection and enforcement** action using debt collection agencies and enforcement officers.

We will finish with recommendations that address each of these areas as well as challenges around affordability which drive people into arrears in the first place.

To put this paper together, we:

1. Conducted a review of a range of literature, including outputs from relevant charities, regulators, industry and academia.
2. Carried out an online survey of the Money and Mental Health Research Community, a group of thousands of people with lived experience of mental health problems, who are at the heart of everything we do. Between 1-15 March 2024, 185 people responded to the survey on people's experiences of public sector debt collection from within the last five years. An additional survey was run between 23-26 August 2024 specifically regarding enforcement activity. In total, 95 people responded to the survey.
3. Analysed the Money and Pensions Service's Debt Need Survey 2023 national dataset.
4. Carried out 10 interviews with experts across debt advice, advocacy, regulation and industry. We also conducted an online workshop on 13 November 2024, with participation from policy and industry experts, trade bodies and regulators.

Box 1: The psychological harms of debt collection

Starting from September 2023, the Money and Mental Health Policy Institute, in partnership with the abrdn Financial Fairness Trust, have investigated the psychological harm of debt collection practices.

This programme has built on a body of work previously done by the institute on the psychological harm of debt, and the specific ways debt affects the lives of people with mental health problems.

This paper is the third in a series of four. Our other reports can be found on our website and are referenced throughout this report. Each report targets a different creditor sector:

1. **Debts and despair** investigated harms done in the consumer credit space during the cost of living crisis, and established the need for an updated definition of harassment.
2. **In the public interest?** looked at harms common across public sector creditors, focussing particularly on Council Tax, and the legislation that drives what we termed the "Council Tax Trap."
3. **Connection lost**, this report looking at the unique aspects of debt connection in the utilities sector, and the harm associated with disconnection.
4. An upcoming report, bringing together findings and recommendations around national government debt collection.

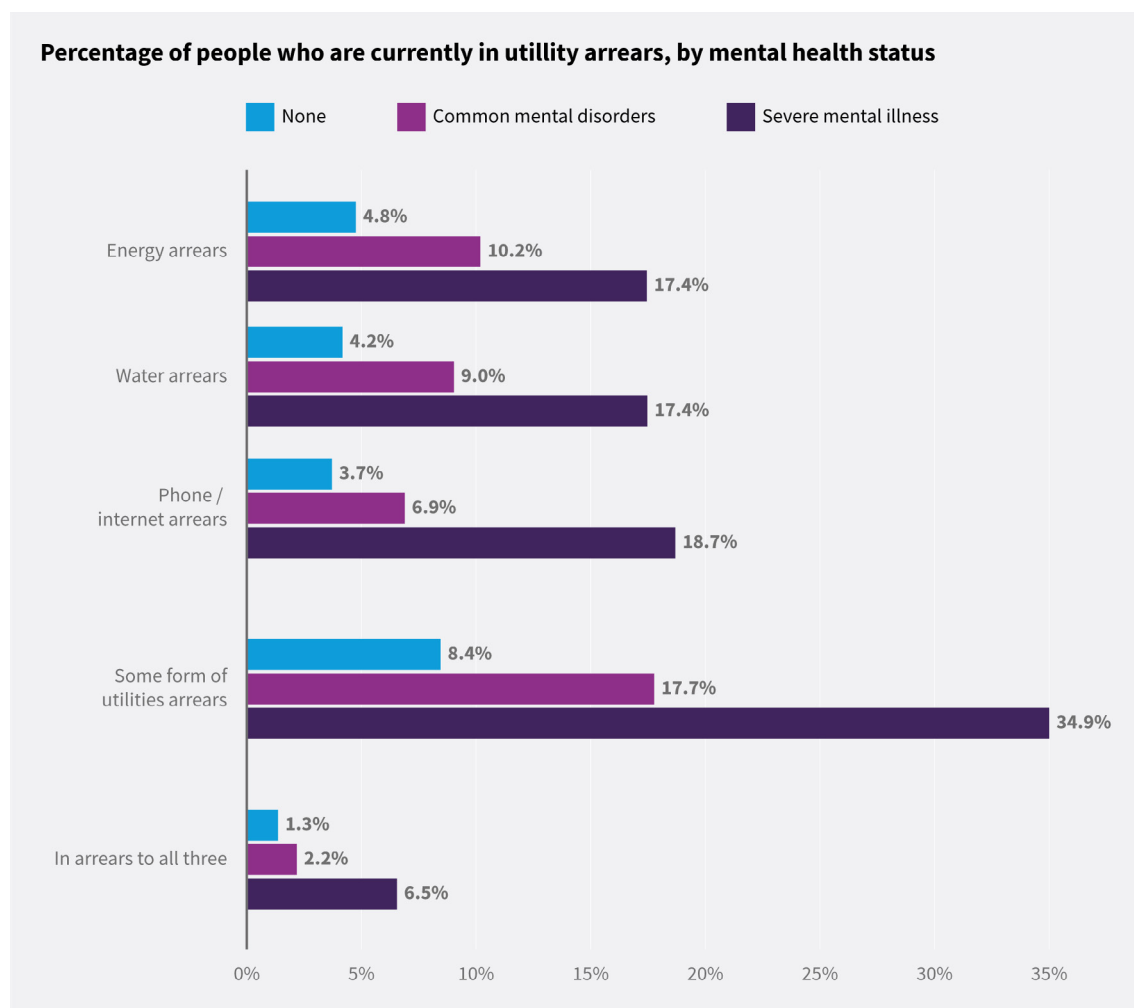
Findings from across the four papers will be brought together later in the year as a series of best practice guides for creditors.



The Scale of the Problem

In 2023, over one in eight (13%) of the UK population were in some form of utilities arrears. That's nearly 7m people across the UK.⁷

Figure 1: People who have ever had a mental health problem are significantly more likely to be in utility arrears.



Source: Money and Mental Health analysis of the Money and Pension Service Debt Need survey 2023

Of those in debt, one in seven (14%) were in arrears to all three sectors, accounting for almost a million people across the UK. Evidence from energy firms suggests that debts may only have grown in 2024.⁸ Further, with anticipated rises in water bills over the coming years, we expect rates of arrears to continue their upwards trend.

⁷ Office of National Statistics. [Mid-Year Population Estimates 2023](#).

⁸ Ofgem. [Debt and arrears indicators](#), 2025. [Accessed 07/02/25].

Relationship to mental health

As we have found repeatedly throughout our work on debt, those who are behind are overwhelmingly likely to have mental health problems.⁹ The symptoms and consequences of our mental health problems make it more likely for us to fall into utilities debt, and more difficult to engage with support. Meanwhile, the experience of being in utilities debt may itself cause or exacerbate mental health problems.

Our previous report, *Debts and Despair*, highlighted the role of stigma as a driver of psychological harm. This sense of stigma is common across many forms of debt, however we are concerned that stigma around utility debt may cause significant psychological harm, given these services' central role in our lives as essentials.¹⁰ While this was outside the scope of our survey, academic literature finds that "living without shame" requires consumption of essentials like energy and, as a result, energy poverty may come with the associated stigma of "negative connotations of 'doing without'."¹¹

We are concerned that debt collection processes could be drawing on this stigma, where they threaten to raise barriers between these essential services and customers. As we'll see, this then combines with the inherent psychological harm that comes with fearing being cut off from an essential service. It is important to emphasise that the harm may be caused both by an actual disconnection or service restriction, whether imposed and self-administered, or by the threat of one, even where it is unlikely to be put in place. This can mean that these debts have a uniquely negative impact on the mental health of those struggling.

Analysis of the Money and Pensions Service's Debt Need 2023 survey shows those who are behind on their utilities bills are overwhelmingly likely to experience mental health problems. There is a clear correlation in the survey data between the severity of the mental health problem and the incidence of debt:

- 1 in 2 (52%) of people in some form of utility arrears have a mental health problem
- 1 in 5 (19%) of people with a mental health problem are in some form of utility arrears

Compared to people without mental health problems, people with Common Mental Disorders (CMD) like anxiety or depression, are twice as likely to be in some form of utility arrears (18% vs 8%). People with severe and enduring mental illnesses (SMI), like bipolar or schizophrenia, are four times more likely to be behind (35% vs 8%).

People with SMI are also more likely to have multiple debts, with 7% behind on payments to all three utility sectors, compared to just 1% for those with no mental health problems.

As we've seen throughout this programme, people with mental health problems are more likely to have lower incomes, higher expenditures and more difficulty asking for help and support than people without, meaning they are more likely to be in debt in the first place.¹²

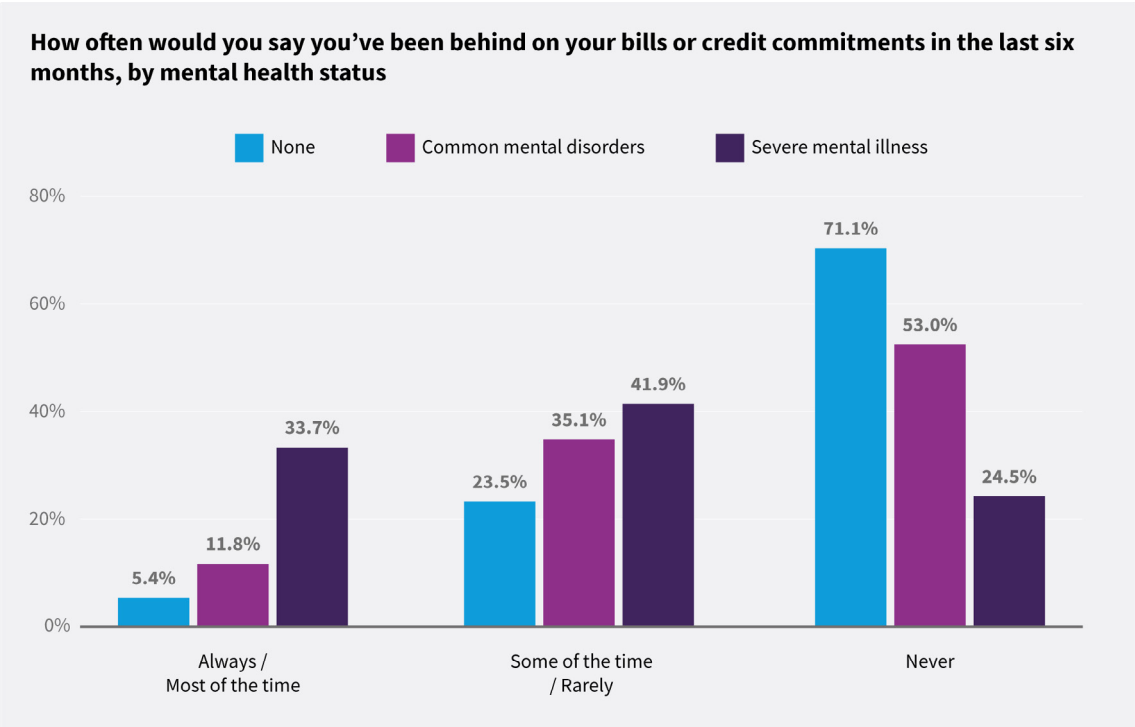
9 Money and Mental Health Policy Institute. *The Facts*. 2025 [Accessed 07/02/25].

10 Ofgem. *Consumers' experiences of debt and affordability support from their supplier*. 2024.

11 Reid, L. McKee, K. Crawford, J. Exploring the Stigmatization of Energy Efficiency in the United Kingdom: an emerging research agenda. *Energy Research and Social Science* vol. 10 2015

12 Murray T, Smith F. *In the Public Interest?* Money and Mental Health Policy Institute. 2024.

Figure 2: People with severe and enduring mental illnesses are over six times as likely to “always” or “most of the time” be behind on their bills as people without a mental health problem.



Source: Money and Mental Health analysis of the Money and Pension Service Debt Need survey 2023

Further, the symptoms those of us with mental health problems live with, like memory problems, low motivation or increased impulsivity, may make it difficult to recover once we fall into utilities debt.¹³ A third (34%) of people with SMI report being behind on their bills “always” or “most of the time” compared to just 1 in 20 (5%) for people without. This means people with mental health problems are over 6 times as likely to be regularly struggling.

13 Bond N, Fitch C. The need to know: Understanding and evidencing customers' mental health problems. Money and Mental Health Policy Institute. 2020.

Table 1: How the cognitive, psychological and behavioural changes associated with mental health problems can make navigating debt collection systems harder¹⁴

What is the problem?	What is the impact?
Thought rumination and excessive worrying	People with mental health problems may fear the consequences of falling behind, or of reaching out to a creditor, even if they can afford to get back on track.
Difficulties in understanding and processing information	People with mental health problems may find it difficult to understand what support is available if they're struggling to pay, or to understand the details of their debt, such as who they owe the payment to.
Reduced planning and problem-solving skills	Faced with a complex problem, people with mental health problems can struggle to determine what actions to take to resolve it.
Reduced attention span	People with mental health problems may find concentrating on a task for a prolonged period, such as filling in an income and expenditure form or engaging in a long telephone call, to be incredibly difficult or exhausting.
Social anxiety and communication difficulties	Many people experiencing mental health problems struggle with some forms of communication, such as in online or in-person channels. Previous Money and Mental Health research focusing on essential services found that half of people with a mental health problem struggle to use the telephone, and one in six struggle to open post. ¹⁵
Depleted energy and motivation	Low energy can make it difficult for people with mental health problems to complete basic self-care tasks such as washing and eating. Finding the motivation to contact the department you owe money to can simply be overwhelming for some.

Our research also shows that nearly four in ten (37%) of those who have experienced mental health problems exhibit significant levels of anxiety when dealing with essential services.¹⁶ As we discuss later in this report, once we fall into arrears, poor debt collection processes can cause further harm to mental health. This feedback loop can lead, ultimately, to a spiralling of both our financial and mental health.¹⁷

Conversely, when it happens, good practice can offer a genuine and much needed lifeline.

14 Adapted from: Smith F. No Place Like Home. Money and Mental Health Policy Institute. 2024.

15 Holkar M et al. Access essentials. Money and Mental Health Policy Institute. 2018.

16 Ibid.

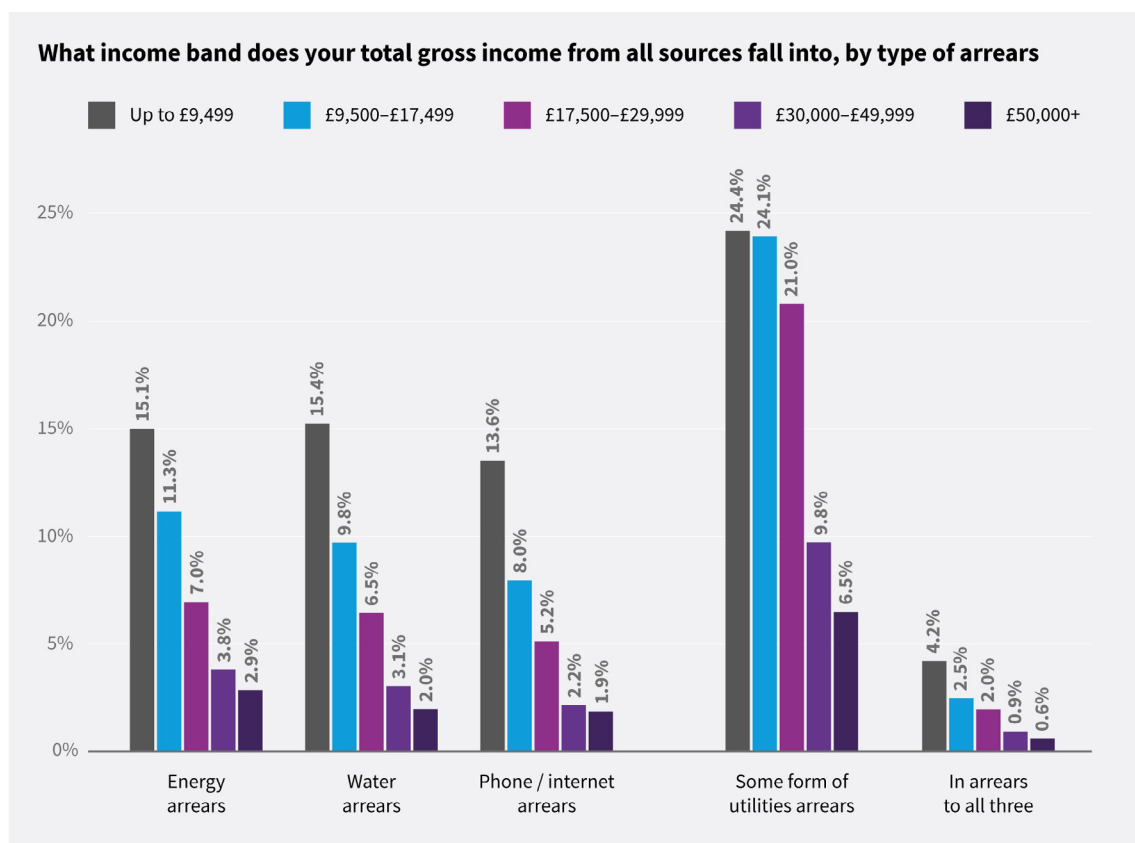
17 Lees C, Stacey B. Always on your mind. Money and Mental Health Policy Institute. 2024

Double disadvantage: the intersection of mental health and other vulnerabilities

While this report focuses on the experience of people with mental health problems, it is important to consider the intersection of other factors that increase vulnerability when experiencing utility debts. Many of these vulnerabilities will also correlate with experiencing mental health problems and any effective solution must take them into account.

Inevitably, utility arrears disproportionately impact those in a state of financial vulnerability. As shown by graph 3, a quarter (24%) of people in some form of utilities arrears are on an income of less than £9,500 – an income that places them among the bottom 11% of households in the UK by income. Nearly half (49%) earn less than £17,500 a year, which places them in the bottom 27% of households.

Figure 3: Individuals on lower incomes are nearly 4x as likely to be behind on some form of utilities arrears as those on highest incomes



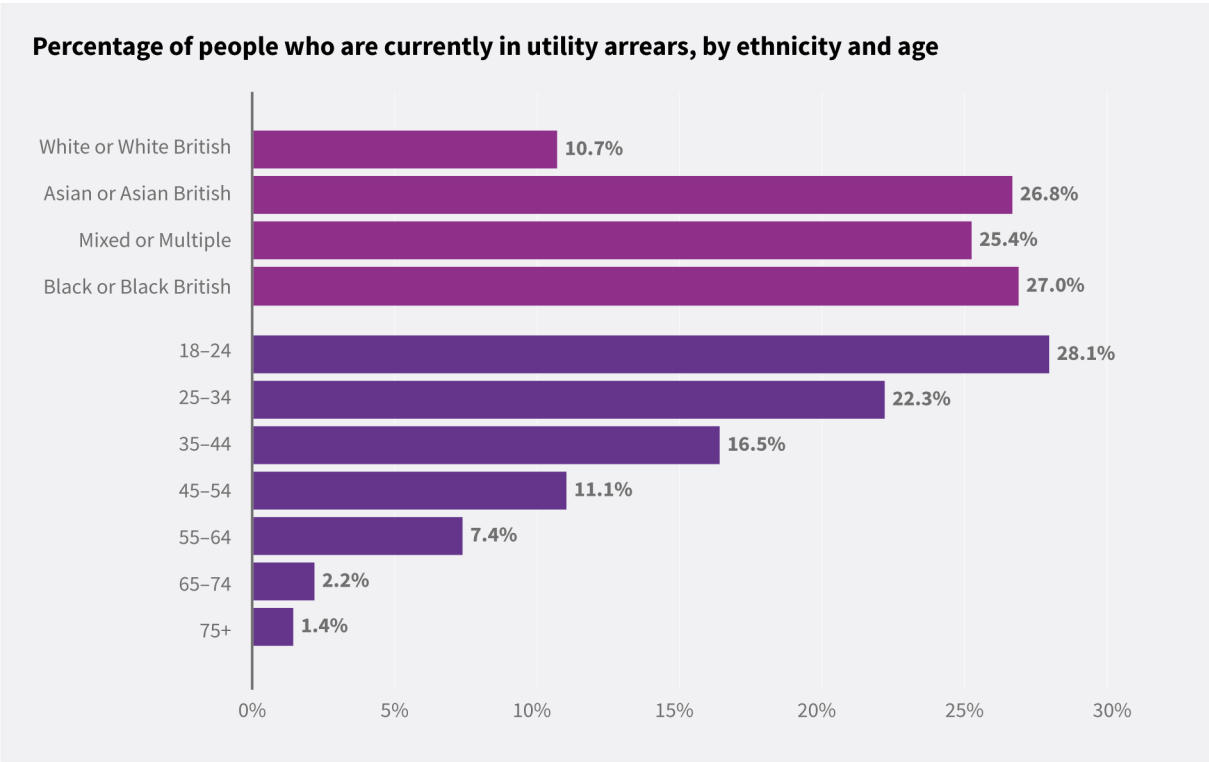
Source: Money and Mental Health analysis of the Money and Pension Service Debt Need survey 2023

Similarly, in terms of financial resilience, over a quarter (27%) of those in some form of utilities arrears would struggle to afford any unexpected bill at all, even if they were to borrow in a way they considered affordable. As we have seen throughout our work on debt collection, those affected are more likely to be on lower incomes, with lower savings. This is essential to understand as we assess the challenges caused by debt collection activity, that most coming face to face with debt collection systems are struggling to pay, as opposed to choosing not to pay.

This means that utility arrears are likely to disproportionately affect groups that have a predisposition to financial vulnerability, such as people experiencing mental health problems, who our previous research has shown have lower incomes and higher expenditures than the rest of the population.¹⁸

We also found that young people and people of minoritised ethnic backgrounds are all more likely to be in some form of utilities arrears, as shown by Figure 4.

Figure 4: Young people and people of minoritised ethnic backgrounds are more likely to be in some form of utilities arrears



Source: Money and Mental Health analysis of the Money and Pension Service Debt Need survey 2023

18 Money and Mental Health Policy Institute. *The Facts*. 2025 [Accessed 07/02/25].

Box 2: A note on utility sector debts

Debt collection in the utility sectors is complex. Even understanding the point at which a debt turns into something that needs collecting is different for different industries.

For energy bills, those on a direct debit will routinely fall into arrears as they use more energy in winter, a debt that organisations expect to be made up through reduced usage in summer. This is a luxury not extended to those who pay through a prepayment meter.

For water, metered households bills will be paid fully in arrears, only paying for the water used over the billing period, or for unmetered households, bills will normally be paid in advance.

For telecoms bills, accounts are not expected to go into arrears at any point. This will be a cause for immediate intervention by making up that missed payment or agreeing a new plan to make up that missed amount.

For this paper, we consider debt in this case to either be a missed payment, or a negative balance on a prepayment meter.



Debt collection in the utilities sector

We have divided the most common debt collection practices in the utilities into three distinct categories: remediation, service restrictions and enforcement. We don't suggest that these are distinct stages of a debt journey, however this is a useful mechanism to group similar harms and outcomes that customers are likely to experience from different practices.

Remediation strategies

Initially, following a missed payment, there is a period in which the customer is given an opportunity to make good any missed payments through engaging with their utility supplier. Our remediation category is marked by communication with the supplier's frontline or debt recovery teams. This is where someone might expect to agree repayment, be offered forbearance or signposted to further support.

At this stage, the danger to customers comes from poor communications practices such as threatening or harassing comms, unsustainable repayment plans being agreed, or confusing or inaccessible processes. All of which can cause psychological harm, and lead to a further entrenching of debt.

Service Restrictions

If repayment or forbearance is not agreed, the organisation may move to more aggressive activity and implement restrictions on the service they provide. This may include the installation of a prepayment meter, or disconnection.

Service restrictions are not permitted in the water sector and the rise of prepayment meters has virtually eliminated the use of disconnection by energy companies. However, as we'll see, the impact of self-disconnection in response to moving to a prepayment meter can still be severe. The telecoms industry still practices disconnection regularly, which can have a significant impact on customers' lives.

Debt Collection and Enforcement

Finally utilities organisations may take steps to engage third parties to collect or enforce payment of the debt. Organisations may choose to pass or sell the customer's debt to a debt collection agency, or they may obtain a court judgement to engage an enforcement firm.

The process of enforcement can be extremely intimidating and stressful. It can also lead to the customer incurring further costs, driving them deeper into debt.

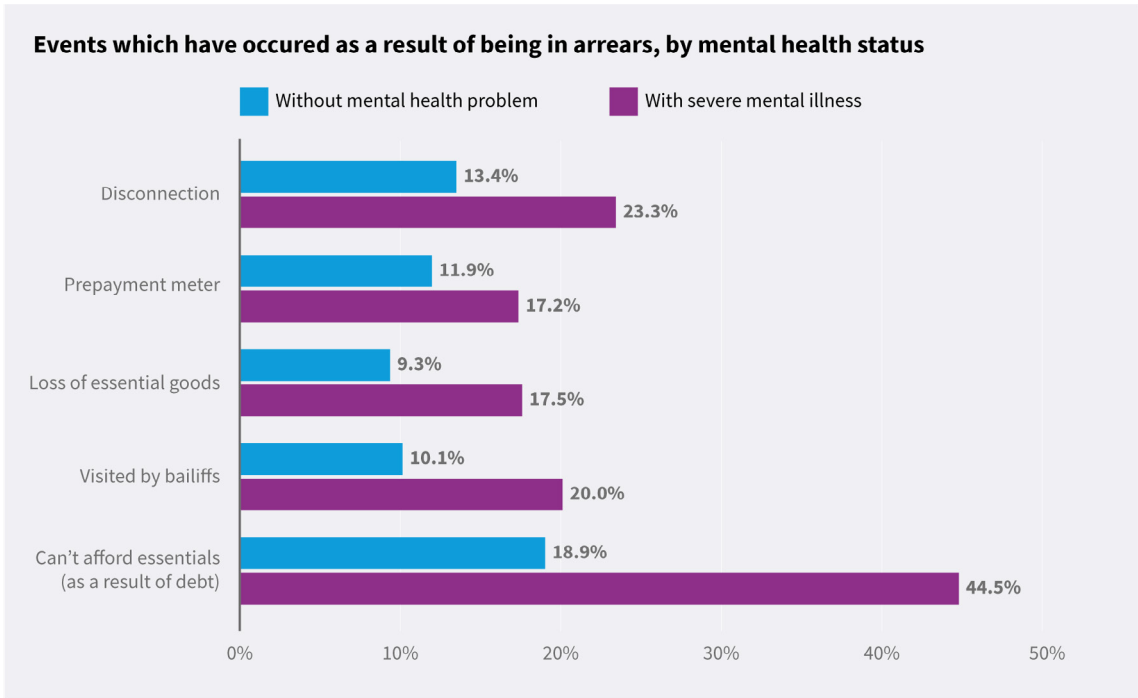
While the energy and water sector can apply for deductions from benefits to recover debts, this was not covered by our research for this paper. However, the psychological harm done by deductions is significant and is covered extensively in our previous reports *In the public interest?*¹⁹ and *Debts and despair*²⁰ reports.

As Figure 5 shows, people with severe and enduring mental health problems are more likely to experience every form of debt collection. While our data cannot tell us which debt each method of collection is for, many of these (such as disconnection and prepayment meters) can only happen in the utility sector.

As we can see, people with severe mental illnesses are up to nearly twice as likely to be experiencing debt collection activity as those without a mental health problem. This disparity is less pronounced than the gap between those with and without mental health problems in arrears, which indicates that measures identifying and responding to vulnerability are showing some success. However, it still means that people with severe mental health problems are disproportionately affected by debt collection practices, and shows there is still a distance to go on getting support right for those with the most acute mental health problems.

Therefore we are concerned that those with severe mental illnesses are at a double disadvantage: both more likely to be behind on bills and more likely to be experiencing debt collection activity. And, where those activities cause harm, more likely to be experiencing a worsening of their mental health problems as a consequence.

Figure 5: People with severe and enduring mental illnesses are more likely to have experienced a range of more advanced debt collection practices



Source: Money and Mental Health analysis of the Money and Pension Service Debt Need survey 2023.

19 Murray T, Smith F. *In the public interest?* Money and Mental Health Policy Institute. 2024.

20 Murray T, Bond N. *Debts and despair*. Money and Mental Health Policy Institute. 2023.



Remediation strategies

Most debts will start their collection journey with the communication around a debt, and initial suggestions for clearing the arrears. We repeatedly hear from utility companies that engagement from the person in debt is essential for effective and fairer debt collection practices.²¹ However, as this section explores, if firms do not get the basics right, the barriers to engagement become insurmountable. This drives many further into the debt collection journey.

Box 3: Affordability in the utility sectors

Bills, particularly for the energy sector, have grown enormously over the last couple of years. This has caused serious challenges with affordability for many. While much of this is outside of the purview of this report, it's important to highlight that affordability does intersect with debt collection activity.

For energy bills, if you're in debt for longer than 28 days, you will not be allowed to switch providers, or even switch tariffs with your current provider.²² Given consumers are able to cut costs significantly by switching suppliers or tariffs, this means people in debt are being unfairly penalised, stuck paying a more expensive rate for their energy, exacerbating their financial difficulty.

"The electricity company seemed to send threatening red letters every few weeks. The greatest frustration was that because we had arrears, we were stuck paying way more for our energy with that supplier and unable to move due to our arrears. We couldn't even switch tariffs."

Expert by experience

We did hear positive stories, particularly from the water industry, where customers in debt were moved onto tariffs or support schemes that were more suitable to their situation.

"The water company was much better, they contacted me by phone and worked with us to find a solution. They phoned for quarterly check ins and to see sure that the £2 a month we were paying towards arrears was manageable. Last year, they offered a reduced charge and finally, we have made real headway with our arrears."

Expert by experience

As prices continue to rise across the utility sector, ensuring customers in debt are proactively supported to access affordable rates through measures like social tariffs and meaningful forbearance measures is an important part of addressing the growing debt crisis.

21 Credit Services Association. [Tackling the engagement gap](#). 2024.

22 Citizens Advice. [Switching energy supplier if you owe money](#). Citizens Advice. [accessed 07/02/25].

Threatening communications

Effective communication is at the heart of a successful engagement process, but as our research and campaign Stop The Debt Threats found, threatening language can cement feelings of anxiety and dread around collections activity.²³ The threat of more advanced debt collection activity, such as restricting or cutting off access to an essential service, can cause anxiety and distress to those in arrears. This is true even when the likelihood of that action, such as disconnection in the energy sector, is remote, since the consequences to the individual of disconnection are potentially extreme.

"It was for gas and electric. They were wholly aggressive in their stance and communications. I felt threatened, under attack even. This hugely affected me with worry and made my major anxiety and depression so much worse."

– Expert by experience

While it's important that all customers in arrears are aware of what collections methods they may encounter if they remain in debt, tailoring the communications they receive to be appropriate to their situation is essential for removing this harm. Someone who has missed a single payment may not need the threat of legal action in order to engage. Where the threat of disconnection is remote, this should be made clear, rather than used as a psychological compliance tool.

"Frequent letters and phone calls threatening cut off of services despite having vulnerable and disabled householders. Threat of bailiff and court action, threat of debt being reported to employers."

– Expert by experience

Bombarding communications

As we explored in our report *Debts and despair*, harassing or bombarding comms can have a significant negative impact on our psychological wellbeing. Those of us with mental health problems may, in particular, struggle with things like information processing or motivation. In which case, the effect of repeated communications can feel overwhelming.²⁴

"Initially I received no notification, then suddenly was bombarded with emails and messages from [a major energy supplier]. When I tried to resolve the dispute on several occasions, I received hostility and unwillingness to try and help to resolve the problem."

– Expert by experience

It's important for firms to consider as well that those of us in arrears are unlikely to just be behind on one bill. As our previous report *Debts and despair* found, eight in ten (83%) of people in consumer credit arrears were behind on some other form of debt.²⁵ As such, one company's harassing communications are likely only adding to a clamour of calls, texts, emails and letters.

23 Bond N, Holkar M. *A silent killer*. Money and Mental Health Policy Institute. 2018.

24 D'Arcy C. *Bombarded: The impact of persistent messaging on people in debt*. Money and Mental Health Policy Institute. 2022.

25 Murray T, Bond N. *Debts and despair*. Money and Mental Health Policy Institute. 2023.

As our Research Community member sets out below, avoiding these communications can sometimes feel like the only possible response to this bombardment:

"Across 3 to 4 months I missed 2 payments of all bills and credit cards, although not always at the same time. I still don't open letters. I had emails. I had text messages. Some 'contained helpful info, but as I had zero income they weren't of much use to me. It was just the frequency of communication en masse from every company. I had about 6 or 8 letters coming through the door every week. The thud of the letters hitting the floor was like hammering another nail in my coffin. I felt helpless and hopeless because the sheer number of letters in total was terrifying."

– Expert by experience

Tailoring communications to suit the situation of those in utility arrears is essential. This may include allowing customers to select their preferred communication method, and potentially separating out communications about arrears from communications about support. As we will discuss in our recommendations, this is being trialled in the water industry.

Communication channels

While customers may experience bombardment through a variety of communications channels from their provider, this didn't necessarily mean a wealth of contact options was reciprocated from suppliers. We heard from Research Community members that suppliers sometimes had limited options for customers in arrears to reach out through, in some cases only allowing these customers to make contact through a single communication method.

Only having the option of a single communication channel can be a real challenge for those of us with mental health problems. Three quarters (75%) of people who have experienced mental health problems face significant difficulties engaging with at least one common communication channel. As our research has shown, more than half (54%) find the telephone difficult or distressing to engage with.²⁶

"They would only let me sort by a phone call even after I explained phone calls made me anxious."

– Expert by experience

This member's experience was a common one across our Research Community. If certain aspects of the debt collection journey can only take place by a single method, such as phone call, or if alternative channels aren't offered as part of the general debt collection journey, the challenges those of us with mental health problems face will stop us from accessing support and addressing problems.

26 Holkar M et al. [Access essentials](#). Money and Mental Health Policy Institute. 2018.

Box 4: Making communications mental health accessible

Essential service providers play an important role in helping to break the link between mental health problems and financial difficulty. The Money and Mental Health Mental Health Accessible team works directly with financial services, utilities suppliers and other essential services on a consultancy basis to help them effectively support customers with mental health problems.

The Mental Health Accessible programme helps firms adjust their service to ensure they operate in a way that people with mental health problems can access. While this primarily supports customers with mental health problems, improvements to key areas of service provision like communications and collections journeys means that all customers are likely to benefit from better practice. Similarly, firms are likely to benefit from reduced demand on frontline staff and better provision for those at risk of defaulting.

Our guide on best practice in the energy sector will help address many of the challenges we've identified through the report so far.²⁷

Unsustainable repayment plans

The objective of remediation practices is ultimately to make up arrears and clear debts. This is only possible through a realistic repayment plan. However, our research highlighted many examples where unsustainable or unaffordable repayment plans contributed both to psychological harm and financial distress.

"I had to pay a £2,000 bill for electric, and they suggested £500 a month. Universal Credit is £345 a month."

– Expert by experience

Five million of us are in a negative budget, meaning debt payments may only be possible through cuts to essential household spending such as heating, eating and travel.²⁸ This, in turn may exacerbate existing mental health problems, as well as potentially endangering our physical wellbeing.

"I was expected to live on £0. I had to cut even the most basic costs. It's literally a case of having to beg family and friends for money to buy food. I can't go anywhere because I can't afford to travel. I can't earn money easily as a result. My medical conditions have worsened due to the unrelenting stress. It is a continual battle for survival."

– Expert by experience

Given the disproportionate likelihood of those of us in utility arrears to experience mental health problems, it is important that the process of agreeing a repayment plan is accessible. People with mental health problems may have symptoms that mean we struggle with budgeting, or accurately presenting our income and expenditure when doing an ability to pay assessment. Further, because of symptoms like difficulty with social cognition, some people with mental health problems struggle to advocate for a truly affordable repayment rate and, as a result, agree to repayment plans that aren't truly affordable.²⁹

27 Money and Mental Health Policy Institute. [Urgent guidance for energy providers supporting customers with mental health problems](#). 2022.

28 Citizens Advice. [The National Red Index: How to turn the tide on falling living standards](#). 2024.

29 Bond N, Fitch C. [The need to know: Understanding and evidencing customers' mental health problems](#). Money and Mental Health Policy Institute. 2020.

The importance of certainty

Where plans have been agreed with us, and we have budgeted for those costs, it is important that these are not arbitrarily changed. Our research uncovered instances of direct debits being increased without consultation or communication, inevitably causing concern and distress on the part of the person in arrears.

"I'm really behind with my gas and electric (£3000) and I explained my situation to my supplier. The person I talked to waived my standing charge for six months and let me pay £50 a month. However, now they want £360 a month and I don't have it. It keeps me awake at night when I'm trying to get on top of my mental health."

– Expert by experience

We also heard from members of our Research Community who struggled not just with the amounts they had to repay, but with the logistics of repayment. Payments being taken on days that didn't align with the customer's other obligations, or even on an arbitrary day without an opportunity to agree a repayment date, caused problems. People with mental health problems are more likely to be working variable hours, and therefore have inconsistent incomes that may make paying bills at particular times difficult.³⁰

"My internet provider doesn't let you manually pay a missed payment, so I frequently end up missing the new payment date as it's never in line with my payment dates. I frequently get letters, texts & emails stating the penalties I will suffer. It's only so much you can take."

– Expert by experience

We know that many utility firms will already employ standardised income and expenditure forms, like the Standard Financial Statement. However, there will be a number who still need to implement this best practice, or ensure it is consistently used. As not all customers will come through debt advice, this is essential for ensuring any repayment plans are sustainable.

Compounding effects

Where a number of the issues above occur together, or where many examples of bad practice happen for the same customer at different points in their journey, this can be deeply damaging to a customer's mental and financial wellbeing.

As an example, the Research Community member below was set up on a repayment plan that was unsuitable. They experienced both threats of continued action and having their debts passed on for enforcement despite already paying more than they felt they could reasonably afford. The combination of these factors led to a worsening of this person's health.

"I felt threatened especially with the water company, I have been made to pay £50 a month to pay off a debt that I just don't have to spare. They have sent bailiffs to my house and I feel I have no other option than to pay. And to top it off even after making the payments on time, they mistakenly thought I hadn't so threatened me with action that wasn't needed. I have bad depression and anxiety and it's all made me incredibly poorly."

– Expert by Experience

30 Bond N, D'Arcy C. Mind the income gap. Money and Mental Health Policy Institute. 2020.

Interaction with severe mental illness

It should be clear from what we've seen how poor communications practice interacts with the everyday symptoms of mental health problems, exacerbating concern and worry. However, the situations we've explored above can be particularly acute for those with severe and enduring mental illness (SEMI), like bipolar or schizophrenia. These conditions have acute symptoms that can make navigating tasks that are essential for getting on top of arrears impossible.

These symptoms might include things like delusions and hallucinations that make understanding complex instructions or balancing budgets challenging; or difficulties staying focused during periods of mania, which can make conversations with creditors tricky.³¹

"This was for my internet service. I'd overlooked several things when I moved: I forgot to set up a direct debit, I also forgot to package up and post back my old router. Or, more precisely, being severely physically as well as mentally disabled, I simply can't get to the Post Office to do so. I wound up with two separate £150 bills from two different internet companies. Both behaved in similarly hard-faced, uncaring ways. Extremely unwilling to consider my Bipolar 1 as a complicating factor. I received constant letters, sometimes two or three a week, but no acknowledgement that I've been in touch and tried to resolve it fairly. I still haven't paid because I still have the router and want to return it!"

– Expert by experience

This is just one indicator as to why people with severe and enduring mental health problems may be overrepresented in debt collection activity. Processes that don't account for the difficulties these individuals will encounter are likely to trap them in debt collection processes, rather than supporting them to resolve their issues before debt escalates.

For those with mental health problems, actions taken by their creditors may exacerbate existing concerns and cause their condition to worsen. As the member of our Research Community below shows, the process of trying to engage with inaccessible, confusing or badly designed processes only drives them further away from being able to address their debt. In this case, this person even links their experience to feelings of suicidality. While there is rarely one single factor that drives someone to take their own life, some factors mean a person can be at higher risk of suicide.

"If I am in a good, stable phase, I can understand things better than when I am fearful or confused. I have a mixed neurodiverse and personality disorder so I can interpret online forms very literally. This frequently does not fit with whatever the provider (debt collector) intended. I end up 'freezing' or having complete brain fog / shutdown. Then I will try telephoning the provider – and it regularly becomes a deeply distressing, horrible experience. On many occasions it makes me want to kill myself."

– Expert by experience

A number of people with mental health problems, particularly people with severe and enduring conditions, will rely on support from a carer to navigate issues like debt. Unfortunately we heard from carers that, within the utilities sectors, being a third party could cause problems for getting on the phone to the right people to resolve debts.

31 Bond N, Fitch C. [The need to know: Understanding and evidencing customers' mental health problems](#). Money and Mental Health Policy Institute. 2020.

“The problem with these providers was that they would only engage with their client, which is a huge issue if the client is mentally unable to engage, as was the case with my son. The companies only engaged with me after I sent them psychiatric proof of my son's sectioning.”

– Expert by experience

With the heightened risk that people with mental health problems face, it's essential that their needs are identified and responded to. This will ensure collection activity doesn't contribute to a worsening of their health. Our recommendations will make it clear how creditors can do this. However, it's important to recognise that not all conditions will be disclosed, no matter the process. Ensuring that collections activities are designed to be supportive will benefit customers with acute mental health problems first and foremost.

Improving practice

We did hear stories where reaching out led to positive results.

In particular, we heard that people on the Priority Services Register (PSR), received extra consideration during the collection process. This is a service offered by energy and water suppliers which helps them understand who's in need of additional help, such as priority support in an emergency or third party support with managing bills and communications.

A member of our Research Community told us they had been behind on utilities payments, and that being on the PSR had helped them navigate processes that they otherwise might have found difficult.

“Gas, electricity and water supplies have me on their priority register and they have been really supportive.”

– Expert by experience

However, while we did hear from people registered on the Priority Services Register who received extra consideration during the collection process, the underlying purpose of the register doesn't guarantee better treatment for those in arrears. As our recommendations discuss, firms can be proactive in making the most of information on PSRs, and our more detailed research project, due later this year, will address the experiences and opportunities of data sharing between Priority Services Registers.

We heard from some interviews and our roundtable that practice has improved in general, particularly for the water industry, and this was reflected in the experiences of some from our Research Community.

“Being in arrears was very worrying, but once I decided to tackle the problem and call them, they were very helpful in agreeing to come to an agreed payment plan.”

– Expert by experience

Ensuring, wherever possible, that the tone of communications is helpful rather than threatening, and that solutions or forbearance are offered to customer's problems are good steps towards getting these initial engagements right, reducing the psychological harm to customers.



Service restrictions

A unique characteristic of most utility sector debts (excluding the water sector) is the ability for a supplier to withdraw or limit access to a service until a debt is settled. We refer to those here as “service restrictions”. As noted in Box 5, practices across utilities differ significantly.

Box 5: Service restriction across the utility sectors

Service restrictions take different forms depending on the industry we’re considering.

Water

The water industry no longer has the power to disconnect people from a water supply, following the removal of it as a sanction as part of the Water Industry Act 1999.³² They are also not able to use restrictions through mechanisms such as a prepayment meter to limit customer access to water. As a result of this change in the regulation, the water industry has had to prioritise more supportive measures such as forbearance and debt write off.

Energy

While disconnection is still allowed for debt collection by energy firms, data from Ofgem shows that disconnection is a rare occurrence, barely rising above single figures a quarter since 2016.³³ However, under current rules, suppliers can still threaten disconnection if consumers have not paid a bill by 28 days after the demand for payment.³⁴ This may cause a significant amount of distress to people in debt.

Part of this shift in the energy sector is the reliance on prepayment meters for managing customer debt. Prepayment meters mean that, in order to access energy, a customer needs to first load up their meter with credit, paying in advance for the energy they’ll use. Prepayment meters are disproportionately likely to affect lower income households, and are linked to worse health outcomes.

The force fitting of prepayment meters has received extensive news coverage over the last couple of years for poor and punitive practice. This has led to welcome changes from Ofgem, and from energy providers, leading to a reduction in the number of force fittings, and implementing more stringent rules on where and how meters can be fitted. However, as we’ll see, even voluntarily fitted prepayment meters can cause harm.

While disconnection is far rarer in the energy sector, as is explored below when discussing prepayment meters, ‘self-disconnection’ is rising.³⁵ Practices that encourage those of us with energy debts to disconnect ourselves from essential utilities may cause similar harm to formal disconnection.

Continued...

32 Ofwat. [Legislation](#). 2025. [accessed 07/02/25].

33 Ofgem. [Debt and arrears indicators](#). 2025. [Accessed 07/02/25].

34 Citizens Advice. [If you've been told your energy supply will be disconnected](#). 2025. [accessed 07/02/25].

35 Adcock A et al. [Self-disconnection of prepayment meters](#). House of Commons Library. 2022.

Telecoms

Meanwhile, disconnection as a debt collection method in telecoms is still widespread. Ofcom statistics from 2021 show that while just 0.2% of mobile customers and 0.1% of broadband customers will experience disconnection per month, as a percentage of the number of people in arrears by two or more regular payments, between a quarter and a half of these customers could be disconnected.³⁶

Updated guidance around disconnections from Ofcom (the telecoms regulator) in 2022, reaffirmed that disconnection should only be used as a last resort and sets out a series of steps providers should take before disconnecting a customer.³⁷

Disconnection

While disconnection for non-payment is not permitted in the water sector, and extremely rare in the energy sector, Ofcom data indicates it affects tens of thousands of people each month in the telecoms sector.³⁸ As seen in Figure 5, disconnection is also disproportionately likely to affect people with severe and enduring mental health problems (SMI).

The following sections analyse disconnection through the lens of the telecoms sector, where it is most commonly utilised.

Impact of disconnection on day to day life.

The internet and access to a mobile phone are essential parts of modern life. Both are fundamental in how we stay in touch with friends and family. They're how we receive news and understand the world around us. They provide entertainment, education and an escape. Increasingly, they're fundamental to how we work, how we access shops, how we get around. The proliferation of online-only banks, and a focus from industry on internet banking, means that for many, being online is a prerequisite to accessing your own money. Increasingly for those on universal credit, your access to the DWP is through the online journal. Removing access to telecoms can be as devastating as cutting the electricity to a person's home.³⁹

"My whole life grinds to a halt without the internet: I can't work, communicate, relax, organise my time, keep in touch with people, use my coping mechanisms."

– Expert by experience

For those of us with mental health problems, access to the internet or a phone are also a link to much needed, even lifesaving support. Again, it's essential we emphasise that while there is rarely a single factor that drives someone to take their own life, some factors mean a person can be at higher risk of suicide.

36 Ofcom. [Review of measures to protect people in debt or at risk of disconnection](#). 2023.

37 Ofcom. [Treating vulnerable customers fairly guide](#). 2023.

38 Ofcom. [Telecommunications Market Data Update Q2 2024](#). 2024 94% of UK population over 16 have access to an internet connection: 51.7m people. Ofcom. [Call for inputs: Review of measures to protect people in debt or at risk of disconnection](#) 2021 suggests 0.1% – 0.2% customers are disconnected due to lack of payment per month: 0.15% = 77,550 people per month, however this could include the same person being disconnected multiple times.

39 Good Things Foundation. [Exploring the relationship between deep poverty and digital exclusion](#). 2024.

"My internet was cut off. Due to various reasons, I rarely if ever leave my home. With no internet, I am left in lockdown style isolation essentially. No one to talk to, day in, day out, over & over. I contemplated suicide after a few days."

– Expert by experience

We heard that disconnection stood directly in the way of people accessing healthcare and support for their mental health problem, meaning people would miss appointments or struggle to access services that were conducted primarily through text or online portals.

"Being unable to make or receive calls and texts meant that I was unable to speak to family or friends. I also couldn't respond to 'text' codes for authorisation. I couldn't contact my doctor and this just made my anxiety worse."

– Expert by Experience

We also heard that disconnection can happen at inopportune moments. More than one member of the Research Community told us that disconnection left them stranded while out and about. Particularly those of us with mental health problems, this can be a difficult and anxiety-inducing experience. We know that people with mental health problems can find it difficult leaving the house and navigating the world,⁴⁰ so being disconnected unexpectedly is only likely to further exacerbate their experience.

"I was on the streets of London, distressed, in the dark trying to figure out a way to get home."

– Expert by experience

Since Ofcom was established in 2003 with the power to regulate the telecoms industry, the role both mobile phones and the internet plays in our lives has shifted enormously. The power that disconnection can have to disrupt our day to day is enormous. It's essential that how disconnection is implemented receives even greater attention and safeguards.

Use of disconnection as a last resort

Ofcom's Treating Vulnerable Customers Fairly guidance tells us that "disconnection is a serious step that should only be used as a last resort".⁴¹

However, we heard from people with mental health problems that disconnection could be the first thing they heard from their service provider about being in debt. We also heard that processes for disconnection may be part of an automated process, meaning that there may be little opportunity for taking into account an individual's situation – for example, whether they were likely to have mental health problems or other vulnerabilities.

"Not having access to a working phone had a monumental impact on my mental health. Being unable to contact friends/family or other services that prevent me from harming myself is necessary but providers say they have no control on restrictions it's all automatic"

– Expert by experience

40 Mental Health Foundation. [Loneliness in the UK](#). Mental Health Foundation. 2022.

41 Ofcom. [Treating vulnerable customers fairly guide](#). 2023.

This may explain why a number of our Research Community told us that they had been disconnected despite being in dispute over the debt, or while trying to sort their debts out. As we've seen, the barriers erected through disconnection can make it more difficult to contact vital services like mental health support and national debt advice providers like Stepchange, whose most common routes to support use phone calls or the internet.

"I have been cut off from my broadband until I pay the amount I dispute I owe them."

– Expert by experience

Cutting someone's connection off at this stage – while someone is disputing the amount owed, or trying to come to an agreement – means that disconnection isn't being used as a last resort. It's essential that Ofcom investigates disconnection practices across firms to understand where this is happening and implements rigorous standards for disconnection.

Additional costs as part of disconnection

Finally, we know the obligation to pay the outstanding balance in arrears is what leads to disconnection. However, we heard that for those who had taken out a fixed-term contract, disconnection still came with an obligation to pay the remaining amount of that contract, despite the lack of service.

"Mobile phone connection was permanently cut off and I was taken to court to recover remaining money for the entire 24 month contract, even though they were no longer providing the service."

– Expert by experience

Where someone has fallen behind because they are struggling to afford the ongoing cost of their contract, the demand to fulfil a contract that is clearly unsuitable for them will only negatively impact both their ability to make ends meet, and their mental health.

It will also consolidate the experiences we've heard about in this section, making it harder for people to access essential services through their phone or internet, if they have to take out a new contract at cost. Being reconnected at the end of a period of disconnection may also come with reconnection fees,⁴² which can further reduce someone's ability to pay on an ongoing basis.

Disconnection is leading to unnecessary psychological and financial harm. Our recommendations will set out clear processes that all firms should follow for ensuring people with mental health problems are supported before disconnection occurs.

Prepayment meters

Imposed disconnection has become a smaller issue in the energy sector since a rise in the dominance of prepayment meters as a method of managing debt.⁴³ However, this may not be reducing the actual harm caused. We have seen a concurrent rise in "self-disconnection" over the last two years.

42 Ofcom. [Unable to pay a bill?](#) 2024 [accessed 24/02/2025].

43 National Energy Action. [The hardest hit: Impact of the energy crisis](#). National Energy Action. 2022.

Self-disconnection describes a situation where a customer's energy balance runs out and they don't top it up for 3 hours or more. As we'll see, prepayment meters themselves bring an additional set of challenges that can result in damage to mental and financial health.

There are roughly 4m prepayment meters in operation across the UK,⁴⁴ and as Figure 5 shows, having them fitted as a response to debt is disproportionately likely to affect people with severe and enduring mental health problems. As the previous section has shown, the threat of disconnection comes with a distinct fear for those in arrears.

"Gas and electric would be cut off unless payment was made right away. Stress, worry and desperation about the limits of my choices in this affected my mental health to the point I was very anxious and panicked with every knock at the door, every phone call or letter arriving."

– Expert by experience

Self disconnection

Fundamentally a key issue here is that prepayment meters are used as a mechanism to manage a household's energy usage. In a context where many have been forced into debt recently as a result of the crisis in energy prices, prepayment meters are only likely to cause significant distress to households who worry they will simply have to disconnect themselves as they can't afford the daily costs of heating their home.

"As I am so behind, I pay [my firm] through my Universal Credit payments. The debt has gone from a few hundred to £4000 which I have no hope of ever paying, and I worry daily what I am going to do as often I don't even have any money so a pre-payment would mean we would have no gas or electric."

– Expert by experience

Where they are using more than they can afford, a prepayment meter will, theoretically, stop them from getting into insurmountable debt. In practice, the addition of daily standing charges through a prepayment meter can still trap people in debt.

"Mine is a situation of heat or eat. I have to pay nearly £30 a month on standing charges. This makes me unable to actually use my energy. [My firm] questioned my low use and questioned whether I was using illegal methods to bypass meters. This was so upsetting and unbelievable. They arranged an inspection and the person doing this came into my home with the most judgemental and authoritative attitude, total disdain and disrespect. I felt violated in my own home."

– Expert by experience

While prepayment meters are in principle preferable to disconnection, it is important to recognise that they can ultimately create many of the same hardships.

44 Ofgem. [Ofgem launches national evidence call on prepayment meters](#). Ofgem. [accessed 07/02/25].

Concerns about higher costs of prepayment meters

Historically, customers on prepayment meters have faced higher base costs as part of their tariffs, meaning it was a financial disadvantage to be placed on a prepayment meter.

In 2023, following a concerted national campaign, Ofgem oversaw the levelling of costs between prepayment meters and those customers with a credit account, meaning that intrinsic disparity shouldn't now be a concern. However, three further challenges persist here.

First, is that while base costs have been levelled across payment methods, this doesn't necessarily mean that being on a prepayment meter is more affordable. Tariffs offered for those on traditional prepayment meters can still have higher costs than those on fixed tariffs.⁴⁵

"I had the installation of a prepayment meter via court order. Causing severe issues with repayment of higher tariffs to repay court costs on top of inflation busting prices. I've had 18 months struggling with 10 days a month without heat and hot water and 10 days without food."

– Expert by experience

Second, is that despite the work done to level costs, people are still concerned that higher costs still exist for being on a prepayment meter. We heard from a number of Research Community members on prepayment meters this caused them additional (and potentially unnecessary) anxiety and worry. Ensuring customers understand the costs of their payment options is essential for reducing this.

"This severely affected my mental health because I knew that having a prepayment meter would make the cost of electricity even higher, and I knew I couldn't afford this and I worried about my children's health if that happened."

– Expert by experience

Finally, for anyone paying by direct debit, a regular payment is intended to spread costs over the year, meaning that you'll pay no more in winter (when your consumption is higher) than in summer. People on prepayment meters simply won't have access to this facility, which can mean footing higher bills in the winter. On average, people on prepayment meters are spending a third of their income on energy costs during the cold season.⁴⁶

Particularly for people who are struggling to pay their bills, being switched to a prepayment meter can feel like a final straw. As discussed in Box 5, the force fitting of prepayment meters has seen a decline in recent years. However, people in arrears often feel that they have no option available to them other than to have a prepayment meter installed. This lack of agency can lead people to feel distressed and trapped.

"I felt out of control to my situation, bullied even. The whole targeting of me is around low usage as I can't afford to use it while paying so much out on standing charges. It means I can't actually afford to use heating. It [is] so upsetting, and set me back mentally."

– Expert by experience

45 Casalis C. [How to switch prepaid gas and electricity meters](#). MoneySavingExpert. [accessed 07/02/25].

46 Marshall J. [Paid in full](#). Resolution Foundation. 2024.

Mental health problems can make topping up difficult

Our research has found previously that having a mental health problem could make the logistics of topping up a prepayment meter difficult. Activities such as leaving the home, or remembering to top up your prepayment key, could present insurmountable challenges to those of us with mental health problems.⁴⁷

"We had no money to fund prepayment. The gas meter is a 5 minute walk from our front door. The prepayment meters required top up cards and this would have been difficult. I cannot access the nearest shop as my partner is agoraphobic, we have no support and I couldn't leave my partner unattended because he was a significant suicide risk."

– Expert by experience

Impacts on housing situation

We heard from a number of members of our Research Community, who were renting, about their concerns about how their landlord would react if they were moved onto a prepayment meter.

"I also worried that we would be evicted because my landlord would be angry about the change of meter."

Expert by experience

While a tenant doesn't require permission from a landlord to switch their meter type, there may be costs associated with the end of tenancy.⁴⁸ Clearly there are also concerns here that it may result in a worsening relationship with the landlord, or concern it may be used as a reason to remove someone from their tenancy.

"It also states if I am switched to a meter it is breaking my tenancy agreement so I might get evicted too."

Expert by experience

Not taking individual situations into account

We heard a number of Research Community members felt that their suppliers weren't listening to their specific needs and individual circumstances. This is likely to cause significant psychological distress, particularly where this was related to mental health problems or disabling physical health problems.

"I'm a disabled person and would find it difficult to use a meter. So having a meter threatened when they aren't listening was super worrying."

Expert by experience

We heard reports that even though people were on the Priority Services Register, they were still being threatened with shifts to a prepayment meter that weren't appropriate for their situation.

47 Mackenzie P. [Running out of energy](#). Money and Mental Health Policy Institute. 2017.

48 Citizens Advice. [Switching energy supplier if you're a tenant](#). Citizens Advice. [accessed 07/02/25].

"I couldn't pay my direct debit, and I was too ill to be able to get to the shop to top a prepayment meter up. The people on the phone were horrible even though I'm on their priority services register."

Expert by experience

The new code of conduct for force fitting prepayment meters states that anyone with a dependency on any powered medical equipment⁴⁹ shouldn't be moved onto a prepayment meter, if there is a risk that this would interfere with their treatment. However, we heard from one member of the Research Community who felt like they were not listened to when discussing the impact a prepayment meter would have on their needs.

"I have a CPAP machine which I have to keep switched on as it is monitored by the hospital and I also have difficulty in walking. I was distraught when I spoke to them on the phone trying to get them to understand my situation."

– Expert by experience

Force fitting of prepayment meters

While we've seen the forcefitting of pre-payment meters reassessed in the last couple of years, and a reduction in the number of force-fittings coming into effect, we know they can still happen. As licences to force fit meters are once again awarded to firms, many people in arrears will be at risk of having a prepayment meter installed against their wishes. This can have an enormous negative impact on someone's mental health.

"I gave permission but they just randomly turned up broke into my home and fitted it. It made me sick with anxiety and loss of security."

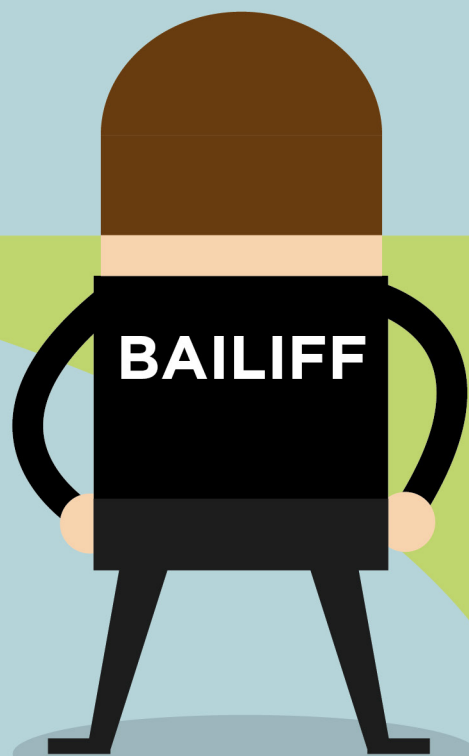
– Expert by experience

This invasion of a safe space can be highly traumatising and counterproductive. This is a consistent theme throughout our work on debt collection, that extreme practices can dramatically reduce the engagement that is necessary to resolve the situation. In the case of the expert by experience below, this had a devastating impact on their mental health, driving them away from work, which is only likely to further entrench this person's financial difficulty.

"They just came around and switched without notice. When I asked what they were doing, they were rude. Most things impact my mental health. This and other dealings with them contributed to my eventual mental breakdown in 2021. Have not been able to work since then."

– Expert by experience

49 Ofgem guidance includes the following as examples that should be considered: heart/lung ventilators, dialysis equipment, stair lift, or hoist. See [Guidance](#) for more detail.

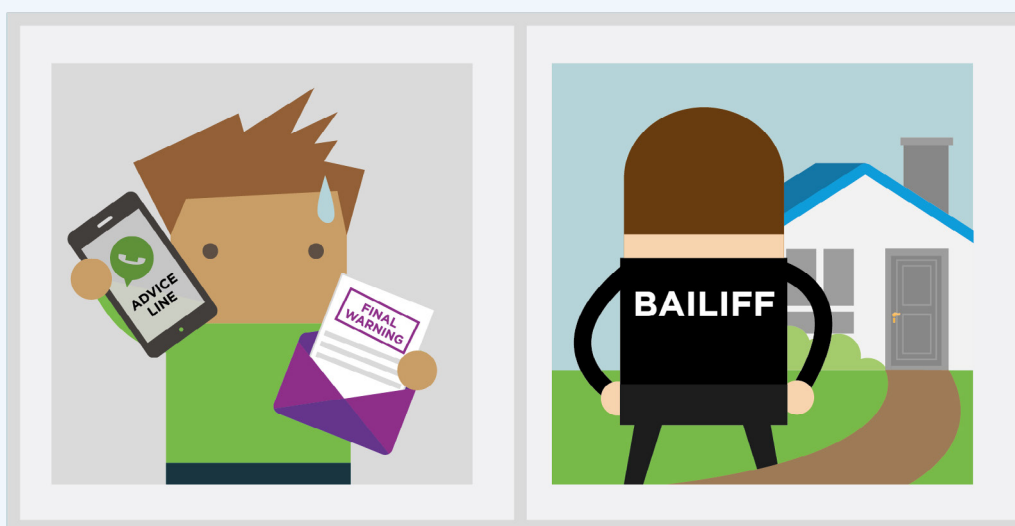


Debt Collection and Enforcement Action

In some cases, utility companies may decide to move to collection and enforcement. Typically this will mean a third party being employed to recover the debt, or purchasing the debt to recover on their own behalf.

Data on enforcement action and debt collection action is hard to come by for the energy industry. However, we know that 289,000 warrants of control were issued in 2023 through the county court system,⁵⁰ and that 147,000 High Court writs were issued.⁵¹ As Figure 5 shows, this is disproportionately likely to affect people with severe and enduring mental health problems.

Box 6: Debt collection agencies and enforcement agents



Debt collection agencies will either be commissioned by a creditor, or will purchase a debt from a creditor that is unlikely to be recovered. Their ability to collect a debt is limited compared to the role of an enforcement officer. This may involve identifying and contacting the person in debt, and working with them to agree a repayment plan. They do not have the powers that bailiffs have, such as enforcing a debt through taking control of goods.⁵² While a significant number of debt collection agencies are FCA regulated, there are some who deal exclusively with what is known as non-regulated debt and will not be subject to the same high standards.⁵³

Enforcement agents come in four main groups. The relevant two to utility debt collection are County Court bailiffs and High Court Enforcement Officers. Both sets of bailiffs have powers under the Taking Control regulations to enforce a debt through taking control of goods and auctioning them (although evidence suggests relatively few writs reach sale stage).⁵⁴

50 Ministry of Justice. [Civil justice statistics quarterly: October to December 2023](#). Gov.uk. 2023.

51 High Court Enforcement Officers Association. [Our statistics](#). 2025 [accessed 07/02/25].

52 StepChange. [Bailiffs and debt collectors: Differences](#). 2025. [accessed 07/02/25].

53 Citizens Advice. [Court action against people behind on energy bills on the rise, warns Citizens Advice](#). 2024 [accessed 07/02/25].

54 Civil Enforcement Association. [How we work](#). 2025. [Accessed 07/02/25].

County Court Bailiffs are employed by the relevant court to enforce the payment of any arrears under a County Court Judgement (CCJ). Judgements can be escalated to a High Court Enforcement Officer if the value of the debt is over £600.⁵⁵ High court enforcement officers are able to charge greater fees than their County Court counterparts.

Table of Enforcement stages, including additional charges associated with each stage

Stage	High Court Enforcement - additional fees	Other types of Enforcement - additional fees
Compliance Includes sending a notice of enforcement to the person in debt and initial conversations about repayment.	£75	£75
Enforcement Visits to the person in debt's home.	£190 (+ 7.5% of debt value over £1000)	£235 (+ 7.5% of debt value over £1500)
Enforcement Stage 2 For high court enforcement only, this begins if the person in debt doesn't make payment at the previous enforcement stage or falls behind on repayments.	£495	-
Sale If no payment is made, this involves taking belongings and selling them at auction.	£525 (+7.5% of debt value above £1000)	£110 (+7.5% of debt value over £1500)

Debt collection agencies

As debt collection agencies will employ similar debt collection tactics to those of utility firms, customers on the receiving end are likely to experience similar psychological harm. However, we did hear of ways in which the distress caused was unique.

One of the more common complaints we heard about debt collection agencies was not having information on the origin of the debt – which bill it was covering or how it had arisen. This inevitably leads to confusion and difficulty understanding how to mitigate the debt. The problem becomes particularly pronounced where debts are bought and sold by multiple different collections agencies.

⁵⁵ High Court Enforcement Officers Association. [Collecting an outstanding debt with a writ of control](#). 2025. [accessed 07/02/25].

Moreover, as the costs associated with debt collection activity are passed onto the customer, having multiple debt collection agencies involved is highly likely to exacerbate the debt a customer is in.

"My debts are constantly being sold to a new debt collector and each time my debt rises."

– Expert by experience

We heard that debt collection firms can employ tactics, that we were concerned about in our reports *Debts and despair*⁵⁶ and *Bombarded*,⁵⁷ where persistent communications about debts could slip into harassment. There is currently no protection in regulation for the FCA, or for non-FCA regulated debt collection agencies, placing a strict limit on what level of communication is allowed.

The psychological harm of this is often acute, especially where there are other aggravating circumstances. In the example below, a member of the Research Community received bombarding communications from a debt collection agency despite being in hospital recovering from a stroke.

"Constantly getting letters and phone calls from [a major debt collection agency] stating they have been passed debt(s), with a reference number and no details of who I'm supposed to be in debt with. They called my mobile which my daughter told them that I was in hospital due to having a stroke and they STILL continue to bombard me with texts, calls, letters."

– Expert by experience

The stress of dealing with a debt collection agency can also lead to financial distress. In the example below, a member of the Research Community was overwhelmed with the stress of their situation and made a payment for a 24 month contract in one go. In addition to any fees for late payment or collection activity, the cost of paying a contract in a single go is likely to take hundreds of pounds out of this person's household budget.

"I am shaking from the stress of thinking of how this affected me. My debt was passed to a debt collection agency. The stress nearly killed me and in the end I paid my two year telecoms contract in full to calm myself down."

– Expert by experience

High Court Enforcement Agents

We've already explored the psychological harm that enforcement action can cause extensively in our report *In the public interest?*⁵⁸ Primarily this harm comes in the form of additional fees, intimidation, isolation, undermining the sense of safety inherent to our homes, and transgressive behaviour outside the standards for bailiff behaviour.

The use of High Court Enforcement Officers adds a new element to the interaction of mental health and enforcement action.

56 Murray T, Bond N. *Debts and despair*. Money and Mental Health Policy Institute. 2023.

57 D'Arcy C. *Bombarded: The impact of persistent messaging on people in debt*. Money and Mental Health Policy Institute. 2022.

58 Murray T, Smith F. *In the Public Interest?* Money and Mental Health Policy Institute, 2024.

Additional fees added by bailiffs are counterproductive and only make it more difficult to afford to pay off the debt, or to stay out of debt in the future. In line with charges that other bailiffs can add, County Court Bailiffs can charge up to £420 (and 7.5% interest for debt over £1500) through fees. These are significant sums to someone already in financial difficulty, and we heard through our previous work how this could trap people in unaffordable debt.

However, High Court Enforcement Officers can charge even more than this. If a customer moves through all four stages of enforcement, they can be charged £1,285 (and 7.5% interest for debts over £1000).

This is a huge additional cost for someone who is likely to be behind because they are struggling to pay their bills and the threat of these additional costs may cause yet more distress and psychological harm. As one member of our Research Community told us:

"When you already owe money it is horrendous to be told that if you don't pay by a certain date you will owe more. You are in debt because you lack funds to pay, why make the matter worse? This has had a huge negative effect on my mental and also physical health."

– Expert by experience

The feeling of being trapped can be compounded when the fees paid do not reduce the overall debt. Taking Control of Goods (Fees) Regulations 2014 state that money collected by bailiffs first pays off auctioneer fees (if used), then the compliance fee (of £75) and then, finally, is split pro rata between the bailiff's fees and the debt outstanding. This can lead to situations where a customer feels there is little point in making payments.

"My water company said I owed £29 plus the following year. I offered £30 a month, which is £8 more than my current monthly payment, and the advisor said that would pay my debt at £1 a month, so wouldn't cover it. This confused me, so I didn't pay anything."

– Expert by experience

Fees are also charged when a person in debt asks to pay a high court enforcement officer in installments at the compliance stage. Doing so causes the debt to be escalated to the first enforcement stage, resulting in an additional £190 added to their debt. This is likely to lead to people in debt relying on unsustainable credit or borrowing in order to pay a bill in full, where a sustainable repayment plan would be much more supportive and sensible.

"I ended up paying the full bill plus all kinds of extras on my high interest credit card to make him [the enforcement officer] go away."

– Expert by experience

Interaction of enforcement action and mental health

As we discuss in *In the public interest?*, one of the most distressing things enforcement action can lead to is making you feel unsafe in your own home. For most of us, home is a uniquely safe space. It's where we raise our families, where we return to after a bad day at work, where we share time with our friends. Undermining this sense of safety can be particularly harmful for people with mental health problems.

"[Bailiff action] has a detrimental effect on me as my flat was my safe space. I no longer felt safe in it. The added stress made my health decline and the extra money for power was taken out of my food allowance."

– Expert by experience

We also heard there were concerns people with mental health problems had around a lack of consideration of their needs. Enforcement action is by its nature a high pressure process, and when people are confronted with this, we can be intimidated into making decisions against our best interests.

"I hadn't been opening letters or answering phone calls, so when the bailiff turned up at my door I was really scared. I felt pressured to let him in and, as a vulnerable woman living on my own, I was intimidated into entering into a payment arrangement that I was going to struggle to afford to keep up with. It made me really mentally unwell."

– Expert by experience

As we've already seen, those of us with mental health problems may struggle with communication undertaken through certain channels. This can leave us poorly equipped to understand our rights when dealing with an enforcement firm.

The timing of communication is also relevant to the effectiveness of the process. The Taking Control Regulations allows for contact anytime between 6am and 9pm, potentially interrupting hours of sleep. As we heard from one of our Research Community members, when combined with bombarding communications, this can feel like someone isn't taking your mental health seriously.

"Organisations are not changing how they deal with people with mental health issues. They call at 7:35pm multiple times, send texts on weekends and send emails."

– Expert by experience

Trying to dispute a debt while also being on the receiving end of bailiff action can cause further distress through a sense of fighting a battle on two fronts. For people with mental health problems, who will already face greater barriers to engaging with complex processes and require more mental energy to pick up the phone,⁵⁹ this can be an overwhelming process.

"It was a debt on a mobile phone bill which I had disputed payment of. While this was going on, they sent it to a bailiff. Trying to fight the mobile company and the bailiffs at the same time was incredibly soul destroying and just made everything a thousand times worse."

– Expert by experience

59 Holkar M et al. *Access essentials*. Money and Mental Health Policy Institute. 2018.

We also heard of situations where people with mental health problems experienced what can only be described as a complete lack of empathy and conduct that would be distressing for anyone, let alone a person with ongoing mental health issues.

"Harrowing experiences of extremely threatening behaviour. Blocking my car in with their vehicle. Hammering on the door while I was having an extreme anxiety attack continuously for over an hour."

– Expert by experience

Ultimately, we heard that the pressure people in debt felt from bailiff action led to worse mental health. This in turn can interfere with someone's ability to work or ask for support, meaning they are only likely to struggle further with repaying their debts.

"I suffered a relapse mentally and physically I was very unwell for 3 to 4 months afterwards."

– Expert by experience

While no single cause is ever responsible for someone feeling suicidal or attempting suicide, a number of Research Community members told us that the experience of having a debt collected by an enforcement officer made them feel this was an option available to them.

"He [the enforcement officer] was very rude to me and he made me feel worthless. After he'd left, I felt that the only thing for me to do was to take my own life. Fortunately, my daughter called me and talked me out of it."

– Expert by experience



Recommendations

These recommendations will address each of the challenges identified above: the scale of utility debt, remediation practices, disconnection and use of prepayment meters, and enforcement activity.

However, we will start with a set of recommendations focussed on affordability. Particularly in the context of an ongoing crisis in utility sector costs, stopping debt from happening in the first place is an essential part of addressing the harm of debt collection.

Many of these recommendations will be addressed to utility regulators as it's important that there is a systematic approach to raising standards of debt collection. However, we recommend that all utility providers review their own practice against our findings and recommendations and, where necessary, put our recommendations around improving practice into action.

This will ensure firms are getting out ahead of regulation and showing the importance of good practice across the sector. Our best practice guide, to be released later in the year, will support with this.

1. Addressing the scale of utility debt

To help offset a significant rise in debt as a result of the cost of living crisis, Ofcom, Ofgem and Ofwat should work with firms in their sector to roll out a range of debt support schemes to help bring down arrears.

Successful voluntary initiatives have been run in the water industry, such as social tariffs, debt matching schemes and trust funds.⁶⁰ In general, the water industry has taken a more supportive approach to managing customer debt than other sectors. We are glad to see Ofgem are moving forward with similar schemes in the energy sector, which will address debts accrued during the recent period of higher energy prices.⁶¹

We welcome these developments as they will help many people who have been unfairly disadvantaged by unprecedented inflation. However, we should not pretend that utility debts are purely a result of national or global crises. People fall into debt all the time because of changes in personal circumstances or insufficient incomes. Using this moment to introduce a range of supportive measures will benefit all customers in the future as well.

These measures might include debt matching schemes or introducing trust funds. As an example, United Utilities offers a 'Payment Matching+' scheme, where for every debt payment made, a customer in arrears will have each £1 contributed matched by a £1 contribution by United Utilities. On average, this results in customers clearing their debt within 18 months. Where a customer does not clear their debt in this time the matching contribution is doubled until the debt is cleared.⁶²

60 Ofwat. *Summary of water companies' published plans for affordability for 2025-30*. 2024.

61 Ofgem. *Resetting the energy debt landscape: The case for a debt relief scheme*. Ofgem. 2024.

62 United Utilities. *UUW25 Affordability and vulnerability operational delivery*. United Utilities. 2023.

Regulators for all sectors should introduce a mandatory single social tariff across all providers in their respective sectors.

Social tariffs are discounted rates on utility payments, specifically for people on Universal Credit and other benefits.

While all firms in the water industry provide a social tariff, there is varying provision and eligibility depending on where you live and who your supplier is. This has led to a postcode lottery for provision and eligibility. Depending on where you live and who your supplier is, different social tariffs provide household savings that range from £66 to £450. As such, introducing a single social tariff is essential for ensuring all households receive the financial support they need, regardless of where they live.^{63 64}

Telecoms firms do offer social tariffs. However as many have noted, just 5% of eligible customers are currently enrolled on a social tariff.⁶⁵ Part of this is that the cost of a social tariff is still too high for many low income customers.⁶⁶ However, it also seems like a number of telecoms' firms social tariffs offer poor value for money, offering a service worse than something available on the wider market or for a comparable price to their mainstream offering.⁶⁷ Introducing a single mandatory social tariff for the telecoms sector may require legislative change, and we recommend Ofcom work with the Department for Science, Innovation and Technology to introduce any changes required.

The energy sector, which used to provide social tariffs before this scheme was replaced by the Warm Homes Discount, should be supported to reintroduce the scheme. This should ensure that each eligible household gets tailored support that can make energy use truly affordable for those on the lowest incomes.⁶⁸ There was progress towards introducing a social energy tariff under the previous parliament, and we would recommend the current government commit to exploring this as an option.

Finally, take up of social tariffs remains low across all sectors. As our report *Always on your mind* highlights, the DWP should be doing more to work with firms to share data on automatically registering households who are eligible for extra support.⁶⁹ Currently both telecoms and water sector schemes rely on an application process from individuals, which relies both on knowledge of the schemes and the ability to navigate the application process. Regulators should work with the DWP on implementing improved data-sharing practice.

Our new project on data sharing, the first report of which is due out early next year, will explore this in more detail. This will help people with mental health problems in particular access these schemes.

As an immediate step, regulators should also work with the DWP to ensure that communications around benefits include information about eligibility for lower tariffs and additional support.

63 Citizens Advice. [Securing life's essentials](#). Citizens Advice. [accessed 07/02/25].

64 Robinson S, O'Regan N. [The shape of a social tariff](#). Social Market Foundation. 2025.

65 Ofcom. [Half of low-income households in the dark over broadband social tariffs](#). Ofcom. [accessed 07/02/25].

66 Communications and Digital Committee. [Digital Exclusion](#). House of Lords. 2023.

67 Roberts C, Abeyawickrama S. [Perceptions and behaviours of households eligible for broadband social tariffs](#). Yonder Consulting. [accessed 07/02/25].

68 Norman A, et al. [Fairer, warmer, cheaper](#). Social Market Foundation. 2023.

69 Lees C, Stacey B. [Always on your mind](#). Money and Mental Health Policy Institute. 2024.

2. Improving the experiences of those with severe and enduring mental illnesses

People with mental health problems in general, and people with severe and enduring mental health problems in particular, are disproportionately likely to be in arrears. As this report has explored, the common symptoms of these more acute mental health problems can lead to significant challenges engaging with common debt collection communications, and those communications can subsequently lead to significant harm.

As such, all regulators should work with firms in their sector to ensure that vulnerabilities of people with severe mental health problems are identified wherever possible.

This should include making disclosure easy. Specifically:

1. Utilities firms should improve disclosure processes, including implementing the recommendations on our mental health disclosure guides.⁷⁰
2. Ofcom should work with telecoms providers to develop a support register (like a PSR) for the sector which aligns with the needs codes of the PSRs used in water and energy. This should help ensure disclosures are shared between firms in any future data sharing infrastructure.
3. PSRs should identify severe and enduring mental health problems within their definition of mental health conditions. This will allow firms to tailor debt collection action to meet their needs.
4. Regulators should require firms to utilise PSR information to inform debt collection activity.

Our disclosure guides can help ensure that regulatory guidance is set up to support disclosure of mental health problems. Both Ofwat and Ofgem are considering how the PSRs in water and energy can be amended to best support customers which provides an opportune moment for wider reform.^{71 72}

It is important to recognise that, even with the best support, not everyone will want, or be able, to disclose their mental health problems to all their utility providers. As such, data sharing between PSRs that are aligned across sectors can support people with mental health problems, ensuring they don't need to disclose repeatedly to different providers. This already happens between the water and energy sector PSRs, which can also improve experience across sectors.

Money and Mental Health research due out later this year will provide detailed recommendations for how this type of data sharing can play a greater role in supporting people with mental health problems.

70 Money and Mental Health Policy Institute. [Best practice in disclosure](#). Money and Mental Health Policy Institute. [accessed 07/02/25].

71 Ofwat. [Priority services registers: A consultation on standards for water companies in England and Wales](#). Ofwat. [accessed 07/02/25].

72 Ofgem. [Consumer Vulnerability Strategy Refresh Consultation paper](#). Ofgem. 2024.

3. Making remediation strategies more supportive

As we discuss above, not every person with a mental health problem will want, or be able, to disclose their condition to their provider or join a PSR. As such, it's essential that firms and regulators understand how the needs of people with mental health problems affect the way they engage with a firm. Ensuring that all communications are designed in a way that is accessible will help all customers, whether they have a mental health problem or not.

Design all communications to ensure recipients can access support and engage as necessary.

It is important that firms are able to meet a customer's needs when it really matters, this includes when they are experiencing a mental health or a financial crisis. To do this, regulators should mandate that firms:

1. Proactively gather and keep up to date customers' communications needs.
2. Use universal design principles to guide communications design. This might include some of the following changes to communications:⁷³
 - a. Send important messages, particularly concerning contract price rises, by at least two (preferred) communication channels.
 - b. Use of accessible language in letters, and ensuring complex or jargon terms will be explained in Plain English. Any financial information should be communicated by Plain Numbers.
 - c. Ensuring information on the origin and nature of a debt is clearly communicated in key communications about the payment of a debt. This should include communications from debt collection agencies or enforcement officers acting on behalf of a firm.
 - d. However, taking inspiration from some local authorities and water firms, messaging about support should be separated out from calls for repayment, to ensure customers in debt are supported to engage.
 - e. Stopping the use of threatening language, including the use of red and upper-case fonts, in letters.
 - f. Only alerting people in arrears to debt collection tactics that may reasonably affect them at that stage. For example, given how rare disconnection in the energy sector is, limiting mentions of this until later in the process.
3. Implement a limit to communications to ensure they don't become harassing. This should, wherever possible, take into account their debt profile (drawing on credit referencing data) and have considerations for what other debts they're behind on.
4. Signpost those who face debt collection to support, including to sources of free debt advice and income maximisation.

73 Money and Mental Health Policy Institute. [Urgent guidance for energy providers supporting customers with mental health problems](#). 2022.

Suppliers should seek to build productive partnerships with the debt advice sector.

There is currently a varying approach to utility sectors engaging with the debt advice sector.⁷⁴ While sectors like Water are better regarded by debt advisors, sectors like telecoms have a much worse reputation.

To improve outcomes for customers in arrears, firms should work with debt advice services to provide better support while they're in crisis. This may include:

1. Offering a warm referral to a free debt advice service.
2. Ensuring there are clear pathways or teams that debt advisors and debt advice teams can reach out to in order to progress a client's case quickly.

4. Reducing the harm done by disconnection

Disconnection is still a notable and consequential debt collection technique in the telecoms sector. As we've explored, our phones and the internet are important parts of all our lives, but particularly for people with mental health problems, for whom they are essential tools for navigating the world. Protecting customers from the psychological and practical harm of disconnection is essential.

Ofcom should ensure disconnection is taken as a last resort. To make sure this happens, a pre-disconnection protocol should be introduced before disconnection can occur.

Currently the *Treating vulnerable customers fairly* guide states that "providers *should* take several steps before it is considered". There is little compulsory guidance to ensure these steps are each taken. A protocol would ensure that customers are treated fairly by all firms.

This should include:

1. A mandatory number of communications before disconnection happens. Currently, Ofgem requires 10 communication attempts ahead of a force fitted prepayment meter. While the number of communications may be different, the same principle should apply before disconnection. This should include contact by a range of communications methods, adapted to a customer's communications needs and should include sharing supportive information.
2. In a case of identified vulnerability, undertaking a welfare visit to ensure the customer is appropriate to be disconnected. Customer-facing staff like broadband engineers may be able to support the delivery of this service.
3. Proactively offering forbearance in tailored communications at this stage, such as debt repayment plans or offering to move customers in arrears to a cheaper or social tariff instead of disconnection.
4. Ensuring that if disconnection does occur, people who are disconnected are still able to access important helplines or websites like debt advice, mental health support or universal credit.
5. Where a customer does get in touch, using the Standard Financial Statement to guide conversations about repayment plans.

⁷⁴ Clear Consultancy. [Supporting Households in Energy Debt: Detailed Report](#). Clear Consultancy. 2025.

Disconnection presents a clear issue for digital inclusion, including access to digital banking services. As such, HM Treasury should explore, as part of their financial inclusion strategy, access to banking for customers who have been disconnected.

Customers who have been disconnected will struggle to access banking facilities, particularly if they bank with online only services. Responding to a customer in financial difficulty by cutting off their access to digital banking services risks undermining their ability to manage their money and repay their bills. Understanding how these customers will experience financial exclusion, and how disconnection should be treated accordingly is essential.

5. Prepayment meters

People with specific mental health problems can struggle with being on a prepayment meter. Numerous mental health conditions, such as depression, anxiety, schizophrenia and bipolar, can all make it harder to leave the house, which is essential for topping up both traditional and smart prepayment meters.

As we've called for before, the Department for Energy Security and Net Zero should give Ofgem the power to implement a full ban on force-fitting of prepayment meters.⁷⁵

Given the harm prepayment meters can cause to those in debt, particularly those with mental health problems, a full ban is essential for mitigating distress and worse financial outcomes.

While prepayment meters continue to exist as a debt collection method, current regulations from Ofgem for involuntary (or forced) prepayment meter installation should be updated.

Current regulation lists those with severe and enduring mental health problems as a 'Medium Risk', meaning many vulnerable households will still face the threat of prepayment meter installation against their will.

Being designated 'medium risk' means firms must conduct an assessment of whether it's appropriate to install a prepayment meter for this household. This assessment should include whether the household is likely to disconnect for significant periods of time – known as an 'Ability to Pay' assessment. However, Ability to Pay assessments are primarily done on the basis of the customer's financial situation. This may not take into account a customer's ability to access services necessary to top up their meter and guidance should be updated to ensure this is a regular and specific part of any welfare visit.

Where a prepayment meter is voluntarily installed, similar safeguards don't exist to protect people with mental health problems. To ensure customers with mental health problems receive sufficient protection, Ofgem should require all voluntary meter installations to include similar safety checks to involuntary installation.

⁷⁵ Money and Mental Health Policy Institute. [Money and Mental Health Response to Ofgem's Call for Evidence on PPM rules and protections](#). Money and Mental Health Policy Institute. 2023.

Communications around prepayment meters should make recent changes around levelling costs between credit accounts and prepayment accounts clear.

They should also ensure that customers are aware of affordable tariffs and support that are available to them, so that they can keep costs down. This will help minimise concerns around being moved onto a prepayment meter.

6. Debt Collection Activity and Enforcement Activity

To ensure that all firms work with debt collection agencies who adhere to the highest possible standards, all regulators should require utility firms to work with FCA regulated debt collection agencies.

This would bring utility providers in line with central government creditors like HMRC, who commit to only using FCA-regulated debt collection agencies, and would ensure greater protections for people in debt.⁷⁶

The Ministry of Justice should amend the Taking Control (Fees) Regulations 2014 to allow for repayment plans to be agreed at the compliance stage.

Currently, regulation requires that for an enforcement officer to agree a repayment plan with a customer in debt, or to pay in installments, the debt must be escalated to 'Enforcement Stage 1'. This will add fees of £190, plus 7.5% of the value of the debt over £1000 to the cost for the person in debt. This is clearly a significant amount to add to a debt, and may encourage people in debt who are struggling to pay to undertake risky financial behaviour, like relying on high cost loans or informal borrowing to avoid that additional cost.

These regulations should be adjusted to make sure that, like the case with other types of writs, there is an opportunity to agree a repayment plan at compliance stage.

Finally, regulators should investigate requiring all firms to implement a pre-compliance stage to contracts with enforcement agents, giving those in debt an opportunity to engage with their bailiff without additional cost to their debt.

⁷⁶ GOV.UK. [What will happen if you do not pay your tax bill](#). GOV.UK. [accessed 07/02/25].



MONEY AND
MENTAL HEALTH
POLICY INSTITUTE



abrdn Financial Fairness Trust funds research, policy work and related advocacy activities. It aims to tackle financial problems and improve the living standards of people on low-to-middle incomes in the UK. It is an independent charitable trust registered in Scotland. The Trust's name recognises a historic donation from Aberdeen Group plc which led to the foundation of the Trust. The views expressed by the Trust and its funded partners do not necessarily represent those of the Aberdeen Group. For more information see financialfairness.org.uk