Customer Debt Management Policy

Policy Overview

ESP Heat Limited supplies heating and hot water to homes connected to our heat networks.

This policy explains how we manage unpaid charges, what happens if your account falls into debt, and how we support customers to resolve outstanding balances.

We aim to treat customers fairly, provide clear and accurate information, and work with you early to resolve any payment issues.

As the heat supplier and, where applicable, operator for the heat networks we serve, we will manage customer debt in line with Ofgem's heat network consumer protection framework, including requirements on fair treatment, billing transparency, support for customers in vulnerable circumstances, complaint handling, redress and security of supply.

Our Regulatory Obligations

We will take reasonable steps to ensure customers understand their charges, payment options and the support available if they are struggling to pay. We will keep this policy under review and update it where needed to reflect changes to heat network regulation, Ofgem guidance or our authorisation obligations.

Who this applies to

All customers supplied with Heat and Hot Water by ESP Heat Limited.

Customers who need extra support

We understand that some customers may need extra support because of age, disability, illness, financial difficulty, temporary life events, communication needs or other personal circumstances. Customers can tell us about these circumstances at any time, and we will take them into account when discussing payment options or debt recovery.
Where appropriate, we will tell customers about our Priority Services Register and the support available. This may include accessible communications, priority contact in emergencies, additional help during outages, support where a customer has difficulty communicating with us, or extra time to respond to bills or reminders.

We will consider vulnerability before taking recovery action, requiring prepayment, suspending supply or disconnecting supply. We will not knowingly take action that would be unsafe, unreasonable or disproportionate in light of a customer's circumstances.

What we mean by debt

Debt is any amount that has been billed but not paid by the due date shown on your bill. For prepayment customers, debt may arise where emergency or additional credit is used.

How your charges are calculated

Your charges are based on your heat usage.

- Where a meter is installed, usage is measured using meter readings
- Where a meter is not installed, charges are based on an agreed method

You will either:

- Receive a bill after using heat. You will be issued with a bill each month for charges incurred in the previous month. Payment is due within 14 days of the bill date.
- Pay in advance using a prepayment meter. A bill will be issued periodically showing charges incurred and payments received since the last bill date.

Back-billing and billing errors

If we identify a billing error, delayed bill, incorrect meter reading or other issue that has affected the amount charged, we will explain the issue clearly and correct the account as soon as reasonably practicable.

Where a customer owes charges because of delayed or corrected billing, we will consider the cause of the error, the age of the charges, the information previously provided to the customer and the customer's ability to pay before seeking recovery. We will offer a reasonable repayment arrangement where appropriate.

We will apply any applicable regulatory back-billing protections and will not seek to recover older charges where doing so would be prohibited by regulation or would be unfair in the circumstances.

When your account becomes overdue

Billed customers
Your account becomes overdue if payment is not received by the due date shown on your bill.

Prepayment customers
If you use emergency or additional credit, and don't repay the credit through future top-ups.

What happens if you do not pay

We will follow a staged approach to attempt to recover any overdue debt in a timely manner.

Stage 1: Reminders

We will send reminders through your preferred method of contact (email or letter) and attempt to speak with you to discuss your outstanding debt.

Stage 2: Support

If you have problems paying your bill in full, please talk to us as soon as possible. We will discuss the support available, which may include a payment plan, alternative payment method, energy efficiency advice, or, where safe and appropriate, the installation of a prepayment meter.

Payment plans and affordability

- Will be based on what you can reasonably afford, taking account of your circumstances and any information you provide about income, expenditure or vulnerability.
- Will normally include ongoing charges as well as an affordable contribution towards the outstanding balance.
- Can be reviewed if your circumstances change or if payments are missed.
- Will be explained clearly, including the amount to be paid, the frequency of payments and what happens if the arrangement is not maintained.

Stage 3: Recovery

Our aim is to avoid recovery proceedings by working with customers to help them clear their debt arrears, but if this isn't successful then we will take further action to recover the debt. Full details of our options to recover unpaid debt can be found in Appendix 1 and may include use of 3rd party debt recovery agents, or as a last resort taking court action to recover the debt and our costs. We may charge you a debt-processing charge to cover our reasonable costs of sending your reminder letters and taking action to collect the overdue charges.

Suspension or disconnection of heat supply for non-payment will only be considered as a last resort. Before taking this step, we will make reasonable attempts to contact you, offer support, consider whether you need extra help, assess affordability, consider reasonable repayment options, review whether prepayment is safe and appropriate, provide clear written notice, and complete a senior review before action is taken.

We will not suspend or disconnect heat supply where doing so would be unsafe, disproportionate or contrary to applicable regulation. Where we have identified a vulnerable circumstance, we will take that into account before deciding whether any recovery action is appropriate.

Complaints and contact

While we always aim to provide you with an excellent level of service, we know that things may go wrong from time to time. If this happens, please let us know straight away and we'll make it our priority to resolve the problem.

Where possible, our Customer Services Team will aim to resolve your complaint there and then. If they're unable to do so, they will investigate and respond fully within 10 working days of your original complaint.

Please note we consider the day we receive your complaint to be day zero, unless it's after 4pm, or a weekend or bank holiday, when day zero is the next working day.

If you prefer to complain by letter, we aim to reply in the same timeframes. However, please allow for potential delays in the postal service. Adding your phone number or email address will help us contact you sooner.

If you believe your complaint remains unresolved eight weeks after you raised it, or we have told you there is nothing more we can do, you can contact the Energy Ombudsman. The Energy Ombudsman is independent and will assess your case free of charge. Their final decision is binding on us, but you do not have to accept it.

APPENDIX 1

EXTRACT FROM CUSTOMER SUPPLY AGREEMENT CONTRACT

10 FAILING TO PAY

10.1 If you are having difficulty making payments you should tell us as soon as possible. We may be able to agree a payment plan with you and/or arrange for the instalment of a pre-payment meter and we can give you advice on how to reduce your heat bill by being efficient with your heat supply use.

10.2 You have the right to offset any amount owing to you under this contract against any amounts owed by you and this will not be affected if we have our heat network authorisation revoked.

10.3 If you do not pay your heat bill within 14 (fourteen) days of the date of the heat bill, we have the right to take any of the following actions in respect of your non-payment:

(a) ask you to pay by another method (including by way of pre-payment meter);
(b) change how often we send you heat bills;
(c) if you pay by direct debit, increase the amount debited from your bank account so that we can recover the difference over a reasonable period.
(d) agree with you a payment plan so that you can pay the money you owe us over a period of time at a rate that is affordable to you. Any payment plan may include a requirement that you keep your account with us in credit.
(e) charge you interest on the overdue amount at a rate of 3% (three percent) above the Bank of England base rate in force from time to time from the date any unpaid amount was due until the date you pay it in full;
(f) ask you for a refundable deposit equivalent to our reasonable estimate of the charges for a period of three (3) calendar months;
(g) request that someone else guarantee your payments;
(h) require you to pay via pre-payment and automatically take up to twenty five (25%) of your credit each time you top up, until the debt has been paid off.
(i) take court action to recover the debt and our costs;
(j) suspend or disconnect your heat supply under Clause 11.

10.4 However, we will not suspend or disconnect your heat supply unless we have first offered to install a pre-payment meter and have sent you reminders in accordance with clause 11 and you have still not paid.

10.5 If you do not keep the balance on your Pre-payment meter topped up and the balance falls below zero, your heat supply will be automatically suspended.

10.6 In exceptional circumstances, we may issue emergency credit to keep your heat supply from being suspended (for example, if you are registered on our Priority Services Register because of a vulnerable situation). Following any application of emergency credit, you will need to top-up to pay back the emergency credit (to get your balance back to zero) and top up your balance in order to continue receiving your heat supply.

10.7 If you continue to fail to top-up your balance while the heat supply is suspended, you will still incur the standing charge element of your charges. This debt will need to be paid off either in one-go to restart your heat supply, or over time if you agree a repayment plan with us, for example, each time you make a top-up, 10 (ten)% of the top-up will be used to repay a portion of the debt.

10.8 Where your heat supply has been suspended for non-payment, following a top-up which takes your balance above zero, your heat supply will be restored.

11 SUSPENDING AND DISCONNECTING YOUR SUPPLY FOR FAILING TO PAY

11.1 If you do not pay our charges, or do not agree to one or more of the actions as identified in Clause 10, we may suspend or disconnect your heat supply.

11.2 Suspending or disconnecting your heat supply is a last resort. Before we suspend or disconnect your heat supply, we will first:

- send you at least two reminder letters; and
- try to contact you by phone at least twice to discuss the options available to you.

We may also tell your landlord or registered housing provider that you have not paid our charges and that we may disconnect your heat supply.

11.3 If, 7 (seven) days after sending you the second reminder, you still haven't paid our charges, we may suspend your heat supply until you have paid our charges in accordance with this contract. If, 30 (thirty) days after sending you the second reminder, you still haven't paid our charges or made arrangements with us to pay them, we may disconnect the heat supply.

11.4 We may charge you a debt-processing charge to cover our reasonable costs of sending your reminder letters and taking action to collect the overdue charges.

12 RECONNECTING YOUR SUPPLY

12.1 Where we have suspended or disconnected your heat supply for non-payment, we will within 12 (twelve) working hours, make the heat supply available to you again if you have paid us:

(a) all charges and amounts you owe us including the reconnection charge and debt-processing charge, in full, or we agree a payment plan with you to pay what you owe us over a period of time; and

(b) a refundable deposit equal to our reasonable estimate of 3 (three) months' charges.

12.2 If we agree a payment plan with you, that plan will be based on your ability to pay.

12.3 If you pay us a deposit, we will return that deposit to you once you have kept your payments up to date, in full, for 12 (twelve) months.