

StepChange response to Ofgem call for input on consumer outcomes

January 2026

Introduction

StepChange Debt Charity is a specialist not-for-profit provider of debt advice and debt solutions supporting people across the UK. In 2024, over 660,000 people contacted StepChange seeking debt advice or guidance with their problem debt and over 170,000 people completed full debt advice through our online and telephone service. We welcome the opportunity to feed into Ofgem's call for input on consumer outcomes.

Response to call for input

Q1. In your view, what are the key factors we should consider if we are updating our regulatory framework for retail energy suppliers, keeping in mind the balance between our growth and net zero goals, and consumer interest duties?

Ofgem's regulatory framework has not worked well enough from a consumer protection perspective. Ofgem was forced to take what was, in effect, emergency action to impose a pause on mandatory PPM installation and has subsequently developed a significant work programme to address longstanding problems around debt and affordability that had become entrenched norms in supplier practice.

There are several interacting drivers of the challenges Ofgem has faced, including the falling resilience of UK consumers as a result of a longstanding cost of living crisis and a sudden and significant decrease in energy affordability. But Ofgem's approach to consumer protection regulation has also not been sufficiently effective.

We have noted several recent examples where Ofgem's approach has lacked consistency. In 2024, Ofgem reviewed debt management in the domestic retail market and set out a coherent analysis of why, despite fair treatment of customers in payment difficulty being a long-standing area of focus for Ofgem, more progress had not been made in addressing problems like failures to identify and understand customers' circumstances, ineffective referrals to advice and an inadequate approach to ability to pay. Ofgem set out measures to raise standards and address those problems, including steps to standardise ability to pay assessments and require suppliers to accept offers of repayment from FCA-authorized debt advice agencies. We welcomed this direction of travel at the time.¹

¹ StepChange Debt Charity (2025), [Response to Ofgem consultation on improving debt standards in the domestic retail market](#)

However, that direction of travel has faltered: a number of the proposed actions have not been taken forward, with Ofgem instead pursuing a voluntary code of practice which has ultimately not come to fruition. Ofgem also rightly set out the case for a debt relief scheme last year, but shifted the emphasis of the scheme at a late stage from debt relief to debt repayment, shifting from debt 'reset and reform' to a model more focused on changing consumer rather than supplier behaviour, that will do significantly less to change supplier practices.

We welcome the fact that Ofgem has become more proactive on consumer protection issues, and recognise the challenges of energy regulation and that Ofgem will sometimes shift its approach in response to new evidence and information. But these examples speak to a sense that Ofgem does not always have a stable foundation for identifying, analysing and taking action on consumer protection issues.

With this context in mind, we see the potential of an outcomes-based framework to better articulate consumer protection objectives, measure success and take regulatory action where needed. However, we would like Ofgem to do further work to articulate more clearly how the outcomes can work most effectively as part of a coherent energy regulation framework.

We bring particular insight from our experience advocating for, and playing a role in shaping, the FCA's Consumer Duty in financial services. By comparison with Ofgem's proposals, the Consumer Duty has three levels: an over-arching principle (requiring firms to act to deliver good outcomes for retail customers), three cross-cutting themes (to act in good faith, avoid foreseeable harm, and support customers in pursuing financial goals), and four specific outcomes covering products and services, price and value, consumer understanding, and consumer support. We would not expect Ofgem's approach to look like the Consumer Duty, but we do think that a balance between high level principles and detailed outcomes is important to an effective regulatory framework for energy.

The proposed outcomes cover key issues and appear broadly well-articulated, but the framework in which those outcomes sit is less clear (and we recognise Ofgem is asking questions about how and where the outcomes should be used in this call for input). While that flexibility is welcome, the framework itself should come first and is essential to ensure the outcomes form part of a coherent and effective regulatory strategy.

With this in mind and our wider experience, key factors Ofgem should consider in updating its regulatory framework are:

- the importance of clear high level duties and principles to shape supplier culture with which specific outcomes, license conditions and guidance are aligned;
- that regulation is necessary because the interests of suppliers and consumers are not always aligned: that means a degree of prescription and effective

- monitoring and enforcement will always be essential aspects of energy regulation; and
- when regulation is effective, principles-based and prescriptive rules are not alternatives but complement one another (and we comment further on this in response to question 14).

We are disappointed Ofgem uses the phrase ‘red tape’ in the call for input in regard to its own regulation (1.4). We do not think this is helpful language and it does not suggest an objective and balanced perspective to the important role of regulation.

The call for input asks specifically about Ofgem’s growth duty. Affordable, reliable energy is fundamental to the resilience of UK consumers, and resilient consumers will make for a growing, resilient economy. It would be short-sighted to prioritise short-term growth for energy suppliers through reduced regulation at the cost of the vital role of energy as an enabler of wider social wellbeing and economic growth.

We note the Government is currently conducting a review of Ofgem. We recognise Ofgem has a responsibility to revisit its regulatory approach in light of new duties given to it. However, we would question whether it is the best approach for Ofgem to introduce a new outcomes framework before the Government’s review concludes. We noted in our response to Ofgem’s consumer vulnerability strategy that we think Ofgem should have clearer duties and powers to deliver its stated objective of ensuring the highest standard of service to all consumers, and aspirations such as those articulated in the outcomes in this consultation.²

Finally, a fundamental barrier to good outcomes is energy unaffordability. While affordability remains low, energy customers will be forced into rationing and debt, and support responsibilities for suppliers will be elevated. We fully support Ofgem’s consumer protection focus, which can help prevent and mitigate harm and improve outcomes in the current context, but a long-term solution to deliver affordability for customers at risk of fuel poverty is essential alongside this work.

Q2. Why do you think there is such a divergence of satisfaction rates across different consumer cohorts?

We do not think the divergence in satisfaction rates between highly financially vulnerable consumers and all consumers is surprising. Those in financially vulnerable situations are more likely to interact with aspects of the energy system that do not function well. Our clients experience problems such as billing errors that cause financial shocks, poor customer service from suppliers that means support needs are not met, unaffordable repayment demands and being inappropriately switched to a

² StepChange Debt Charity (2024), [Response to Ofgem consultation on refreshing its vulnerability strategy](#)

PPM. We regularly share case studies reflecting these experiences with Ofgem colleagues.

Satisfaction rates ultimately do not speak to the most important aspects of customers' experiences, which are what happens when people face difficulties that have potentially serious consequences for them and need help. In this sense, Ofgem's outcomes work is an encouraging step as it can shift the focus to more specific outcomes that measure what matters most and can, if successful, help close the divergence in satisfaction rates Ofgem highlights.

Q3. The Consumer Outcomes have been developed based on what industry, charities, consumer groups and consumers have told us they need to cover. Do you agree that these outcomes cover the most important expectations consumers have of energy suppliers?

We broadly agree that the outcomes cover key consumer issues. This noted, the debt outcome is an example where a single outcome covers a significant amount of ground in a manner that could risk compromising focus and clarity. The current wording, in effect, addresses three areas: debt prevention, support and repayment:

Customers in, or at risk of debt or arrears receive proactive, tailored, and consistent customer service that meets their needs and helps them sustainably pay towards their debt or arrears.

The outcome language is well-framed but risks being too far-reaching: breaking the outcome into separate statements would allow for better framed outcomes focused on prevention, support and repayment that touch on important factors like identifying and taking account of individual and wider financial circumstances, and ensuring customers can meet essential energy needs (alongside other priority expenses) before any repayment. That noted, we are encouraged that Ofgem has included a clear debt outcome and we are happy that this is a reasonable starting point.

Q4. Do you think we should streamline or consolidate the Consumer Outcomes further and, if so, which should we prioritise?

We think there is good reason to have at least one standalone debt outcome. However, we think the debt (outcome 1) and vulnerability outcomes (23 and 24) should be grouped together given the close relationship between energy arrears and vulnerability and the common consumer protections issues that cut across these three outcomes. This would allow for a clearer articulation of, and relationship between, guidance on these issues.

Q5. Do you agree with the explanations provided of the Consumer Outcomes in the appendices of this call for input? Do they help you understand the intent of the outcomes?

In regard to the explanation of the debt outcome, it is not clear how the guidance relates to a customer's ability to meet ongoing energy needs or their wider financial circumstances. It is vital that support for customers in energy arrears is situated in the context of their overall financial situation and support needs, including essential ongoing costs and priority debts. It will not be possible to deliver good outcomes for customers in energy debt if energy suppliers treat energy arrears in isolation from a customer's wider circumstances.

Q6. Why do you think these outcomes are not materialising consistently for all consumer groups given that they are in line with our existing rules?

StepChange regularly shares insights drawn from its advice service on the support experiences of clients and we agree there has consistently been a gap between Ofgem's rules and the reality of the outcomes customers are experiencing. We would highlight two factors in particular:

- inadequate prescription in some rules that allows suppliers deliberately or otherwise to arbitrage regulation and not deliver expectations Ofgem may have; and
- limitations in Ofgem's approach to monitoring and enforcement that mean even where Ofgem is aware of the outcomes gap, it does not take effective action to close the gap.

Q7. Do you think some outcomes are more important for consumers than others?

All of the proposed outcomes are important but a number speak to the immediate and near-term support needs of customers in vulnerable situations (such as 1, 6, 7, 8, 23 and 24) and are most relevant to the divergence in satisfaction rates Ofgem highlights, while others speak to value, switching and basic continuity of supply issues (amongst others). In that sense, a framework suitable for promoting consumer protection outcomes might not be the same as one suitable for promoting consumer choice in a healthy energy market. We have noted our preference for a clearer framework around the outcomes which could help better disaggregate and structure the 24 outcomes.

Q8. Do you see an opportunity for outcomes, though not necessarily the Consumer Outcomes set out in this call for input, to be applied to wider market participants? Who should they apply to and why?

We have no comment at this time.

Q9. Do you have a preferred approach among those outlined below or should we retain the current framework? Do you have an alternative suggestion? Please explain your reasoning.

We do not think Ofgem should replace license conditions with consumer outcomes. As we set out elsewhere in this response, outcomes-based regulation is not a straightforward substitute or alternative to prescriptive regulation because it does not

change the fundamental fact that the interests of suppliers and consumers are not always aligned, and the risks to some consumers in some situations justify a careful and prescriptive approach. That is not to say that there will be no opportunities to refresh license conditions, but there should be no assumption that the introduction of an outcomes framework and a reduction of license conditions are a 'tit for tat' exchange.

We strongly support an annual outcomes report and for Ofgem to regularly monitor and publish outcomes data. We also agree that should Ofgem introduce the consumer outcomes, it would make sense to align and embed these with the standards of conduct guidance.

Q10. Do you think a voluntary approach – where suppliers make a public commitment to deliver the Consumer Outcomes without formal regulatory change could be effective? What conditions would need to be in place for this to work?

No, we disagree a voluntary approach will work. Ofgem's attempt, in good faith, to develop a debt and affordability code of practice for suppliers demonstrates that a voluntary approach to the most important regulatory expectations of suppliers is not a realistic way to set and enforce regulatory standards.

Q11. Could a more outcomes-based regulatory framework benefit the supply market? Do you think this kind of approach could unlock innovation and growth? Please provide examples.

We have no comment at this time.

Q12. Are there specific licence conditions where less prescription could benefit the retail market without compromising consumer protection? a) For suppliers: are there any areas where you find guidance helpful or unhelpful?

We have no comment at this time.

Q13. Are there areas where prescriptive rules should remain in place? If so, why?

Yes, prescriptive rules should remain in place and an outcomes-based approach does not reduce the need for those rules. We do not have the capacity to provide a comprehensive list of essential license conditions: rather, Ofgem must only consider removing existing rules where it can be clearly demonstrated both that suppliers are delivering high standards at, or in excess of the expectations set by rules, and that removal of the rule would not put that delivery at risk in future.

Prescriptive rules are not about a 'one size fits all' approach but providing detail where necessary and setting key minimum expectations where there are significant risks to consumers. An outcomes-based regime can enhance how suppliers deliver and build on those expectations but it does not negate the need for specific rules.

Q14. What factors should we consider to determine whether specific rules are best delivered through prescription, principles or outcomes?

As we have noted, we do not consider that prescription versus principles and outcomes are alternatives: they are often both important and mutually reinforcing:

- Prescription is often essential to give substance and intention to high level principles, particularly where risks of harm and poor outcomes, and levels of consumer vulnerability, are higher.
- Prescriptive rules are the basis for customers to challenge supplier practices, and consumer advice depends on this transparency and clarity.
- Similarly, as an advice provider, clear expectations for suppliers in some areas like support with arrears are essential to be able to advise clients and achieve good debt advice and solution outcomes.
- There is a history of firms arbitrating gaps or ambiguities in high level rules where prescription has been crucial to stop harm to customers, most recently in regard to mandatory PPMs.
- Prescription can alleviate burdens on suppliers that are otherwise uncertain as to Ofgem's expectations.
- Monitoring outcomes requires reasonably specific expectations, and without those expectations outcomes-based regulation risks becoming an absence of effective regulation.

Higher level principles are also important because they shape supplier culture, values and norms. This was key to the design of the FCA Consumer Duty where the high level consumer principle is arguably the most important element of the Duty, but is complemented by mid-level cross-cutting themes and more detailed outcomes. The Consumer Duty has not ended the need for the FCA's more detailed handbook and, while the FCA has identified some areas where it will simplify the handbook post-Consumer Duty, in practice the Duty has complemented rather than replaced most rules. We think that is the right approach.

From a consumer perspective, we would like to see the Government strengthen Ofgem's statutory consumer remit to ensure Ofgem has the responsibilities and powers it needs, and then for Ofgem to implement a clearer guiding high level consumer principle, to support achieve its stated objective of ensuring the energy market delivers the highest standard of service to all consumers.

Q15. Which of the monitoring approaches we outline below would be the most effective for monitoring supplier performance against the Consumer Outcomes? Are there alternative approaches? Please provide evidence.

We are able to comment specifically on monitoring consumer protection outcomes and believe Ofgem-led reporting is critical. Ofgem should monitor whether consumers receive good outcomes through their interactions with suppliers using specific metrics

or monitoring data linked to specific outcomes. Many of these are relatively straightforward, like monitoring the sustainability of debt repayment agreements agreed with suppliers, while other might require developing new measures, for example to understand the support experiences of customers in vulnerable circumstances. Ofgem should continuously test and develop its outcomes monitoring.

Q16. How do we best measure our success as to whether we have: a) Improved consumer outcomes and achieved our ambitions for customer service and b) Reduced regulatory burden and encouraged growth and innovation

The best way to measure improved consumer outcomes is through monitoring the outcomes of interactions with suppliers. We do not think Ofgem should set arbitrary 'regulatory burden' targets, which will inevitably distort the design of regulation: the risks to people in vulnerable situations are too acute for reducing regulation to take precedence over well-designed regulation.

Q17. Is there anything Ofgem can do to improve how we work and engage with you as a stakeholder on retail energy supply policy and regulation?

As a not-for-profit advice provider that hears regularly from clients about experiences with energy providers but has limited resources, we welcome particularly:

- clear routes to share client experiences with feedback where possible on steps taken to address repeat and persistent problems; and
- opportunities to feed into consultations and calls for input without submitting a full formal response, including workshops and direct meetings with Ofgem colleagues.

