

# Prepayment meters

## The pay-as-you-go way of buying energy

Lots of homes have prepayment meters for gas and/or electricity, and generally speaking they are a simple and intuitive way of paying for energy

If your home has a prepayment meter, it means that you pay for your gas or electricity **before** you use it – on a pay-as-you-go basis. This done by buying credit, usually with a key or smart card, and adding this to the meter. As you use gas or electricity the credit on the meter is used up.

This is different from a quarterly bill where you pay **after** you have used it, based on a meter reading or estimate. It's also different from paying a set amount per month by direct debit, where your fuel supplier estimates your annual usage and takes a fixed monthly payment, spreading your energy costs evenly over the year.

### How do you use a prepayment meter?

Almost all prepayment meters use either a **key** or a **smart card**, (pictured right). Some holiday cottages or houses full of bedsits still use meters that take coins or tokens – but these are pretty rare nowadays.

Prepayment meter keys look a bit like computer memory sticks. Each key is exclusive to a particular meter, and won't work with any other. Newer meters use smart cards rather than keys. The advantage is that information about your tariff and energy consumption is saved onto the card, meaning that you can change tariff without an engineer having to visit your home.

To purchase credit for your meter, you simply take the key or smart card to an official PayPoint or Payzone outlet which can be found in most supermarkets, some local shops and some post offices. **It is illegal to buy credit for a prepayment meter from from anywhere else.**



Each pre-payment meter key or card is unique, and will only work in the meter assigned to it

When your key or card is topped up, simply stick it in the meter which will top up with the amount of credit you've paid for. The meter displays how much credit you have left; when this runs out you must top up the key or card again.

Prepayment meters give you a small amount of emergency credit which is designed to maintain your energy supply after your regular credit has run out and before you've had a chance to top up. Any emergency credit that has been used is reclaimed from the amount you have topped up when the key or card is put back in the meter.

You might not have to use your key or card to top up your prepayment meter. Some energy companies accept **online payments** – helpful if your credit runs out after the shops have closed. Contact your energy supplier or visit their website for details.

### The advantages of using a prepayment meter

Compared to quarterly bills or a direct debit, payments tend to be smaller and more frequent. This can help with budgeting as you can top the meter up weekly or monthly to suit your circumstances and there are no large or unexpected bills to worry about.



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Prepayment meters also prevent customers from getting into debt as they only allow a small amount of emergency credit to be used before the meter has to be topped up again.

For those already in fuel debt, suppliers often recommend a prepayment meter which can be set up to repay a specific amount of fuel debt each week, based on how much the customer can afford.

### Some practical things to be aware of ...

For most people prepayment meters work reasonably well, but there can be times when they are not convenient:

- They can run out at awkward times, when PayPoints are closed, for example.
- You may live a long way from a shop or other outlet where more credit can be bought.
- Your key or card can be lost or damaged. Your supplier will probably replace it for free, but if this happens often they may charge you for replacements.

### ... and some financial issues

Prepayment meter customers don't get the best deal. In most cases they pay their supplier's **standard rate** for gas or electricity, which is more than the rate for quarterly billing or direct debit, and prepayment customers cannot take advantage of discounts for paperless billing.

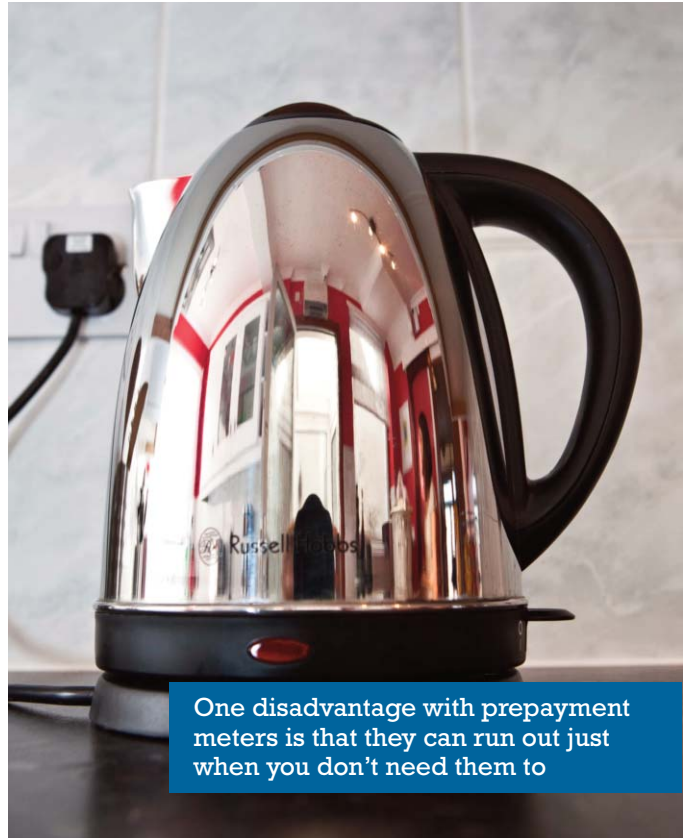
Another drawback is that, unlike monthly direct debit, prepayment customers can't spread their payments evenly across the year, so pay much more in the winter than in summer. This can present difficulties with household budgeting.

One way round this is to put a sum of money each month into a separate bank account from which you top up the



Most prepayment meters include a standing charge

Karl Hendry



One disadvantage with prepayment meters is that they can run out just when you don't need them to

meter – building up a surplus in the summer that can be used in the winter. This is a bit like creating your own direct debit; and if you can manage this, then consider asking your supplier to switch you to a **credit meter** and a direct debit tariff. This will end up saving you money.

### Don't forget the standing charge

Most prepayment meters include a standing charge. This is a fixed amount that you pay – usually every week – regardless of the amount of gas or electricity you've used. If you forget about the standing charge you may think you have more available credit than you actually do.

And, if you haven't topped up for a while, when you finally do add credit to the meter it will automatically deduct any unpaid standing charge, swallowing up lots of the credit you've just added. The same goes for any fuel debt repayments being taken.

**It's illegal to buy credit for a prepayment meter from a door to door seller.**



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So, if you are going away and won't be using any gas or electricity (or at least very little), it's important to top up your meter so there's enough credit for the standing charge and any outstanding debt, as well as for things like the fridge or freezer that need to be left on. To make your credit go further, unplug anything that doesn't need to be left on, including appliances on standby.

### Self-disconnection

It's important to understand that the standing charge (and any fuel debt) will still apply even in the case of 'self-disconnection'. This is when a household cannot afford to top up the meter and lets the credit run out, leaving them without heating or lighting or appliances. This household will actually be getting themselves deeper into debt even though they are not using any fuel.

### Moving into a home with a prepayment meter

Each prepayment key or card is unique, and will only work in a specific meter, so if you move to a new property with a prepayment meter your old payment device won't work and you'll need to ask your energy supplier for a new one.

And don't use an old key or card left behind by the previous occupant. Contact your energy supplier at least three days before moving in, and ask if the meter needs to be reset or if you need a new key or card. This ensures that you are paying the right energy supplier, and only paying for your own gas or electricity and not that of the previous occupant (or, worse still, their outstanding fuel debt).

This is also an opportunity to ask questions about how the meter works and to check that you are on the best tariff the supplier has to offer, or to consider switching suppliers.

### Switching and prepayment meters

Being on a prepayment meter does not prevent customers from switching tariff or supplier. The process of switching is the same as it is for those with credit meters. It is possible to switch even if you are in fuel debt, as long as the debt is not greater than £500. Tenants who are responsible for paying their bills have the right to switch provider.

## Understanding your prepayment meter

Not all prepayment meters display information in the same way. This table shows the information that is typically available. Usually there is a button which cycles through the various displays.

<b>A</b>	Credit remaining <b>[if there is an 'E' on the screen then this is the emergency credit remaining]</b>
<b>B</b>	Minimum credit required to reset your emergency credit
<b>C</b>	Time and current rate <b>[only shown on Economy-7 meters]</b>
<b>D</b>	Date
<b>E</b>	Total credit accepted on meter since being in use
<b>F</b>	Weekly standing charge
<b>H</b>	Standard/day meter reading
<b>I</b>	Price of standard/day rate units
<b>J</b>	Night rate meter reading <b>[only shown on Economy-7 meters]</b>
<b>K</b>	Price of night rate units <b>[only shown on Economy-7 meters]</b>
<b>R</b>	Emergency credit limit
<b>S</b>	Outstanding balance left to pay <b>[e.g. your total debt]</b>
<b>T</b>	Weekly recovery rate <b>[how much the energy supplier takes off your credit in debt repayments ]</b>



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It is also possible to switch from a prepayment meter to a credit meter. Some fuel suppliers will install a new meter for free, although in most cases you will need to pass a credit check or pay a refundable deposit. You have the right to change payment method if you are a private tenant as long as you are also the bill payer.

According to the industry regulator Ofgem your landlord *“should not unreasonably restrict your ability to switch payment method, for example from a prepayment meter to a credit meter, but you might be required to switch the supply back to a prepayment meter at the end of the tenancy. There may also be costs involved in changing the method of payment.”*

## Warm Home Discount

If your energy supplier has 250,000 customers or more then they are obliged to offer the **Warm Home Discount**. This is a rebate on the household electricity bill, which for the winter of 2016-17 was worth £140. It is available to customers who receive the guarantee credit element of Pension Credit.

Suppliers also offer this discount to a broader group of customers, with each supplier having its own specific eligibility criteria. So if you receive any type of benefit or are on a low income it's worth calling your supplier to check. See [www.gov.uk/the-warm-home-discount-scheme](http://www.gov.uk/the-warm-home-discount-scheme).



Figures correct as of Feb 2016

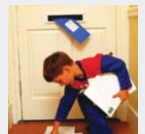
## Tips to cut your electricity use, and save money ...

**Give your clothes a day in the sun (and give your tumble drier a break).** Clothes dried in fresh air feel great, and there are sunny days in winter, too.

**Catch 'em young!** Encourage your children to switch off electric toys and lights that they're not using. They'll soon get the hang of saving energy.

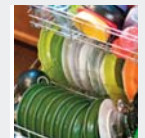


**Dodge the draught!** Fit draught-excluders to your front door, letter box and key hole, and draw your curtains at dusk to keep the heat in.



**Only fill the kettle with as much water as you actually need** (but make sure you cover the metal element at the base).

**Wait until you have a full load** in your dishwasher or washing machine before doing a wash. Two half-loads use more energy than one full load.



**Sleep tight.** Make sure all the lights are turned off when you go to bed. You can get low-wattage night lights for children's rooms or landings.

**Buying a new appliance?** Check the energy label, and buy A-rated goods for the most efficient energy use.



More energy-saving advice at [www.cse.org.uk/advice](http://www.cse.org.uk/advice)



The Centre for Sustainable Energy is a national charity that helps people change the way they think and act on energy.

Our Home Energy Team offers free advice on domestic energy use to householders in Bristol, Somerset, Wiltshire, South Gloucestershire and Dorset.

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