

Energy companies ‘playing fast and loose’ as they double direct debits, Martin Lewis tells MPs

Energy suppliers are “playing fast and loose” with household direct debit increases and should face a crackdown, personal finance expert Martin Lewis has told MPs.

Tariffs have been rising sharply and with the Ofgem price cap due to increase by 54% in April and likely to go up again in October, firms have been asking customers to stump up more each month.

Mr Lewis, head of consumer advice site Money Saving Expert, told the business select committee that the rise coming next month represented a “fiscal punch in the face”.



Image:
Martin Lewis was giving evidence to the business select committee

But he said some companies seemed to be going further than justified by the higher tariffs, in some cases doubling direct debits in a bid to improve their cash flow at the expense of customers.

Mr Lewis told the Commons committee that the behaviour was a breach of energy company rules and was happening across the board.

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He said: “There are worrying issues of companies issuing people’s direct debits disproportionately to the rate that is being increased, even for those in credit.

“There is no reason to double someone’s direct debit when they are in credit and the price cap is going up 54%.

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“That’s not mathematically sound and that’s a breach of licence conditions.

“I have been very concerned that a number of companies have been doing it to improve their own cash flow situation at the expense of their customers and we would like to see the regulator crack down on that quite substantially.”

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Asked to name companies that were doubling direct debits, Mr Lewis said: "Basically anyone with an energy licence.

"Companies are seeing this price change as an opportunity to crystallise a change in payments and it is right across the board with all companies.

"Consumers have to be wary.

"The amount of playing fast and loose that seems to be going on is huge right now.

"We need to crack down and we need to be much tougher with energy firms that do this.

"The sheer volume of complaints I'm getting on that basis indicates to me this is systemic, market-wide rather than

individual supplier led.”

Mr Lewis outlined the squeeze facing bill payers, who a year ago were typically paying around £800 a year on the cheapest deal but now would be unable to find a better price than the energy price cap level, on average equivalent to £1277.

That will rise further next week [when the cap increases](#).

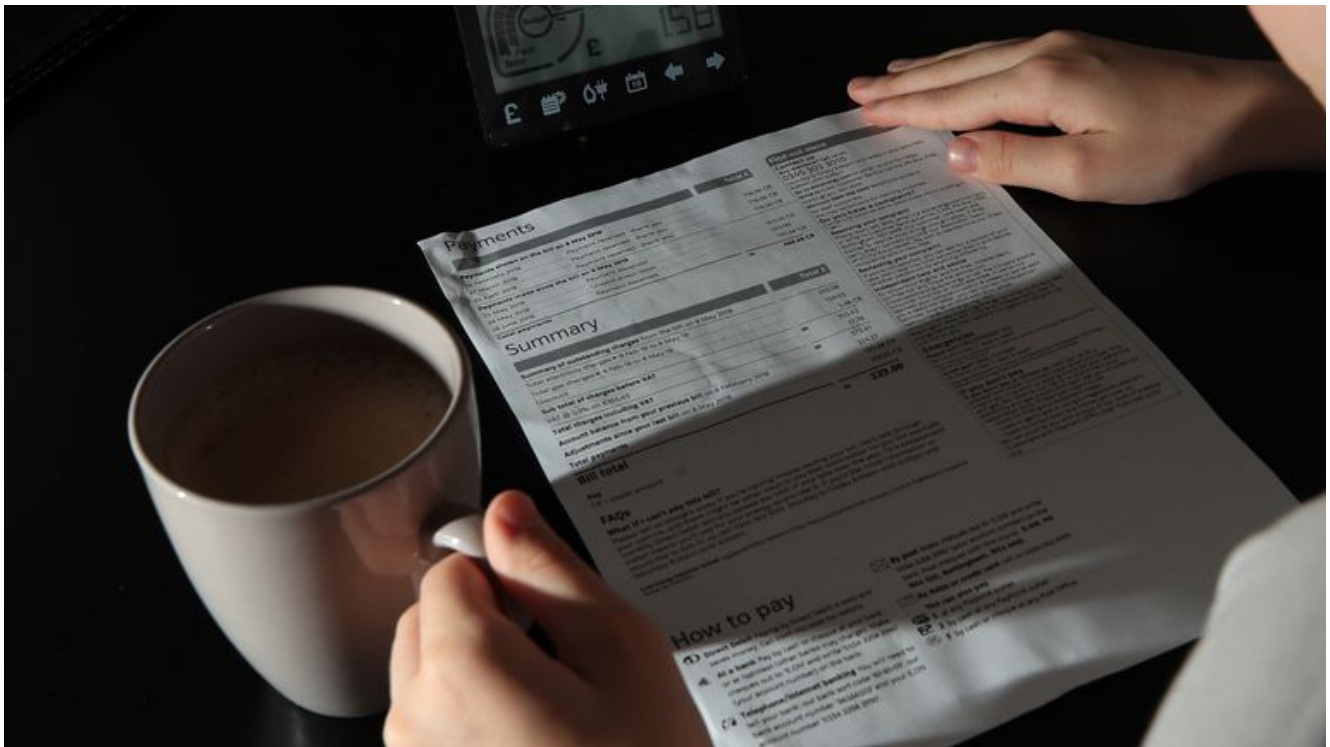


Image:

Mr Lewis said consumers needed to be wary

“On 1 April, people are going to feel a fiscal punch in the face when that goes up for someone on typical use to £1971.”

With wholesale rates at record levels following structural shifts in the market due to the pandemic, as well as the impact of the Ukraine war, that could rise to £2500 in October, he added.

Mr Lewis said that while some people could shoulder the burden, the £350 help with living costs by the chancellor was not enough and the government needed to give more help to the most needy.

Gillian Cooper, head of energy policy at Citizens Advice, told

the committee that the government support package was “insufficient for the scale of the crisis that we’re facing”.

“There are millions of households who are simply unable to cope with the energy bill increases that we’re going to see this year.”

She said the charity was providing record numbers of people with food and fuel vouchers and other charitable support – even before the £700 increase takes effect in April.

“Without further support we’re heading towards a crisis where a significant proportion of the population cannot afford to keep safe and warm in their home,” she added.