

# Shell Energy to pay £500k for customer price cap overcharge

Shell Energy is to pay out more than half a million pounds for overcharging thousands of households above the permitted price cap.

Industry regulator Ofgem said the supplier would refund and compensate 11,275 prepayment customers as well as pay into a fund to support vulnerable people.

Shell Energy had reported the problem itself after discovering that due to “operational errors” with the implementation of its default tariffs it had overcharged consumers between 2019, when the cap was first introduced, and 2022.

Ofgem said: “The result of this issue was that over 11,000 prepayment customers paid above the rates allowed under the price cap at the time.”

In addition to the repayment of the £106,000 overcharged, the firm will make a total of £30,970 in goodwill payments to the customers affected and put £400,000 towards Ofgem’s voluntary consumer redress fund.

The overall payment comes to £537,000.

The average amount being refunded to households is £9.40.

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The regulator said: "In determining this redress package, we have considered the additional financial hardship that this issue may have placed on prepayment customers, especially when energy prices are at historic high levels."

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It also noted in 2019 Shell Energy agreed to refund and compensate 12,000 customers overcharged when the price cap was introduced and it was trading as First Utility.

Ofgem added: “However, whilst this issue represents a serious matter, taking into account that Shell Energy Retail Limited self-reported the issue and has put in place steps to address the failings, Ofgem has decided not to take formal enforcement action on this occasion.

“Had Shell Energy Retail Limited not self-reported the issue and resolved in a timely manner – the redress package sought would have been considerably higher.”

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Neil Lawrence, the watchdog’s director of retail, said “Ofgem expects suppliers to adhere to the terms of contracts they have with customers, particularly ensuring they pay no more than the level of the price cap.

“Households across Britain are already struggling with rising energy bills and living costs.

“Overcharging by suppliers can cause additional and unnecessary stress and worry at what is already a very challenging time for consumers across the UK.

“Ofgem is always prepared to work with suppliers who have failed to comply with their obligations, but who have self-reported and are determined to put things right, as Shell has done here.

“The contributions Shell has made to the redress fund will help to support vulnerable consumers with their energy bills.”