**Fair By Design – update for ESAN members meeting 17 October 2024**

[Fair By Design has released new research exploring](https://fairbydesign.com/wp-content/uploads/Flexible-payments-for-low-income-consumers-Oct-2024-FINAL.pdf) how flexible payment methods can help people on low incomes manage their budgets. The research, conducted by [the Personal Finance Research Centre at Bristol University,](https://www.bristol.ac.uk/geography/research/pfrc/) focuses on whether consumers on low incomes want more flexibility in paying for essential services like energy.

Whilst flexibility is not the main solution to affordability in energy, or to the wider energy crisis, it is clear that it could help people with their bills. This is because it would give people the option to pay in smaller amounts or change payment dates. Offering flexibility is a step towards ensuring that low-income households can manage their finances without added financial strain. This is particularly important when household energy debt has achieved unprecedent levels.

Six focus groups were conducted with individuals on low incomes, including those who pay for energy via prepayment meters, receipt of bills (standard credit), or Direct Debit.

**Key Findings**

* The findings show that being able to pay flexibly and control over payments are essential for low-income consumers when considering new payment methods.
* Our research found that people on low incomes recognise that variable recurring payments (VRPs) can be good for some people, such as people who don’t receive their incomes monthly. But while VRPs offer a new opportunity, the ability to offer flexibility over how they pay already exists.
* The research showed that Trust in energy suppliers was also a crucial factor that influenced how people choose to pay their bills, especially energy bills. This lack of trust could impact on how any payment method, such as VRP, will be received. Suppliers have to work hard to sell the benefits of any new payment method to consumers.

**Next Steps and recommendations**

1. Regulators should encourage suppliers to offer flexible payment methods and investigate / remove regulatory barriers (if any) to this happening. In addition, Ofgem should require suppliers to make clear to customers, in accessible language, the full range of payment methods available as well as any additional costs those methods incur.
2. The Payment Systems Regulator (PSR), in collaboration with the Joint Regulatory Oversight Committee (JROC), should ensure that the benefits of VRPs are realised for consumers.
3. All suppliers of essential products and services, such as energy suppliers and local councils, should offer as much flexibility over payments, and choice over methods, as possible.

[*For the full research findings, click here.*](https://fairbydesign.com/wp-content/uploads/Flexible-payments-for-low-income-consumers-Oct-2024-FINAL.pdf)