



# Payment methods, discounts and switching suppliers

## Payment methods

It is possible to save money by changing the way you pay your bills. Usually it is cheaper to manage your fuel bills online or pay by monthly direct debit than to pay by cheque or cash on a quarterly basis. The Home Energy Scotland Hotline can get in touch with your energy supplier on your behalf to request a switching in payment methods for you. The most common payment methods are:

## Pre-payment meters

Pre-payment meters are usually the most expensive way to pay for fuel. Payments are made through the purchase of tokens/cards or by topping up a rechargeable key or electronically coded card.

**Advantages:** useful for budgeting – avoids debt.

### Disadvantages:

- Getting top ups: if you cannot afford to purchase large quantities of tokens/cards all at once and there is no shop near you will have the additional travel costs.
- Cold spells: because you cannot spread the cost of your fuel payments, you may find it difficult to pay for your fuel during cold spells and experience periods of self-disconnection.
- Loss/damage: cards and tokens can also become lost or damaged.
- Expensive: 'per kWh used' prepayment meters are usually the most expensive way to pay for your energy use.

Some customers may be required to use a pre-payment meter, especially if there has been a history of arrears.

## Credit or quarterly credit meters

You can pay your bill quarterly or every two months or payments can be spread. You may choose to pay your bills:

### By Direct Debit

This is a payment that comes straight from your bank account either monthly or quarterly. You must sign a form giving your fuel supplier permission to debit your account by variable amounts. Many suppliers will offer a reduction for payment by Direct Debit (up to 15% in some cases) and it is frequently one of the cheapest methods of payment.

### By standing order

This is also a payment that comes straight from your bank account, usually monthly. You determine the amount that is paid. If you want to change the amount paid, you will have to sign a new form at your bank.

If you select to pay by Direct Debit or standing order bear in mind you will incur bank charges if you become overdrawn.

## Paying quarterly in full

If you pay your bill quarterly in full you can pay in cash, by cheque or giro through Paypoint (see below), a bank, a customer service centre, by post or at a post office (check if there is a handling charge). Some fuel companies give discounts for prompt payments so try to pay your bills on time.

**Budgeting schemes with fixed regular payments:** Your supplier can estimate your annual consumption (usually based on your previous bills) and you pay in equal amounts during the year. It is worth checking estimates against your actual use and sending meter readings if there is a difference so you do not end up with an over or underpayment at the end of the year.

## Flexible payment schemes

This scheme permits you to pay any amount at any time at customer service centres, at a bank or by post. The amount paid is credited towards your next bill and that must be settled each quarter. This is a useful way to pay if your income fluctuates.

Different fuel suppliers offer a range of budgeting schemes and flexible ways to make payments so check to see which ones suit you best.

## Saving Stamps Schemes

Both gas and electricity suppliers run Saving Stamps Schemes. These may be purchased at a customer service centre and some post offices. The primary disadvantage of saving stamps is they can be lost or stolen.

## Paypoint

This is a free national bill payment network for people who prefer to pay bills on a weekly, fortnightly, monthly or quarterly basis in cash. Some shops offer this payment service.

## On-line payment

Fuel companies allow for bills to be paid online using internet banking. This can be cheaper than other payment methods and is useful if you use on-line banking.

## Fuel Direct

Fuel Direct is run through the Department for Work & Pensions (DWP) and allows deductions to be made from certain benefits to pay off fuel arrears. Deductions can be taken from Jobseeker's Allowance, Income Support, Incapacity Benefit, income-related Employment and Support Allowance, retirement pension and Severe Disablement Allowance. However, some fuel companies will not accept payment in this way.



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## Discounts

You may be eligible for a discount on your electricity bill if you are a vulnerable household. The Home Energy Scotland Hotline advisors may be able to help you find out what you are entitled to **(0800 512 012)**.

## Switching from a pre-payment meter

Most fuel suppliers will charge for an engineer to come to your home and install a credit meter and remove a pre-payment meter. This may cost money and some suppliers will insist that you are a customer with them for a period of 12 months before they will permit the switch. You will need to weigh up the advantages/disadvantages of paying this one-off fee against the cheaper tariffs that would be available to you with a standard meter. The Home Energy Scotland Hotline advisors may be able to advise about this; call **0800 512 012**.

## Changing your supplier

Nearly everyone can change their supplier. If you have a fixed term contract you may be charged for switching before the term has expired. If you have unpaid debts with your supplier, you may have to clear the debt before you can change.

Changing your fuel supplier may give you substantial savings but there are many deals on the market. To help you identify which deal is the best one for you, there are independent price comparison websites available. Choose one that is accredited by the Consumer Focus "Confidence Code". This is a voluntary code of practice that guarantees that fair advice and information is given.

Comparison websites compare your current supplier's tariffs with those of all the major suppliers. They help you identify which one offers the best deal for you and in some cases will assist you in switching services.

Below is a list of websites that meet all nine requirements of the Confidence Code:

- Confused.com
- Energyhelpline.com
- Energylinx.co.uk
- Homeadvisoryservice.co.uk
- Moneysupermarket.com
- Saveonyourbills.co.uk
- Simplyswitch.com
- Which.co.uk/switch
- Theenergyshop.com
- Ukpower.co.uk
- Unravelit.com
- Uswitch.com

Once you have selected the supplier that best meets your needs, changing is a fairly simple process.

1) Contact the new supplier and agree a new contract with them. Here is a reminder of some of the questions you might like answered:

- What are the charges?
- What are the payment methods?
- What tariff is best for me?
- Do they offer any deals?
- Are there any extra or hidden charges?

2) The transfer times can vary depending on the supplier, however it should be around 6 weeks and your new supplier should keep you informed of the progress.

3) It is important to pay any outstanding bills that are owed to your existing supplier. Failure to pay these bills may stop you transferring. Take a meter reading on the day you change supplier. If you think your old supplier has not used this reading for your final bill or your new supplier does not use this for the new bill, you will be able to provide the reading.

## Other factsheets available:

- What to do about fuel debt
- Energy and money saving tips
- Useful contacts on fuel issues

**Any other queries?  
Anything you don't understand?  
Any useful experience to pass on?**

**Why not call the Lone Parent Helpline?**

**0808 801 0323**

**Mon-Fri 9.30-4.30pm (free to landlines and most mobiles  
Vodafone, 3, Orange, Virgin and T-mobile)**

**[www.opfs.org.uk](http://www.opfs.org.uk)**



Call The Home Energy Scotland Hotline free\* on  
**0800 512 012**  
or visit [homeenergyscotland.org.uk](http://homeenergyscotland.org.uk)



\* Calls from landlines are free. From a mobile call 0300 456 2655 to be charged at local network rates.