

# Board Policies

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Policy Name: <b>Late Payment &amp; Disconnection Policy</b>	

## Sark Electricity Ltd

### Late Payment & Disconnection Policy

This policy lays out our approach in respect of outstanding debtors. Being those customers who have payments due that have fallen outside of our 30 day terms.

Much of our policy in this regard is based upon the OFGEM guidelines.

Many of you will be aware that I initially reversed the previous owner's policy on disconnections. Believing that no circumstance could ever justify removing a resident's access to power. Regrettably, the reality on the ground is somewhat different to the utopian view that I had once held in this regard. Therefore, disconnections will once again, unfortunately, be a component of our debt collection policies.

However, in an effort to protect the most vulnerable in our community, SEL is implementing a "Priority Services Register" in-line with UK utility providers. This will also allow SEL to adopt the 'Safety Net Pledge' a further commitment undertaken by some of our colleagues across the UK do. See online at [www.sarkelectricity.com](http://www.sarkelectricity.com) for further details.

Clearly, as customers, you will appreciate that when a customer pays a bill late, the underlying expenses of fuel, payroll and insurance etc. will have already been paid by SEL. The money owed is now tied up and cannot be utilised elsewhere until the late customer repays this unapproved loan. The associated costs need to be managed and recovered if we are to ensure that all customers are treated fairly. It is worth noting that as at the 30<sup>th</sup> of April 2022, late customer accounts stood at £27,698.

SEL is genuinely sensitive to the fact that, at one time or another, we can all experience financial difficulties. If you get into arrears with your electricity bill it's very important to tackle the problem as early as possible. If you let your electricity bills build up, **and do not engage** with us to make arrangements to deal with the debt, there is a significant risk of being disconnected.

We manage the possibility for disconnection through a stepped process over a period of 4 months.



Stage	Notification	Consequence
Step 1	Month End Invoice	Invoices are issued and fall due at the end of the month following the date of issue. i.e., an invoice dated 31 <sup>st</sup> January is due on the 28 <sup>th</sup> of February.
Step 2	Invoices that are between 1 and 30 days late will receive a reminder letter.	A monthly late payment interest charge of 2.5% (with a minimum charge of £5) will be applied to the balance for each month the bill remains overdue.
Step 3	Invoices that are between 31 and 60 days late will receive a letter requesting them to contact us and make payment arrangements.	<p>An agreed payment plan must be put into place and adhered too. If the customer feels that the bills would be better managed moving forwards by installing a prepayment meter, then this will be undertaken at the customer's cost.</p> <p>In the event that a customer chooses not to utilise a prepayment meter at this stage this will be on the strict understanding that</p> <ul style="list-style-type: none"> <li>• the debt position will not increase;</li> <li>• future accounts will be paid to terms;</li> <li>• The pre-payment plan will be adhered too.</li> </ul> <p>Otherwise, step 4 will be applied.</p>

<p>Step 4</p>	<p>Invoices that are between 61 and 90 days late.</p> <p>In the event that a customer has refused all attempts by SEL to engage with them on the subject of late payments they will be advised that the supply will be disconnected if the account is not settled in full and a further £250 connection deposit placed on account.</p> <p>The account will be reviewed after 6 months, and the deposit returned assuming the account has been properly maintained.</p>	<p>Customers will be notified that their supply is being disconnected in the event that full settlement is not made within 7 days.</p> <p>Disconnection will be undertaken at the customer's own cost in line with our tariffs from time to time.</p> <p>For a customer to remain connected they will be required to settle the account in full and to provide a £250 connection deposit to be held on account.</p> <p>The deposit is not held as a pre-payment against future accounts. If the account falls behind again then the account will be disconnected.</p> <p>If a customer has ignored our requests for meaningful engagement and has, as a result, been disconnected from our supply, reconnection will be charged in accordance with our tariff with the addition of a £100 administration fee.</p>
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## Debt and prepayment meters

If you don't engage with us on a debt we can contact you about the possibility of disconnecting your energy supply. Industry practice requires that we give you the chance to repay the money you owe through a payment plan before we disconnect you. Rest assured that we will always be sympathetic to your personal circumstances.

Any plan that we agree will factor in your financial circumstances and ability to pay. Debts can be repaid over a number of months as you also **continue to pay for your ongoing energy use**.

If you don't engage with us on how to resolve the debt, or fail to stick to an agreed payment plan, we could seek to install a prepayment meter, under a court order, to recover the money you owe. In the case of genuine need SEL will genuinely seek to support you and we will cover the cost of installing a pre-payment meter if you wish us to do so. You must however, first seek the permission of your landlord if you are in a tenanted property.

## Who can't be disconnected in the UK?

In the UK there are strict rules on who can or can't be disconnected and SEL has elected to apply these rules to its local operation.

## There is a Priority Services Register

Suppliers are prohibited from disconnecting a premises occupied by a customer eligible for the Priority Services Register during the winter months (1 October - 31 March). In the UK a customer is eligible for the Priority Services Register if they:

- are of pensionable age;
- are disabled or chronically sick;
- have a long-term medical condition;
- have a hearing or visual impairment or additional communication needs;
- are in a vulnerable situation.

## If you're a 'Safety Net' vulnerable consumer

SEL, along with some UK suppliers, have also signed up to a Safety Net, a pledge to never knowingly disconnect a vulnerable customer at any time of year.

This offers further protection for vulnerable customers. In this instance, vulnerable customers may be customers who are unable to safeguard their personal welfare or the personal welfare of other members of the household due to:

- age (such as younger people at home);
- health;
- disability;
- severe financial insecurity.

Sark Electricity has implemented the '**Priority Services Register**' so that we can also practically apply the '**Safety Net**' pledge across our debt collection policies. Details of how to apply are on our website [www.sarkelectricity.com](http://www.sarkelectricity.com). SEL is keen to ensure that we support the most vulnerable in society. If, for whatever reason, a customer that is captured by these categories falls into the step 4 process. SEL will cover the cost of installing a prepayment meter.

As a last resort, you may consider approaching the Sark Procurer who, depending on your circumstances, may be able to assist you.

*Remember, if you start to get behind on your bills it is important to act quickly and reach out. SEL will always be sympathetic to a genuine need when it is being managed openly and honestly. On a personal note, you should remember that I have been there! When I left Prison, it was due to the goodwill of a number of local residents that I was able to rebuild my life from the mistakes of my past. You will always receive a fair hearing with me whoever you are and regardless of any personal history between us.*

Yours sincerely

*Alan Witney-Price*

Alan Witney-Price  
Managing Director  
Sark Electricity Limited

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