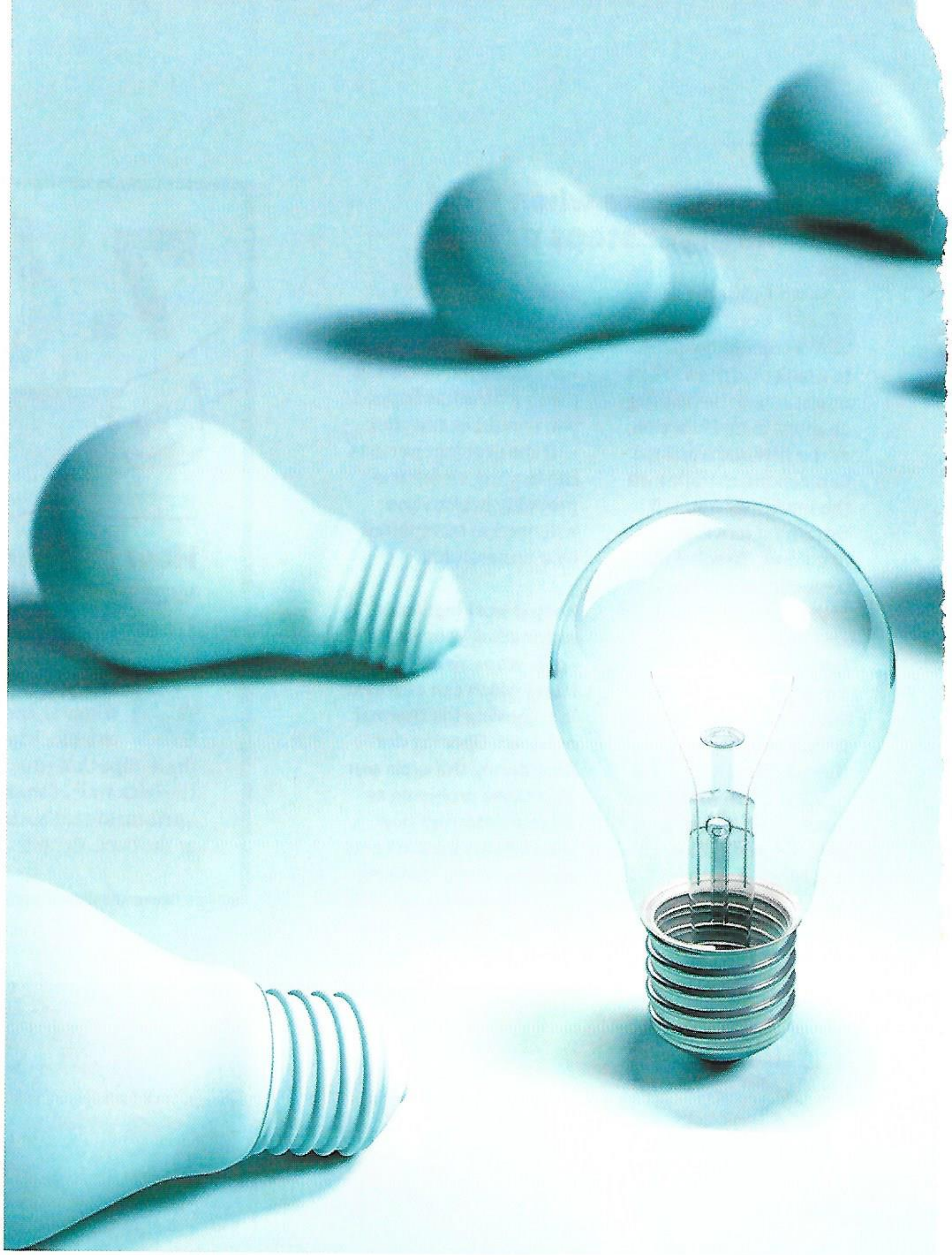

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RISING PRICES AND FAILING FIRMS

Months with no cheap deals and suppliers going bust have put us all on edge. We reveal what customers think of the surviving gas and electricity providers, plus what you might expect in 2022

More than three million energy customers faced uncertainty over the past year. Around two million have been transferred to a new supplier, while 1.6 million with Bulb are still awaiting the fate of their insolvent firm. We're all facing rising bills thanks to spiralling wholesale gas prices, but switching to a cheap deal is no longer an option: companies have withdrawn lower-priced tariffs or stopped taking new customers entirely. Meanwhile, the price cap, which was introduced in 2019 to ensure that prices are fair for customers who don't switch, is at its highest-ever level.

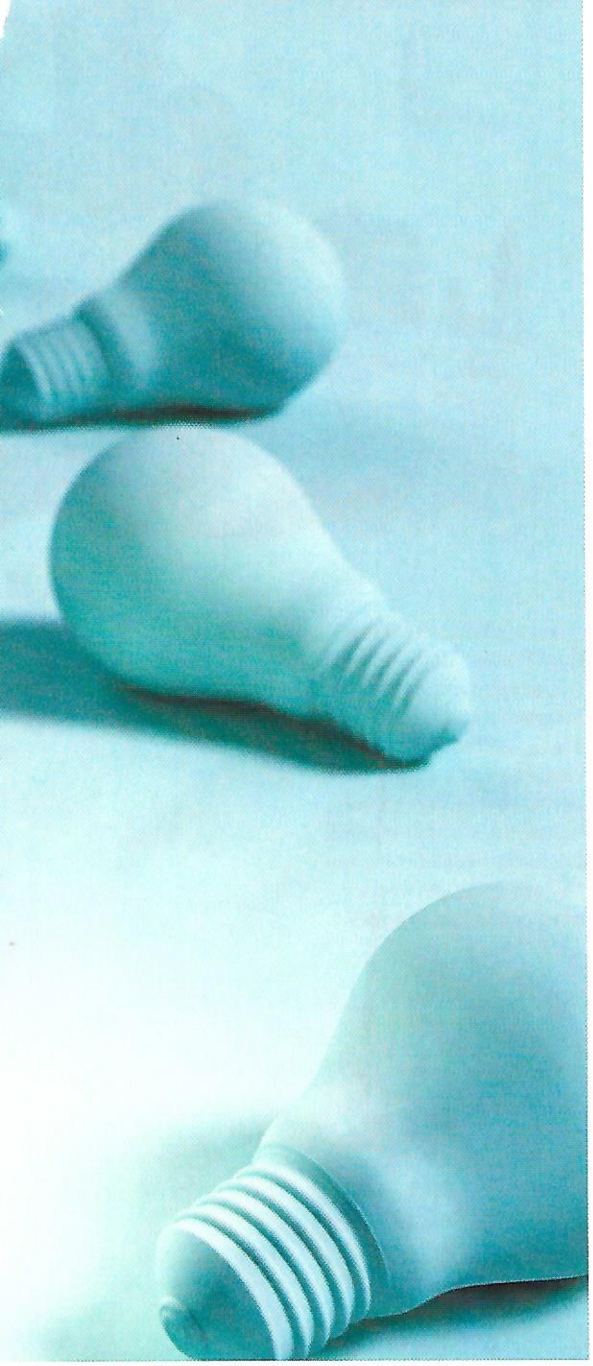
Twenty three domestic energy companies went bust between September and December 2021, including Avro Energy, Green, People's Energy, Pure Planet and Utility Point. Fewer than 30 providers are still trading, down from more than 50 at the start of 2021. We're getting questions from Which? members about why companies are struggling, whether prices will keep rising and what to do if your energy provider fails – here are the answers.

Crisis in the energy market

In early September 2021, two little-known suppliers with fewer than 100,000 customers combined ran into financial difficulty. Then the floodgates opened, with another seven suppliers swiftly following. Four more collapsed in October and nine in November, including the insolvency of seventh-biggest firm, Bulb. A few suppliers fail each year, but not on this scale.

Wholesale gas prices rose 250% between January and September, according to trade association Oil and Gas UK, and some of the highest electricity prices on record were seen in November. But companies can't easily raise their prices to match: the price cap limits charges for millions of out-of-contract customers, and many others have fixed-price deals.

The main reason firms have failed is that there's a lack of cash, explains Robert Buckley of energy consultancy Cornwall Insight. 'The price cap is £500 to £600 below the cost of



MANY CUSTOMERS NOW FACE THE UNSETTLING PROSPECT OF PAYING MORE FOR ENERGY JUST AS OUR HOMES ARE DARKEST AND CHILLIEST

supply. Investors know this. As a supplier, you want to buy energy at [a price] related to the price cap formula. If you can't, that's terminal. Some firms chose not to do that and they were the first companies to exit. Some did, but could only afford to buy so much because prices rose.'

Bulb, when announcing it was going into special administration in November, said: 'The rising energy crisis ... has concerned investors who can't go ahead while wholesale prices are so high and the price cap ... currently means suppliers provide energy at a significant loss.'

Pure Planet, which closed in October, said that despite planning through to next spring and beyond, the rules prevented it covering costs and that it was forced to sell energy at prices way below the true cost.

How long will this continue? Accountants Price Bailey predict that a further two thirds of the remaining smaller suppliers could go bust within 12 months of November 2021, based on their credit risk scores.

Energy price upheaval

Many customers now face the unsettling prospect of paying more for energy just as our homes are darkest and chilliest. And, frustratingly, cheaper deals aren't an option.

The price cap on default (out-of-contract) energy tariffs has previously been around £200 a year pricier than the cheapest deals. But as fixed tariffs soar above the level of the cap, it's now the best value for many.

That's despite the price cap reaching its highest-ever level in October. The rise is thanks to increased wholesale prices, in turn caused by: low gas storage levels, the diversion of Liquid Natural Gas (LNG) deliveries to Asia and South America (where demand and prices were higher), and fewer imports from Norway and Russia because of problems with the pipeline.

These sky-high wholesale prices mean we expect to see the cap rise again in April. Analysts predict that this could be by around 30%, adding nearly £400 to the annual bill of an average household.

Will your energy provider last?

It's hard to know what's going on behind the closed doors of energy suppliers. Unsurprisingly, they're unwilling to share details of their financial woes and are not always in a position to do so. Failed firm Pure Planet told its customers: 'Some may feel we could have said something about this sooner but ... our hands were tied by the legal process we have had to follow.'

Many companies are reassuring customers that they're in a good position. But it's difficult to make predictions about which will continue to hold up.

Matt Howard, head of insolvency and recovery at Price Bailey, said that failed firms have typically focused only on domestic customers, had relatively few people signed up and smaller profit margins. 'Big companies are well capitalised and take better hedging positions than smaller suppliers,' he told us. They often have 'reserves that the smaller ones don't, so are in a better position to absorb wholesale cost rises'. Robert Buckley from Cornwall Insight notes that 'companies that have survived so far have either had scale, a specialism (particularly around renewables), an effective trading strategy, or all three'.

If your energy provider closes, your energy supply and credit balance are protected by regulator Ofgem. You may be moved to another supplier or, if that's not feasible because your firm is too big, a special administrator will be appointed to run it in the short term. It's wise to take meter readings and download your latest bill or statement so that you have proof of your account balance and payments.

Your new tariff could cost more. Although it can't exceed the price cap, 29% of those we surveyed about their supplier transfer said they were paying more after being automatically switched when their company closed. Some 25% said it was slow to set up their account, so it could take a while to get your credit back: 20% said it took a month or longer, and another 18% said they hadn't had credit back yet. You'll still need to pay what you owe, usually to the old supplier's administrator. ➽

Ofgem advises that you don't switch until your account is set up so the process is as smooth as possible.

If a special administrator is chosen to run your firm (as with Bulb), nothing changes immediately. The company should run as usual until it's restructured, sold or customers move to another firm.

Our energy research

In turbulent times, it's invaluable being a customer of a supplier that provides good service. While some suppliers aren't accepting new customers at the moment – or advising that you're better off staying with your current firm – it's worth knowing which companies are worth the effort when switching is back on the cards.

We surveyed 8,803 members of the public in October 2021 and used their responses to rate 17 of the biggest energy firms.

For the first time, no supplier achieved any five-star ratings. That might be an unsurprising result after two years of lockdowns, rising bills and failing firms. Getting a lower price or better service were the two main reasons people chose their current supplier, and our results show big differences in the quality of customer service.

We're not out of the woods yet and many customers might not feel like they want to switch suppliers, especially if you've been burned by yours going bust. While cheap rates aren't available at the moment, keep our results handy over the next few months – spring and the new price cap may bring changes in the market, and reasons to consider changing suppliers again.

WE EXPECT TO SEE THE CAP RISE AGAIN IN APRIL – THIS COULD BE BY AROUND 30%, ADDING NEARLY £400 TO THE ANNUAL BILL OF AN AVERAGE HOUSEHOLD

octopus energy Recommended Provider Which?

OCTOPUS ENERGY 70% (1)

Top-scoring Octopus Energy has been a Which? Recommended Provider (WRP) five years running and is the only WRP for 2022. It's the only firm to get all four-star ratings, and it had the highest proportion of very satisfied customers in our survey. It stands out for payment accuracy too – no other firm equalled its four stars.

Its website is one of the most accessible. Its phone lines open fewer hours than rivals but it monitors emails (and Twitter) until 10pm daily.

It supplies more than 7% of households, including Co-op Energy and M&S Energy customers. It's saying not to switch to it at the moment, but says it's a 'well-backed, prudently hedged company and not going anywhere'. It never charges exit fees.

BRISTOL ENERGY 69% (2=)

Bristol Energy got four-star ratings for customer service and value, with the highest proportion of people rating it good. It had the highest percentage of customers who would recommend it but also the biggest proportion of people who had reason to complain in the last year, or did complain, about bills, customer service or switching. It doesn't charge exit fees to leave. Bristol Energy is owned by Together Energy (which we haven't rated this year as we didn't get enough responses in our survey).

OVO ENERGY 69% (2=)

Ovo is keeping its customers happy. It scored well for customer service and how clear its statements are, and people consider it good value for money. To get in touch with Ovo, you'll need to do so between 8am and 6pm on a weekday – only its live chat service is monitored for a few extra hours on Saturday morning. Some other suppliers are more flexible. Ovo supplies energy to Boost and SSE customers, sells boiler and central heating cover, smart home products and leases electric cars.

SO ENERGY 68% (4=)

So Energy achieved the same star ratings as higher-ranked Ovo Energy, but its customers were slightly less likely to recommend it than Ovo's. Though customer feedback was generally good, So Energy was among the lowest-scoring when we compared its procedures to those of other companies. Customer service isn't available outside of 8.30am to 5.30pm Monday to Friday and prepayment customers aren't able to top up online or via the app.

UTILITY WAREHOUSE 68% (4=)

Customers find Utility Warehouse good value for money with decent customer service. It bundles multiple home services into one bill, although its statements aren't as clear as higher-scoring rivals, our survey found. You can phone it six days a week, 8am to 8pm on weekdays, but it doesn't have the range of contact options as other suppliers (eg you can't get in touch via Facebook Messenger, Twitter or live chat).

BOOST 66% (6)

Boost is a pay-as-you-go-only supplier that's part of Ovo Energy. Its customer score is good, its ranking has improved since last year, and you can contact it in a variety of ways during extensive hours. But its customer service and payment accuracy are worse than closely ranked rivals. Half of customers in our survey said they had reason to complain in the past year, but, of those people, it had among the highest proportion satisfied with its problem resolution.

OUTFOX THE MARKET 62% (8)

Customers' opinions of Outfox the Market have changed dramatically since last year when it topped our table; it now has a middling customer score. This is mainly down to customer satisfaction: 94% were satisfied with it last year, compared with 75% this time. It's considered good value for money (the majority of customers joined it for a lower price), but several complained about direct debits increasing soon after they joined or when in credit. We didn't get enough responses to rate customer service in our survey.

ENERGY SUPPLIERS RATED

		WRP	Customer service (online or phone)	Payment accuracy	Statement clarity	Value for money	CUSTOMER SCORE
1	**Octopus Energy** (997)	●	★★★★	★★★★	★★★★	★★★★	**70%**
2=	**Bristol Energy** (140)		★★★★	★★★	★★★	★★★★	**69%**
2=	**Ovo Energy** (228)		★★★★	★★★	★★★★	★★★★	**69%**
4=	**So Energy** (91)		★★★★	★★★	★★★★	★★★★	**68%**
4=	**Utility Warehouse** (129)		★★★★	★★★	★★★	★★★★	**68%**
6	**Boost** (113)		★★	★★	★★★	★★★	**66%**
7	**Utilita** (205)		★★★	★★★	★★★	★★★	**63%**
8	**Outfox the Market** (70)		-	★★★	★★★	★★★★	**62%**
9	**Bulb** [a] (518)		★★★	★★★	★★★	★★★	**60%**
10	**British Gas** [b] (1,930)		★★	★★★	★★★	★★	**58%**
11	**EDF Energy** (845)		★★	★★★	★★★	★★	**56%**
12=	**Eon** (978)		★★	★★	★★	★★	**55%**
12=	**Sainsbury's Energy** (65)		-	-	-	★★★	**55%**
12=	**Scottish Power** (553)		★	★★	★★	★★	**55%**
12=	**SSE** (609)		★★	★★	★★★	★★	**55%**
16	**Shell Energy** (425)		★★	★★★	★★★	★★★	**53%**
17	**Eon Next** (342)		★★	★★	★★★	★	**51%**

USING THE TABLE Based on an online survey of 8,803 members of the public in October 2021. Customer score is based on satisfaction and likelihood to recommend. Customers rated other aspects of service, presented as star ratings. We need at least 50 responses to give a rating; a dash (-) means too few responses were received to calculate the specific rating. Sample sizes are in brackets. Which? Recommended Providers must achieve 70% customer score and score above average in our procedures assessment. Full results at **which.co.uk/energy-companies.** **a** Bulb was in special administration at the time of writing. It is operating 'as usual' for customers for the time being. **b** British Gas Evolve changed its name to British Gas in November 2021. All customers are now with the British Gas brand. British Gas Evolve had a customer score of 58%.

BRITISH GAS 58% (10=)

When we ran our research, British Gas had a new digital brand, British Gas Evolve, launched in 2020. There was little to separate them in our survey besides value for money, where the newer brand had the edge. But on 26 November 2021, British Gas Evolve changed its name to British Gas. British Gas explained 'customers have told us that British Gas is a name they know and trust' and that nothing would change for customers besides the name. All customers will be moved to the same new platform and services will be digital-first.

PHOTOGRAPHY: ALAMY

SCOTTISH POWER 55% (13=)

Although it's clear of the bottom of the table, Scottish Power was one of only two firms to get a one-star rating in our survey (the other is Eon Next). Scottish Power's single-star rating is for customer service. Several described it as 'terrible' and mentioned difficulties getting through on the phone. This is despite its phone lines being open long hours (8.30am to 7pm weekdays and Saturday mornings) and on lots of channels (with even longer monitoring hours). Besides gas and electricity, Scottish Power sells insurance, electric cars, solar panels and heat pumps.

SHELL ENERGY 53% (17)

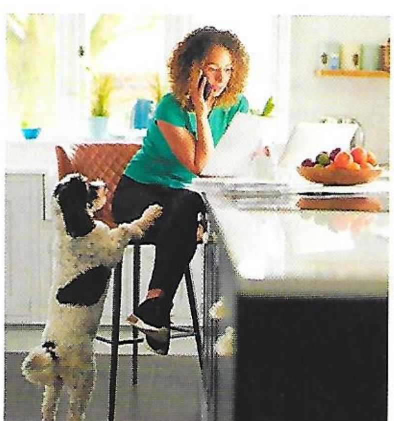
Shell Energy has gone down in customers' estimation since last year, when it finished mid-table. That's because customers were less likely to be satisfied with its service (58%) or to want to recommend it to others (52%) than last year. Yet it scores better for accurate payments, clear statements and value for money than several higher-ranked rivals. When we went to print, it wasn't selling fixed tariffs on its website.

EON NEXT 51% (18)

This new addition to the Eon group isn't off to a great start. It's the only firm to be rated very poor for value for money in our customer survey. But it scored better for statement clarity than its parent, Eon. A third of its customers in our survey were transferred to Eon Next when their supplier closed – most of them will have come from Npower after it became part of the Eon Group in 2020. Npower previously scored poorly in our survey.

KEEP THESE RESULTS HANDY – SPRING AND THE NEW PRICE CAP MAY BRING CHANGES IN THE MARKET

Your options for switching energy supplier this spring



With cheap deals practically non-existent, frequent supplier failures and others not taking new customers, now doesn't feel like the time to switch. Plus the price cap is likely to increase on 1 April.

But it might not be all bad news for your bills. The changes to the price cap will be announced in February, giving companies time to assess its impact. If providers can charge more for out-of-contract tariffs to cover the costs of buying energy, they may be able to sell cheaper fixed-rate tariffs again, although much depends on whether wholesale energy costs remain high. Keep an eye out and use Which? Switch (which.co.uk/switch) to compare tariffs.

For now, we run through your options to help you make the best decision:

- If you're on a fixed-rate tariff (where the daily standing charge and unit rate are set for the length of your contract), stay put unless it's much pricier than other tariffs you can buy. If you fixed your rates long-term in spring 2021 or earlier, definitely don't switch – the prices you're paying are likely to be much cheaper than anything available now.
- If you're on an out-of-contract tariff (also called standard variable or default), most currently cost the maximum allowed under the price cap. But they're often the cheapest deal your supplier is offering and the rates can't change until April. More of us are on these tariffs, having moved automatically to them when fixed deals ended and no cheaper deals were available. Look out for fixed deals in February and March before your prices increase from April.