



**Response to the Utility Regulator  
Call for Evidence  
Backbilling in the NI Retail Market**

**July 2018**

## **1. Introduction**

The Consumer Council is a non-departmental public body (NDPB) established through the General Consumer Council (NI) Order 1984. Our principal statutory duty is to promote and safeguard the interests of consumers in Northern Ireland (NI).

The Consumer Council welcomes the opportunity to respond to the Utility Regulator (UR) Backbilling in the NI Retail Energy Market Call for Evidence (CfE). An unexpectedly high energy bill is a common reason why low income households can be pushed into debt, and microbusinesses and third sector organisations into financial stress.

It is important that the UR delivers the backbilling project from a consumer perspective. To help analyse the potential impacts we ask the UR to align the evidence and proposals with The Consumer Council eight consumer principles: access, choice, safety, information, fairness, representation, redress and education. We believe that fairness and redress are particularly relevant to this issue of backbilling. We suggest as a guide the report from Consumer Future Unit report *Leading by Example*<sup>1</sup> as guide. This sets out the mechanisms that regulators and utility companies in Great Britain (GB) use to develop consumer-focused policy and practice.

## **2. Background**

A regulated energy backbilling policy does not exist in NI. The Consumer Council believes that this is not in the interest of NI consumers for the following reasons:

- It does not give energy and electricity suppliers an incentive to improve their billing systems and procedures as they have no legal obligation to write off consumers' bills;
- It provides an unfair balance of risk-reward between consumers and energy companies in respect of billing errors;

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<sup>1</sup> <https://www.cas.org.uk/publications/leading-example-principled-journey-through-regulation>

- It is not aligned with the consumer principles framework, in particular fairness and redress; and
- An unexpected high energy bill can push low income households into debt and microbusinesses and third sector organisations into financial distress.

The Consumer Council introduced a voluntary backbilling policy in October 2006, the Financial Remedy Framework for Complaints (FRF). This is a voluntary arrangement between The Consumer Council and some electricity and gas suppliers<sup>2</sup> to establish a consistent approach to resolving electricity and natural gas backbilling complaints. We have included a copy of the FRF in Annex 2.

The FRF has worked effectively in those complaints where suppliers adopted it. Initially it was designed for domestic consumers only, but in practice it has been applied to micro business complaints also. However, the FRF was a voluntary arrangement and not all suppliers adopted it. As such we always envisaged the FRF to be a stop gap until a compulsory and enforceable backbilling policy was introduced in NI.

We believe that the principles that underpin our FRF remain relevant and that the backbilling policy that the UR implements must follow these. In particular the following:

- NI consumers should not be worse off than gas and electricity consumers in GB; and
- Backbilling policy must apply to domestic and small non-domestic consumers<sup>3</sup>.

We note that Ofgem introduced licence modifications to electricity and gas supply licences to set out a 12 month backbilling limit effective from May 2018 for domestic consumers. The policy will be applicable to microbusinesses from November 2018.

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<sup>2</sup> Including Power NI, SSE Airtricity and firmus energy.

<sup>3</sup> Those in the 0-50MWh electricity sector and 0-73,200kWh for natural gas.

The Consumer Council believes that the backbilling provisions that Ofgem has introduced are the minimum level of protection that NI domestic and non-domestic consumers ought to be given.

### **3. The Consumer Council evidence**

The Consumer Council has compiled evidence to help inform the UR backbilling project. We have grouped our evidence around a number of issues relevant to the introduction of an energy backbilling policy in NI.

#### **Scope of backbilling issue and consumer impact**

Energy bills and the cost of energy are key issues for consumers in NI. The Consumer Council energy complaints<sup>4</sup> and The Consumer Council Insight Survey 2018 conducted in February 2018<sup>5</sup> reflect this. For example:

- Billing issues accounted for 35% of all the electricity complaints and 42% of natural gas complaints that The Consumer Council received during the period 1 April 2011 until 30 June 2018.
- The price of energy was the joint second most important issue for NI consumers<sup>6</sup>.

Our February 2018 Insight Survey also looked at how much cash consumers have left over each month after paying for all essential outgoings<sup>7</sup>. The key findings are shown below.

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<sup>4</sup> The Consumer Council has a statutory duty to investigate energy and natural gas complaints on behalf of consumers. A copy of our annual complaints and enquiries reports from 2004-2005 until 2016-2017 is available on [www.consumerCouncil.org.uk](http://www.consumerCouncil.org.uk).

<sup>5</sup> This survey was conducted by YouGov online in February 2018. 1,033 consumers resident in NI took part.

<sup>6</sup> 15% of consumers indicated that the price of energy was their top concern. Source: The Consumer Council Insight Survey February 2018.

<sup>7</sup> Including energy bills.

- Nearly one in five (18%) of consumers has less than £50 to spend after all essential bills have been paid each month. This would include utility bills.
- This figure is significantly higher for C2DEs (59%), those not working (62%), those with an income of <£20,000 (68%), renters (69%) and those with a disability (62%).

In order to put the £50 into perspective, the two case studies included in Annex 1 that apply to domestic consumers involved unexpected high bills of £1,400 and £2,700 respectively. Even if we take into account the typical average annual electricity and gas bills in NI, £497<sup>8</sup> and £540<sup>9</sup> respectively, this would be an amount that would push 20% of NI consumers and most of those deemed vulnerable into debt.

The Consumer Council believes that this stark evidence should prompt the UR and the electricity and gas industries to introduce a backbilling policy as a matter of urgency.

### **Comparison of NI-GB socio-economic indicators**

In the absence of an effective backbilling policy, an unexpectedly high energy bill can often push low income households into debt and micro businesses or third sector organisations into financial stress as we have evidenced in Section 2 of this response.

The evidence we provide in Table 1 shows that NI consumers are less resilient to the impact of backbills than in GB. For example:

- Median annual earnings in NI are 9.5% less than the UK median;
- Levels of over-indebtedness are higher in NI than in the UK (20% vs 15%);
- Weekly discretionary income is 47% lower (£107 v £201); and
- Confidence in managing money is lower.

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<sup>8</sup> Using 3,200kWh and Power NI's standard tariff at 24 July 2018.

<sup>9</sup> Using 13,200kWh and SSE's standard tariff in Greater Belfast at 24 July 2018.

This supports The Consumer Council's belief that an electricity and natural gas backbilling policy that at the very least provides the same level of protection and enforceability that Ofgem has set out for energy consumers in GB<sup>10</sup>, is urgently needed in NI.

Table 1. Key Differences Between consumers in NI and the average UK consumer.

	NI	UK	Source
% of UK Population	2.8%	100%	ONS (June 2018)
Median Average Earnings	£21,254	£23,474	ASHE (October 2017)
Weekly Discretionary Income	£107	£201	ASDA (June 2018)
Proportion of the population claiming Disability Living Allowance (DLA) or Personal Independence Payment (PIP)	11.3%	6.0%	DSD (2015 Figures)
No cash savings or savings under £5,000	56%	50%	FCA (June 2018)
Adults with savings less than £100	56.8%	44.0%	Money Advice Trust (2017)
Over-indebtedness	20%	15%	FCA (June 2018)
Low Understanding of Financial Issues	24%	17%	FCA (June 2018)

<sup>10</sup> Since May 2018 GB electricity and gas suppliers cannot ask domestic consumers to pay for unbilled energy used more than 12 months ago. Ofgem also requires suppliers to make these protections clear in their terms and conditions.

High confidence in managing money	26%	37%	FCA (June 2018)
Households in mortgage arrears	6%	3.4%	FCA (2017)
People without a bank account	10%	4%	The Consumer Council (2016)
Average personal loan per adult	£1,109	£745(GB)	UK Finance Postcode Lending data and Bank of England (2017)
Unemployment Rate	3.3%	4.2%	NOMIS (April 2018)
Economically Active	72.1%	79.0%	NOMIS (April 2018)
In Employment	69.7%	75.6%	NOMIS (April 2018)
Economically Inactive	27.9%	21.0%	NOMIS (April 2018)
Out of Work Benefits	3.1%	2.5%	NOMIS (May 2018)

## Legal and regulatory framework

### The Limitation (Northern Ireland) Order 1989

The Limitation (NI) Order 1989<sup>11</sup> applies to utility companies, amongst other entities. This legislation sets out that any billing adjustments are limited to a maximum of six years from date of notification of the error. Article 71 of the same order sets out provision for the postponement of the time limit when the party that has made the error “could with reasonable diligence have discovered it”.

<sup>11</sup> <http://www.legislation.gov.uk/nisi/1989/1339/contents/made>

While the provisions set out in the Limitation Order are clearly not in the interest of consumers, the UR ought to be mindful of them. Furthermore, the Northern Ireland Water (NI Water) decision to adopt 18 months limit for backbills in April 2017 indicates that a shorter time limit for backbilling which is in the interest of consumers is workable in NI.

#### Code of Practice on Complaints Handling Procedure

Condition 33.3 c&d of the electricity suppliers' licence and 2.8.3 c&d of the gas suppliers' licence sets out that the complaints procedure shall as a minimum:

- Facilitate the fair and prompt settlement of complaints and disputes; and
- Provide for a system of making a reimbursement and/or compensation payment to complainants.

While these obligations on suppliers are principled and sound, in practical terms they are vague and can be ineffective, particularly around issues such as backbilling.

The Consumer Council has anecdotal evidence from our investigation of backbilling complaints showing that the lack of a regulatory backbilling framework is having a detrimental effect on consumers' rights to prompt and fair redress of backbilling complaints. These type of complaints are typically difficult, take a long time to resolve and often leave the consumer dissatisfied with the outcome.

The Consumer Council believes that the introduction of an energy backbilling policy, preferably through licence modifications that the UR can enforce, will strengthen the operation of suppliers' complaints procedures to the benefit of consumers.



## **Backbilling in NI and GB**

In Section 2 of this response we have identified how the lack of a regulated backbilling policy or the operation of a voluntary backbilling framework is not in the best interest of consumers.

Since 2017 Ofgem and NI Water have introduced regulated backbilling policies that have enhanced the level of consumer protection for back bills. The examples and evidence outlined below set a regulatory precedent, that in our opinion strengthens the UR case to introduce provisions for electricity and gas companies here similar to the 12 months limit that Ofgem enforces in GB.

### GB (Ofgem)

Ofgem operated a voluntary backbilling policy from 2007 until April 2018 with a 12 month backbill limit. However, Ofgem identified that the voluntary arrangements had not been effective for consumers. In particular Ofgem identified the following:

- Some suppliers had continued to issue backbills to consumers for unbilled consumptions exceeding 12 months;
- Market changes since 2007 have meant that new entrants were not covered by the backbilling arrangement or did not follow them; and
- Unexpectedly high energy bills typically resulted in poor outcomes for consumers.

Following a period of public consultation Ofgem introduced modifications to the GB electricity and gas supply licences on 5 March 2018 prohibiting domestic and microbusinesses backbills exceeding 12 months, with the exception of instances where the billing error is the consequence of obstructive or unreasonable behaviour on the part of the consumer. The licence modifications comply and reflect the new policy.

## **NI (NI Water)**

Currently NI Water only charges non domestic customers for water and sewerage services. The company applied a six year statute of limitation for all backbills in direct application of the Limitations Order (NI) 1989 until 1 April 2017.

The Consumer Council stated that NI Water's six year statute of limitations policy was not in the interest of NI consumers for the following reasons:

- It did not give NI Water any incentive to improve its billing systems and procedures as it was guaranteed to recoup six years' worth of bills in all cases;
- It provided an unfair balance of risk-reward between consumers and NI Water in respect of billing errors; and
- It was not aligned with the consumer principles framework, in particular fairness and redress.

Following a negotiation between NI Water, UR and The Consumer Council, the company adopted voluntarily an 18 months maximum backbilling period for retrospective billing where the company has undercharged a customer. This was first set out in NI Water's Scheme of Charges 2017-2018. The policy change required ministerial approval given NI Water's public ownership.

## **4. UR Call for Evidence Questionnaire**

**Q1 to Q8** – These questions are directed to the electricity and gas industry, therefore The Consumer Council is not providing any evidence on these points

**Q9. Do you agree that prolonged periods without obtaining an actual meter read combined with inaccurate estimates, which subsequently leads to charging for consumption that is more than 12 months prior, should be defined as a backbill?**

Some of the respondents to the Ofgem backbilling consultation in November 2017<sup>12</sup> including Citizens Advice Bureau called for the introduction of a six month threshold definition, particularly for smart meter bills. The rationale for the suggestion is that a shorter time threshold will incentivise suppliers further to improve their billing systems and processes.

The Consumer Council FRF sets out a period exceeding six months to define backbill. For unbilled periods lasting between six and 12 months, the supplier would write off up to 25% of the bill. The percentage would increase up to a 100% write off if the supplier did not issue bills to a customer for more than two years or if the bills were inaccurate.

We note that the UR proposal to introduce a period longer than 12 months to determine what constitutes a backbill is consistent with the definition that Ofgem has adopted in its backbilling licence modifications and NI Water in its scheme of charges.

**Q10. Should customer credit resulting from overcharging be treated differently from backbills, and not have any time limit on the refund to be given to the customer?**

The Consumer Council believes that customer credit should be treated differently from backbills. However, a time limit may be required from a legal standpoint. For example, the Limitations (NI) Order 1989 sets out a six year statute of limitations.

The regulated NI Water operates two different time limits<sup>13</sup>:

- Where NI Water has overcharged a customer incorrectly, the company will make a retrospective credit adjustment up to a maximum of six years and offer a refund.

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<sup>12</sup> <https://www.ofgem.gov.uk/publications-and-updates/protecting-consumers-who-receive-backbills-statutory-consultation>

<sup>13</sup> NIW Scheme of Charges 2018/19 , clauses 9.20 to 9.22.

- Where NI Water has undercharged a customer incorrectly. It will make a retrospective debit adjustment up to a maximum of 18 months from the “date of discovery”.

We believe that the UR should apply the same principle to electricity and gas customers to reflect the fact that consumers expect to be billed accurately and suppliers have a number of obligations to endeavour to do so.

**Q11. Do you agree that scope of this project should include both domestic and micro-business customers?**

Yes. It is worth noting the importance and contribution that small businesses make to the NI economy and society. For example, 98% of all NI companies employ fewer than 20 people, providing 75% of all private sector jobs.

Small businesses in NI face some of the same problems as domestic energy customers but do not enjoy the same level of protection. For example:

- Energy costs have been identified as a major barrier impacting on business success (35%)<sup>14</sup>; and
- Five year survival rates for new small businesses dropped sharply between 2008 and 2013<sup>15</sup>.

It is important to assess the impact or benefit of including small businesses within the scope of this project using the consumer principles framework. In particular we believe that ensuring micro businesses are treated fairly and they have an adequate right to redress must be the drivers that inform the UR decision.

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<sup>14</sup> Source: The Contribution of Small Businesses to Northern Ireland, FSB and UU SME Centre, 2015.

<sup>15</sup> Ibid.

## Fairness

While micro businesses cannot be defined as vulnerable in the way it applies to domestic consumers, an unexpected large bill can cause a major strain on businesses' finances and have a profound negative impact on the viability of a microbusiness. Anecdotal evidence from the micro business complaints The Consumer Council has investigated shows that in the majority of cases small businesses were unable to pay the backbill amount upfront, which ranged from £5k to £31k in the cases studies that we have included in Annex 1. Even a repayment plan agreed with the supplier put a significant strain on the businesses' finances when added to the ongoing energy usage, compared to the deeper financial reserves of a large business.

It is The Consumer Council's view that it is only fair that small businesses receive a similar level of consumer protection in the energy market as domestic consumers in respect of the backbilling policy. Furthermore, this is the approach that Ofgem has adopted, when deciding that the same 12 months limit will apply to micro businesses in GB from November 2018<sup>16</sup>.

From an NI perspective, micro businesses are subject to NI Water's back billing policy. A summary of the policy is included in points 9.21 and 9.22 of the company's Scheme of Charges 2018-2019<sup>17</sup>. From the perspective of the principle of fairness, it is important that electricity and gas micro business consumers have at least the same level of protection that NI Water gives to water and sewerage customers. However, we support the 12 months' time limit rather than the 18 months that NI Water applies.

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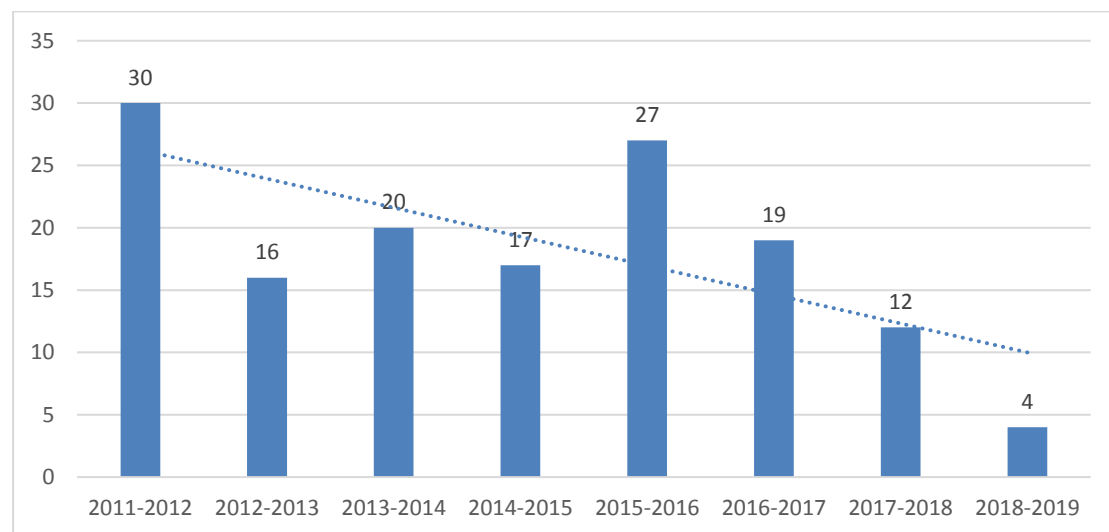
<sup>16</sup> <https://www.ofgem.gov.uk/consumers/household-gas-and-electricity-guide/who-contact-if-its-difficult-paying-energy-bills/energy-backbilling-your-rights> .

<sup>17</sup> <https://www.niwater.com/sitefiles/resources/pdf/watercharges/201819/niwaterschemeofcharges2018-19.pdf> .

## Redress

It is The Consumer Council experience that backbilling complaints are difficult, take a long time to resolve and the outcome often leaves the consumer dissatisfied. The reasons can be summed up in the lack of a regulatory energy backbilling policy.

Chart 1. The Consumer Council stage 2 NI Water billing complaints



The experience and evidence from NI Water suggests that the introduction of its backbilling policy in the 2017-2018 Scheme of Charges has improved significantly water consumers' right to redress. NI Water billing complaints received at The Consumer Council decreased by 37% between 2016-2017 and 2017-2018 with a further 67% decrease projected for 2018-2019. Furthermore, we have only received three backbilling complaints between 1 April 2017 and 30 June 2018. The improvement is reflective of the effectiveness of backbilling policies to help resolve complaints, as well as the incentive it provides to utilities to improve their billing and metering systems and processes.

## 5. Additional factors

The Consumer Council would like to bring to the attention of the UR the issue of who is responsible for resolving backbilling complaints.

Based on our experience of handling electricity backbilling complaints, electricity suppliers and NIE Networks can often dispute their liability to offer a financial settlement to resolve the complaint. The source of the disagreement originates with NIE Networks' role as the industry meter reader.

These disputes between NIE Networks and suppliers are detrimental to the consumer as they can:

- Extend the duration of the investigation;
- Cause confusion to the consumer who may not be aware of the difference between the companies; and
- Result in a lower financial outcome as neither NIE Networks nor the supplier takes full ownership for the complaint.

The Consumer Council believes that the backbilling policy that the UR introduces ought to be clear about the outcome for the consumer, and identify who is responsible for resolving the complaint.

## **6. Conclusion**

The Consumer Council welcomes the UR backbilling project. We trust that the UR finds the extensive evidence that we have presented useful and informative. It is our view that the evidence supports The Consumer Council view that a compulsory and enforceable energy backbilling policy is urgently needed in NI. Furthermore, it is only fair that NI consumers are given at least the same level of protection in this area than in GB.

If you require further information or you wish to discuss any aspect of this response please contact Paulino Garcia on 02890 251645 or by email at [Paulino.garcia@consumercouncil.org.uk](mailto:Paulino.garcia@consumercouncil.org.uk).

## Annex 1 – Case Studies

### **Energy back-billing case studies**

We have selected six case studies from the period 2014 – 2018 that are reflective of the issues we have faced investigating and resolving energy backbilling complaints. The selection represents a sample of the overall backbilling complaints The Consumer Council has investigated.

#### **Case Study 1**

A consumer had installed solar panels on his property and had an import/export meter fitted. During the installation he was shown how to read the meter and advised to submit regular reads to his supplier.

A few years later the consumer received a large electricity bill for over £2,700 from his electricity supplier. Through investigation The Consumer Council identified that the consumer had been reading the meter wrongly for a prolonged period of time resulting in the large arrears. Unfortunately the error had not been identified by the network operator, despite the consumer's readings being out of sync with actual reads taken by engineers. The consumer's reads were accepted over the engineer reads and passed to the supplier for billing purposes.

The Consumer Council worked with both the supplier and network operator to obtain a satisfactory resolution for the consumer and the arrears were reduced by £1,808.74. A repayment period of 24 months was also offered to the consumer to pay off the remaining arrears.

#### **Case Study 2**



The Consumer Council was contacted by a local takeaway business regarding a large back bill it had received from its electricity provider for over £31k. The electricity supplier had sent the bill to the business demanding payment in full, without any apology or explanation for the large arrears.

The Consumer Council acted on behalf of the business to establish the cause of the large arrears and to reach a fair resolution. It transpired that the electricity supplier had been incorrectly entering the meter readings provided for the business for a period of 2 two years, resulting in the large arrears.

The electricity supplier apologised to the business for the mismanagement of its account and for the stress and inconvenience caused. In recognition of the errors made on the account, the electricity supplier agreed to reduce the bill by 50% and proposed that the remaining £15,000 could be paid via a repayment plan agreeable to the business.

### **Case Study 3**

The Consumer Council was asked to investigate a billing complaint on behalf of a local poultry business. The business had received a telephone call from its electricity supplier advising that the account was in arrears of almost £5,000 due to an error with the meter readings for the premises which had gone unidentified for two years. The supplier was also demanding payment in full within six months.

The Consumer Council acted on behalf of the business to investigate the cause of the metering error and to negotiate a financial resolution. As a result of our investigation, the bill was reduced by almost £2,000 and the remaining balance was to be paid over 12 months.

### **Case Study 4**

A local charity contacted us regarding poor customer service and account management failures by its gas supplier resulting in arrears of over £5,000. We contacted the gas supplier on behalf of the charity and requested a full investigation of the issue. As a result of our involvement the balance was reduced by over £2,000 and a repayment plan was put in place to pay the remaining arrears.

### **Case Study 5**

The Consumer Council was contacted by a consumer who received a large electricity bill for over £1,400. In our dealings with the consumer it became apparent that she was vulnerable both physically and in terms of her mental health, and she was also struggling financially.

The consumer had concerns regarding the accuracy of the bill as it was based on estimated readings and covered a period of time when she was not living at the property. The Consumer Council contacted the electricity supplier and explained that due to the consumer's circumstances we were acting on her behalf to investigate the large bill she had received.

The electricity supplier reviewed the account and advised that the large bill had accumulated over several years, and had been calculated based on estimated readings as no actual meter readings had been provided since 2015.

In light of the consumer's circumstances, and as a gesture of goodwill the supplier agreed to:

- Recalculate the bill to account for the periods when the consumer was not living in the property;
- Apply the tariff rate in place at that time, which would reduce the arrears;
- Remove the Economy 7 meter that was installed in the property and replace it with a standard 24 hour meter;
- Offer the consumer a range of discounted payment options, including a keypad meter or direct debit;

- Adjust the repayment rate to take account of the consumer's financial difficulties; and
- Carry out a benefit check to ensure the consumer was in receipt of all the financial assistance she was entitled to.

As a result of these actions by the supplier, the consumer's bill was reduced by over £750 and she was given more time to pay the arrears. It also transpired that the meter was located outside the property; therefore meter readings should have been taken by the network operator on a regular basis. In light of this failing, it agreed to offer a £175 goodwill gesture to the consumer, which was used by the consumer to offset the balance on the account. The benefit check carried out led to the consumer receiving increased financial support.

## Financial Remedy Framework for Complaints – Oct 06

### Purpose

To establish consistency in approach in the application of a financial remedy for billing complaints received by the Consumer Council about energy suppliers.

### Principles

The principles that underpin a financial remedy framework for complainants are as follows:

- Customers must pay for their gas and electricity;
- Suppliers must bill their customers accurately, on the right tariff and regularly for the energy that they consume;
- Each complaint should be considered on an individual basis in order to reach a decision on the most appropriate outcome;
- Customers who get into debt through no fault of their own deserve more than an apology and a repayment plan;
- Northern Ireland consumers should not be worse off than gas and electricity consumers in Great Britain;

The Consumer Council will consider each case received and the individual circumstances of the complaint in the context of the framework. This is not an exhaustive list but the following factors will be taken into consideration when considering the appropriate level of financial remedy:

- Supplier's contribution to the complaint;
- Customer's attempts to rectify the problems;
- Level of detriment and inconvenience caused;
- Period over which the problem has existed.

The Consumer Council will endeavour to assist energy suppliers in the application of the framework, for example, by not pursuing unworthy or non-qualifying claims.

## Background to the proposal

This proposal is based on energywatch's model, which has been in place for a number of years. The model is applied in all complaints as a starting point and energywatch has indicated that they have had considerable success in applying the framework across complaints received.

The proposed framework is also in line with Ofgem's recommendations in July 2005 as a result of energywatch's billing supercomplaint. Specifically Ofgem recommended that:

1. Suppliers should, by July 2006, stop seeking payment from customers for any energy supplied where the supplier is at fault for not billing customers for 2 years, and
2. From July 2007, energy suppliers should stop seeking payment for unbilled energy where a supplier has failed to bill for over 12 months and is at fault for not doing so.

## Proposed financial remedy framework

The following is the proposed framework:

This framework is to be applied in circumstances in which:

- a. a domestic customer has not been billed or has been billed inaccurately for a substantial period of time,  
  
and
- b. the customer has pursued the supplier for a bill or provided meter readings which have not been acted on, or the supplier has billed inaccurately and now seeks to recover an unbilled sum.

In line with the above:

1. The total amount of the bill is written off if the bill has been inaccurate or the customer has failed to receive a bill for a period exceeding 2 years (from when the bill should have been sent by the supplier and therefore received by the customer).
2. In cases of less than 2 years the bill is reduced relative to the period in which the customer has been first billed inaccurately or has failed to receive a bill (from when the bill should have been sent by the supplier and therefore received by the customer), as follows:

- a. Unbilled/inaccurate bill is over 2 years old – 100% write-off
  - b. Over 18 months – 50-75% write-off
  - c. Over 12 months – 25-50% write-off
  - d. Over 6 months – up to 25% write-off
3. If the customer has not pursued the supplier for unsent bills, then the percentage write-off figures above should be halved.
4. The agreed balance (ie the amount of the bill less any reduction for the supplier failure) should be paid back to the supplier over a period which is no less than the period of failure to bill or bill inaccurately.
5. A longer period should be considered if on taking the customer's circumstances into account they cannot afford to pay the reduced amount within the time period above.



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