

Prepay Energy Customers Left With 'Hefty Price To Pay'

Those Britons who are paying for their energy through a prepayment scheme are losing out on millions of pounds, according to findings by a price comparison website.

March 14, 2008 (FPRC) -- In a study carried out by Moneysupermarket, it was revealed that the typical person meeting the cost of their utility bills via prepayment is paying out an average of 1,026 pounds 46 pence. However, by switching to pay by monthly direct debit, such a consumer would pay 853 pounds 96 pence. Overall, it claimed that prepaying Britons are missing out on total savings of 862.5 million pounds.

Due to difficulties with meeting the cost of household bills, it may also be possible that many consumers develop problems with other sources of financial constraint. Such areas could well include mortgage or rent costs, loans and store and credit cards.

Furthermore, it seems that those who choose to prepay for their gas and electricity with British Gas could be coming under most monetary pressures. Such consumers were indicated as paying out 1,143 pounds 59 pence, although by changing to direct debit costs would fall to 879 pounds 97 pence. Generating a total saving of 263 pounds 62 pence, this is the biggest amount of money among the six major energy providers. Npower customers were revealed to be able to be 221 pounds 17 pence better off by changing their method of payment. On the other hand, the smallest available saving is with EDF. However, even switching bill settlement methods here could save consumers just over 70 pounds.

Although Paul Schofield, head of utilities at the price comparison site, commended moves by chancellor Alistair Darling to increase spending on social tariffs, he stated that more could be done to help those at risk of fuel poverty. The moneysupermarket chief claimed that currently just 0.11 per cent of major energy firms' turnover is going towards low-rate deals and helping poorer customers.

Mr Schofield said: "The government will also be working with [gas and electricity watchdog] Ofgem and energy providers to treat prepayment customers fairly. Customers can shave hundreds off their bill by changing payment methods. Ironically, those on prepayment meters have a hefty price to pay and will find their annual bill 172 pounds 50 pence higher than those who pay by monthly direct debit. With five million customers on pre-paid meters, people are missing out on 862.5 million pounds a year in savings. I call on Ofgem to put pressure on the energy providers to support vulnerable customers and reduce prices for pre-paid customers."

The Moneysupermarket official went on to claim that "help is at hand" for those Britons who find that they are developing problems with paying off energy bills. Mr Schofield recommended that consumers should get in touch with their utilities provider who may be able to offer assistance on the likes of winter fuel allowances and special social tariffs.

People worried about their capacity to pay for energy bills might also wish to consider taking out a personal loan. In obtaining a cheap personal loan, it is possible that borrowers can quickly meet demands for payment on utilities and other areas of household spending. Indeed a quick loan could also be of assistance to those struggling with mobile phone costs. A recent study by the price comparison website indicated that on at least one occasion a fifth of mobile phone users have

received a bill that is more costly than previously anticipated.

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