

How to switch from a prepayment energy meter

Switching from a prepayment (or key card) meter to a credit meter (usually monthly billing via Direct Debit) will save you money on your energy bills

Switching allows you to take advantage of the more cost-effective “fixed Tariffs” and online tariffs available on the market. Here are Taurus Home Energy we share some tips on how to make the switch:



Some useful background information first.

In April 2021, the energy regulator, Ofgem, increased the Domestic Energy “Price Cap” for those on prepayment meters.

This price cap is the maximum amount suppliers can charge on their standard prepay tariffs, based on typical use, and it is reviewed in April and October each year.

How much the price cap is worth will depend on where you live and how much energy you use, so individual savings will vary. You may find you can save more by switching to a credit meter instead.

What is a prepayment meter?

A prepayment meter is a type of domestic energy meter that uses a ‘pay-as-you-go’ tariff and requires consumers to pay for their gas and electricity in advance. With a credit meter, you pay for energy used in the preceding month or quarter.

Energy is usually paid for by adding funds to a special key fob or smart card that is then inserted in to the meter.

Prepayment meters are usually used by lower income households or those that don't pass the credit check needed to pay for energy quarterly or monthly.

Customers who are in arrears on a credit meter might be moved to a prepayment meter, at least while they pay off their debt.

The current prepayment system is being phased out as each home will have a Smart Meter installed by 2024 (extended from 2020).

Why switch from a prepayment meter?

Households that have prepayment meters are paying over the odds for their energy supply to the tune of nearly half a billion pounds a year, new data claims.

More than four million prepayment meter customers are overpaying on their energy bills by an average of £94 a year each, when compared to those with a standard credit meter, according to research from Compare the Market.

One of the main reasons prepayment customers are likely paying more is due to their lack of choice when it comes to different tariffs with only four fixed deals available to them.

64 per cent of prepayment customers are on a Standard Variable Tariff, which are typically much pricier than fixed deals, with the average annual cost coming in at £1,195 – £39 more than a non-prepayment meter SVT.

It's possible to switch from one prepayment meter to another if you find a better tariff.

But it's still the case that the best deals and most competitive tariffs go to those customers on credit meters who pay for their energy monthly or quarterly, usually by direct debit.

The good news if you're on a prepayment meter is you can change it for a credit meter, switch to a cheaper tariff and instantly make savings on your energy bills.

However, unlike when you only switch supplier, switching from prepayment to credit means a new meter has to be physically installed in your home, and installation times can vary, especially since the Corona Virus outbreak.

This usually has to be done by your current provider (The Incumbent) . Once your meters have been switched to Credit Meters, you can agree a more competitive "Fixed" Energy deal on Direct Debit



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Although switching provider takes just 17 days, switching meters can take longer so you may have to wait before the savings really kick in.

There could also be a fee involved to cover the cost of the new meter and its installation – although this is usually only for the smaller suppliers.

If you owe money to your current energy supplier you can still make the switch provided you owe no more than £500, and you'll have to arrange a payment plan to get this debt settled.

So what exactly is involved in the switching process?

How to switch from a prepayment to a credit meter:

The first thing to do is contact your energy supplier to find out whether you'll be eligible for a credit meter.

This will typically involve them running a credit check on you, the results of which will help them decide if they think you'll be able to keep up with repayments.

If you pass the credit check, an engineer will be sent round to remove your current meter and install the new one (or re-programme your existing meters), which could be anywhere between a couple of days and a couple of weeks depending upon your supplier.

And even though you may be charged a fee to cover the cost of the installation, you might be able offset by the savings you will make by signing up for a cheaper tariff.

A charge is however unlikely, as energy suppliers like their customers on a new SMART Meter, and on a regular affordable monthly direct debit.

As each of the Big Six energy suppliers has its own rules around the replacement of prepayment meters, let's look at what's involved...

British Gas

Any decision will be subject to a credit check. British Gas will take away your prepayment meter and replace it with a credit meter for nothing, provided that you have no outstanding debts with them. They will also do this if you've moved into a new property where a prepayment meter is already installed.

EDF Energy

EDF Energy will also remove a previously installed prepayment meter and fit a credit meter free of charge, and the process can take up to a couple of weeks depending upon where you live, and the lead times set by the meter installers.

EDF Energy will only refuse to change the prepayment meter if you are using your prepayment meter to pay back money you owe. You will only be able to change it once you've paid back the full amount.

E.ON

E.on will exchange your prepayment meter for free, provided that it has not been fitted to recover debt, you pass a credit check and your account is up to date.

Npower

Npower will usually replace your current meter with a credit meter free of charge and this will typically take up to 10 days. However, you will need to be the bill payer and if you're a tenant, you'll need to check your tenancy agreement and get your landlord's approval to switch.

Npower asks that you have no debt on your account and six to nine months' good payment history.

If you're a new customer, you can usually change your meter if you have a good credit history. If you don't, Npower may charge a security deposit (up to £250 per fuel) or you can wait until you've made 12 month's worth of payments.

Scottish Power

Scottish Power will change your meter provided you have a credit check. You may be asked to pay a security deposit of around £150 per fuel before your meter can be changed.

Your deposit will be refunded, so long as you pay your bills on time over the course of the first year.

SSE (Now owned by Ovo Energy)

SSE will replace your prepayment meter with a credit meter provided you successfully pass a credit check.

Switch and Save

So if you are thinking about switching to a credit meter from a prepayment meter, it's well worth giving your supplier a ring to check you're eligible and get the ball rolling.

Once your new meters are installed, you can arrange a 12 month "Fixed" energy deal with your supplier. This will allow you to budget, know what is going out of your bank each month for your energy, and allows you to compare the market every year to make sure your tariff is competitive.

Check out the latest here → [**Which?** recommendations](#)

Regular annual reviews of your supplier and your tariff and an important part of money management. However, be aware that there are many suppliers, some of whom do not have as good a reputation as others.

To find out more visit <https://www.taurusutilityconsultants.co.uk/home-energy/> for some useful news and tips on energy saving

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