# Energy bill defaults reach record high as UK household debts surge past £3.8 billion



A significant financial crisis is unfolding across British households, as recent data indicates a record number of individuals have been unable to meet their energy bill payments. The Office for National Statistics (ONS) reported that in April 2025, more than 2.7% of direct debit payments for gas and electricity defaulted due to insufficient funds. This is the highest default rate recorded since the ONS began tracking this data in early 2019, and it starkly contrasts with the 0.9% rate observed prior to the onset of the global energy crisis.

The implications of these figures extend beyond mere statistics. Consumer advocates have raised alarms about the potential for rising energy debts and arrears, which had already reached an unprecedented £3.8 billion by the end of September 2024—an increase of £2 billion from the beginning of that year. This escalating debt reflects a broader trend, with around one in five UK households currently in arrears with their energy suppliers, and many of these customers owe more than £1,500.

Compounding this worrying financial picture, missed payments on loans—often relied upon by families to navigate increasing living costs—have also surged to nearly 3.9%. This marks a troubling uptick from around 2.1%, which was recorded during the summer of 2020 when pandemic restrictions resulted in many households inadvertently amassing savings. The current 2025 data, juxtaposed with historical lows, illustrates a rapid decline in financial stability, amidst an environment where energy prices remain among the highest globally, primarily due to the UK's heavy reliance on gas for both electricity generation and home heating.

Simon Francis, the coordinator at the End Fuel Poverty Coalition, expressed that the figures should be alarming to the Treasury. He emphasized that the ongoing crisis of energy bills is far from over, stating that this trend poses an unsustainable path for consumer energy debt. Francis has urged the energy regulator Ofgem to expedite the introduction of a proposed debt-relief scheme, which could provide much-needed relief to those who have fallen behind on their bills. Although Ofgem closed a two-month consultation in February, a response is yet to be published, raising concerns about the timeliness of potential solutions.

The stark financial realities are echoed in a report from StepChange, which revealed that clients are now, on average, £3,911 in arrears on household bills—reflecting a 25% rise since 2023. Energy-specific arrears have spiked by 28% year-on-year, with typical debts increasing from £1,485 to £2,340 in just one year. This situation highlights a growing burden on households, where nearly 36% of adults in Great Britain reported significant difficulty affording their energy bills, with women disproportionately affected.

As energy prices fluctuate and the government grapples with how to address increasing levels of fuel poverty, the urgency for implementing effective debt management strategies has never been greater. The interplay of rising costs, payment defaults, and escalating arrears underscores not only the fragility of consumer finances but also the systemic challenges facing the UK energy sector. The data paints a concerning portrait of an economy increasingly strained under the weight of energy debt, prompting calls for immediate and comprehensive action to support struggling households.

### Reference Map

1. Sources [[1]](https://www.theguardian.com/money/2025/may/15/default-rate-for-energy-bill-direct-debits-hit-record-high-last-month-says-ons), [[2]](https://www.theguardian.com/money/2025/may/15/default-rate-for-energy-bill-direct-debits-hit-record-high-last-month-says-ons), [[3]](https://www.baringa.com/en/industries/energy-resources/energy-retail/uk-customer-debt-energy-suppliers/), [[7]](https://www.gov.uk/government/publications/committee-on-fuel-poverty-annual-report-2024/can-fuel-poverty-be-ended-committee-on-fuel-poverty-annual-report-2024) inform the overall context of payment defaults and energy debt levels.
2. Sources [[4]](https://www.ons.gov.uk/economy/economicoutputandproductivity/output/bulletins/economicactivityandsocialchangeintheukrealtimeindicators/20march2025), [[5]](https://www.mortgagesolutions.co.uk/news/2025/03/24/household-bills-arrears-are-on-the-up/), [[6]](https://www.ons.gov.uk/peoplepopulationandcommunity/wellbeing/bulletins/publicopinionsandsocialtrendsgreatbritain/february2025) add background on loan payments and the general financial difficulties faced by households.
3. Additional concerns regarding the implications of energy price reliance and regulatory needs are taken from source [[7]](https://www.gov.uk/government/publications/committee-on-fuel-poverty-annual-report-2024/can-fuel-poverty-be-ended-committee-on-fuel-poverty-annual-report-2024).

Source: [Noah Wire Services](https://www.noahwire.com)

## Bibliography

1. <https://www.theguardian.com/money/2025/may/15/default-rate-for-energy-bill-direct-debits-hit-record-high-last-month-says-ons> - Please view link - unable to able to access data
2. <https://www.theguardian.com/money/2025/may/15/default-rate-for-energy-bill-direct-debits-hit-record-high-last-month-says-ons> - An article from The Guardian reports that in April 2025, over 2.7% of direct debit payments for gas and electricity defaulted due to insufficient funds, marking the highest default rate since records began in early 2019. This rate is three times higher than the 0.9% recorded before the global energy crisis. Additionally, missed payments on loans have climbed to nearly 3.9%, surpassing the 2.1% rate observed during the summer of 2020. Consumer campaigners express concern that these trends will lead to higher overall energy debt and arrears, which reached a record £3.8 billion at the end of September 2024, a £2 billion increase from the start of 2022. The article emphasizes the need for urgent government intervention to address the escalating energy debt crisis.
3. <https://www.baringa.com/en/industries/energy-resources/energy-retail/uk-customer-debt-energy-suppliers/> - Baringa's analysis reveals that UK consumers owe a combined £3.8 billion to energy companies, up from £2 billion two years ago. This unprecedented debt level indicates that one in five UK households are currently in debt to their supplier, with the average indebted customer owing more than £1,500. The report highlights the severity of the energy debt crisis and the potential for further escalation if energy price caps continue to rise.
4. <https://www.ons.gov.uk/economy/economicoutputandproductivity/output/bulletins/economicactivityandsocialchangeintheukrealtimeindicators/20march2025> - The Office for National Statistics (ONS) reports that in February 2025, the seasonally adjusted 'Total' Direct Debit failure rate increased by 2% compared to the previous month. This rise was partly due to a 4% increase in failure rates for 'Loans' and a 2% increase for 'Mortgages'. However, 'Electricity and Gas' and 'Water' categories saw decreases of 2% and 1%, respectively, over the same period. The data provides insights into the financial challenges faced by UK households in managing direct debit payments.
5. <https://www.mortgagesolutions.co.uk/news/2025/03/24/household-bills-arrears-are-on-the-up/> - An article from Mortgage Solutions highlights a significant increase in household bill arrears, with the average StepChange client now £3,911 in arrears on household bills, a 25% rise from £3,124 in 2023. The report also notes a 28% year-on-year increase in energy arrears, with the typical amount owed rising from £1,485 to £2,340 in 2024. The article underscores the growing financial strain on UK households and the need for effective debt management strategies.
6. <https://www.ons.gov.uk/peoplepopulationandcommunity/wellbeing/bulletins/publicopinionsandsocialtrendsgreatbritain/february2025> - The Office for National Statistics (ONS) reports that 36% of adults in Great Britain found it very or somewhat difficult to afford their energy bills, with women (39%) more likely to report this than men (33%). The data reflects the ongoing financial challenges faced by a significant portion of the population in managing energy expenses.
7. <https://www.gov.uk/government/publications/committee-on-fuel-poverty-annual-report-2024/can-fuel-poverty-be-ended-committee-on-fuel-poverty-annual-report-2024> - The UK government's Committee on Fuel Poverty Annual Report 2024 discusses the increasing energy debt burden on households, noting that total energy debt had risen from £2 billion to £3 billion during 2023. The report highlights the deepening financial challenges faced by consumers and the need for comprehensive strategies to address fuel poverty and energy debt.