

**PREPAYMENT
METER
FRAUD
INDUSTRY
UPDATE**

**TOP-UP
SAFE
STOP METER
CHEATERS**

Energy companies have uncovered a doorstep scam which seems to offer cheaper electricity meter top-ups but just ends up with customers paying twice. 114,000 customers of the leading energy companies have been involved and in theory 3.7 million customers could be affected by this fraud. This update reveals the hotspot areas worst affected by this illegal activity and what actions the industry is taking to combat this fraud.

Background to prepayment meters

Electricity prepayment meters allow customers to pay in advance for their energy, using a special key with their electricity meter. The key is “topped-up” with credit every time the customer pays for electricity at an official outlet. The customer then returns home, puts the key in their meter and continues to use electricity.

There are a range of official outlets where customers can purchase “top-up” legally – such as shops or garages offering PayPoint or Payzone facilities and at the Post Office. Paying for gas and electricity in advance in this way can help customers to budget and is a popular way for many customers to pay for their energy.

Criminal activity

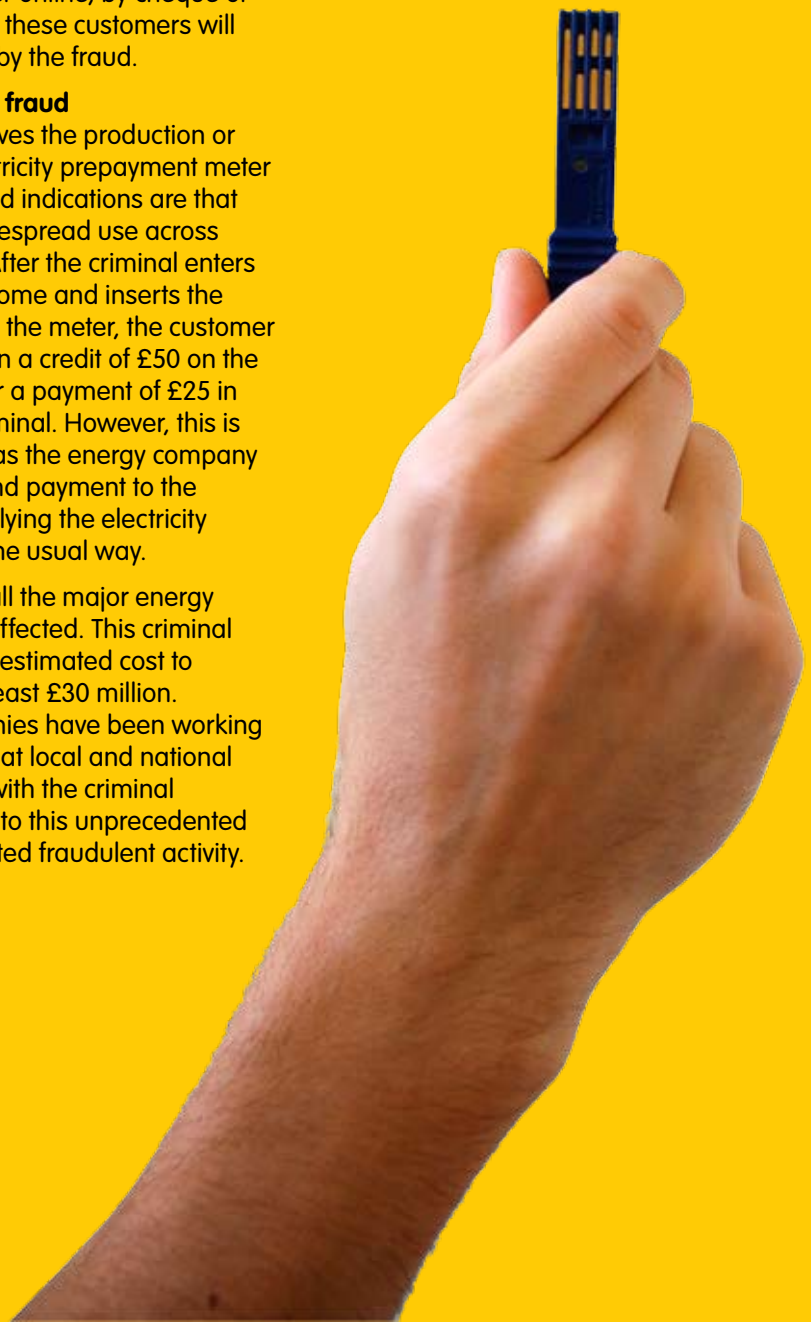
Energy companies have become aware that criminals are now offering illegal electricity top-ups to people who use prepayment meters. This is a serious, organised criminal activity involving gangs operating on the doorstep, selling credit to people – illegally – in their homes. The criminals often claim to be offering a discount. But anyone who buys electricity top-ups this way will end up paying for their electricity twice, as they have paid a criminal, and will still have to make a payment to their electricity supplier. Energy companies can detect when the fraud has taken place. That is why Energy UK and the energy companies are urging customers to steer clear of the criminals involved in this scam, and always to buy their electricity top-up through the proper, legal means.

This risk only applies to people with electricity prepayment meters. There are about 3.7 million of these meters in homes across the country. Most people don't have prepayment meters – they have a standard credit meter instead, and pay for their electricity after they've used it, whether online, by cheque or direct debit. All these customers will be unaffected by the fraud.

Explaining the fraud

The fraud involves the production or cloning of electricity prepayment meter top-up keys and indications are that they are in widespread use across Great Britain. After the criminal enters a customer's home and inserts the cloned key into the meter, the customer appears to gain a credit of £50 on the meter, often for a payment of £25 in cash to the criminal. However, this is “false” credit, as the energy company can detect it and payment to the company supplying the electricity is required in the usual way.

Customers of all the major energy suppliers are affected. This criminal activity has an estimated cost to industry of at least £30 million. Energy companies have been working with the police at local and national level to assist with the criminal investigation into this unprecedented and sophisticated fraudulent activity.



Hotspot activity

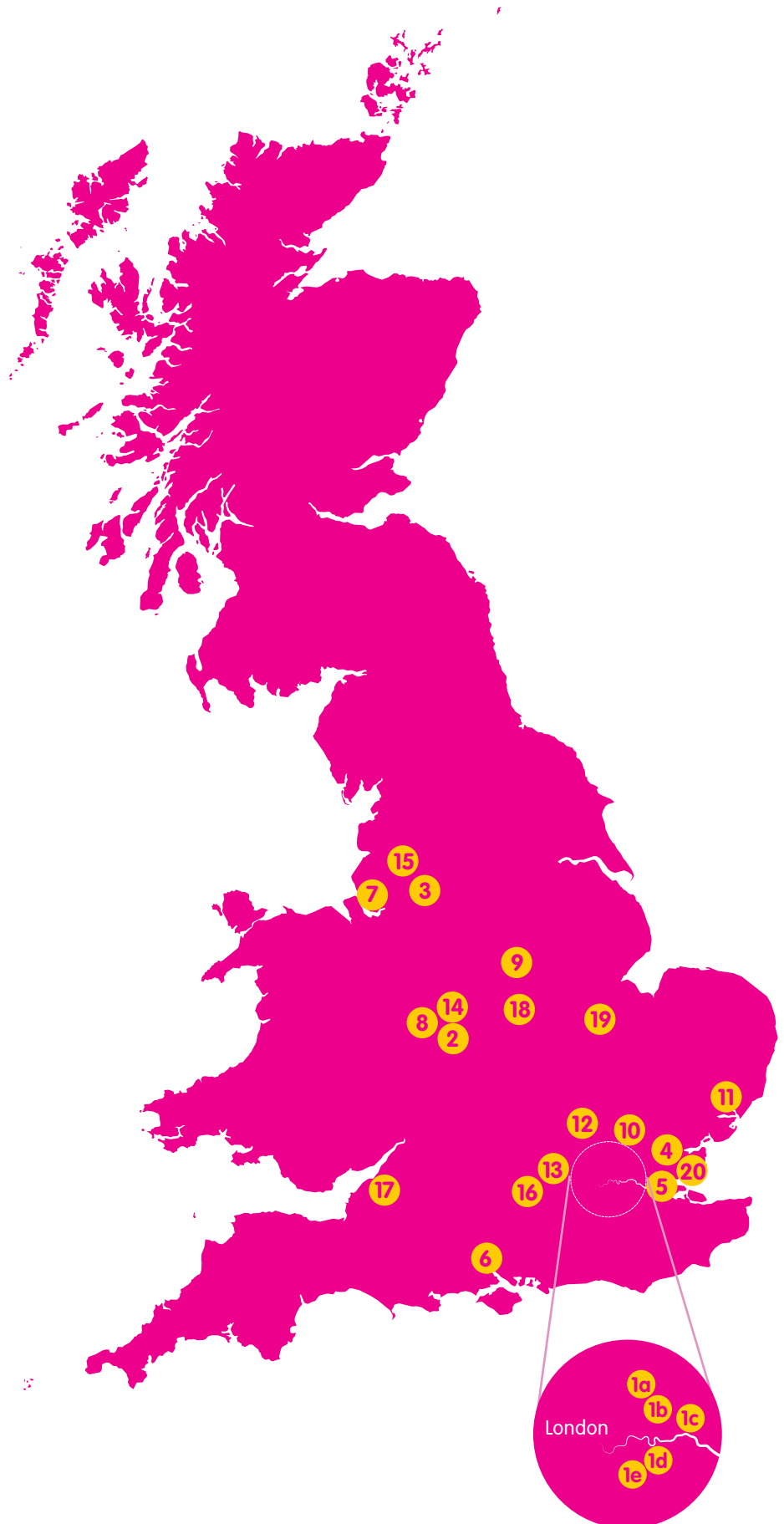
114,000 people have been involved in prepayment meter fraud, and in theory 3.7 million people could be affected. Data from the leading energy companies – British Gas, EDF Energy, E.ON, npower, Scottish Power and SSE – shows that the fraud is hitting customers across the country. The worst affected areas range from big cities like London, Birmingham and Manchester to towns such as Southend-on-Sea in Essex and Ipswich in Suffolk.

A national awareness campaign was launched in September with coverage in the national press, TV, radio and in the local media. In November, the awareness campaign visited hotspot areas: Liverpool, Manchester, Birmingham, Southampton and London.

Research has revealed that those most likely to obtain illegal top-ups are people aged 18-35, either in their 20s and living in shared accommodation or in their 30s, unemployed or on low income and single. Although these are the most likely to be affected, research has shown that those affected range across income groups, ages and families.

The top 20 hotspots in order of illegal activity are:

1. London
 - a: Enfield
 - b: Haringey
 - c: Barking and Dagenham
 - d: Croydon
 - e: Lewisham
2. Birmingham
3. Manchester
4. Basildon, Essex
5. Thurrock, Essex
6. Southampton
7. Liverpool
8. Wolverhampton
9. Nottingham
10. Broxbourne, Hertfordshire
11. Ipswich, Suffolk
12. Luton, Bedfordshire
13. Slough, Berkshire
14. Sandwell, West Midlands
15. Salford, Greater Manchester
16. Reading
17. Bristol
18. Leicester
19. Peterborough
20. Southend-on-Sea, Essex



How the industry is tackling the problem

Once the prepayment meter fraud came to the attention of energy companies, the industry took immediate action. The industry has been working with the Police, the Serious Organised Crime Agency (SOCA), the Association of Chief Police Officers (ACPO), Consumer Focus and Crimestoppers to trace the criminals involved, stop the crime and stamp it out.

The Police have already made 12 arrests in Kent, four in Haringey and more are expected in other areas of the country. The majority of arrests have been for 'abstraction of electricity', however police are targeting the criminal organisations responsible and two arrests have also been made for conspiracy to defraud the energy company. One person has been charged with 'abstraction of electricity' and has been sentenced to 80 hours unpaid work.

A team of security and prepayment meter experts was immediately put together to investigate technical solutions and review security arrangements of the current meter technology and meter key.

Companies have contacted customers individually, not just those affected directly, but also thousands of other prepayment meter customers to warn them the fraud may be taking place in their area and not to get involved.

The energy industry has launched a national awareness campaign with Energy UK including a dedicated website to advise the public at www.top-upsafe.com, leaflets and flyers sent to hundreds of thousands of customers and special warnings printed on till receipts from official top-up outlets. We're using every avenue possible to stamp it out and are calling on customers to ensure they don't get involved with this criminal activity.

1000s CONNED IN ENERGY METER SCAM

Thousands in city conned by cheaper energy scam

THOUSANDS of Glasgow householders have been hit by a fake energy scam. It has been found that scammers in Glasgow have been charged with having tampered with their meters after criminals hacked a pre-payment top-up system.



Warning as thousands are hit by cut-price electricity scam

THOUSANDS of Scottish families have fallen victim to a cut-price energy scam after buying illegal electricity from door-to-door canvassers.

Energy companies can detect the fraud and you will not be paying more for your electricity than the normal and then in some cases you may be charged more.

Cash point with Graham Hiscott

Beware leccy card shysters

CON artists are going from door to door selling fake pre-pay electricity cards to hard-up households. They offer £50 of extra credit for £25 - and those who agree even see the money on their electricity meter. But suppliers can detect the meter has been topped up illegally and the electricity credit is wiped off. Households not only lose the money they have given the scammers - but also have to pay the energy company for any electricity used before the fake credit is discovered.

Scam on leccy bills

MORE than 85,000 households using pre-paid electricity meters have been conned by a doorstep scam selling cheap top-ups, it emerged yesterday.

Some customers were offered £50 of electricity top-up for £25. But no goes to e And se had to suppliers fraud an for the u Industr UK se should top-ups sites. A "This is widespre

Warning on illegal sale of electricity top-up cards

ALAN JONES

CONSUMERS were warned yesterday about a doorstep scam offering them cheap electricity but ending up costing them twice as much for their energy.

Consumer Focus and energy companies said an estimated 85,000 households had been affected by the illegal sale of electricity meter top-ups.

Some customers were offered £50 of electricity meter top-up for a cash payment of £25, but ended up paying twice because the money was not going to energy suppliers.

A national campaign launched yesterday urged electricity prepayment meter customers to buy top-ups only through official channels.

Christine McGourty, director at Energy UK, which represents all the leading energy companies, said "This is a serious and widespread scam and we're launching the Top-Up Safe campaign to urge customers to steer clear of the criminals behind it, just like when you buy something fake online - like a ticket for a football match or a music concert - you're the one who'll end up losing out in the end."

"Energy companies can detect the fraud and you'll end up paying twice for your electricity, first to the criminal and then again to your energy company, which can always detect when electricity has been used, but not paid for through the proper channels."

Mike O'Connor, chief executive of Consumer Focus, said: "This despicable scam is putting cash in the pockets of criminals and defrauding thousands of people who are already hard pressed in this economic climate." Crimestoppers' director of operations Dave Cording added: "If anyone knows someone selling illegal electricity top-ups, please contact Crimestoppers anonymously on 0800 555 111 or

Electricity meter scam alert issued

CONSUMERS were today warned about a doorstep scam offering them cheap electricity but costing them twice as much for their energy.

Consumer Focus and energy companies say an estimated 85,000 households have been affected by the illegal sale of electricity meter top-ups.



CHRISTINE MCGOURTY Energy UK 06:48 BREAKFAST



One customer in Manchester has reported that he was threatened with a petrol bomb attack if he refused to top-up.

Incidents of threats

Energy companies have recently become aware of intimidation of customers taking place on the doorstep. In some instances there have been reports that criminals have been imitating energy company employees. In other cases, the public have been approached by people asking them to purchase in public places such as shopping centres, so it's becoming clear that the risk may not be just at home.

In one example, a customer in the South East was being forced to illegally top-up by her own brother-in-law. He was reported to be driving around with an accomplice in a van and putting the key in the meter, then demanding money afterwards. In a more shocking development, one customer in Manchester has reported that he was threatened with a petrol bomb attack if he refused to top-up illegally. This shows the serious nature of the crime and the lengths that some criminal gangs will go to.

Top-up Safe campaign

The Top-up Safe campaign is run by Energy UK with the aim of raising awareness of the risks of prepayment meter fraud. The campaign is supported by Consumer Focus and Crimestoppers.

The core messages of the campaign are:

1. Only buy credit for your prepayment electricity meter from official outlets such as the Post Office, PayPoint or Payzone, or you'll end up paying twice
2. If anyone offers you energy top-ups on the doorstep, they are trying to involve you in criminal activity
3. Don't be fooled. Energy companies can identify homes using electricity but not paying for it.
4. Contact Crimestoppers on 0800 555 111 if you have any information about this crime.



Q&A

Q. When was the fraud first detected by energy companies?

A. Energy companies first recognised this as a major widespread issue in summer 2010.

Q. How many customers have been affected?

A. There are over 3,700,000 prepayment meter customers and over 114,000 of these customers are thought to have been affected by this fraud. Some have topped up illegally more than once bringing the total number of illegal transactions to 165,000.

Q. Are customers aware they are topping up illegally?

A. The majority of customers involved are aware that they are being sold energy by someone involved in fraudulent activity and that the money they paid is unlikely to go to their energy supplier.

Q. What about customers who have been genuinely duped?

A. Energy companies recognise that some customers may have been genuinely duped by people selling illegal top-ups. They are therefore treating customers sympathetically and on a case-by-case basis.

Q. What should a customer do if they think they have been affected?

A. Customers should contact their electricity supplier (see the numbers below), or Consumer Direct on 08454 04 05 06. If they know of anyone illegally selling electricity meter top-ups, they should contact Crimestoppers anonymously on 0800 555 111.

- Atlantic 0800 980 0419
- British Gas 0800 980 4365
- EDF Energy 0800 056 2357
- E.ON 0845 302 4284
- npower 0845 070 4853
- Scottish Hydro 0800 980 0415
- Scottish Power 0845 270 3333
- Southern Electric 0800 980 0418
- SWALEC 0800 980 0425

Q. What type of meters are involved?

A. Only electricity prepayment meters are involved. Customers with a prepayment meter use a special "key" to top-up with credit. They then insert the key in the meter and that is how they pay for the electricity they use. About 3.7 million people in Britain use electricity prepayment meters. Gas meters are not affected.

Q. What are electricity prepayment meters?

A. Electricity Prepayment meters are used by more than 3.7 million customers in England, Wales and Scotland.

Customers are provided with a plastic key by their supplier which is the means by which they can purchase credit for their electricity supply. Customers purchase credit (ranging in value from £5 to £50) for their electricity supply from an approved retail outlet including Post Office, PayPoint and Pay Zone. The credit is applied to the key using a fixed terminal at the approved outlet.

Q. How should customers buy top-up for their prepayment electricity meter?

A. Customers should only buy electricity top-up from official outlets such as shops and garages offering PayPoint or Payzone, or at Post Offices. Electricity companies never sell top-up door-to-door, only through official outlets.

Q. What will happen to customers affected?

A. Customers will have to pay their electricity company for the electricity they use. Customers who have bought energy sold by criminals will end up paying twice as the crime can be detected. Only the criminal benefits from this fraud.

Christine McGourty, Director at Energy UK, which represents all the leading energy companies:

"This is a serious and widespread scam and we're launching the Top-Up Safe campaign to urge customers to steer clear of the criminals behind it. Just like when you buy something fake online – like a ticket for a football match or a music concert – you're the one who'll end up losing out in the end."

Audrey Gallacher, Head of Energy at Consumer Focus:

"It is very worrying that the number of people affected by this scam continues to rise. Consumers should beware of anyone selling electricity credit on their doorstep. Thousands of hard-pressed households have already found their hard-earned cash ending up lining the pockets of criminals, instead of paying for their energy. Any customer worried that they may have been affected should call their energy supplier or Consumer Direct to seek advice."

Detective Constable Steve Dingwall, Kent Police:

"We're taking this type of fraud very seriously. We have executed a number of warrants at addresses across the area and made a similar number of arrests. The majority of those arrested were cautioned for abstraction of electricity, but we are particularly targeting criminals and organisations responsible.

Two people were arrested for conspiracy to defraud the energy supplier and these individuals are currently on police bail.

One person was charged with abstraction of electricity and has appeared in court. He was sentenced to 80 hours' unpaid work and ordered to pay £85 costs."

Dave Cording, Crimestoppers' Director of Operations:

"I would like to take this opportunity to warn the public about this scam and would urge anyone who is approached with an energy meter top-up on your doorstep to not get involved.

However, I would urge anyone with information about who is trying to sell illegal top-ups to contact the charity, Crimestoppers anonymously on 0800 555 111 or our on line service at www.crimestoppers-uk.org"

Superintendent Chris Barclay, Haringey Police:

"We regularly urge residents to be wary of unsolicited doorstep callers and the message of this campaign is clear - Don't buy electricity meter top-ups at doorstep. This campaign will inform people that this type of fraudulent activity is taking place and help them take action to avoid becoming a victim and having to pay out twice for their energy. Any customer worried that they may have been affected should call their energy supplier. If you have information about this or any other crime, contact Crimestoppers anonymously on 0800 555 111. Police will continue to work with energy companies to identify offenders and bring them to justice."

Andy Baker, Deputy Director, Serious Organised Crime Agency (SOCA):

"Times are tough for many in the UK, so whether the motive is securing a genuine bargain or getting free electricity through deception, these offers will be tempting. When suppliers detect the fraud it becomes clear that nobody has benefited except the organised criminals who control it. Hard-pushed families and businesses can't afford to lose out from this kind of swindle, so if an offer seems too good to be true, that's exactly what it is."

energyuk

The Pre Payment Meter Fraud campaign is run by Energy UK and funded by the six major electricity and gas suppliers in Great Britain.

www.top-upsafe.com

