

# Renting Privately - Utilities

This information provides advice on:

- What are utility bills?
- Ofgem Maximum Resale Prices - Gas & Electricity (Energy)
- Ofwat Maximum Resale Prices - Water
- Tenant Fees Act 2019 - How to complain about being charged above the Maximum Resale Prices
- Get help with your energy bills

*This information is not intended as an authoritative interpretation of the law, only the Courts can do that. Neither does this information cover every case. For further guidance, it may be advisable to seek legal guidance from a solicitor.*

## What are utility bills?

Utility bills are payments for essential services like gas, electricity and water. If you are renting you might have to pay for utilities in these ways:

- rent that includes utility bills
- a bill from the utility supplier
- a service charge for utility costs
- prepayment meter

## Gas and Electricity (Energy):

*Your Rent includes energy costs*

In some tenancy contracts all your bills are included within your rent and your rent is the same however much energy you use. Although unusual, the landlord or letting agent may have reserved the right in the contract to charge a supplement if energy prices rise. As long as the clause is fair then landlords will be able to pass on the price rises to their tenants.

*You pay for your energy costs directly*

If under the terms of your tenancy contract you are directly responsible for paying the energy bill directly to your energy provider, you have the right to switch supplier at any time. You do not need your landlord's permission to switch supplier if you pay the bills.

On occasion, a landlord or letting agent may include a default supplier within the tenancy agreement. This is known as a 'default supplier clause'.



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The landlord or letting agent must give you the details at the outset of applicable tariffs and charges such as energy rates and exit fees. However, you are still entitled to switch supplier if you are responsible for paying the energy bills but you may be liable for any termination or exit fees.

You should also check whether the tenancy agreement requires you to return the account to the original supplier, or the original meters if you have them changed, at the end of the tenancy.

[Further information on switching energy supplier can be found here from Ofgem.](#)

### *You pay a service charge for energy*

If you pay a service charge for the supply of energy to your home, your landlord is not allowed to make a profit from reselling utilities to you as a tenant.

If your landlord uses a meter to measure your individual energy usage, your landlord should use this to work out your charge. If there is only one meter for a number of tenants, such as in a HMO, your landlord must have a logical method of working out how much each tenant pays. For example, a landlord may divide the total energy bill equally across all of the tenants. Normally, this will be set out in the terms of your tenancy agreement, if not your landlord should provide you with how they work out the energy bills for each tenant before you enter into your tenancy agreement. If you do not know how your landlord works out your energy costs, they should provide this information to you if you request it from them.

The Ofgem Maximum Resale Prices do not allow your landlord to make a profit from the supply/sale of electric & gas to tenants. See Ofgem Maximum Resale Prices below for more information.

### *You pay for your energy via prepayment meter*

Prepayment, sometimes called pay as you go, lets you pay for your energy in small amounts. Prepayment meters are a permitted method to collect payment for utilities.

[More information on how they work is available here from Citizens Advice.](#)

[Further guidance in relation to prepayment meters can be here from Ofgem.](#)

In some cases, landlords use a pre-payment sub meter within the property so that they can keep the energy bills in their name (reducing the bills for the tenants) and get paid prior to the energy companies bill coming in. In these circumstances, your landlord is not allowed to make a profit from the supply/sale of electric & gas to tenants. See Ofgem Maximum Resale Prices below for more information.

### *Ofgem Maximum Resale Prices*

Maximum Resale Prices, set by Ofgem, apply when any person buys gas or electricity from an authorised supplier and resells it to someone else for domestic use. Since 1 January 2003, the maximum price at which gas or electricity may be resold is the same

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price as that paid by the person who is reselling it, including any standing charges. For example, a landlord resells gas or electric to tenants in rented accommodation, the landlord can only charge the tenants a maximum rate equivalent to the rates the landlord pays to the utility company.

A landlord may choose to receive Gas & Electricity supplies from a provider via a business supply contract rather than a domestic supply contract which may result in higher utility charges. The UK Consumer Price Cap for Gas & Electricity does not apply to tenants who are re-sold electricity & gas by their landlord; therefore, in this instance a tenant may be charged rates higher than the UK Consumer Price Cap but no more than the rates the landlord pays to the utility provider.

As a tenant you can request details of the rate that your landlord is charging in writing from the landlord as well as evidence of the charge from the electricity company e.g. copy of the electricity bill for the property. The landlord should provide this information to you, failure to do so may be an offence under Consumer Protection legislation.

[Click here for further information on tenants' energy rights from Ofgem.](#)

### **Water:**

Some domestic tenants or others buy their water or sewerage services from another person or company instead of directly from a water or sewerage company. This is known as water resale.

The rules about water resale charges may apply to you and your property if:

- it is your main home
- you do not buy water or sewerage services directly from an appointed water company
- the person you buy water and sewerage services from (your 'reseller') supplies you with water or sewerage services that they have been supplied with by an appointed water company

The maximum resale price is the most anyone can charge another person for supplying water or sewerage services that they have bought from a water or sewerage company.

Ofwat decide how a maximum resale price should be worked out. Anybody reselling water or sewerage services should charge no more than the amount they are charged by the company. They are also allowed to make a reasonable administration charge.

[Click here for further information on the Ofwat's Maximum Resale Prices](#)

### **Tenant Fees Act 2019:**

Under the Tenants Fees Act 2019, it is illegal for landlords, letting and property management agents to charge certain fees to tenants, unless they are classed as 'permitted payments'. One of the permitted payments is a payment in respect of utilities. Where a landlord or agent is charging any additional fee over and above the

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Maximum Resale Price of Gas, Electricity or Water, it will be considered a 'prohibited payment' and must not be charged.

You can report a landlord or agent who is charging a prohibited payment to Trading Standards via the [Citizens Advice Bureau online](#) or by calling 0808 223 1133. Trading Standards will use the information you give to decide if they'll investigate. They'll only contact you if they need more information.

Even if Trading Standards don't contact you, they might use the information you supply to take action against the landlord or agent. For example, if other people make complaints about the same landlord.

Further information on your rights as a tenant in relation to Utility Charges can be found on the following website links:

[Ofgem - Tenants Energy Rights Explained](#)

[Shelter - Private Renting - Utility bills for private tenants](#)

[Citizens Advice Bureau - Your Energy Supply](#)

[Citizens Advice Bureau - Water Supply](#)