

An overview of the challenges facing heat network consumers

There are **currently 30,000 households who get their heating and hot water from heat networks in Scotland** ([Scottish Government, 2024](#)). The number of households on heat networks is expected to increase substantially over the next decade, as heat networks are a key part of efforts to decarbonise home heating and lower bills.

Heat networks generate heat from a central location and supply heating and hot water to multiple properties or buildings. Because of how they operate, **they are natural monopolies and consumers are usually unable to switch to another provider. So far, they have been largely unregulated** and there is evidence to indicate there is **significant consumer harm** in this area.

Heat network regulation came into effect in January 2026, with Ofgem becoming regulator for heat networks across Great Britain. Regulation sets clear standards for billing, pricing, complaints handling as well as protecting consumers in vulnerable circumstances. However, this is a new and evolving market so we expect regulation to continue developing over time and consumers may not see immediate changes for all issues.

Consumer Scotland has published [a report](#) which sets out the evidence on the key challenges currently facing heat network consumers. This evidence will provide an important baseline to help monitor the effectiveness of the new regulations and identify gaps where further action may be required.

Existing **heat network consumers are more likely to rent and have a lower household income** than the average household in Great Britain. Consumer protections are particularly important to protect lower income households from energy affordability challenges and financial detriment.

Key consumer issues

1. Heat network consumers can face high and volatile prices

- Unlike gas and electricity customers, **heat network consumers are not protected by a price cap**, leaving them more **exposed to high price spikes**.
- There is some qualitative evidence of **significant price increases** for heat network consumers **since 2023**, although comprehensive data on this period is not yet available.
- Standing charges for heat networks can be significantly higher than for gas and electricity, and these have risen sharply for many consumers.

2. Problems with billing, metering and debt create consumer harm

- There is evidence of some heat network consumers receiving **unclear bills or no bills at all**, making it difficult to understand charges or to budget effectively.
- Some consumers have reported **receiving unexpected bills, retrospective tariff increases or back-bills from periods where they have already paid**. This makes it more challenging for consumers to budget and has led to **unexpected debt**.
- Around 12% of heat network consumers use **prepayment meters**, which increases the risk of self-disconnection if consumers experience financial difficulty.
- 19% of heat network consumers pay their **heating and hot water bill as part of their rent**, also called a 'bundled' charge. Recent qualitative research identified **consumers who reported facing eviction due to heat network debt**.

3. Poor reliability and limited options for redress can undermine consumer confidence

- Heat network consumers are **more likely to experience outages** than other energy consumers. 50% reported losing heating or hot water in 2022, the most recent year for which robust data exists, and 40% of operators reported unplanned outages.
- **Complaints rates are high** (25% of heat network consumers versus 6% for all energy consumers) and satisfaction with complaint resolution is lower.
- Consumers often **do not know who to contact when problems arise**, especially where third-party companies manage billing or customer services.

What is Consumer Scotland doing about it?

Consumer Scotland was appointed as the statutory advocate for heat network consumers in April 2025. Since then, we have worked closely with Ofgem, DESNZ, and Scottish Government to influence the design of regulation and heat network development. Consumer Scotland also manages the delivery of heat network consumer advice and is working to improve the evidence base in this area.

- We are **delivering consumer advocacy and advice** provisions for heat network consumers in Scotland **in partnership with Advice Direct Scotland and Citizens Advice Scotland**.
 - We fund Advice Direct Scotland to deliver Tier 1 advice and support for heat network consumers through energyadvice.scot.
 - We also fund Citizens Advice Scotland's Extra Help Unit to provide specialist Tier 2 support to heat network consumers in vulnerable circumstances.
- We will soon lead a series of **information and awareness sessions for energy advice, support providers and caseworkers** to increase understanding of issues affecting heat network consumers and ensure that advice provided is consistent and impactful.
- We have **represented the interests of consumers in Scotland as the UK Government and Ofgem have designed the forthcoming heat network regulations**. Our evidence and insight has influenced key regulatory issues including **pricing, billing, cost recovery and consumer protection**
- We have **commissioned quantitative survey research** to:
 - Identify the scale and nature of harm in the sector.
 - Better understand the metering and billing practices of heat network operators and identify good practice.