



## Consultation response

### **National Energy Action response to CMA heating oil market study consultation**

#### **About National Energy Action**

National Energy Action<sup>1</sup> works across England, Wales, and Northern Ireland to ensure that everyone in the UK<sup>2</sup> can afford to live in a warm and safe home. To achieve this, we aim to improve access to energy and debt advice, provide training, support energy efficiency policies, local projects and co-ordinate other related services which can help change lives.

#### **Background to the response**

National Energy Action welcomes the Competition and Markets Authority's (CMA) examination of the UK heating oil market. Heating oil is an essential heating fuel for many off-gas households, yet unlike gas and electricity there are no statutory protections, no regulated delivery standards and no independent redress. Many vulnerable households face widespread poor practice and unmanageable price volatility, with particularly acute impacts in Northern Ireland where reliance on heating oil is significantly higher. Recent price spikes and delivery issues have intensified long-standing concerns about fairness and consumer protection in this area.

Given the high reliance on heating oil among off-gas households, the lack of statutory protections, the absence of reliable data on heating type and widespread evidence of poor practice, the CMA should use this study to identify structural gaps that harm consumers and consider whether stronger minimum standards, improved transparency and enhanced oversight are needed.

#### **Key recommendations:**

- The CMA should prioritise consumer vulnerability in its analysis, given the absence of protections comparable to regulated utilities.
- The study should examine the need for statutory minimum standards including binding pricing rules, delivery requirements and redress.
- The CMA should consider whether Ofgem-style oversight is appropriate in a market supplying an essential heating fuel.
- Transparent quoting and fair refund processes must be strengthened.
- Market analysis should reflect the significant variation across the four nations, including much higher oil reliance in Northern Ireland.

## **Answers to the consultation questions**

### **Question 1. Do you agree with our proposed scope for this market study, as set out in paragraphs 11 and 12? If not, what areas would you suggest we include, exclude, or prioritise, and why?**

The scope outlined in paragraphs 11 and 12 appropriately identifies the core areas where consumer harm is likely to arise, including the relationship between global oil price movements and both retail pricing and retail margins, the functioning of competition, the degree of transparency and evidence of poor conduct.

However, the scale and nature of detriment experienced by heating oil users requires explicit focus on consumer vulnerability. Heating oil households do not benefit from sectoral protections that apply to regulated utilities. There are no statutory delivery standards, no rights governing cancellation or refunds, no mandatory standardised Priority Services Register and no access to independent redress. These gaps have enabled widespread practices such as cancelled or revised orders, price changes after confirmation, unclear requirements for deposits and delays in returning funds. A complete assessment of market functioning requires direct examination of these systemic failings.

The absence of an authoritative dataset identifying heating type further limits the ability of government or regulators to monitor the market, target support or identify households at risk of harm. This gap should be treated as a structural barrier to effective consumer protection.

Given the essential nature of heating and the scale of detriment experienced by heating oil customers, the CMA should consider whether elements of Ofgem-style oversight are appropriate to ensure consistent minimum standards and accountability.

Significant variation across the UK, particularly the far higher reliance on heating oil and fragmented supplier base in Northern Ireland, should also be reflected in the CMA's analysis and any recommendations arising from the study.

### **Question 2. Do you agree with our articulation of the characteristics of a well-functioning heating oil market as set out in paragraphs 9 and 10? If not, what should be changed, and why?**

The characteristics described in paragraphs 9 and 10 capture important components of a fair market, including meaningful choice, reasonable pricing, transparent information and adequate consumer protection. In practice, these conditions cannot be achieved without a clear framework of statutory minimum standards.

A well-functioning heating oil market requires rules that ensure transparent and binding quotation practices, predictable delivery, fair cancellation and refund processes and adequate safeguards for consumers in vulnerable circumstances. A mandatory Priority Services-style register is essential for identifying and prioritising households facing health or financial vulnerability, particularly during periods of supply constraint and price volatility. These protections should be understood as core market requirements rather than features that emerge from competition.

### **Question 3. Do you consider that the heating oil market currently displays the characteristics of a well-functioning market as set out in paragraphs 9 and 10? If not, please explain why you consider this to be the case, what is driving this, and how this could potentially be addressed.**

The market does not display the characteristics of a well-functioning market. Heating oil customers operate entirely outside the protections found in regulated utility sectors. There are no statutory rights relating to quotations, refunds, delivery or redress. The absence of oversight has allowed practices such as cancelled orders, increased prices after booking and significant refund delays to become widespread, placing households at considerable financial and health risk.

Price volatility driven by global markets is passed directly to consumers without any stabilising mechanisms. Competition is limited in many rural areas across Great Britain and Northern Ireland, where a small number of suppliers serve large geographic areas and consumers may have little practical ability to shop around. These structural weaknesses reduce competitive pressure and enable poor practice to persist.

Addressing these issues requires statutory minimum standards covering pricing, contract terms and delivery. Binding quoting rules are needed to prevent sudden price revisions. Vulnerable households should be supported through a Priority Services-style register. Independent redress should be available to all heating oil consumers. Oversight equivalent to or drawing from Ofgem's approach should be considered to ensure consistent standards and enforceability.

**Question 4. What are the key differences in the heating oil market across the four nations of the UK, what drives these differences, and how should they be reflected in our analysis?**

The market differs substantially across the four nations, driven by varying levels of heating oil reliance, different supplier structures, devolved policy frameworks and varied housing stock. Northern Ireland is uniquely dependent on heating oil, with around two-thirds of households relying on it for home heating<sup>3</sup>. This reliance means market failures have far more widespread consequences. The supplier base in Northern Ireland is also distinct, comprising a large number of small distributors with limited local competition, particularly in rural areas.

Policy areas relevant to fuel poverty and heating are devolved, resulting in differing approaches to support, protection and retrofit across the nations. Rural and older housing stock across all nations increases heating demand and reduces the viability of alternatives such as heat pumps.

The absence of a comprehensive dataset identifying heating type is a UK-wide issue but has the greatest impact in Northern Ireland, where most households rely on heating oil. These differences must be incorporated into the CMA's analytical framework to ensure that conclusions and recommendations reflect real variation in market conditions.

**Question 5. Are there any specific areas we should focus on because they have the potential to disproportionately affect vulnerable consumers?**

Vulnerable households reliant on heating oil face some of the most severe and entrenched risks within the energy system. National Energy Action's frontline work consistently shows that off-gas households experience deeper and more persistent hardship than many other energy consumers. Heating oil prices can increase sharply with little warning, and because the fuel is unregulated, there are no safeguards equivalent to those protecting gas and electricity customers. These households must often purchase fuel in large quantities, typically several hundred litres at a time, requiring payments of several hundred pounds in a single transaction. For those already in financial difficulty, these high upfront costs can be impossible to meet, forcing people to ration heat or rely on unsafe coping strategies.

Many rural households live in older, hard-to-heat homes with high heat demand and limited options for insulation or low-carbon alternatives. When prices rise or deliveries are delayed, these households have little flexibility. They are often served by only one or two local suppliers, reducing their ability to avoid high prices or challenge poor practice. Reports from our services include cancelled or revised deliveries, unclear deposit requirements, unexpected requotes on the day of

delivery and long delays in receiving refunds. For households with limited mobility, long-term illness, young children, or caring responsibilities, these issues create immediate risks to health and safety.

National Energy Action's casework also shows that off-gas households have disproportionately high levels of health vulnerability. A large share of the people we support live with long-term conditions, mobility challenges or respiratory illness that make cold homes particularly dangerous. Many also experience significant mental health pressures linked to energy insecurity. These health vulnerabilities interact with high heating costs, creating a situation where even short periods without adequate heat can have serious consequences.

Financial insecurity is further compounded by the high prevalence of electricity prepayment meters among the off-gas households that we support. When these households run out of credit, they not only lose access to electricity but also the ability to run the electrical components required for oil-fired heating systems. A single missed top-up can therefore remove both heat and power, increasing the likelihood of self-disconnection and forcing households into crisis.

A significant structural barrier is the lack of any authoritative dataset identifying heating oil households. Local authorities, health services and charities cannot reliably identify households using heating oil, making it harder to target support or intervene early when households begin to struggle. This gap was evident during the last crisis, where support for oil users was delivered late and application-based schemes saw low take-up because households could not be identified automatically.

These overlapping challenges mean that vulnerable consumers face disproportionately high risks in the current heating oil market. The CMA's study should therefore give particular weight to the ways in which unregulated pricing, high upfront costs, rural isolation, health vulnerabilities and the absence of data combine to place off-gas households at acute risk of harm.

**Question 6. Are there any specific issues we should focus on in terms of how, and the extent to which, heating oil suppliers compete, including on price, to win customers?**

Competition is often weak in the heating oil market, especially in rural areas where only one or two suppliers may serve large geographic regions. This lack of choice reduces incentives to offer fair pricing or reliable service. Pricing structures are frequently unclear, with quotations that may change with little notice, limiting the ability of consumers to compare options or challenge unfair increases. Seasonal pressures and stock holding behaviour may influence pricing and availability.

The CMA should assess whether competition meaningfully restrains high prices and poor conduct or whether limited choice and unclear pricing mean suppliers face minimal pressure to treat customers fairly.

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## References and notes

<sup>1</sup> For more information visit: [www.nea.org.uk](http://www.nea.org.uk).

<sup>2</sup> National Energy Action also works alongside our sister charity Energy Action Scotland (EAS) to ensure we collectively have a UK-wide reach.

<sup>3</sup> NISRA, [Oil central heating remains the primary heating source for over 60% of households](#), 2025