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£300 PENALTY ON ENERGY BILLS FOR STRUGGLING SMALL BUSINESSES

Struggling small businesses unknowingly face a penalty on their energy bills that could see them left up to £300 on average out of pocket^[1], warns uSwitchforbusiness.com, the independent business energy broker. One in ten (11%) are asked to pay more for their energy following a credit check^[2], while a quarter (25%) of SMEs have had to pay energy suppliers an upfront sum to secure their energy contract^[1]:

- **Higher costs: one in ten small businesses (11%) have to pay more for their energy following a credit check^[2] – average increase is £200^[2]**
- **Credit crisis: a quarter of small businesses (25%) have had to pay an upfront sum to secure an energy contract – average amount paid is £300^[1]**
- **Almost one in ten SMEs (9%) have failed a credit check for an energy contract within the last 5 years^[3]**
- **Hidden cost of starting-up: over one in ten start-ups (11%) have had to pay a lump sum upfront to secure an energy deal^[1]**
- **In the dark: 22% of business owners don't know that a credit check could impact on the price their company pays for energy^[2].**

Struggling small businesses and start-ups face a potential catch-22 of higher energy costs or being forced to pay an upfront lump sum to a supplier just to secure an energy deal, according to new research out today by uSwitchforbusiness.com, the independent business energy broker.

The findings show that one in ten small businesses (11%) have been asked to pay more for their energy than initially quoted after they were credit checked by the supplier^[2]. On average this has cost them an extra £200 with suppliers potentially raking in an extra £109 million from struggling SMEs as a result^[2].

On top of this, a quarter of SMEs (25%) have had to pay a lump sum of money upfront to a supplier to secure an energy contract^[1]. On average they have had to hand over £300, which means energy suppliers could be benefitting from £361 million in upfront payments from small firms^[1].

Worryingly, over one in ten start-ups (11%) have had to pay a lump sum upfront to their energy supplier^[1], while within the last 5 years almost one in ten SMEs (9%) have actually completely failed a credit check for an energy contract^[3]. These businesses will have found themselves cut off from the most competitive rates and suppliers and forced to take up a more expensive contract as a result.

But, despite the financial implications, many business owners are in the dark about credit checks. Just over two in ten (21%) don't know that businesses are credit checked for business energy contracts^[3], while 22% are unaware that a credit check could impact on the price their company pays for energy^[2].

James Constant, Director of uSwitchforbusiness.com, says: "Britain's small businesses have unknowingly been facing a lottery when it comes to the price they are going to pay for their energy. To benefit from the most competitive prices and beneficial terms they have to pass a credit check. If they don't pass with flying colours they can be left paying over the odds or may have to hand over a lump sum payment upfront as security to the energy supplier. This can be particularly tough on start-ups or businesses that are struggling through no fault of their own.

"The reality is that there is little or no transparency in the business energy market and the fact that quoted prices are subject to a credit check simply adds another layer of complexity and confusion that SMEs have to overcome. It's vital that SMEs take every step possible to preserve their credit rating. But even if they have concerns about a poor credit check they shouldn't feel that they have no option other than to settle for an uncompetitive contract. Every supplier has different acceptance criteria, so it's always worth shopping around."

For more information visit www.uswitchforbusiness.com or call 0800 051 5343

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Notes to editors:

Research was conducted in May 2011 on behalf of uSwitchforBusiness.com by Onepoll amongst 1,003 small business owners or key decision makers within SMEs.

1. In response to: 'Has your business ever been asked to pay a lump sum upfront to your supplier to secure your contract?' 25.1% of respondents said yes – of these 10.9% said 'yes – but only when we started up'. The average amount entered by all respondents was £300. According to the Federation of Small Businesses there are 4.8 million SMEs in Britain. 25.1% of 4.8 million = 1.2 million x £300 = £361 million.
2. In response to: 'Has your business ever had to pay more for energy than you were initially quoted following a credit check?' 11.4% said 'yes' and the average amount entered by respondents was £200. There are 4.8million SMEs in Britain. 11.4% of 4.8 million = 547,200 x £200 = £109 million. 22.4% of respondents said 'I didn't know a credit check could impact on the price my company pays for energy.'
3. In response to: 'Has your business failed a credit check for an energy contract within the last 5 years?' 8.5% said 'yes' while 20.6% said 'I didn't know businesses were credit checked for an energy contract.'

About us

uSwitchforBusiness.com is a free, independent energy brokerage service focused on helping business customers get the best gas and electricity contracts. It also provides a range of additional products and services, including insurance and communications, which are tailored specifically for customers who own, run or hold responsibility for procurement in a business.

uSwitchforBusiness.com is the sister site of uSwitch.com, the free, impartial, online and telephone-based comparison and switching service which has been helping consumers to save money for over 10 years. uSwitchforBusiness.com was launched in November 2008 in response to requests from business customers wishing to benefit from the same impartial and independent support when buying energy.

uSwitchforBusiness.com offers a dedicated contact-centre manned by a team of business energy specialists, as well as a freepost 'Send us your bill' service, whereby businesses can post their latest energy bills with their telephone number to FREEPOST USWITCHFORBUSINESS, to get a free call back from a dedicated business specialist. Customers can also call 0800 051 5343 or email brokerteam@uswitchforbusiness.com.

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