

Over £50 million to help families struggling with soaring heating oil costs

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Families to benefit from over £50 million to help people pay for the rising cost of heating oil.

- Chancellor confirms over £50 million for low income families who heat their homes with oil to help tackle surging prices.
- The price of kerosene – the fuel used for heating oil - has been especially affected by the conflict in the Middle East and has risen faster than other fuels such as petrol and gas.
- Government announces intention to regulate heating oil sector to introduce new consumer protections, alongside securing agreement with industry to quickly improve customer experiences.

With winter drawing to a close, and families struggling with the rising price of heating oils, this government is committed to helping ensure that vulnerable families are able to heat their homes and access hot water.

The price of kerosene – the fuel used for heating oil - has been particularly impacted by the conflict in the Middle East and is currently double that of crude oil.

In Great Britain, unlike gas and electricity customers, those who heat their homes with oil are not covered by the energy price cap, meaning they are exposed to more immediate energy price hikes.

Many, including some of the most vulnerable households, will need to pay an upfront lump sum to top up their tanks in order to maintain their heating and hot water.

Chancellor of the Exchequer Rachel Reeves said:

Heating oil prices have spiked sharply, and I know that for families in rural communities that is a real and urgent problem.

That's why we're putting over £50 million of support to help the people who need it most, including funding for the Northern Ireland Executive to deliver support in Northern Ireland where this issue hits hardest.

Energy Secretary Ed Miliband said:

This government is committed to fighting people's corner in tackling cost of living pressures. With this investment, alongside new measures to protect customers against any unfair practices, we are standing up for the British people.

To bridge the gap, the Chancellor is announcing over £50 million of targeted financial support, helping low-income households in rural communities who have no choice but to top up their tanks at

a time when prices have risen so significantly.

In England, funding will be distributed by local authorities via the Crisis and Resilience Fund (CRF), which comes into effect from 1 April, targeted areas with higher rates of oil heating.

This is a particular issue in Northern Ireland, where a greater proportion of homes rely on heating oil, and we have allocated £17 million to support them. England will receive £27 million, Scotland £4.6 million and Wales £3.8 million.

This funding has been allocated based on census data, reflecting where the greatest need is, and it will be allocated directly to the devolved governments, with the expectation that it will be used to support vulnerable households.

Heating oil is different from other sectors in the energy market as it does not have the same consumer protections and is not regulated by Ofgem. The government intends to introduce new consumer protections for heating oil customers and is rapidly exploring new ways to step in and ensure households are better protected.

This includes:

- An agreement secured with industry on a strengthened Code of Practice to rapidly provide enhanced protections to customers, including greater flexibility on delivery volumes and improving price transparency and formalising a Priority Customers Register – meaning all customers who are vulnerable are eligible for prioritised support in times of disruption.
- Introducing stronger consumer protections in the heating oil market, which could cover dispute resolution, a greater variety of repayment options for those facing hardship, greater price transparency and enhanced protections for vulnerable groups such as the elderly.
- Supporting the Competition and Markets Authority's plans to carry out a more comprehensive examination of the UK's heating oil industry.
- Exploring the creation of a new ombudsman or appointment of a regulator, such as Ofgem, to champion consumers, and taking powers to do so through the Energy Independence Bill.
- Working with the Northern Ireland Executive to ensure that protections are fit for purpose for Northern Irish households, who are particularly reliant on heating oil.

In addition, the Chancellor earlier this week wrote to the Competition and Markets Authority (CMA) to ask that it remains vigilant across heating oil prices and supports CMA action to tackle unjustified price increases.

The government will not tolerate profiteering or unfair practices and urge customers to share any evidence of price manipulation with the CMA.

Vulnerable households who are facing immediate financial difficulties as a result of rising heating oil prices are encouraged to contact their local authority to find out what support may be available to them.

Further information

- The Household Support Fund runs until 31 March this year, after which it will be replaced by the Crisis and Resilience Fund from 1 April.
- £842 million a year has already made available through the CRF at Spending Review 2025.
- The CMA is currently examining reports of cancelled orders followed by higher quotes and price increases for automated deliveries. They also announced on Saturday 14 March they will

be taking forward a detailed examination of the whole market at pace.

- On 9 March, the Energy Secretary and Minister Shanks jointly wrote a letter to the heating oil industry warning of increased prices and action to protect consumers - Consumer market for heating oil: letter to UK and Ireland Fuel Distributors Association - GOV.UK
- On 11 March, the Energy Secretary with the CMA to discuss reports from heating oil customers following recent price spikes.

<https://www.gov.uk/government/news/over-50-million-to-help-families-struggling-with-soaring-heating-oil-costs>