UK Broadband Loyalty Penalty Costs Households up to £108 a Year, Report Finds

Independent BroadbandSwitch.uk study finds out-of-contract customers pay £7 to £9 a month more, while £824m of social tariff support goes unclaimed.

LONDON, ENGLAND, SCOTLAND, WALES & NORTHERN IRELAND, UNITED KINGDOM, July 22, 2026 /EINPresswire.com/ -- https://broadbandswitch.uk/reports/the-loyalty-penalty/ -- Millions of UK households are paying more for their broadband than the people next door, for exactly the same service. The only difference is that they stayed put.

The Loyalty Penalty, Report No. 28 from BroadbandSwitch.uk, published July 2026: independent research into what out-of-contract UK broadband customers really pay, built on 35 cited primary sources.

A new independent report, [The Loyalty Penalty](https://broadbandswitch.uk/reports/the-loyalty-penalty/), published today by the comparison service BroadbandSwitch.uk, measures that gap in one place for the first time. Drawing on data from Ofcom, Citizens Advice, INCA, Point Topic and the audited results of BT and Virgin Media O2, it finds that customers who have drifted out of contract pay £7 a month more for standalone broadband, £8 more for a broadband and landline bundle, and £9 more for a package that adds TV. Across a year, that is up to £108.

> “The loyalty penalty is the rare harm that charges people for doing nothing wrong. You signed a fair deal, you kept paying, and the price quietly drifted above what a new customer is offered.”
>
> *Dr Alex J. Martin-Smith, Founder, BroadbandSwitch.uk*

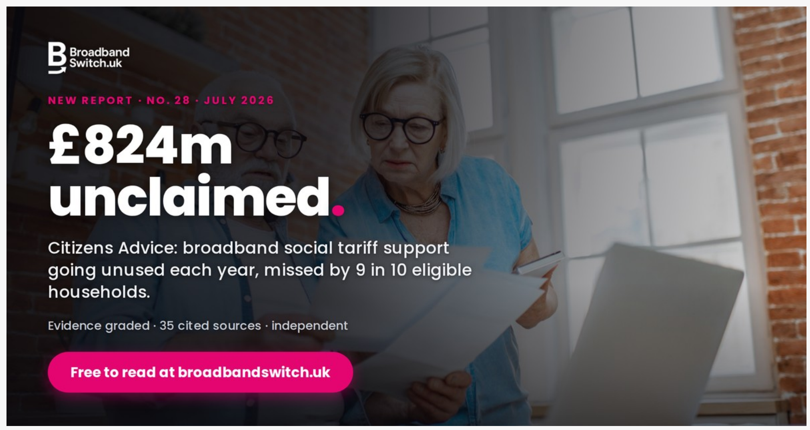
At the end of June 2025, 28% of UK broadband customers were out of contract for at least one service in their bundle. Ofcom is careful to say that most of them, not all, could save by switching or re-contracting. It remains the single strongest predictor of overpaying.

The faster your broadband, the bigger the gap

The penalty is not flat. On broadband and landline bundles it runs from £4.17 a month on a standard package to £7.94 on an ultrafast one, very often for the identical line into the identical home. By tier, that is roughly £50, £82 and £95 a year.

The loyalty penalty, measured: Ofcom data shows out-of-contract customers pay £7 a month more for standalone broadband, £8 more for dual-play and £9 more for triple-play bundles, up to £108 a year for the same service.

There is a sting in the data for the people least able to absorb it. In the year to July 2025, average standalone prices fell 6% in real terms across the five speed tiers. Every tier fell except one: the slowest sub-30 Mbit/s packages rose 17% in real terms, 22% in cash. Those are the oldest copper lines, held disproportionately by older households.



Citizens Advice estimated £824 million of broadband social tariff support goes unclaimed each year. Just 532,000 of around 6.2 million eligible UK households, 8.6%, are on a social tariff, and Ofcom found 70% did not know the tariffs existed.

The £824 million nobody claims

The report's most striking finding is not about switching at all. Broadband social tariffs are discounted packages, typically £12.50 to £20 a month, for households claiming Universal Credit, Pension Credit and other qualifying benefits. They save an eligible household around £200 a year.

In June 2025, just 532,000 households were on one: 8.6% of the roughly 6.2 million eligible. Ofcom found that 70% of eligible households did not know the tariffs existed. Citizens Advice estimated that £824 million of support goes unclaimed every year.

"We make no money from social tariffs," said Dr Alex J. Martin-Smith, founder of BroadbandSwitch.uk. "That section is in the report for one reason: to help the households this penalty hits hardest. If it moves a single family onto a deal they did not know they could have, it will have earned its place."

Who is least likely to act

Just 19% of over-64s switched a communications service last year, against 29% of 25 to 44 year olds. By social grade, 21% of the poorest DE households switched against 27% of the most affluent AB households. Low-income households already pay a poverty premium averaging £217 a year across essential markets.

The good news

The report is deliberately even-handed. The out-of-contract pool has fallen from 40% in 2019 to 28%. Switching is up from 14% to 18%. Average revenue per broadband customer is falling at the largest providers rather than rising: BT's consumer broadband figure fell 1% to £41.80. And the providers winning customers fastest are the challenger fibre networks that led the market on price certainty, adding around 850,000 customers in 2025 while Openreach lost about 860,000 lines.

Since 17 January 2025, Ofcom has banned inflation-linked mid-contract price rises in new contracts. Any increase must now be set out in pounds and pence before a customer signs, and April 2026 saw the last round of the old inflation-linked increases work through legacy contracts.

"The loyalty penalty is the rare consumer harm that charges people for doing nothing wrong," Martin-Smith said. "You signed a fair deal, you kept paying, and the price quietly drifted above what a new customer is offered. The encouraging part is that it is a closing gap, and every household has the power to close it a little faster."

Three checks that close the gap

The report ends with three actions. Find out when your contract ends, which your provider is required to tell you. If anyone in your home receives Universal Credit or Pension Credit, check broadband social tariffs before anything else, because it is the single biggest saving in the report. And if you are on an old, slow package, compare broadband deals at your address: full fibre reached 82% of UK homes by January 2026 and often costs the same or less for many times the speed.

The Loyalty Penalty is Report No. 28 from BroadbandSwitch.uk. It runs to 27 pages, cites 35 named primary sources, grades every figure for how firmly it is evidenced, and is free to read with no signup.

About BroadbandSwitch.uk

BroadbandSwitch.uk is an independent UK broadband comparison and switching service, part of the SearchSwitchSave group. It offers postcode-level availability checking across more than 35 providers, a free speed test, clear guides, and a verified market directory tracking 429 UK ISPs. The service is free to use with no signup and earns commission when readers switch through its links; its analysis and rankings are not for sale, and no provider saw this report before publication. Previous reports have been covered by outlets including ISPreview.co.uk.

Dr. Alex J. Martin-Smith
Upleashed® limited
+443301221223 ext.
editorial@broadbandswitch.uk
Visit us on social media:
LinkedIn
Bluesky
Instagram
Facebook
YouTube
X
Other
