

Trialling consumer remedies

Citizens Advice response

November 2019



Introduction

Citizens Advice gives people the knowledge and confidence they need to find their way forward - whoever they are, and whatever their problem. Our network of independent charities offers confidential advice online, over the phone, and in person, for free. Last year we helped 2.7 million people in person, by phone, email or webchat, and our advice website had over 29 million visits.¹

We welcome the opportunity to respond to Ofcom's consultation 'Trialling Consumer Remedies'. In our response, we have also taken the opportunity to comment on the Broadband Pricing Review, and the plans outlined in Ofcom's Statement 'Helping consumers get better deals: A review of pricing practices in fixed broadband'.

We are pleased that Ofcom has managed to secure voluntary commitments from the 6 largest broadband providers to protect their loyal and disengaged customers from price differentials. However, we are calling on Ofcom to provide further evidence about the likely impact of the commitments. Based on the information provided, we are concerned that the commitments do not go far enough and will leave many vulnerable consumers over-paying. Sky, EE and Plusnet have made no commitments to protect vulnerable consumers. Many vulnerable consumers with BT, Virgin Media and TalkTalk will also continue to be harmed by price differentials for a number of months before benefiting from the commitments. **This is unacceptable - all providers must strengthen their commitments to ensure all vulnerable consumers are protected from the loyalty penalty.**

Protecting vulnerable consumers should also be a priority for Ofcom. There is compelling evidence that some vulnerable consumers find it more difficult to engage, and price differentials will be felt more acutely by consumers who are on low incomes. Therefore, **we support Ofcom's suggestion that targeted action may be required to protect vulnerable consumers, even if they are no more likely to be harmed than other consumers.** We are however disappointed that Ofcom have not reviewed the potential impact of targeted price caps compared to the voluntary commitments and social tariffs. While we recognise that the EECC places constraints on Ofcom's ability to cap prices, the Government and consumer organisations should be able to see if Ofcom's plans are more or less effective than price controls could be.

¹ Citizens Advice, [Making a difference: Our impact in 2018/19](#)

We support Ofcom's proposal to introduce a new general condition which would require providers to take part in consumer trials, subject to additional consultations on a case-by-case basis. Better demand-side remedies, such as notifications and collective switching, will boost engagement for many consumers. But evidence from other markets strongly suggests that the impact of demand-side interventions will be modest. Consumer engagement remedies must be paired with protections for vulnerable consumers and those who struggle to engage.

The rest of our response is structured as follows:

1. Context - our previous work on the loyalty penalty
2. The loyalty penalty paid by broadband consumers
3. Ofcom should have the power to trial consumer remedies to boost consumer engagement
4. We are concerned that provider's voluntary commitments could leave too many consumers over-paying
5. Ofcom should consider how social tariffs could be used to protect vulnerable consumers from harmful price differentials

1. Context - our previous work on the loyalty penalty

Deep, structural price discrimination against disengaged and loyal consumers has been a persistent feature of essential markets for many years.

In the energy market this is well-established. Years of investigation by Ofgem, the Competition and Markets Authority (CMA) and government have led to a range of protections for consumers. In 2019, this culminated in a cap being introduced on the cost of energy for all customers on default tariffs in the market, expected to save consumers £75 a year on average.

Excessive prices for disengaged consumers can be just as high - if not more so - in other essential markets like mortgages and broadband. In 2017 and 2018, we published a series of policy reports presenting evidence on the penalty paid by loyal consumers.

In September 2018, when it was clear that providers and regulators were not taking action quickly enough, we submitted a super-complaint to the CMA.² We outlined the scale of harm across 5 markets. In December 2018, the CMA agreed with our findings and recommended regulators take robust action.

2. The loyalty penalty paid by broadband consumers

In the supporting analysis for our super-complaint to the CMA, we found that approximately 43% of broadband customers are out-of-contract and paying a combined loyalty penalty of £1.277 billion each year.³ This estimate relied upon desk research of broadband prices and survey data. We called upon Ofcom to conduct a review of price differentials in the broadband market, and were pleased to see them commit to this.

Ofcom's analysis finds that the price differential between out-of-contract and newly-contracted customers is between £1 billion and £1.1 billion. The price differential between out-of-contract and re-contracted prices is between £800 million and £900 million.⁴ This is a significant amount which justifies decisive and quick action from the regulator.

² Citizens Advice, [Excessive prices for disengaged consumers: A super-complaint to the Competition and Markets Authority](#), September 2018

³ Citizens Advice, [Excessive prices for disengaged consumers: A super-complaint to the Competition and Markets Authority](#), September 2018; page 9

⁴ Ofcom, [Helping consumers get better deals: A review of pricing practices in fixed broadband](#), September 2019; paragraph 1.19

Protecting vulnerable consumers from harmful price differentials should be a priority for Ofcom

The impact of price differentials on vulnerable consumers has been a consistent focus of our work on the loyalty penalty. In our super-complaint, we provided evidence that vulnerable consumers are more likely to pay a loyalty penalty, and more likely to find it difficult to navigate essential services markets - particularly telecoms.⁵ For example, we found that among Citizens Advice clients, those with mental health problems are twice as likely as our average client to come to us for help on how to find a good deal in phones, TV, broadband, and other markets. Consumers with mental health problems were also more than twice as likely to say their main reason for staying in their contract was because switching was too difficult, compared to those without mental health issues (17% vs. 7%).⁶

Ofcom's review of price differentials in the broadband market finds that vulnerable consumers are not any more likely to be out-of-contract. However, they are less likely to re-contract and therefore could still be overpaying. Regardless of whether they are more likely to overpay, there is considerable evidence that vulnerable consumers find it more difficult to engage with essential services. They are also more likely to be on low incomes meaning the impact of price differentials will be felt more acutely by them.

The loyalty penalty is a regressive pricing practice. Analysis in support of our super-complaint found that the cost of loyalty across the 5 markets we looked at could make up 8% of the income of someone in the lowest income decile, compared to 2% for someone in the highest income decile.⁷

Therefore, we support Ofcom's suggestion that targeted action may be required to protect vulnerable consumers, even if they are no more likely to be harmed than other consumers.

In addition, the number of vulnerable consumers currently identified by providers is likely to significantly underestimate the actual number. For example,

⁵ Citizens Advice, [Excessive prices for disengaged consumers: A super-complaint to the Competition and Markets Authority](#), September 2018

⁶ Citizens Advice, [Excessive prices for disengaged consumers: A super-complaint to the Competition and Markets Authority](#), September 2018, page 22

⁷ Citizens Advice, [Excessive prices for disengaged consumers: A super-complaint to the Competition and Markets Authority](#), September 2018, Figure 5

only 1% of the consumers in providers' records are identified as being disabled.⁸ In reality, 19% of the working age population, and 45% of the pension-age population are disabled.⁹ Not all disabled people are vulnerable, but this disparity highlights how much better providers need to be at identifying consumers who might be vulnerable and in need of additional support. It might be that vulnerable consumers are found to be more adversely affected by price differentials once they are properly captured in the data.

3. Ofcom should have the power to trial consumer remedies to boost consumer engagement

We support Ofcom's proposal to amend the general conditions so that they have the power to compel providers to take part in trials to test consumer engagement remedies. It should be as easy as possible for consumers to engage with the market and find the best deal for them.

This new general condition will enable Ofcom to produce strong evidence on the impact of demand-side consumer engagement remedies, such as new disclosure rules or collective switching. The power should also be used for post-implementation review - evidence from other contexts suggests that the impact of an intervention is hard to predict and can even differ from the outcomes of Randomised Control Trial (RCTs).¹⁰ We have previously recommended that Ofcom conduct RCTs to test the most effective end-of-contract and annual best tariff notification timing, content, and messaging.¹¹ In addition, the Behavioural Insight Team recommends that regulators conduct rigorous testing of information remedies, including using RCTs where appropriate.¹²

We submitted our super-complaint partially because we saw that previous action by regulators - focused primarily on interventions to increase switching -

⁸ Ofcom, [Helping consumers get better deals: A review of pricing practices in fixed broadband](#), September 2019, paragraph 4.11

⁹ Scope, [Disability facts and figures](#), Accessed 18/11/2019

¹⁰ The FCA found that new rules for general insurance renewal notifications caused providers to change their pricing in response. Changes to pricing were likely to have a greater effect than any changes in consumer behaviour. See FCA, [Evaluation Paper 19/1: An evaluation of our general insurance renewal transparency intervention](#), October 2019

¹¹ [Citizens Advice response to Ofcom consultation on end-of-contract and out-of-contract notifications](#), October 2018; Citizens Advice, [End-of-contract and annual best tariff notifications, and review of pricing practices in fixed broadband: Citizens Advice's response to Ofcom's consultation](#), February 2019

¹² Behavioural Insights Team, [Applying behavioural insights to regulated markets](#), May 2016

was not proportionate to the scale of the detriment.¹³ **Demand-side remedies must also sit side-by-side with effective, well-designed and proportionate supply-side remedies.** For example, price controls or automatic migration. While our view is that consumer engagement remedies will not be enough *in isolation*, this should not preclude the designing, testing, and implementing of effective and well-evidenced consumer engagement measures.

Ofcom should draw on the expertise of other regulators to help them make the most of this new power.

The Financial Conduct Authority (FCA) and Ofgem both have considerable experience in using field-trials and RCTs to test the effectiveness of measures which boost consumer engagement. Ofcom refers to some of these examples in its consultation, and we encourage them to learn from these other regulators in order to make the most of the proposed new power.

In its 2016 report on its energy market investigation, the CMA recommended that Ofgem establish a programme to identify, test, and implement “measures to provide domestic customers with different or additional information with the aim of promoting engagement”.¹⁴ Ofgem has since established its behavioural insights unit. This team has successfully delivered several large-scale consumer trials.

Ofcom should develop similar capacity internally. While providers will - subject to additional consultations - be required to ensure they have the correct capacity and skills to conduct the trial, Ofcom should have the skills and capacity to help design the trial and analyse the findings.

Ofgem have also been trialling an approach to user research which uses agile methods. As part of the trial, Ofgem researchers worked alongside agile and user research specialists to iteratively design new consumer interventions - such as best tariff letters or advertisements. This approach could be utilised by Ofcom to develop materials and information remedies which can be tested and refined with RCTs or field-trials. However, any changes to consumer interventions should be tested to ensure they work in practice, not just in user-testing.

¹³ Citizens Advice, [Excessive prices for disengaged consumers: A super-complaint to the Competition and Markets Authority](#), September 2018

¹⁴ CMA, [Energy Market Investigation, Summary of AECs and Remedies](#)

Trials will allow Ofcom to identify the most effective remedies to boost consumer engagement.

The impact of behavioural biases is context specific. This makes the impact of a remedy designed to overcome a bias - such as notifications or a collective-switch trial - difficult to predict accurately. In some cases, attempts to influence consumer behaviour have backfired and led to a negative outcome overall. For these reasons, the Behavioural Insights Team recommend routine testing and iteration of remedies.¹⁵ We share this view, and while it won't be appropriate to use field trials or RCTs in every context, they should be used for testing most demand-side interventions that Ofcom considers.

From February 2020, providers will be required to send out End-of-Contract Notifications (ECNs) to all consumers coming to the end of their contract, and Annual Best-Tariff (ABTs) messages to all of those who are already out of contract. Ofcom has set out a broad timespan for when these messages should be sent, and set out the content that should be included. This is based on evidence gathered in bespoke qualitative and quantitative consumer research carried out between 2015 and 2018.¹⁶

While the evidence for mandating ECNs and ABTs is compelling, **consumer trials should be used to determine the most effective timing and content of notifications.**¹⁷ Even though consumer research provides evidence in favour of these notifications, and Ofcom have mandated the information they should include, their effectiveness can be 'gamed' by providers who will choose the precise messaging least likely to encourage their customers to switch. Ofcom should consider using its new power to run a large-scale trial which would determine the most effective ECN and ABTs.

A collective switch trial should be Ofcom's priority once they have these new powers.

Ofgem has already run a successful collective switching trial. Switching rates for those who participated in the trial were 22.4%, 8 times the rate in the control group. Switching rates were also similar for vulnerable consumers.¹⁸ These results are encouraging, and we support Ofcom's suggestion that the first use of their new power will be to run a collective switch trial in broadband. However,

¹⁵ Behavioural Insights Team, [Applying behavioural insights to regulated markets](#), May 2016

¹⁶ Ofcom, [Helping consumers to engage in communications markets: Consultation on end-of-contract and out-of-contract notifications](#), July 2018

¹⁷ [Citizens Advice response to Ofcom consultation on end-of-contract and out-of-contract notifications](#), October 2018

¹⁸ Ofgem, [Active Choice Collective Switch Trial: Final results](#), November 2018

encouraging that these results are, collective switches will not be a suitable solution for everyone and should not be seen as a panacea to the loyalty penalty.

There is also reason to believe that it will be more difficult to replicate these results in broadband. Broadband is more complex than energy with different speeds and products. Switching to a new broadband service will often require the installation of a new router which could require an engineer visit.¹⁹ This may dissuade vulnerable consumers from taking part. It's essential that customer service standards for consumers - particularly vulnerable consumers - are not negatively impacted. Ofcom will need to think carefully about the design of the collective switch trial in order to mitigate the risks that arise from these additional complexities with switching broadband provider or tariff. This includes making sure that vulnerable consumers have access to and are included in the trials.

4. We are concerned that provider's voluntary commitments could leave too many consumers over-paying

We are pleased that Ofcom has secured voluntary commitments from broadband providers to mitigate the unfair impact of price differentials on the millions of consumers affected. We understand that the European Electronic Communications Code (EECC) places constraints on Ofcom's ability to act to regulate prices, so it has secured voluntary commitments from providers instead. **While these commitments will lead to tangible improvements for many consumers, we are concerned that too many vulnerable consumers will not benefit.**

Ofcom states that the voluntary commitments, partnered with social tariffs "could bring about many of the benefits that targeted price interventions may deliver"²⁰. We can see how the commitments will help many consumers save money and reduce harm from price differentials. But, it isn't clear from the evidence available that the voluntary commitments, combined with notifications and social tariffs, will be as effective as targeted price interventions. For instance, 3 providers (Sky, EE and Plusnet) have made no commitments to address the penalty paid by vulnerable consumers specifically. Sky's customers will benefit

¹⁹ Ofcom, [Helping consumers get better deals: A review of pricing practices in fixed broadband](#), September 2019, Paragraph 6.28

²⁰ Ofcom, [Helping consumers get better deals: A review of pricing practices in fixed broadband](#), September 2019, Paragraph 6.28

from their differential price cap, but only once they enter into a new contract. Many vulnerable consumers with BT, Virgin Media and TalkTalk will also continue to be harmed by price differentials for a number of months before benefiting from the commitments. This means that too many vulnerable consumers will continue to pay excessive out-of-contract prices. Moreover, **without sufficient evaluation it is difficult to predict accurately which consumers will save, and by how much.**

Additionally, Ofcom says that throughout its response it has “been mindful of the likely impact of end-of-contract and annual best tariff notifications”²¹ which they “believe...could be substantial.”²² However, evidence from other markets strongly suggests that the impact will be modest and the vast majority of consumers will not respond.²³ Finally, social tariffs should be used more widely and more effectively than they currently are. But not only will these reforms take some time, their application may still be limited to consumers on very low incomes. We will discuss social tariffs in the next section.

Ofcom should conduct a quantitative assessment of the likely impact of the voluntary commitments.

Ofcom have committed to “repeat detailed customer-level data collection and analysis to provide an update on broadband price differentials and consumer outcomes in March 2020”²⁴. Ofcom have also committed to take further action if consumers who are less equipped to engage are not on the right deal for their needs.²⁵ While we are pleased to see Ofcom make this commitment, we are concerned that action on the broadband loyalty penalty is still not proportionate to the scale of harm. Based on the information provided, it seems clear that many consumers - in particular vulnerable consumers - will continue to be unfairly penalised after March 2020.

For instance, only 2 providers - BT and Sky - have committed to cap price differentials between out of contract and new contract prices. Sky’s cap will also

²¹ Ofcom, [Helping consumers get better deals: A review of pricing practices in fixed broadband](#), September 2019, paragraph 3.32

²² Ofcom, [Helping consumers get better deals: A review of pricing practices in fixed broadband](#), September 2019, paragraph 3.42

²³ Citizens Advice, [Excessive prices for disengaged consumers: A super-complaint to the Competition and Markets Authority](#), September 2018, page 35

²⁴ Ofcom, [Helping consumers get better deals: A review of pricing practices in fixed broadband](#), September 2019, Paragraph 6.70

²⁵ Ofcom, [Helping consumers get better deals: A review of pricing practices in fixed broadband](#), September 2019, Paragraph 6.78

only apply to consumers entering into a new contract, and will therefore leave many over-paying. Sky's vulnerable customers will benefit from their cap on price differentials, which we welcome. But, this will only come into effect for customers once they enter into a new contract. Consumers who are already out of contract will not benefit and may continue to pay an unfair price differential indefinitely.

BT will apply the price cap to all vulnerable consumers who are already out-of-contract. However, the details of the cap have not yet been announced. This will be an important detail because BT's prices and price differentials are much higher than other providers and its customer base is the largest.²⁶

EE and Plusnet have also not made any commitments to protect vulnerable consumers specifically. Additionally, while TalkTalk will carry out annual reviews with out-of-contract vulnerable consumers, it will wait 3 months for consumers to engage before applying the discount regardless. The justification for this is not clear: if TalkTalk are going to apply a discount after 3 months without waiting for confirmation from the consumer, it's unclear why this discount isn't applied immediately.

The need for providers to be better at identifying who needs support underscores our concerns with the commitments to protect vulnerable consumers. Any additional protection afforded to these consumers will only be as effective as providers' processes for identifying them. Ofcom's Proposed guide for treating vulnerable consumers fairly will help providers to improve their efforts in this regard.

Additional evidence will also be required to establish whether the commitments will be as effective as targeted price caps or will adequately address the harm which stems from unfair price differentials. Ofcom should be ambitious in its approach to evaluation and impact assessment, and set out what options are available for protecting vulnerable consumers and model their likely impact. The FCA's cash savings market review is an example of best practice in this area.²⁷ Ofcom should also be clear about what regulatory powers government should introduce, if Ofcom does not have the appropriate powers to protect loyal customers.

²⁶ Ofcom, [Helping consumers get better deals: A review of pricing practices in fixed broadband](#), September 2019, Figure 3

²⁷ FCA, [Cash savings market study](#), January 2015

It is unlikely that end-of-contract and annual best tariff notifications will have a significant impact on switching.

Ofcom says that throughout its response it has “been mindful of the likely impact of end-of-contract and annual best tariff notifications”²⁸ which they “believe...could be substantial.”²⁹ However, evidence from other markets suggests that the impact will be modest. Analysis of the effectiveness of notifications in other sectors suggests an increase in switching rates of only around 2-9%.

For instance, timely reminders to switch were trialled in the cash savings market. Overall, switching increased within providers by between 4.7% and 8.2%, but the notifications did not lead to more consumers taking higher-paid products from other providers.³⁰ A review by Amelia Fletcher for Which? found that a number of demand-side remedies have not been as effective as intended, and a few may have had unintended consequences.³¹

We therefore recommend that Ofcom uses its new powers to conduct an ex-post evaluation of ECNs and ABTs, comparing the impact on switching rates and engagement of the different messages used by providers. If there is a significant variation between providers, Ofcom should consider mandating the most effective messaging and timing of the notifications. The FCA’s evaluation of notifications in the general insurance market is an example of best practice.³² The proposals were based on a range of evidence including the results of RCTs. After implementation, the FCA conducted an econometric analysis of 22 million transactions to isolate and quantify the impact of the new rules. This evidence allowed the FCA to identify some unexpected consequences, and accurately quantify the impact of their intervention.

²⁸ Ofcom, [Helping consumers get better deals: A review of pricing practices in fixed broadband](#), September 2019, paragraph 3.32

²⁹ Ofcom, [Helping consumers get better deals: A review of pricing practices in fixed broadband](#), September 2019, paragraph 3.42

³⁰ FCA, [Occasional paper 19: Attention, Search and Switching: Evidence on Mandated Disclosure from the Savings Market](#), July 2016

³¹ Professor Amelia Fletcher, [The Role of Demand-Side Remedies in Driving Effective Competition. A Review for Which?](#), November 2016

³²FCA, [Evaluation Paper 19/1: An evaluation of our general insurance renewal transparency intervention](#), October 2019

5. Ofcom should consider how social tariffs could be used to protect vulnerable consumers from harmful price differentials

We welcome Ofcom's plan to explore the possibility of social tariffs in broadband. Social tariffs are widely available in water and a scheme called the Warm Home Discount is used energy. But, in broadband only 2 providers - BT and KCOM - offer a social tariff, entirely on a voluntary basis.

Social tariffs could go some way to addressing affordability concerns with telecoms services. Broadband is now uncontroversially an essential service - and yet 5% of people in social economic group DE do not have broadband due to the cost, and a further 6% struggle to pay for it.³³ This is a serious cause for concern; everyone should have access to affordable, reliable, adequate broadband service. The wider availability and adoption of social tariffs could be a key part of achieving this.

All water companies have to offer a social tariff, with more than 262,000 households are on a tariff which offers some level of discount on their bills.³⁴ Additionally, the Warm Home Discount of £140 off energy bills is automatically provided to everyone who receives the guarantee credit element of Pension Credit, with support also available on application for some low income groups who are likely to be vulnerable.³⁵ These are good examples of how social tariffs can be used to address affordability concerns with essential services. However, broadband is slightly different from water and energy. Firstly, there is much greater variation in product (ie download speeds and download limit), and secondly there are more issues with price differentials.

Given how many vulnerable consumers are harmed by price differentials, and the constraints on Ofcom's powers with controlling prices, we encourage Ofcom to consider an expanded role for social tariffs in broadband. Social tariffs could also be used to address concerns stemming from the impact of pricing differentials on vulnerable consumers. Ofcom has stated that it will be more likely to take action when vulnerable consumers are harmed, and has acknowledged that vulnerable consumers are less likely to respond to, and therefore benefit from, demand-side or information remedies.³⁶

³³ Ofcom, [Helping consumers get better deals: A review of pricing practices in fixed broadband](#), September 2019, paragraph 6.46

³⁴ CCWater, [Annual Report and Accounts 2016-17](#)

³⁵ Citizens Advice, [Grants and payments to help you pay your energy bill](#), Accessed 19/11/2018=9

³⁶ Ofcom, [Helping consumers get better deals: A review of pricing practices in fixed broadband](#), September 2019, paragraph 4.53

As we have set out in the previous section, the voluntary commitments made by providers appear likely to leave many vulnerable consumers over-paying and being harmed by price differentials. Social tariffs have a role to play here but only if questions of eligibility and product range are addressed in their design. KCOM offers three different social tariffs with download speeds ranging from 10MB/s to 30MB/s.³⁷ However, it is only available to households in the Hull area. Eligibility for both BT Basic + Broadband and KCOM's 'Social Access Packages' are conditional, based on receiving one of a certain list of benefits. Nearly half (43%) of all the vulnerable consumers identified by providers are out-of-contract. Only a subset of these consumers would meet these eligibility requirements, leaving many vulnerable consumers who are out-of-contract and experiencing harm from price differentials, but who cannot benefit from the social tariffs on offer.

Additionally, the service provided by BT's and KCOM's social tariffs is extremely limited. BT Basic + Broadband offers only 15GB of data per month, and KCOM's most generous tariff offers only 20GB. This is a fraction of average UK household usage, which was 240GB per month in 2018.³⁸ While BT Basic + Broadband is clearly beneficial for consumers with acute affordability concerns, it would not be appropriate for many vulnerable households who also need additional protection.

While Ofcom views affordability and the fairness of pricing practices as separate issues, we would **encourage Ofcom to explore the role of social tariffs in mitigating the impact of unfair price differentials.** Consumers who face acute affordability concerns should have access to a social tariff if they want one, but an expanded suite of social tariffs could also be a powerful tool to protect eligible vulnerable consumers. For example, where providers identify low-income, they could place these customers on the cheapest equivalent deal automatically. Alternatively, a form of rebate or voucher system could give consumers a choice of broadband tariff, while providing consistent support to those who need it. This kind of intervention may also be more likely to preserve competitive dynamics for the rest of the market.

We'd like to see Ofcom review how social tariffs are best used in other sectors and evaluate whether there are alternative methods of offering a social tariff that go beyond BT Basic + Broadband. Reform to the tariff that's currently available could mean that vulnerable customers are protected from price differentials, but do not lose out on, for example, broadband speeds.

³⁷ KCOM, [Social Access Package](#), Accessed 19/11/2019

³⁸ BT, [BT Basic + Broadband](#), Accessed 20/11/2019; Ofcom, [Connected Nations 2018: Main report](#), December 2018

Ofcom should consider how powers conferred in the Digital Economy Act 2017 could be used to identify vulnerable consumers.

As outlined in our response to Ofcom's vulnerability guidance, providers should do more to identify and support consumers who are in debt and should not be using disconnection as a punitive measure. Ofcom is right to identify this as a priority. Any discussion of measures to protect vulnerable consumers will be hampered by issues with identifying these consumers. Additionally, social tariffs have relatively low take up, which could be due to low levels of awareness.

The Digital Economy Act 2017 provides Government with the power to share data on who vulnerable consumers are with providers. We recommend that Ofcom review whether adding a specified objective in the Digital Economy Act 2017 to expand its remit to telecoms would be an appropriate tool. This information could be used to identify consumers who are eligible for social tariffs or other protections.

Telecoms ranks far behind other essential services in identifying and supporting vulnerable consumers. For instance, in our recent research on the experiences of consumers with mental health problems in essential service markets, telecoms was highlighted as the sector where research participants had the most problematic relationship with their provider. People with mental health problems said that telecoms firms are the least likely to consider their needs or provide tailored support for them, compared with other essential services.³⁹ The Digital Economy Act 2017 could give providers a means of identifying vulnerable customers to better protect them.

We encourage Ofcom to consider how powers in the Act could best be applied to the telecoms market, and to make the case to the Secretary of State for any updates to specified objectives that could be passed in secondary legislation, which would help achieve this objective.

³⁹ Citizens Advice (2018) [Essential service markets and people with mental health problems](#)