

Communications Consumer Panel and ACOD's response to Ofcom's call for inputs: review of measures to protect people in debt or at risk of disconnection

Background

The Communications Consumer Panel, established by the Communications Act 2003, is a group of independent experts with direct sectoral experience. We ensure the citizen and consumer voice is represented in communications policy development.

The Panel's job is to ensure that the sector works for consumers, citizens and micro businesses - and in particular people who may be in a more vulnerable position in society. We carry out research, provide advice and encourage Ofcom, governments, the EU, industry and others to look at issues through the eyes of consumers, citizens and micro businesses.

The Panel pays particular attention to the needs of older people and people with disabilities, the needs of people in rural areas and people on low incomes, and the needs of micro businesses, which have many of the same problems as individual consumers.

Four members of the Panel also represent the interests of consumers in England, Northern Ireland, Scotland and Wales respectively. They liaise with the key stakeholders in the Nations to understand the perspectives of consumers in all parts of the UK and input these perspectives to the Panel's consideration of issues. Following the alignment of ACOD (the Advisory Committee for Older and Disabled people) with the Panel, the Panel is more alert than ever to the interests of older and disabled consumers and citizens.

Response

We welcome the opportunity to respond to Ofcom's initial observations in its first steps to reviewing measures to protect people in debt or at risk of disconnection.

Our response provides input on behalf of consumers, citizens and micro businesses and is informed by our regular engagement with relevant stakeholders and insights from our independent research. The issues some consumers face are illustrated by this mobile customer who took part in our 2019 research and described the vicious circle of debt accumulation she found herself in:

"I've been calling them again and again. I've been passed from pillar to post so many times. Then I get a bill for my mobile and it's massive. It's like I'm accumulating debt trying to resolve paying off debt. How can that be right?" Kayla, a participant in "Don't cut me off!" - a vicious circle of debt accumulation in telecoms' (independent research for the Communications Consumer Panel, 2019)

Vulnerability - recognising who might require additional support

We welcome and appreciate Ofcom's opening statements, that *'making sure customers, especially people in vulnerable circumstances, are treated fairly, is a priority for Ofcom'*.

Ofcom's supplied definition of *'people in vulnerable circumstances'* is: *'people whose circumstances have led to them becoming vulnerable'*. We believe this is only part of the picture. We would also highlight that beyond not liking being labelled, many people who are struggling with their finances may not recognise themselves as 'vulnerable', instead believing that the onus is on them to pay the bill to prevent their provider from cutting them off.

We also draw attention to the following as stated by the Financial Conduct Authority in **FG21/1**: Guidance for firms on the fair treatment of vulnerable customers:

"Characteristics of vulnerability may result in consumers having additional or different needs and may limit their ability or willingness to make decisions and choices or to represent their own interests. These consumers may be at greater risk of harm, particularly if things go wrong."

For us, this highlights what we have heard from our stakeholders and our research participants, that financially vulnerable consumers may be less able to recognise or accept that they need additional support, and as a result may be less able or willing to request that support.

People in financial vulnerability may also be experiencing other difficulties which may act as a barrier to their being able to manage their finances without additional support

The Money and Mental Health Institute, a regular participant at one of the Panel's National Stakeholder Hubs, highlights the link between living with a mental health problem and the likelihood of being scammed online in addition to the link between mental health and a lower income (Typical income for people with common mental health conditions is £8,400 less than for the rest of the population.)

The Panel's National Stakeholder Hubs - Affordability and Debt session

The Panel's National Stakeholder Hubs enable us to hear from a wide range of organisations representing consumers, citizens and micro businesses, on topics of shared interest.

We recently held a round of Hub meetings on affordability and debt. Some of the key points of discussion that were made during the Hub sessions were around the idea that providers and Ofcom could do more to prevent consumers from getting to the stage of potential disconnection. We realise that prevention is not the focus of this consultation, but would highlight to Ofcom and providers the proactive steps that can be taken - a selection of key points are below and a full summary of our discussions and those who took part can be found [here](#).

Participation:

Being unable to afford communications services or the infrastructure required to gain a connection means that consumers are unable to participate digitally.

- digitally excluded consumers are less likely to be aware of available support, including online tools that can help to drive-down costs such as price comparison websites.
- any public services have moved online requiring a digital connection and, in some cases, downloading an app.
- adequate access - connections that are resilient, secure and fast - have become essential to citizens attending healthcare and wellbeing appointments conducted via online video consultations.

Education:

Online learning is inaccessible to many consumers, causing the digital divide to widen.

- recent research found that barriers to accessing education during the latest lockdown included no internet access; insufficient data allowances; and no digital devices.¹

Guaranteed low cost connectivity:

Industry should provide a basic, affordable connectivity service to all UK consumers, regardless of circumstances. A standard service should align with recommended speeds across the UK and meet consumer needs, reflecting the fast-paced nature of the digital market.

- many older consumers are socially excluded and would benefit from a guaranteed, low cost digital service.
- many consumers and small businesses are unable to afford digital devices that meet their digital needs. In addition, many devices quickly become out of date as technology evolves.
- in January 2021, Digital Equality Scotland surveyed 139 Members, of whom 83% had been unable to afford their broadband and mobile packages.
- affordability is a significant issue for farmers and crofters due to the costs associated with upgrading or installing a connection. This impacts their ability to efficiently run and innovatively expand their business model.

¹ [Getting online: barriers and successes for the provision of online learning during the January 2021 Tier 4 lockdown - A briefing from the Children's Commissioner for Wales](#)

- there was support for the introduction of social tariffs in this sector. Any tariffs introduced to include financially vulnerable consumers should be consistent and outline clear eligibility criteria to avoid consumer confusion - a consistent approach would also help debt advisory bodies when providing advice to consumers.
- participants advised that the communications sector should consult and learn from other sectors where support initiatives have already been introduced e.g. social tariffs / price caps and automatically switching consumers onto better deals.
- participants advised that communications providers should train contact centre staff to understand the warning signs and to respectfully signpost their customer to legitimate and appropriate debt advisory bodies where appropriate. Offering more flexible billing plans or moving customers to cheaper packages were also seen as helpful measures.

Measures in place to protect financially vulnerable and indebted consumers in the communications sector

We note that Ofcom's General Conditions place obligations on providers to ensure that 'any measures they take to effect payment or disconnect services are proportionate and not unduly discriminatory (GC C3.11)'. Providers must also publish details of the measures they may take to obtain payment or disconnection, where a customer has not paid all or part of a bill (GC C3.12). However, as Ofcom also states in the consultation document, providers' policies are not consistent. This is not only confusing for consumers and difficult for charities and third parties to stay up-to-date with, but it could be potentially discriminatory, since not all providers are available to all consumers. For example, consumers choosing a mobile provider may have their choice restricted to the one provider who offers reliable coverage in their geographical area. If that provider happens to offer less advantageous disconnection terms, then the consumer is more disadvantaged than if they had lived in an area where they had more choice in providers.

We recognise that Ofcom also has rules requiring the fair and appropriate treatment of vulnerable customers (General Condition C5.2.) and we welcomed the publication of Ofcom's Treating Vulnerable Customers Fairly guide, as a starting point for discussion to raise standards across the sector, beyond complying with the rules.

Additionally, we believe that the Fairness Commitments should be used as a way of monitoring fair treatment of financially vulnerable and indebted consumers, with Ofcom holding senior communications sector executives to account for the level of service their business promotes and provides to those who require support.

The steps taken by Ofcom, government and industry during the pandemic have provided valuable protection to consumers and their families. We believe these measures should be continued and that they should be easier to implement and more intuitive, requiring less effort from financially vulnerable consumers, who will undoubtedly be under stress and not in a position to advocate for themselves.

We support more proactive efforts to raise awareness among providers of the signs of financial vulnerability and debt and a more consistent approach, led by Ofcom.

Reaching people who require additional support in time to provide it

Consumers who require additional support to pay their bills may not be listed on their provider's records as 'vulnerable' on the day a financial impact occurs, so their provider may not have the right information at the right time to help them.

For this and other reasons, we have urged Ofcom and providers to ensure that information about the additional support available is promoted to all consumers, so that people are aware of it before they need it, or can help family or friends who may need it.

Communications providers should clearly alert consumers to both their own and trusted third parties' support. Through our National Stakeholder Hubs, we regularly engage with debt advisory organisations. We've heard that consumer referrals from the communications sector tend to be lower than from other sectors and therefore, improving information on debt advisory support could help to raise awareness and increase referrals.

"There is a lot of support and legal aid that we are not aware of until we are in these predicaments. When you are in these sorts of situations it can be stressful and confusing to find out where you can get this advice from. It should be more publicised where to go for information in what situation." (Anthony, living with partner, working, 35 - 44, London - participant in 'Don't Cut Me Off!', 2018)

The Panel has previously highlighted to providers the benefits of implementing a Customer Charter, which would provide consumers with the information they need in one document, including contact channels and available support. The Charter could also refer customers to sources of external support.

Our qualitative research on the experiences of communications consumers from low-income households, 'Don't Cut Me Off!' features throughout our response. We have significant concerns consumers taking part in the research had prioritised their telecoms bills over other essentials and had sacrificed paying for necessities, such as food, water, gas and electricity, for fear of having the communications services they relied on cut off. It needs to be made clearer that help is available.

Making it easy to ask for help - keeping a wide range of channels open for consumer contact, particularly for people with additional access requirements

It is vital that providers are approachable and accessible to all consumers who may need to contact them to ask for support, so that consumers can get through to their provider quickly and easily. As highlighted earlier on in this response, by Kayla, a participant in the

Panel's 2018 research, poor customer service can leave indebted consumers in a circle of debt accumulation, paying for multiple, lengthy calls to their provider, which costs money they do not have.

Charities and disability consultancies have conducted research into the impact of disability on income. We support the social model of disability, which says that people are not disabled by a particular medical condition, but by conditions in society that disable them from being able to access services on an equivalent basis, leading them to have 'additional access requirements' compared to the majority of consumers and citizens. Scope's report 'Disability Price Tag' outlines the extra costs faced by disabled people/people with additional access requirements and their families. [Disability Price Tag | Disability charity Scope UK](#).

We recently commissioned research into consumers' experiences when they were unable to contact their communications provider using their preferred communications channel and have published findings on the outcomes experienced, with our recommendations: [Our new research on contacting your provider during the pandemic - News releases - Communications Consumer Panel](#) Our research showed that there were poorer outcomes for consumers with additional access requirements. Having a restricted range of contact channels available for consumers who have additional access requirements is discriminatory because it means that those consumers are less likely to be able to raise a complaint or concern with their provider - this means that they are less likely to receive an equivalent level of service. On a practical level, it means that providers that want to improve their services for 'consumers in vulnerable circumstances' will be less able to do so, as they won't have the information they need from part of their customer base. For example, some customers with additional access requirements will be less likely to be 'heard' by those who assess customer satisfaction by examining the recorded number of - and themes of - customer complaints.

Our research found that almost half of customers (46%) who contacted a provider over the last six months had been unable to use their preferred method of contact; and nearly half of customers with additional requirements using a non-preferred channel were unable to get the information or outcome they wanted. Inability to use their preferred channel would sometimes exacerbate consumers' existing anxieties and make it harder to achieve a positive outcome.

Our recommendations called for communications providers to provide a range of contact channels to provide a service that is inclusive from the outset; and training for all customer-facing staff on less visible conditions such as anxiety, or life circumstances such as low literacy or financial vulnerability.

Since the pandemic, more consumers have been driven towards 'self-serve' solutions, however providers' apps commonly only allow consumers to upgrade, not downgrade - and often the functionality of websites and apps is not tested on a wide enough base of consumers, meaning it can be difficult, or even impossible, for consumers with additional access requirements to use.

Financial capability, literacy and vulnerability

As well as promoting support options to all and making it easy for people to contact them, we believe that providers must supply information that helps consumers to understand what they will pay and what they will get.

Complexity - not only in the way tariffs, contracts and deals are set up, but in data allowances and what they mean in practice, as well as technology used, can leave consumers paying for more than they need and unable to challenge their provider. Providers must not profit from consumers' lack of understanding of a complex market.

We believe that Ofcom's media literacy role means Ofcom should require providers to use clear, plain English on all consumer materials, ensuring that consumer information is easy to understand. We believe this may help more people to sign up more easily for deals that they can afford and to understand how to downgrade when necessary, without incurring charges.

"I couldn't tell you what the tariff is on my mobile phone. I know that I'm not using all my data so I'm probably paying too much. I don't think they are great at explaining it."
(Claire, sole parent, 25 - 34, unemployed, participant in 'Don't Cut me Off!', 2018)

The Money and Pensions Service has brought together research into the financial capability of people in the UK. The statistics below provide insights into the scale of financial vulnerability and debt in the UK (Money and Pensions Service <https://www.fincap.org.uk>):

- Over 20 million of us can't effectively manage our money.
- 11.5 million have less than £100 in savings.
- 8.99 million people - 17% of UK adults - are over indebted, but only around a third of these people receive help.

We believe that of key importance in respect of the 11.5 million people who have less than £100 in savings, is the need for accuracy in communications providers' billing systems - and prompt resolution where a customer receives an unexpectedly high bill. We know that Ofcom does to some extent monitor providers' billing accuracy, but we highlight the case studies below to highlight the need for Ofcom to instil a sense of urgency in providers around refunding financially vulnerable consumers when errors occur. It is unfair that there can be penalties on consumers who pay late, but not on providers who refund late enough to cause consumers detriment.

Contract fairness

We have raised numerous issues about unfair contracts over recent years and have been pleased to see Ofcom provide guidance to communications providers on clarifying contracts, including end of contract notifications and best tariff notifications.

We strongly encourage Ofcom to monitor the effectiveness of these measures, to ensure that communications providers are issuing them in a way that puts consumers in a better-informed, more empowered place than they would have been. We have heard anecdotal evidence that these notifications do not always match up with the spirit and intention behind them and we will continue to be alert to evidence and insights on this.

Social tariff

While the Panel acknowledges that a regulatory social tariff could only be introduced if directed by UK Government, we would urge that any future social tariff should have a clear and consistent eligibility criteria to avoid consumer confusion, as highlighted by stakeholders at our National Stakeholder Hubs, above.

In the interim, Communications providers should train staff to spot the early signs of those struggling and to pre-empt debt problems by offering more flexible billing plans or options to move to cheaper packages.

The consumer voice: more from our research participants

Case studies from [our 2018 research](#) into consumer complaint resolution in the communications sector, and [our 2019 research](#) into the experiences of consumers in low income households / 'Just about managing' to pay the bills, highlight issues where consumers have been made more financially vulnerable by errors on their providers' part, which have then not been handled fairly by the providers.

People who are financially vulnerable and on the brink of debt may be less resilient to bill shock, as highlighted in Bob's case:

Case study: Bob, 47, unemployed ex-boxer and mobile customer, living with his wife and teenage daughter ('Still Going Round in Circles', independent research for the Communications Consumer Panel, 2018)

Bob's provider accidentally charged him ten times his usual billing amount, taking £370 out of his bank account, instead of £37. The provider said they would be unable to refund Bob the amount taken in error, for 28 days.

Bob became anxious that the additional cost would take him into his overdraft and he would receive bank charges, so he called back to express the urgency of the situation and asked for the money to be paid back immediately. He was advised that this was not possible and he would have to wait until the end of the month.

"It was obvious it was a mistake. I was so angry. It was my money, not theirs, and they had no right to keep hold of it. They're a big money-making-machine. Bullies, they don't care about 'the small man'." Bob, 47, unemployed, mobile customer.

Case study: Lucy, 24, unemployed sole parent and broadband customer, living in a council flat with her two children aged 3 and 5 ('Don't Cut me Off!', independent research for the Communications Consumer Panel, 2019)

When she moved, Lucy wished to stay with her existing broadband provider. However, at her 'go live' date she only had a connection for two hours and then it cut out. After contacting customer services and waiting a number of days with no response she decided to cancel her direct debit and switch provider. Lucy later received an early termination fee of over £300 for cancelling her contract, which she refused to pay. Having received no help from customer services, Lucy has ignored repeated letters about the debt, feeling disempowered to resolve the situation, while aware of the potential impact on her credit score.

"I have a £300 early termination fee even though I was only live for about half an hour, before they cut it off!" Lucy, 24, unemployed sole parent of young children, broadband customer.

Consumers efforts to prevent disconnection - and their suggestions for providers

[Our 'Don't Cut Me Off!' research](#) highlighted consumers' reliance on telecoms services, which has dramatically increased in the past few years, to the point where access to mobile phones and internet services is considered by many to be essential. Although communications services were not viewed by participants as more important than essentials related to shelter, food, water and energy, for many participants they were integral to their daily needs.

Broadband, mobile, landline and pay-TV were viewed as essential services in the way the participants ran their lives in terms of online banking, managing benefits online, applying for jobs, low cost entertainment (streaming services such as Netflix) and maintaining social connections. Broadband was particularly important in households where there were children - and the research took place before the Covid-19 pandemic, which only further intensified the reliance of households on affordable, reliable connectivity.

The fear of being disconnected drove some of our participants to prioritise their telecoms bills over other essential services. Some participants in the study said they had sacrificed paying for necessities, such as food, water, gas and electricity, for fear of having the communications services they relied on cut off.

"Mobile phones and internet are so important in everyday life now. You use it every day. It is something they take advantage of because they know you will pay it above everything else. I would prioritise that over my gas and electric some months as I know that my gas and electric are not going to cut me off." (Claire, sole parent, 25 - 34, unemployed, Croydon)

Participants provided feedback and suggestions on ways that providers had or could help their customers instead of cutting off their communications services:

- *“(My provider) put a cap on my spend, so if I hit that I can’t go over. We agreed that was the best thing for me. It’s annoying sometimes, but I have to put up with it, and it stops me. Which is better in the long run.” (Vanessa, sole parent, 25-34, on benefits, Tredegar)*
- *“They kept cutting me off when I missed the bills. They should have given me a chance to pay it, or even cut it down and given me so many weeks/months and then try to help me with it instead of just cutting me off.” (Charlotte, 35 - 44, living with partner and children, County Tyrone)*
- *“My CP were understanding about moving payment back. It worked out well. They were okay with changing the payment date for a later date, so it saved me going into debt and into my overdraft.” (Joanna, sole parent, 18 - 24, on benefits, Cardiff)*
- *“[If people are struggling providers could] ...suggest they go on smaller packages i.e. entertainment and stuff. Try and help them reduce what they don’t really need but they think they do.” (Brian, living with partner, 65+, retired, Birmingham)*
- *“The best thing providers could do would be provide flexible contracts for those who are experiencing difficulties paying their bills. They could say if you can’t afford the current package, they should provide them with a lower contract, but this might mean they have to stay with them for a little bit longer over the long term because you’ve signed up for a total contract cost. (Sally, living alone, working, 25 - 34, Nairn)*

Learning from other sectors

As we know Ofcom are aware, treating consumers fairly is not solely a priority in this sector and consumers do not just accumulate payment difficulties in telecoms.

Consumers who are struggling to pay for communications services are likely to be struggling in other sectors too, and we believe that providers need to be mindful of this when communicating with customers and enforcing debt recovery practices.

Ofcom’s recent research found that 2 million households had reported an affordability issue with broadband and/or smartphone services in the month before they were surveyed; and combined with increasing costs across other utilities, the fragility of consumers’ financial circumstances is evident.

The impacts of the Covid-19 pandemic

We believe that, now more than ever, governments and regulators need to ensure that sufficient safeguards are in place in the market, to protect financially vulnerable consumers and those who could suddenly become financially vulnerable. Some consumers will have reached the end of a furlough period, or may have lost their job during the pandemic. Some people may lose the additional £20 in Universal Credit payments they became used to during the pandemic.

Our strategic plan outlines our commitment to ensuring that all consumers across the UK have access to basic, secure, affordable, reliable, resilient communications services that are both accessible and usable across a variety of devices. To reflect the importance of digital connectivity, we believe that access to communication services should be as much a consumer right as access to any other essential utility, including security from having the service ‘cut off’ except in extreme circumstances.

Recommendations from our ‘Don’t Cut Me Off!’ research are below in our ‘PERFECT’ model, for reference:

Proactivity: make consumers aware of options available to them

Empathy: empower customer service agents to deal with payment management needs

Respect: understand a consumer’s individual needs and circumstances

Flexibility: help and allow consumers to reduce communications costs

Ease: provide consumers with the information required to make informed decisions

Clarity: ensure that information is accessible to all consumers

Transparency: provide information in plain, jargon-free language

Conclusions

- The Panel supports Ofcom’s proposals to strengthen protections for consumers in debt or at risk of disconnection.
- We hope that Ofcom’s Fairness Commitments and strengthening the ‘Treating Vulnerable Customers Fairly’ guide will help to drive positive outcomes for consumers across the communications sector.
- We have also welcomed the introduction of end of contract notifications (ECNs) to help reduce costs for out-of-contract customers. However, we remain concerned that CPs are not always administering ECNs in the spirit in which they were designed and customers who engage with providers and challenge the ECN offer are likely to receive a better deal.
- We welcome the introduction of social tariffs - they should be clear, easy to apply for, with consistent criteria to prevent consumer confusion.
- Ofcom should ensure that communications providers are training contact centre staff to understand customer needs better and to treat people in a respectful manner, so that they are not ashamed or afraid to discuss their financial difficulties.



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- Communications providers should also train staff to spot the early signs of those struggling and to pre-empt debt problems by offering more flexible billing plans or options to move to cheaper packages.
- We also urge Ofcom to ensure that providers are making their services accessible and usable by all, so that all consumers can contact their provider when they need to - for support, or to provide feedback or raise a complaint.