

Money and Mental Health response to Ofcom's consultation on a review of measures to protect people in debt or at risk of disconnection

Introduction

The Money and Mental Health Policy Institute is a research charity established by Martin Lewis to break the vicious cycle of money and mental health problems. We aim to be a world-class centre of expertise developing practical policy solutions, working in partnership with those providing services, those who shape them, and those using them, to find out what really works. Everything we do is rooted in the lived experience of our Research Community, a group of 5,000 people with personal experience of mental health problems.

In this document, we respond to questions 1-4.

Background

- People with mental health problems are three and a half times more likely to be in problem debt than those without, and half (46%) of adults in problem debt also have a mental health problem.¹
- Mental health and financial problems can form a devastating, self-reinforcing cycle. Over 420,000 people in problem debt consider taking their own life in England each year, and more than 100,000 people in debt actually attempt suicide.²

Summary

- We welcome Ofcom's focus on debt and disconnection. As the consultation document recognises, vulnerable customers are disproportionately likely to be in problem debt, and being in problem debt can have a significant impact on customers, particularly if creditors respond inappropriately.
- We support Ofcom's proposed approach of initially clarifying its expectations of firms through guidance and then continuing to monitor practice in the sector. However, we recommend that Ofcom is clear with firms that it is considering taking stronger action if this best practice approach does not yield more consistent and improved outcomes for vulnerable customers.
- We recommend that Ofcom takes a stronger approach on disconnection and prohibits providers from disconnecting vulnerable customers from essential communication services.
- When considering action in this area, Ofcom should be mindful of the growing pressures on household finances. For much of the January 2020 - January 2021 period observed in Ofcom's affordability analysis, households had access to a range of extra financial support including the furlough scheme, an uplift in benefit payments and additional forbearance in the financial services, energy and telecoms sectors. The recent removal of these protections and rising inflation will likely lead to an increase in debt

¹ Holkar M. Debt and mental health: A statistical update. Money and Mental Health Policy Institute. 2019.

² Bond N and Holkar M. A silent killer: Breaking the link between financial difficulty and suicide. Money and Mental Health Policy Institute. 2018.

problems, so it is important that Ofcom takes clear action now to prevent harmful practices on debt and disconnection.

Question 1: Do you agree that we should amend the guide in the ways suggested? If not, are there any alternative options you think we should consider? Please provide evidence supporting your views, including any research you have conducted or have access to.

We support Ofcom's proposed amendments to the guide on treating vulnerable customers fairly.

In point 4.12, the call for inputs document notes that some providers take steps to identify customers who may be financially vulnerable before they go into debt. Ofcom should recognise this as good practice and highlight the value of early intervention in the guide.

We agree with Ofcom's view in point 4.20 that communications which emphasise the support available are likely to be more effective than communications which focus on the negative consequences of non-payment. We consistently find that people with mental health problems delay asking creditors for help because they don't realise that support is available. If Ofcom does test behaviorally-informed communications in future, we recommend that any consumer research includes a range of vulnerable customers, including people with mental health problems.

We support Ofcom's proposed changes on the value of providers rotating the communication channel they use for outbound communication and ensuring that providers offer a range of channels for customers to get in touch with. As the document recognises, many vulnerable customers have serious difficulty using a particular communication channel, so if providers rely on a single channel for inbound or outbound communication this will be inaccessible for many customers. If a customer has specified which channel works best for them, providers should make several contact attempts using this channel first, before considering rotating to another channel.

"If I have a problem, it is very difficult to ring someone to sort it out... I can't always understand what I am being asked or told. I avoid making contact, as I am afraid of not being able to deal with it." - Expert by experience

Question 2: Do you agree that we should amend the guide in the ways suggested? If not, are there any alternative options you think we should consider? Please provide evidence supporting your views, including any research you have conducted or have access to.

Regarding point 4.27, we would like to clarify that the Money and Mental Health Policy Institute does not provide debt advice, so providers should not be encouraged to signpost to us in that way.

We support Ofcom’s proposal to highlight the value of including clear and prominent information about free debt advice services in communications about arrears. We do still see examples of ineffective debt advice signposting, for instance providers including information at the bottom of the final page of a letter. If the prominent messages on a communication are perceived to be threatening and the customer can’t see a solution to their situation, this can lead to people disengaging and not continuing to the signposting, and can even lead to an increased risk of suicide.³ Our view is that a prominent supportive message is most likely to encourage help-seeking behaviour and lead to a sustainable solution to the financial problem.

Question 3: Do you agree that there should be more consistency in the way in which providers seek to effect payment from customers in debt? If so, how do you believe this could be achieved most effectively? Please provide evidence supporting your views, including any research you have conducted or have access to.

The pandemic has highlighted the importance of communications services and we welcomed Ofcom’s action to protect people from disconnection. However, even before the pandemic, many people with mental health problems relied heavily on these services, including to access essential public services and support networks. Consumer research from 2019 found that disconnection can have a devastating negative effect on people’s mental resilience.⁴

“It left me unable to get appointments and order my medication... I couldn't make calls about my benefits or feel connected to the world during days of feeling dangerously low.” - Expert by experience

“I don't think I could handle being cut off from phone or internet, a lot of support comes from family and friends.” - Expert by experience

Communication services are essentials of modern life. To guard against the harm that disconnection can cause, we believe it is proportionate for Ofcom to prevent providers from disconnecting vulnerable consumers from telecoms, ensuring that they have at least basic access to essential communications services. We see no value in affording providers the discretion to disconnect a customer who they know is vulnerable. Our view is that expecting providers to judge which vulnerable customers are “particularly reliant on their communications services” adds unnecessary complexity to this important protection. This also increases the risk that those customers who are least able to advocate for themselves or articulate their needs will miss out, which will particularly disadvantage those with mental health problems whose symptoms may make this especially challenging. Firms may struggle to assess a vulnerable customer’s needs and, provided with that discretion, would have an incentive to underestimate those needs.

³ Bond N and Holkar M. A silent killer. Money and mental health policy institute. 2018.

⁴ Holkar M. Failing to connect. Money and mental health policy institute. 2019.

On point 4.47, we support Ofcom's proposal to monitor whether providers impose additional fees and charges on customers who are seeking help with a debt problem. This is not a constructive approach from firms and should not be considered treating a customer fairly.

We also support Ofcom's proposal that providers use a phased approach to the introduction of service restrictions. Providers have imperfect information about their customers' circumstances, so even if providers are required not to disconnect vulnerable customers there is a risk that vulnerable customers who have never disclosed a problem are affected. Requiring providers to take a phased approach would limit this risk and provide opportunities for intervention before a vulnerable customer is fully disconnected.

We welcome Ofcom's proposal that providers should protect customer access to free helplines, for example protecting children and domestic abuse victims, even during service restrictions. To make it as easy as possible for providers to do the right thing, Ofcom should specify a range of core services, including free debt advice, mental health support services and freephone numbers that people use to manage benefits claims, and should encourage providers to be proactive and build on this. This approach would recognise the crossover of debt and other problems, and would help to reduce the knock-on effect that problems paying for communication services have on other areas of people's lives. Crucially, when providers do impose service restrictions, they must clearly explain which free helplines customers can still access, so that customers are aware of this important protection.

Ofcom should consider the benefits of a similar approach for internet access. For example, Ofcom could protect customer access to guidance services like the MoneyHelper website, or public services like the Universal Credit portal and the NHS website.

Question 4: Do you agree that we should amend the guide regarding the provision of information about measures to support customers? If not, are there any alternative options you think we should consider? Please provide evidence supporting your views, including any research you have conducted or have access to

We support Ofcom's proposed approach of closely monitoring provider behaviour in this area and signalling to providers that it wants them to consistently implement the good practice highlighted in the guide on treating vulnerable customers fairly.

Regarding point 4.55, specialist teams can make a huge difference to vulnerable customers, but well-trained frontline colleagues are crucial for them to work effectively and to ensure that vulnerable customers consistently reach this support. Frontline staff need to know how to spot the signs of vulnerability and what the specialist team can actually help with, and they need the confidence to handle a conversation about vulnerability and make a referral. Ofcom could highlight the key role that the frontline staff play in ensuring consistent outcomes in the guide.

We support Ofcom's proposal that providers should proactively inform customers about the support they offer. Too often providers only share this information reactively, after a customer

has disclosed a problem or asked for help, or share this information on an obscure part of their website that few customers will read. This means that customers who find it harder to be proactive and ask for help often miss out on vital support, or only access it at the point of crisis.

“My depression makes me unable to deal with financial problems. Head in the sand attitude. I worry about it all the time, it keeps me awake at night, but I am unable to-do anything proactive to alleviate the issues.” - Expert by experience