

Utility Warehouse response to Ofcom Call for Inputs ‘Review of measures to protect people in debt or at risk of disconnection’

Utility Warehouse welcomes the opportunity to respond to Ofcom’s call for Input on measures to protect people who are in debt or at risk of disconnection. We agree with the importance of treating customers fairly, particularly those that are vulnerable and this is reflected in our approach to managing debt.

It is encouraging to see that despite the pandemic, only a relatively small proportion of telecoms customers were in arrears. Although total debt levels rose slightly, the proportion of disconnected customers fell, suggesting that providers have taken into account the circumstances of vulnerable customers. Earlier this year the Government’s ‘Breathing Space’ scheme was introduced, providing additional safeguards to vulnerable customers in specific circumstances.

Summary

We agree with Ofcom’s conclusion that there does not appear to be significant harm in relation to customers in debt or at risk of disconnection. In the absence of this, one could question whether there is a need to update Ofcom’s guide on treating customers fairly. Ofcom considers the variation between providers’ practices could cause some consumers to receive less support than others. In the absence of significant consumer harm (as concluded by Ofcom) or evidence that the variation between providers results in harm, it is unclear what benefits Ofcom expect from updating the guidance. Different providers have different processes and systems in place to support all aspects of their business, including treating customers fairly and meeting their regulatory obligations more generally. Procedures around debt and disconnection will be no exception. In addition, as evidenced during the pandemic, providers have adapted their policies to recognise the impact the pandemic may have had on customers.

Responses to consultation questions

Notwithstanding our view on the need for additional guidance, we include some comments on Ofcom’s suggestions below.

Options available to customers and means of communication:

We allow customers to contact us by all the suggested options and use different communication channels for the different stages of our debt management and disconnection process. Whilst this works for us, we see limited value in having a prescriptive approach from Ofcom on this. We consider that all providers have an interest to use the communication channels and messaging that are most effective for them in dealing with customers in debt or at risk of disconnection because of both fairness and commercial considerations.

Strengthening links with organisations and charities that can provide free debt advice and support:

We agree that it is helpful for customers to have signposting information on our website to third parties who can support them managing debt and budgeting. We have a partnership with the Citizen Advice Bureau (CAB) Plymouth. In practice, this means that we refer customers to CAB Plymouth. They have dedicated staff resources to deal with direct referrals from us. This is a more targeted signposting method and it removes the reliance on the customer to reach out to CAB because CAB will reach out to the customer instead. This approach works well for us and again, we consider that a prescriptive approach can be rigid and overlook other good practices.

Measures taken by providers to effect payment:

We use a 'gradual' approach to disconnection, whereby we restrict services before we disconnect them altogether.

We have a number of steps in place to effect payment including:

- Sending communications to customers when their bill has not been paid on time (via email, post or SMS).
- Sending reminder communications about any outstanding debt, especially before services are suspended or disconnected (via email, post or SMS).
- Allowing customers more time to pay.
- Agreeing payment plans for customers who are encountering payment difficulty.
- A dedicated team who contact customers in debt to offer support, including vulnerable customers.

