



Treating Vulnerable Customers Fairly Guide

**Consultation on proposed amendments
supporting customers in debt or struggling to pay**

Virgin Media O2's response

12th May 2022

Non-Confidential response

EXECUTIVE SUMMARY

Virgin Media O2 (VMO2) welcomes the opportunity to respond to Ofcom's consultation on "proposals to amend the guide to help ensure customers in debt or struggling to pay are treated fairly" ("**the Consultation**").

VMO2 understands the importance of supporting vulnerable customers, including those who face financial difficulties, and we appreciate the need to keep the guidance in relation to these customers under review. We agree with Ofcom's assertion that there is no evidence of significant consumer harm in this area. This reflects the positive measures taken by providers and underpins the fact that there are no grounds to introduce changes to the General Conditions. We agree, however, that there is merit in exploring whether some changes could be made to the guidance. As we have previously highlighted, we believe the current guidance is working well and, not only that, providers have often gone beyond the guidance in the support provided to customers, especially during the recent lockdown periods. Allied with Ofcom's Fairness Commitments, this demonstrates support is available to impacted customers across industry. We do, however, believe that some of the proposed amendments to the guide are welcome, particularly around increasing awareness of the support available to customers in financial difficulties.

However, we believe there are some key issues with Ofcom's approach to the proposed changes and would encourage Ofcom to consider those points raised by industry when finalising the amendments to the existing guidance. Although many of our concerns were provided in our response to Ofcom's previous call for inputs¹, we believe that these are worth further consideration to ensure that any updated guidance provides vulnerable customers, and those facing financial difficulties, with the best outcomes and allows providers the relevant amount of flexibility in meeting their needs.

VMO2 supports some of the changes Ofcom is proposing but, as we have previously highlighted, we still believe that many of Ofcom's proposed changes to the guide take a somewhat broad-brush approach to managing and supporting customers in debt and still do not consider what factors may have caused their indebtedness. Such an approach carries inherent risks for both providers and customers.

Upon review of the latest proposals, we do not believe that Ofcom has fully taken into consideration the number of factors that may lead to a customer entering a provider's overdue payment management process. As we have previously set out, there are a number of reasons why a customer may miss a payment and, when looking at how to deal with such customers, it is vital to understand this. We note that other providers have raised the point that Ofcom should not be overly prescriptive when updating the guidance and this is something we would echo. Taking a prescriptive approach does not work for customers or providers alike and a 'one size fits all' approach is inadequate in these situations.

Once again, we would like to stress that an essential element of a providers' ability to support customers who find themselves facing financial difficulty is the reliance upon the customer to communicate with us. Whilst we fully understand that this guidance is "provider facing" and

¹ [Call for inputs: Review of measures to protect people in debt or at risk of disconnection \(ofcom.org.uk\)](https://www.ofcom.org.uk/calls-for-inputs/2020/04/2020-04-20)

therefore not something directed at customers, we still maintain that the need for customers to communicate with their provider is a key part of the process and must be recognised. Specifically, when looking at Ofcom's proposed changes around the use of restrictions to effect payment, providers cannot simply keep customers connected indefinitely, especially if they are not prepared to engage with us. This situation impacts negatively on both provider and customer, potentially allowing customers to accrue further debt and distracting providers from those customers who need our support.

The main focus of this response addresses the key planned changes proposed by Ofcom since the previous consultation. This response should therefore be read in conjunction with our previous submission.

1. INTRODUCTION

As we have demonstrated on numerous occasions, VMO2 takes the support of vulnerable customers, including those facing financial hardship, incredibly seriously. Over the past couple of years, we have seen even more the importance of communication services to customers, and we strive to provide the necessary support to those who may find themselves vulnerable, whether as a result of a health condition, debt, or indeed some other life circumstance. As a signatory to Ofcom's flagship Fairness Commitments, we understand the need to treat customers fairly and do our utmost to ensure customers stay connected wherever possible. We have introduced our Essential Broadband tariff for those customers in receipt of Universal Credit as an extra level of support.

Within our previous response, we addressed the analysis provided by Ofcom in regard to this particular area and so will not repeat that in this response. However, we do believe that it is noteworthy to once again call out that many of the metrics shown in the previous Call for Inputs had already returned to pre-pandemic levels and it is clear there is no justification or measurable consumer harm to warrant any regulatory intervention at this stage.

During the remainder of this response, we will assess what we view as the specific proposed changes Ofcom is looking to make, alongside our own viewpoint, followed by our concluding thoughts. We note that there is only one overarching question in this consultation and therefore our response can be taken in full as an answer to this.

2. PROPOSED CHANGES

Upon review of this latest consultation, VMO2 sees the following five areas as the key changes to the guidance proposed by Ofcom and we will comment on each in turn:

- Broadening of scope from customers who are "facing problem debt" to those "in debt or struggling to pay";
- Identification, engagement and communication with customers;
- Strengthening links with organisations and charities that can provide free debt advice and support;
- Measures taken by providers to effect payment;
- Measures designed by providers to support customers.

Broadening of scope

VMO2 notes that Ofcom is proposing to broaden the scope of the guidance to not only include those customers in debt but also those “struggling to pay”. Although there is very little specific change within the guidance in relation to any newly captured customers, it is clear that such a change in scope will result in the guidance applying to a new, expanded cohort of customers. While we strive to offer customers as much support as possible, we do have some concerns about this change.

The most obvious concern with such an approach is how providers are expected to identify those customers who may be struggling to pay before they enter debt. Such a process would be incredibly subjective and there may, for example, be a number of reasons why a customer may miss a payment, ranging from genuine long-term financial difficulties or short-term cash flow issues through to one off events, such as the switching of a bank account, moving home or genuine oversight. Clearly, some of these reasons are examples where customers may appreciate proactive measures from their supplier. However, there are also likely to be many customers who would be unappreciative at the very least to be contacted offering financial support or may be offended by the suggestion that they may be struggling to pay.

Unfortunately, there is also a cohort of customers who exploit any available process in order to delay or avoid payment, such as using any time frame between a missed payment and disconnection. Any extension of the scope of the guide could encourage further such behaviour. Fundamentally, providers should not be placed in the role of arbiter in defining when a customer is deemed to be struggling to pay. Therefore, the emphasis must be placed upon customers to make contact with their providers when they are struggling to make payments or facing financial difficulties. However, we do acknowledge that all the onus cannot be placed upon the customer and providers can take steps to ensure we improve the signposting of, and access to, support and do more to encourage customers to get in touch when they do face difficulties. As this particular point falls under other areas of Ofcom’s proposed updates, they will be discussed in further detail later in this response.

Identification, engagement and communication

The proposed changes in this particular area focus on both the method and content of communications between providers and customers who miss payments. Ofcom proposes that providers should rotate between communication methods when attempting to contact customers who find themselves in debt in order to stand the best chance of eliciting a response. Many of the customers who find themselves in this situation can be vulnerable and may not respond to certain communication methods, therefore providing the full range allows the customer to respond in the way they feel most comfortable. As we have previously mentioned, this is a position that VMO2 is supportive of and our existing payment management process already includes using a variety of communication methods.

As mentioned elsewhere in this response, in principle we would be supportive of providers looking at ways in which they can signpost and emphasise the support available to customers and this includes doing so within existing communications and online. However, we feel it is appropriate to once again emphasise that we do not feel a missed payment is an appropriate measure to identify those customers who are encountering financial hardship and require this type of support.

Therefore, we feel that simply adding in a standard line within **all** communications may not be an appropriate or suitable way in which to support our customers and this information would be better utilised during an active conversation held directly between ourselves and the customer.

However, as with all areas of how we communicate with our customers, this area will continue to be under review as we aim to provide both the best service and outcomes for our customers.

Strengthening links with organisations and charities

From reviewing the latest proposals and a review of stakeholder responses provided by Ofcom, it is clear that there are a number of consumer organisations and charities dealing with customers in financial difficulties and who wish to see more done in this space by both Ofcom and providers to support these customers. Whilst acknowledging the support and expertise offered by these groups, and the key role they play in supporting vulnerable customers and those facing financial difficulties, we believe it is important that Ofcom strikes a balance between support and allowing providers the flexibility to deal with their customers appropriately. It is also vital that any intervention is proportionate to any consumer harm, something which is not evident at present.

We understand Ofcom's desire for providers to include "clear and prominent" information regarding sources of free debt advice and debt advice organisations within payment related communications. This is something that VMO2 feels could be appropriate and we already signpost several of these organisations within our help pages online and during direct conversations with customers for whom this help may be appropriate, where signposting free and independent forms of advice is part of the mandatory scripting for this type of call. However, as with other avenues of support, we believe that to include references to this type of support on all payment communications is not appropriate at this time and that an overly prescriptive approach to this type of communication is unhelpful.

VMO2 is aware of the potential barriers to communication that may be in place for customers who find themselves in financial difficulty, whether they be vulnerable or not, and we acknowledge the support that can be provided by debt advice organisations and charities to customers in such situations. Therefore, we understand the desire to allow such organisations to talk directly with providers on behalf of the customer. Whilst we do not object to this suggested approach, there are still issues present regarding consent and security that make such steps difficult and we appreciate the fact that Ofcom has acknowledged that such difficulties exist.

Measures taken by providers to effect payment

Since the original call for inputs, we appreciate that Ofcom has updated its proposed changes to the guidance, specifically removing the suggested 3-month rule prior to enacting any form of restrictions. We also understand the desire to ensure that vulnerable customers are protected from service restrictions and ensuring that free helplines are protected where possible. This approach is something that we support and currently do where appropriate.

However, as we have previously highlighted, we do find potential issues with the general approach taken to service restrictions within the proposed guidance and believe that Ofcom is taking somewhat of a broad-brush approach to an issue that is anything but straightforward. Whilst we agree with Ofcom's assertion that the consistency of outcomes for customers is more important than the consistency of provider processes, we are concerned that the proposed updated guidance

would look to have providers take, at the very least, a phased approach to service restrictions when customers miss payments. As we have already stated, there are a number of reasons why a customer may miss a payment and, in order to support these customers, providers require them to engage with us. If this engagement is not forthcoming, providers must take appropriate measures to effect payment, including service restrictions and disconnection. Providers cannot be expected to allow customers who do not engage with them to remain fully connected whilst not making the appropriate payments. We have seen previously that such an approach does not work for both providers and customers and therefore, we maintain that such an approach is not appropriate. However, if customers do communicate with us, via a variety of methods, we have support available that means they may be able to continue to make use of at least some of their services whilst their situation improves. We believe this, coupled with the availability of our Essential Broadband tariff², is a more suitable approach, avoiding customers accruing unnecessary debt and allowing us as a provider to deliver the appropriate level of support.

Measures designed by providers to support customers

The proposed changes in this particular area of the guidance are very much in line with those discussed previously, but still require a response. Overall, including information on the support offered to customers by providers across communications, websites and in conversations with affected customers is something that VMO2 would support. We understand the importance of ensuring that customers are aware of the support we offer and that this is something they are able to access with relative ease. Throughout our communications with customers, we encourage them to contact us in order for us to discuss the support available to them and our website includes similar messaging. We have also improved the navigation within our website to make it easier for customers to locate the relevant section of our help pages and are looking at ways in which we can improve our community pages to include further help and support for customers. We believe these measures, and the availability of this information, provide the relevant support to our customers. Our concern, as flagged by Ofcom in the consultation, is that prescribing the amount of information provided to customers could overload them and lessen the impact of the information the customer really needs. Therefore, we appreciate Ofcom calling out a desire to not overload customers and believe this allows providers to provide the relevant and required information as and when appropriate.

3. CONCLUSION

Overall, VMO2 understands Ofcom's desire to ensure that the appropriate level of support is available to customers who find themselves struggling to pay or in debt and this is something that we are supportive of. We take our responsibility to support vulnerable customers and those in financial difficulty extremely seriously and we look to ensure that customers are treated fairly in all areas of their journey with us. We are committed to our involvement with Ofcom's Fairness Commitments and continue to strive to achieve the best possible outcomes for our customers.

As we have highlighted in our response, there are several elements of the proposed guidance that we understand and, in principle, support. However, we feel that it must be stressed that Ofcom has made it clear that there is not the presence of consumer harm that would justify any regulatory

² [Broadband for Low Income Families | Virgin Media](#)

intervention. This would clearly suggest that the measures taken by industry over the last few years have worked in providing the necessary support for customers in financial difficulty and can therefore be relied upon to continue to do so. As we have highlighted, we believe that some of the proposed changes, specifically in regard to service restrictions and effecting payment, are too broad and we would look to Ofcom to allow providers to act with flexibility when securing the best outcomes for our customers and providing the necessary support.

We will continue to work with Ofcom and all relevant debt advice organisations and charities in order to ensure we continue to provide the highest level of support to our customers.