



2 Marylebone Road  
London NW1 4DF  
t 020 7770 7000  
f 020 7770 7600

Ofcom  
Riverside House  
2A Southwark Bridge Road  
London  
SE1 9HA

## **Which? response to ‘Treating Vulnerable Customers Fairly guide: Proposals to amend the guide to help ensure customers in debt or struggling to pay are treated fairly’**

Which? welcomes the opportunity to respond to Ofcom’s proposals to amend its ‘Treating Vulnerable Customers Fairly’ guide for communications providers (‘the guide’). It is critically important that broadband and phone providers treat their customers fairly when they are at risk of being disconnected due to financial challenges.

It is right that communications providers and Ofcom took steps to protect people in debt or at risk of disconnection during the pandemic. Which? believes it is essential that these measures remain in place and continue to be strengthened ‘post-pandemic’, given the continuing importance of connectivity, and worsening economic conditions for consumers, including the cost of living crisis, which disproportionately impacts those on low-incomes<sup>1</sup>. Which? research shows that incidence of financial difficulty continues to increase<sup>2</sup> in the UK. 59% of households made adjustments to cover essential spending in April 2022 and 7.3% missed at least one housing, bill, loan or credit card payment.

As the UK’s consumer champion, Which? is broadly supportive of each of the proposals to amend ‘the guide’ put forward in this consultation, which all strengthen Ofcom’s existing guidance in important ways. These changes must be backed up by a robust and structured monitoring regime led by Ofcom. This would ensure that providers implement the necessary changes so that all vulnerable consumers are paying a fair price, provided with clear information, and protected from unfair or premature disconnection. This regime must include clear thresholds for what Ofcom considers successful industry change, and contingency steps if these thresholds are not met, including regulation. We appreciate that Ofcom has made clear its intention to monitor certain aspects of the implementation of these proposals, but we would like this essential aspect to take the form of a firm and detailed commitment.

### **Social tariffs**

Which? supports the emphasis placed in these proposals on providers offering and promoting social tariffs for low-income households. All providers should offer targeted tariffs (such as social tariffs) to help support low-income households who may be struggling with affordability. Whilst there have been positive developments, with the majority of the UK’s largest broadband providers now offering social tariffs, they are not available market-wide.

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<sup>1</sup>Guardian (2022, March) UK’s low-income families to lose a fifth of their spare cash in 2022, <https://www.theguardian.com/business/2022/mar/30/uks-low-income-families-to-lose-a-fifth-of-their-spare-cash-in-2022>

<sup>2</sup> Which? (2022, April) Consumer confidence and financial wellbeing in April 2022, <https://consumerinsight.which.co.uk/articles/consumer-sentiment-april-2022>

Those providers who still do not offer social tariffs should seriously consider what measures they can put in place to help support households who may be struggling to pay. For example, whilst they do not offer a social tariff, Which? recognises the value of TalkTalk's offer of six months free broadband for jobseekers. Providers should not limit their provision exclusively to those in receipt of Universal Credit, but also consider whether they can extend this support to other customers who are experiencing financial difficulties.

Whilst offering social tariffs or alternative provisions for low-income consumers is essential, equally necessary is for providers to ensure they are taken up by those they are intended for. Ofcom data suggests that just approximately 55,000 UK consumers have taken up social tariffs from providers, an estimated 1.2% of Universal Credit claimants<sup>3</sup>. Ofcom data also suggests that 84% of claimants were unaware of the social tariff packages altogether<sup>4</sup>. Given this incredibly low level of uptake and awareness, Which? encourages providers to consider how they can more proactively raise awareness, identify potentially eligible customers and remove barriers for them to move to a social tariff. Elsewhere, Ofcom has highlighted good practice from providers in this area, including some providers allowing customers to report their needs through online accounts or via a webform, and others utilising social media platforms for real-time indications of customer vulnerability<sup>5</sup>. Ofcom should continue to identify and call out good practice in the provision of these tariffs, including within its guide.

For example, signing up to such tariffs should not be a burden on the consumer. A good industry example of unburdening the consumer is TalkTalk's partnership with the Department for Work and Pensions (DWP), whereby jobcentres are able to refer benefit claimants directly to the provider<sup>6</sup>. Targeting provision in this way ensures specific cohorts of eligible consumers are proactively enrolled.

For other eligible consumers, signing up should be as easy as possible. Which? agrees with Ofcom that providers should notify customers about eligibility criteria and the sign up process. Additionally, during the eligibility checking process, consumers should not be required to put sensitive documentation about their qualifying benefits (e.g. their latest statement) in the post or send them via email. We note that BT has access to a DWP API (Application Programming Interface) that enables simple and instantaneous eligibility checks, and we look forward to this capability being extended to other providers, leveraging available data held by the department where possible.

Providers should be particularly mindful of the vulnerability of customers accessing a social tariff. Providers should ensure that consumers do not face excess charges, like those for router equipment or installation, whilst accessing these services. Additionally, providers should not automatically roll customers over onto higher cost options when they reach the end of their social tariff term. Providers should work with customers to ensure they can afford the tariff that is available.

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<sup>3</sup> Ofcom (2022, February) Affordability of Communications Services, [www.ofcom.org.uk/data/assets/pdf\\_file/0016/232522/Affordability-of-Communications-Services.pdf](http://www.ofcom.org.uk/data/assets/pdf_file/0016/232522/Affordability-of-Communications-Services.pdf) p.15

<sup>4</sup> *ibid.*

<sup>5</sup> Ofcom (2021, May) Fairness Commitments Monitoring Report, [www.ofcom.org.uk/data/assets/pdf\\_file/0030/218676/fairness-commitments-monitoring-report.pdf](http://www.ofcom.org.uk/data/assets/pdf_file/0030/218676/fairness-commitments-monitoring-report.pdf) p.22

<sup>6</sup> TalkTalk (2021) Broadband for Jobseekers, <https://www.talktalkgroup.com/about-us/DWP-Jobseekers-Voucher-Scheme>

As these best practices suggest, there is a role for government departments, such as the DWP, to promote social tariff availability through their channels. Ofcom must detail its plans to monitor consumer awareness and uptake of social tariffs going forward, outline its success thresholds, and consider what action it may be able to take if low-income households continue to struggle with broadband affordability, particularly given the essential nature of broadband services.

### **Contact method preferences**

In Which?'s response to Ofcom's Call for Inputs on this issue, we highlighted the importance of providers offering customers their preferred method of contacting their provider. We noted that some providers do not allow their customers to use letters, email or web chat as a means of contacting them, and that this may limit some customers' ability to request help.

We are therefore disappointed with Ofcom's assertion that its current guidance on contact methods is sufficient. The current guidance has not achieved a scenario where all providers are offering consumers a wide range of contact options. Some providers still do not offer any 'non-real time' contact options, like letters, email or online accounts, and others only offer single or very limited 'non-real time' options<sup>7</sup>. Whilst we appreciate that mandating the specific contact methods providers should offer would be overly prescriptive, the current approach is not meeting consumer needs and more must be done to improve this.

Separately regarding provider initiated communications - vulnerable customers may lack the capacity to respond to certain communication channels attempted by the provider. Qualitative research undertaken by Which? suggests that vulnerable consumers, especially those with mental health problems, find the prospect of contacting providers and navigating the broadband market particularly stressful<sup>8</sup>. Given this we welcome the proposed changes in 'the guide' to encourage providers to rotate through available contact methods before taking further action when a customer misses a payment. This is important to ensure that vulnerable consumers have every opportunity to overcome their individual capacity challenges, receive the information and respond to the provider using their preferred channel. Ofcom should provide details of how it will monitor the implementation of this guidance.

### **Debt advice and organisations**

Which? welcomes Ofcom's proposal to outline best practice for providers signposting customers to relevant financial and debt advice organisations. We agree with Ofcom that providers must include clear information about where customers can access free debt advice, in all payment and collections related correspondence. We also welcome Ofcom's proposal to encourage providers to make it simple and easy for debt advice organisations to represent customers in direct communications about their situation. If implemented, these proposals would go some way to giving vulnerable consumers the opportunity to access the information and support they need to interface with the provider about their debt situation.

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<sup>7</sup>Ofcom (2021, May) Fairness Commitments Monitoring Report, [www.ofcom.org.uk/data/assets/pdf\\_file/0030/218676/fairness-commitments-monitoring-report.pdf](http://www.ofcom.org.uk/data/assets/pdf_file/0030/218676/fairness-commitments-monitoring-report.pdf) p.32

<sup>8</sup> Which? (2019, October) Consumer Engagement with the Broadband Market, Summary of Qualitative Research, [www.which.co.uk/policy/housing-utilities/4986/broadband-engagement](http://www.which.co.uk/policy/housing-utilities/4986/broadband-engagement) p.8

Again, Ofcom should set out how it intends to monitor providers' implementation of these recommendations and what its thresholds for success are.

We are disappointed that Ofcom declined to take forward our proposal for it to produce a standardised debt advice resource, akin to the FCA's Arrears information sheet. Whilst we accept that there is a role for consumer bodies and charities in providing consumers with advice, Ofcom is the regulator, and therefore has a duty to UK consumers and carries consumers' trust. Consumers are sceptical of communication providers. Qualitative research undertaken by Which? found low levels of trust in the market as a whole<sup>9</sup>. Creating a standardised resource would aid consumer trust and add value on top of provider-led information, which can continue to be tailored to different customers and communication types. We do not accept that because this information could become outdated, Ofcom should not provide it. A commitment to update the resource on a regular defined basis would sufficiently address this concern.

### **Service restrictions**

The proposals put forward around the use of service restrictions to effect payment are important and necessary. Providers should implement each suggestion, giving vulnerable customers transparency about their approach to effecting payment, exhausting all other options before introducing service restrictions, phasing any restrictions that do become necessary, and protecting free helplines throughout restricted periods. Which? also supports Ofcom's best practice suggestions for providers wishing to instruct debt collection agencies to pursue customers. All efforts should be made to understand the customer's individual circumstances before this step is taken, to fully evaluate the impact this might have on them, and its probable effectiveness. As a baseline, providers must only use agencies with strong policies for treating vulnerable customers fairly.

Which? accepts Ofcom's decision to remove proposals for a 3 month minimum period before disconnection. Providers should have the flexibility to tailor their approaches to the specific needs of individual vulnerable customers. Ofcom must monitor the effectiveness of the sum of these proposals to ensure consistency of outcome is achieved across the industry with regard to vulnerable consumers.

**For further information, or to discuss in more detail, please contact George Berry, Policy Adviser at [george.berry@which.co.uk](mailto:george.berry@which.co.uk).**

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<sup>9</sup> Which? (2021, August) Consumer Insight Tracker, [https://consumerinsight.which.co.uk/tracker/compare/trust?qid=q16\\_06&search%5Bdate\\_from%5D=2108&search%5Bdate\\_to%5D=2008&search%5Bsort\\_by%5D=unsorted](https://consumerinsight.which.co.uk/tracker/compare/trust?qid=q16_06&search%5Bdate_from%5D=2108&search%5Bdate_to%5D=2008&search%5Bsort_by%5D=unsorted)