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Call for inputs: Review of measures to protect people in debt or at risk of disconnection.

Introduction

Which? welcomes the opportunity to respond to Ofcom's [call for inputs](#) on the review of measures to protect people in debt or at risk of disconnection. It is important that consumers that are at risk of being disconnected due to financial challenges are treated fairly by all communications providers and are offered adequate protections.

Which? welcomes the steps that communications providers and Ofcom have taken to protect people in debt or at risk of disconnection during the pandemic. Those measures have helped consumers and made sure that they were not left behind at a time when having access to communications services was critical. Nonetheless, it is important that these measures not only remain in place, but are strengthened so that these consumers will be protected in future, even after the uncertainty caused by COVID-19 has gone.

As the UK's consumer champion, Which? is interested in the proposals set out by Ofcom in its review. Consumers should be able to easily access reliable information and support when they are at risk of missing payments or being disconnected. These measures would also benefit from more consistency in their application and monitoring by Ofcom.

Keeping consumers connected in a post-pandemic Britain

Which? welcomes the steps that providers took during the pandemic to support customers struggling to pay and make sure that they remained connected, in a time where digital connections are more important than ever.

The impact of COVID-19 has led to indebted households cutting back sharply on their spending¹. Some of them, particularly those with unsecured debt, have reported being in financial difficulty and will be more vulnerable to future shocks, as they are less likely to have savings². As Ofcom reports, while the proportion of customers in arrears remained relatively stable around 2% of fixed and 3% of mobile customers, customers debt increased from £475 to £550 million between January 2020 and January 2021³. Moreover, the upcoming increases in energy bills and the Universal Credit cuts coming in the autumn may put financially vulnerable consumers under further pressure. According to the Money Charity this

¹ Bank of England "Household debt and Covid" 2021

² Ibid.

³Ofcom "Call for Inputs: Review of measures to protect people in debt or at risk of disconnection" 2021.

may impact the 9 million people in the UK that are already struggling to cope with finances and managing money⁴. As a result it is important that the measures taken during the pandemic to support customers struggling to pay remain in place indefinitely and are further strengthened where necessary, given that some consumers may still experience economic uncertainty in the future.

Clear information about options and advice

Which? believes that consumers should be able to access clear information about what options are available to manage their debt. The fact that Ofcom's own research shows that customers who struggle to pay their communication bills are not always aware that their provider might be able to offer solutions, highlights the need for providers to do more in this area.

We agree with Ofcom's observation that providers should make it easier for consumers to access information about available support. This could be provided in outgoing debt communications, on their websites and when consumers in debt contact their respective customer service teams. All providers should provide relevant information on their websites. To avoid treating unfairly consumers who are less able to go online, information about the support available to people in arrears should be included in outbound debt communication and when customers contact customer services teams. We are aware that some providers are already doing this, but it should become standard practice across the industry.

Which? agrees with Ofcom that providers should continue to proactively communicate to consumers that go in arrears as well as continue their effort in identifying financially vulnerable consumers. We believe that this would help to balance the provider's commercial interests in getting the customer to pay with the needs of consumers in financial difficulties. Providers which do not inform their customers of the support available may increase the likelihood that those in vulnerable circumstances disengage, potentially worsening their debt situation.

Which? also welcomes Ofcom's suggestion that providers should signpost and promote debt advice organisations in their communications. We agree that providers should have a dedicated direct contact channel to allow free debt advice organisations representing customers easy access to providers. As is the case in financial services, providers should routinely include clear and prominent information about sources of free advice in their payment and collections-related communications to customers in arrears. Ofcom may want to consider offering a standardised version of this information, like the FCA's Arrears information sheet⁵ to ensure that providers have a clear understanding of what information should be included. However, these initiatives will only be beneficial if adequately promoted and supported. We believe that Ofcom should make these proposals mandatory and monitor their implementation.

⁴ The Money Charity "The Money Stats – August 2021 – Difficult Winter Coming For Many UK Households" 2021

<https://themoneycharity.org.uk/money-stats-august-2021-difficult-winter-coming-many-uk-households/>

⁵FCA "Information sheet : Arrears"

<https://www.fca.org.uk/publication/information-sheets/information-sheet-arrears.pdf>

The need for a consistent approach

Which? finds the inconsistency of behaviour between different providers in the time given between missing a payment and disconnecting services concerning. This suggests that some financially vulnerable consumers are more likely to experience harm than others because of their choice of provider. Ofcom should take further steps to ensure that all consumers experiencing financial difficulties are treated fairly by their telecoms providers. We consider that greater consistency would be an indicator of increased fairness across the market.

We believe that there is a need for a consistent approach in terms of what consumers can expect from their provider when dealing with debt and the risk of being disconnected. While providers are currently able to adopt different processes, consumers would benefit from a more consistent approach when it comes to the provision of information about, and the steps that providers can take in introducing, service restrictions and disconnection.

We agree with Ofcom's proposal that the consistent approach adopted by providers should include avoiding disconnecting a customer before a minimum of three months after missing a bill, take a phased approach, protect access to free helplines and avoid service restrictions for vulnerable consumers.

Which? believes that these measures will help make sure that consumers are able to receive a consistent approach when it comes to treatment of debt and disconnection, regardless of which provider they are with.

More ways to contact providers

We welcome Ofcom's proposal to make sure that providers offer a range of communications channels, as suggested in Ofcom's own guide⁶, to enable their consumers to get in touch. For example, some consumers are less keen to contact their provider on the phone and would benefit from having access to alternative methods. The fact that some providers do not allow their customers to use letters, email or web chat as a means of contacting them, may limit some customers' ability to request help.

Which?'s own research found that 21% of those who have responsibility for their broadband are not confident speaking to their provider about changing their contract⁷. Having access to different communication channels will help consumers more easily contact their provider and access the help they need. Therefore, Ofcom should encourage providers to offer alternative communications channels that take into account consumers' circumstances and needs.

Ongoing monitoring

⁶ Ofcom "Treating vulnerable customers fairly: A guide for phone, broadband and pay-TV providers" 2020

https://www.ofcom.org.uk/__data/assets/pdf_file/0034/198763/treating-vulnerable-customer-fairly-guide.pdf

⁷ Yonder on behalf of Which? surveyed 2114 UK adults, of whom 1913 were solely or jointly responsible for decisions about their household broadband. The survey was conducted online between 12th and 14th March 2021. Data was weighted to be representative of the UK population.

As previously mentioned, Which? believes that the measures taken during the pandemic to support customers struggling to pay should remain in place as they will help protect those consumers who are at risk of being in debt and missing payments. These issues will still occur and persist even post-pandemic so it is critical that consumers can get the support they need.

It is important that Ofcom continues to monitor the steps being taken by providers to help those consumers at risk of debt and disconnection. If in future Ofcom does not see the improvements, or outcomes, it expects in response to this review of the Guidance, it should consider exploring changes to the General Conditions of Entitlement to ensure that consumers are adequately protected when they are in debt or at risk of disconnection. This will help to ensure that measures are delivering their expected outcomes.

About Which?

Which? is the UK's consumer champion. As an organisation we're not for profit - a powerful force for good, here to make life simpler, fairer and safer for everyone. We're the independent consumer voice that provides impartial advice, investigates, holds businesses to account and works with policymakers to make change happen. We fund our work mainly through member subscriptions. We're not influenced by third parties – we never take advertising and we buy all the products that we test.

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September 2021