Vulnerable Customer and Codes of Practice. Initial Consultation

1. Introduction

1.1 Age Concern England (the National Council on Ageing) brings together Age Concern organisations working at a local level and 100 national bodies, including charities, professional bodies and representational groups with an interest in older people and ageing issues. Through our national information line, which receives 225,000 telephone and postal enquiries a year, and the information services offered by local Age Concern organisations, we are in day to day contact with older people and their concerns.

1.2 We are pleased to be a member of the Ofgem Vulnerable Customers and Codes working group which is discussing the review of these codes and are pleased to give our views on this initial consultation. The areas of most interest to us are the provisions for debt and disconnection and for the priority services register.

1.3 Whilst we welcome steps taken by the industry to come up with voluntary codes of practice, our view is that because the provision of gas and electricity, although now through the private sector, is an essential service for all consumers energy suppliers cannot be treated in the same way as suppliers who provide non essential services. Hence Age Concern considers there continues to be a need for some regulation through the licensing system to ensure households have reasonable access to gas and electricity which are vital for households in maintaining basic standards of living and good health.

1.4 Further, not all energy companies are members of the energy company trade association, Energy Retailing Association (ERA). In addition it appears that even members of the ERA do not have to subscribe to the codes of practices it may draw up. For example, one ERA member will not be signing up to the ERA Billing Code of Practice. In these circumstances, we do not think it satisfactory to leave some important supply issues to self regulation.
1.5 Further it seems likely that the Government will soon be changing the nature and duties of energywatch, the statutory consumer council for energy. Age Concern does not consider that the complaints services provided by energywatch will be adequately replaced by Consumer Direct in its current form. Nor would the current proposals for Consumer Voice offer consumers the same help in dealing with energy complaints that energywatch is able to offer and we think this will place greater demands on the resources of local Age Concerns. Given the uncertainty about the future of energywatch and future consumer help with complaints we would not want to see too much deregulation with regard to the current energy licence conditions at this stage.

2.0 Debt and disconnection

2.1 Age Concern welcomes the licence condition which prevents all energy companies from disconnecting households solely inhabited by pensioners during winter months for non payment of a bill ‘through misfortune or inability to budget to meet bills.’ We would not only wish to see this condition retained but we would like to see it extended to cover the whole year. This is because there is evidence that this does not give sufficient protection to pensioners in winter months as shown by the unfortunate incidence of the pensioner couple, Mr and Mrs Bates who were both in their late eighties. They were found dead in their home during the winter months from cold related illness because their heating supply had been disconnected but in the summer months.

2.2 It is an established fact that all older people, regardless of socio economic status are susceptible to the cold with at least 95% of the excess winter deaths each year being people over the age of 60. Given this licence condition has so clearly been shown not to achieve its aim, Age Concern considers it should be extended so that no pensioner households should be disconnected at all.

2.3 We have sympathy with the desire of energy companies to retain their powers to ultimately disconnect households for non payment of bills. However, we do not think the relevant licence conditions to cover the whole year would result in an increase in pensioner households not paying their bills. In general older households are anxious to avoid debt and are good bill payers and therefore unlikely to be disconnected for deliberate non payment. Research shows that most older people would rather turn off their heating than be faced with a bill that is too high for them to pay since it is their fear of getting into debt that makes older households good bill payers, not their fear of being disconnected.
2.4 Age Concern considers they will continue to pay their bills regularly even though they will not be disconnected. Even in the Bates case there was clearly no inability or intention on their part not to pay the bill. In any case, the wording of licence condition would still allow pensioner households to be disconnected if non-payment is due to something other than inability to pay, or, as in the Bates case, misfortune.

2.5 This view is further supported by the fact that a significantly below average number of pensioner households have pre-payment meters (ppms) which are often installed by energy companies as a means of collecting debts. Research conducted for Ofgem found that only 8% of electricity and 6% of gas customers on ppms were over the age of 65\(^1\).

2.6 Whilst we welcome the ERA code of practice which aims to prevent disconnecting vulnerable households, we do not think it has been in operation for a sufficient time to know if it is successful. Age Concern has yet to be convinced that supplier information systems are sufficiently robust to enable them to identify vulnerable customers. In the Bates case they had been customers of the same energy company, living in the same house, for a considerable number of years. In all this time, until the situation that led to their disconnection, they had always been regular bill payers. Age Concern considers over this time period, the energy company should have built up a sufficient profile of this household to have been alerted to the unusual behaviour in not paying their bills and done a more informed investigation. Sadly they did not pick this up and the Bates became merely part of their disconnection process.

2.7 Whilst welcoming the provisions in the code of practice that the debt follow up process will require regular points at which contact with the customer is attempted, again we are not convinced that this will prevent the disconnection for vulnerable customers. Personal contact was made with the Bates household, but the caller did not pick up the fact that they were not acting in a ‘normal’ manner and that therefore maybe something was wrong. We remain to be persuaded that energy company staff responsible for collecting debts will have the skills to enable them to determine who are or are not vulnerable customers.

3.0 Priority services register

\(^1\) Experience of the competitive market. Research study conducted for Ofgem by MORI. January 2001.
3.1 Age Concern has always tried to encourage older people to sign up to the Priority Services Register (PSR) and we were pleased to support the recent campaign by energywatch to improve take up. However it is disappointing that despite this campaign and the attempts by Ofgem to improve PSR take up, figures remain at a consistently low level. In the research conducted by Ofgem on PSR take up, it reported that there were 658,740 gas customers and 627,690 electricity customers registered for PSR in September 2003. In the current document, Ofgem reports that these figures have risen to only 666,000 and 670,000 respectively despite an increase in the number of people of pensionable age.

3.2 It is important to be clear about who the PSR is designed to help. We have always considered that the PSR was devised to ensure that people with impairments, and therefore with more particular needs with regard to accessibility, got extra help rather than to assist low income households. We think this is reflected in the services offered by the PSR which are more appropriate to people with impairments than to those in financial need.

3.3 Many households that have occupants with impairments will be older households. 70% of people with disabilities are people over pensionable age and, despite living longer and healthier lives, everyone is still subject to the normal impairments of the ageing process. On the basis the PSR is designed to help people with impairments, Age Concern considers that the current eligibility criteria, that it should be available to customers of pensionable age, disabled or chronically sick are appropriate. The services that we consider are of particular benefit to people with impairments and which should be retained in the PSR licence requirement and which we would not like to see become means tested are:-

**The personal password scheme.** Given that distraction burglars often pose as employees of utility companies and target older households we think this is a valuable service which should reduce the numbers of older people that are the victim of distraction burglary.

**Third party billing.** This prevents the possibility of disconnection due to non payment while the householder is, for example, in hospital for some weeks. Whilst we agree with suppliers that this service should be available to anyone, we also agree with Ofgem that there is no harm in keeping it as one of the services in the PSR to maintain its ‘visibility’. This view is supported by the findings of the energywatch research into PSR.

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2 Priority Service Research Project 165/03. Ofgem. December 2003
3 Putting Priorities in Order. Energywatch. December 2005
which found that ‘...consumers on the PSR are mostly unaware of the bill nominee scheme.’

**Quarterly meter readings** for those customers unable to read their meter. It would be particularly important to retain this service if the option to have the meter moved is not retained within the PSR.

**Help with moving a meter** that is in a position where the householder cannot read it. This is the PSR service that Age Concern gets most complaints about, generally when the customer is told they have to pay for the service when they thought it was free. We are also aware of some meters positioned in such a way that older people have to ‘stand on chairs’ or make other dangerous and undesirable manoeuvres in order to be able to read their meters. We think it is important that in such circumstances, the meter should be moved to be more accessible. However, it seems from the Ofgem consultation that this is another service which suppliers report as costly and where these costs may be dissuading suppliers from promoting the PSR. The energywatch findings support the difficulties that PSR customers experienced in getting supplier agreement to having their meter moved. It seems that the current wording in the PSR licence conditions that moving meters should be offered where ‘...reasonably practicable and appropriate’ is allowing suppliers to refuse to provide this service, on the basis of how much it would cost to do which we are not convinced is covered by the term reasonably practicable or appropriate. More information on the costs and difficulties of moving meters would be helpful before Age Concern can reach a conclusion on this issue. However if this service is retained then we think there should be greater clarity of when it will or will not be provided under PSR.

**Fitting special controls and adaptors to make equipment easier to use.** Whilst we continually campaign for manufacturers to provide more usable products it remains a fact that few manufacturers of appliances and central heating controls have adopted inclusive design techniques which mean that these are often very difficult for older and disabled people to use. We note that the consultation considers that this may be outdated now that suppliers no longer run showrooms selling appliances. However we know that research consistently finds that the complexity of central heating controls in particular can lead to households not using their central heating systems most efficiently. Either they cannot understand how to set them or when they have been set are too afraid to change them to meet changing circumstances or when the clocks change. In the interests of energy efficiency we would like to see this requirement retained.

**Bills provided in different formats.** We agree that this should be covered as a ‘reasonable adjustment’ under the terms of the Disability
Discrimination Act 1995 and could therefore be considered as an unnecessary service under PSR. However, we are aware from our membership of the BSI committee drawing up the standard for utility bills that representatives from disability organisations wished to see this retained as a requirement in the billing standard on the basis it was a clear requirement and there would be no possibility of someone having to take action in the courts if a utility would not provide bills in different formats. We also agree that unless it is in the PSR requirement, Ofgem would not have the ability to take action against suppliers if they did not provide the service. We think this requirement should be retained as there is no harm or unreasonable cost considerations in doing so.

**Identification of the location of vulnerable households** so this information is passed on to the distributors of energy. This will mean that should some emergency arise which means energy cannot be transmitted, the distributors will know where vulnerable households are so that they can give them particular help whilst the emergency lasts.

**Provision of temporary heating and cooking facilities if they lose their gas supply via National Grid Gas.** The consultation document did not make it clear what this particular service covers. The distributors are required to provide vulnerable households with temporary heating and cooking facilities if the gas supply has had to be disconnected on the distributor’s supply side but not when they have had to disconnect the supply on the customer’s side. If this only relates to the former then it does not seem necessary to include it in the PSR since it is the responsibility of the distributor and not the supplier to do this anyway. If the service covers times when the fault is on the customer’s side we support its retention. We have previously argued that this should be a requirement place on distributors in our response to the Health and Safety Executive in their consultation on the Gas Safety Review in 2000. Whilst the Commission accepted this proposal, it was never enacted so vulnerable older people can still be left without heating or cooking facilities in winter months if they have had to have their appliances disconnected due to a gas leak.

3.3 Although an important service we do not think that **Advice on using gas and electricity** needs to be retained in the PSR. This service should be available to everyone and in fact is a requirement for all energy suppliers to provide to everyone under licence condition 25.

Although older people are more susceptible to carbon monoxide poisoning, so are babies and very young children so it is more difficult to argue that **free gas safety checks** should be retained in the register. Although a desirable, important and valuable service it is questionable
whether it is related to improving accessibility. In addition, Age Concern has always considered that many older households, particularly those on low incomes, are unlikely to use this service. Many of them will be worried that a safety check will result in having their appliances turned off and then they will face the expense of having to get someone in to mend the appliance or, if a repair cannot be done, to get a new one.

Although this view has been countered by the research energywatch did into the PSR which found that gas safety checks were seen as one of the most useful services, this was the view amongst the focus group that were not registered with PSR. The same research however found that those households on low incomes recognised that it would be a major problem if the check found they had faulty appliances.

This is confirmed by recent research conducted for Age Concern which found that pensioners on low incomes said they worried that some form of unexpected disaster would take place such as appliances breaking down. Most reported that if they cannot afford to get it mended they would manage without it until such time when they could. They also reported that it was a particular worry that call out charges had to be paid whether the appliance could or could not be repaired. Some said they wished they could take equipment to somewhere ‘....and not pay for someone to come out and fix it paying the surcharge every time.’ Older people leaving appliances unrepaired also ties in with the operational statistics of the first year of Warm Front, which surprised the Government, when they showed an unexpected high number of repairs to existing boilers had been undertaken. This was of course when replacement or repair of boilers was only available to households on income benefits over the age of 60.

It has also been of some concern to us that suppliers have not promoted take up of PSR because they are concerned about the costs of providing annual safety checks. There may be a case for removing this as a free service within the PSR if it was clear this would result in suppliers promoting the PSR and increasing the take up of other valuable PSR services. Age Concern considers it may be more appropriate if it were offered to low income households rather than those eligible for PSR.

**Other issues**

We were most surprised when contributing to the Ofgem research on PSR to find out that someone joining the PSR is not necessarily registered to receive all the services it provides. From the more recent energywatch research, this situation does not appear to have altered very much. It

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*4 Just above the breadline. Age Concern. February 2006.*
states that: ‘if consumers register with the PSR for one service they are often unaware of other services available from the scheme.’

We are also concerned that people who are registered still do not seem to receive the services automatically. The energywatch research found that some consumers that had received gas safety checks had only ever received one check. Age Concern thinks that when joining the PSR all customers should be asked to register with the services they would like to be provided with. Since circumstances change over time, all customers on PSR should be contacted on an annual basis to check whether they would like to register with any additional PSR services.