

A Strategy to define and prevent the disconnection of vulnerable customers

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 welcome the opportunity to comment on this consultation from Ofgem. Although not expressly stated in the press release we assume that the proposals arose from the unfortunate incident where the pensioner couple, Mr and Mrs Bates were found dead in their home in winter from cold related illness because their gas supply had been disconnected. We should also state that when we gave a supporting statement for the press release launching the consultation document, Age Concern had not had the opportunity to see the details of the proposals. Whilst we welcome any action to give greater protection to vulnerable consumers we are not convinced that these proposals alone will fully address the issue.
- 1.3 Clearly all older households would come within the definition of 'vulnerable' as proposed in this document. Although we agree there are some older households who could be seen as more vulnerable than others, *all* older people are more vulnerable to cold and death from cold related illnesses than younger ones. 95% of the excess winter deaths that occur each year are people aged 60¹ and over and there is no link between socio-economic deprivation and excess winter deaths².

- 1.4 Given the importance of heating for all older people, Age Concern considers that it would be appropriate for all pensioner households to be automatically included as vulnerable groups in this definition and not be subject to further 'subjective' or wider judgements. We assume the vulnerability of all older people to cold was the reason for the then Gas Regulator, Ofgas introducing standard licence condition 37A. This requires that no household inhabited solely by pensioners should have their gas supply cut off during the winter months for non payment of a bill through 'misfortune or inability budget to met bills...'. Ofgem extended this requirement to apply to electricity suppliers in 2000.
- 1.5 However the Bates case showed that this licence condition does not achieve its aim. They were cut off in the summer months which resulted in them having no heating in the winter months so causing their deaths. Age Concern would therefore like to see this licence condition extended to cover all pensioner households for the whole year.
- 1.6 We have sympathy with the energy companies desire to retain their powers to disconnect household for not paying their bills. Whilst we consider a number of non payers is the result of them having insufficient income, there would clearly be the opportunity for some households to take advantage of the inability to be disconnected and not pay deliberately. These non payers would have to be subsidised by other households, including many pensioner ones, who are on very low incomes but pay their bills.
- 1.7 However, we do not consider that non disconnection of pensioner households would result in a high number of them not paying their bills. There is plenty of research showing that older people would rather turn off their heating than be faced with a bill that is too high for them to pay. This is backed by the fact that a significantly below average number of pensioner households have pre-payment meters which are usually installed as a means of collecting debts. Even in the Bates case there was clearly no inability or intention on their part not to pay the bill. We have also been to a number of presentations where energy suppliers have acknowledged that although low users, older households are prompt payers and therefore good customers. Further the wording of licence condition 37A allows pensioner households to be disconnected if non payment is not due to misfortune or inability to pay.
- 1.8 Whilst we welcome the intention of suppliers to avoid intentionally disconnecting vulnerable customers through 'improvements to existing systems and processes...' we are not confident that these will actually be successful. In the Bates case they had been customers of British Gas, living in the same house for many many years. In all this time they had always been regular bill payers until the time they did not pay the bills that led to them being disconnected. Age Concern considers over

this time period, British Gas should have been able to build up a sufficient profile of this household to have been alerted to this unusual behaviour and done a more vigorous investigation. Sadly they did not pick this up and the Bates became merely part of the disconnection process.

- 1.9 We are therefore not convinced that energy companies will be able to improve their systems such that they can identify vulnerable households. In any event, this will of course be more difficult for addresses that have a relatively high turnover of residents. Whilst welcoming the proposal 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. British Gas made personal contact 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 therefore remain unconvinced that energy company staff responsible for collecting debts will also be able to determine who are or are not vulnerable customers.
- 1.10 Age Concern greatly welcomes the clarification on the Data Protection Act 1998 given by the Information Commissioner as a result of the Bates case. We consider that this Act is greatly misunderstood by many public and private companies with the result that the actions they take often work against rather than for the interests of individuals. We hope this clarification will result in considerable improvements in areas other than the energy industry. We welcome the proposal that where prepayment meters are inappropriate or offers of assistance are refused that at least social service departments will be alerted to the situation. However, we remain unclear what remedial action social services would be able to take and would also like some assurance they have sufficient resources to take action in such cases.

References

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1. Office for National Statistics.
 2. Lawlor et al. Investigation of the association between excess winter mortality and socio-economic deprivation. *Journal of Public Health Medicine* 2000; 22(2): 176 – 181. Shah and Peacock. Deprivation and excess winter deaths. *J Epidemiol Community Health* 1999;53:499-502. Wilkinson et al. Cold Comfort: the social and environmental determinants of excess winter deaths in England 1986 – 96. 2001.

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