



Creating Profitable Partnerships

Mr David Barnes
Head of Social Issues
Ofgem
9 Millbank
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8 June 2004

Dear Mr Barnes

Re: Consultation paper: A strategy to define and prevent the disconnection of vulnerable customers.

1.0 Background to CPP Group Plc

- 1.1 The CPP Group Plc is a leading international consumer assistance business, providing a wide-ranging portfolio of assistance products and services that gives peace of mind to our customers, helping to make a bad day better. Operating throughout Europe and North America, we have an outstanding reputation for anticipating and responding to customers' needs, and are committed to creating strategic partnerships across each of the industries we serve. With international headquarters in York, England, we have operations throughout the UK as well as in USA, France, Spain, Portugal, Italy, Germany and Ireland.
- 1.2 First established in 1980, CPP Group now employs over 1500 staff who handle over 11.0 million conversations with customers per year. It is the business partner of choice for over 350 leading consumer brands in the financial services, utilities, telecom, and retail sectors. In addition, CPP Group has a worldwide base of over 11.3 million customers. CPP Group Plc has consistently generated increasing revenue growth. In 2002, group revenue was £105.3m, an increase of 38% over the previous year and more than double the sales level in 2000.
- 1.3 A new and growing service that we offer is delivered to market under the Financial Health brand. Financial Health includes un-metered access to a money advice help-line and, in those instances where a customer needs more remedial support, a debt management programme is offered. Financial Health is either offered to customers free of charge as part of their relationship with another organisation, or the customer can purchase 'annual membership'. Regardless, all help provided is free at point of need. Financial Health plays a fundamental role in increasing the supply of money/debt advice services in the UK over and above those currently offered through the free/voluntary sector.
- 1.6 The money advice consultations we provide to customers are detailed and thorough. As such, they may well include discussions around mortgages, credit cards, council tax, and water and energy bills. It is because of our regular interaction with customers seeking support and guidance to meet their financial commitments that has prompted our response to this consultation paper.

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2.0 CPP's Response to the Consultation Paper

2.1 Defining Vulnerable Groups

CPP welcome the creation of a definition of "Vulnerable" customers in the context of disconnection. However, CPP also regularly speak to those customers who fall into a second vulnerable category that should not be ignored. Both the Energy and the Advice sectors will recognise those customers who are facing large-scale financial difficulty and are struggling to meet their financial commitments. Whilst the advice sector including CPP will seek to educate the customer that there are priority debts to be paid which include water and energy bills, in some instances they cannot be met. The impact of disconnection is often acutely felt across these customers as it is within the suggested definition of "Vulnerable".

2.2 Dealing with Vulnerable Groups

CPP support the process of dealing with Vulnerable customers as defined in the consultation paper. The key challenge though is to ensure early identification of potential difficulties. This is amplified further if the industry accepts the notion of a second category of vulnerable customers. As such, CPP would welcome more proactive approaches to identify and support customers who may begin to face, or who are in the midst of dealing with a degree of financial difficulty which may prevent them meeting the repayments of energy bills. Whilst offers of support may be made available during the debt collection process, our experience indicates that interaction at this point in the debt spiral is often too late. A more proactive approach may prevent bill repayment delinquency happening at all, and then the debates around disconnection become more academic.

2.3 Measures to avoid intentionally disconnecting vulnerable customers – The safety net

CPP support the model for a vulnerable customer safety net. CPP would welcome though, more information on the processes that the energy sector would look to put in place to 'identify customers from ERA definition' as this is not clear within the consultation paper. CPP would also seek clarification on the processes that will put in place to ensure customers 'seek debt management solutions'. This would be important so that an assessment of the impact on the money advice sector can be undertaken.

CPP would welcome the opportunity to discuss the content of this letter in more detail, if required.

Yours sincerely



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Group Product & Marketing Director

Cc Mr R Hamblin-Bone
Head of Communications & Policy
Energy Retail Association