

**By e-mail only**

Dave Barnes  
Head of Social Issues  
Ofgem  
9 Millbank  
London  
SW1P 3GE

Name Paul Tonkinson  
Phone 01905-340501  
Fax 01905-340710  
E-mail paul.tonkinson@npower.com

4 June 2004

Dear Dave,

**A strategy to define and prevent the disconnection of vulnerable customers**

This is in response to the above consultation paper issued jointly by Ofgem and the ERA. In principle, RWE Innogy supports the approach laid out therein. Using the headings contained in the paper as a guide, comments are made by reference to each one.

**Defining vulnerable groups**

The definition as proposed in the paper is as follows:

*'A vulnerable customer at risk from disconnection will be unable to safeguard his or her personal welfare or the welfare of any children in the household, and will be in need of care and attention by reason of age or infirmity, or suffering from chronic illness or mental disorder, or substantially handicapped by being disabled.'*

Implicit in the definition is a degree of subjectivity that allows some latitude for suppliers. However, it would be useful if the industry formulated a series of questions to be used by all suppliers that would enable staff to identify quickly those customers where the above definition might apply, while also ensuring a consistent approach. The difficulty will be in formulating questions which can be asked of customers that are fairly straightforward, not seen as overly inquisitive, yet allow staff dealing with the customer to obtain sufficient information to make a reasoned judgement that the person should or should not be considered vulnerable. This is something that was discussed briefly by the ERA Debt Group at its last meeting.

As the paper accepts, suppliers may need time to implement this approach because of the changes that will be needed to accommodate the proposals, together with the relevant training that will undoubtedly be required to enable call centre and appropriate staff to identify, refer and deal properly with vulnerable customers. As the paper further recognises, and because of the circumstances behind its genesis, suppliers will need to ensure that customers who are vulnerable are correctly identified as such.

RWE Innogy plc

Trigonos  
Windmill Hill Business  
Park  
Whitehill Way  
Swindon SN5 6PB

T +44(0)1793/89 27 59  
F +44(0)1793/89 29 81  
I www.rweinnogy.com

Registered office:  
Windmill Hill Business  
Park  
Whitehill Way  
Swindon SN5 6PB

### **Dealing with vulnerable customers**

The basis of the paper is to ensure that vulnerable customers are not disconnected. Avoidance of this is by installing a prepayment meter where safe and practical, or putting the customer onto Fuel Direct. With the latter, this presupposes that the customer is in receipt of the relevant qualifying benefits etc. In addition, receipt of Fuel Direct is at the Department of Work and Pensions' (DWP) discretion, and it has for a long time expressed concerns about the cost of administering the scheme. If the proposals might result in an increase in the number of customers who could receive Fuel Direct, has the DWP been consulted separately about them? Suppliers can also offer regular cash payment arrangements for customers who may have difficulty in paying a bill.

In addition to obtaining information, another important facet of the approach is how best to deal with it once obtained, not just internally, but for a potential referral to, for example, social services. Suppliers and the recipient organisations need to have single points of contact so that information passed on does not get lost or duplicated, and is also dealt with expeditiously. It would be useful for, perhaps, the ERA to establish a database of organisations and contact points within each that would deal with supplier referrals. Updates or changes to the database could be notified to suppliers as and when they arise.

Related to this is the role of social services in these circumstances, particularly as they are mentioned specifically in the consultation paper. Suppliers in the past used to refer some of their customers to social services where they thought the latter might have been able to help. These tended to be customers who might now fall into the vulnerable category. In a lot of cases then, little help was forthcoming because social services' budgets were stretched and their first calling was to discharge their statutory duties. Confirmation is therefore required that: (a) social services (through the Association of Directors of Social Services) are content to take referrals of vulnerable customers; and (b) such referrals can result in a materially beneficial outcome for the customer concerned. To this end, further information/confirmation on what social services can usefully do would be helpful.

### **The Data Protection Act - Guidance**

The guidance provided by the Information Commissioner is useful in that it recognises that obtaining a person's permission to disclose personal details to a third party is not always possible, and, more importantly, states that where that person's wellbeing is threatened, this is not necessary. The emphasis being on some evidence being adduced that shows the supplier has reviewed the situation, has visited the premises in order to come to the conclusion that there is a real risk posed by disconnection and that social services needs to be notified. As is recognised, the visit is crucial to assessing whether or not the customer is vulnerable, and this may require some training or guidance for the people involved in discharging this obligation.

### **Measures to avoid intentionally disconnecting vulnerable customers – The safety net**

The emphasis here is to ensure that contact is made with vulnerable customers and that none are knowingly disconnected. This is important, as there will be instances where despite several attempts no contact is made with a customer, perhaps even when forced entry is made to install a prepayment meter or disconnect. In the case of gas customers, there is some doubt as to whether suppliers can force fit a prepayment meter under a warrant. Customers' appliances have to be purged, and there is debate as to whether a warrant authorises suppliers or their representatives

to undertake this necessary step. If it is not allowed, then even in the case of a vulnerable gas customer, a property may have to be initially disconnected and a prepayment meter installed but not activated, or installed a later date, when the customer is at home.

As long as suppliers can demonstrate that they exercised due diligence and took reasonable steps to contact the customer, they should not be penalised if the customer is found subsequently to fall into the vulnerable category. However, it hoped that with the safety net approach of: identifying a vulnerable customer; capturing information; seeking a debt management solution; face to face contact; and a referral to social services if relevant, such occurrences will be isolated ones.

Finally and possibly an unusual but not unique situation, there is the issue of what to do should a vulnerable customer be deliberately avoiding paying their bills, refusing offers of help or to make contact, but it being demonstrated that they have the means to pay. Where a prepayment meter is not safe or practical to fit and the supplier has followed the agreed policy including seeking outside assistance from, for example, social services with this being to little effect, are there other options available to deal with this type of occurrence?

If there are any points arising from this response about which you require clarification or wish to discuss, please come back to me.

A copy of this response has been sent to Russell Hamblin-Boone.

Yours sincerely,

Paul Tonkinson  
Economic Regulation  
Oak House  
1 Bridgwater Road  
Worcester  
WR4 9FP