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Dear Liz

Proposed amendments to supply licence conditions in relation to the disconnection of vulnerable customers

Many thanks for providing us with the opportunity to comment on the proposed amendments to gas and electricity supply licence conditions in relation to the disconnection of vulnerable customers.

In general, we welcome the proposed amended licence conditions which, in our opinion, help to clarify that energy suppliers should be proactive in taking all reasonable steps to ascertain the status of a customer and the occupants of any domestic premises prior to disconnection.

Ofgem helpfully provides details of the sort of proactive steps that it would generally expect suppliers to follow in attempting to determine whether someone in a property that might be subject to disconnection is vulnerable. These steps seem to cover most of the actions which we would expect suppliers to undertake. However, we have a number of points to make which we think need to be factored into this information.

Firstly, our experience is that there is a great disparity between, and within, suppliers in accurately recording information pertaining to the vulnerability of their customers. In many cases, CAB advisers have to actively flag issues which it might be expected that suppliers ought to be recording of their own volition.

Secondly, even where details of customers' vulnerability have been recorded, all too often we see cases reported where this information makes little or no difference to the way in which a supplier attempts to collect money owed, and continues to threaten disconnection.

> A CAB in Surrey reported a case in which a disabled woman owed money to her supplier and was being threatened with disconnection. The client's carer had been trying to get fuel direct payments set up which would protect her from disconnection because the client had long-term severe mental health problems, including lengthy periods in hospital, and she also suffered from incontinence and needed constant hot water day and night. The CAB adviser called the client's supplier to ask for

disconnection action to be held pending the client's renewed request for fuel direct, and provided details of the client's vulnerability. However, the supplier refused to consider this request for a delay, saying no hold could be put on the account until a payment arrangement had been put in place.

A CAB in South London reported that their client, a single mother with two children, one with special needs and baby of 14 months, came for assistance with a number of complex financial problems. The client's income support had been stopped in April 2009 and it had taken some time to get it in payment again. In addition, the client was facing possible eviction for rent arrears because her actual rent was not covered by housing benefit. The client also had fuel debts. One supplier had agreed to hold recovery action while the client's affairs were sorted out. The other supplier, however, had been totally unhelpful and were pressing on with disconnection. The bureau asked for this to be held up on grounds of the children's age and vulnerability and the client's inability to pay because of problems with payment of her benefit. The supplier was also told that the client had applied for a grant from a local fuel charity. In September 2009 the supplier's adviser said that they would only consider the children vulnerable if they were on a life support machine or without limbs.

A CAB in the West Midlands reported that their client, a single woman who had broken both of her ankles in 2007 and was in receipt of incapacity benefit, had gas and electricity arrears. The CAB adviser telephoned the supplier who confirmed that they were aware of the client's vulnerability, placed her on their social tariff and stated that she would not be disconnected. The client then received a letter in October 2009 stating that her fuel supplier was going to court to obtain an order to enter her home to disconnect her supply. The CAB adviser made another call to the supplier about this. They were informed that the supplier was aware of the client's vulnerability and should not worry about the letter as they could not stop these from being automatically generated.

Thirdly, in cases involving multiple occupancy of a property it may not be immediately apparent whether a vulnerable person may be present, as in the case below.

A CAB in South London reported that their client, a 74 year old widow, received a letter in her son's name from her electricity supplier stating that her supply had been disconnected due to non-payment. The client's son had run up the excessive bill while the client was away in Jamaica and she had been trying to settle the debts since she returned to the UK. The client was very distressed about the disconnection and experienced considerable difficulty in getting the matter resolved by the supplier. In the end she was forced to come to her local CAB for assistance with this matter.

In circumstances where suppliers have made every effort to ensure that no vulnerable customer is present but this is in fact the case, then:

- clear information should be provided to customers about their rights to be re-connected if they are vulnerable;
- any re-connection fees should be waived; and
- re-connection should occur within 24 hours of the supplier being made aware of this information.

In terms of reconnection more broadly, we welcome Ofgem's assertion that its policy position is that "*any vulnerable customer who falls within the scope of SLC 27.10 or 27.11 should not be without a supply of gas or electricity during the Winter and [it] will apply this in considering any cases of compliance with these licence conditions*". Given this unequivocal statement, we are somewhat perplexed as to why Ofgem does not plan to go ahead and introduce a requirement regulating reconnection of supply ahead of the winter. Although Ofgem states that their policy position is implicit in the existing licence conditions, we consider that it would be helpful to have a clearer, more transparent undertaking on the face of the licence. Since the current consultation is concerned with clarifying suppliers' obligations, this change would be very much in keeping with the tenor of other changes being introduced.

Finally, we would suggest that as well as making multiple attempts to contact the customer, suppliers must also be able to demonstrate that they have provided the customer with information about third party advice agencies that could help them engage and deal with the threat of disconnection. In our experience, it is often the most vulnerable individuals who may shun contact perhaps because of the threatening tone of letters received or because previous attempts to engage have resulted in them being pressured to agree to unaffordable rates of repayment.

I hope that you find these comments helpful as you consider how to progress proposals to clarify that suppliers must take reasonable steps to determine the status of a customer or those living in the same property prior to disconnection.

Yours sincerely

Tony Herbert
Social Policy Officer