

Consultation Response

Proposals for a new Consumer Vulnerability Strategy

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This consultation from the energy regulator, Ofgem, seeks views on the development of their strategy to address the needs of vulnerable consumers.

Key points and recommendations

- We agree with the perspective on vulnerability proposed in this document.
- We recommend that Ofgem should place greater emphasis on improving the inclusivity of suppliers system and procedures in its final strategy.
- Age UK supports the proposal that suppliers should be required to adopt the standard BS 18477:2010 'on Inclusive Services'.
- We think setting up a Consumer Vulnerability Network is an excellent idea. However we suggest Ofgem discuss how to do this with Digital UK which successfully established similar links with local third party organisations in the switchover from analogue to digital television.
- We agree a review of the Priority Services Register should be included in Ofgem's Work Plan for 2013/14.
- Age UK would like to see the Energy Deal programme expanded to include other relevant organisations such as local Age UKs.

1. Strategy Approach. Questions 1 - 5

1.1 Age UK has argued against the stereotyping of all older people as vulnerable for a number of years. While it is true that some older people are vulnerable it is not the case that all of them are. We agree with the perspective on vulnerability proposed in this document.

1.2 However, we strongly believe that suppliers of products and services can make people unnecessarily vulnerable because of their procedures and practices – for example call centres. We do not consider this document sufficiently considers this aspect of consumer vulnerability. As Ofgem has concluded, there is sufficient evidence that the number and complexity of tariffs available deters consumers from switching. Similarly Ofgem's research finds that most consumers do not understand their energy bills. Given that we think this is an area where the regulator could play a significant role in promoting inclusivity in the procedures, information and accessibility offered by energy suppliers we are surprised that this aspect has not been given more attention. We want to see Ofgem give greater emphasis on improving the inclusivity of suppliers systems in its final strategy.

1.3 As a member of the BSI committee that drew up the standard BS 18477:2010 'On Inclusive Services', it is perhaps not surprising that Age UK supports the proposal in the document that 'it would provide a practical approach if energy suppliers were encouraged to adopt this standard'. We think this would help to ensure that the administrative systems of suppliers would be less likely to put consumers in vulnerable situations.

1.4 We think setting up a Consumer Vulnerability Network is an excellent idea to improve Ofgem's connections with grassroots organisations that work with consumers in vulnerable positions. We were surprised the organisations interviewed about this did not include WRVS who we know are significantly involved in the emergency plans of energy distributors in the event of unplanned disconnections. We also note that those organisations interviewed were mainly national rather than local organisations. To be successful Ofgem would have to engage with many diverse organisations at the local level which is not easily achieved.

1.5 We have been involved for some years in the programme to move the UK from analogue to digital television. This had the potential to face major communication problems with consumers, particularly vulnerable consumers. However the programme has recently been successfully completed. Age UK considers that the success has been largely due to Digital UK (DUK) involving relevant third party organisations in the regional programme of switchover. We would strongly urge Ofgem to consult with DUK on how to successfully engage relevant third party organisations in establishing their Consumer Vulnerability Network..

2. Proposed Work Plan

2.1 We strongly support the proposal to include research into the Priority Services Register (PSR) in the Ofgem Work Programme for 2013/14. This was originally established for gas suppliers following a suggestion from the Gas Consumer Council which was abolished in 2000. We think a review is well overdue to check that it is still relevant to energy customers and to the current market.

2.2 We have been concerned since for many years about the effectiveness of PSR information links between suppliers and distributors. It is particularly important that distributors know the location of households reliant on electricity for kidney dialysis for example. Also we had initially not realised that households who register for PSR had to decide which services they were interested in.

2.3 We have long thought it inappropriate that where a service, such as PSR, is required under a licence condition for all suppliers, that suppliers should be able to 'badge' it with their own name. We think this gives an incorrect message to consumers that this is a benefit an individual supplier offers instead of a requirement for all suppliers. We supported the proposal that the social tariff for water should have a common name to be used by all water suppliers. Since the common name of WaterSure for the water social tariff was introduced, there has been an uptake in subscribers albeit from a small base. We strongly support the proposal that a common name should be used for PSR by all energy suppliers.

2.4 Given the difficulties of getting households to apply, we think their registration for the service should automatically be transferred to a new supplier. And while we agree that the eligibility criteria for PSR could be considered for extension, the criteria should not allow too many to be eligible if the service is to remain useful. So for example, if too many people became eligible for the Telephone Priority Services, BT would not be able to offer the service. In addition eligibility criteria must take account

of the increasing demographics that estimate the proportion of older people will grow significantly over the next 50 years.

2.5 We think it is important that the concept of vulnerability is embedded across Ofgem. This is particularly important with regard to the unit responsible for smart meter roll out and for the licensing of energy distributors.

2.6 We support the proposal to continue the work with Citizens' Advice on the Energy Deal programme. However, Age UK would like to see this not just extended but expanded to include other relevant organisations such as our local Age UKs.