

Consultation response:

Ofgem-Review of Priority Services Register

Response by the Money Advice Trust

Date: September 2014

Contents

- ✓ Page 2 Contents
- ✓ Page 3 Introduction / About the Money Advice Trust
- ✓ Page 4 Introductory comment
- ✓ Page 5 Answers to individual questions

Introduction

About the Money Advice Trust

The Money Advice Trust is a charity founded in 1991 to help people across the UK tackle their debts and manage their money wisely.

The Trust's main activities are giving advice, supporting advisers and improving the UK's money and debt environment.

We give advice to around 140,000 people every year through National Debtline and around 30,000 businesses through Business Debtline.

We support advisers by providing training through Wiseradviser, innovation and infrastructure grants.

We use the intelligence and insight gained from these activities to improve the UK's money and debt environment by contributing to policy developments and public debate around these issues.

Public disclosure

Please note that we consent to public disclosure of this response.

Introductory comment

We welcome this review of the Priority Services Register and the principal recommendations it makes. Non-financial assistance provided through the Priority Services Register is an important means of safeguarding the interests of consumers in vulnerable situations. However, the existing PSR scheme often fails to reach those who most require this type of assistance. Our experience (with clients in debt or financial difficulty) echoes the observations set out in the review and associated research concerning low public awareness, unclear appeal and narrow targeting of the existing PSR. Our comments below focus primarily on these areas. We have not responded in detail to all questions given that our expertise extends only to certain areas.

Although the PSR provides non-financial assistance, debt and financial difficulty are potential vulnerability factors in themselves and are likely to exacerbate other vulnerability factors such as ill health, disability and age. In the last few years we have seen considerable increases in energy arrears reported by clients of our main advice service, National Debtline. The proportion of clients with energy arrears now stands at just below 18 per cent. This is part of a broader trend towards greater numbers of people experiencing difficulty paying for essential bills and household spending.¹ In the light of these increases we are particularly encouraged that Ofgem is continuing its focus on vulnerability and proposing to place a greater onus on energy companies to identify and record vulnerability.

¹ <https://www.nationaldebtline.org/EW/Documents/Changing%20household%20budgets.pdf>

Responses to individual questions

Question 1: Do you agree that energy companies should be required to offer non-financial services with the aim of equalising outcomes for customers?

We support this principle and the specific focus on outcomes for consumers.

Question 2: Do you agree that we should continue to prescribe a minimum set of services? Do you support the proposed list of services? What additional services, if any, do you think energy companies should be required to provide?

We agree that Ofgem should continue to prescribe a minimum set of services. It is important that there is a consistent fundamental offering across all providers, not only in order to achieve the right outcomes for consumers but also as a prerequisite for communicating the purpose and benefits of the PSR to eligible consumers. A minimum set of services does not preclude suppliers offering innovative services over and above this level which, if successful, can be factored in to the core PSR offering at a later date.

We would welcome more clarity about the methods suppliers use to process applications to the Priority Services Register, including any requirements to supply proof of eligibility. This is important because the qualification criteria often involve questions about potentially sensitive issues such as disability and ill health. Consumers will be more likely to apply if reassured that there is a simple, standard and a sensitive application process in place.

We have not identified any additional services we think energy companies should be required to provide as part of the PSR, although we would welcome clarification in relation to some of the proposed services. In particular, we would ask whether the proposed requirement to 'provide an accessible means by which the customer can contact the company' would take into account the reasonable provision of free or low-cost telephone numbers. We have concerns about the costs incurred by mobile phone users in particular. Many consumers, including those on low incomes, rely exclusively on mobile phones for telephone access and will find the cost of calls to suppliers in some cases to be prohibitively expensive.

We are also concerned by issues affecting prepayment meter users, as highlighted in the recent report by Stratford-Upon-Avon Citizens Advice Bureau, 'Left out in the Cold'². Many prepayment users struggle to make best use of their supply and increase their risk of self-disconnection through a lack of understanding of how prepayment meters work. This is a general problem outside the scope of the Priority Services Register and one to which we hope Ofgem will turn its attention in due course. However, the proposal relating to providing information by means that are accessible to consumers could conceivably encompass this point in relation to PPM users.

Question 3: If applicable, what services do you currently provide and what are the current costs of providing services (please break down by service). What financial impact do you think widening eligibility in the way we have proposed will have? Please provide evidence to support your answer.

We do not have any comments to make in response to this question.

Question 4: Do you agree that we should move away from requiring energy companies to provide services to disabled, chronically sick and pensionable age customers to an approach which requires energy companies to take reasonable steps to identify and provide appropriate services to any customer with safety, access or communication needs?

Yes, we support this approach. We have welcomed Ofgem's revised approach to defining vulnerability and we agree that the Priority Services Register should be updated and brought into line with this approach. Equally importantly, we welcome the proposal to shift the approach of the PSR from reliance on self-reporting by consumers to requiring a more proactive approach by companies.

Question 5: Do you agree that energy companies should be required to maintain a wider register of consumers that they have identified as being in a vulnerable situation?

Yes, for reasons already outlined above.

² <http://stratforduponavoncab.org.uk/wp-content/uploads/2013/12/LEFT-OUT-IN-THE-COLD-December-2013.pdf>

Question 6: Do you agree that suppliers, DNOs and GDNs should share information about customers' needs with: a) each other? b) other utilities?

Yes. Information-sharing between such organisations is appropriate and beneficial to consumers. We do not anticipate that data protection regulation will prevent this approach, provided consent is sought at an appropriate stage in the process. Along with information-sharing between suppliers and networks, it will be particularly helpful to include the water industry in information-sharing plans. Water companies in general are expanding their affordability offerings and support for vulnerable consumers over the next five years. They are often hampered by limited information about customers so would benefit from additional information from energy providers. Energy providers in turn may be able to benefit from the links that many water companies have with local housing associations, advice and support providers and community networks.

Question 7: Should energy companies be required to share information about customers' needs with other fuel providers such as LPG, heating oil distributors. How could the transfer of this information work? What are the benefits and risks of sharing the information?

We recognise that off-grid customers experience disproportionately high rates of fuel poverty and that safety, accessibility and communication issues may all be exacerbated where consumers live in typically rural off-grid communities. With this in mind we would welcome specific attention given to data-sharing with suppliers of mains-gas alternatives.

Question 8: Do you agree that we should stipulate the minimum details that we expect energy companies to share, for example that names and phone numbers must be shared where they are available? Is there any other information that should be shared and for what purposes?

We do not have any comments to make in response to this question.

Question 9: Do you agree that energy companies should agree common minimum ‘needs codes’ to facilitate the sharing of information? Should we require energy companies to agree these codes? How might this work and what mechanisms are already in place to facilitate this? What role would Ofgem need to have in this process?

We do not have any comments to make in response to this question.

Question 10: Should information about a customers’ needs be shared with their new supplier when they switch? What is the best way to facilitate the sharing of this information?

We support this proposal. We cannot comment on the best way for suppliers to manage this information-sharing process but we would stress that from the customers’ point of view an introductory or handover communication will be important to avoid confusion or suspicion over the process.

Question 11: Do you agree that a single cross-industry brand will raise awareness of priority services?

We strongly support this proposal. We note that research commissioned as part of this review found very low public awareness of the PSR. This is borne out by our advisers’ experience. The Priority Services Register is challenging to describe to clients and lacks clear relevance to their lives. In part this is because of the technical language used to describe eligibility conditions and services. Where there are variations between suppliers’ offerings this complicates the task of explaining the PSR to clients. As noted above, lack of clarity about the application process and what evidence (if any) is required may deter some potential clients from applying.

Question 12: Do you agree that a guidance document would help advice providers and raise awareness? Who should produce this document?

We would welcome such a document to provide guidance to consumers. We would suggest that Ofgem or EnergyUK would need to coordinate a guidance document with assistance from advice providers and advocacy organisations representing the consumer segments most affected (i.e. those organisations that deal with age, disabilities and so on.).

Based on our experience of producing debt advice materials we would stress the importance of clear Plain English communication and direct language in consumer-facing materials.

There will also need to be a broader strategy for promoting the Priority Services Register, as noted in the response to the next question.

Question 13: What more can be done to raise awareness of priority services?

Primary responsibility for identifying vulnerable consumers should rest with suppliers and networks. We strongly echo the conclusion of the research produced for Ofgem by Britain Thinks, that ‘training employees to offer a full range of services and effectively identify customer needs’ is particularly vital.³ The Trust has encouraged suppliers to take a similar approach in relation to debt and financial vulnerability. We have produced and delivered training for several suppliers to equip staff with the skills needed to identify common signs of vulnerability and sensitively discuss the topics of debt and debt advice with customers. In conjunction with the Royal College of Psychiatrists and Rethink Mental Illness we have devised training and guidance for creditor staff on lending, debt collection and mental health.⁴ This has been successfully delivered to numerous organisations across different creditor sectors.

Partnership with a broad range of organisations and networks in the voluntary and community sector will also be needed to effectively promote PSR services to the full range of eligible consumers. Housing associations, health and social services, advice agencies and local authorities are among organisations likely to come into contact with consumers in vulnerable situations. They will potentially enjoy a greater level of trust than the energy sector, which will assist them in promoting such services. We understand Ofgem intends to establish a consumer vulnerability network as part of its broader vulnerability work. This would be an ideal area of work for this the network to have input into. A broader approach could involve an online ‘one-stop-shop’ bringing together information on the PSR with information on other types of help, advice and support available to energy consumers (e.g. energy efficiency, debt and budgeting advice, complaints and advocacy) in order to maximise promotional opportunities and reach. Finally we would suggest further user-testing or focus groups would provide invaluable input to test and improve the appeal of proposed PSR services and any branding changes.

³[http://britainthinks.com/sites/default/files/Vulnerable%20Consumers%20and%20the%20Priority%20Services%20Register%20June%202013%20\(BT\).pdf](http://britainthinks.com/sites/default/files/Vulnerable%20Consumers%20and%20the%20Priority%20Services%20Register%20June%202013%20(BT).pdf)

⁴ For more information see www.mhdebt.info

Question 14: Do you agree that supplier independent audits are the best way of monitoring companies' compliance with our proposed obligations? Do you have views on the approach the audit should take and what it should cover?

We do not have any comments to make in response to this question.

For more information on our response, please contact:

Matt Vaughan Wilson, Partnerships Officer
matthew.vaughanwilson@moneyadvicetrust.org
0121 410 6263



The Money Advice Trust

21 Garlick Hill

London EC4V 2AU

Tel: 020 7489 7796

Fax: 020 7489 7704

Email: info@moneyadvicetrust.org

www.moneyadvicetrust.org