

Consultation Response



Priority Services Register Review – Final Proposals

StepChange Debt Charity response to Ofcom

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We are an independent charity dedicated to overcoming problem debt. Our advice and solutions are effective, tailored and importantly, free. Foundation for Credit Counselling. Wade House, Merrion Centre, Leeds LS2 8NG. Company No 2757055. Charity No 1016630. www.stepchange.org

Introduction

StepChange Debt Charity is the UK's largest specialist free debt advice charity. We work in England, Wales, Scotland and Northern Ireland. Last year over 500,000 people contacted our telephone helpline and on-line debt remedy tool for advice and support to deal with problem debt. We helped our clients make affordable, sustainable repayments to their creditors of over £400 million and helped people achieve debt relief amounting to another £70 million.

Our clients are increasingly in fuel debt. In 2011, 8.2% of our clients had arrears on their gas bill; by 2014 this was 13.6%. For electricity, the corresponding figures were 8.3% (2011) and 14.2% (2014).

The average arrears clients owe to their gas provider is £541 and to their electricity provider is £594. Over 60s tend to have the highest level of arrears; £607 on gas and £692 on electricity.

Summary

Our response to the Priority Services Register (PSR) Review:

1. Supports the Ofgem approach to enhancing eligibility by changing the definition of vulnerability to one based on personal characteristics and circumstances;
2. Stresses that problem debt is a personal circumstance that can cause vulnerability; and
3. Welcomes the acknowledgement that families with children under five are likely to have additional vulnerability;

Q1. Do you agree with our final proposals for enhancing eligibility and customer identification and the associated proposed licence conditions?

StepChange Debt Charity agrees with the Ofgem approach to enhancing eligibility by changing the definition of vulnerability to be based on personal characteristics and circumstances, rather than depending on the assignment of 'core groups'.

Within this we ask Ofgem to understand that evidence of financial difficulties is a personal circumstance that can cause vulnerability. The distress problem debt creates is linked to poor mental health and can have negative consequences for family life and employment.

- 74% of StepChange Debt Charity clients polled said debt had affected their sleep patterns.
- 57% of indebted parents said debt put their current or most recent relationship under strain.

- 43% said debt worries left them unable to concentrate at work.
- 6% said it caused changes to work attendance like arriving late or taking more time off.

If not addressed, financial problems can have long term debt consequences.

We welcome Ofgem recognising that families with children under five are likely to have additional vulnerability. Research from the Children's Society has shown that two million families – with 3.8 million children – are struggling to pay their energy bills.

Q2. Do you agree with our final proposals for amending the PSR services and the associated proposed licence conditions?

StepChange Debt Charity has no comments on this question.

Q3. Do you agree with our final proposals for recording and sharing information about customers in vulnerable situations?

StepChange Debt Charity agrees with the Ofgem approach to recording and sharing information about customers in vulnerable situations.

Q4. Do you agree with our final proposals for raising awareness of the priority services, including any specific suggestions for energy companies to improve awareness?

StepChange Debt Charity has no comments on this question.

Q5. Do you agree with our final proposals for the approach to monitoring energy company performance in this area?

StepChange Charity agrees that monitoring the way that energy companies identify and support vulnerable consumers should be a key part of an effective PSR strategy.