

Ofgem policy consultation: Domestic supplier-customer communications rulebook reforms – A response from Scope

June 2018

Summary

Scope welcomes the opportunity to respond to Ofgem's consultation on domestic supplier-customer communications rulebook reform.

Disabled people frequently consume more energy because of their impairment or condition. Disabled people may also face challenges in being able to communicate effectively with their energy supplier, navigate the market and access both financial and non-financial support.

Tackling these long-term issues is key to creating a fairer energy market for disabled people and reducing extra costs. A framework for domestic supplier-customer communications that is responsive to the needs of disabled consumers is key to creating a fairer energy market for disabled people.

Recommendations

- **Ofgem should amend its definition of a “Vulnerable Situation”, as part of its Consumer Vulnerability Strategy, to include situations where disabled people face extra costs for energy because of their impairment or condition.**
- **As part of any reforms to supplier-customer communications, Ofgem should include examples of best practice from suppliers in engaging and communicating with “vulnerable” consumers, including disabled people.**
- **Ofgem must consult with disabled people and disability organisations as part of any changes to rules relating to Bills and billing information, to ensure any new proposals support disabled people with extra costs for energy to reduce these costs.**
- **Ofgem should work with the Government, energy suppliers, local councils and disability organisations to run an awareness raising campaign about the support that is available to help disabled consumers with their energy bills.**

About Scope

Scope exists to make this country a place where disabled people have the same opportunities as everyone else. Until then, we'll be here. We'll provide support, information and advice through our services when disabled people and their families need us. And we'll raise awareness of the issues that matter. We'll keep influencing change across society until this country is great for everyone.

Extra costs of energy for disabled people

1. Over a third of disabled adults feel that their impairment or condition has an impact on what they pay for energy¹. Disabled people with limited mobility have told us that they have to use more heating to stay warm, whilst other disabled people who use items of assistive technology have said they need to use extra electricity to charge these items.
2. Expenditure on things like transport and specialised equipment, as well as energy, means that disabled people face, on average, extra costs of £570 a month related to their impairment or condition².
3. Our analysis shows that 4.1 million households with a disabled person spend over £1,500 a year on energy³. Of these, 790,000 households spend over £2,500 a year on energy⁴. By way of comparison, the average UK household spends £1,214 a year on energy⁵.
4. It is no surprise then that over half (55 per cent) of disabled people have worried about paying their energy bills⁶. Furthermore, there are 939,000 fuel poor households in England with a disabled person, constituting 38 per cent of all fuel poor households⁷.
5. Disabled people on average have assets and savings worth £108,000 less than non-disabled people⁸. Furthermore, households containing a disabled person are twice as likely (16 per cent) as households without a disabled person (8 per cent) to have unsecured debt totalling more than half their household income⁹.

¹ Scope (2018), Out in the cold <https://www.scope.org.uk/Scope/media/Images/Out-in-the-cold.pdf>

² Scope (2018). The disability price tag, <https://bit.ly/2Hua3LH>

³ Scope (2018). Out in the cold

⁴ Ibid

⁵ Ibid

⁶ Ibid

⁷ Department of Business, Energy and Industrial Strategy (2017). Fuel poverty Detailed tables: 2015, <https://www.gov.uk/government/statistics/fuel-poverty-detailed-tables-2017>

⁸ McKnight A. (2014) Disabled people's financial histories: uncovering the disability wealth penalty, CASE paper 181, <http://sticerd.lse.ac.uk/dps/case/cp/casepaper181.pdf>

⁹ Scope (2013). Disabled people and financial well-being - credit and debt, <http://www.scope.org.uk/Scope/media/Documents/Publication%20Directory/Credit-and-Debt.pdf?ext=.pdf>

6. The UK's nearly 14 million disabled people¹⁰ are all too often under-served as consumers, due to issues like poor customer service, a lack of competition in key markets and lack of awareness of/access to support, such as grants.
7. We share Ofgem's ambition for all consumers to "get the right information, in the right form and at the right time, to enable them to understand their costs and consumption, to access and assess their options and to take action where appropriate¹¹."
8. However, suppliers need to do more to consider the needs of customers who are "vulnerable", including disabled people, and engage with them in a proactive way and provide information in an appropriate format. The move from a "prescriptive" approach to a "principles" approach to regulation should not diminish this responsibility.

Defining vulnerability

9. There are many challenges that disabled people often face as energy customers. A key challenge is around defining vulnerability, and identifying disabled people who would benefit from support.
10. As disabled people face unique instances of detriment in the energy market, it is vital that there is sufficient scope within Ofgem's regulatory approach to respond successfully to these challenges.
11. Ofgem's decision to introduce a broad vulnerability principle in the Standards of Conduct¹² was a welcome one.
12. However, the definition of consumer vulnerability should be expanded to recognise the detriment disabled people face due to extra energy costs associated with their impairment or condition. This is especially important as part of any shift from more prescriptive rules relating to supplier-customer communications, to greater reliance on the guiding principles under the Standards of Conduct.
13. This needs to be underpinned with clear guidance for energy suppliers – informed by the experiences of disabled people – on how these additional

¹⁰ Office for National Statistics (2018). Family Resources Survey: financial year 2016/17, <https://www.gov.uk/government/collections/family-resources-survey--2>

¹¹ Ofgem (2018), Policy consultation: Domestic supplier-customer communications rulebook reforms https://www.ofgem.gov.uk/system/files/docs/2018/05/policy_consultation_-_domestic_supplier_customer_communications_rulebook_reforms.pdf

¹² Ofgem (2017) Standards of conduct for suppliers in the retail energy market, <https://www.ofgem.gov.uk/publications-and-updates/standards-conduct-suppliers-retail-energy-market-0>

energy costs may arise. Having this clarity would help to improve the way in which energy suppliers support disabled consumers.

Recommendation: Ofgem should amend its definition of a “Vulnerable Situation”, as part of its Consumer Vulnerability Strategy, to include situations where disabled people face extra costs for energy because of their impairment or condition

Understanding the needs of disabled customers

14. As discussed earlier, there are limitations with Ofgem’s definition of vulnerability. Whilst there is a need to review this definition to ensure it captures the extra costs faced by disabled people, it is important to recognise that all of us can become “vulnerable” and face barriers to engaging in markets as consumers – either for a temporary period in our lives or permanently – whether being involved in an accident, experiencing mental health problems, or losing a loved one.
15. The term “vulnerable” can also be challenging, as over half of disabled adults (53 per cent) do not think of themselves as a “vulnerable” consumer¹³. By using this language to target support at specific groups of consumers, disabled people who could benefit may inadvertently be missing out.
16. Therefore, there is a need for energy suppliers to shift how they view vulnerability, and that they take the time to fully understand the needs of consumers, both new and long-serving customers. This will be important in ensuring customers are getting the right support, including disabled people faced with extra costs.

Recommendation: As part of any reforms to supplier-customer communications, Ofgem should include examples of best practice from suppliers in engaging and communicating with “vulnerable” consumers, including disabled people.

Increasing awareness of support in the energy market

17. Whilst we accept the need to simplify the process for issuing Bills and billing information, it is crucial that Ofgem considers the specific needs of disabled people as part of any changes.
18. For instance, we know that many disabled people are unfamiliar with support that could assist them with their energy bills - more than 80 per cent of

¹³ Scope (2018), Out in the cold

disabled people have not heard of the Priority Services Register (PSR), whilst two fifths are unfamiliar with the Warm Home Discount (WHD)¹⁴

19. Energy bills are one avenue for providing information about this sort. Therefore, it is important that any changes to customer communication rules relating to Bills and billing information are geared to supporting disabled people to reduce any extra costs they face for their energy.

20. As such, it is crucial that Ofgem tests any new approaches with disabled people, using this insight to trial new approaches for issuing Bills and billing information before making any changes.

Recommendation: Ofgem must consult with disabled people and disability organisations as part of any changes to rules relating to Bills and billing information, to ensure any new proposals support disabled people with extra costs for energy to reduce these costs.

21. Beyond more effective use of Bills, there is a need to look at what more can be done to raise awareness of grants and schemes like the PSR and the WHD.

22. Recognising that disabled people – like all consumers – will use different sources to access information on things like utilities, Ofgem should work with central and local government to ensure a coordinated and consistent response to informing disabled consumers about support available with their energy bills.

Recommendation: Ofgem should work with the Government, energy suppliers, local councils and disability organisations to run an awareness raising campaign about the support that is available to help disabled consumers with their energy bills.

For more information please contact:

Ben Wealthy
Policy Advisor
ben.wealthy@scope.org.uk

Scope
Here East Press Centre, 14 East Bay Lane, E15 2GW
Phone: 020 7619 7759

¹⁴ Ibid