

Consultation cover sheet

Basic details

Consultation title: Citizens Advice response to Ofcom's call for inputs

To (Ofcom contact): postalreview@ofcom.org.uk

Name of respondent: Cara Holmes

Representing (self or organisation/s): Citizens Advice

Address (if not received by email): 3rd Floor North, 200 Aldersgate Street, London, EC1A 4HD

Confidentiality

Please tick below what part of your response you consider is confidential, giving your reasons why

- Nothing
- Name/contact details/job title
- Organisation
- Whole response
- Part of the response

If there is no separate annex, which parts? _____

If you want part of your response, your name or your organisation not to be published, can Ofcom still publish a reference to the contents of your response (including, for any confidential parts, a general summary that does not disclose the specific information or enable you to be identified)? **Y/N**

Declaration

I confirm that the correspondence supplied with this cover sheet is a formal consultation response that Ofcom can publish. However, in supplying this response, I understand that Ofcom may need to publish all responses, including those which are marked confidential, in order to meet legal obligations. If I have sent my response by email, Ofcom can disregard any standard e-mail text about not disclosing email contents and attachments.

Ofcom seeks to publish responses on receipt. If your response is non-confidential (in whole or in part), and you would prefer us to publish your response only once the consultation has ended, please tick here.

Name: Cara Holmes

Signed (if hard copy):

Ofcom's call for inputs: review of postal regulation

Citizens Advice submission
May 2021



About Citizens Advice

Citizens Advice provides free, independent, confidential and impartial advice to everyone on their rights and responsibilities.

In April 2014, the Citizens Advice service took on the powers of Consumer Futures to become the statutory consumer representative for the postal sector in England and Wales. Our role is to ensure postal services and post offices meet the needs of consumers in a way that is fair and accessible for all. We have particular responsibilities regarding the interests of people at risk of disadvantage, detriment or harm, and also consider the interests of small businesses.

We are responding to this consultation in our capacity as the postal advocate. Our response focuses on a number of the subjects raised - Ofcom's regulatory approach, USO services, and parcel services.

Contents

1. Ofcom’s regulatory approach (Question 3.1)	4
2. Affordability (Question 5.1)	12
3. Redirections (Question 5.2)	20
4. USO quality of service (Question 5.3)	37
5. Regulation of USO services (Question 5.4)	41
6. The parcels market (Question 6.1)	51
7. Detriment in the parcels market (Question 6.2)	68
8. Consumer protections in the parcels market (Question 6.3)	83
9. Tracking for USO parcels (Question 6.4)	93

1. Ofcom's regulatory approach

Question 3.1: *Do you consider that Ofcom's overall regulatory approach remains appropriate for regulating postal services over the 5-year period (2022-2027)? If not, please explain the areas where you think changes should be made, with supporting evidence.*

Summary

From a consumer perspective, the current regulatory approach isn't working as it puts too great an emphasis on market dynamics.

Ofcom needs a new regulatory approach which places more importance on securing positive outcomes for consumers.

Ofcom needs to be more proactive and agile in its regulatory approach to meet the challenges of a rapidly evolving market and use its powers to provide a safety net for consumers whilst still allowing businesses to thrive.

From a consumer perspective, Ofcom's current approach to regulation is not working

- 1.1. Postal services are as essential and relevant today as they ever have been. Although letter mail volumes are in decline, many consumers continue to rely on the universal postal service to access essential services, administer their lives and keep in touch with loved ones.

Figure 1. Consumers rely on postal services to keep them connected to services and society



Source: Citizens Advice, [Millions Without Mail](#), 24 Sept 2020; Ofcom, [Residential Postal Tracker 2020](#), 26 Feb 2021; Online survey, Savanta ComRes, 1 Apr - 7 Apr 2021

- 1.2. Meanwhile, the parcels market has quickly evolved from a luxury add-on to the retail experience to an essential service. The coronavirus pandemic has accelerated and consolidated this trend.
- 1.3. The central, and quickly evolving, role postal services play in our lives and the complex blend of the monopoly universal service and more competitive aspects of the market means that a proactive and agile approach to regulation is needed.
- 1.4. As the statutory consumer advocate for postal services our research and advocacy work has highlighted and uncovered a wide range of issues across postal services market, including:
 - The unaffordable nature of postal redirections.¹

¹ Citizens Advice, [Royal Mail has made redirection fairer — but they shouldn't have redirected the cost](#), 25 March 2019; Citizens Advice, [What your surname is worth to Royal Mail](#), 16 August 2018; Citizens Advice, [Forgetting to update your address when you move can prove costly](#), 7 November 2017; Citizens Advice, [A new redirection?](#), 16 August 2018

- Issues accessing post for people without a fixed address or people experiencing domestic violence.²
- The disproportionate effect of parcel delivery problems on disabled and time-poor people.³
- The problems people have fixing parcel delivery problems.⁴

1.5. We return to many of these issues in more detail in the relevant sections below. But overall, the range and scale of the issues we have uncovered suggests that Ofcom’s current approach to regulation is not working for consumers.

1.6. We have identified 2 ways in which Ofcom should change its approach following its review of postal regulation:

Ofcom must place greater emphasis on securing good outcomes for consumers

1.7. Ofcom’s legal duties and regulatory objectives are to secure a universal postal service which makes sure postal users benefit from a postal market that meets their reasonable needs, is affordable, is financially sustainable and efficient, promotes and supports competition in the wider postal market, and delivers benefits to consumers.⁵

1.8. Since Ofcom’s last review of regulation its primary focus has been on the aspects of its duties which relate to financial sustainability and promoting competition. It has taken a relatively hands-off approach when it comes to ensuring consumers are protected from harm and

² Citizens Advice, [4 ways that not having an address is keeping people homeless](#), 18 December 2018; Citizens Advice, [Millions without mail](#), 24 September 2020; Citizens Advice, [On the receiving end: How post can enable domestic abuse](#), 28 February 2020; Citizens Advice, [The postal paradox: how having no address keeps people homeless](#), 18 December 2018

³ Citizens Advice, [Christmas is on its way, but can the parcels market truly deliver?](#), 10 December 2020; Citizens Advice, [Home deliveries aren't working for disabled people](#), 5 December 2019; Citizens Advice, [The market which isn't delivering](#), 5 December 2019; Citizens Advice, [The missing link: Why parcel companies must deliver for disabled people](#), 5 December 2019; Citizens Advice, [The customer journey: disabled people's access to postal services](#), 14 March 2018

⁴ Citizens Advice, [Parcel delivery companies must handle complaints better](#), 16 September 2019; Citizens Advice, [Poor complaints processes leave online sellers out of pocket with nowhere to go](#), 27 February 2019; Citizens Advice, [The market which isn't delivering](#), 5 December 2019; Verve & Citizens Advice, [Postal Complaint Journeys](#), 16 September 2019; Citizens Advice, [Parcel Delivery Complaints on Social Media](#), 27 February 2019; Citizens Advice, [Consumer use and experience of parcel sending services](#), May 2018; Citizens Advice, [Parcel delivery: Delivery services in the online shopping market](#), 16 June 2017

⁵ Ofcom, [Review of postal regulation: Call for inputs](#), 11 March 2021

postal services are affordable. Ofcom's own research suggests that many low income consumers struggle to afford universal services, while some are priced out altogether.⁶

- 1.9. As the statutory consumer advocate for post our research has uncovered significant failures in the postal services market. Yet, when we have brought these to the attention of the regulator, Ofcom has been slow to intervene on behalf of consumers, placing its faith in the market and competition to resolve them.
- 1.10. We understand that balancing the financial sustainability of the Universal Service against the wants and needs of consumers is difficult. However, at the moment we do not believe that the regulator has got this balance right.
- 1.11. In future, Ofcom should put consumer outcomes at the heart of its approach to regulation, with a focus on ensuring services are *truly* universal, affordable, consistent and fair.

Universal

- 1.12. In order for post to be a truly universal service, *all* consumers must be able to access their post whatever their income, location or circumstances. Ofcom should:
 - **Look for ways to end post exclusion for millions, working with government where Ofcom doesn't have the powers needed to do so.**
 - **Continue to support a geographically uniform tariff and delivery schedule for USO products.**
 - **Closely monitor the effect of any reduction in service to ensure people aren't suffering harm as a result. Where harm is identified, Ofcom should be proactive in intervening to address it.**

Affordable

- 1.13. Ofcom's own research has shown that a significant number of consumers are struggling to afford USO services to the extent that they need to cut back on household essentials to be able to afford

⁶ Ofcom, [Residential Postal Tracker 2020](#), 26 February 2021, QF1, Table 243

them. Citizens Advice research adds further weight to these findings. Ofcom should:

- **Explore introducing price controls for mail redirection.**
- **Explore how changes to the existing redirection discount scheme could ensure this service is truly affordable.**
- **Keep the safeguard caps.**
- **Investigate a more appropriate way to measure expenditure on postal services to ensure that all USO services are truly affordable.**

Consistent

1.14. Service quality in the parcel delivery market is not consistent, with significant numbers of consumers experiencing issues on a regular basis. Without the normal choice mechanisms to drive up service quality in the online delivery marketplace Ofcom should:

- **Introduce regulated minimum standards for parcel delivery services.**

1.15. And to effectively monitor quality of service, more data is needed. Ofcom should therefore:

- **Review the current data collected from Royal Mail and other major delivery companies to ensure it is fit for purpose and allows the effective monitoring of service quality.**

Fair

1.16. The postal services market currently has negative impacts on groups who already experience disadvantage, detriment and harm, such as disabled people or those with caring responsibilities. Ofcom should:

- **Develop a vulnerability strategy to understand what it means to be at risk of harm as a postal consumer and what can be done to mitigate that risk.**

Ofcom needs to be more proactive and agile in its regulatory approach

- 1.17. The postal services market has been through rapid and significant change in recent years with letter volumes in decline whilst demand for parcel delivery services is ever increasing. There have also been many technological developments, from the increased use of tracking services, to chat bots handling consumer complaints.
- 1.18. In an industry that changes as rapidly as this one harms to consumers can develop and escalate quickly. So far, Ofcom has not been fast enough to spot the causes of harm and intervene on behalf of consumers. For example:
- We first raised the issue of the unaffordable nature of redirections in August 2018⁷ yet this service still remains unaffordable, with 3 in 10 home movers saying they didn't redirect their post because of the price.⁸
 - The problem of parcel delivery surcharging has been the focus of several initiatives by consumer bodies in Scotland and Northern Ireland since 2011.⁹ The Consumer Protection Partnership also identified this as a priority project in 2018 yet Ofcom have only recently taken action, sharing findings from information requests to parcel operators in December 2020.
 - Problems with parcel delivery are widespread and have been consistently raised by us and other consumer bodies without any substantial changes being made.¹⁰ Over this time consumer issues such as delivery problems, difficulty

⁷ Citizens Advice, [A new redirection? How to make mail redirections fairer and more affordable for consumers](#), 16 August 2018

⁸ Online survey of 4,004 18+ UK adults, Opinium, 22 Feb - 2 Mar 2021 and a boosted sample of 1,000 people who moved since 25th March 2019 and did not take out a mail redirection service, Opinium, 22 Feb - 5 Mar 2021.

⁹ See, for example: Citizens Advice Scotland, [Free Delivery*: Problems with delivery of online purchases to consumers in remote and rural Scotland](#), December 2011; Citizens Advice Scotland, [The Postcode Penalty](#), December 2012; Citizens Advice Scotland, [The Postcode Penalty: Delivering Solutions](#), December 2017; The Consumer Council, [The Online Parcel Premium](#), July 2018; The Consumer Council, [Package Deal - Retailers and Delivery Surcharges](#), 25 June 2019

¹⁰ Citizens Advice, [Delivering satisfaction: Complaint handling in the postal market](#), 30 October 2014; Citizens Advice, [Parcel Delivery: Delivery services in the online shopping market](#), 16 June 2017; Citizens Advice, [The customer journey: disabled people's access to postal services](#), 14 March 2018; Citizens Advice, [Consumer use and experience of parcel sending services](#), 14 December 2018; Citizens Advice, [The missing link: Why parcel companies must deliver for disabled people](#), 5 December 2019; Citizens Advice, [Best Practice Guide for Parcel Complaints](#), 5 December 2019; Citizens Advice, [The market which isn't delivering](#), 5 December 2019

contacting parcel companies, or accessing redress have only been increasing with calls to our Consumer Service 170% higher than in 2019, and web-page views increasing by 37% per year since 2019.

- 1.19. In the next regulatory period a more agile approach will be necessary given the huge potential for change that is yet to come:
- Brexit has meant a significant increase in friction and cost both for deliveries between the UK and the EU, especially for consumers in Northern Ireland.
 - The idea of an online delivery tax has been put forward by the government several times. This has the potential to cause significant harm to those who rely on shopping online because physical retail doesn't work for them.
 - The exclusivity agreement between Post Office Ltd and Royal Mail ended in March 2021. This change could make it significantly more convenient for consumers to pick up and drop off parcels locally. But it's also possible that an increase in the number of postal products on offer could be confusing and increase the likelihood of purchasing an inappropriate product.
 - The government has pledged to reach net-zero carbon emissions by 2050. With transport the most polluting sector in the UK it is clear the postal industry will have a role to play in achieving this.
 - The employment landscape is changing quickly and self-employment and subcontractor models such as those used by many parcel delivery companies are coming under increasing scrutiny. This could have impacts on business models and the costs associated with delivery.
- 1.20. Ofcom needs to adapt their approach to anticipate challenges before they emerge and act quickly when evidence of emerging harm arises. This does not mean looking for problems where there aren't any. Effective monitoring can allow the regulator to quickly spot emerging issues and to intervene at a point where a light-touch approach is sufficient to encourage innovative solutions rather than waiting for harm to accumulate and more significant interventions become necessary.

Conclusions

- 1.21. Ofcom's current regulatory approach moves too slowly to adequately protect consumers in a market which is experiencing so much change.
- 1.22. But this regulatory review provides an excellent opportunity for Ofcom to reshape their approach to regulation and take a more agile, consumer centred approach.
- 1.23. Ofcom should avoid the temptation to take the same route of prioritising business needs and market dynamics over consumer outcomes into the next regulatory period. Reducing provision to alleviate immediate concerns about financial sustainability of the USO, or pointing to the existence of different parcel delivery companies as proof of competition working will not help to safeguard consumers in this market.
- 1.24. Ofcom instead needs to use its powers to create a safety net for consumers and to ensure that any reduction in provision is balanced out with strong positive measures for consumers elsewhere.
- 1.25. Regulation is a floor, not a ceiling, and does not have to be antithetical to competition. A new regulatory approach centred on consumer outcomes makes it easier to spot where things are going wrong whilst still allowing companies to innovate.

2. Affordability

Question 5.1: *Do you consider Ofcom's approach to the safeguard cap and ensuring affordability will remain appropriate going forward? If not, please explain what changes you think should be made, with supporting evidence.*

Summary

Ofcom should keep the pricing safeguard caps on USO services.

Ofcom's current hands-off approach to affordability isn't sufficient and is causing harm to consumers.

Ofcom should develop a vulnerability strategy to understand what it means to be at higher risk of disadvantage, detriment or harm as a postal consumer and what can be done to mitigate that risk.

Ofcom should keep the safeguard caps due to Royal Mail's significant market power

- 2.1. In 2019, Ofcom 'concluded that the safeguard caps were still required due to Royal Mail's near-monopoly position in the single piece letters market, and high market share of the small and medium-sized single piece parcel market.'¹¹ Ofcom said its assessment was that Royal Mail has significant pricing power.
- 2.2. Ofcom also states that letter users 'rely almost exclusively on Royal Mail's universal service'.¹² And that Royal Mail is 'by far' the main player in the C2X parcels segment and that it faces 'limited competition, particularly for lower weight parcels'.¹³

¹¹ Ofcom, [Review of postal regulation: Call for inputs](#), 11 March 2021, para 5.31 and Ofcom, [Review of the Second Class Safeguard Caps](#), 17 January 2019.

¹² Ofcom, [Review of postal regulation: Call for inputs](#), 11 March 2021, para 5.3.

¹³ Ofcom, [Review of postal regulation: Call for inputs](#), 11 March 2021, para 6.14.

- 2.3. As a result, competition alone will not be enough to protect consumers from significant price increases in the segments currently covered by the letter and basket caps.
- 2.4. The principle of the safeguard cap remains appropriate for the next regulatory period. It's the minimum price protection consumers should get in the USO.
- 2.5. The USO is a universal public service and should be designed to meet everyone's needs. Therefore it would not be appropriate for Ofcom to limit the cap to certain groups of consumers only.¹⁴

Too many consumers find post unaffordable

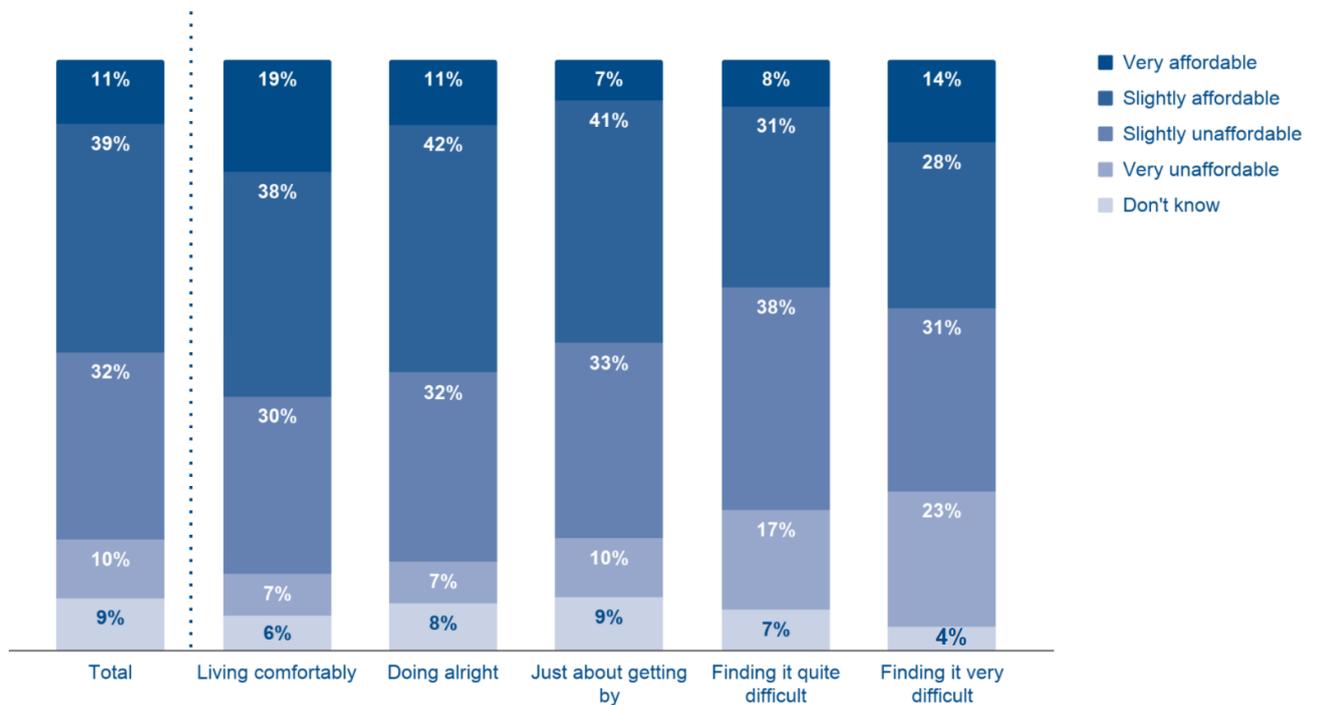
- 2.6. As well as protecting consumers from significant price increases through safeguard caps, Ofcom should do more to address wider affordability issues.
- 2.7. Affordability is the most important feature of the USO for residential users. Over 9 in 10 (92%) say it's important that the price of sending post is kept affordable.¹⁵
- 2.8. But Ofcom's current approach is not sufficient to ensure USO products are affordable for all consumers, with our research finding that 4 in 10 (42%) consumers think the cost of sending letters or parcels is unaffordable.¹⁶
- 2.9. Those who say they're finding it 'very difficult' to manage financially are 3 times as likely to say post is unaffordable compared to those 'living comfortably' (23%, compared to 7%).

¹⁴ Ofcom, [Review of postal regulation: Call for inputs](#), 11 March 2021, para 5.38.

¹⁵ Ofcom, [Review of postal users' needs](#), 26 November 2020, figure 15, p.36.

¹⁶ Online survey of 4,004 18+ UK adults, Opinium, 22 Feb - 2 Mar 2021.

Figure 2. Many consumers think the cost of sending letters or parcels is unaffordable



Base: 4,004 18+ UK adults.

Source: Online survey, Opinium, 22 Feb - 2 Mar 2021.

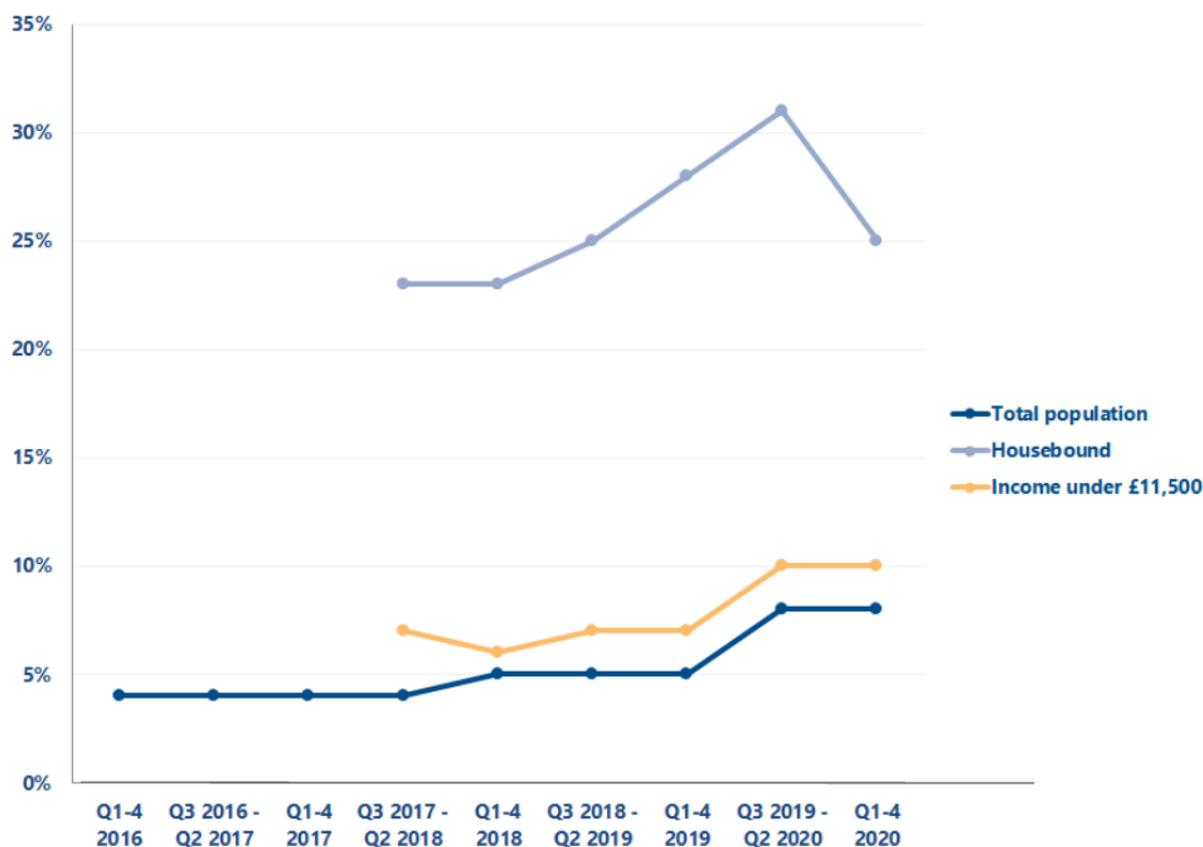
2.10. Disabled people who say their disability affects their day-to-day living a lot were 3 times as likely to say postage is very unaffordable than those who aren't disabled (20%, compared to 7%).¹⁷

A significant minority forgo essentials to pay for stamps

2.11. Ofcom's Residential Postal tracker shows that a small but significant minority of consumers are consistently saying that they cut back on essentials (such as food and heating) to be able to afford postage stamps.

¹⁷ Online survey of 4,004 18+ UK adults, Opinium, 22 Feb - 2 Mar 2021.

Figure 3. Some consumers are cutting back on essentials to afford stamps



Base: All respondents

Source: Ofcom, *Residential Postal Trackers* covering 2016-2020, QF1. Income and housebound cross breaks were included in the postal tracker from the release covering Q3 2017 - Q2 2018.

2.12. Those at greatest risk of disadvantage, detriment or harm are consistently more likely to go without essentials to afford postage. In the most recent data 10% of consumers on incomes of less than £11,500 said they had done so.¹⁸ Almost a third (31%) of consumers who are housebound say they have gone without essentials in order to buy postage. And 1 in 8 (13%) have had to cut back on their use of postage stamps to be able to afford essentials such as food or heating.

¹⁹

2.13. Consumers should not have to make decisions about whether or not to buy essentials so they can afford postage, or forgo the value of communication to afford food or heating.

¹⁸ Ofcom, *Residential Postal Tracker 2020*, 26 February 2021, QF1, Table 244.

¹⁹ Ofcom, *Residential Postal Tracker 2020*, 26 February 2021, QF1, Table 243.

Consumers don't think increased prices have brought an increase in quality

- 2.14. Some consumers on low incomes, especially those receiving the state pension or other benefits, say that postage represents a significant part of their budget.²⁰
- 2.15. But many consumers feel that cost increases haven't led to a corresponding improvement in quality, saying that services have stayed the same or even got worse despite increasing prices. Others are frustrated that the price of sending a card or parcel frequently outweighs the cost or value of the item itself.²¹

"We have low income and can't afford additional expenses"

61 year old woman living in the West Midlands, earning less than £10k a year.

"The price keeps increasing for the same or sometimes worse service."

52-year-old man privately renting in the South East and earning £30K-£40K per year.

"Universal credit is so low that a letter represents a major part of the budget. Parcel costs are unbelievable."

66-year-old woman living in the West Midlands, with an income of less than £10k a year.

"The cost of postage has gone up too much in recent years. It has increased beyond the rate of inflation."

41-year-old man living in Scotland earning £20K-£30K per year.

"Most of the time the item inside is less valuable than the price paid for postage. The price has stopped me from posting things"

21-year-old woman living in Yorkshire and the Humber, full-time student and struggled to afford basics during the pandemic.

"Cost of postage has increased well beyond inflation and my growth in salary."

63-year-old man living in the East of England who lost his job during the pandemic and has run down savings.

Base: 4,004 18+ UK adults, Open question describing why respondent doesn't think post is affordable.
Source: Online survey, Opinium, 22 Feb - 2 Mar 2021.

²⁰ Online survey of 4,004 18+ UK adults, Open question describing why respondent doesn't think post is affordable, Opinium, 22 Feb - 2 Mar 2021.

²¹ Online survey of 4,004 18+ UK adults, Open question describing why respondent doesn't think post is affordable, Opinium, 22 Feb - 2 Mar 2021.

A more proactive approach is needed

- 2.16. Ofcom's current approach isn't proactive enough to secure good consumer outcomes. For example, on its post research webpage, there's a link to research into the affordability of universal postal services.²² The only data sitting behind this link is an affordability review that was conducted 8 years ago.
- 2.17. The 2013 review states: 'We will continue to monitor affordability through our general monitoring regime to track Royal Mail's performance'.²³ While Ofcom has been asking questions about affordability in its postal tracker,²⁴ it should take a more proactive approach to addressing the issues this research brings to light.
- 2.18. Under the current approach, Ofcom knows that 8% are skipping essentials - like food and heating - to be able to afford basic postage.²⁵ But despite this monitoring, there is yet to be any significant action.

Ofcom should investigate the most appropriate way of measuring expenditure on postal services

- 2.19. We have concerns about Ofcom's current approach to measuring household expenditure on postal services.
- 2.20. The focus on household expenditure on post using the ONS Living Costs and Food Survey is not sufficient as it doesn't appear to include any postage cost for delivery of items bought online.²⁶ Given the large growth in e-retail it's important to make sure any postage paid through online shopping is covered. We encourage Ofcom to look into this, so that we have a more accurate picture of post expenditure.
- 2.21. We also encourage Ofcom to investigate using a measure of disposable income that gives a true reflection of the money people have available to spend on post. For example by looking at disposable income after essential costs (e.g. housing, food and transport) and taxation. This is particularly important as lower income households

²² Ofcom, [Postal services research and data](#).

²³ Ofcom, [The Affordability of Universal Postal Services](#), 19 March 2013, para 1.10.

²⁴ Ofcom, [Residential Postal Tracker](#).

²⁵ Ofcom, [Residential Postal Tracker 2020](#), 26 February 2021, QF1, Table 244.

²⁶ ONS, Living Costs and Food Survey, 2018-2019, [Documentation](#), LCF User Guide Volume D - Expenditure Codes 2018-2019.

spend a larger proportion of their income covering basics,²⁷ and will therefore have less money available to spend on post.

- 2.22. The cost of renting has increased over the past 2 decades, whilst mortgage prices have remained much more stable.²⁸ Therefore, focusing on available spending power after essential costs like housing seems particularly relevant given our research showing that consumers in rented accommodation are using mail redirection services at a much lower rate than homeowners.²⁹
- 2.23. Ofcom's current approach doesn't sit well alongside the findings of its own research.³⁰ Ofcom's analysis of ONS data finds that expenditure on postage averages only £0.60 per week.³¹ Yet Ofcom's Residential Postal Tracker consistently finds that a minority are cutting back on essentials in order to afford postage stamps.

A clear definition of 'affordable prices' is needed

- 2.24. Universal postal service prices must be affordable,³² but there's no clear, transparent definition of what constitutes affordability.
- 2.25. Post isn't currently affordable to everyone. 4 in 10 say that postage is unaffordable.³³ 8% say they've cut back on essentials - like food and heating - to be able to afford postage in the last 3 months. And even more (13%) say they've cut back on postage in the last 3 months to afford essentials. In addition, many people - especially those on low incomes - are priced out of mail redirection services.
- 2.26. Ofcom should therefore use this review to put in place a clear, transparent definition of 'affordable prices'.

²⁷ ONS, [Family spending in the UK: April 2019 to March 2020](#), 16 March 2021. Those in the lowest income decile spent 54% of their total weekly expenditure on essentials such as housing, food and transport, compared with 42% in the highest income decile.

²⁸ Joseph Rowntree Foundation, [UK Poverty 2019-20](#), 7 February 2020, Full report, p.69.

²⁹ For more detail on the disparities in accessing mail redirection services see section 3 - Redirections

³⁰ Ofcom, [Review of postal regulation: Call for inputs](#), 11 March 2021, Figure 5.2.

³¹ Ofcom, [Review of postal regulation: Call for inputs](#), 11 March 2021, paragraph 5.12.

³² The Postal Services Act 2011 and the EU Postal Services Directive 1997 require universal postal service prices to be affordable. Ofcom, [The affordability of universal postal services](#), 9 March 2013.

³³ Online survey of 4,004 18+ UK adults, Opinium, 22 Feb - 2 Mar 2021.

Ofcom needs a dedicated vulnerability strategy for postal services

- 2.27. Given the range of issues our research has uncovered, Ofcom needs to take a more joined-up approach to looking at affordability across postal services, to ensure that nobody is falling through the cracks.
- 2.28. Ofcom currently has a vulnerability strategy in place for telecoms. And in the energy market, Ofgem has set out a vulnerability strategy.³⁴ This has a dedicated section regarding Ofgem’s work to alleviate affordability pressures for energy consumers.
- 2.29. The postal services market currently has a disproportionate negative impact on those who are already at increased risk of disadvantage, detriment or harm such as disabled people or those with caring responsibilities.
- 2.30. **Ofcom should therefore use its broad review of postal services regulation as an opportunity to develop a vulnerability strategy. In doing so, it should seek to improve its understanding of what it means to be in a group at higher risk of disadvantage, detriment or harm as a postal consumer - and what can be done to mitigate that risk.**
- 2.31. A vulnerability strategy would help bring a strategic focus to Ofcom’s monitoring so that the regulator can take swift action when its monitoring data shows that consumers are facing harm.

³⁴ Ofgem, [Consumer Vulnerability Strategy 2025](#), 25 October 2019.

3. Redirections

Question 5.2: *Do you consider Ofcom's approach to the regulation of residential and business redirections services will remain appropriate going forward? If not, please explain what changes you think should be made, with supporting evidence.*

Summary

Mail redirection is an important service but only a minority of consumers use it, with many seeing it as too expensive. As mail redirection is a monopoly product Ofcom should explore putting in place price controls to protect consumers.

Additionally, given the current disparity in access to redirections between those from higher and lower socioeconomic backgrounds many may still be unable to afford even price-controlled charges. Ofcom should step in to protect consumers at higher risk of disadvantage, detriment or harm and improve the existing discount scheme to ensure that mail redirection is truly affordable.

Mail redirection is a key USO service and without it people can miss important letters

- 3.1. Redirection is set out in Ofcom's Postal Services Order³⁵ and is considered 'an important part of the USO'.³⁶ In its review of Postal Users' Needs, Ofcom found that 'there was widespread agreement that an affordable Redirection service was an important part of the USO' for post users.³⁷
- 3.2. When moving home, it can be difficult to notify all contacts that may get in touch with you by post. Therefore, redirection is a convenient way to keep uninterrupted contact with individuals and companies when moving home.

³⁵ Ofcom, [The Postal Services \(Universal Postal Service\) Order](#), Schedule 3 (Addressee services).

³⁶ Ofcom, [Review of postal regulation: Call for inputs](#), 11 March 2021, para 5.41.

³⁷ Ofcom, [Review of postal users' needs](#), 26 November 2020, paragraph 6.53.

3.3. And missing post can have serious consequences such as:

- Missing healthcare appointments.
- Missing out on employment or housing opportunities.
- Missing court appearances.
- Being locked out of essential services or support networks.³⁸

Redirecting post can also help prevent ID theft

3.4. Identity theft can cause serious harm for people if their personal information falls into the wrong hands. Fraudsters and criminals can use personal information to:

- Open fraudulent credit cards.
- File false health insurance claims.
- Use existing bank or credit card accounts to make unauthorized purchases.
- Access financial accounts and steal money.³⁹

3.5. The fraud prevention service Cifas estimated that almost 16,000 people were victims of 'previous occupier fraud' in 2016.⁴⁰ This type of fraud occurs when someone moves out and the new occupant obtains the former occupier's personal details to fraudulently apply for loans, credit cards or other financial products. In 2017 previous occupier fraud made up 9.2% of all identity fraud in the UK.⁴¹

3.6. Stop ID Fraud and ActionFraud both recommend taking out mail redirection for at least 12 months when moving home to protect from identity theft.⁴² The Metropolitan Police also recommends that people redirect their mail for the same reason.⁴³

³⁸ Citizens Advice, [Millions Without Mail](#), 24 September 2020; Citizens Advice, [On the receiving end: How post can enable domestic abuse](#), 28 February 2020; Citizens Advice, [The postal paradox: how having no address keeps people homeless](#), 18 December 2018.

³⁹ Experian, [What is identity theft?](#), 7 October 2019.

⁴⁰ Cifas, [Home mover fraud rises by 5.6% according to new figures](#), 19 June 2017.

⁴¹ Cifas, [Home mover fraud rises by 5.6% according to new figures](#), 19 June 2017.

⁴² Stop ID Fraud, [DON'T LET IT BE YOU: A quick-reference guide to preventing identity fraud](#) and ActionFraud, [Not With My Name: Protect Your Personal Information](#).

⁴³ Met Police, [Identify Fraud](#)

Despite the benefits of redirection it is only used by a minority of consumers

- 3.7. Our research found that only a minority of home movers (35%) use mail redirection.^{44, 45, 46} This echoes previous findings from Ofcom.⁴⁷
- 3.8. And of those who do use mail redirection only 1 in 5 (21%) pay to redirect their post for 12 months⁴⁸ - the length of time recommended by Stop ID Fraud and ActionFraud.
- 3.9. 1 in 5 (20%) consumers have moved home since 25 March 2019.⁴⁹ As only a minority of home movers take out redirection, we estimate that 3.3 million households have been exposed to missing important information or previous occupier fraud because they didn't redirect their post.⁵⁰

Home owners are much more likely to use mail redirection than those in rented accommodation

- 3.10. Access to redirection is strongly associated with housing tenure. Of those who've moved since 25 March 2019 and own their home outright, 66% redirected their mail. In contrast, only 22% of those renting from a private landlord and who moved in the same period

⁴⁴ Online survey of 4,004 18+ UK adults, Opinium, 22 Feb - 2 Mar 2021.

⁴⁵ In our primary research, all the redirections questions are asked of those who moved since 25 March 2019 which is when Royal Mail updated their charging structure from the outdated practice of penalising consumers with different surnames.

⁴⁶ We have focused our research on understanding who's being cut off from accessing redirections. But we note that Ofcom's research has found that there were problems with the quality of the service such as delays, some mail items going missing or not being redirected. Some participants said it was difficult to get help to resolve issues from Royal Mail. Ofcom, [UK Postal User Needs: Qualitative Research Report](#), September 2020, p. 29. And this single service accounts for 8% of Royal Mail's complaints. Royal Mail, [Annual Report – Complaints and Compensation CP3.3.14, CP3.3.15 and CP4.3.1](#), 26 June 2020.

⁴⁷ Ofcom, [Review of postal users' needs: residential data tables](#), 26 November 2020, question A5. Of those that had moved in the last 3 years, and 38% said they'd used redirections when they moved.

⁴⁸ Online survey of 4,004 18+ UK adults, Opinium, 22 Feb - 2 Mar 2021.

⁴⁹ In our primary research, all the redirections questions are asked of those who moved since 25 March 2019 which is when Royal Mail updated their charging structure from the outdated practice of penalising consumers with different surnames.

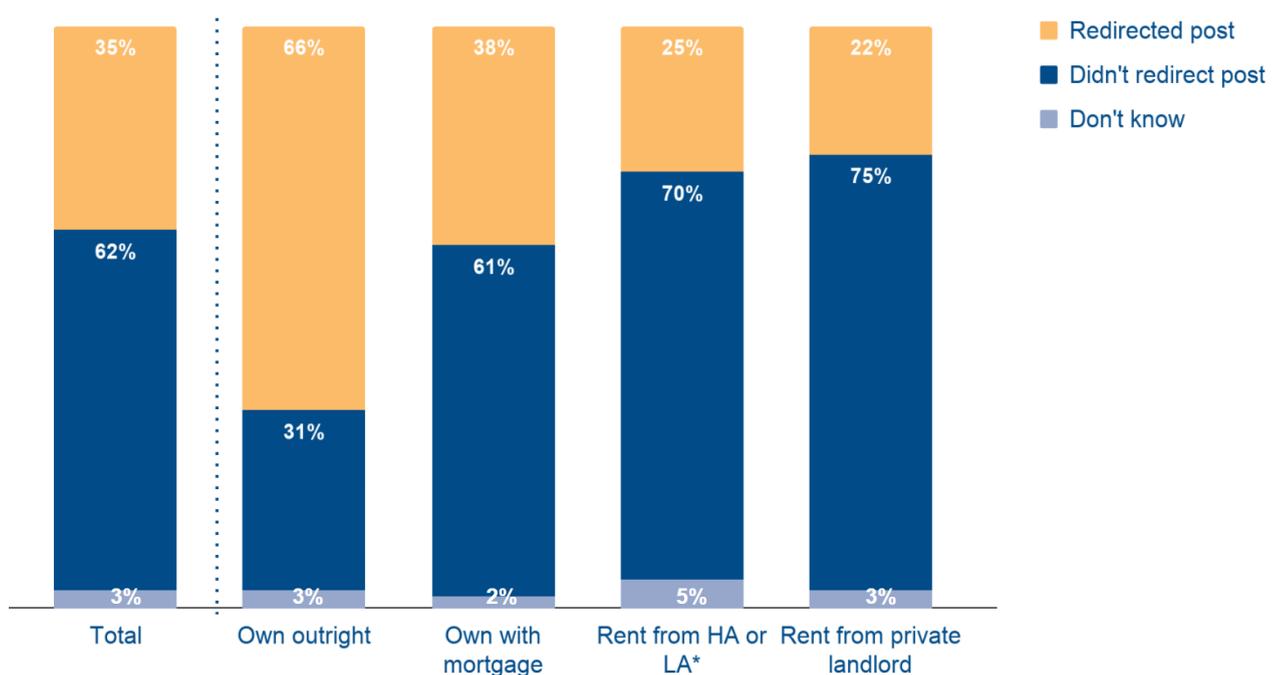
⁵⁰ Estimated using the proportion of bill payers that didn't redirect their post. Where the respondent said there was more than just themselves responsible for paying household bills, we divided the number of bill payers by 2 where they were jointly responsible and by 3 where there were more than 2 bill payers. This was done to avoid double counting. We have assumed this final number of bill payers is equivalent to households.

redirected their mail. For those renting from a housing association or a Local Authority, only 25% used redirections. Consumers who own their home outright are therefore 3 times more likely to use redirections than those who rent from a private landlord or a housing association or Local Authority.

3.11. Similarly, Ofcom’s User Needs report also found that outright homeowners are 2-3 times more likely to use redirections than renters.⁵¹

3.12. Additionally, those renting from a private landlord are significantly more likely to have moved in the time period in question. Since 25 March 2019, 2 in 5 private renters have moved home (41%).⁵² In other words, those in the private rented sector are much more likely to move, but the least likely to take out mail redirection when they do so.

Figure 4: Home movers’ use of redirection, by tenure



* Rent from a housing association or local authority.
 Base: 815 respondents who moved since 25 Mar 2019.
 Source: Online survey, Opinium, 22 Feb - 2 Mar 2021.

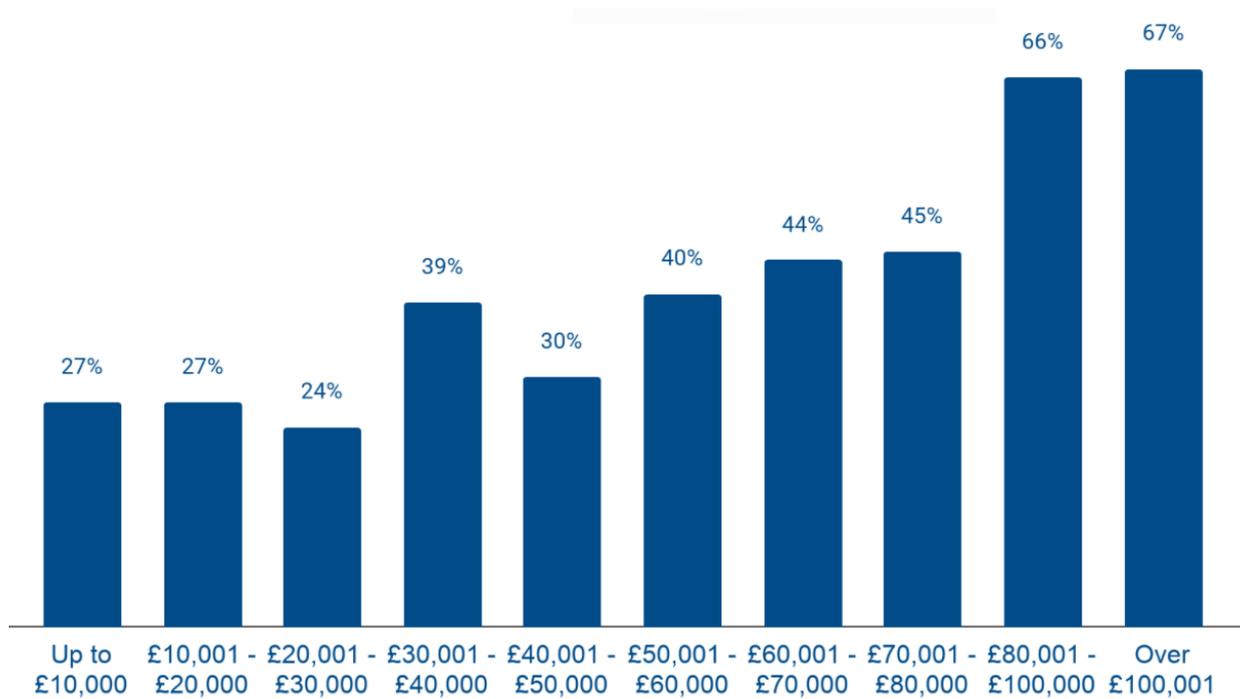
⁵¹ Ofcom, [Review of postal users’ needs: residential data tables](#), 26 November 2020, question A5. 65% of outright owners redirected, compared to 28% and 24% for private and Local Authority/Housing trust renters, respectively.

⁵² Online survey of 18+ UK adults, 815 respondents who moved since 25 Mar 2019, Opinium, 22 Feb - 2 Mar 2021.

Those on lower incomes or from a lower socioeconomic groups are least likely to access redirections

3.13. People on lower incomes are less likely to use redirection services when they move. Only about a quarter (27%) of home movers on an annual household income of up to £10,000 used redirections, compared to two-thirds (67%) of those earning £100,001 or more.⁵³

Figure 5: Home movers' use of redirection, by income bracket



Base: 815 respondents who moved since 25 Mar 2019.

Source: Online survey, Opinium, 22 Feb - 2 Mar 2021.

3.14. Ofcom's own data also indicates that higher earners are more likely to use mail redirection. Those in the highest income bracket were twice as likely to use mail redirection than those in the lowest bracket (50% of those earning £50,000 or more, compared to only 24% of those earning less than £11,500 a year).⁵⁴

⁵³ Online survey of 18+ UK adults, 815 respondents who moved since 25 Mar 2019, Opinium, 22 Feb - 2 Mar 2021.

⁵⁴ Ofcom, [Review of postal users' needs: residential data tables](#), 26 November 2020, question A5

- 3.15. There's also a strong association between social grade and likelihood of using mail redirection. Respondents in social grades AB are by far the most likely to use redirection. They were more than twice as likely as respondents in social grade DE to take out redirection when they moved (61%, compared to only 27% for social grades DE).⁵⁵

Barriers to using mail redirection

Many home movers are put off because of the price

- 3.16. Some home movers say they don't need redirections because they've notified all relevant contacts themselves (34%) or relied on informal redirections (27%).⁵⁶
- 3.17. However, our research found that 3 in 10 (30%) home movers who didn't take out redirection were put off because it didn't seem worth it for the price or they couldn't afford it.⁵⁷
- 3.18. For those that mentioned more than 1 reason for not redirecting their post, we asked what the main reason was. Over 1 in 5 (22%) said the main reason they didn't redirect their post is related to cost.⁵⁸ For 1 in 10 (10%), the main reason they didn't redirect their post was that they couldn't afford it.

⁵⁵ Ofcom, [Review of postal users' needs: residential data tables](#), 26 November 2020, question A5

⁵⁶ Online survey of 4,004 18+ UK adults, Opinium, 22 Feb - 2 Mar 2021 and a boosted sample of 1,000 people who moved since 25th March 2019 and did not take out a mail redirection service, Opinium, 22 Feb - 5 Mar 2021. The reasons respondents gave for not redirecting their mail: I had notified all relevant contacts myself (34%), Someone at my former address was able to forward my post (27%), It didn't seem worth it for the price (20%), I didn't see the point (15%), I couldn't afford it (13%), I didn't trust it / think it'd work (5%), Other (5%), I wasn't aware of this (10%), Don't know (3%).

⁵⁷ Online survey of 4,004 18+ UK adults, Opinium, 22 Feb - 2 Mar 2021 and a boosted sample of 1,000 people who moved since 25th March 2019 and did not take out a mail redirection service, Opinium, 22 Feb - 5 Mar 2021.

⁵⁸ There was little or no difference among subgroups for those who said 'It didn't seem worth it for the price', whereas there were significant differences among those who said they couldn't afford it.

Table 1: Reasons why respondents didn't redirect their mail

	Total
I had notified all relevant contacts myself	27%
Someone at my former address was able to forward my post	22%
It didn't seem worth it for the price	12%
I didn't see the point	10%
I couldn't afford it	10%
I didn't trust it / think it would work	3%
Other (please specify)	4%
I wasn't aware of this service	10%
Don't know	3%
Net: couldn't afford it / didn't seem worth it	22%

Base: Online survey of 4,004 18+ UK adults, Opinium, 22 Feb - 2 Mar 2021 and a boosted sample of 1,000 people who moved since 25th March 2019 and did not take out a mail redirection service, Opinium, 22 Feb - 5 Mar 2021.

People on low incomes are the most likely to be put off by cost

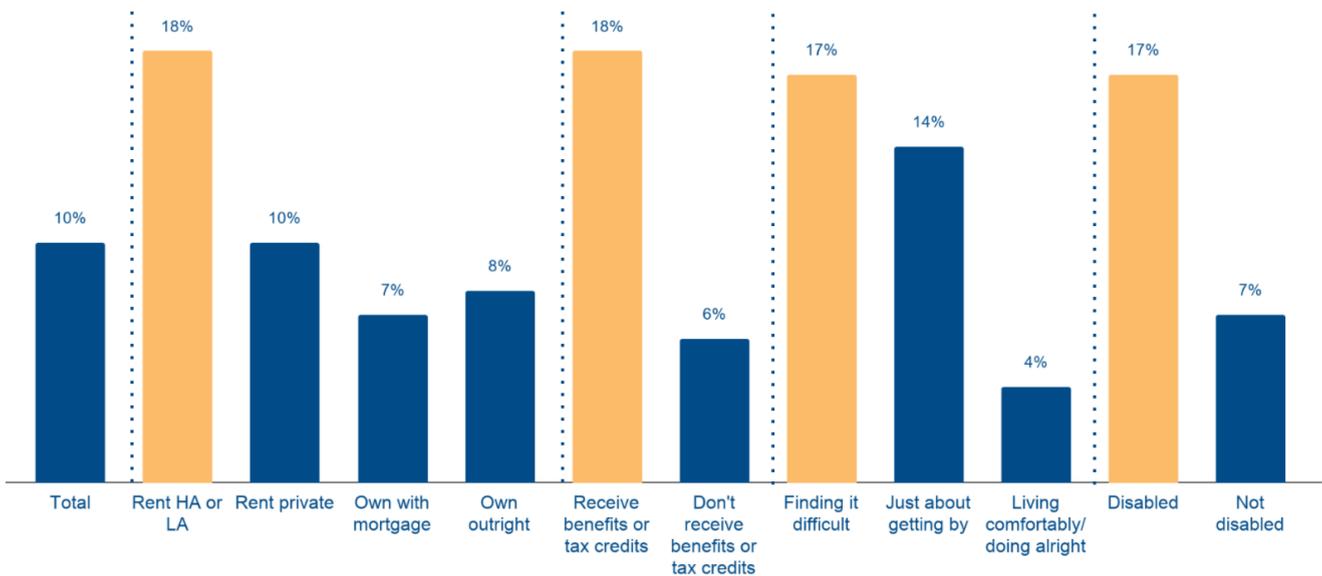
- 3.19. Our research found that those in more precarious financial situations were the most likely to be priced out of redirection services. For example, those who say their financial situation is difficult are more than 4 times as likely to say they couldn't afford mail redirection, compared with those who say their financial situation is good.
- 3.20. For those who are unemployed, 'I couldn't afford it' was the top reason they didn't redirect their mail (21%). For those renting from a housing association or a Local Authority, it was the 2nd highest reason (18%).⁵⁹
- 3.21. Ofcom's own research has also found that the pricing of mail redirection 'felt expensive for larger households, those on lower incomes and those who moved regularly'.⁶⁰ These findings indicate

⁵⁹ Online survey of 4,004 18+ UK adults, Opinium, 22 Feb - 2 Mar 2021 and a boosted sample of 1,000 people who moved since 25th March 2019 and did not take out a mail redirection service, Opinium, 22 Feb - 5 Mar 2021.

⁶⁰ Ofcom, [Review of postal users' needs](#), 26 November 2020, paragraph 6.53.

that consumers on low incomes are much more likely to be locked out of mail redirection because they can't afford to pay.

Figure 6: Home movers who said they didn't redirect their mail because they couldn't afford it, by different sub-groups



Base: Online survey of 4,004 18+ UK adults and a boosted sample of 1,000 people who moved since 25th March 2019 and did not take out a mail redirection service.

Source: Opinium, 22 Feb - 5 Mar 2021

Consumers do not think mail redirection is good value for money

- 3.22. Only 4 in 10 consumers think mail redirection represents value for money.⁶¹
- 3.23. There's a strong association between income and whether redirection is seen to offer value for money. 47% of consumers on higher incomes think redirection represents value for money, whereas only 29% of those on less than £11,500 a year think the same.⁶² 1 in 6 (17%) consumers on the lowest household income said they 'strongly disagree' that redirection offers value for money.⁶³

⁶¹ Ofcom, [Review of postal users' needs: residential data tables](#), 26 November 2020, question A7

⁶² Ofcom, [Review of postal users' needs: residential data tables](#), 26 November 2020, question A7

⁶³ Ofcom, [Review of postal users' needs: residential data tables](#), 26 November 2020, question A7

Table 2: To what extent do you agree that this service [redirection] offers value for money?

	Total	£50,000+	£30,000 - £49,999	£17,500 - £29,999	£11,499 - £17,499	<£11,500
NET - Agree	39%	47%	41%	40%	36%	29%
NET - Disagree	31%	27%	31%	30%	38%	39%

Base: All respondents (4,596)

Source: Ofcom Review of Postal Users' Needs, question A7

The price of the most basic redirection package has increased dramatically in the last 8 years

- 3.24. The price of the most basic redirections package has increased by more than 60% since 2013. A 12 month redirection package now represents 2.5 weeks worth of food for a couple on the lowest income.^{64, 65}
- 3.25. In 2013, the cost of a 3 month redirection was £21.00.⁶⁶ If prices had increased in line with inflation, the cost in 2020 would have been £24.61.⁶⁷ Instead, Ofcom estimates that the basic 3 month redirection package has increased by 62%.⁶⁸ The 6 month package has increased by 45% and the 12 month package by 38%.

⁶⁴ Calculation based on £31.60 per week on food from: ONS, [Family spending workbook 1: detailed expenditure and trends](#), 16 March 2021, tab A6.

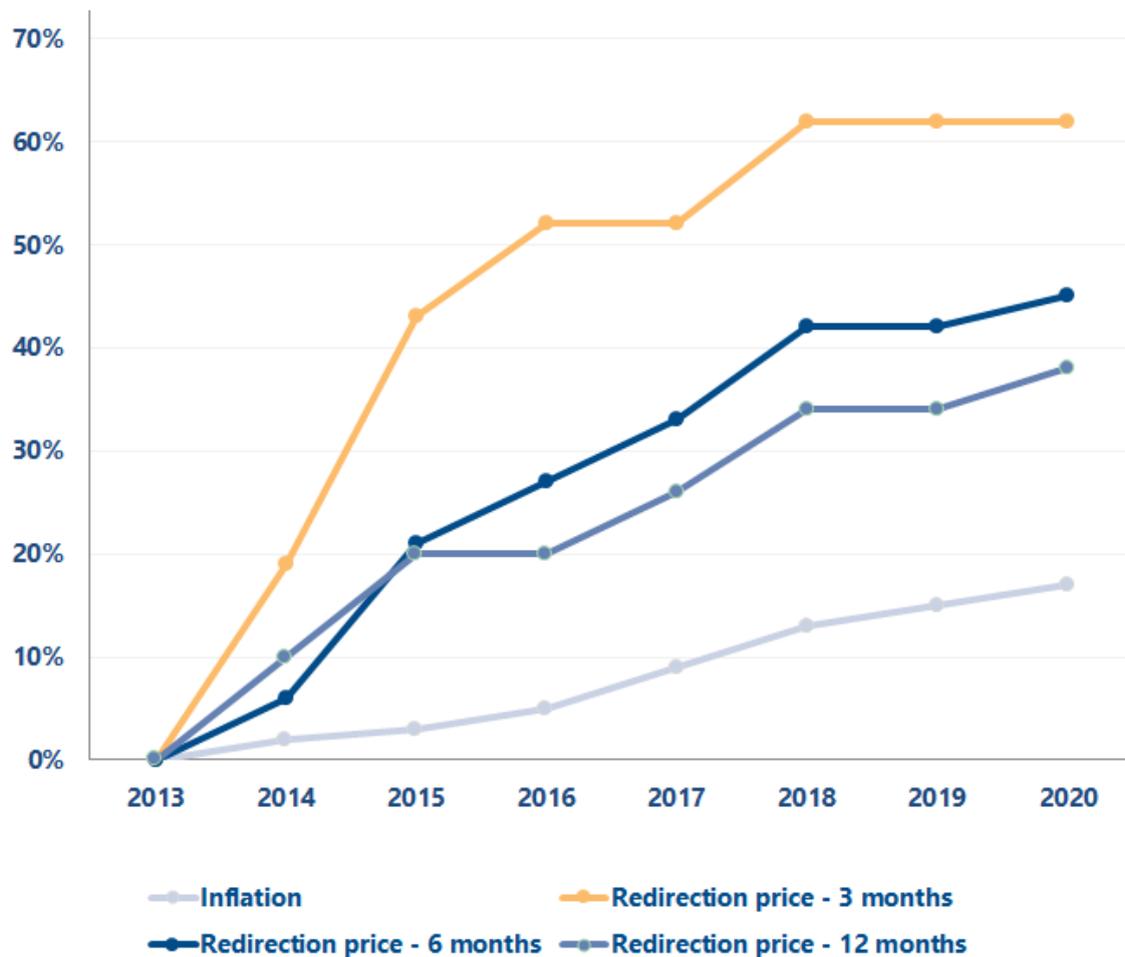
⁶⁵ The lowest 10% among UK households by gross income.

⁶⁶ The Great Britain Philatelic Society, [Redirection Charges](#).

⁶⁷ Bank of England, [Inflation calculator](#), £21 in 2013 cost in 2020. The calculator doesn't include data for 2021.

⁶⁸ Ofcom, [Review of postal regulation: Call for inputs](#), 11 March 2021, paragraph 5.46

Figure 7: Price increase of redirection packages, 2013-2020.



Source: *The Great British Philatelic Society, [Redirection Charges](#) and Bank of England, [Inflation calculator](#)*

There’s a large discrepancy in price per month between the different redirection packages

3.26. When comparing the price per month of the 3 month and 12 month redirection packages:

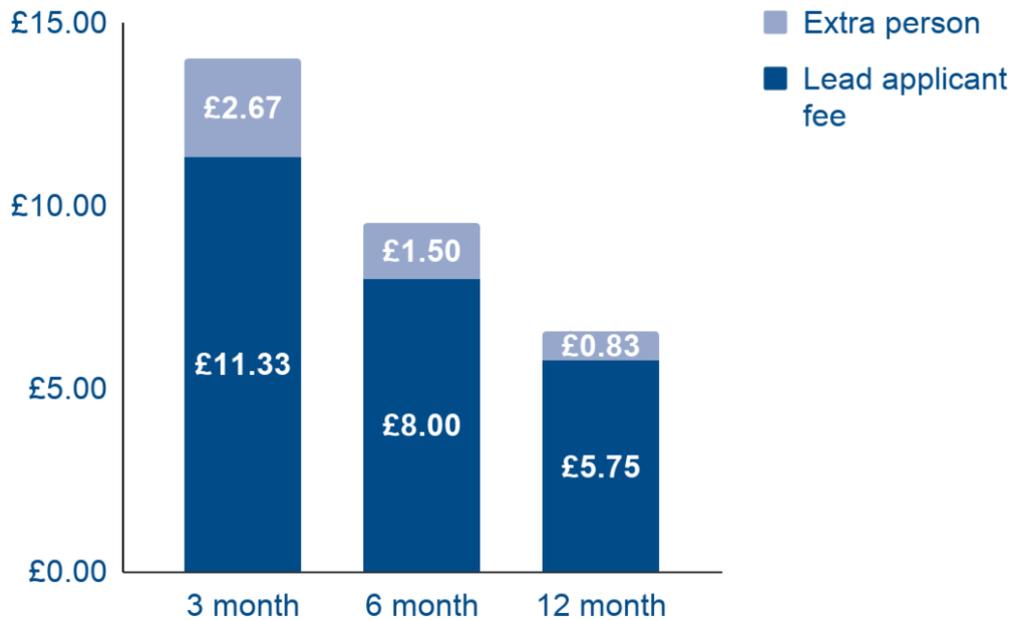
- The lead applicant fee is 97% more expensive.⁶⁹
- The extra person fee is 220% more expensive.⁷⁰

⁶⁹ Citizens Advice analysis of Royal Mail, [Moving home: Redirection - Redirect your mail to help protect against identity fraud](#), 'How much it costs'.

⁷⁰ Citizens Advice analysis of Royal Mail, [Moving home: Redirection - Redirect your mail to help protect against identity fraud](#), 'How much it costs'.

3.27. This means that for a household of 2 adults, the 3 month package is 113% more expensive per month than the 12 month package.⁷¹

Figure 8: Differences in price per month by length of redirection



Source: Citizens Advice analysis of Royal Mail, [Moving home: Redirection - Redirect your mail to help protect against identity fraud](#), 'How much it costs'.

3.28. Those who can't afford the largest up-front lump sum can't access this USO service at the best value rate. The large discrepancy in monthly cost is particularly concerning in light of our findings which indicate those on lower incomes are being priced out of accessing redirection services.

3.29. **Recommendation: Ofcom should investigate data from Royal Mail to understand whether consumers who can't afford the largest upfront lump-sum are being unfairly penalised.**

⁷¹ Citizens Advice analysis of Royal Mail, [Moving home: Redirection - Redirect your mail to help protect against identity fraud](#), 'How much it costs'.

Increasing take-up of mail redirection

A lower price would encourage more consumers to access mail redirection

- 3.30. Our research found that people at higher risk of disadvantage, detriment or harm are more price sensitive than the segment of people currently accessing redirections.⁷² A lower price cap could encourage a larger proportion of people to use redirection when they move. This would allow these groups greater continuity of mail as well as helping to protect against missing information or ID fraud.
- 3.31. 3 in 10 (31%) consumers say they'd use redirections at the current price.⁷³ This is in line with the proportion of home movers that actually use redirection (35%).⁷⁴
- 3.32. But the proportion who say they'd use mail redirection jumps to 61% in a hypothetical scenario where the price was lowered to £28.80 - a 40% price reduction.⁷⁵
- 3.33. Those who rent are twice as likely to say they would access redirections at a price that's 40% cheaper.⁷⁶ Similarly, those on a low income are also twice as likely to use redirections if it was a 40% price reduction.⁷⁷

⁷² Online survey of 4,004 18+ UK adults, Opinium, 22 Feb - 2 Mar 2021. Opinium used the Gabor Granger method to explore respondents' willingness to use redirection at different price points. Opinium used the price of a 6 month redirection for 1 person, £48.00. Respondents were assigned to random price points, varying from 40% less than the current price to 40% higher than the current price. This was used to establish respondents' willingness to use redirection at a higher or lower price point than the current price. Where a respondent agreed to a higher price point, this method assumes they will purchase the product at a lower price point.

⁷³ Online survey of 4,004 18+ UK adults, Opinium, 22 Feb - 2 Mar 2021.

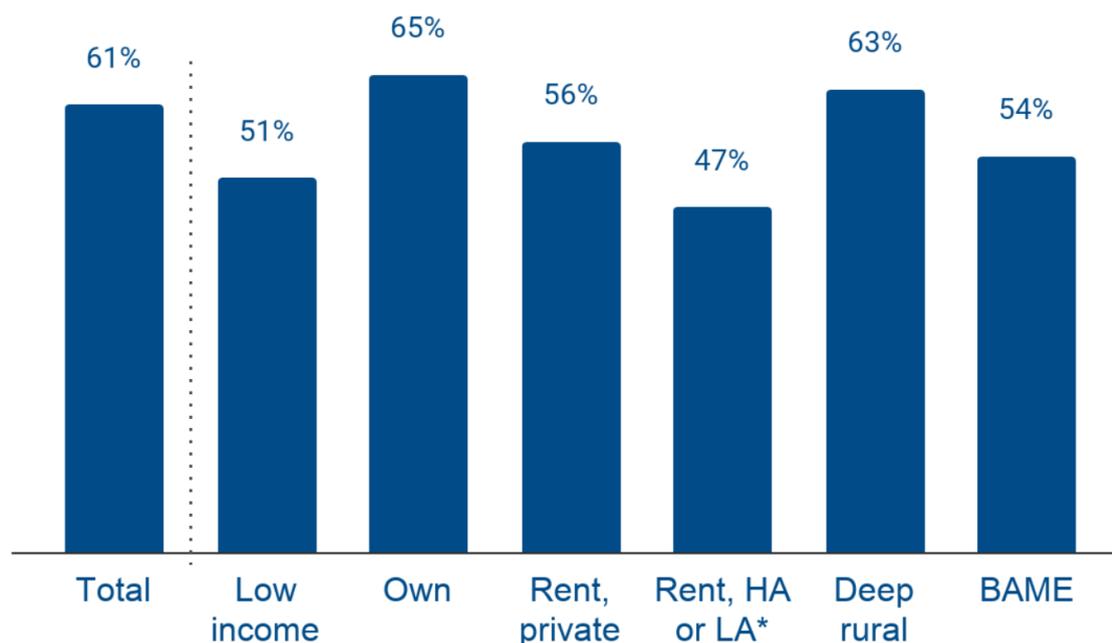
⁷⁴ Online survey of 4,004 18+ UK adults, Opinium, 22 Feb - 2 Mar 2021.

⁷⁵ Online survey of 4,004 18+ UK adults, Opinium, 22 Feb - 2 Mar 2021. Opinium used the Gabor Granger method to explore respondents' willingness to use redirection at different price points. Opinium used the price per month of a 6 month redirection for 1 person, £8.00. Respondents were assigned to random price points, varying from 40% less than the current price to 40% higher than the current price. This was used to establish respondents' willingness to use redirection at a higher or lower price point than the current price. Where a respondent agreed to a higher price point, this method assumes they will purchase the product at a lower price point.

⁷⁶ 22% who rent privately and 25% who rent from a Housing Association or a Local Authority actually used redirections. But, if it was 40% cheaper, 56% and 47%, respectively, said they'd use redirections.

⁷⁷ 27% of those with an annual household income of less than £20,000 actually used redirections. And 51% said they'd be willing to use redirection at the discounted price of £28.80.

Figure 9: Percentage who say they'd use redirections if the up-front cost of a 6 month redirection was 40% cheaper



*Renting from a housing association or a local authority.

Base: Online survey of 4,004 18+ UK adults and boosted samples of 500 18+ UK adults with an annual pre-tax household income of £20,000 or below, 500 18+ UK adults living in remote rural areas, and 500 18+ UK adults from ethnic minorities

Source: Opinium, 22 Feb - 5 Mar 2021, 23 Feb - 2 Mar 2021 (low income), 23 Feb - 3 Mar 2021 (remote rural), 23 Feb - 3 Mar 2021 (BAME)

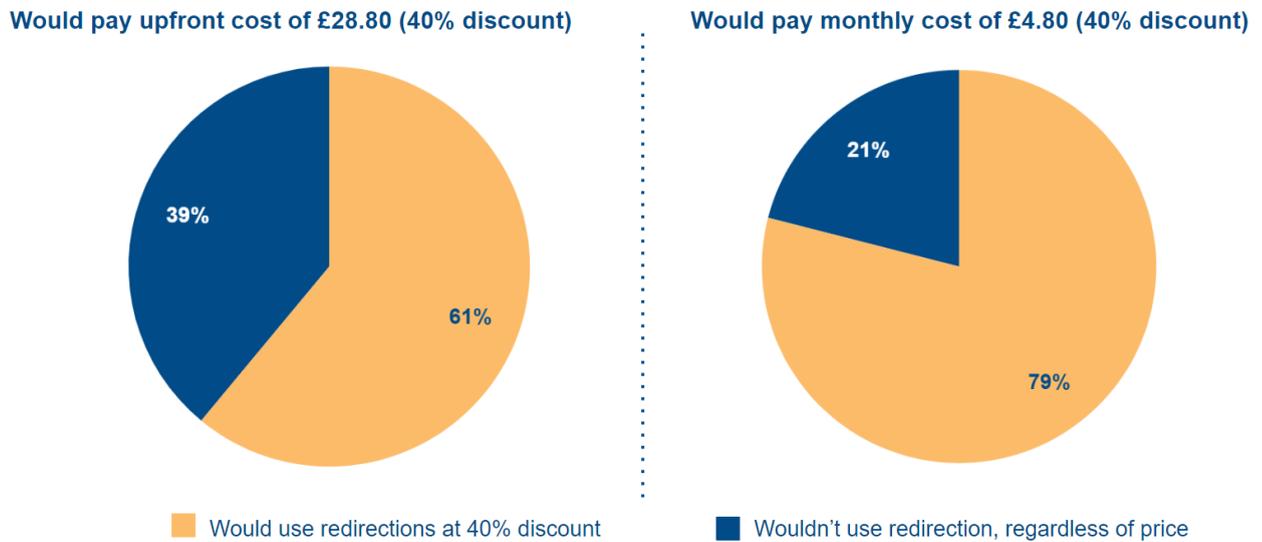
More consumers would redirect their post if they could pay monthly

- 3.34. Monthly payments allow consumers to split the cost of services, making them more affordable. And is also in keeping with how many consumers are already used to paying their bills.
- 3.35. Whilst only 3 in 10 (31%) indicated they'd pay for a 6 month redirection at current prices up-front, 5 in 10 (50%) said they'd use redirections if they could pay in monthly instalments.⁷⁸
- 3.36. And if the cost were 40% cheaper, making the monthly payment £4.80 - 8 in 10 (79%) indicated that they'd use mail redirection.⁷⁹

⁷⁸ Online survey of 4,004 18+ UK adults, Opinium, 22 Feb - 2 Mar 2021.

⁷⁹ Online survey of 4,004 18+ UK adults, Opinium, 22 Feb - 2 Mar 2021.

Figure 10: Percentage who would use redirections if the upfront and monthly cost was 40% cheaper



Base: Online survey of 4,004 18+ UK adults
 Source: Opinium, 22 Feb - 5 Mar 2021

Better promotion of the redirection discount could increase takeup

- 3.37. Overall, only a quarter of consumers (24%) know about the existing 20% mail redirection discount.⁸⁰ But there's a big difference between those who have already used the redirection service and those who haven't. 4 in 10 (40%) who redirected their mail knew about the discount whereas only 1 in 10 (12%) of those who moved and didn't take out mail redirection knew about the scheme.⁸¹
- 3.38. From Royal Mail's personal redirections webpage, there is no immediately clear information about concessionary pricing.⁸² Nor is it included under 'How much it costs'. Information about the scheme is only listed at the bottom of the 'Apply and buy' section.

⁸⁰ Online survey of 4,004 18+ UK adults, Opinium, 22 Feb - 2 Mar 2021.

⁸¹ Online survey of 4,004 18+ UK adults, Opinium, 22 Feb - 2 Mar 2021 and a boosted sample of 1,000 people who moved since 25th March 2019 and did not take out a mail redirection service, Opinium, 22 Feb - 5 Mar 2021.

⁸² Royal Mail, [Moving home: Redirection](#).

- 3.39. It also appears that to access the discount consumers must download a form, print it and send it in the post with a cheque, adding significant barriers into the application process.
- 3.40. In contrast, on Australia Post's redirections landing page, there's a clear 'Concession' button right next to 'Personal' pricing.⁸³
- 3.41. **Ofcom should ensure that Royal Mail advertises the existing scheme appropriately and investigate whether the differential application process is a barrier to consumers accessing the existing discount.**

The discount should apply to the 12 month redirection package

- 3.42. As noted above, anti-fraud organisations recommend that home movers take out mail redirection for at least a year to prevent previous occupier fraud. However, the current redirection discount only applies to 3 and 6 month redirections.
- 3.43. **The discount should be extended so that it covers all 3 redirection lengths. As highlighted above, the 12 month redirection package currently offers the best value for money to consumers and is recommended by anti-fraud organisations.**

The eligibility criteria for the discount should be broader

- 3.44. To qualify for the redirection discount, a person must be renting and either in receipt of Jobseekers allowance (JSA) or Pension Credit. However, JSA isn't an appropriate eligibility marker for redirection because it will become obsolete as Universal Credit rolls out further. With Managed Migration (the transfer of existing benefits to Universal Credit) not scheduled to finish until 2024,⁸⁴ not all recipients of legacy benefits will migrate at the same time. This means that there's a significant risk of differential access.
- 3.45. **Ofcom should use this review to investigate what a more appropriate eligibility criteria could be. The discount should, at**

⁸³ Australia Post, [Redirect mail](#).

⁸⁴ House of Commons Library, [Constituency data: Universal Credit rollout](#), 23 March 2021.

minimum, be available to all those in receipt of means tested benefits.

The discount should be more generous

- 3.46. The evidence on differential access to redirections based on income and socioeconomic background is clear. We're concerned that the current 20% discount isn't enough to correct the undesirable outcomes caused by the current pricing structure.
- 3.47. **Ofcom should use this review to investigate what an appropriate discount should be.**

Ofcom should take regulatory action to protect consumers

Mail redirection is a natural monopoly

- 3.48. As Ofcom notes, Royal Mail is the only company that can supply mail redirection.⁸⁵ Consumers can't turn to any other company to redirect their post if they think the price is too high or the quality is too low. They have only 2 choices: pay the Royal Mail prices or not take out redirection at all.
- 3.49. With no supply-side competition, there's no pressure for Royal Mail to reduce prices, innovate or increase quality to deliver continuous improvement for customers. In cases like this, direct supply-side interventions such as price caps can ensure consumers have access to reasonably priced and high-quality products.
- 3.50. Price caps can be used as a regulatory tool to mitigate high prices resulting from market power. There are several examples of price caps in sectors like utilities and financial services.⁸⁶ Within postal services there are already safeguard caps in place in other product areas.
- 3.51. Price caps can protect consumers whilst still allowing a financial return for the business being regulated. Regarding the price caps in post, Ofcom noted in 2019 that 'the current levels of the safeguard caps

⁸⁵ Ofcom, [Review of postal regulation: Call for inputs](#), 11 March 2021, paragraph 5.40.

⁸⁶ PA Consulting, [Review of Supply Side Remedies](#), 26 February 2020, Table 3.

have not prevented Royal Mail from making a reasonable commercial rate of return on the safeguarded products.¹⁸⁷

- 3.52. **Ofcom should explore regulatory measures, such as a price cap, to ensure consumers are not priced out of mail redirection.**

Ofcom should step in to make sure all consumers can access redirections

- 3.53. We first raised the issue of the unaffordable nature of redirections in August 2018⁸⁸, yet it still remains unaffordable to many.
- 3.54. Redirection is set out in Ofcom's Order, and it's meant to be delivered at 'affordable prices' and 'on fair and reasonable terms'.^{89, 90}
- 3.55. Yet our research shows that people on low incomes are struggling to afford this essential service. There's a clear association between affluence and the likelihood of using redirections. This means that those on more squeezed incomes face the choice of either cutting back on essentials to afford redirections, or not being able to use the service.
- 3.56. This review presents Ofcom with an opportunity to help correct the disparity in access between those from higher and lower socioeconomic backgrounds.

Recommendations

- 3.57. **Ofcom should explore introducing price controls, such as a price cap, to protect consumers in a naturally monopolistic market.**
- 3.58. **As some consumers may still be unable to afford price-controlled charges Ofcom should explore how changes to the existing discount scheme could ensure redirections are truly affordable.**

⁸⁷ Ofcom, [Review of the Second Class Safeguard Caps](#), 17 January 2019, para 1.14.

⁸⁸ Citizens Advice, [A new redirection? How to make mail redirections fairer and more affordable for consumers](#), 16 August 2018.

⁸⁹ [The Postal Services \(Universal Postal Service\) Order 2012](#), 2012 No. 936, art 10.

⁹⁰ As noted above in Section 2, it is not clear to Citizens Advice what 'affordable prices' means, and we're concerned about affordability issues for post in general and redirections in particular.

4. USO quality of service

Question 5.3: *Do you consider Ofcom's approach to regulating quality of service for key USO services remains appropriate going forward? If not, please explain what changes you think should be made, with supporting evidence.*

Summary

Ambitious Quality of Service targets for Royal Mail's USO items give consumers certainty in the market.

Ofcom should continue to require Royal Mail to report publicly on how it performs against the Quality of Service targets.

Ofcom should also use this review as an opportunity to future-proof the procedures for regulatory emergency periods. In particular, there should be processes in place so that, wherever possible, Consumer Advocacy Bodies are consulted *before* significant changes are made.

Ambitious Quality of Service targets are needed to give people certainty of when their post will arrive

- 4.1. Consumers want a reliable and simple postal service. 9 in 10 (92%) say it's important that they can be confident that at least 90% of the post they send will be delivered on time.⁹¹ This feature is second only to affordability for residential consumers.
- 4.2. When someone posts an item 1st class, they can currently be confident that, more than 9 times out of 10, their item will be delivered the next day. High Quality of Service targets for USO products are needed to give users certainty over when items they post will arrive.

⁹¹ Ofcom, [Review of postal users' needs](#), 26 November 2020, Figure 15.

- 4.3. It remains appropriate to have ambitious Quality of Service targets for Royal Mail's USO items. All the performance targets outlined by Ofcom in paragraph 5.55 of their Call for inputs remain important.⁹²
- 4.4. Ofcom should continue to require Royal Mail to report publicly on how it performs against the Quality of Service targets every quarter and at the end of the year.⁹³ This provides transparency to the public and it supports the Consumer Advocacy Bodies in monitoring service standards and raising concerns where appropriate.

Reducing Quality of Service targets risks a poorer service in more remote locations

- 4.5. Currently, Royal Mail is subject to a postcode area target which requires it to deliver 91.5% of First Class mail within one working day of collection in each postcode area in the UK.⁹⁴ This helps make sure that all parts of the UK receive an adequate level of service over time.
- 4.6. In its User Needs review, Ofcom highlighted that a change in the certainty of delivery times risks people living in more remote locations receiving 'a materially poorer service than the rest of the country'.⁹⁵
- 4.7. This would be an unacceptable outcome. The USO must be universal in geographic delivery. For this reason, it's important to keep the separate postcode area target.⁹⁶

⁹² Ofcom, [Review of postal regulation: Call for inputs](#), 11 March 2021, paragraph 5.55. The performance targets outlined by Ofcom are: Royal Mail to complete at least 99.9% of all delivery routes, each day on which a delivery is required; Royal Mail to serve at least 99.9% of public access points, each day on which a collection is required; Royal Mail to deliver at least 93% of First Class items within one working day of collection on a national (UK) basis; Royal Mail must deliver 91.5% of First Class mail within one working day of collection in each postcode area in the UK apart from HS, KW and ZE; Royal Mail to deliver at least 98.5% of Second Class items within 3 working days of collection on a national (UK) basis; Royal Mail to deliver at least 99% of Special Delivery items the next working day by 1pm on a UK basis.

⁹³ Royal Mail, [Quality of Service](#).

⁹⁴ Apart from HS, KW and ZE (118 of 121 postcode areas in the UK).

⁹⁵ Ofcom, [Review of postal users' needs](#), 26 November 2020, paragraph 6.27.

⁹⁶ Ofcom, [Review of postal regulation: Call for inputs](#), 11 March 2021, 5.55 D.

Quality of service during the Covid-19 pandemic

- 4.8. We recognise that Covid-19 badly affected Royal Mail and that the last year has been difficult. Throughout the pandemic, postal workers have worked hard to make sure we can all stay connected.
- 4.9. However, in January 2021 our research found that 16.5 million consumers were hit by letter delays.⁹⁷ In Quarter 3, Royal Mail was 22.4 percentage points below its 1st class target.⁹⁸ And in Quarter 4, it was 16.8 percentage points below target.⁹⁹
- 4.10. It's now more than a year since the first national lockdown on 23 March 2020, and Royal Mail's delivery of the USO is still in a regulatory emergency period, with no indication of when this will end.

Future-proofing the procedures for regulatory emergency periods

- 4.11. We note that Ofcom's focus for this review is the targets that apply during normal times. But Ofcom should also take this opportunity to review the procedures in place for regulatory emergency periods. These should be future-proofed so that, if an emergency period is declared again, there's clear guidance available to Ofcom, Royal Mail and the Consumer Advocacy Bodies (CABs).
- 4.12. The pandemic has brought to light that the CABs aren't able to access sufficient data to fully understand the severity and impact of USO postal delays. Current reporting only shows *whether* something has been delayed, not by how long. **Ofcom's regulatory review provides a valuable opportunity to strengthen Royal Mail's reporting requirements and ensure both it as the regulator, and the Consumer Advocacy Bodies, have access to sufficient data to do our jobs effectively.**
- 4.13. Ofcom should future-proof the procedures around publication of Quality of Service performance. **In any future emergency period, Royal Mail should continue to publish the quarterly and annual reports as normal so that consumers can see and understand USO performance in their areas.**

⁹⁷ Citizens Advice, [16.5 million people hit by letter delays in January](#), finds Citizens Advice, 11 February 2021.

⁹⁸ Royal Mail, [Quarterly Quality of Service and Complaints Report 2020/21](#), 7 May 2021.

⁹⁹ Royal Mail, [Quarterly Quality of Service and Complaints Report 2020/21](#), 7 May 2021.

- 4.14. If normal publication of Quality of Service performance is suspended - as was the case during the pandemic until Royal Mail published its quarterly breakdown on 7 May 2021 - **Ofcom should put in place clear procedures for continued data sharing between Royal Mail, Ofcom and the Consumer Advocacy Bodies.**
- 4.15. There should also be a clear procedure in place for when Royal Mail wishes to make significant changes in an emergency period, as happened on 28 April 2020 when Royal Mail announced it would suspend Saturday letter deliveries. In future, **wherever possible Consumer Advocacy Bodies should be consulted before significant changes are made.**
- 4.16. After our research found that 16.5 million people were hit by letter delays in January 2021,¹⁰⁰ we urged Ofcom to make sure there was a clear minimum delivery guarantee of USO products from Royal Mail. We were pleased that, following discussions with us, Royal Mail updated their website to provide reassurance to consumers. But we also raised concerns with both Ofcom and Royal Mail about the lack of information and actionable advice to those consumers still in areas on Royal Mail's list of exceptions. **Ofcom should ensure that in any future emergency periods consumers are able to access the information they need.**

¹⁰⁰ Citizens Advice, [16.5 million people hit by letter delays in January, finds Citizens Advice](#), 11 February 2021.

5. Regulation of USO services

Question 5.4: *Do you consider Ofcom's approach to regulating USO services, including access requirements, Special Delivery Guaranteed by 1pm, Signed For and Meter mail will remain appropriate going forward? If not, please explain what changes you think should be made, with supporting evidence.*

Summary

In the last decade 7 million people were unable to access their own post. While access issues remain at this level, the USO cannot be said to be truly universal.

People in unsafe or non-traditional living situations - such as people in temporary accommodation, sleeping rough or fleeing domestic violence - are most exposed to this problem.

Ofcom should integrate access to post into its vulnerability strategy and proactively support solutions that make it possible for everyone to access USO services.

- 5.1. We focus our response to question 5.4 on the points raised in paragraphs 5.59 - 5.63 of the Call for inputs, under the theme 'Ensuring users can access USO services'.¹⁰¹
- 5.2. We welcome Ofcom's focus on access requirements, and strongly supports existing access obligations such as the free Articles for the blind service and statement of arrangements to provide access points for those living in remote areas. We also support the Act's stipulation of free conveyance of certain legislative petitions and addresses.
- 5.3. We agree with Ofcom's assessment that 'both services provide clear social benefits as well as benefits to their users'.¹⁰² These services play an important role in helping to make sure that people aren't excluded from post due to disability, age or location.

¹⁰¹ Ofcom, [Review of postal regulation: Call for inputs](#), 11 March 2021

¹⁰² Ofcom, [Review of postal users' needs](#), 26 November 2020, paragraph 6.47

- 5.4. It's right for the postal regulator to have a strong focus on making sure that everyone can access USO services. If there are groups of people unable to use USO services, they're not universal.

People in unsafe or non-traditional living situations can't always access their own post

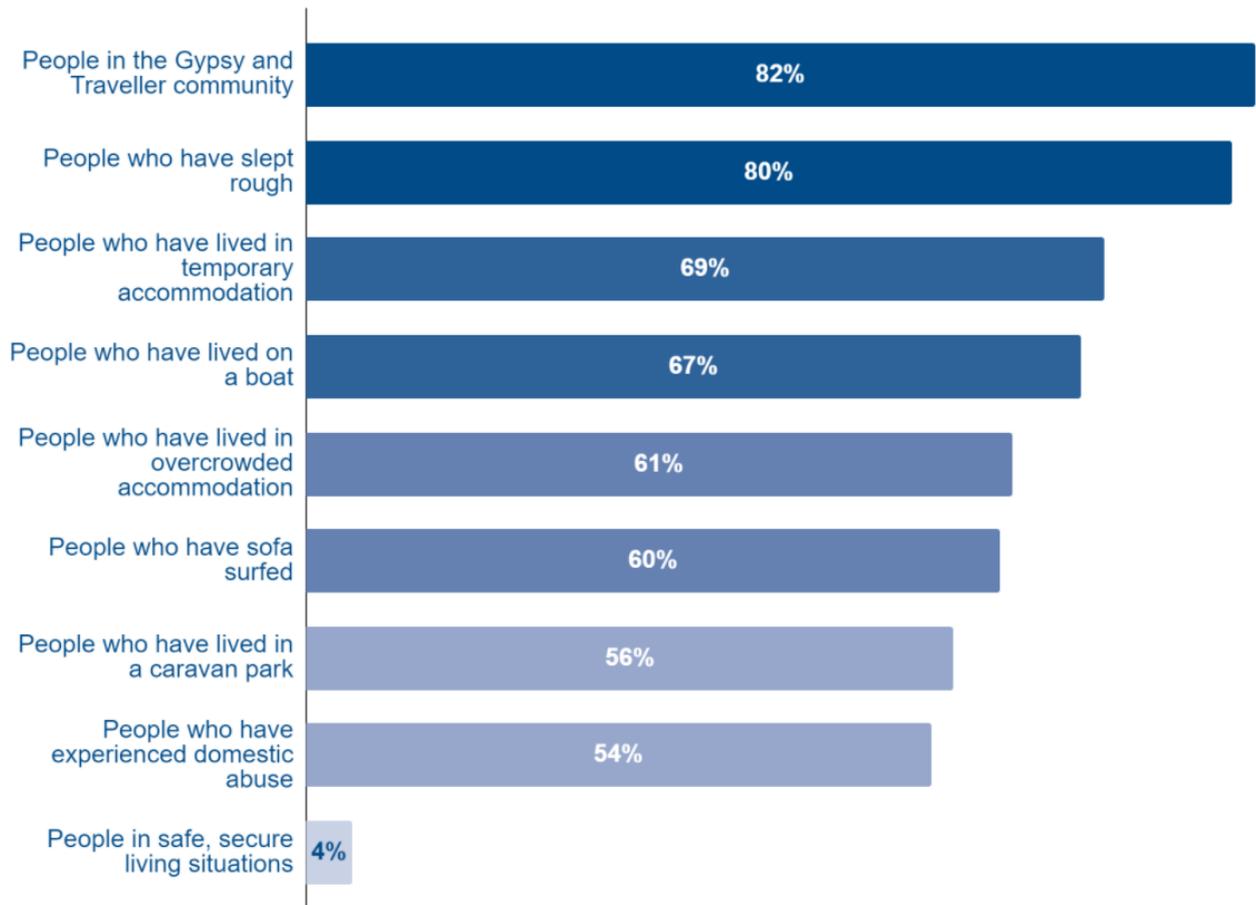
- 5.5. Our research has found that 7 million people were unable to access their own post at some point in the last decade.¹⁰³ While access issues remain at this level, the USO cannot be said to be truly universal.
- 5.6. As Ofcom notes, we have explored the issue that 'to access postal services, people also need an address where they can receive mail', focusing on groups including people who are homeless or in unsafe situations.¹⁰⁴ 80% of people who have experienced rough sleeping have struggled to access their post, as well as 54% of domestic abuse survivors - and people in different types of insecure or non-traditional housing are also disproportionately excluded from post.¹⁰⁵

¹⁰³ Citizens Advice, [Millions Without Mail](#), 24 September 2020, p.3.

¹⁰⁴ Ofcom, [Review of postal users' needs](#), 26 November 2020, paragraph 5.62.

¹⁰⁵ Citizens Advice, [Millions Without Mail](#), 24 September 2020, p.10.

Figure 11: Percentages of people who have struggled to access their post since 2010



Source: Citizens Advice, *Millions Without Mail*, 2020, p.10.

Base: 2,035 respondents who have experienced post insecurity in last 10 years

- 5.7. The disparities of postal access between different groups is extreme. People in the Gypsy and Traveller community are most likely to be excluded, with over 4 in 5 people (82%) in the Gypsy and Traveller community struggling to access their post at some point over the last decade.
- 5.8. As well as the extreme levels of exclusion amongst those who have experienced rough sleeping, people who have lived in insecure or inadequate housing also experience disproportionate harm. 6 in 10 of those who have sofa surfed (60%) or lived in overcrowded accommodation (61%) have struggled to access letters since 2010, along with almost 7 in 10 (69%) people who have lived in temporary accommodation. People in these living situations form much larger

numbers than those who are rough sleeping, with the most recent English Housing Survey from 2018-19 finding that 541,000 households reported including someone who was sofa surfing.¹⁰⁶

- 5.9. We have spoken to people who have sofa surfed or lived in temporary accommodation about the effect of struggling to receive their post:



Source: Citizens Advice, [Millions Without Mail](#), 2020.

- 5.10. People in less traditional forms of housing are also far more likely to struggle to access their post - with more than half (56%) of those who have lived in a caravan park and two thirds (67%) of those who have lived on a boat experiencing post exclusion at some point over the past decade.

People in these living situations are unlikely to be represented in most studies into post exclusion

- 5.11. People who have experienced unsafe or non-traditional living situations are hard-to-reach groups. This means they face extra barriers to being represented in research into affordability and access to services.
- 5.12. Our *Millions Without Mail* research surveyed 15,001 respondents. This meant there was a sufficiently large sample to build a picture of the level of exclusion among people who have experienced unsafe or non-traditional living situations. In contrast, it's unlikely that smaller

¹⁰⁶ Ministry of Housing, Communities and Local Government, [English Housing Survey 2018-19](#), 9 July 2020.

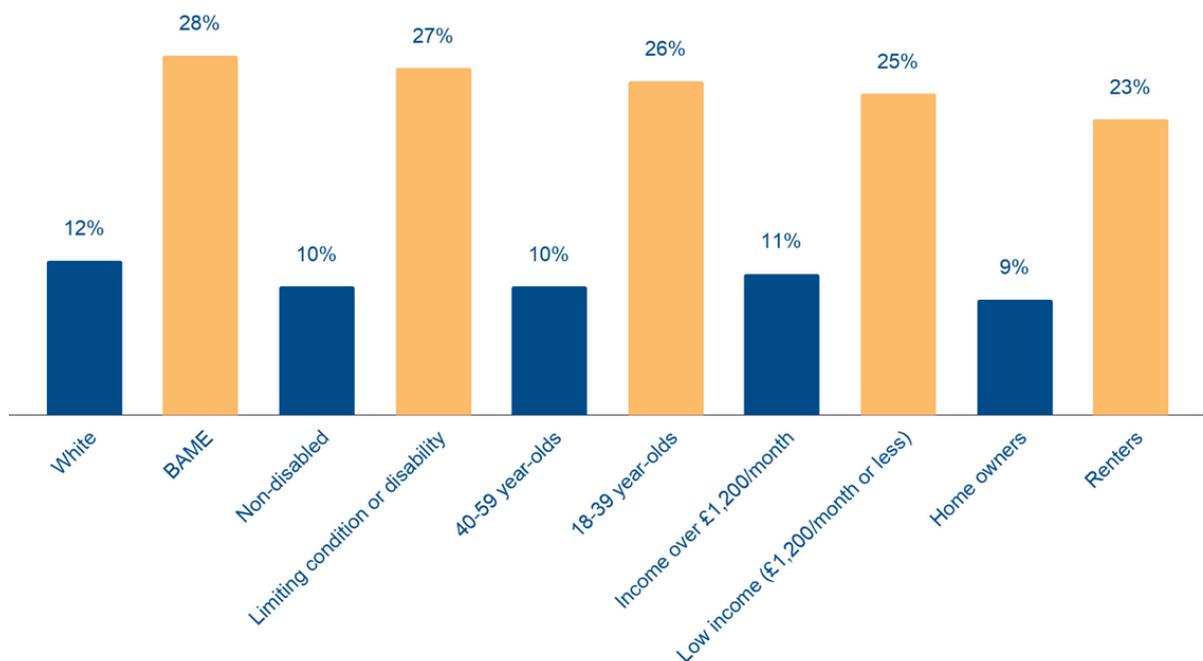
surveys of 2,000-4,000 respondents would be able to pick up this level of harm.

- 5.13. Additionally, a qualitative approach without a specific focus on these experiences would struggle to bring these perspectives to light. For example, Ofcom’s affordability review - carried out almost a decade ago - doesn’t seem to have included experiences of insecure or non-traditional living situations in its sampling matrix.¹⁰⁷

People who are already facing disadvantage are most likely to be excluded from their post

- 5.14. People in unsafe or non-traditional living situations are already at risk of disadvantage, detriment or harm.
- 5.15. There are also clear divides in post access across lines of race, disability, age and income. And people with protected characteristics are disproportionately likely to be affected.

Figure 12: Percentage who say they’ve struggled to access post over the last decade



Source: Citizens Advice, *Millions Without Mail*, 2020, p.14.

Base: 2,035 respondents who have experienced post insecurity in last 10 years

¹⁰⁷ Ofcom, *The affordability of universal postal services*, 19 March 2013, pp. 71-72.

- 5.16. People from a BAME background are more than twice as likely to have struggled to access their post since 2010 than their white counterparts. And people who are disabled or have a limiting condition are almost three times as likely to have been excluded than non-disabled people.
- 5.17. It's essential to interrogate and address these disparities to make sure there's equal access to USO products, especially for those with protected characteristics.

Post remains a vital tool for communicating with essential services

- 5.18. Despite moves towards digital communications, many continue to rely on post to receive important information - whether through preference or necessity. 4 in 5 (79%) say post is helpful or essential for managing their day-to-day lives.¹⁰⁸
- 5.19. Similarly, Ofcom's research found that a significant minority continue to state a preference for communicating with service providers by mail. 20% said they prefer to receive communications from their GP or healthcare provider by post, while almost a third (31%) would prefer to receive communications from their bank by mail.¹⁰⁹
- 5.20. In 2020, Ofcom stated that 'there continues to be a perceived need for and a degree of reliance on a letters service for some users',¹¹⁰ highlighting examples such as medical letters and official documents as drivers of this need.
- 5.21. Our research found that a wide range of essential service providers communicate mainly or only by post. Healthcare providers are particularly likely to send some forms of communication by post only. In fact, 2 in 3 (64%) people told us that they receive some communication from healthcare services by post *only*.¹¹¹

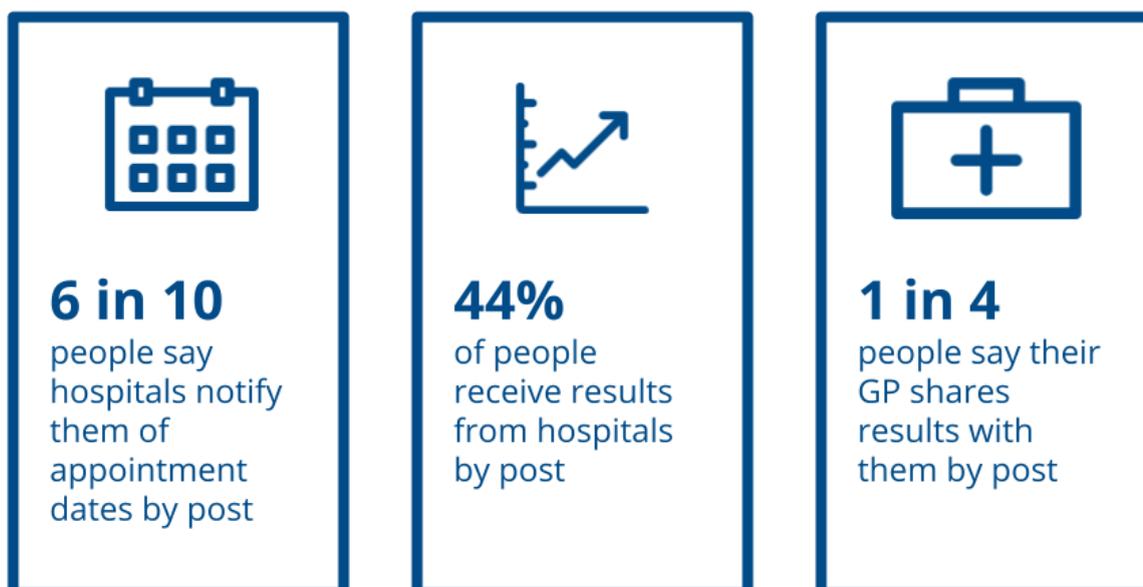
¹⁰⁸ Citizens Advice, [Millions Without Mail](#), 24 September 2020, p.6.

¹⁰⁹ Ofcom, [Residential Postal Tracker 2020](#), 26 February 2021, QC2.

¹¹⁰ Ofcom, [Review of postal users' needs](#), 26 November 2020, p.26.

¹¹¹ Citizens Advice, [Millions Without Mail](#), 24 September 2020, p.6.

Figure 13. Proportion who say healthcare providers contact them by post



Source: Citizens Advice, *Millions Without Mail*, 2020, p.6.

Base: 15,001 18+ UK adults

Post exclusion can cause severe harm

- 5.22. Where people aren't able to access their post, the consequences can be extreme - affecting finances, health and opportunities.
- 5.23. We already know that those who are in unsafe or non-traditional living situations are much more likely to have problems accessing their post. And often people in these situations are more likely to need access to essential services to get back on their feet.
- 5.24. Over the last 10 years:
- **4.7 million people have missed appointments with key services**, including court or employment related appointments, due to missed letters.¹¹²

Qualitative case study:

*Nick was sleeping rough and having his post sent to a local homeless shelter. He was sent a letter from the council offering him a flat if he turned up at a given location on a specific day and time. Nick didn't get the letter in time and spent another 3 months sleeping rough before he was offered somewhere else.*¹¹³

¹¹² Citizens Advice, *Millions Without Mail*, 24 September 2020, p.3.

¹¹³ Citizens Advice, *Millions Without Mail*, 24 September 2020, p.16.

- **3.6 million people have missed at least one healthcare appointment** due to being unable to access their post. This can lead to further health complications for the individual, as well as a cost to the taxpayer for missed NHS appointments.¹¹⁴

- **3 million people have faced some financial loss** over the last decade due to struggling to receive letters, losing an average of £850 each.¹¹⁵

Qualitative case study:

*Helen's ex-partner was financially abusive and opened all her post. He put bills in her name but intercepted statements and reminders about payments. As a result, he was able to rack up over £18,000 of debt in her name, which has destroyed her credit rating and makes getting a mortgage or renting a property very difficult.*¹¹⁶

- **1.8 million people have missed out on employment opportunities as a result of missing letters.**¹¹⁷

Existing solutions are unaffordable to people who need them most

- 5.25. Half of those who have struggled to access their post say it's because they move around frequently.¹¹⁸ Although the USO sets out the provision of a redirection service, the groups which are overwhelmingly affected by post exclusion often face additional disadvantage, detriment or harm that puts paid-for redirection services out of reach.
- 5.26. People who are homeless or have recently fled an abusive home may be struggling to afford basic necessities. This means that spending £33.99 or more on a mail redirection service is not an option.

¹¹⁴ Citizens Advice, [Millions Without Mail](#), 24 September 2020, p.3.

¹¹⁵ Citizens Advice, [Millions Without Mail](#), 24 September 2020, p.3.

¹¹⁶ Citizens Advice, [Millions Without Mail](#), 24 September 2020, p.21.

¹¹⁷ Citizens Advice, [Millions Without Mail](#), 24 September 2020, p.3.

¹¹⁸ Citizens Advice, [Millions Without Mail](#), 24 September 2020, p.12.

- 5.27. Domestic abuse survivors have told us they struggled to afford redirection services after leaving an abusive partner:

"I know you can do redirections quite quickly, but maybe do something where you offer it for free, or at a discounted rate because when you flee like I did, and you've got no money, and you need to think about putting food on the table for the children, the last thing you think about is 'Oh I need to budget for this'."

"I only [redirected my post] for a short time because that was all I could afford with the state of my financial situation. I was very limited in terms of what I could and couldn't do."

Source: Citizens Advice, [On the receiving end: How post can enable domestic abuse](#), February 2020.

- 5.28. As well as financial considerations, redirection services can be inaccessible for people in unsafe or non-traditional living situations because they may not have a secure forwarding address for their post to be sent to. In addition, our research found that people need an address to be able to put on forms and applications.¹¹⁹ Without an address, people stay locked out of essential services.
- 5.29. Therefore, a new type of service is needed to help people who are left behind by current solutions. In order to be most effective, this should be free for the user and redirect post to the user's chosen post office rather than a residential address.

Ofcom should integrate access to post into its vulnerability strategy

- 5.30. At the moment, there are no measures to include people in unsafe or non-traditional living situations within USO services, putting the universality of the service at risk.
- 5.31. In section 2, we recommended that Ofcom should implement a vulnerability strategy for post to make its approach to regulation fairer in the coming regulatory period. Access to post among groups facing disadvantage, detriment or harm should be a key pillar of this strategy

¹¹⁹ Citizens Advice, [Millions Without Mail](#), 24 September 2020, pp. 8 and 18.

to make sure that issues around access to the USO are dealt with in a joined-up, consumer centered way.

- 5.32. There should be an accessible and nationwide solution to post exclusion, to make sure no one slips through the cracks and is cut off from their mail. Post Office Ltd is best placed to deliver this service through their network of local post offices.
- 5.33. **Ofcom should proactively support solutions that make sure everyone can access USO services, including people who are homeless, in insecure accommodation, or have experienced domestic abuse.**

6. The parcels market

Question 6.1: *Do you think the parcels market is working well for all senders and receivers of parcels (such as online shoppers, marketplace sellers and/or small retailers)? If not, please explain what changes you think should be made, with supporting evidence.*

Summary

The parcels market has grown rapidly without much regulatory intervention. This unchecked growth has caused harm to consumers, workers, and the environment.

A new approach is needed if consumers are to shop with confidence. Regulation can provide the safeguards that are needed whilst allowing the market to thrive.

Taking an outcomes, or principle based approach could guide the introduction of new regulation which would foster competition and innovation whilst providing the protection consumers, workers, and the environment need.

The parcels market has grown rapidly without significant regulatory intervention

- 6.1. The UK consumer parcels market has grown by almost 200% since 2011¹²⁰ with consumers spending £2.4 billion per week online in March 2021, an increase of almost 500% compared to the same time 10 years before.¹²¹
- 6.2. Consumers now truly rely on e-retail, not only for the occasional purchase, but for everyday and essential items with 1 in 2 (54%) buying essential goods online and almost half (48%) of consumers receiving at least one parcel a week.¹²²

¹²⁰ Apex Insight Ltd, [UK Parcels Market Insight Report](#), December 2020.

¹²¹ Office for National Statistics, [Internet sales as a percentage of total retail sales](#) (from the Retail Sales Index time series), released monthly.

¹²² Online survey of 4,043 18+ UK adults, Savanta ComRes, 1 Apr - 7 Apr 2021.

- 6.3. But regulation and consumer protections have not adapted to rising volumes or changing consumer behaviour. Ofcom regulates Royal Mail as Universal Service Provider (USP) but leaves the activities of the other major operators, which account for just under 3 in every 5 (58%) parcels sent,¹²³ largely unregulated. And although not within Ofcom's remit, it is worth noting that consumer law is also outdated.¹²⁴ Consumers are increasingly unprotected in this market, with more than half (54%, or twenty-eight million UK adults) experiencing at least one parcel problem in a year.¹²⁵
- 6.4. When competition works for consumers it's driven by choice. Consumer choice and competition incentivises businesses to act in the interests of consumers by driving down prices and fueling innovation and efficiency. But the parcel delivery market doesn't work that way. In the B2C market consumers very rarely have a choice about the delivery company that is used, and the C2X market is heavily dominated by Royal Mail as Universal Service Provider and former state-owned monopoly.
- 6.5. In theory, consumers can complain to retailers or operators directly which would work to drive up standards. But our research has found that the majority of consumers don't attempt to resolve delivery problems when they occur.¹²⁶ When consumers don't complain about poor service the natural feedback mechanism which should drive up standards in the market is disrupted. This has led to a negative trend of consumer resignation and apathy both driving, and being driven by, their lack of agency when interacting with retailers and delivery companies.

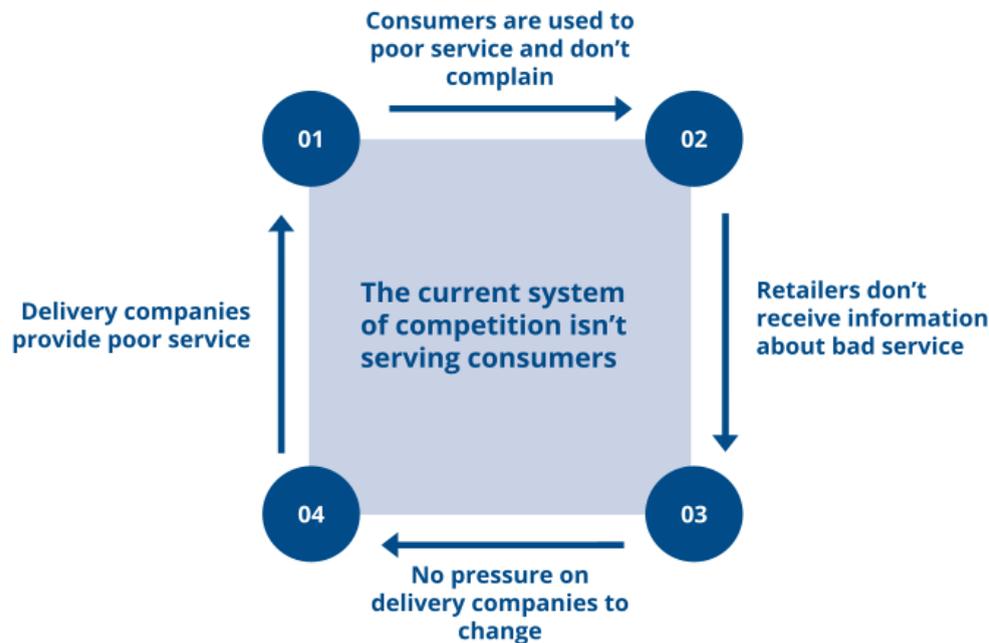
¹²³ Apex Insight Ltd, [UK Parcels Market Insight Report](#), December 2020.

¹²⁴ Citizens Advice, [Not getting next-day delivery? You're not alone](#), 15 August 2018.

¹²⁵ Estimation based on 54% UK adults experiencing a problem in the 12 months up to Sept 2020 (YouGov) and a UK adult population of 52,673,433 (ONS).

¹²⁶ Online survey of 4,043 18+ UK adults, Savanta ComRes, 1 Apr - 7 Apr 2021.

Figure 14. Consumers are disempowered by the delivery system



- 6.6. And while there have been examples of innovation in the B2C market such as increased use of Pick Up and Drop Off (PUDO) points¹²⁷, some companies improving their complaints processes,¹²⁸ or allowing disabled consumers to specify their delivery preferences,¹²⁹ they have struggled to make a big impact for consumers as they are usually tied to use by particular delivery companies. This carrier exclusivity reduces the reach of positive initiatives and significantly reduces any benefits to consumers who, more often than not, don't have any control over which parcel delivery company they use.
- 6.7. The parcels market has grown organically to meet demand, leading to the patchwork situation that currently exists. But if you were designing a market of this size and importance to consumers from scratch this is not what it would look like. Ofcom should use this regulatory review to introduce minimum standards for the parcels market to act as a safety net for consumers whilst still allowing parcel delivery companies the space to compete and innovate.

¹²⁷ Ofcom, [Review of postal regulation: Call for inputs](#), 11 March 2021, paragraph 2.12.

¹²⁸ Hermes, [Hermes creates 10.5k new jobs across the UK and announces £100 million investment](#), 4 July 2020.

¹²⁹ DHL, [DHL Parcel UK partners with HelloDone to transform home deliveries for customers with disabilities](#), 7 April 2021.

Harm caused by the parcels market

Unchecked growth in the market has caused harm to consumers

6.8. While many parcels safely reach their destination, too many consumers are experiencing problems. These issues occur throughout the customer journey, from ordering to delivery,¹³⁰ to needing to return an item or make a complaint.¹³¹

Table 3: Consumers experience problems throughout the parcel delivery journey

Journey stage:	Common problems:
Ordering	<ul style="list-style-type: none"> • 1 in 3 online shoppers did not receive information on how to specify additional delivery needs • 30% of online shoppers did not receive an estimated delivery time • Only 2 in 3 online shoppers in Northern Ireland and Scotland say they receive information about location surcharging
Delivery	<ul style="list-style-type: none"> • 54% of consumers experienced a delivery problem in the 12 months to September 2020¹³² • In the same timeframe almost 1 in 3 (27%) consumers had a parcel arrive late¹³³ • And 1 in 5 (21%) consumers missed parcels because the driver left before they had time to get to the door¹³⁴
Returns	<ul style="list-style-type: none"> • More than 2 in 5 (42%) consumers haven't returned something because there isn't a convenient time or place to do so • Half of online shoppers had their refund either delayed or denied because of their most recent returns problem
Contact & Complaint	<ul style="list-style-type: none"> • Almost 4 in 5 (76%) consumers took no action after their latest parcel delivery problem¹³⁵ • 1 in 3 (32%) consumers don't take action because they

¹³⁰ For more detail on the extent and nature of detriment in this market, see section 7 - Detriment in the parcels market.

¹³¹ For more detail on consumer issues with contacts and complaints see both section 7 - Detriment in the parcels market, and section 8 - Consumer protections in the parcels market.

¹³² Online survey of 2,092 18+ UK adults, YouGov, 15 Sep - 16 Sep 2020.

¹³³ Online survey of 2,092 18+ UK adults, YouGov, 15 Sep - 16 Sep 2020.

¹³⁴ Online survey of 2,092 18+ UK adults, YouGov, 15 Sep - 16 Sep 2020.

¹³⁵ Online survey of 2,092 18+ UK adults, YouGov, 15 Sep - 16 Sep 2020.

	<p>didn't think it would make any difference¹³⁶</p> <ul style="list-style-type: none"> • 1 in 10 (12%) don't take action because they don't have time¹³⁷
Parcels sent by consumers	<ul style="list-style-type: none"> • Almost 1 in 5 (19%) consumers sending parcels to family and friends experience an issue¹³⁸ • Almost half (46%) of consumers who had a problem said they found it difficult to find contact information for the parcel delivery company¹³⁹ • 48% of consumers who had a problem lost money as a result¹⁴⁰

Source: unless referenced directly, figures from Citizens Advice, [The market which isn't delivering](#), Dec 2019

6.9. And these problems are not evenly distributed. Time-poor people, and those at risk of disadvantage, detriment or harm not only rely more heavily on delivery services but also experience the greatest number of delivery problems.¹⁴¹

6.10. 2020 was an exceptional year for parcel delivery with the pandemic increasing parcel volumes significantly. And while it is not unexpected that the industry would initially struggle to cope with increased volumes and social distancing requirements in depots, our data suggests that issues with parcel delivery remain high more than a year later.

¹³⁶ Online survey of 2,092 18+ UK adults, YouGov, 15 Sep - 16 Sep 2020.

¹³⁷ Online survey of 2,092 18+ UK adults, YouGov, 15 Sep - 16 Sep 2020.

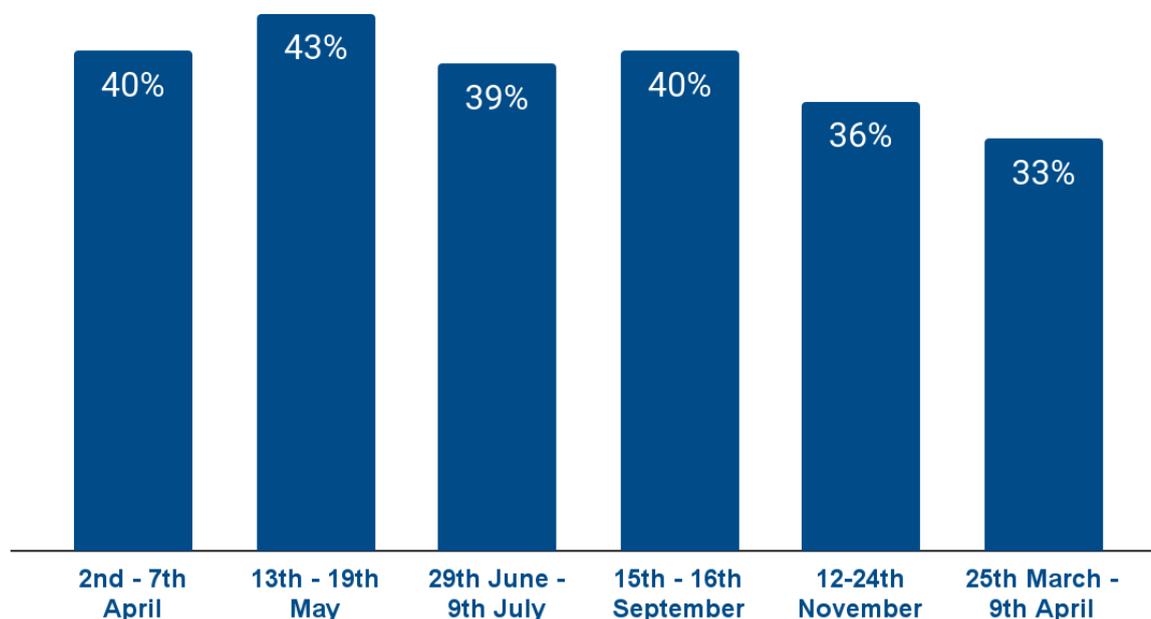
¹³⁸ Citizens Advice, [Consumer use and experience of parcel sending services](#), May 2018.

¹³⁹ Citizens Advice, [Consumer use and experience of parcel sending services](#), May 2018.

¹⁴⁰ Citizens Advice, [Consumer use and experience of parcel sending services](#), May 2018.

¹⁴¹ For more detail on the disproportionate incidence and impact on time-poor people and other groups at risk of disadvantage, detriment or harm see section 7 - Detriment in the parcels market.

Figure 15: Percentage of people expecting a delivery who experienced a problem in the last 7 days



Source: Online survey of 2,092 18+ UK adults, YouGov, 15 Sep - 16 Sep 2020; Online survey of 2,016 18+ UK adults, Opinium, 2 Apr - 7 Apr 2020; Online survey of 2,009 18+ UK adults, Opinium, 13 May - 19 May 2020; Online survey of 6,015 18+ UK adults, Opinium, 29 June - 8 July 2020 with boost of 653 BAME respondents (29 June - 9 July 2020); Online survey of 6,004 18+ UK adults, ICM Research, 12 Nov - 25 Nov 2020; Online survey of 6,001 18+ UK adults, ICM Research, 25 Mar - 9 Apr 2021

- 6.11. Previous figures have demonstrated that as volumes increase the quality of service for parcel delivery goes down, even when these are predictable peaks such as Christmas or Black Friday.¹⁴² This difficulty maintaining a consistent quality of services indicates an industry struggling to cope with demand.
- 6.12. Our research shows that almost 4 in 5 (78%) consumers plan to shop online more, or about the same amount, after the pandemic.¹⁴³ It will therefore be even more important for the regulator, consumer bodies, and industry to work together to ensure the market is able to meet the demand for higher volumes without compromising service quality.

¹⁴² Citizens Advice, [Trends in the Postal Services Market](#), 18 May 2018.

¹⁴³ Online survey of 4,043 18+ UK adults, Savanta ComRes, 1 Apr - 7 Apr 2021.

The parcels market also causes harm to its workers and the environment

Harms caused to workers

- 6.13. The pressure on delivery drivers is well documented.¹⁴⁴ As the last link in the delivery supply chain, drivers are under immense pressure to fulfill the promises made by retailers to consumers. This can result in long working hours, no time for breaks, and cutting corners to get the job done.¹⁴⁵
- 6.14. And although most drivers do their best to provide good customer service, our research has found evidence that this pressure appears to have direct impacts on the service they are able to deliver to consumers. These themes will be explored in more detail in a forthcoming report but for example:
- 40% of consumers have experienced a driver leaving before they have time to get to the door.¹⁴⁶ Our research found that when drivers have large volumes of parcels to deliver they don't have time to wait for more than a minute or two before moving on.
 - 30% of consumers have had parcels left in insecure locations.¹⁴⁷ Our research found that when drivers are paid per delivery rather than the hours worked they are incentivised to leave parcels in insecure locations, both to minimise the number of parcels they have to deliver the next day, and to increase their daily rate of pay.

¹⁴⁴ See, for example: The Guardian, [Driven to the edge: life on the Christmas parcel delivery run](#), 8 December 2019; The Guardian, [DPD courier who was fined for day off to see doctor dies from diabetes](#), 5 February 2018; Moore & Newsome, [Paying for free delivery: Dependent self-employment as a measure of precarity in parcel delivery](#) in *Work, Employment and Society*, 32(3):475-492, 1 June 2018.

¹⁴⁵ Qualitative research with 40 delivery drivers, Collaborate Research, 1 Oct - 19 Oct 2020.

¹⁴⁶ Online survey of 4,043 18+ UK adults, Savanta ComRes, 1 Apr - 7 Apr 2021.

¹⁴⁷ Online survey of 4,043 18+ UK adults, Savanta ComRes, 1 Apr - 7 Apr 2021.

"You have so many parcels it's overwhelming. You don't have enough time and you've got lots to go. You would be there forever if you followed the procedure properly."

"You're always in a rush, you have a 1 hour window and I have a 1 min 20 stop time to stop the van, get out the package, go to the door and get back in the van. The quicker you finish the quicker you can go home. So you knock and press the bell but you can't wait because you'll get behind time."

"We don't have time to spend on the customer service side of things. If customers don't answer the door straight away we have to run away. They could be chasing you down the road. You're in a hurry and you don't have time to think about the customer as your mind is racing on where you have to go next".

Source: Quotes from delivery drivers, Qualitative research with 40 delivery drivers, Collaborate Research, 1 Oct - 19 Oct 2020

Pressure induced poor working practices pose a risk to the security of mail

- 6.15. Our research identified that when under pressure to deliver large volumes of parcels, or faced by consumers who are not at home or do not come to the door, some delivery drivers adopt suboptimal practices such as leaving parcels in insecure locations or storing them in private vehicles overnight.
- 6.16. The problems with these practices are clear - increasing the risk of theft, loss and damage to parcels all of which can cause significant problems for consumers.¹⁴⁸
- 6.17. Ofcom has the power to regulate in this area, but currently only extends these regulations to Royal Mail as the Universal Service Provider.¹⁴⁹ Without regulation on other parcel operators it is harder to gauge how widespread these issues are (although our data on

¹⁴⁸ For more details on the impacts of parcels left in insecure locations see section 7 - Detriment in the parcels market.

¹⁴⁹ Ofcom, [Conditions imposed on postal operators, Essential Condition 1 \(as at 1 March 2017\)](#).

consumer detriment would suggest they are common), and doesn't encourage parcel delivery companies to improve their processes to prevent these behaviours.

- 6.18. Guarding against the theft, loss or damage of parcels should be important to any parcel delivery company, and as 58% of parcels are carried by unregulated operators¹⁵⁰ it makes sense for consumers to be safeguarded across this market, not only when their parcel happens to be carried by the Universal Service Provider.

Harms caused to the environment

- 6.19. The parcel delivery market also causes harm to the environment both through emissions and the sometimes excessive use of packaging materials.
- 6.20. The transport industry is by far the biggest polluter in the UK.¹⁵¹ Van traffic has more than doubled since 1990, much of which is attributed to service vehicles and 'last mile' delivery services.¹⁵² And although there have been innovations in this area with electric vehicles, cargo bikes and parcel lockers there is still a long way to go, with Black Friday 2020 releasing an estimated 429,000 tonnes of carbon emissions.¹⁵³
- 6.21. Pollution and climate change are citizen issues, with many metro mayors taking steps to curb traffic and emissions in their areas.¹⁵⁴ These schemes are geographically limited, however, and do not make much, if any, impact on people living outside of these regions. Our recent research highlights the significant differences across the country when it comes to local area approaches to energy, climate change and reaching the net-zero emissions target.¹⁵⁵

¹⁵⁰ Apex Insight Ltd, [UK Parcels Market Insight Report](#), December 2020.

¹⁵¹ Department for Transport, [Decarbonising Transport: Setting the Challenge](#), 4 March 2020.

¹⁵² Department for Transport, [Decarbonising Transport: Setting the Challenge](#), 4 March 2020.

¹⁵³ Money.co.uk, [The Dirty Delivery Report: counting the carbon cost of online shopping](#), 3 November 2020.

¹⁵⁴ See, for example: [Clean Air Greater Manchester](#); Greater Manchester Combined Authority, [Greater Manchester Low-Emission Strategy](#), December 2016; Greater London Authority, [Mayor's Transport Plan](#), March 2018.

¹⁵⁵ Citizens Advice, [Are we heading towards a postcode lottery for energy consumers?](#), 14 May 2021.

- 6.22. Half (49%) of consumers agree that the environmental sustainability of parcel deliveries is important to them. A third (35%) would be willing to pay extra to have parcels delivered with less or zero emissions.¹⁵⁶

Fixing the cracks in the parcels market

A new approach is needed if consumers are to shop with confidence

- 6.23. The parcels market in its current form isn't working as well as it should. Not for consumers, who are expected to open the door at a moment's notice, not for workers who have increasingly unmanageable loads to deliver, and not for the environment as emissions associated with the last mile are ever increasing.
- 6.24. These failures are in large part due to a system of incentives that often seems to be more concerned with achieving value for retail clients than delivering a consistently high-quality service for consumers. Consumers are a vital part of the delivery process but do not have the information and choices available to make the system truly work for them.
- 6.25. This lack of consumer involvement and control in the delivery process has led to large numbers of failed deliveries, with over 17 million consumers (32%) missing the first parcel delivery attempt at least once per year.¹⁵⁷ And it also appears to have eroded trust in the market, with many consumers not confident that their deliveries will arrive on time.¹⁵⁸

A regulatory approach based on principles

- 6.26. Ofcom's current regulatory approach focuses too heavily on market dynamics at the expense of consumer outcomes. While the majority of parcels are delivered successfully, service quality is inconsistent. We believe that to rebalance the market consumers need greater

¹⁵⁶ Online survey of 4,043 18+ UK adults, Savanta ComRes, 1 Apr - 7 Apr 2021.

¹⁵⁷ Online survey of 2,092 18+ UK adults, YouGov, 15 Sep - 16 Sep 2020.

¹⁵⁸ Online survey of 4,043 18+ UK adults, Savanta ComRes, 1 Apr - 7 Apr 2021.

protection and assurance in the form of regulated minimum standards.

- 6.27. Using our research we have devised a set of principles, based around the stages of the parcel delivery customer journey. These principles function both as tests of how well the market functions and a benchmark for what a consumer centric parcel delivery market would look like. In undertaking this exercise we have taken a whole journey approach from making an order, all the way through to making a return or investigating a potential delivery problem. We are aware that some of these areas remain outside of Ofcom’s remit, but present them here for completeness and to illustrate the difference a joined up approach between e-retail and post could achieve.

Figures 16-18. Regulatory principles for the parcel delivery market



Source: Citizens Advice, [The market which isn't delivering](#), Dec 2019; Citizens Advice, [Supply and use of parcel Pick Up Drop Off points in Great Britain](#), July 2019

2. Convenience and confidence at delivery and return stages

Consumer problems

- Missing deliveries due to lack of certainty around when deliveries are going to arrive
- Parcels being left in insecure locations, at risk of theft and damage
- Not being able to specify needs e.g. needing more time to get to the door
- Time-consuming and inconvenient returns processes
- Surcharging in Northern Ireland and parts of Scotland

Solutions in practice

- Increased provision of local, open access Pick Up and Drop Off points
- Consistently providing consumers the ability to specify any additional delivery needs and making sure that this information is passed on to delivery drivers
- Fair pricing for those living in rural and remote areas

Source: Citizens Advice, [Delivery charter for disabled consumers](#), Nov 2018; Online survey, Yougov, 15 Sept - 16 Sept 2020; Online survey, Savanta ComRes, 1 Apr - 7 Apr 2021; Citizens Advice, [The market which isn't delivering](#), Dec 2019; On surcharging see, for example: Consumer Council, [Package Deal - Retailers and Delivery Surcharges](#), May 2019

3. Clear communication at each stage

Consumer problems

- Difficulties getting anyone to take responsibility for delivery issues
- Lack of clarity and information around who is responsible and best placed to resolve problems, complicated by retailer-operator contracts
- Poor or non-existent contact channels for consumers

Solutions in practice

- Using existing technology, where possible, to proactively alert consumers to delivery problems such as delay, damage, or loss
- Improving communication throughout the returns process on the status of returns and timelines for refunds
- A consistent standard of service, and effective process, regardless of who the consumer chooses to contact

Source: Citizens Advice, [The market which isn't delivering](#), Dec 2019; Citizens Advice, [Parcel Complaints Journeys](#), Sept 2019; Citizens Advice, [Parcel Delivery Complaints on Social Media](#), Feb 2019

Parcels sent by consumers

- 6.28. For parcels sent by consumers the same principles apply.
- 6.29. **Informed choice at the ordering stage:** Pricing structures are not always clear, with Royal Mail alone offering 11 different service options for a small parcel.¹⁵⁹ Consumers need transparent pricing to make informed choices.
- 6.30. **Convenience and confidence at delivery and return stages:** Dropping off a parcel at an inconvenient location or having to stay at home for a parcel to be collected is a common occurrence. Consumers need a good range of local Pick Up Drop Off points to increase convenience. Insurance restrictions and packaging guidance are not always clear, especially when using parcel brokers.¹⁶⁰ Confidence can be improved by making clear all terms and conditions and making it easier for consumers to resolve issues when something goes wrong.
- 6.31. **Clear communication at each stage:** Almost 1 in 2 (46%) consumers with a delivery problem found it difficult to find contact information for the delivery company.¹⁶¹ Channels of communication must be clearer, making it easier for consumers to resolve any issues.

Regulation can provide the safeguards consumers need whilst still allowing the market to thrive

- 6.32. Consumers need the delivery market to provide them with; informed choices, convenient delivery and returns options they can have confidence in, and clear channels of communication.
- 6.33. Setting out minimum service standards across the customer journey would provide the safeguards consumers need to ensure a consistent quality of service, whilst still allowing companies to innovate and go beyond the regulated safety net.
- 6.34. Regulated minimum standards is a common approach in many essential service markets such as Energy and Water. In the Water

¹⁵⁹ Royal Mail, [Click & Drop Service](#).

¹⁶⁰ For consumer issues with insurance restrictions and packaging guidance see: Citizens Advice Citizens Advice, [Consumer use and experience of parcel sending services](#), 14 December 2018; For more detail on consumer issues with parcel brokers see sections 7 - Detriment in the parcels market and 8 - Consumer protections in the parcels market

¹⁶¹ Citizens Advice, [Consumer use and experience of parcel sending services](#), May 2018.

industry, water and sewerage services in England and Wales are largely provided by 18 regional monopolies.¹⁶² Which company provides your service is based not on your choice but on where you live. To ensure consistency of service the sector regulator Ofwat has set out a series of reporting requirements which allow them to track minimum service quality but do not limit companies from going beyond these requirements or innovating in any way. Additionally, in cases of service disruption or failure the regulator guarantees minimum levels of compensation to consumers which companies are free to go beyond if they so choose.¹⁶³

- 6.35. In the delivery market, regulated minimum standards would allow consumers to shop with confidence, knowing that they will receive a good service and be able to fix any problems that may occur, whichever company delivers their item.
- 6.36. Retailers would retain the ability to negotiate competitive prices with delivery companies, and delivery companies would be under less pressure to sacrifice service quality in order to reduce costs for retailers.
- 6.37. Ofcom does not currently have the necessary powers to resolve all of the problems consumers experience in the parcels market. It does, however, have sufficient powers to introduce a set of meaningful minimum standards which would significantly reduce existing harm and improve consumer experience.¹⁶⁴

Regulation can mitigate harms to workers and the environment

- 6.38. Over the last 12 years there has been a steady shift in how people shop with almost 9 in 10 (87%) consumers now shopping online compared to half (53%) in 2008.¹⁶⁵ But there has been no equivalent shift in how items are delivered. While parcels arriving at any time of day often works well for businesses who have staff on hand to open the door at a moment's notice, this isn't always easy for consumers.

¹⁶² Ofwat, [Historic performance](#).

¹⁶³ Ofwat, [Standards of service](#).

¹⁶⁴ Ofcom, [Conditions imposed on postal operators](#).

¹⁶⁵ Office of National Statistics, ['Internet access - households and individuals' dataset](#), published 7 August 2020.

- 6.39. Even a timed slot on the day isn't much help if people have work, childcare, or other responsibilities.¹⁶⁶ And although there have been some innovations such as click and collect or parcel lockers, use of these services is often tied to specific delivery companies and can depend greatly on location, leaving rural communities significantly less well served.¹⁶⁷
- 6.40. Regulation is a ceiling, not a floor and if used appropriately doesn't need to stifle normal business activity but can encourage companies to innovate to meet consumer needs. One way to do this is to look at what consumers value most from a service and see whether these needs are being met and if not, use regulation to challenge the market to meet these needs more effectively.
- 6.41. When asked what is important to them when getting parcels delivered 9 in 10 (91%) consumers wanted the parcel to arrive when it was supposed to, and reliability is the attribute that consumers are most willing to pay for.¹⁶⁸ Yet when a third (32%) of consumers expecting a parcel experience a problem¹⁶⁹ it is clear the industry is anything but.
- 6.42. One way to increase reliability without impacting negatively on workers or the environment is through greater use of Pick Up Drop Off points (PUDOs). Picking up missed parcels from a nearby collection point creates just 13% of the CO₂ produced by collection by car from a local depot.¹⁷⁰ And although not widely offered by retailers,¹⁷¹ our research has found that three in five (62%) consumers would be happy to collect a parcel from a nearby location.
- 6.43. Currently most parcel delivery companies manage their own independent PUDO networks. This means that although there are at least 40,000 PUDOs across the UK¹⁷² carrier exclusivity greatly reduces the number that are conveniently accessible. Almost 1 in 4 (23%) rural

¹⁶⁶ For detail on how specific groups can struggle to receive parcel deliveries see section 7 - Detriment in the parcels market.

¹⁶⁷ Citizens Advice, [Supply and Use of Parcel Pick Up Drop Off Points in Great Britain](#), 4 July 2019

¹⁶⁸ Online survey of 4,043 18+ UK adults, Savanta ComRes, 1 Apr - 7 Apr 2021.

¹⁶⁹ Problems experienced in the last seven days, Online survey of 6,001 18+ UK adults, ICM Research, 25 Mar - 9 Apr 2021.

¹⁷⁰ Edwards et al., [Carbon Dioxide Benefits of Using Collection-Delivery Points for Failed Home Deliveries in the United Kingdom](#), 1 January 2010.

¹⁷¹ Citizens Advice, [Supply and Use of Parcel Pick Up Drop Off Points in GB](#), 4 July 2019.

¹⁷² Citizens Advice, [Supply and Use of Parcel Pick Up Drop Off Points in GB](#), 4 July 2019.

residents don't have a non-Post Office PUDO point close enough for them to use.¹⁷³

6.44. For PUDOs to really make a difference for consumers, workers and the environment they must be accessible by all parcel delivery companies. A local, open-access PUDO network would:

- Allow delivery drivers to successfully deliver a greater number of parcels first time, increasing productivity and reducing work related pressure.
- Address concerns around the security of mail by reducing the incentive to leave parcels in insecure locations or keep them in private vehicles overnight.
- Reduce the transport miles and emissions associated with delivering parcels and collecting undelivered items.
- Increase consumer confidence as they know all parcels will be delivered on time, first time.
- Increase consumer convenience as they can pick up parcels at a time which suits them.

6.45. **A large, open-access network of Pick Up Drop Off points would be a significant change in this market, but one which would confer many benefits to consumers, delivery drivers and the environment. Ofcom should therefore investigate the desirability and feasibility of introducing a network of this kind.**

Conclusions

6.46. Delivery is now an essential market. Consumers rely on it to get the items they need as well as to stay in contact with family and friends. And even though we are nearing the end of the pandemic, many retailers have retreated from the high street completely and will continue to rely on e-retail to make sales.¹⁷⁴

¹⁷³ Citizens Advice, [Supply and Use of Parcel Pick Up Drop Off Points in GB](#), 4 July 2019.

¹⁷⁴ See, for example: Evening Standard, [Boohoo buys Debenhams for £55 million as it moves to selling other brands' fashion for the first time](#), 25 January 2021; The Guardian, [Topshop buyout by Asos will change more than the way we shop](#), 1 February 2021; The Guardian, [Cath Kidston to close all 60 UK stores with loss of 900 jobs](#), 21 April 2020.

- 6.47. The reliance on parcel delivery from both consumers and businesses is not a recent trend. But the coronavirus pandemic has drastically increased the demand for parcel delivery, accelerating growth and exacerbating the underlying issues in the market. And although parcel delivery companies have adapted quickly to the changing circumstances, our research indicates that consumer problems are increasing in line with rising volumes.
- 6.48. The way we shop has changed forever, and it's time that the way we receive parcels changes to match. To make this a market which delivers for consumers coordinated regulatory action is needed to address the issues in the market and to give consumers the confidence they need to help the retail sector build back better post-Covid.

Recommendations

- 6.49. Ofcom should use the regulatory review as an opportunity to reshape the market, with a strong focus on consumer outcomes. Consumers need the safety net of minimum standards to provide a consistent experience throughout the delivery process. Ofcom should:
- **Investigate how to extend both the scope and the content of Consumer Protection Condition 3 (CPC3).**
 - **Explore how Essential Conditions could be used to improve outcomes for consumers without increasing the pressure on delivery drivers.**
 - **Consider how it can encourage the creation of a network of local, open-access Pick Up Drop Off points for consumers to use as a primary delivery location, or for drivers to safely deposit undelivered items.**

7. Detriment in the parcels market

Question 6.2: *What is the nature and extent of detriment (if any) that consumers may suffer in the C2X or B2C segments of the parcels market? Please provide your views with supporting evidence.*

Summary

Parcel deliveries have become increasingly important since the coronavirus outbreak but problems are widespread, and more consumers than ever are coming to us for help.

Problems include parcels arriving late, being left in insecure locations and not being delivered even when people are home, reflecting a lack of reliability and security for consumers in both B2X and C2X services.

The impacts of these issues can be significant, ranging from financial detriment to stress and loss of time.

Delivery problems disproportionately affect time-poor groups and those with specific access needs, such as disabled people, who rely on these services as an essential alternative to physical retail.

Context

Deliveries are more important than ever

- 7.1. Parcel deliveries are an important part of life for many consumers who rely on them for essential and everyday goods. 1 in 10 (10%) 'would not cope at all' without deliveries, and almost 1 in 4 (23%) 'would not cope' or 'don't know how [they] would cope' without them.¹⁷⁵
- 7.2. Online shopping numbers were already rising before the coronavirus pandemic. But the pandemic accelerated people's reliance on delivery services, particularly due to lockdown periods. Our research shows that before the pandemic, a third of consumers (36%) received a

¹⁷⁵ Online survey of 4,043 18+ UK adults, Savanta ComRes, 1 Apr - 7 Apr 2021.

parcel at least once a week.¹⁷⁶ In comparison, nearly 1 in 2 consumers (48%) have received one or more parcels a week since the first lockdown in March 2020, showing a significant increase from pre-coronavirus frequency levels.¹⁷⁷

- 7.3. Deliveries are particularly important for those who are time-poor or have specific access needs, who rely on them for essentials they might otherwise be unable to get (see paragraphs 7.31 onwards for more information).

But problems are common for consumers

- 7.4. Delivery problems are widespread for consumers. Our latest research shows that 4 in 5 consumers (77%) have experienced a delivery problem in the last year.¹⁷⁸ Of those who received a delivery within the past week, a third (33%) had an issue with the service.¹⁷⁹ These problems impact consumers both directly and indirectly in a number of ways (see 7.21-7.30).

And more people than ever are coming to us for help

- 7.5. In 2020 the total number of complaints about parcel deliveries to the Citizens Advice Consumer Service was more than double the number in 2019 (110% higher). The volume of problems we saw started increasing in March, in line with the first national lockdown, and peaked over the summer.
- 7.6. Issues remained high over the rest of the year, leading to record-high figures over the Christmas period. In December alone we recorded 3,096 cases, compared to 1,523 in 2019.
- 7.7. The increase in the number of parcel complaints has continued into 2021. Between January and April of this year, we saw 97% more cases than during the same period in 2020.

¹⁷⁶ Online survey of 4,043 18+ UK adults, Savanta ComRes, 1 Apr - 7 Apr 2021.

¹⁷⁷ Online survey of 4,043 18+ UK adults, Savanta ComRes, 1 Apr - 7 Apr 2021.

¹⁷⁸ Online survey of 4,043 18+ UK adults, Savanta ComRes, 1 Apr - 7 Apr 2021.

¹⁷⁹ Online survey of 6,001 18+ UK adults, ICM Research, 25 Mar - 9 Apr 2021.

Figure 19. Citizens Advice Consumer Service numbers doubled in 2020



Source: Citizens Advice Consumer Service, May 2021

7.8. Our website pages with advice on what to do about delivery problems also received much higher views in 2020, compared to the previous year. There were 210,000 views to our ‘If something you ordered hasn’t been delivered’¹⁸⁰ page last year, a 68% increase from 2019 levels. And the page ‘If you think your post is lost’¹⁸¹, which provides advice on claiming compensation, saw an even higher (169%) increase between 2019 and 2020, with numbers more than doubling.

Problems experienced by consumers

7.9. The most common issues consumers experience are parcels arriving late,¹⁸² having to stay home to receive parcels,¹⁸³ drivers leaving parcels or slips before they can get to the door, and deliveries being

¹⁸⁰ Citizens Advice, [If something you ordered hasn't arrived](#).

¹⁸¹ Citizens Advice, [If your post has been damaged, lost or delayed by Royal Mail](#).

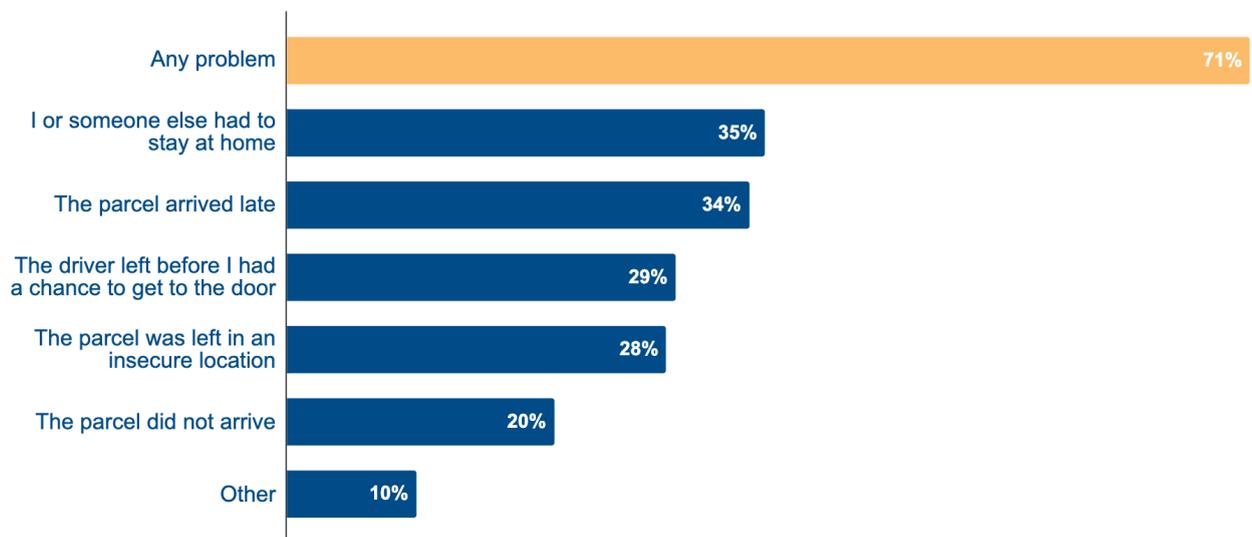
¹⁸² CATI survey of 2,008 18+ UK adults, Yonder Data Solutions, 17 Feb - 28 Feb 2021.

¹⁸³ Online survey of 6,001 18+ UK adults, ICM Research, 25 Mar - 9 Apr 2021.

left in insecure locations.¹⁸⁴ In our latest research 2 in 5 consumers had experienced drivers leaving before they could get to the door, the same proportion being left a note even though they were at home, and 30% had a parcel left in an insecure location.¹⁸⁵

7.10. A significant number of parcels don't arrive at all. Between March and September 2020, our research found 1 in 5 people (21%) had a parcel that was not delivered.¹⁸⁶ During the 2020 Christmas period, late parcels made up almost 3 in 5 parcel problem cases (58%), while around half (47%) were parcels which hadn't been delivered.¹⁸⁷

Figure 20. Parcel delivery problems experienced by consumers



Source: CATI survey, Yonder Data Solutions, 17 Feb - 28 Feb 2021
Base: 2,008 18+ UK adults

Parcels left in insecure locations pose a number of risks

7.11. Deliveries that aren't left in a safe place are at risk of theft.¹⁸⁸ With the rise in online shopping and parcel volumes during the coronavirus pandemic, 'porch piracy'¹⁸⁹ and other forms of parcel theft have increased in frequency.¹⁹⁰ Many consumers don't have secure places

¹⁸⁴ Online survey of 4,043 18+ UK adults, Savanta ComRes, 1 Apr - 7 Apr 2021.

¹⁸⁵ Online survey of 4,043 18+ UK adults, Savanta ComRes, 1 Apr - 7 Apr 2021.

¹⁸⁶ Online survey of 2,092 18+ UK adults, YouGov, 15 Sep - 16 Sep 2020.

¹⁸⁷ Online survey of 8,001 18+ UK adults, Opinium, 15 Dec 2020 - 5 Jan 2021.

¹⁸⁸ SWLondoner, [Parcel thefts in South West London rise due to non-secure delivery methods](#), 16 February 2021.

¹⁸⁹ Surrey Live, ['Porch pirates' steal 7,750 parcels from Surrey doorsteps in just six months](#), 23 December 2020.

¹⁹⁰ Oxford Mail, [Amazon parcel thefts: Thames Valley Police involved](#), 11 December 2020.

for delivery drivers to leave packages, and therefore rely on being handed their parcel directly.¹⁹¹

Citizens Advice Consumer Service case (March 2021)

Simone bought trousers online and paid for next day delivery. The parcel company left the order on Simone's doorstep, which was clearly visible to passersby. When Simone returned home, the trousers had gone missing and she assumed they had been stolen. Simone has reported the theft to the police but has found it difficult to receive a refund or receive a re-delivery of the trousers.

- 7.12. Having packages left in insecure or unknown locations is not only a risk to the security of mail, it is also an access problem. Our research has previously shown that 2 in 5 (39% equal to 7.1 million) disabled people have had a delivery problem in a single week.¹⁹² Our research has found that for many disabled consumers these problems are exacerbated by not being able to make delivery companies aware of their needs.¹⁹³

"I miss 6 out of 10 deliveries, just because it's such a long process to get from here to downstairs...to tell them that I'm here."

"I wish that I could let delivery companies know I have accessibility needs so I was given more time to get to the side door. And then that would mean my parcels were not left outside or left in unsuitable places. I don't think they realise the emotional stress and upset of not receiving a parcel causes me, it makes me feel vulnerable and helpless."

Source: Citizens Advice, [The missing link: why parcel companies must deliver for disabled people](#), 5 Dec 2019; Citizens Advice, [Over 7 million disabled people faced delivery problem in single week, despite online shopping being a lockdown lifeline](#), 11 Aug 2020

¹⁹¹ Increased usage of Pick Up Drop Off (PUDO) points can mitigate this risk. For more detail on this and the other benefits of PUDO points see section 6.

¹⁹² Citizens Advice, [Over 7 million disabled people faced delivery problems in a single week, despite online shopping being a lockdown lifeline](#), 11 August 2020.

¹⁹³ Citizens Advice, [The missing link: why parcel companies must deliver for disabled people](#), 5 December 2019.

- 7.13. Keeping mail safe and ensuring that consumers can safely and easily access their deliveries are the responsibility of the delivery company.
- 7.14. Ofcom has the power to impose tighter rules around safety and the location of delivered items through Essential Condition 1, but currently only uses them to regulate Royal Mail as the Universal Service Provider.¹⁹⁴

Problems in the C2X segment

- 7.15. The parcels market is now mainly made up of the Business to Consumer (B2C) and consumer sending (C2C, C2B, or jointly C2X) segments. The recent and rapid growth in the market has been particularly marked in the B2C section due to the growth of online retail, but C2X services still play an important role and are essential for small businesses and marketplace sellers.
- 7.16. However, consumers experience significant issues in the C2X segment, and these tend to have a disproportionate impact compared to B2C problems. People are more than twice as likely to have a problem with sending parcels to family and friends (19%) than those sending a return (8%) or an item they sold online (8%).¹⁹⁵ They also tend to be less satisfied with sending parcels without pre-paid return labels.¹⁹⁶ This is possibly because of increased emotional investment, financial investment and unfamiliarity with the process if they post infrequently.
- 7.17. There are some similarities in the issues faced by consumers in C2X and B2C. These include problems relating to delivery such as parcels arriving late, being left in insecure locations, and being damaged.
- 7.18. However, we also see other problems specific to C2X. The most common of these are unclear terms and conditions (particularly around insurance and restrictions), problems with making complaints and lack of tracking, which causes difficulties with dispute resolution.¹⁹⁷ Almost half of C2X consumers who have a problem find it difficult to find contact information, with 27% struggling to reach the right

¹⁹⁴ Ofcom, [Conditions imposed on postal operators](#).

¹⁹⁵ Citizens Advice, [Consumer use and experience of parcel sending services](#), May 2018.

¹⁹⁶ Citizens Advice, [Consumer use and experience of parcel sending services](#), May 2018.

¹⁹⁷ For more details, see section 8, 'Consumer protections in the parcels market'.

department.¹⁹⁸ Even when they do manage to speak to someone, 28% are dissatisfied with the resolution received.¹⁹⁹

- 7.19. These issues can leave people significantly out of pocket, particularly those involving insurance and restrictions. In 2018, we found that only 2 major parcel operators and brokers had information on their websites on how to package a parcel.²⁰⁰ 10 of those 11 companies had insurance policies that do not cover fragile items, but only 4 of them provided clear information on this for consumers.²⁰¹ This lack of transparency around terms and conditions means that, for example, if a marketplace seller sends an item which is broken in transit, they might struggle to claim compensation and may also have to refund their buyer without even receiving the cost of postage back.
- 7.20. We have also seen a number of cases about problems with delivery services purchased through parcel brokers, with many consumers experiencing problems with complaints processes, poor service, and unclear terms and conditions.²⁰²

Citizens Advice Consumer Service case (February 2021)

Zack sold a mirror online for £50 and arranged for courier collection. They collected the mirror but didn't deliver it to the buyer. Zack was forced to refund the buyer but lost the mirror and the money. Although it was insured, Zack had trouble claiming compensation and the parcel company is not taking responsibility. Zack is currently receiving benefits and had sold the mirror as a way of helping himself get back on his feet. This experience has been stressful for him, and he is considering seeking legal advice.

Citizens Advice Consumer Service case (March 2021)

Laura sent a package worth £100 of children's clothes and toys to a family member. The courier company collected the parcel 3 days late. The delivery driver claims he rang the doorbell but her family were at home and would have heard. A few days later, the parcel company informed Laura that the parcel had been damaged and may be destroyed. Laura

¹⁹⁸ Citizens Advice, [Consumer use and experience of parcel sending services](#), May 2018.

¹⁹⁹ Citizens Advice, [Consumer use and experience of parcel sending services](#), May 2018.

²⁰⁰ Citizens Advice, [Consumer use and experience of parcel sending services](#), May 2018.

²⁰¹ Citizens Advice, [Consumer use and experience of parcel sending services](#), May 2018.

²⁰² Citizens Advice Consumer Service, May 2021.

tried ringing them but was put on hold and struggled to get through to speak to an advisor. She wants the package back and isn't sure what to do.

Delivery problems cause stress, loss of time and money, and lack of confidence in the market

- 7.21. The problems consumers face can broadly be understood as direct impacts such as financial detriment, stress and loss of time, and indirect impacts which affect consumer expectations and relationships with the market.

Direct impacts

- 7.22. Our research has shown that stress and anxiety are experienced by 1 in 5 consumers who had a delivery problem.²⁰³
- 7.23. The financial impacts of delivery problems can be significant. 1 in 10 online shoppers incurred financial losses due to a parcel problem, with the average amount lost being £10.30.²⁰⁴ We estimate that UK shoppers lost £85m because of parcel issues between December 2018 and 2019.²⁰⁵
- 7.24. On the C2X side of the market, half (48%) of those who had a problem lost money as a result. On average, people lost £30 when they had a problem, with 1 in 5 (22%) losing £100 or more. This amounts to an estimated £670m a year lost to C2X problems.²⁰⁶
- 7.25. Similarly, during Christmas 2020, we found that more than half of people who had problems receiving parcels lost money as a result.²⁰⁷
- 7.26. Of those who try to resolve their issue, almost 9 out of 10 (88%) have difficulty with the process.²⁰⁸ They encounter problems such as loss of time, stress and lack of response or resolution.²⁰⁹ For example, 2 in 5 consumers (41%) have to contact someone multiple times, with the

²⁰³ Online survey of 2,092 18+ UK adults, YouGov, 15 Sep - 16 Sep 2020.

²⁰⁴ Citizens Advice, [The market which isn't delivering](#), 5 December 2019.

²⁰⁵ Citizens Advice, [The market which isn't delivering](#), 5 December 2019.

²⁰⁶ Citizens Advice, [Consumer use and experience of parcel sending services](#), May 2018.

²⁰⁷ Online survey of 8,001 18+ UK adults, Opinium, 15 Dec 2020 - 5 Jan 2021.

²⁰⁸ Online survey of 4,043 18+ UK adults, Savanta ComRes, 1 Apr - 7 Apr 2021.

²⁰⁹ Online survey of 4,043 18+ UK adults, Savanta ComRes, 1 Apr - 7 Apr 2021.

same proportion (40%) receiving a slow response.²¹⁰ Almost a quarter of consumers (23%) lose time trying to resolve delivery problems.²¹¹

- 7.27. For most, but especially time-poor consumers, it's difficult to address problems when lack of time was why they turned to the convenience of home delivery in the first place (for more details, see 7.34 onwards).

Citizens Advice consumer service case (March 2021)

Jacob's parcel containing a Christmas present worth £45 was lost in December. It was covered by the courier's standard insurance cover, but it has taken over 3 months and around 15 emails for them to agree to refund him. They told Jacob it would take 3-5 days to receive the refund, but it has now been 12 work days. He has contacted them 3 times since but has only gotten a generic email telling him to refer to their website, where there is no information. He can't get hold of anyone on the phone and feels let down by the poor treatment and lack of care.

Indirect impacts

- 7.28. Although the majority of parcels are delivered successfully, the fact that issues are so widespread appears to be reducing consumer's expectations of the market. Our research shows that more than 1 in 5 (23%) consumers aren't confident about their deliveries arriving on time. This proportion rises to over a quarter of carers (28%), disabled consumers (28%), and those who are shielding from coronavirus (26%).²¹²
- 7.29. Similarly, 22% of consumers aren't confident that their deliveries will be left in a secure location, rising to over a quarter (27%) of carers and key workers (26%).²¹³
- 7.30. Low consumer expectation is compounded by poor complaints processes. Our research has found that 3 in 5 (64%) consumers who experience a delivery problem don't try to get a resolution,²¹⁴ with many saying they didn't do so because they didn't think it would make

²¹⁰ Online survey of 4,043 18+ UK adults, Savanta ComRes, 1 Apr - 7 Apr 2021.

²¹¹ Online survey of 2,092 18+ UK adults, YouGov, 15 Sep - 16 Sep 2020. For more information, see section 8, 'Consumer protections in the parcels market'.

²¹² Online survey of 4,043 18+ UK adults, Savanta ComRes, 1 Apr - 7 Apr 2021.

²¹³ Online survey of 4,043 18+ UK adults, Savanta ComRes, 1 Apr - 7 Apr 2021.

²¹⁴ Online survey of 4,043 18+ UK adults, Savanta ComRes, 1 Apr - 7 Apr 2021.

a difference, or because it would take up too much time and be too difficult.²¹⁵

Parcel delivery issues disproportionately impact time-poor groups, disabled people and those with specific access needs

Some consumers are particularly reliant on deliveries

- 7.31. 90% of consumers experience at least one challenge with physical retail and/or buy essential goods online.²¹⁶ Many find shopping in person challenging for different reasons, including difficulties with travel, lack of time, living far from shops, and moving around inside them. Close to 1 in 4 consumers (23%) find travelling to shops difficult, the same proportion don't have time to go in person, and 1 in 5 (20%) live at too great a distance.
- 7.32. The challenge of going to shops is even more pronounced for carers (including parents), key workers, disabled people, and those who are shielding.²¹⁷
- 7.33. Of those who don't have time to go to shops, 2 in 5 (40%) said they 'would not cope' or 'don't know how [they] would cope' without deliveries.²¹⁸

Table 4: Experiences of physical retail

	All	Carers	Disabled people	Key workers	People shielding
<i>Going to the shops creates anxiety</i>	44%	55%	60%	44%	58%
<i>Travelling to shops is difficult</i>	23%	35%	39%	24%	38%
<i>Don't have time</i>	23%	32%	26%	33%	29%

Base: 4,043 18+ UK adults

Source: Online survey, Savanta ComRes, 1 Apr - 7 Apr 2021

²¹⁵ Online survey of 2,092 18+ UK adults, YouGov, 15 Sep - 16 Sep 2020.

²¹⁶ Online survey of 4,043 18+ UK adults, Savanta ComRes, 1 Apr - 7 Apr 2021.

²¹⁷ Online survey of 4,043 18+ UK adults, Savanta ComRes, 1 Apr - 7 Apr 2021.

²¹⁸ Online survey of 4,043 18+ UK adults, Savanta ComRes, 1 Apr - 7 Apr 2021.

"I live in the middle of nowhere, don't drive and don't have reliable public transport. On top of that I have been shielding at home since Feb 2020."

"I'm on the Autism spectrum, and going to purchase items in person can result in sensory overload as few shops and supermarkets have an autism-friendly shopping window."

"With two kids under the age of 5, I constantly am in need of things as soon as possible, which isn't always possible. Online delivery helps with that."

"I'm in a mobile difficulties bracket. I have mobility issues, persistent depressive disorders and agoraphobia."

Source: Online survey, Savanta ComRes, 1 Apr - 7 Apr 2021
Base: 4,043 18+ UK adults

But online retail doesn't work well for them either

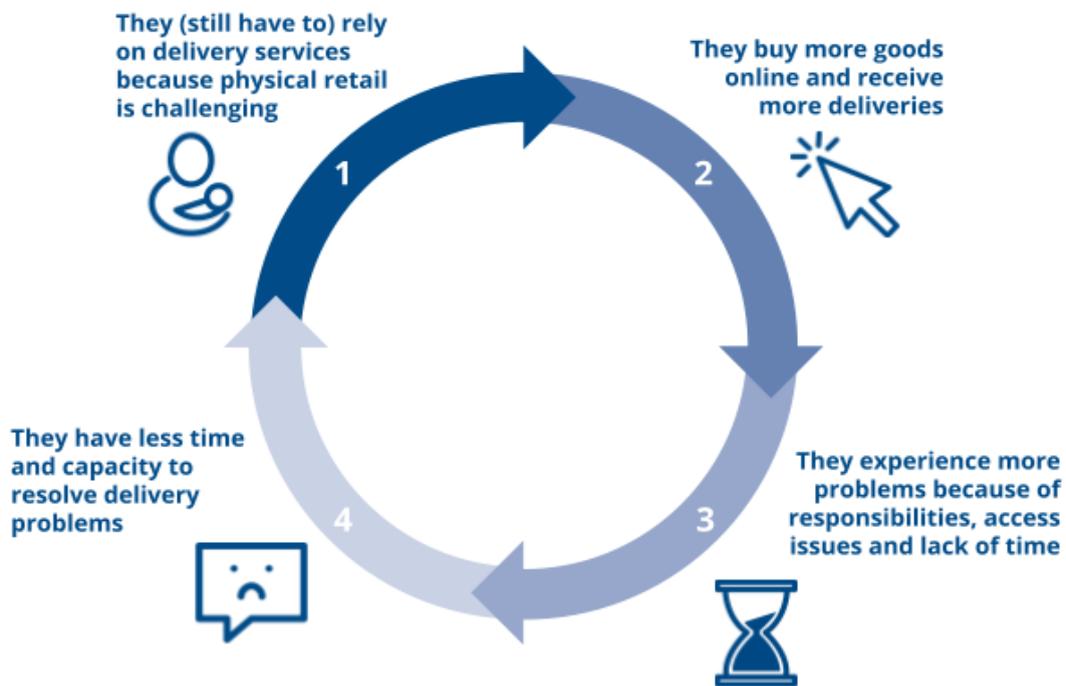
- 7.34. Time-poor groups and consumers with specific access needs experience more delivery problems, and are also likely to be more heavily impacted by them.
- 7.35. This disproportionate effect seems to be because these groups receive more deliveries, and can also find it harder to mitigate against common delivery problems.
- 7.36. For example, carers may easily miss deliveries because they aren't able to go to the door to receive them or aren't able to stay at home all day to wait for parcels. Our research found 1 in 5 (22%) consumers with children missed a parcel because they were out for an unavoidable reason like work or caring responsibilities.²¹⁹
- 7.37. Many workers don't have control over their working patterns so may not have the flexibility to be at home when deliveries arrive, even if they are provided with a precise delivery slot. Our research reflects

²¹⁹ Online survey of 2,092 18+ UK adults, YouGov, 15 Sep - 16 Sep 2020.

this, finding that healthcare workers were 30% more likely to have a delivery problem, and this increased to 75% for night shift workers.²²⁰

- 7.38. And once a delivery is missed it opens the possibility of parcels being left in insecure or inaccessible places, or dropped off somewhere inconvenient, compounding the negative effect of the initial problem.

Figure 22. Time-poor people and those with specific access needs are trapped in a vicious cycle when it comes to deliveries



Time-poor groups and consumers with specific access needs have more problems with parcel delivery

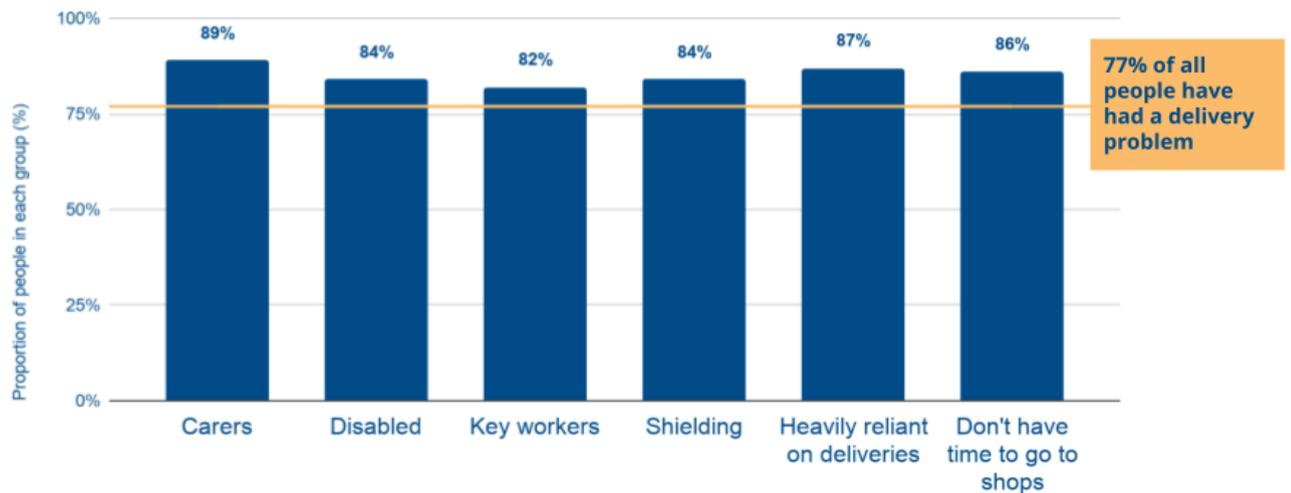
- 7.39. Our research shows 77% of consumers have had a delivery problem, but this proportion is higher for carers (89%), disabled people (84%), key workers (82%), those who don't have time to go to shops (87%) and those who are heavily reliant on deliveries (86%).²²¹
- 7.40. Over Christmas 2020, 2 in 5 carers (37%), the same proportion of key workers (36%), and almost a third (32%) of disabled people had

²²⁰ Online survey of 2,092 18+ UK adults, YouGov, 15 Sep - 16 Sep 2020.

²²¹ Online survey of 4,043 18+ UK adults, Savanta ComRes, 1 Apr - 7 Apr 2021.

problems with receiving parcels. In comparison, 27% of all consumers experienced a delivery problem.²²²

Figure 21. Some groups experience parcel delivery problems at a higher rate



Base: 3,869 18+ UK adults who received deliveries
 Source: Online survey, Savanta ComRes, 1 Apr - 7 Apr 2021

- 7.41. The most common problems experienced by time-poor groups and those with specific access needs are the same as for all consumers, but they experience some of them at a higher rate, particularly issues with delivery companies providing the wrong information (e.g. being told the parcel has been delivered when it hasn't), parcels being left in inaccessible locations, and lack of information about where parcels have been delivered (see 7.24-7.37).²²³
- 7.42. As illustrated in the figure below, disabled consumers experience drivers leaving before they can get to the door at a higher rate, with 44% reporting this compared to 40% of non-disabled people. When we asked those who had received a parcel delivery in the past week, 1 in 10 (11%) said they had had a parcel left in an insecure or inaccessible location, or the driver leaving before they could reach the door. Within the past 3 months, 29% had had this experience.²²⁴ This can cause

²²² Online survey of 8,001 18+ UK adults, Opinium, 15 Dec 2020 - 5 Jan 2021.
²²³ Online survey of 4,043 18+ UK adults, Savanta ComRes, 1 Apr - 7 Apr 2021.
²²⁴ CATI survey of 2,008 18+ UK adults, Yonder Data Solutions, 17 Feb - 28 Feb 2021

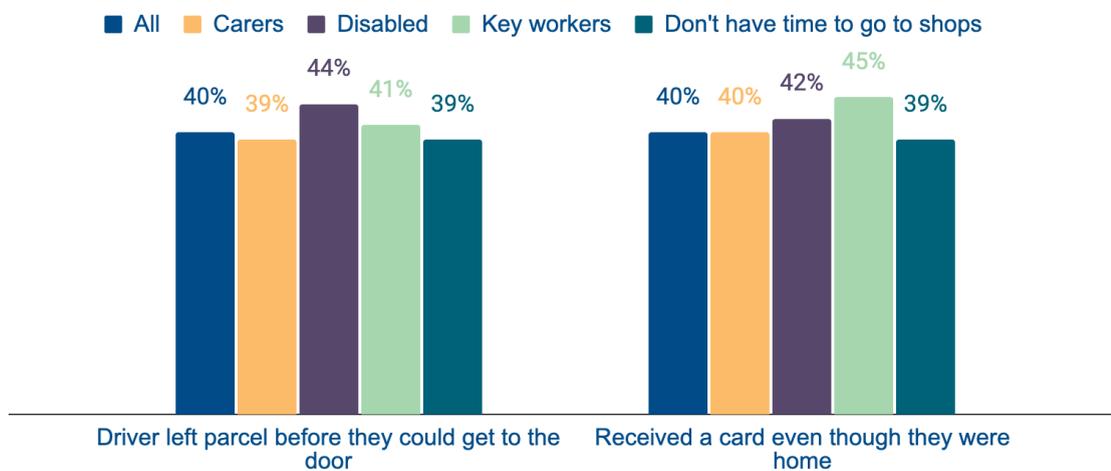
significant issues receiving parcels,²²⁵ and as mentioned, it is the delivery company's responsibility to ensure safe delivery of items.²²⁶

7.43. This problem often seems to be caused by people not being able to express their delivery needs when shopping online, or this information not being passed on to drivers.²²⁷ We have been highlighting this issue for several years, and so far it appears that only one parcel operator (DHL) has taken any significant action.²²⁸

Citizens Advice Consumer Service case (March 2021)

Fran is elderly and requires assistance. She ordered some items online and received a message from the courier that they had been left on her doorstep, but there was nothing there. Fran has ordered from that company before without issues but she wasn't given a delivery date by the retailer this time. She thinks the items weren't delivered, and the retailer has blocked her number.

Figure 23. Groups that rely the most on parcel deliveries are more likely to experience issues related to a lack of reliability (graph continued overleaf)

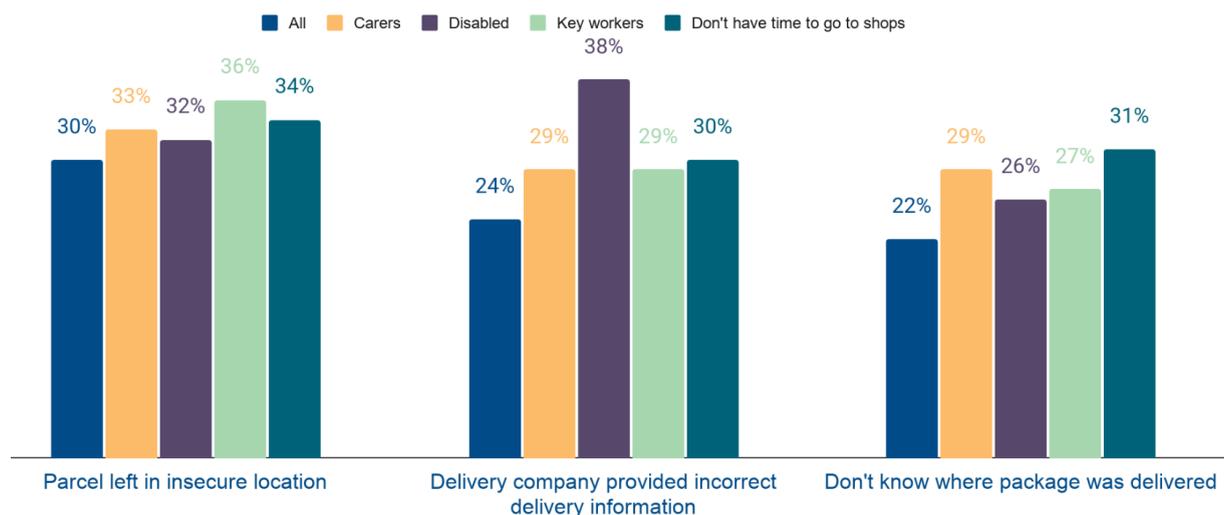


²²⁵ Citizens Advice, [The missing link: Why parcel companies must deliver for disabled people](#), 5 December 2019.

²²⁶ Citizens Advice, [Over 7 million disabled people faced delivery problem in single week, despite online shopping being a lockdown lifeline](#), 11 August 2020.

²²⁷ Citizens Advice, [The missing link: Why parcel companies must deliver for disabled people](#), 5 December 2019.

²²⁸ Post and Parcel, [AI technology to solve common delivery challenges for people with disabilities](#), 8 April 2021.



Base: 3,869 18+ UK adults who received deliveries
 Source: Online survey, Savanta ComRes, 1 Apr - 7 Apr 2021

- 7.44. Over Christmas 2020, time-poor and disabled consumers were also more likely to experience financial detriment as a result of a parcel issue. Two thirds (66%) of key workers, 67% of those caring for someone older and 65% of disabled people lost money due to a delivery problem, leading to greater financial impacts.²²⁹
- 7.45. Time-poor consumers, and those with specific access needs are discrete groups, but are also part of the wider 90% of people who face at least one challenge to shopping in-person including difficulties with travel, anxiety and lack of time.²³⁰ They are more likely to be part of the consumer segment for whom deliveries are essential, and also more likely to have to accept poor service because the alternative isn't viable for them. For example, 95% of disabled people and the same proportion of carers experience one or more obstacles to shopping in-person.²³¹
- 7.46. Home delivery is supposed to be convenient, but isn't flexible enough to accommodate people's different needs. The burden of flexibility is currently being placed on consumers who have to wait at home, make sure they come to the door quickly, and shift responsibilities to try and avoid problems. Even then, issues still happen, and those who rely the most on deliveries are losing out.

²²⁹ Online survey of 8,001 18+ UK adults, Opinium, 15 Dec 2020 - 5 Jan 2021.

²³⁰ Online survey of 4,043 18+ UK adults, Savanta ComRes, 1 Apr - 7 Apr 2021.

²³¹ Online survey of 4,043 18+ UK adults, Savanta ComRes, 1 Apr - 7 Apr 2021.

8. Consumer protections in the parcels market

Question 6.3: *How effective are the existing consumer protection measures for users of parcel services, in particular CP 3? Is a change in regulation needed to protect users of postal services (as senders and recipients) and if so, what measures? Please provide your views with supporting evidence.*

Summary

The existing consumer protection measures do not provide effective protection for users of parcel services. Consumers rely on the parcels market to deliver the goods they need but when they experience problems resolving the issues and gaining redress can be difficult.

The current regulations are failing both to protect consumers and to provide useful monitoring information which could help the Consumer Advocacy Bodies (CABs) understand where and how this process is misfiring.

Ofcom should investigate how their existing regulatory powers could be used both to increase the protection provided to consumers and ensure adequate data provision to enable CABs, the regulator, and industry to work together to make sure consumers experience positive outcomes in this market even when something goes wrong.

Contacts and complaints processes don't work as well as they should with many consumers missing out on the redress to which they are entitled

Consumers often don't try to resolve delivery problems

- 8.1. In the last year, over 3 in 4 (77%) consumers who have received parcels experienced a delivery issue.²³² However, the majority of those who experience problems with their parcel deliveries do not try to resolve them.

²³² Online survey of 4,043 18+ UK adults, Savanta ComRes, 1 Apr - 7 Apr 2021.

8.2. Whilst most consumers experience delivery problems the majority take no action to resolve them.²³³ With our latest research revealing that 64% of consumers who experienced issues with a delivery in the last 12 months didn't try to resolve them. Only 30% of those with delivery issues did attempt to resolve them.²³⁴

Many are concerned that it will be time consuming or difficult to take action

8.3. In some cases consumers don't take action on a delivery issue because they rightly think the problem will resolve itself. But our recent polling indicates that almost 1 in 3 consumers (32%) are reluctant to take action because they do not feel it is worthwhile or wouldn't make a difference.²³⁵

8.4. Many consumers are concerned that the process will take too long. We found 12% of people who have experienced an issue and not taken action said this was because they didn't have the time.²³⁶

8.5. Other reasons for not taking action on delivery issues include confusion about whether to contact the retailer or the delivery company. Our research shows 7% of consumers said they didn't take action because they didn't know who to contact.²³⁷

8.6. Sometimes people don't know how to make contact (6%) - whether to use phone or online channels. Some consumers are simply unable to find any contact details (5%) either for the delivery company or the retailer.²³⁸

Consumers who do take action often experience problems

8.7. Our research has consistently found that consumers who want to contact parcel companies about delivery issues, or wish to complain about problems with their delivery, frequently experience significant problems.

²³³ For example, Citizens Advice, [Parcel Delivery - delivery services in the online shopping market](#), 16 June 2017.

²³⁴ Online survey of 4,043 18+ UK adults, Savanta ComRes, 1 Apr - 7 Apr 2021.

²³⁵ Online survey of 2,092 18+ UK adults, YouGov, 15 Sep - 16 Sep 2020.

²³⁶ Online survey of 2,092 18+ UK adults, YouGov, 15 Sep - 16 Sep 2020.

²³⁷ Online survey of 2,092 18+ UK adults, YouGov, 15 Sep - 16 Sep 2020.

²³⁸ Online survey of 2,092 18+ UK adults, YouGov, 15 Sep - 16 Sep 2020.

Contact information can be difficult to find

- 8.8. Just getting in touch with the parcel delivery company is a significant hurdle for many. Our most recent research finds almost 1 in 4 consumers (23%) who have attempted to resolve an issue with a parcel company were unable to find the company's contact details.²³⁹
- 8.9. And even more consumers (28%) said that they couldn't get through to the right person.²⁴⁰ This latest research is consistent with our previous findings of consumer difficulty finding the right person to talk to at parcel delivery companies.²⁴¹
- 8.10. Not everyone experiencing a problem with their parcel delivery will seek to make a 'complaint'. But for those looking for information specifically on how to complain about a delivery, it can be hard to find.²⁴²
- 8.11. Our recent analysis found the websites of 4 out of the 15 largest parcel companies provide consumers with no online information about how to complain about a delivery problem.²⁴³
- 8.12. For 3 of the companies with websites that do provide information on how to complain, these details are difficult to find. In some cases the language and framing of the information about how to complain is not consumer friendly, for example through the use of specialised terminology or jargon.
- 8.13. The majority of companies - 10 out of the 15 we analysed - don't provide information about how to escalate complaints. This means it can be difficult for consumers to work out how to resolve complaints that are not progressing.

Parcel companies can be unresponsive or slow to respond

- 8.14. When people do manage to get in touch with parcel companies they often find the companies unresponsive. 2 in 5 (41%) consumers had to send multiple emails or make multiple calls before getting a response

²³⁹ Online survey of 4,043 18+ UK adults, Savanta ComRes, 1 Apr - 7 Apr 2021.

²⁴⁰ Online survey of 4,043 18+ UK adults, Savanta ComRes, 1 Apr - 7 Apr 2021.

²⁴¹ For example, Verve & Citizens Advice, [Postal Complaint Journeys](#), 16 September 2019

²⁴² Citizens Advice Scotland, [Postal Complaints - improving the complaints experience for consumers](#), December 2019.

²⁴³ Analysis of Amazon Logistics, APC, DHL, DPD, DPD Local, DX, FedEx, Hermes, Parcelforce, Royal Mail, TNT Express, Tuffnells, UK Mail, UPS and Yodel, April 2021.

from a delivery company. In addition, 4 in 10 (40%) told us the response was slow.²⁴⁴

- 8.15. Our research has also found waiting times for a resolution can be long - a quarter of consumers with a parcel problem said they had to wait over 2 weeks for a resolution.²⁴⁵
- 8.16. Consumers can even find that parcel companies don't respond to their contact at all. Over 1 in 5 (22%) consumers who attempted to resolve an issue with a delivery company said they did not receive any response.²⁴⁶

Citizens Advice Consumer Service case (March 2021)

Liam sent Christmas presents to his family in December. But in February the parcel company contacted him to say that the postage fee had not been paid. Liam has evidence to show that he had paid the postage. Liam spent many hours on hold on the phone whilst attempting to resolve the issue. He also sent 24 emails to the parcel company about the problem. The parcel company's customer service team has taken 7 days to respond to each message.

Problems with parcel brokers

- 8.17. Parcel brokers are online comparison sites which allow consumers to quickly and conveniently shop around for the most suitable consumer-to-consumer parcel delivery option.
- 8.18. However, evidence from the Citizens Advice Consumer Service suggests that using a parcel broker can increase difficulties resolving a problem if something goes wrong as it can make it difficult for consumers to know who to contact or who is responsible for resolving the issue.

Citizens Advice Consumer Service case (January 2021)

Freya used a parcel broker to send four boxes worth £8,000. These boxes went missing and Freya believes they are still in the depot. When she contacted the parcel broker, she found it difficult to get any response or support in finding the boxes. Freya described the online chat service

²⁴⁴ Online survey of 4,043 18+ UK adults, Savanta ComRes, 1 Apr - 7 Apr 2021.

²⁴⁵ Citizens Advice, [Consumer use and experience of parcel sending services](#), 14 December 2018.

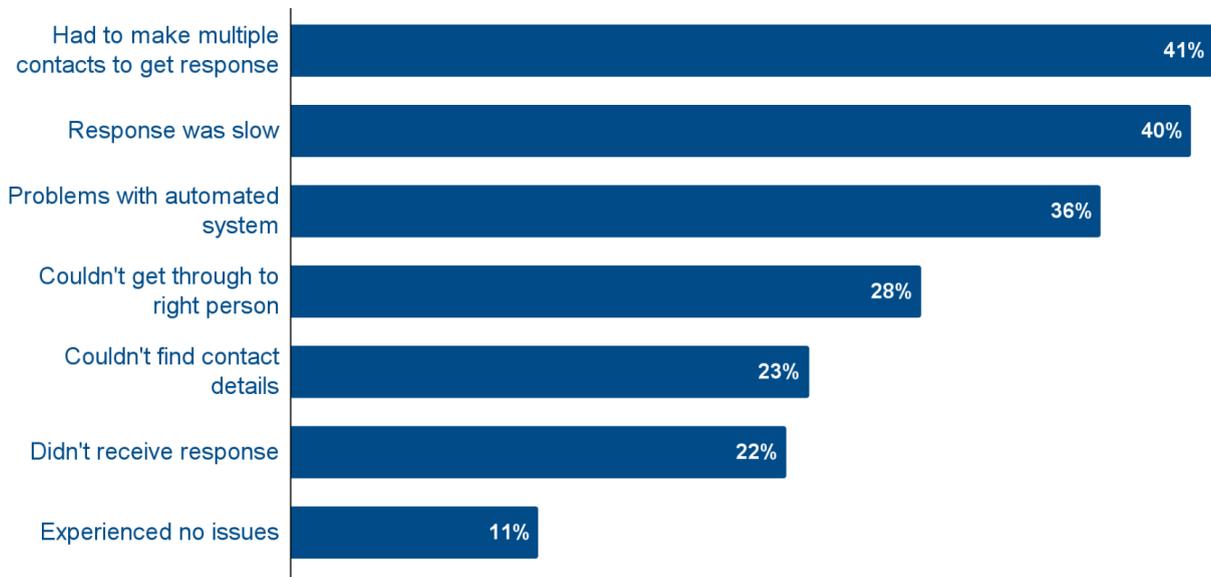
²⁴⁶ Online survey of 4,043 18+ UK adults, Savanta ComRes, 1 Apr - 7 Apr 2021.

provided by the parcel broker as 'robotic' and mainly 'copy and paste.' The boxes remain missing and Freya is yet to find a resolution.

People have difficulties with automated phone lines and chat bots

- 8.19. Our research also shows high levels of frustration with automated phone lines and web chat or bots. Social media analysis undertaken in 2018/9 indicated that difficulties with automated services was one of the key customer service issues experienced by consumers when trying to resolve problems with delivery companies.²⁴⁷
- 8.20. This remains a major issue in 2021, with over a third (36%) of consumers who attempted to resolve a problem with a delivery company reporting that they had difficulties with an automated system such as a chatbot or phone system.²⁴⁸

Figure 24. Consumers experience challenges when trying to resolve issues with delivery companies



Base: 1,225 18+ UK adults who attempted to resolve an issue

Source: Online survey, Savanta ComRes, 1 Apr - 7 Apr 2021

²⁴⁷ Citizens Advice, [Parcel Delivery Complaints on Social Media](#), 27 February 2019.

²⁴⁸ Online survey of 4,043 18+ UK adults, Savanta ComRes, 1 Apr - 7 Apr 2021.

Consumers can struggle to find someone to take responsibility for their issue

- 8.21. In recent years we have seen a significant number of cases where people who have experienced problems with the delivery of online purchases are unsure about who they should contact. Whilst their contract is with the retailer, it is often in practice the delivery company that is best placed to resolve any issue.
- 8.22. Additionally, the current regulations (Consumer Protection Condition 3) state that postal operators must have a simple complaints process for dealing with complaints of consumers of postal services. In this instance consumers are defined as ‘a person who uses postal services either as a sender or an addressee’.²⁴⁹
- 8.23. This means that while not legally obliged to provide redress to e-retail (B2C) consumers, delivery companies should be facilitating the fair and prompt settlement of disputes for addressees and not just senders.
- 8.24. What this should look like in practice is unclear as most delivery companies don’t even signpost to the retailer in the case of a delivery issue or complaint.
- 8.25. Of the major delivery companies only one (Hermes) currently provides information on their website advising consumers about the circumstances in which they should contact the retailer.²⁵⁰
- 8.26. Many consumers have told us that they are passed between the delivery company and the retailer with neither taking responsibility for the problem. This frequently leaves consumers frustrated and problems unresolved. Our research indicates that 10% of online shoppers have experienced the retailer or parcel company passing responsibility for the problem to the other business.²⁵¹

Citizens Advice Consumer Service case (February 2021)

Sam spent £350 on earphones. When they opened the parcel, the earphones were missing from the packaging. Sam immediately raised this with the retailer, who asked the parcel company to investigate. After waiting 3 weeks for a response, Sam was told by the retailer that if the parcel company doesn’t take responsibility, Sam will still need to make the payment but will not receive replacement earphones.

²⁴⁹ Ofcom, [Consumer Protection Condition 3: Complaints handling and redress](#).

²⁵⁰ Citizens Advice analysis of 15 UK parcel company websites, April 2021.

²⁵¹ Online survey of 5,006 18+ UK adults, Opinium, 2 Aug - 13 Aug 2019.

These problems are often worse for people at higher risk of disadvantage, detriment or harm

- 8.27. We know that certain groups are far more likely to experience problems with parcel deliveries - including disabled people for whom online shopping and home deliveries can be essential.^{252, 253} Our research shows that some people at risk of disadvantage, detriment or harm can also have more difficulties when trying to resolve parcel delivery problems.
- 8.28. For instance, people with health problems and disabilities are more likely to have to make multiple contacts to sort out delivery issues.²⁵⁴ Older people, aged over 75, are more likely to experience difficulty finding contact details, as well as more likely to struggle with automated contact systems.²⁵⁵

Difficulties contacting or complaining to parcel companies causes consumer detriment

- 8.29. Problems with deliveries cause harm to consumers and our research indicates that attempting to resolve these issues also causes consumer detriment.
- 8.30. Over 1 in 5 consumers (21%) who have experienced a delivery problem have lost time as a result, for example through making or receiving calls or researching consumer rights. In addition, 1 in 10 consumers (10%) incur financial costs such as the cost of telephone calls or postage.
- 8.31. And 16% of consumers say the delivery problem has caused them stress or anxiety - and this is highly likely to be exacerbated by difficulties experienced in attempting to resolve the issue.²⁵⁶
- 8.32. Our research also shows harms disproportionately affect disabled people and those with limiting health conditions. Disabled people are more likely to have incurred financial costs than people who are not disabled. People with long-standing disabilities and illnesses are

²⁵² Citizens Advice, [The missing link - why parcel companies must deliver for disabled people](#), 5 December 2019.

²⁵³ For more detail on the detriment people at risk of disadvantage, detriment or harm face in the parcels market see section 7, 'Detriment in the parcels market'.

²⁵⁴ Online survey of 5,006 18+ UK adults, Opinium, 2 Aug - 13 Aug 2019.

²⁵⁵ Online survey of 4,043 18+ UK adults, Savanta ComRes, 1 Apr - 7 Apr 2021. Findings are indicative only, as base sizes are small (30).

²⁵⁶ Online survey of 5,006 18+ UK adults, Opinium, 2 Aug - 13 Aug 2019.

almost twice as likely to suffer stress and anxiety as a result of their problem - 21% reported stress and anxiety (compared with 12% of people without long-standing conditions).²⁵⁷

Citizens Advice Consumer Service case (February 2021)

Daniel sent food supplements to his 90 year old grandmother to help with her joints and dementia. He received a message from the parcel company informing him there was an issue with the address which meant the package could not be delivered. Daniel tried to contact the parcel company to resolve the issue continually over 3 months by email and Twitter, but without success. Eventually he was told that his package would be destroyed. Daniel found the experience very stressful and wanted compensation from the parcel company.

Regulation is needed to ensure consumers are adequately protected

- 8.33. As the postal regulator, Ofcom has the power to set Consumer Protection Conditions (CPCs). The CPCs are designed to protect consumers when they experience problems with delivery. However, the evidence we've collected over the past few years consistently shows that consumers are not being adequately protected and that all too frequently they find delivery problems difficult to resolve.

Sharing best practice has not been effective

- 8.34. In 2019 the Consumer Advocacy Bodies (CABs) worked together to create a best practice guide to support parcel operators to create complaints handling processes that are clear, concise and easy to navigate.²⁵⁸
- 8.35. This information has been shared with parcel delivery companies but as yet it appears that only one (Hermes) has made any alterations to their contact and complaints processes in line with these principles.

²⁵⁷ Online survey of 5,006 18+ UK adults, Opinium, 2 Aug - 13 Aug 2019.

²⁵⁸ Citizens Advice, [Best Practice Guide for Parcel Complaints](#), 5 December 2019.

Table 5: Four steps to successful complaint handling

1.	Make it quick and easy for consumers to complain
2.	Take ownership, treat consumers as individuals and manage expectations
3.	Show you care and provide support
4.	Have a strategic focus on complaints and complaint handling performance

Regulation can encourage companies to improve their processes

- 8.36. Consumer Protection Condition 3 currently requires Royal Mail to collect and report certain data on complaints. However, in its current form this data doesn't help either the CABs to understand the extent and nature of complaints in the parcels market, or Royal Mail and Ofcom to understand why complaints are happening in the first place.
- 8.37. Regulation can help to foster a culture of continuous improvement - using data to understand the issues that consumers face and putting steps in place to mitigate these.
- 8.38. Without this attitude the industry will always be firefighting when it comes to complaints handling rather than proactively working to stop the need for consumers to complain in the first place.

Regulation in other sectors

- 8.39. Strong regulation has been developed in other sectors to cover the range of providers, and the parcels sector could learn from these approaches.
- 8.40. In the energy and financial services sector, consumers are protected by more extensive complaints handling regulations than currently exists in the parcels market. This includes regulation around consumer awareness, complaints handling, resolution and time limits.²⁵⁹
- 8.41. For instance, financial services firms must publish the details of the process to be followed when handling a complaint. Regulated providers in the energy sector must describe the steps they will take with a view to investigating and resolving consumer complaints and

²⁵⁹ [Financial Conduct Authority Handbook](#) and the [Gas and Electricity \(Consumer Complaints Handling Standards\) Regulations 2008](#).

the likely timescales. Energy providers must ensure that their complaints handling procedure appears at a clear and prominent location on their websites.

- 8.42. In contrast only 4 in 15 (26%) parcel operators publish details on their website about how to complain. And 9 in 15 (60%) parcel operators give no details about their complaints response time.²⁶⁰
- 8.43. There are also regulations around complaints data reporting in both these sectors. For example, in financial services firms must provide the regulator with a complete report about complaints received. Firms reporting over 500 complaints must also publish a summary of this data. In addition, to improve consumer awareness and to help firms compare their performance against their peers the regulator publishes both industry-wide and firm-level complaints data.²⁶¹

Recommendations

- 8.44. It is clear that the current regulations are neither protecting consumers, nor providing the data required to address problems with complaints processes, or the root cause of complaints.
- 8.45. **We therefore recommend that Ofcom investigates how to extend both the scope and the content of Consumer Protection Condition 3 (CPC3).**
- 8.46. Extending the scope of CPC3 to cover more parcel delivery companies would ensure that more consumers benefit from the heightened protection that regulation provides.
- 8.47. Updating the content of CPC3 would help both to bring complaints processes in line with best practice and provide data to Ofcom and the CABs on where and how processes are failing. This would allow us to work together, with industry, to assess the root causes of consumer problems and work on ways to solve these problems.

²⁶⁰ Citizens Advice analysis of 15 UK parcel company websites, April 2021.

²⁶¹ [Financial Conduct Authority Handbook](#), DISP 1.10.

9. Tracking for USO parcels

Question 6.4: *Are there any changes to the universal service obligations required for parcels, such as including tracking for First/Second Class services? If so, please provide your views with supporting evidence.*

Summary

Tracking can offer considerable benefits to consumers such as helping with forward planning, providing peace of mind, and making it easier to resolve disputes over service failure. Consumers value tracking as a service with many considering it an essential feature of a postal product.

While most companies offer tracking as standard, Royal Mail's current tracked services are at a significant premium to its non-tracked USO services. When making a decision on whether to include tracking in the USO affordability must be a key consideration.

9.1. Tracking provides a number of benefits for consumers including:

The ability to forward plan

- 9.2. Almost 1 in 5 (18%) consumers who missed a delivery said they missed it because they didn't know when it would arrive, and so weren't at home to receive the parcel.²⁶²
- 9.3. Knowing where a parcel is and what day, and even time, it is expected to arrive can help consumers plan their day. This gives them the option of adjusting their schedule to increase the chances of a successful delivery.
- 9.4. Tracking can also alert consumers ahead of time to any potential delays in delivery so that they don't have to wait at home unnecessarily.

²⁶² Online survey of 2,092 18+ UK adults, YouGov, 15 Sep - 16 Sep 2020.

Providing consumers with peace of mind

- 9.5. Tracking can offer consumers peace of mind knowing where their item is and when it is likely to arrive. The ability to check on the progress of their parcel or letter can provide reassurance without having to contact delivery companies or retailers.
- 9.6. And although tracking won't help items to arrive any faster, knowing where a parcel is and being able to see that it will arrive in time for a special occasion, or being able to inform a recipient when the item will arrive can be reassuring.
- 9.7. This can be especially useful in situations where there is a financial element involved such as consumers wanting to find out whether their online shopping returns have been delivered successfully. Tracking helps to remove some of the risk that comes with returning items, especially those of high value. Currently consumers have to decide whether to shoulder the risk of non-delivery if purchasing a non-tracked product or, if they are using Royal Mail, pay a significant premium for an insured, tracked product.

Citizens Advice Consumer Service case (March 2021)

Ian bought clothing from an online retailer and later decided to return the items, covering the cost of the postage himself. Unfortunately, the clothing was lost in transit. As Ian had not paid for tracking, it was difficult to ascertain what had happened to his parcel. The parcel was insured at £20 but worth £200.

Improving accountability and issues with dispute resolution

- 9.8. If an item goes missing in transit, tracking systems can provide more information about its location and may make it easier to find, reducing the time a consumer has to wait to receive their item.
- 9.9. Tracking can also provide evidence of a failure of service such as items arriving late or being delivered to the wrong address making it easier for consumers to gain redress.
- 9.10. For consumers or small businesses sending parcels, tracking can be essential in effective dispute resolution. Tracking can provide details of when and where a parcel was delivered making it easier to identify cases of fraud.

Citizens Advice Consumer Service case (February 2021)

Sasha bought a guitar from France but decided to return this to the sender. The seller later claimed that he did not receive the guitar. However, Sasha had confirmation from the parcel company that the guitar was successfully delivered and the recipient had signed for the parcel.

Tracking for parcels is widely available

- 9.11. Current regulations prevent Royal Mail from offering tracking on USO products. They do offer proof of delivery for non-tracked items which can help with dispute resolution if something goes wrong but does not provide delivery updates or estimates so cannot help consumers forward plan or provide peace of mind on the progress of an item through the delivery system.
- 9.12. Royal Mail do offer tracked products but these are at a significant premium and often packaged with other features that consumers may not need such as enhanced insurance or faster speeds.
- 9.13. Table 6 provides detail on Royal Mail's services, comparing tracking, signature options, price, speed and insurance cover. The cheapest tracked option Royal Mail provides is its Tracked 48 service which at £3.60 is a 445% increase on the second class USO service.

	Tracking included?	Signed for?	Price (starting from)	Speed	Insurance cover
Royal Mail 2nd Class	No	No	£0.66	Two to three working days, including Saturdays	£20.00
Royal Mail 1st Class	No	No	£0.85	Next working day, including Saturdays	£20.00
Royal Mail Signed For 2nd Class	No		£2.06	Two to three working days, including Saturdays	£50.00

Royal Mail Signed For 1st Class	No	Yes	£2.25	Next working day, including Saturdays	£50.00
Royal Mail Tracked 48	Yes	Yes	£3.60	48 hours	£100.00
Royal Mail Tracked 24	Yes	Yes	£4.02	24 hours	£100.00
Royal Mail Special Delivery Guaranteed by 1pm	Yes	Yes	£6.75	Next day by 1pm	£500.00
Royal Mail Special Delivery Guaranteed by 9am	Yes	Yes	£22.26	Next day by 9am	£50.00
Royal Mail Sameday	Yes	Yes	Call for a quote	Same day	£2,500.00

Source: Royal Mail, [UK services: Ways to send parcels and letters in the UK](#), [Accessed 4 May 2021]

Most parcel companies offer tracking as standard

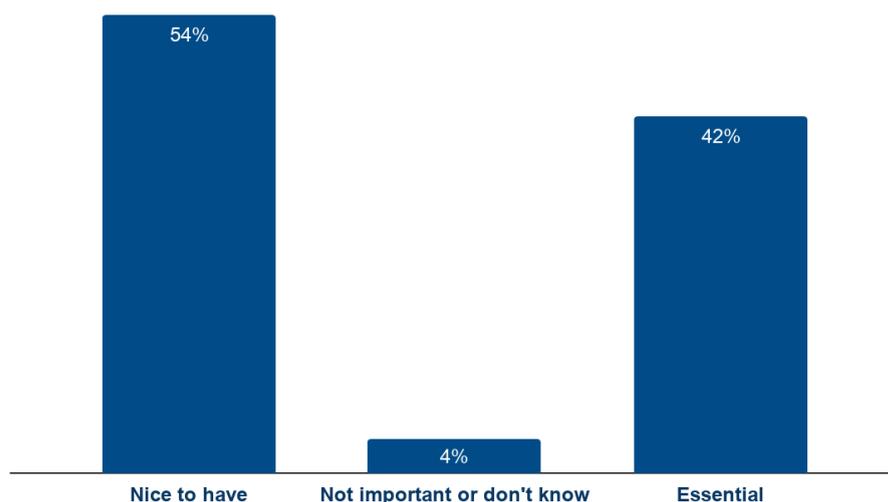
- 9.14. All major parcel companies in the UK offer tracking services as a standard feature for all deliveries. This includes Amazon Logistics, APC, DHL, DPD, DPD Local, DX, FedEx, Hermes, Parcelforce, TNT Express, Tuffnells, UPS and Yodel.
- 9.15. Table 7 provides information on the cost of sending a 5kg tracked parcel using Royal Mail, Hermes, Yodel, DHL and DPD. Prices are accurate as of 4 May 2021 and assume that senders will take their parcel to a designated 'drop-off' point. The Royal Mail cost is the price of the 'Tracked 48' service and is their cheapest tracked option, which at £10.55 is 164% more expensive than the cheapest comparable service.

Table 7: Comparison of sending a 5kg tracked parcel	
Provider	Cost
Royal Mail	£10.55
Hermes	£5.80
Yodel	£5.49
DHL	£5.79
DPD	£3.99

Consumers value tracking

- 9.16. The ability to track a parcel is valued by consumers. Our research found that almost half (49%) of consumers said the ability to track their parcels is very important to them and listed tracking amongst the three most important attributes of a delivery service (alongside parcels arriving when they are supposed to and low prices).²⁶³
- 9.17. When sending and receiving a parcel 2 in 5 (42%) of consumers say that tracking is essential, with only 4% saying that tracking isn't important.

Figure 25. Consumers were asked: 'when I send or receive a parcel, being able to track the parcel's journey is...?'



Base: 4,004 18+ UK adults.

Source: Online survey, Opinium, 22 Feb - 2 March 2021.

²⁶³ Online survey of 4,043 18+ UK adults, Savanta ComRes, 1 Apr - 7 Apr 2021.

Recommendations

- 9.18. It's clear that tracking confers numerous benefits to consumers and small businesses and is a product feature consumers value.
- 9.19. All Royal Mail's competitors offer tracking as standard and are in many cases cheaper than Royal Mail's own tracked offerings above the 2kg threshold.
- 9.20. **We believe there is a case for including tracking in the USO but not at any cost.** It is important that the USO is universal and affordable. Ofcom must therefore ensure that tracked services do not exacerbate existing affordability issues and price consumers out of the postal services market.

Free, confidential advice. Whoever you are.

We help people overcome their problems and campaign on big issues when their voices need to be heard.

We value diversity, champion equality, and challenge discrimination and harassment.

We're here for everyone.



citizensadvice.org.uk

Submitted May 2021

Citizens Advice is an operating name of The National Association of Citizens Advice Bureaux.

Registered charity number 279057.