

Your response

Question	Your response
<p>Question 1: Do you agree that we should amend the guide in the ways suggested? If not, are there any alternative options you think we should consider? Please provide evidence supporting your views, including any research you have conducted or have access to</p>	<p>Yes</p> <p>It seems prudent to amend the guide to take into account the considerations discussed in the consultation document. We feel it's particularly important to ensure that providers have a wide range of communication options available to customers struggling with debt, and this should not be limited to the providers preferences but rather that of the consumer.</p> <p>Providers have a commercial incentive for contacting customers in debt, however we would like to see a more proactive support to providing solutions and working with consumers to reduce debt and welcome Ofcom's suggestions to amend the guide with this focus. We would welcome additional insight into the effectiveness of this approach and observe that a focus on consequence of non payment in consumer communications may be a disincentive for the consumer to get in touch with the provider at what is clearly a difficult time.</p> <p>In addition, we would like to see the guide include a recommendation that providers consider their customers holistically; a customer maybe in arrears on their fixed service account but up to date on their mobile account; we would like to see providers consider the consumer at the heart of their support rather than the individual account. We believe this will help address communications poverty, with consumers who are struggling with debt, or who are vulnerable, more likely to see the impact across a variety of communication services they are signed up to. It is unlikely debt on one account is an isolated incident for that consumer.</p> <p>A Citizen's Advice survey (June 2021) found that households on Universal Credit are 9 times more likely to be behind on broadband</p>

payments¹. This is particularly true in Scotland where the geographical impact is seen; consumers have fewer choices of supplier initially and are impacted by communications limitations due to connectivity issues in some rural areas.

Prevention however is better than cure and we see this as an opportunity to address the point of social tariffs once again and urge providers to consider how they make these accessible for consumers to prevent future debt. Proactively helping consumers move onto a more affordable tariff will positively impact and ensure a reduction in debt over the longer term.

We recognise the positive move by Ofcom in December 2020 to urge all broadband providers to consider offering cheaper tariffs. Only four providers however (two national and two local) have done so, and so Ofcom should be encouraging the rest of the sector to follow suit or, alternatively, recommend Government intervention.

We also wish to take the opportunity to flag the information around the geographic availability of targeted tariffs. This could have implications for parts of Scotland which are outside of the coverage footprint of many of the providers who offer targeted tariffs and therefore may not leave consumers with a choice of affordable provider.²

A further point for Ofcom to consider is one of a price cap similar to the energy price cap enforced by Ofgem³; this is an effective way to ensure tariffs remain affordable for the most vulnerable.

Some of the largest energy suppliers have gone even further - including British Gas, E.ON UK, EDF Energy and Scottish Power - and have called on the Government to legislate for social

¹ <https://www.citizensadvice.org.uk/about-us/about-us1/media/press-releases/25-million-people-are-behind-on-their-broadband-bills/>

² <https://www.ofcom.org.uk/research-and-data/multi-sector-research/general-communications/pricing>

³ <https://www.ofgem.gov.uk/information-consumers/energy-advice-households/check-if-energy-price-cap-affects-you>

	<p>tariffs which could be set below the price gap and paid for by an industry levy.</p> <p>Michael Lewis, the Chief Executive of E.ON UK has said a social tariff should be 'one of the top priorities' for new energy legislation next year, and would 'signal the Government's intent to deliver a fair and just energy transition to net zero, ensuring no-one is left behind'⁴. An industry levy would be an interesting way of funding a social tariff in communications and should be considered.</p>
<p>Question 2: Do you agree that we should amend the guide in the ways suggested? If not, are there any alternative options you think we should consider? Please provide evidence supporting your views, including any research you have conducted or have access to.</p>	<p>Yes</p> <p>The suggested improvements to the guide here will ultimately help consumers get access to the advice they need quicker and easier.</p> <p>Ofcom should be cautious however that the recommendation that providers signpost debt advice does not absolve providers of their own responsibility to engage with their customers proactively and support debt management; there is a danger that a consumer has to go via Citizens Advice as an example to be able to access the relevant department at their mobile provider which is not a route we would wish to encourage. We want consumers to have easy access to their own provider with good support in place to manage any debts, with wider support via third party agencies to manage their finances more generally.</p> <p>It is also worth noting that whilst it is a standard practise for providers to pass debt on to be collected by third party debt collection specialists, these third parties are often rewarded via commission payments on the sum of monies outstanding. Any consideration or principles providers make on how to treat their customers therefore must be communicated to the third-party collection company.</p>
<p>Question 3: Do you agree that there should be more consistency in the way in which providers seek to effect payment from customers in debt? If so, how do you believe</p>	<p>Yes</p> <p>There should be more consistency and in particular we agree that additional fees should</p>

⁴ <https://www.theguardian.com/society/2021/jul/31/calls-for-social-tariff-on-uk-energy-bills-as-rises-push-extra-half-million-homes-into-fuel-poverty>

this could be achieved most effectively? Please provide evidence supporting your views, including any research you have conducted or have access to

be frozen from the point a consumer falls into arrears; we do not believe that compounding the problem by increasing the level of debt supports vulnerable consumers.

Moreover, whilst the guideline of a minimum of 3 months before disconnection after a missed payment is useful, we feel Ofcom could go further to protect consumers by extending this to a minimum of 3 months where no payments have been made before disconnection.

We agree wholeheartedly with the other suggested amendments to the guide and believe these will serve as important steps to protect consumers.

It may also be useful to set out further timelines for providers, for example, when different service restrictions can start; this will support a more consistent approach from providers and assist a phased approach for consumers.

Question 4: Do you agree that we should amend the guide regarding the provision of information about measures to support customers? If not, are there any alternative options you think we should consider? Please provide evidence supporting your views, including any research you have conducted or have access to.

Yes

There seems to be some inconsistency across providers in this area so we agree the guide should be amended and would suggest this is expanded to include some best practise principles or perhaps a case study.

Moreover, we believe Ofcom should require providers to evidence how they are identifying and supporting vulnerable consumers by ensuring their internal operation is effectively trained with robust supporting processes and procedures with consumers at the heart of what they do. For example, the FCA have treating customers fairly principles⁵ which financial services providers are required to provide evidence of consideration of in their internal operation. It is the responsibility of the provide to determine how they evidence they are meeting the principles which allows a flexible approach, but also creates the right consumer outcome.

⁵ <https://www.fca.org.uk/firms/fair-treatment-customers>

Please complete this form in full and return to debt.review@ofcom.org.uk.