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## **Treating vulnerable customers fairly guide**

Proposals to amend the guide to help ensure customers in debt or struggling to pay are treated fairly

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[Treating vulnerable customers fairly guide](#) – Welsh overview

### **CONSULTATION:**

Publication date: 17 March 2022

Closing date for responses: 12 May 2022

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# 1. Overview

- 1.1 Making sure people in debt or struggling to pay are treated fairly by their communications provider is a priority for Ofcom. While a relatively small proportion of broadband and mobile customers tend to fall into arrears, debt can be stressful and can have a significant impact on a person's mental health. We are also mindful that more people may fall behind on their bills in 2022 due to rising retail prices and wider pressures on the cost of living. We have therefore undertaken a review to consider whether the protections for people in debt or struggling to pay remain appropriate, or whether there is a case for strengthening them.
- 1.2 We already have rules in place – General Conditions – that require providers to treat financially vulnerable customers fairly, including those who find themselves in debt. In July 2021, we published a [\*Call for inputs on measures to protect customers in debt or at risk of disconnection\*](#) in which we analysed provider practices and set out our initial views on how fairer treatment of financially vulnerable people could be achieved. Having considered responses to our Call for inputs, this document sets out our proposals.

## What we are proposing – in brief

We propose to amend our [\*Treating vulnerable customers fairly guide\*](#) (“our guide”) to set out best practice recommendations to providers regarding further practical measures they could adopt to treat financially vulnerable customers fairly. Our proposals focus on four key areas where we recommend providers adopt best practice. These are:

- **identification, engagement and communication with customers in debt or struggling to pay:** providers should emphasise the support available when communicating with customers in debt or struggling to pay. Providers should also become more effective in making contact with people in debt or who are struggling to pay, rotating between different communications channels where necessary to help achieve this.
- **strengthening links with organisations and charities that can provide free debt advice and support:** sources of free debt advice can be particularly important to people in debt. Providers should include clear and prominent information about sources of free debt advice in their payment and collection related communications to customers in arrears and make it as easy as possible for free debt advice organisations to represent their clients.
- **measures taken by providers to effect payment:** we already oblige providers through our General Conditions to be proportionate and non-discriminatory in any measures they take to effect payment or disconnection and to publish details of these measures on their website. In addition, we propose to add to our guide that providers should avoid or limit the use of service restrictions as a means of effecting payment where possible, use debt collection companies that have strong policies for treating vulnerable customers fairly and ensure customers can easily find out what measures to expect at what stages of the debt journey.

- **measures designed by providers to support customers who are in debt or struggling to pay:** providers should proactively give information to customers about the support they can offer them should they enter debt, such as payment deferrals or payment plans.

In addition, **social tariffs** can play an important role in enabling households on low incomes to access affordable communications service. We propose to amend our guide to make clear that offering a social tariff represents an important way in which providers can help ensure the fair treatment of financially vulnerable customers. We consider it best practice that providers should pro-actively inform people who are in debt or struggling to pay about their social tariff, the eligibility criteria and how to sign up for it. Providers should also work with consumer bodies and charities to promote the availability of social tariffs.

After considering responses to our call for inputs, we do not intend to amend our General Conditions regarding debt and disconnection or the fair treatment of financially vulnerable customers. These rules offer important protections to consumers and we do not see a strong case to amend them at this time. We will continue to monitor the extent to which providers treat financially vulnerable customers fairly and give them the support they need. Should we identify concerns about the fair treatment of financially vulnerable customers in future, it may be necessary to re-assess our approach including considering amendments to our General Conditions.

### **Our next steps**

We welcome comments on our proposals by 12 May 2022. We will carefully consider responses before we issue a revised version of our guide. Details on how to respond are set out at Annex 1.

## 2. Background

- 2.1 Making sure customers, especially people in vulnerable circumstances<sup>1</sup> are treated fairly is a priority for Ofcom. The importance of communications services such as phone, broadband and pay TV has been underlined by the coronavirus (Covid-19) pandemic. In addition, while a relatively small proportion of broadband and mobile customers tend to fall into arrears,<sup>2</sup> our research shows that almost one-in-five households report that they struggle to pay for at least one communications service.<sup>3</sup>
- 2.2 We are mindful that for some people affordability pressures are likely to worsen in 2022 due to rising retail prices and wider pressures on the cost of living. This may lead to more people encountering affordability challenges and falling behind on their bill payments. Debt can be stressful and can have a significant impact on a person's mental health. It is therefore particularly important that people in debt, or who are struggling to pay their communications bill, are treated fairly by their communications provider ("provider").
- 2.3 In July 2021, we published a Call for inputs "*Review of measures to protect people in debt or at risk of disconnection*"<sup>4</sup> ("Call for inputs"), setting out evidence from various sources about debt and disconnection practices used by providers, our analysis of that evidence, and resulting suggestions.
- 2.4 This review considered whether the protections for people in debt or struggling to pay remained appropriate, or whether there is a case for strengthening them. To inform our thinking, we examined the practices providers use when engaging with people who are in debt or struggling to pay. We found that there is variation in provider practices across a range of areas:
- Providers generally communicate in a timely way after a customer goes into arrears. However, there is variation in how providers contact customers regarding their debt and in how they allow customers in arrears to contact them.
  - While providers generally only use disconnection as a last resort, there is considerable variation in the amount of time that providers allow a customer to remain in arrears before they are disconnected. We also observed differences in the approach that providers take to introducing service restrictions as a means of effecting payment, and in referring customers to external debt collection agencies.
  - All major providers offer payment deferrals to customers struggling to pay, and most offer payment plans for people to repay their debt over an agreed period. However, some providers

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<sup>1</sup> In this document, we refer to people whose circumstances have led them to becoming vulnerable as 'vulnerable customers'. We recognise that organisations use a range of different terminology and some people might not like to be labelled as a vulnerable customer. However, the term is well-recognised among communications providers and allows us to discuss the topic openly and clearly, so we can seek improvements for customers in the communications sector.

<sup>2</sup> On average, 2% of fixed broadband customers and 3% of mobile customers were in arrears during the course of 2020, while the proportion of customers in arrears by two or more regular payments was lower still at 0.4% of fixed and 0.6% of mobile. See Ofcom, July 2021. [Review of measures to protect people in debt or at risk of disconnection Call for inputs](#).

<sup>3</sup> Ofcom, February 2022. [Affordability of Communications Services](#).

<sup>4</sup> Ofcom, July 2021. [Review of measures to protect people in debt or at risk of disconnection Call for inputs](#).

make it easier than others for their customers to find out about the options and support available to them.

- 2.5 Based on these findings, we set out our initial view that while our General Conditions already offer some important protections, the fair treatment of customers could be further supported by setting best practice recommendations to providers regarding further practical measures they could adopt to treat financially vulnerable customers fairly. We identified our guide as an appropriate place in which to set out such recommendations.
- 2.6 Our guide covers a range of areas, including good practice for treating people fairly when they are in debt or struggling to pay. As we explain in our guide: “The guide is addressed to Regulated Providers. The measures suggested in the guide are examples of reasonable, practical steps that we consider will help to ensure vulnerable customers are treated fairly. The guide is designed to help providers build on current practices to improve how they treat vulnerable customers, in light of their regulatory obligations. The guide does not amend or replace their previous obligations or introduce new rules and the suggested measures do not constitute legal advice on how to comply with GCs C5.1-5.5. Having taken their own advice, providers may choose to adopt additional or other practices which also ensure vulnerable customers are treated fairly.”<sup>5</sup>
- 2.7 We indicated when our guide was first published in July 2020 that this good practice might be updated from time to time.<sup>6</sup> Bearing this in mind, in the Call for inputs we set out a case for adding specific good practice recommendations about the fair treatment of people in debt or struggling to pay. These recommendations covered communicating with customers in debt or struggling to pay, working with free debt advice organisations, measures taken by providers to effect payment and transparency about the support offered to customers who are struggling to pay.
- 2.8 We received 31 responses from a range of respondents to our Call for inputs, including communications providers, industry bodies, consumer bodies and individual respondents. We have published all non-confidential responses on our website.
- 2.9 We carefully considered all the responses we received and are now proposing specific changes to the guide. This document provides a summary of the key points raised by respondents and our response, before setting out the changes to the guide on which we are consulting.

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<sup>5</sup> Ofcom, July 2020. [Treating vulnerable customers fairly: A guide for phone, broadband and pay-TV providers](#), paragraph 2.19, page 7.

<sup>6</sup> Ofcom, July 2020. [Treating vulnerable customers fairly: A guide for phone, broadband and pay-TV providers](#), paragraph 2.21, page 7.

## 3. Summary of responses

3.1 This summary of responses first covers general comments about the case for amending our guide or changes to our General Conditions before considering each of the specific four themes we set out in our Call for inputs. It contains the following sections:

- Comments about the value and status of our guide and the potential for further regulation
- Comments regarding how providers identify, engage and communicate with customers in debt or struggling to pay
- Comments regarding strengthening links with organisations and charities that can provide free debt advice and support
- Comments regarding measures taken by providers to effect payment
- Comments regarding measures designed by providers to support customers who are in debt or struggling to pay
- Other areas proposed by respondents for consideration in our review: social tariffs and business customers.

### Comments about the value and status of our guide and the potential for further regulation

3.2 Some respondents made general observations about the status of our guide, the value of introducing regulation, the value of amending our guide and who our guide should apply to. We summarise the main themes raised in these observations below before responding to them.

#### Some respondents had queries about the status of our guide

- 3.3 One individual respondent, Citizens Advice Scotland and Citizens Advice asked for further clarity from Ofcom on the consequences for providers if they fail to adopt the best practice set out in our guide.
- 3.4 Tesco Mobile sought reassurance that monitoring of our guide would not form the basis for regulatory action against a provider.

#### Some respondents made the case for and some against introducing regulation

- 3.5 Citizens Advice expressed concern that providers would not follow our guide suggestions. It asked for clarification on the relationship between our guide, regulation under the General Conditions and enforcement action. It also asked Ofcom to take enforcement action where providers treat customers unfairly and if necessary to consider changing the General Conditions to allow for this.

- 3.6 Other respondents suggested that Ofcom should be open to the option of taking stronger action in the future, in case encouraging providers to adopt best practice does not lead to better consumer outcomes:
- a) Money and Mental Health Policy Institute, the Advisory Committee for Northern Ireland, Citizens Advice Scotland and Which? recommended that Ofcom should take stronger action if the best practice approach does not lead to improved outcomes for vulnerable customers.
  - b) Money and Mental Health Policy Institute argued that Ofcom should make it clear to providers now that it will consider potentially stronger action in the future if the best practice approach does not yield consistent and improved outcomes for vulnerable customers.
- 3.7 The Consumer Council for Northern Ireland and the Money Advice Trust asked Ofcom to strengthen regulation on debt and disconnection now, arguing that a rules-based approach will better protect consumers regardless of their provider, and that a non-enforceable guide is insufficient.
- 3.8 Several providers argued against amending or introducing new rules. Sky and Tesco Mobile said that there is no evidence of significant consumer harm that warrants amending the General Conditions, while TalkTalk said there is no need for Ofcom to consider amending its General Conditions. In addition, KCOM said it does not believe that changes to Ofcom's General Conditions in this area are warranted without further evidence.
- 3.9 Community Fibre said that regulation would stifle the creativity and innovation that providers have applied for customers in debt during the past year<sup>7</sup> and can lead to unintended consequences such as encouraging more providers to conduct credit checks on customers before offering them a service, which may raise an additional barrier to accessing a service for some customers.
- 3.10 In addition, some respondents made the case for or against regulation in relation to the specific suggestions we made in our review and we set those out and respond to them in the corresponding sections of this document.

### **Only three respondents argued against amending our guide and one asked for an approach tailored to providers' sizes**

- 3.11 Most respondents did not comment on the general principle of amending our guide. They instead focused their responses on our specific guide suggestions. However, there were three exceptions:
- a) Sky asserted that changes to our guide are not justified for three reasons:
    - i) the proportion of customers in arrears is relatively stable and low.

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<sup>7</sup> This refers to the period 2020-2021 and the lockdowns due to the Covid-19 pandemic.



- ii) too rigidly prescribed rules and guidance undermine the flexibility providers need to tailor their approach to individual customers.
  - iii) the increase in total debt should not be used to justify changes to our guide.
- b) Utility Warehouse stated that it is unclear what benefits updating our guide will bring, as Ofcom did not find significant consumer harm and there is no evidence that the variation between providers in their policies and practices results in consumer harm.
- c) Community Fibre argued in its response to each of our questions that the advice provided by our guide is sufficient.
- 3.12 The Federation of Communication Services (FCS) said it was important to take account of the size of providers in our approach, as very small/ small and medium size providers have very different issues than very large providers.

## Our response

- 3.13 As regards the queries from respondents about the status of our guide in relation to regulation and about what would happen if providers do not follow the guide recommendations, our position remains consistent with that set out in the guide itself in July 2020.
- 3.14 In summary, the measures suggested in the guide are examples of reasonable, practical steps that we consider will help to ensure vulnerable customers are treated fairly. The guide is designed to help providers build on current practices to improve how they treat vulnerable customers, in light of their regulatory obligations under General Conditions C5.1 – C5.5.<sup>8</sup>
- 3.15 The guide does not amend or replace their previous obligations or introduce new rules and the suggested measures do not constitute legal advice on how to comply with General Conditions C5.1 - C5.5. Having taken their own advice, providers may choose to adopt additional or other practices which also ensure vulnerable customers are treated fairly.<sup>9</sup>
- 3.16 As set out in our *Summary of stakeholder responses* to our 2019 guide consultation,<sup>10</sup> we consider having a guide alongside the General Conditions helps to show how good outcomes can be achieved and encourages innovation and ambition in this area. It allows flexibility in providers' approaches and ensures we can adapt and evolve the guide as we learn more about how vulnerable customers can best be supported.<sup>11</sup>
- 3.17 We agree that it is important that providers understand what will happen if there is no improvement in the fair treatment of vulnerable consumers in debt or who have difficulty paying. We will therefore continue to work with providers to ensure they treat vulnerable

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<sup>8</sup> For a fuller explanation, see [Treating vulnerable customers fairly: A guide for phone, broadband and pay-TV providers](#), paragraphs 2.9-2.13, pages 5-6.

<sup>9</sup> Ofcom, July 2020. [Treating vulnerable customers fairly: A guide for phone, broadband and pay-TV providers](#), paragraph 2.19, page 7.

<sup>10</sup> Ofcom, July 2020. [Treating vulnerable customers fairly: Summary of stakeholder responses](#).

<sup>11</sup> Ofcom, July 2020. [Treating vulnerable customers fairly: Summary of stakeholder responses](#), paragraph A1.13, page 2.

customers fairly and will take steps to address concerns where this may not be happening. The existence of our guide does not preclude the possibility of regulatory action and we may take formal regulatory action in future should that be necessary to address our concerns.<sup>12</sup>

- 3.18 Currently we remain of the view that using a good practice guide rather than imposing new regulation is the right approach to improve treatment for customers in debt or who have difficulty paying, for the same reasons we set out when we first published our guide. In summary, we consider that publishing a guide, as opposed to imposing new regulation, is an appropriate and proportionate way forward. It should give providers flexibility in how they achieve fair treatment of vulnerable customers.<sup>13</sup> Depending on the size and nature of a provider, some may choose to only adopt some of the suggestions while others may choose to adopt most or all of them. Ultimately, our focus is on the outcomes that are delivered for vulnerable customers rather than the precise means by which those outcomes are achieved.<sup>14</sup>
- 3.19 The evidence we set out in our Call for inputs showing variation in provider practices related to the six month period before our guide was published (in July 2020) until about 9 months after its publication.<sup>15</sup> As such, at the time we collected our evidence providers had had relatively little time to adopt the best practice recommendations set out in the guide. We expect the good practice set out in our guide to become further embedded by providers over time.
- 3.20 To verify this, we will monitor provider practices relating to customers in debt or with difficulty paying their bills. Our monitoring will inform whether we have to re-consider our approach of using a good practice guide to improve consumer outcomes. As set out in our Call for inputs, we will particularly monitor how providers identify, engage and communicate with customers in debt or struggling to pay, provider measures to effect payment and provider measures to support customers.
- 3.21 We note the concerns from three providers about the case for amending our guide. We welcome the steps individual providers have taken to increase forbearance during the pandemic to help customers in debt or at risk of disconnection. However, we think it is important to share good practice through our guide with all providers, so they can make informed decisions about their approach to treating customers in debt fairly. The potential to adapt and evolve the guide in line with latest best practice is one of its advantages. We know from our previous guide consultation<sup>16</sup> that providers emphasised their commitment

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<sup>12</sup> Ofcom, July 2020. [Treating vulnerable customers fairly: A guide for phone, broadband and pay-TV providers](#), paragraph 2.13, page 6.

<sup>13</sup> Ofcom, July 2020. [Treating vulnerable customers fairly: A guide for phone, broadband and pay-TV providers](#), paragraph 2.13, page 6.

<sup>14</sup> Ofcom, July 2020. [Treating vulnerable customers fairly: A guide for phone, broadband and pay-TV providers](#), paragraph 2.2, page 3.

<sup>15</sup> Our guide was published in July 2020. Broadly speaking, the quantitative information summarised in our Call for inputs covered the period between January 2020 and January 2021, and the qualitative information went up to the first quarter of 2021.

<sup>16</sup> Ofcom, September 2019. [Treating vulnerable consumers fairly. A proposed guide for phone, broadband and pay-TV providers](#).

to ensuring the fair treatment of vulnerable customers and welcomed the flexible nature of our guide which enables them to achieve those commitments with measures that are best suited for their customers and organisations.

## Comments regarding how providers identify, engage and communicate with customers in debt or struggling to pay

- 3.22 Our Call for inputs considered how providers identify, engage with and communicate with customers in debt. We sought feedback on our suggestions<sup>17</sup> to amend our guide by making clear that providers should:
- a) emphasise the support available when directly communicating with a customer in debt or struggling to pay
  - b) rotate between communications channels when trying to contact a customer about a debt
- 3.23 We also said in our Call for inputs that we will monitor the range of communications channels customers who are struggling to pay or in debt can use to contact their provider, as well as considering the possibility of working with providers to test the effectiveness of behaviourally informed communications about debt support in the future.
- 3.24 We summarise the key points raised by respondents on our guide suggestions, our intention to monitor and the possibility of testing communications below.<sup>18</sup>

## Many respondents supported our proposed changes to our guide

- 3.25 Overall, twelve respondents<sup>19</sup> (mainly consumer organisations and debt charities) agreed with our proposals to amend our guide to suggest that providers emphasise the support available in consumer communications and rotate between communications channels. The Money and Mental Health Policy Institute found this particularly important. It noted that people with mental health problems often delay asking creditors for help because they do not realise support is available. It also quoted research showing that some people have serious problems using certain communication channels: over half of people with mental health problems have serious difficulties using the telephone to carry out essential administrative tasks, and so offering a range of communications channels and rotating between them when seeking to make contact is important.
- 3.26 Four additional respondents, i.e. Consumer Council for Northern Ireland, Shell Energy, Tesco Mobile and Virgin Media/O2 agreed with emphasising support in consumer communications. The Consumer Council for Northern Ireland believed this should be a

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<sup>17</sup> Ofcom, July 2021. [Review of measures to protect people in debt or at risk of disconnection: Call for inputs](#), paragraphs 4.19 to 4.22, pages 24-25.

<sup>18</sup> All non-confidential responses can be found on our [website](#).

<sup>19</sup> Citizens Advice Daventry and District, Citizens Advice Scotland, Advisory Committee for Scotland, CAP, Citizens Advice, Ombudsman Services, Money Advice Trust, Frontline Debt Advice UK, Money and Mental Health Policy Institute, Advisory Committee for Northern Ireland, one individual, and Which?.

regulatory requirement rather than an addition to our guide. However, Tesco Mobile queried if it was possible to include such information in all outgoing communications as some (e.g. SMS messages) are very short and asked Ofcom to set out which communications are in and out of scope of this suggestion. Christians Against Poverty (CAP) and Communications Consumer Panel / Advisory Committee for Older and Disabled people (CCP/ACOD) considered it would be beneficial for all customers, not just those in financial difficulty, to be made aware of debt support.

- 3.27 On rotating between different communications channels when seeking to contact customers, of those respondents that agreed with this suggestion, three consumer organisations<sup>20</sup> specified that this should only be done if a customer hasn't indicated they only want to be contacted through a specific communication channel. Some providers, e.g. Shell Energy, Virgin Media/O2 and Community Fibre said they already use a variety of communications channels throughout an arrears journey. KCOM disagreed about rotating communication channels, citing the need to ensure that communications are managed by the correct area of the business and Utility Warehouse argued that a prescriptive approach on communication channels has limited value.
- 3.28 Two respondents suggested that our guide does not need amending for this specific area: Community Fibre stated that the advice already provided in our guide for this area is sufficient. Internet Services Providers' Association (ISPA) was concerned that adding to our guide would overcomplicate the process without significant advantage for customers.

### **There is some support for monitoring communication channels offered to those struggling to pay and testing the effectiveness of communications about debt support**

- 3.29 CAP supported our plan to monitor the range of communications channels customers who are struggling to pay or in debt can use to contact their provider.
- 3.30 Citizens Advice said monitoring is important and provided evidence of clients in debt who had difficulty contacting providers because of a lack of choice in the communications channels offered.
- 3.31 Three providers responded to the possibility of working with providers to test the effectiveness of behaviourally informed communications in the future. Sky stated that it would be open to discussing the effectiveness of behaviourally informed communications and Tesco Mobile said that it would be open to explore testing these with Ofcom. But Shell Energy did not think they would be able to participate in such research at the time of responding to our Call for inputs.
- 3.32 Additionally, Citizens Advice supported undertaking further research and suggested that we should encourage providers to participate in Randomised Control Trials to test the effectiveness of communications. Money and Mental Health Policy Institute stressed the importance of involving a range of vulnerable customers in consumer research, including

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<sup>20</sup> CAP, Ombudsman Services, Money and Mental Health Policy Institute.

people with mental health problems. The Advisory Committee for Scotland welcomed additional insight into the effectiveness of supportive communications and the Consumer Council for Northern Ireland valued joint work between industry and Ofcom to test the effectiveness of communications. The Money Advice Trust emphasised the need to involve customers in the design of communications.

## Other options suggested by respondents

- 3.33 We received suggestions for additions to our guide that go beyond the areas we covered in our proposals. The Advisory Committee for Scotland wanted to add to our guide that providers should put the customer at the heart of their support. Two organisations suggested adding best practice about early intervention: Money and Mental Health Policy Institute suggested identifying customers who may be financially vulnerable before they go into debt and the CCP/ACOD mentioned training staff to spot early signs of those struggling. TalkTalk suggested adding that customers too have a key responsibility, namely to engage with their provider to get the available support.
- 3.34 Some respondents argued that regulation is required to ensure that providers communicate and engage with customers in an appropriate way: five organisations<sup>21</sup> stated that providers should not limit the communications channels they offer but should instead accommodate any preference the customer has.
- 3.35 Community Fibre conversely argued that smaller providers might have to limit the range of communication channels they offer for cost reasons.
- 3.36 Four respondents queried whether it is correct to use non-payment as an indicator of financial vulnerability and two of those suggested that Ofcom should help providers overcome the challenge of accurately identifying customers that genuinely need assistance due to their vulnerable financial position:
- a) Community Fibre suggested that it can be difficult to identify whether a customer has genuine affordability issues as customers might miss a payment for various reasons such as having moved out of a property or having changed their payment method. It asked that a methodology should be developed to help providers identify those customers who need support.
  - b) KCOM stated that there are a variety of reasons for non-payment and that not all customers in debt or facing the threat of disconnection will be vulnerable.
  - c) Virgin Media/O2 stated that Ofcom does not adequately differentiate between the reasons why customers may miss payments and that not all customers who miss a payment require support. To illustrate this point, it asserted that a customer may be unable to pay or they may want to delay payment and use the provider as a source of

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<sup>21</sup> Advisory Committee for Scotland, CCP/ACOD, Citizens Advice Daventry and District, Consumer Council for Northern Ireland, Money Advice Trust.

credit. This led them to conclude that it is not appropriate to classify all customers missing payment as being in genuine financial hardship.

- d) ISPA asked Ofcom to develop guidelines for when a missed payment should be interpreted as debt that might indicate somebody is financially vulnerable or when it can be viewed as a missed payment without indicating that the customer may be financially vulnerable.

## Our response

### On changing our guide to emphasise the support available and rotate communication channels:

- 3.37 We intend to amend our guide by adding that providers should emphasise the support that is available to customers in all direct communications about payment. As we suggest this information be included in direct payment communications and be easily found on provider websites, this measure is likely to benefit all customers not just those in debt. We recognise that it might not be possible for providers to explain the full detail about each support measure in all communication methods, as some tend to use very short messages (e.g. SMS) and support will need to be tailored to meet an individual customer's needs, as already recognised in our guide. However, providers should give as much information as possible about the type of support available so that customers understand their options and how they might benefit from them.
- 3.38 We also intend to amend our guide to encourage providers to rotate<sup>22</sup> between communication channels when trying to contact a customer in debt. In our view, providers should offer a range of communication channels and rotate between them when seeking to make contact with someone to increase the likelihood of reaching them. When considering which communications channels to rotate between, providers should take into account whether a customer in debt has expressed any communications preference. We consider that this approach continues to allow providers operational flexibility, since we do not prescribe which channels providers should use or the order in which they should rotate them. We intend to amend our guide suggestion to reflect this.
- 3.39 For the reasons above, we disagree with the suggestion that the existing measures in our guide sufficiently cover this specific area or that changing them would not benefit customers. We therefore propose to amend our guide accordingly.

### On monitoring and testing communications channels:

- 3.40 We note the supportive comments from respondents in this area and intend to monitor the ways in which customers in debt can contact their providers. We also welcome the positive response from some respondents to the possibility of working with Ofcom to test the effectiveness of debt support communications. We intend to invite interested

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<sup>22</sup> In doing so, providers will need to ensure they comply with their obligations under the Privacy and Electronic Communications (EC Directive) Regulations 2003.

providers to further discuss how best we might work together. We agree that it will be important to include a range of customers including those in vulnerable circumstances.

### On the other options suggested by respondents:

- 3.41 In relation to considering putting customers at the heart of support offered and early identification of customers who may be in financial difficulty, our guide already describes good practice measures to improve how providers can identify vulnerable customers so they can give them the right help and support.<sup>23</sup> Our guide explains that because of the challenges with identification, we encourage providers to raise awareness of the extra help, support and services available to all customers. By adding to these with suggested measures which relate specifically to customers who are in debt or struggling to pay we expect to see improvements in the fair treatment of financially vulnerable customers.
- 3.42 Regarding the suggestion to add to our guide that customers have a key responsibility to engage with their provider to get the support on offer, Ofcom provides various resources for customers through the consumer advice and information pages on our website. We consider these are more appropriate channels for giving information to customers and they contain a specific section with advice for customers unable to pay a bill.<sup>24</sup> The intended audience for our guide is regulated providers, rather than consumers.
- 3.43 In relation to the suggestion that we should require providers to offer any communication channel that a customer might prefer, we consider that the existing section in our guide “offer a wide range of communication channels”<sup>25</sup> sufficiently sets out good practice in this area. It does not go as far as stating that any communication channel should be facilitated, but instead says that we expect providers to reflect the needs of their customers and that these channels should include, where appropriate, telephone, post, email, webchat and video and text relay.<sup>26</sup> We consider this is a proportionate approach which strikes the appropriate balance between setting out best practice while avoiding being overly prescriptive.<sup>27</sup>
- 3.44 In relation to the suggestion that arrears might not be the appropriate basis for identifying financially vulnerable customers, our guide already recognises that it can be challenging to identify who is potentially vulnerable.<sup>28</sup> We therefore expect providers to take an inclusive approach and raise awareness for all customers of the support available.<sup>29</sup> We think that

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<sup>23</sup> Ofcom, July 2020. [Treating vulnerable customers fairly: A guide for phone, broadband and pay-TV providers](#), ‘Identifying vulnerable customers’, paragraphs 4.2-4.9, pages 12-13.

<sup>24</sup> Ofcom, [Unable to pay a bill?](#)

<sup>25</sup> Ofcom, July 2020. [Treating vulnerable customers fairly: A guide for phone, broadband and pay-TV providers](#), ‘Offer a wide range of communication channels’, paragraphs 4.12-4.13, pages 14-15.

<sup>26</sup> Ofcom, July 2020. [Treating vulnerable customers fairly A guide for phone, broadband and pay-TV providers](#), paragraph 4.12, page 14.

<sup>27</sup> Providers should be mindful of the requirements under our General Conditions to provide certain communications channels e.g. Generation Condition C1 and General Condition C4.

<sup>28</sup> Ofcom, July 2020. [Treating vulnerable customers fairly: A guide for phone, broadband and pay-TV providers](#), “Identifying vulnerable customers”, pages 12-13.

<sup>29</sup> Ofcom, July 2020. [Treating vulnerable customers fairly: A guide for phone, broadband and pay-TV providers](#), “Taking an inclusive approach to who is potentially vulnerable”, pages 9-10.

the chances that providers wrongly identify a customer as financially vulnerable by using non-payment as an indicator are relatively small. Our guide already makes clear that we expect providers to recognise that customers in arrears are likely to be vulnerable and this remains our position.<sup>30</sup>

## Comments regarding strengthening links with organisations and charities that can provide free debt advice and support

- 3.45 Our Call for inputs considered the links providers have with organisations and charities that can provide free debt advice and support. We sought feedback on our suggestions<sup>31</sup> to amend our guide by making clear that providers should:
- a) include clear and prominent information about sources of free debt advice (debt advice organisations) in their payment and collection related communications to customers in arrears; and
  - b) offer consumer organisations a direct way to contact them on the customer's behalf rather than via general customer service contact channels.
- 3.46 We summarise the key points raised by respondents on these suggestions below.<sup>32</sup>

### There is some support for providers doing more to promote information about sources of free debt advice to their customers

- 3.47 One individual, six consumer and debt advice organisations<sup>33</sup> and Ombudsman Services welcomed our proposal. Additionally, the Consumer Council for Northern Ireland referred to evidence from a study carried out by the Competition and Markets Authority (CMA) that consumers who seek debt advice at an early stage are more likely to resolve their debt problems.<sup>34</sup>
- 3.48 Four providers also supported the principle behind our suggestion, but some had questions about the practical implementation:
- a) TalkTalk and KCOM agreed that prominent information about sources of free debt advice in payment and collection related communications is important.
  - b) Tesco Mobile agreed that making customers aware of help and support is important, but said that not all communications can include this information because of either their length limit or a requirement to adhere to a specific format (e.g. Financial Conduct Authority (FCA) letters).

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<sup>30</sup> Ofcom, July 2020. [Treating vulnerable customers fairly: A guide for phone, broadband and pay-TV providers](#), paragraph 4.52, page 22.

<sup>31</sup> These are set out in full in Ofcom, July 2021. [Review of measures to protect people in debt or at risk of disconnection: Call for inputs](#), paragraphs 4.29 to 4.31, page 27.

<sup>32</sup> All non-confidential responses can be found on our [website](#).

<sup>33</sup> Citizens Advice Daventry and District, Citizens Advice Scotland, CAP, Citizens Advice, the Money Advice Trust and the Money and Mental Health Policy Institute.

<sup>34</sup> CMA, October 2014. [Problem Debt: A report commissioned by the Consumer Protection Partnership](#).



- c) Virgin Media/O2 said it has no objection to signposting and promotion of free debt advice organisations, but that doing this in *all* payment and collection related communications might not be the best approach, as it might not suit all customers at each point in their arrears journey.
- 3.49 Three providers expressed concerns about the rigidity and loss of discretion that might result from our proposal:
- a) Sky warned to avoid too much prescription in recommendations on how to achieve signposting in debt-related communications and cautioned about information overload for customers.
  - b) Utility Warehouse considered that a prescriptive approach to signposting can be rigid and overlook other good practices.
  - d) ISPA said that providers should retain discretion about whether to signpost debt advice organisations in their communications to consumers.
- 3.50 Some organisations suggested additions to our proposal:
- a) Citizens Advice Scotland and the Consumer Council for Northern Ireland added that customers should be offered information about debt advice organisations that are available in the relevant nation of the UK.
  - b) The Money and Mental Health Policy Institute said signposting must be prominent and added that if prominent messages on a customer communication are threatening, people are likely to disengage and won't find the signposted services.
  - c) The Money Advice Service said that signposting should not be to fee-charging debt management companies, but instead to free services.
  - d) The Advisory Committee for Scotland and the Consumer Council for Northern Ireland said this recommendation should not absolve providers of the responsibility to proactively engage with customers and support debt management.
- 3.51 Which?, Citizens Advice Scotland, the Consumer Council for Northern Ireland and the Advisory Committee for Northern Ireland asked for our guide suggestion about including sources of free debt advice in payment and collection related communications to be made mandatory. Which? additionally suggested that Ofcom should mandate a standardised version of this information, like the FCA's Arrears information sheet.<sup>35</sup> The Money Advice Service also suggested that Ofcom should prescribe the list of organisations and wording to be used in signposting.

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<sup>35</sup> This can be found at: FCA. [Information sheets: Consumer Credit](#).

## There is some support for our suggestion that providers offer consumer organisations a direct way to contact them on the customer's behalf

- 3.52 One individual, six consumer and debt advice organisations<sup>36</sup>, the Advisory Committee for Scotland and Ombudsman Services supported our suggestion to amend our guide to give more prominence to the suggestion that providers offer consumer organisations a direct way to contact them when representing a customer. Some respondents provided further evidence in support of our suggestion and raised more general concerns about the difficulties debt advice organisations sometimes face when representing their clients to providers:
- a) Citizens Advice Scotland mentioned that its advisers are not always recognised as trusted intermediaries by providers and asserted that a direct contact channel would free up advisers' time to assist clients.
  - b) Citizens Advice said that in 7% of its telecommunications debt cases, its advisers found it difficult to contact providers on behalf of their clients, with firms refusing to speak to them.
  - c) Frontline Debt Advice (UK) stated that it found communications providers some of the most difficult to communicate with.
- 3.53 Some providers had reservations about obtaining customer consent and account security issues or other practicalities of our proposal:
- a) TalkTalk said it would be happy to consider this suggestion. However, it also expressed concern about consumer validation.
  - b) KCOM was concerned about customer consent and the parameters on what actions a third party could take.
  - c) Tesco Mobile expressed concerns about customer consent and security, but also encouraged Ofcom to provide more guidance on a process that would enable these organisations to represent a customer to their provider.
  - d) Community Fibre expressed concern that customer service advisors should not offer consumers financial advice that they are not qualified or regulated to offer.
  - e) Virgin Media/O2 suggested that the recommendation should be limited to those customers who face challenges in communicating or engaging with their provider and said that it may not be possible or practical for providers to allow a third party to communicate directly with the provider.
- 3.54 Some providers argued against amending our guide to give more prominence to the suggestion that providers offer consumer organisations a direct way to contact them when representing a customer:

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<sup>36</sup> Citizens Advice Daventry and District, Citizens Advice Scotland, CAP, Citizens Advice, the Money Advice Trust, Frontline Debt Advice (UK).

- a) Sky stated that our proposal in this area should not be adopted and mentioned that organisations with power of attorney or deputyship over an account can deal with Sky already.
  - b) Community Fibre also suggested that our guide should not be amended as proposed. It claimed that the existing advice provided in our guide for this area is sufficient.
- 3.55 Finally, Which? asked us to mandate that providers should offer free debt advice organisations representing their consumers easy access to providers.

## Other options suggested by respondents

- 3.56 We received suggestions for further additions to our guide beyond what we suggested in our Call for inputs:
- a) CAP suggested that firms should make customers aware of support in advance of any financial difficulties, that firms should follow up as to whether customers have engaged with the signposted services and that firms should connect customers with advice agencies.
  - b) The Money Advice Trust suggested that the Business Debtline should also be signposted by providers.

## Our response

### On including clear and prominent information about sources of free debt advice in payment and collection related communications:

- 3.57 We propose to amend our guide to emphasise that providers should help customers by giving them information about free debt advice organisations, so consumers can increase their awareness of them, and ensure this information is clear and easy to find. We recognise that some communications, such as SMS messages, may not be appropriate for communicating this information at length. However, we consider some indication on where to find free debt advice<sup>37</sup>, even in shorter messages and irrespective of the stage of the arrears journey, is important, given the evidence we received about the positive impact of early debt advice on customers. Our guide suggestion is not overly prescriptive and should not conflict with the FCA requirements some communications providers are subject to. Our proposed addition allows providers to decide how best to relay this information to customers at different stages of the arrears journey and to ensure they do not overload their customers with information.
- 3.58 We agree that customers should ideally be pointed to free debt advice organisations that operate in the UK nation in which they live, but we acknowledge that it may not always be practical for providers to tailor their communications in this way. Providers may instead

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<sup>37</sup> Providers might want to use the [list of free debt advice suppliers on the Money and Pensions Service \(MaPS\) website](#) and/or their consumer facing brand [MoneyHelper](#), which includes a telephone service as well as an online search tool on [where to get free debt advice](#).

choose to indicate that not all free debt advice organisations operate across the whole of the UK, and we have amended our guide suggestion to reflect this.

- 3.59 We have considered the suggestions from respondents to specify that prominent messages should not be threatening, that signposting should be prominent and not to fee-charging debt advice organisations and that signposting does not mean providers no longer have a responsibility to engage with customers. We agree with these observations. Communications that take into account our proposed guide recommendations are likely to be non-threatening and supportive in tone because they should emphasise the support a provider offers and mention free debt advice organisations. As providers already contact their customers that have missed a payment<sup>38</sup>, we think adding a good practice recommendation relating to their responsibility to engage with customers is not necessary. In conclusion, we think that the suggestions we have made to amend our guide are sufficient to cover these areas.
- 3.60 We recognise that signposting free debt advice organisations is important in ensuring that customers find out about them. In our view, it is not necessary to introduce regulation to achieve this outcome. As there is already evidence of good provider practice in this area, and given that providers have generally been receptive to signposting such advice, we consider that amending our guide to set out best practice is a proportionate way to achieve our objective.
- 3.61 We are not proposing to standardise the wording used and the list of organisations to be signposted as we are mindful that any standardised approach might become outdated and might not work for all types of communications. Providers who wish to know more about the best way to signpost can choose to work with consumer bodies and charities working in this area. Such collaboration is already recognised in our guide.

**On offering consumer organisations a direct way to contact providers:**

- 3.62 In response to the concerns raised by free debt advice organisations about the barriers they face in representing their clients to providers as well as contact methods, we propose amending our original guide suggestion outlined in our Call for inputs. Rather than emphasising the need for providers to give consumer organisations a dedicated or separate way to contact providers, we propose to instead emphasise the broader goal that providers should make it easy for free debt advice organisations to represent their clients to providers. The evidence from those organisations about the difficulties they have contacting communications providers on behalf of a client shows this is an important matter. Our guide suggestion has been amended to reflect this.
- 3.63 We also propose to adjust our original guide suggestion set out in our Call for inputs to address some of the other concerns raised:

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<sup>38</sup> As set out in Ofcom, July 2021. [Review of measures to protect people in debt or at risk of disconnection Call for inputs](#), paragraph 4.13, page 22.

- a) In response to provider concerns about customer consent and security when a free debt advice organisation acts on behalf of a client, we recognise that such representation has to be subject to reasonable verification and consent procedures and have adjusted our guide suggestion accordingly. Providers should be mindful that free debt advice organisations tend to have established processes with lenders for obtaining consent to represent their clients and that they need appropriate permissions to exercise their functions. For example, anyone providing debt advice and negotiating with lenders on a client's behalf, including those organisations doing this for free, must be authorised by the FCA for debt adjusting and debt counselling.<sup>39</sup>
- b) Some of the provider concerns about our suggestion regarding offering a direct way to contact providers seem to stem from a lack of clarity about which organisations we had in mind when we set out this suggestion. We recognise that there is an important difference between representation of clients by free debt advice organisations and the engagement other consumer organisations might seek with providers. Our intention is that providers make it easier for free debt advice organisations to represent their clients. We have adjusted our guide suggestion to better reflect this.

- 3.64 We disagree with the suggestion that existing arrangements regarding power of attorney and deputyship are sufficient to allow free debt advice organisations to represent their clients. Whilst we recognise that power of attorney and deputyship may be an appropriate solution for certain customers in arrears, we are mindful that they are not designed to help people resolve their debt issues. These avenues may therefore not be an appropriate solution for many customers in debt, whereas representation of a client by a free debt advice organisation may help people reach a solution in regards to repaying their debt and is recognised as having its own merits.<sup>40</sup> We also disagree with the comment that the existing measures in our guide are sufficient for how providers deal with free debt advice organisations representing their clients. Evidence provided by free debt advice organisations indicates that they face difficulties when seeking to represent their clients in discussions with communications providers. We therefore propose to amend our guide to emphasise that providers should make it easier for free debt advice organisations to represent their clients. For example, providers could make all customer agents aware that customers in debt may ask a free debt advice organisation to represent them and to facilitate such engagement.
- 3.65 Finally, we think facilitating access for free debt advice organisations to providers is not an area where mandatory rules are appropriate at this time. Some good provider practice already exists and we expect our guide amendments to lead to a wider adoption of best practice across the sector.

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<sup>39</sup> Providers can check in the [financial services register on the FCA website](#) whether the organisation they are approached by has obtained FCA authorisation.

<sup>40</sup> As set out in [Money and Pensions Service Statement: Update on Debt Advice Commissioning](#), 17 December 2021.

### On the other options suggested by respondents:

- 3.66 We note the suggestion that firms should make customers aware of support in advance of any financial difficulties, follow up as to whether customers have engaged with the signposted services and connect customers with advice agencies. We agree that raising awareness of support available to people before they run into bill difficulties is important. We have therefore amended our proposal to suggest that providers should include this information in direct payment communications and ensure it can easily be found on provider websites, so that this measure may benefit all customers not just those in debt.
- 3.67 In relation to the other suggestions around following up to understand whether customers have engaged with the signposted services and directly connecting customers with advice agencies, we believe that our guide section on “Collaborating with consumer bodies and charities”<sup>41</sup> already covers this sufficiently and we do not consider a further amendment is required at this time.
- 3.68 Finally, we agree that it is beneficial for providers to signpost the Business Debtline. This is already recognised in our guide.<sup>42</sup>

### Comments regarding measures taken by providers to effect payment

- 3.69 Our Call for inputs sought views from respondents on whether there should be more consistency in the way in which providers seek to effect payment from customers in debt. We also said we will monitor whether providers are freezing additional fees and charges where a customer is seeking debt advice and the extent to which service restrictions and disconnections occur.
- 3.70 We also sought feedback on our suggestions<sup>43</sup> to add to our guide that providers should:
- a) avoid disconnecting before a minimum of three months after missing a bill payment;
  - b) use a phased approach to introducing service restrictions to effect payment;
  - c) avoid introducing service restrictions to effect payment for vulnerable people who are particularly reliant on their communications services, unless all other options have been exhausted;
  - d) protect, where possible, access to free helplines dedicated to e.g. protecting children and domestic abuse victims, even during service restrictions;
  - e) seek to understand a customer’s individual circumstances before putting them in a position where a debt collection agency pursues them to repay a debt.

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<sup>41</sup> Ofcom, July 2020. [Treating vulnerable customers fairly: A guide for phone, broadband and pay-TV providers](#), paragraphs 7.17 to 7.21, pages 32-33.

<sup>42</sup> Ofcom, July 2020. [Treating vulnerable customers fairly A guide for phone, broadband and pay-TV providers](#), page 23, footnote 36.

<sup>43</sup> Ofcom, July 2021. [Review of measures to protect people in debt or at risk of disconnection: Call for inputs](#), paragraphs 4.43-4.52, pages 31-33.

3.71 We summarise the key points raised by respondents in relation to these points below.<sup>44</sup>

### **There is a range of views on whether there should be more consistency of measures to effect payment**

3.72 Some respondents provided their own evidence about the impact on people in arrears of measures providers take to effect payment.

- a) Money Advice Trust referred to a 2020 survey of their National Debtline clients with telecommunications debt, in which 70% said that the actions of their provider had a negative impact on their wellbeing.
- b) The Money and Mental Health Policy Institute shared case studies showing how disconnection can leave people unable to get appointments, order medication, make calls about their benefits or call their support network. It also quoted its 2019 “Failing to Connect” research report which found that disconnection can have a devastating negative impact on people’s mental resilience.
- c) CAP found that most of their telecommunications debt cases are from clients who had already had their service disconnected or contracts cancelled.
- d) Ombudsman Services stated they had not seen evidence of significant harm based on the way providers currently approach service restrictions and disconnections.

3.73 We received responses about the general principle of having consistency in provider measures to effect payment:

- a) Several respondents asked for more consistency in the way in which providers seek to effect payment from customers in debt: six consumer and debt advice organisations<sup>45</sup>, the Advisory Committee for Scotland, Ombudsman Services and the Advisory Committee for Northern Ireland. In addition, Shell Energy said it broadly agreed with creating further consistency, but warned this should not hamper innovation.
- b) Other respondents argued against more consistency: KCOM because it could remove flexibility to take account of customer needs and practicalities and Virgin Media/O2 because of differences in the reasons that customers enter arrears and differences between providers’ systems.

3.74 Our Call for inputs also prompted requests for more consistency in providers publishing information for customers about the measures providers can take to effect payment:

- a) KCOM and CAP emphasised the value of consistency in this area.
- b) Citizens Advice, Ombudsman Services and Shell Energy added that a revision of the General Conditions could achieve greater consistency.

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<sup>44</sup> All non-confidential responses can be found on our [website](#).

<sup>45</sup> Citizens Advice Daventry and District, Citizens Advice Scotland, CAP, Citizens Advice, the Money Advice Trust and Which?.

- 3.75 As explained in our Call for inputs, we already have a specific General Condition (C3.12) which requires providers to publish details of the measures they may take to effect payment or disconnection.<sup>46</sup> Some respondents were in favour of amending this General Condition and some were against:
- a) Citizens Advice Scotland argued in favour, saying that amending regulation would achieve greater transparency and allow for compliance to be monitored. It argued that our rules should specify the level of detail that providers have to publish and the ways in which the information is published.
  - b) TalkTalk was not in favour of amending General Condition C3.12. It argued that providers have to be able to balance specific information for individual customers with the more general debt collection information on their website.
  - c) BT warned against changing General Condition C3.12, saying that Ofcom should not be too prescriptive or granular about the level of detail providers have to publish such as timelines for disconnection and the types of payment plans offered.
  - d) One respondent said that providers already offer a sufficient level of information about their debt collection procedures and should not be expected to publish detailed information about them on their website.
  - e) KCOM argued against revising General Condition C3.12 to ensure providers take a more consistent approach, saying it is not warranted without further evidence and that the suggestion to add information about support available to customers in debt to our guide is sufficient.
  - f) Tesco Mobile said that amendments to our guide about how and where to publish information about measures to effect payment should be sufficient and updating General Condition C3.12 is not necessary.
- 3.76 The Money and Mental Health Policy Institute supported our intention to monitor whether providers freeze additional fees and charges. The Consumer Council for Northern Ireland and Ombudsman Services supported further monitoring of service restrictions and disconnections.

### **There is a range of views on our suggested guide amendments, with some support for adding measures in our guide on service restrictions, free helplines and debt collection agencies**

- 3.77 Before looking at the detailed comments we received for this area, it is worth noting that some respondents commented on our suggested guide amendments on measures to effect payment in the round, rather than on individual suggested guide amendments:
- a) The Advisory Committee for Scotland, CAP, Citizens Advice, Ombudsman Services agreed with our suggested guide amendments.

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<sup>46</sup> Ofcom, July 2021. [Review of measures to protect people in debt or at risk of disconnection: Call for inputs](#), pages 27-28.



- b) Community Fibre suggested that our existing guide is sufficient for this area and that no amendment is required.
- c) ISPA said there is no evidence that the current approach is failing and argued that more research is needed to look at whether changes would make a material difference in supporting customers.
- d) Virgin Media/O2 stated that the recommended changes are not appropriate, as customers enter arrears for different reasons and a blanket approach to overdue payment management and disconnections journeys can be detrimental to some customers.
- e) The Money Advice Trust suggested we should use regulation rather than our guide to limit the use of disconnections and service restrictions, covering all the areas set out in our Call for inputs proposal for this area.

3.78 In the following paragraphs we summarise the key comments submitted by respondents on our specific proposed guide suggestions (set out in paragraph 3.70) about measures to effect payment, including disconnections, service restrictions and using debt collection agencies.

**Some respondents supported amending our guide to emphasise that providers should avoid disconnecting a customer for a minimum of three months after a missed bill payment**

- 3.79 Our suggestion that providers should avoid disconnection before a minimum of three months after a missed bill payment received support from Citizens Advice Scotland and Which?. The former said that disconnections can negatively impact the ability of customers to seek debt advice and manage their finances, since they may rely on their communications service to do this. There was also general support from the Advisory Committee for Scotland, CAP, Citizens Advice and Ombudsman Services for all of our suggested guide amendments regarding measures to effect payments (see paragraph 3.77).
- 3.80 Two respondents questioned whether three months was an appropriate time period for providers to refrain from disconnecting someone after a missed payment: the Consumer Council for Northern Ireland suggested that further research is required before recommending a period of time. And Virgin Media/O2 said there is no clear justification for setting the period at 3 months.
- 3.81 Two providers were concerned about flexibility: BT and Virgin Media/O2 said providers should retain discretion and flexibility over disconnection timeframes.
- 3.82 Three providers said that a grace period would potentially exacerbate customers' debt issues and would therefore not be in the customer's best interest: Community Fibre, Tesco Mobile and KCOM.
- 3.83 One respondent, Community Fibre, expressed concern about fraud, citing potential opportunities for fraudulent and illegal use of services, for example without the contracted user's knowledge.

**Treating vulnerable customers fairly guide: Proposals to amend the guide to help ensure customers in debt or struggling to pay are treated fairly**

- 3.84 Two providers referred to logistical and practical reasons for not supporting our suggested guide amendment: Utility Warehouse said it would have a greater negative commercial impact on resellers because their wholesale arrangements usually require payment per customer on a monthly basis and Virgin Media/O2 said it failed to recognise the differences between provider systems, services and processes.
- 3.85 Some respondents argued that contact with customers is crucial, and maybe even more important than allowing a given time period to elapse before resorting to disconnection:
- a) Shell Energy suggested that the number of attempts to contact customers is more important than the time period between arrears and disconnection.
  - b) Community Fibre and Tesco Mobile suggested that a three-month grace period should only apply where a customer actively engages with their service provider, and not in instances where the provider's attempts to contact a customer have failed.
  - c) Virgin Media/O2 suggested that recommending a mandatory time period before disconnection should occur fails to take into consideration that customers in arrears have a responsibility to engage with providers.

**There is some support for using a phased approach to service restrictions**

- 3.86 Citizens Advice Scotland, CAP, the Money and Mental Health Policy Institute and Which? supported our suggestion for adding this to our guide.
- 3.87 Shell Energy agreed that a staggered service suspension is useful for both customers and providers.
- 3.88 Some providers expressed concern about the practicalities of a phased approach: KCOM cautioned that it might not be practically possible for some retail providers. And one provider said it was not possible to take a phased approach to the suspension of certain services, such as TV services.
- 3.89 Virgin Media/O2 asserted that providers should retain discretion over the way service restrictions are imposed and added that phasing in service restrictions does not increase a customer's propensity to pay. It argued that it can still lead to eventual disconnection, but with the customer in deeper debt leading to a bigger impact on their credit rating than would otherwise have been the case.
- 3.90 The Advisory Committee for Scotland suggested that Ofcom should set out timelines for when different service restrictions can be started.

**There is some support for avoiding service restrictions for vulnerable people particularly reliant on services, unless there is no alternative**

- 3.91 Citizens Advice Scotland and Which? supported our suggestion for adding this to our guide.
- 3.92 Amongst providers, KCOM saw merit in our suggestion if there is active engagement from the customer. Tesco Mobile said such arrangements could be abused and would not be feasible or practical. Virgin Media/O2 argued that providers should retain discretion over imposing service restrictions.

### **There is some support for encouraging providers to protect the availability of free helpline calls, even during service restrictions**

- 3.93 Five consumer and debt advice organisations<sup>47</sup> supported our suggestion for adding this to our guide, and two of them provided additional evidence of its importance:
- a) CAP said that in 2020 new clients with a mobile debt all contacted them through a freephone number.
  - b) Citizens Advice quoted evidence of clients unable to contact creditors or support agencies due to service restrictions.
- 3.94 The Money and Mental Health Policy Institute additionally commented that Ofcom should specify a range of core services that providers should protect when imposing service restrictions and asked for this approach to be extended to internet services.
- 3.95 Amongst providers, KCOM agreed that protection of helpline calls would be beneficial, but said the practical aspects would need to be looked at with wholesalers. Shell Energy expressed concern about the practicalities of introducing exempted websites and developing systems to allow calls to continue to be made to specific helplines.

### **There is some support for encouraging providers to gain a better understanding of a customer's circumstances before putting them in a situation where a debt collection agency pursues them to recover a debt**

- 3.96 Citizens Advice Scotland supported our suggestion for adding this to our guide.
- 3.97 Virgin Media/O2 supported this recommendation in principle, but added that it requires the customer to engage with the provider. Similarly, KCOM and Tesco Mobile both said it could only be applied if the customer engages with them.

### **Other options suggested by respondents:**

- 3.98 The Advisory Committee for Scotland suggested that providers should communicate their own principles for how to treat their customers to any third-party debt collection companies that they use.
- 3.99 Some respondents suggested that certain practices to effect payment should be prohibited:
- a) Citizens Advice Scotland, the Consumer Council for Northern Ireland and the Money Advice Trust suggested that providers should not be allowed to use external debt collection agencies that are not regulated by the FCA.
  - b) Citizens Advice Daventry and District and the Consumer Council for Northern Ireland asked for a ban on disconnection.

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<sup>47</sup> Citizens Advice Scotland, CAP, Citizens Advice, the Money and Mental Health Policy Institute and Which?.

- c) Money and Mental Health Policy Institute asked that Ofcom prohibit providers from disconnecting vulnerable customers, ensuring that they retain basic access to essential communications services.
  - d) The Money Advice Trust suggested that the essential elements of a customer's service should not be removed when they go onto a repayment plan.
- 3.100 Three respondents suggested that providers should make efforts to understand a customer's circumstances and needs rather than taking a blanket approach to effect payment.
- a) Citizens Advice Daventry and District asserted that providers should take a more proactive approach to understanding the needs of vulnerable customers rather than using blanket service restrictions or disconnections.
  - b) CAP said the actions of a firm should be based on understanding the customer's circumstances rather than fixed time periods of non-payment.
  - c) Citizens Advice suggested that providers should not initiate recovery processes until they have taken reasonable steps to establish whether a customer is at risk of detriment and should assume that customers in arrears are likely to be at risk of harm.
- 3.101 Some respondents put forward alternatives to improve the understanding of customers' situations and engagement with customers:
- a) The Consumer Council for Northern Ireland and the Money Advice Trust suggested regulation requiring providers to identify and understand whether the customer is vulnerable before imposing service restrictions. The Money Advice Trust made a similar suggestion in relation to disconnecting a customer.
  - b) The Consumer Council for Northern Ireland asked for clear definitions of what constitutes active engagement with customers, as well as a requirement for providers to keep detailed records of how they sought to engage with customers and how they checked for vulnerability.
  - c) Citizens Advice Scotland asked for an amendment to our guide to remind providers that customers in receipt of Universal Credit require internet connections to carry out Universal Credit journal updates essential to receive payment. It argued that without access to the internet, people in this position can face extreme financial detriment.
  - d) Tesco Mobile suggested that Ofcom should launch ad-hoc customer campaigns to encourage customers to get in touch with their providers when facing difficulty.

## **Our response**

- 3.102 The examples and evidence from respondents indicate a range of views on how best to proceed in this area. We set out our proposed way forward in the following paragraphs.

### **On consistency of measures to effect payment and monitoring:**

- 3.103 We note the requests from several respondents for further consistency among providers about the measures they may take to effect payment. We also note that some respondents, especially providers, were opposed to greater consistency. In our view, achieving more consistency in outcomes for consumers is more important than achieving consistency in precisely how providers operate. We expect that our proposed amendments to our guide should lead to an increase in implementation of good practice throughout the sector, which should in turn ensure better outcomes for consumers on a more consistent basis. We consider that amending our guide is an appropriate approach that continues to allow providers to be flexible in how they respond to individual customer needs. We are not minded to pursue changes to our General Conditions at this time.
- 3.104 In relation to the suggestion that Ofcom should seek to ensure greater consistency among providers in the level of information they publish about their approach to dealing with customers in debt, we recognise the importance of clear information on measures to effect payment for consumers. Such information can help ensure greater transparency for customers about their debt journey and the steps they might expect their provider to take. We do not see a case for amending our existing General Condition (C3.12) in this area and instead propose to amend our guide to this effect.
- 3.105 We intend to monitor the extent to which providers freeze additional fees and charges as well as the extent to which service restrictions and disconnections occur.

### **On the proposed changes to our guide regarding measures to effect payment:**

- 3.106 In response to the broad comments on our proposed guide changes about measures to effect payment, including providers' approach to disconnections and the use of service restrictions, we consider that amending our guide in this way, rather than amending our General Conditions, is a proportionate approach that can help drive the adoption of best practice across the sector.
- 3.107 Below we consider each of our proposed guide changes in more detail in light of the comments we received:
- a) Firstly, we propose to withdraw our suggestion about avoiding disconnection before a minimum of three months after missing a bill payment. We recognise the risks that respondents cited in encouraging providers to observe a specific timeframe before resorting to disconnection. In particular, we agree that establishing such a timeframe could lead to a greater focus on disconnection at a given point in time rather than incentivising providers to reach a solution with the customer that means that disconnection can ultimately be avoided. We also recognise that flexibility is important in ensuring that customers in debt are treated fairly and appropriately depending on their circumstances. In some instances, a disconnection time period of less than three months may be in the customer's best interests to avoid an unsustainable accrual of debt. On balance, we therefore think that the existing measures in our guide (particularly on treating disconnection as a last resort) and the proposed amendments

to our guide (particularly on proactively contacting customers in debt with supportive messages to help them reach a solution), are likely to be more beneficial to customers and help increase fair treatment rather than specifying a time period during which disconnection should be avoided.

- b) Secondly, we continue to see merit in making clear that providers should, where possible, use a phased approach to introducing any service restrictions as a means of effecting payment. We recognise that there can be practical limitations to applying this approach and have amended our guide suggestion to reflect this. In relation to the concern that a phased approach to service restrictions will lead to larger customer debt, we note that our guide already encourages providers to have conversations with customers about options for repaying a debt. Our proposed approach does not remove providers' ability to strike a balance between applying forbearance and taking measures to effect payment.
- c) Thirdly, we remain of the view that amending our guide to emphasise that providers should avoid service restrictions for vulnerable customers particularly reliant on services, unless all other options have been exhausted, is warranted. We do not consider that it would be appropriate to specify specific timeframes for service restrictions or that service restrictions can only be avoided with active engagement from the customer first, as a customer who is known by the provider to be vulnerable might find themselves in a situation where they are unable to engage (for example for mental health reasons). Additionally, we consider it important to leave sufficient margin for provider discretion so they can ensure that vulnerable people benefit from such support. In our view, our guide already achieves this.
- d) Fourthly, we stand by our suggestion to add to the guide that providers should protect calls to free helplines where possible. We do not agree with the suggestion that we should specify the range of services to be covered. The examples in our proposed guide amendment make it sufficiently clear what types of services this applies to, and a standardised list is likely to become out of date. We note the concern about practicalities for implementing the good practice in some instances, and this has been reflected in our proposed guide amendment. In relation to the suggestion to extend the provision to online services (e.g. websites), the 'net neutrality' rules (set out in the Open Internet Regulation) require internet service providers (ISPs) to treat all internet traffic equally in most circumstances. This would mean that ISPs would not be able to continue to provide access to certain services when access to the internet is otherwise blocked, e.g. where a customer has used up their data allowance.<sup>48</sup> Ofcom is carrying

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<sup>48</sup> During the pandemic, a number of ISPs began zero-rating certain online public interest and educational services, so that customers could access these without the data counting toward their general data allowance. At least one ISP chose to continue zero-rating access to certain educational services when customers ran out of data (while other sites were blocked). We decided not to take any action due to the limited impact on customers the potential breach was likely to have. For more detail, see Ofcom, November 2021. [Monitoring compliance with the Open Internet Regulation Annual report](#).

out a review of the net neutrality framework and this will consider the current approach to zero-rated services.<sup>49</sup>

- e) Finally, we still consider it appropriate to encourage providers to take steps to understand a customer's circumstances before instructing a debt collection agency to pursue them. The evidence we have received from organisations such as Citizens Advice, Money and Mental Health Policy Institute and Money Advice Trust makes clear the impact that the debt collection process can have on people, especially those who are in a vulnerable position.

### On other options suggested by respondents

3.108 Taking the suggestions raised by respondents in this area in turn:

- a) In relation to the suggestion that providers should use FCA regulated debt collection agencies, we note that the FCA authorises debt collection agencies insofar as their activities relate to debt which arises under credit agreements, consumer hire agreements and regulated peer-to-peer loans. Utility debts and company debts are excluded from the FCA's perimeter as they are not credit agreements.<sup>50</sup> While some communications services are provided under credit agreements, many are not. As such, we do not consider it appropriate for Ofcom to require providers to only use debt collection agencies that are authorised by the FCA, since debt collection activity relating to some communications services does not fall within the FCA's remit.
- b) On the suggestion that providers should communicate their own principles for how to treat their customers to any third-party debt collection companies that they use, we propose instead that providers should use debt collection companies that have strong policies for treating vulnerable customers fairly. Our guide suggestion has been amended to reflect this.
- c) In relation to the suggestion that disconnections should be banned for all customers or for vulnerable customers, such measures would potentially have disbenefits for both customers (as their debt could keep on increasing to even more unmanageable levels) and for providers (who would lose an important tool to effect payment). We therefore do not consider that such an approach would be proportionate at this time. However, we remain convinced that it is important for the fair treatment of vulnerable customers that providers only use disconnection as a last resort after several other steps are taken. Our guide already reflects this position.
- d) Regarding the suggestion that the essential elements of a customer's service should not be removed when they go on a repayment plan, it is important to recognise that a repayment plan is focused on repaying an accrued debt rather than on paying the

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<sup>49</sup> Ofcom, September 2021. [Call for evidence: Net neutrality review](#).

<sup>50</sup> The FCA regulates the collection of debts by lenders, certain debt collection agencies and debt administrators of debts arising under credit agreements, consumer hire agreements and regulated peer-to-peer loans. The FCA rules focus on the treatment of customers by the lender as well as the debt collector. For more information see [Debt collectors and authorisation](#), and [FCA Handbook](#).

ongoing costs of a service. When a customer is affected by longer term affordability issues it is very important that the provider offers tariff advice for example, about switching to a cheaper or social tariff. Our guide already reflects this position.

- 3.109 We agree with the suggestions that providers should make efforts to understand a customer's circumstances and needs rather than taking a blanket approach to effect payment. We expect providers to recognise that customers in arrears are likely to be vulnerable, use service restrictions in a measured way and only use disconnection as a last resort after several other steps are taken. Our guide, together with our suggested amendments, reflect this position.
- 3.110 Regarding understanding customers' circumstances and engagement with customers, we agree these are important areas and we consider good provider practice can lead to the fairer treatment of vulnerable customers. We have the following comments on the specific additional suggestions made by respondents in this area:
- a) We agree it is important for providers to take steps to identify and record with consent vulnerable customers and make all customers aware of the help and support available to them. General Condition C5 requires providers to have policies and procedures which include practices for ensuring the fair and appropriate treatment of customers who the provider has been informed or should otherwise reasonably be aware may be vulnerable. Our guide already recognises that it can be challenging to identify who is potentially vulnerable and suggests providers take an inclusive approach and raise awareness for all customers of the support available. Our guide section about "identifying vulnerable customers"<sup>51</sup> reflects this position.
  - b) We do not think it would be proportionate to oblige providers to keep detailed records of how they sought to engage with customers and how they checked for vulnerability. Our existing General Conditions already place some requirements on providers in relation to record keeping. In addition, our guide and our proposed changes to it encourage providers to adopt best practice on identifying and engaging with vulnerable and financially vulnerable customers. We are not minded to change our General Conditions at this time.
  - c) In response to the suggestion that we should amend our guide to emphasise that providers should avoid disconnecting customers in receipt of Universal Credit we recognise that fixed broadband is an increasingly important service and that many people rely on it, including some people who are financially vulnerable. We intend to encourage providers to avoid introducing service restrictions for vulnerable people who are particularly reliant on their communications services and to treat disconnection as a serious step that should only be used as a last resort after several steps have been taken to assist the customer. We consider this is a proportionate approach that recognises the importance that people attach to their internet service

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<sup>51</sup> Ofcom, July 2020. [Treating vulnerable customers fairly A guide for phone, broadband and pay-TV providers](#), 'Identifying vulnerable customers', paragraphs 4.2-4.9, pages 12-13.



and encourages providers to ensure that vulnerable people are appropriately supported. Our guide and our suggested amendments reflect this position.

- d) Individual providers should take overall responsibility for encouraging their customers to make contact with them when facing difficulties. In addition, and in order to help inform customers about their options, we regularly undertake consumer facing information campaigns and have information on our website about what customers can do when they are unable to pay a bill. This includes the need to talk to their provider as soon as possible should they encounter difficulties in paying their bill.<sup>52</sup>

## Comments regarding measures designed by providers to support customers who are in debt or struggling to pay

- 3.111 Our Call for inputs considered the support that providers offer to customers in debt and set out our intention to monitor how consistently providers follow the good practice recommendations in our guide in this area.
- 3.112 We also sought feedback on our suggestion<sup>53</sup> to amend our guide to make clear that providers should include information about the support available to customers (such as payment deferrals or payment plans) in outgoing debt communications, on websites and when customers in debt contact their customer service teams. This is to help make it easier for customers in debt to find out about the specific support their provider offers.
- 3.113 We summarise the key points raised by respondents on this suggestion below.<sup>54</sup>

### There is some support for monitoring how providers reflect our guide suggestions in their support for customers in debt

- 3.114 Citizens Advice Scotland, the Money and Mental Health Policy Institute and Which? supported our intention to monitor this area.
- 3.115 Money Advice Trust provided evidence of problems that customers in debt have when speaking to their provider:
- a) Almost half of clients with telecoms debt in their National Debtline 2020 survey said that they weren't offered assistance by their provider to help resolve their debt situation. This score is higher than for other sectors such as water, banking and energy.
- b) Their survey of debt advisors across the telecoms sector in 2020 found that 39% of advisors rate telecoms providers as poor or very poor at assessing affordability and their willingness to accept repayment plans. The same percentage think telecoms companies are poor or very poor at providing assistance to help people resolve their debt situation. Other sectors such as water, banking and energy scored higher.

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<sup>52</sup> Ofcom. [Unable to pay a bill?](#)

<sup>53</sup> Set out in full in Ofcom, July 2021. [Review of measures to protect people in debt or at risk of disconnection: Call for inputs](#), paragraphs 4.62 and 4.63, pages 35-36.

<sup>54</sup> All non-confidential responses can be found on our [website](#).

## There was widespread support for adding a suggestion to our guide that providers inform customers about the debt support available

- 3.116 Four providers supported our suggested guide amendment: KCOM, Shell Energy, Tesco Mobile and TalkTalk. Of these:
- a) Shell Energy suggested customers should be given details about the provider's support toolkit and support packages.
  - b) Tesco Mobile said that all providers should, as a matter of course, include as much information as they can about the help and support available to customers when communicating directly with people who are in debt or struggling to pay.
  - c) TalkTalk said it is continuously looking to improve processes in this area and is happy to consider any further industry best practice.
- 3.117 Eleven other respondents<sup>55</sup> also supported our suggestion to add a recommendation to our guide that providers give information to customers about the support available to them, such as the potential to take payment deferrals or payment plans. Some of these recommended some amendments to our suggestion:
- a) The Money and Mental Health Policy Institute suggested that providers should offer this information proactively to avoid customers missing out. This is because they found that providers currently often share this information only reactively or on an obscure part of their website.
  - b) Citizens Advice Scotland asked that the information also be relayed by providers to any third-party debt advisors that customers are engaging with.
- 3.118 Three respondents expressed reservations about amending our guide in the way we suggested:
- a) The Consumer Council for Northern Ireland suggested that rather than amending the guide, Ofcom should introduce rules to require providers to inform customers in debt about the support they can offer.
  - b) Community Fibre stated that the existing advice provided in our guide for this area is sufficient.
  - c) BT was concerned about being required to publish detailed information on the types of payment plans available, stating that it wants to provide customers with the right solution for their circumstances.

## Other options suggested by respondents

- 3.119 Some respondents made additional suggestions about payment plans:

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<sup>55</sup> Citizens Advice Daventry and District, Citizens Advice Scotland, The Advisory Committee for Scotland, CAP, Citizens Advice, Ombudsman Services, Money Advice Trust, Frontline Debt Advice (UK), Money and Mental Health Policy Institute, Which? and one individual.

- a) CAP suggested that payment arrangements should be based on affordability for the customer rather than fixed time periods.
  - b) Citizens Advice quoted evidence of clients who received unaffordable payment plans or lump sum payment requests from providers and pointed at the obligation of energy providers to adhere to “Ability to Pay” principles.
  - c) Includem suggested that communications providers should give flexible payment options for those who face debt.
  - d) The Money Advice Trust suggested that providers should use the Money and Pensions Service Standard Financial Statement to assess a customer’s ability to pay as a basis for agreeing affordable repayment plans.
- 3.120 We also received additional suggestions on cheaper tariffs, freezing extra charges, waiving penalties and staff training:
- a) The Money Advice Trust said that advice on cheaper tariffs should be given if these are available and suggested that extra interest and charges should be frozen when people are in touch with their lenders and put a payment plan in place.
  - b) The Advisory Committee for Scotland suggested that additional fees should be frozen as soon as a customer falls into arrears.
  - c) The Consumer Council for Northern Ireland suggested a requirement to train all staff to deal empathetically with vulnerable customers struggling to pay their bill and with the organisations that provide free debt advice and support.

## Our response

### **On monitoring how consistently providers reflect our guide suggestions for supporting customers in debt:**

- 3.121 We note the support from respondents and their comments which are aligned with our intention to monitor how consistently providers implement the good practice suggestions in our guide about supporting customers in debt or struggling to pay.

### **On adding a recommendation to our guide emphasising that providers should include information about the support they have available to customers in debt:**

- 3.122 We note that our proposal that providers should be more open about the support they have available for customers in debt received widespread support. We therefore propose to make this change to the guide. However, we have also considered other suggestions made by respondents:
- a) We recognise the importance of proactivity from providers in giving information to customers about the support available to them and have revised our suggested amendment to the guide to reflect this.
  - b) We note that information about support available from providers to customers in debt or struggling to pay is not always easy to find on providers’ websites. We agree that

providers should make information about the support available to people in debt or struggling to pay on their websites easy for customers to find. We have amended our guide suggestion to this effect.

- c) We recognise the importance of information about support not just being given to customers, but also to the debt advice organisations who act on customers' behalf. We have amended our guide suggestion to reflect this.

3.123 We note the suggestion that Ofcom should introduce rules to require providers to inform customers in debt of the support available to them. We also note that some respondents argued that there is insufficient evidence to justify any changes to the rules or expectations Ofcom places on providers. Having carefully considered these responses, we remain of the view that amending our guide is a proportionate approach to help address the lack of information from some providers about the support they have available to customers in debt. As recent Ofgem evidence shows<sup>56</sup>, awareness of support can help prompt consumers in debt to get in touch with their providers to find a solution. In addition, we have undertaken new research<sup>57</sup> to understand the extent to which broadband and mobile customers are aware of the payment support options available to them should they fall behind on their bills. Our research shows that almost 9 of out 10 UK adults have not heard of the payment support options that providers can offer, and of those who have heard of these options, over half have not heard of the particular payment support options available.<sup>58</sup> We therefore propose to amend our guide to make clear that providers should make customers aware of the support available to people in debt or struggling to pay in direct payment and debt related communications and on their websites, as reflected in our proposed guide suggestion.

3.124 Some respondents suggested that requiring or encouraging providers to publish information about the support available to customers, such as information about the types of payment plans that are available, would limit their flexibility and discretion to respond to customers in different circumstances. We do not agree that making such information available to consumers should limit providers' discretion to respond to individual customers in a flexible way. Our guide already recognises that providers might need to be flexible in their policies and procedures when dealing with customers in debt. In our view, more transparency about the support available to customers should help enable customers to reach an appropriate solution with their provider.

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<sup>56</sup> Ofgem, October 2021. [Debt communications messaging: Evidence from customer and behavioural insights](#).

<sup>57</sup> Online omnibus research, among 2093 UK Adults aged 18+. Fieldwork conducted between 10 and 11 January 2022.

<sup>58</sup> The majority of UK adults (85%) were not aware of any payment support options for home broadband and/or mobile services and a further 4% answered "don't know". Of the respondents who were aware of alternative broadband and mobile payment support options (just over one-in-ten UK adults), around four in ten of those were aware of each of the following payment support options: changing a bill date (43%), payment delays/payment holidays (41%) and setting up a payment plan (40%).

### On the other options suggested by respondents

- 3.125 The other suggestions from respondents for what providers should do are already reflected in our guide, in particular:
- a) ensuring that payment plans are based on the customer's ability to pay, flexibly tailored to the need of the customer and based on the Standard Financial Statement;<sup>59</sup>
  - b) giving customers tariff advice and freezing of extra charges, particularly while the customer is seeking debt help and advice;<sup>60</sup>
  - c) training all staff, including frontline staff, as this can help agents to be empathic towards the specific circumstances of individual customers and enable them to better support them.<sup>61</sup>

## Other areas proposed by respondents for consideration in our review: social tariffs and business customers

- 3.126 Some respondents proposed some additional issues we should consider as part of our review in addition to the four main areas we covered in our Call for inputs.<sup>62</sup> These included raising customer awareness of social tariffs<sup>63</sup> and support for business customers. We summarise the main themes raised in those comments as well as our response below.

### Social tariffs

- 3.127 Several respondents, including Citizens Advice Scotland, Advisory Committee for Scotland, CAP, Citizens Advice and the Advisory Committee for Northern Ireland emphasised the importance of social tariffs in ensuring financially vulnerable people can access affordable communications services. Some of these argued that social tariffs should be mandated and that more should be done to raise customers' awareness of social tariffs. Some providers expressed concerns about social tariffs, for example ISPA warned against regulation requiring providers to offer social tariffs.

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<sup>59</sup> See: Ofcom, July 2020. [Treating vulnerable customers fairly: A guide for phone, broadband and pay-TV providers](#), paragraphs 4.53 – 4.54, page 23.

<sup>60</sup> See: Ofcom, July 2020. [Treating vulnerable customers fairly: A guide for phone, broadband and pay-TV providers](#), paragraph 4.54, page 23.

<sup>61</sup> See: Ofcom, July 2020. [Treating vulnerable customers fairly: A guide for phone, broadband and pay-TV providers](#), Section 7 Staff training, pages 30-33.

<sup>62</sup> The four main areas covered in our Call for inputs are: how providers identify, engage and communicate with customers in debt or struggling to pay; strengthening links with organisations and charities that can provide free debt advice and support; measures taken by providers to effect payment and measures designed by providers to support customers who are in debt or struggling to pay.

<sup>63</sup> In this document, we refer to 'social tariffs' to describe the discounted or targeted tariffs that providers are voluntarily offering to customers who meet certain eligibility criteria. Providers use a range of different labels to describe these products.

## Our response

- 3.128 We agree that social tariffs can play a very important role in enabling households on low incomes to access affordable communications services. In our view, offering such tariffs represents an important way in which providers can help ensure the fair treatment of financially vulnerable customers, including those in debt, where they are eligible for such tariffs. As set out in our February 2022 publication, [Affordability of Communications Services: Summary of research findings and update on availability and take-up of broadband social tariffs](#), our analysis indicates that eligible households could almost halve the proportion of their disposable income they spend on broadband by taking up a social tariff, lowering annual bills by £144 on average.<sup>64</sup> We continue to urge providers to offer a social tariff to ensure eligible customers can access the internet if they encounter affordability issues.<sup>65</sup> We propose to amend our guide to reflect that offering a social tariff represents best practice.
- 3.129 We also strongly agree it is important that providers do more to raise awareness of social tariffs to ensure that more eligible people may benefit from them. Only 55,000 households have taken up a social tariff so far, which represents an estimate of just 1.2% of UK households receiving Universal Credit.<sup>66</sup> For this reason, we have challenged providers to do more to raise awareness of social tariffs in our February 2022 affordability publication. As set out in that publication, only 11% of adults claimed to have heard of cheaper home broadband services for people who receive government benefits. For benefits recipients, who are most likely to be eligible for the tariffs, claimed awareness of the social tariffs rises to 16%, but this still suggests that most people are unaware of the availability of the tariffs.<sup>67</sup>
- 3.130 Some customers in debt or struggling to pay may be in receipt of government benefits, and therefore be eligible to access a social tariff. We consider it best practice that providers should pro-actively inform people who are in debt or struggling to pay about their social tariff, the eligibility criteria and how to sign up for it. Additionally, we think that providers of social tariffs should work with consumer bodies and charities, who are likely to engage with people facing affordability problems, to promote the availability of social tariffs. We propose to amend our guide to reflect this.

## Business customers

- 3.131 Some respondents said that measures intended to support business customers should be added to the scope of our review and others asked us to differentiate between business and residential customers in our guide:

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<sup>64</sup> Ofcom, February 2022. [Affordability of Communications Services](#), page 13.

<sup>65</sup> Ofcom does not have the power to introduce regulated social tariffs without being directed to do so by the Government. For more details on the legal framework for our work on affordability see: Ofcom, July 2021, [Affordability of communications services, summary of findings](#), pages 10-11.

<sup>66</sup> Ofcom, February 2022. [Affordability of Communications Services](#), paragraphs 5.8-5.10, page 15.

<sup>67</sup> Ofcom, February 2022. [Affordability of Communications Services](#), paragraphs 5.11-5.13, page 15.

- a) The Consumer Council for Northern Ireland, Advisory Committee for Northern Ireland and the Money Advice Trust suggested that micro and small businesses that struggle to pay their communications bills should be protected similarly to domestic customers.
- b) FCS and Verastar Ltd (Verastar) asked us to differentiate between business and residential customers for a range of reasons, for example Verastar asserted that vulnerability is less likely to be an issue for business customers.

### Our response

3.132 We are mindful of the fact that not only residential customers, but also some micro and small business customers might struggle to pay and could benefit from additional support from their providers. Many of these small and micro business users are likely to be on residential contracts.<sup>68</sup> As such, to the extent that providers adopt the best practice we propose to add to the guide, small and micro businesses who are on residential contracts stand to benefit in the same way that residential customers do.

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<sup>68</sup> Around a third of SMEs have purchased residential products, see Jigsaw research, January 2017. [The SME experience of communications services: research report](#), page 90.

## 4. Proposed revisions to our guide

- 4.1 The sections of our guide we intend to make changes to are “Promote the extra help, support and services that are available” i.e. paragraph 4.32 to 4.36 of our guide and “Act fairly when a customer is facing problem debt” i.e. paragraph 4.51 to 4.56 of our guide.
- 4.2 All proposed changes are set out below as amendments to the original text, and highlighted yellow for additions and strikethrough for deletions.
- 4.3 For more information about the rationale for these changes see section 3 “Summary of responses” above. We have also used the opportunity to suggest some editorial improvements, for example to the title and some of the footnotes of this section.

[New guide sections begin.]

### Promote the extra help, support and services that are available

- 4.32 We encourage providers to promote the full range of extra help, support and services they offer to customers. We also remind providers that they are obliged to promote the services they offer to meet the needs of customers with disabilities.<sup>69</sup>
- 4.33 In addition, providers could consider working with consumer bodies and charities to increase awareness of the help, support and services that are available, including social tariffs.<sup>70</sup> For example, providers could raise awareness of their accessibility services to relevant customers by collaborating with relevant charities on how to promote these services effectively.
- 4.34 As set out in paragraphs 4.2 to 4.9, we encourage providers to provide all customers with information around the time they take out a new contract, for example, sent alongside their new contract documents or welcome pack, that sets out:
- a) details of the help, support and services they offer customers who might be vulnerable or have specific accessibility or customer service needs; and
  - b) clearly explains how customers can sign up for help, support or services at any time.
- 4.35 The information should be easy to understand and should be published on providers’ websites,<sup>71</sup> so it is widely accessible to customers. Over the telephone or webchat or in store, customer-facing representatives could refer to the information and offer to send it to customers or verbally explain the services available.

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<sup>69</sup> Ofcom’s 2016 guidance document, [A guide to publicising services available to disabled people](#) sets out good practice in relation to publicising services for disabled people, which is still relevant when publicising services to those customers.

<sup>70</sup> We refer to ‘social tariffs’ to describe the discounted or targeted tariffs that providers are voluntarily offering to customers who meet certain eligibility criteria. BT and KCOM are subject to separate obligations to offer appropriate tariff options and packages that depart from those provided under normal commercial conditions to the subscribers of their telephony services who are on low incomes or have special social needs under [Paragraph 5\(2\) of the Schedule to The Electronic Communications \(Universal Service\) Order 2003](#). These tariffs are specifically excluded from the definition of “social tariffs” by section 68(2A) Communications Act 2003.

<sup>71</sup> See section three for discussion on publishing policies.



**“I’m 86 and don’t see or hear too well anymore, and I didn’t catch everything you said on this call, but I’m sure it’s going to be fine.”**

Good customer service could include the agent noting the customer’s specific accessibility or communication needs (in line with data protection legislation), being empathetic with the customer, identifying that they may benefit from taking longer to talk to them and offering to follow the call with a written summary (especially if the customer made changes or signed up for additional services). We would also expect the provider to make the customer aware of the help, support and services that are available, such as text relay and bills in large print.

- 4.36 We encourage providers to send a reminder of the available help, support and services to existing customers on a regular basis, for example, once per year with billing or other customer service communications. We are aware that providers in the energy sector give their customers this sort of reminder alongside their annual account update. One example we have observed in the energy sector states: *‘Let us know if you need extra help. If you’re elderly, disabled, sick... we can help make your life easier. Sign up here [link] to get help that best suits you’.*

## **Act fairly when a customer is facing problem debt in debt or struggling to pay<sup>72</sup>**

- 4.51 Debt can be stressful and can have a significant impact on a person’s mental health. Research by the Money and Mental Health Policy Institute shows that, each year, 13% of people in problem debt<sup>73</sup> think about suicide and three per cent of people in problem debt attempt to take their own life.<sup>74</sup>
- 4.52 We expect providers to recognise that customers who are in arrears are likely to be vulnerable. We therefore encourage providers to take extra measures to make sure customers in debt or customers struggling to meet their regular payments are treated fairly.<sup>75</sup>
- 4.53 Providers should be aware of the requirements of the Government’s breathing space scheme **that came into force in England and Wales on 4 May 2021,**<sup>76</sup> ~~At the time of publishing this guide, this is due to be implemented in early 2021 and will allow~~ **allowing** eligible customers 60 days’ respite from creditor action.

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<sup>72</sup> This guide is primarily focused on day to day fair treatment. Information on the specific ways providers are responding to the unique challenges linked to covid-19 can be found [here](#).

<sup>73</sup> Money and Mental Health Policy Institute’s *A Silent Killer Report* defines ‘problem debt’ as meaning someone who has been seriously behind on payments for bills or credit agreements or have been disconnected by a utilities provider in the past year.

<sup>74</sup> Money and Mental Health Policy Institute’s *A Silent Killer Report*.

<sup>75</sup> Ofcom’s General Conditions rules place obligations on providers to ensure that any measure they take to effect payment or disconnect services are proportionate and not unduly discriminatory (GC C3.11). Providers must also publish details of the measures they may take to obtain payment or disconnection, where a customer has not paid all or part of a bill.

<sup>76</sup> ~~Providers could consider using the Standard Financial Statement to assess a customer’s ability to pay.~~ **Debt Respite Scheme (Breathing Space Moratorium and Mental Health Crisis Moratorium) (England and Wales) Regulations 2020.**

4.54 Where providers take steps to effect payment, they should be transparent about their approach, ensuring customers can easily find out which measures the provider tends to use and at what stages of the debt journey they can be expected.

4.55 When using service restrictions to encourage customers to pay, providers should support customers by:

- using a phased approach to introducing service restrictions, where practical;
- avoiding introducing service restrictions for vulnerable people who are particularly reliant on their communications services, unless all other options have been exhausted;<sup>77</sup>
- protecting, where possible, calls to free helplines dedicated to e.g. protecting children and domestic abuse victims, even during service restrictions.

4.56 Providers should, wherever possible, prevent customers from being disconnected. Disconnection is a serious step that should only be used as a last resort and we suggest providers should take several steps to be taken before it is considered:

- Proactively emphasise the provider support available for customers in debt (such as payment deferrals or payment plans) in direct payment and debt related communications with customers and with debt advice organisations acting on their behalf. Providers should also ensure that information about the support available to customers can easily be found on their websites.
- Take account of the customer's preferred communication channel when contacting a customer about their debt<sup>78</sup>. If a customer in debt has not expressed a preference or if they are not responding, use a range of communication channels when contacting a customer about their debt (including their preferred method of communication) before taking any follow-up action, including enforcement and debt recovery. Rotate<sup>79</sup> between communication channels to increase the chance of reaching the customer.
- Allow a customer some time to get help, support and advice on how to manage their debts (without the threat of enforcement action or disconnection during the same period).<sup>80</sup>
- Consider offering payment holidays or deferrals, or freezing additional fees and charges where a customer is experiencing problem debt, particularly while the customer is seeking debt help and advice.
- Ask questions to understand the customer's financial situation and ability to pay.<sup>81</sup>

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<sup>77</sup> We recognise that identifying customers who are in vulnerable circumstances that make them particularly reliant on communication services can be challenging for providers, and that providers may therefore decide that it is practical to implement this for all their customers.

<sup>78</sup> As set out at 4.12-4.13 of this guide.

<sup>79</sup> In doing so, providers will need to ensure they comply with their obligations under the Privacy and Electronic Communications (EC Directive) Regulations 2003.

<sup>80</sup> HM Treasury, *Breathing space scheme: response to policy proposal, 2019*. Providers need to ensure they comply with their obligations under the Debt Respite Scheme (Breathing Space Moratorium and Mental Health Crisis Moratorium) (England and Wales) Regulations 2020.

<sup>81</sup> Providers could consider using the [Standard Financial Statement](#) to assess a customer's ability to pay.

- Discuss and agree a realistic and reasonable payment plan which is flexible and repayable over a period of time and based on their ability to pay (including considering any advice or proposals from a debt adviser).<sup>82</sup>
- Help the customer understand the payment plan and any additional costs involved, and clearly explain any consequences of non-payment (including any impact on services).
- Offer tariff advice, whether that is switching to a cheaper tariff or social tariff. For example, customers who have experienced higher out of contract charges and have recently fallen behind with payments could benefit from such engagement with their provider. Providers could consider waiving early termination charges if a customer does switch tariff due to their debt.
- Providers should consider offering a social tariff to allow eligible people, such as those in receipt of means-tested benefits, to access communications services at discounted prices. Customers in debt or who are struggling to pay should be told about a provider's social tariff (where available), its eligibility criteria and sign-up process.
- Make customers aware of services that might cost more than they are expecting and discuss implementing bill or usage checkers and limits.
- Include information about where customers can access free debt advice in payment and collection related communications, recognising that not all debt advice organisations operate across the whole of the UK. This information should be clear and easy to find.
- Refer<sup>83</sup> customers to debt organisations or charities that can provide free debt advice and support (directly where possible).<sup>84</sup> Consider offering to set up and action such a referral for the customer - see signposting section (paragraphs 4.41 – 4.45).
- Make it as easy as possible for free debt advice organisations, subject to any reasonable verification and consent procedures, to represent their clients, for example through a direct way to contact the provider. Providers could make all customer agents aware that customers in debt may ask a debt advice organisation to represent them and to facilitate such engagement.
- Make sure the customer can easily access their billing information to help prevent debt building up again in the future.

4.57 To benefit customers who are struggling to pay their bills, providers could work with consumer bodies or other organisations specialising in financial support. For example, to increase awareness of the help, support and services that are available, and to ensure that any information required to support their work is accurate and timely.

4.58 Providers should help customers by seeking to understand a customer's individual circumstances before instructing a debt collection agency to pursue them and by using debt collection agencies that have strong policies for treating vulnerable customers fairly.

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<sup>82</sup> Providers should also be aware of the requirements of Government's *statutory debt repayment plan*, at the time of publication of this guide currently due to be implemented in 2024, alongside the existing *breathing space scheme* in early 2021.

<sup>83</sup> Providers need to be mindful to comply with data protection legislation.

<sup>84</sup> For example, StepChange, the Money Advice Service, National Debtline, Business Debtline, Debt Advice Foundation, Citizen's Advice and Christians Against Poverty.

- 4.59 Ultimately, providers might need to be flexible in their policies and procedures when dealing with customers facing problem debt as their circumstances and needs might be more complex.

**“I suffer from mental health problems and have difficulties with my memory and remembering information. My income fluctuates as a result and I have had to deal with the collections team before, which has brought on severe anxiety and scares me.”**

One in four people will experience a mental health problem each year and over a third of people experiencing a mental health problem have never been diagnosed. We therefore expect providers to be aware that a high proportion of their customers will be affected by mental health problems and they should be equipped to offer them the appropriate help, support and services.

In **the example above** ~~this example~~, good customer service would include the provider giving clear and accessible information, via the customer’s preferred communication method, **including information about the support they can offer should the customer enter debt, such as payment deferrals or payment plans.** The provider could offer to send details of any verbal conversations in writing, so the customer has time to digest what they have been told. It may be appropriate to offer tariff advice **including information about any social tariff they have, eligibility criteria and how to sign up for it** due to the customer’s income fluctuations.

If the customer is in arrears, **and has a preferred communications channel, the provider should try to use that.** If the customer does not respond when the provider tries to **contact them about their debt, the provider should rotate between communication channels to increase the chances of reaching the customer.** The provider should **proactively tell the customer about the support and help they offer customers in debt.** **The provider should also include information about where the customer can access free debt advice.** ~~The~~ provider should allow them time to get help and support without the threat of enforcement action or disconnection during that period. **Any service restrictions used by the provider should be used in a phased approach if practical, protect calls to free helplines and be avoided if a customer is particularly reliant on their communications services.** The provider should also act fairly when pursuing debt recovery, including discussing and agreeing a reasonable repayment plan (including considering any advice or proposals from a debt adviser). **The provider should seek to understand a customer’s individual circumstances before putting them in a position where a debt collection agency pursues them.**

[New guide sections end.]

**Treating vulnerable customers fairly guide: Proposals to amend the guide to help ensure customers in debt or struggling to pay are treated fairly**

Question 1:

Do you agree with the proposed revisions to our guide? Please provide your views with supporting evidence.

The overview section in this document is a simplified high-level summary only. The proposals we are consulting on and our reasoning are set out in the full document.

# A1. Responding to this consultation

## How to respond

- A1.1 Ofcom would like to receive views and comments on the issues raised in this document, by 5pm on 12 May 2022.
- A1.2 You can download a response form from <https://www.ofcom.org.uk/consultations-and-statements/category-1/call-for-inputs-review-of-measures-to-protect-people-in-debt-or-at-risk-of-disconnection>. You can return this by email or post to the address provided in the response form.
- A1.3 If your response is a large file, or has supporting charts, tables or other data, please email it to [debt.review@ofcom.org.uk](mailto:debt.review@ofcom.org.uk), as an attachment in Microsoft Word format, together with the [cover sheet](#). This email address is for this consultation only, and will not be valid after 12 May 2022.
- A1.4 Responses may alternatively be posted to the address below, marked with the title of the consultation:
- Consultation: Treating Vulnerable Customers Fairly guide: Proposals to amend the guide to help ensure customers in debt or struggling to pay are treated fairly  
Ofcom  
Riverside House  
2A Southwark Bridge Road  
London SE1 9HA
- A1.5 We welcome responses in formats other than print, for example an audio recording or a British Sign Language video. To respond in BSL:
- Send us a recording of you signing your response. This should be no longer than 5 minutes. Suitable file formats are DVDs, wmv or QuickTime files. Or
  - Upload a video of you signing your response directly to YouTube (or another hosting site) and send us the link.
- A1.6 We will publish a transcript of any audio or video responses we receive (unless your response is confidential).
- A1.7 We do not need a paper copy of your response as well as an electronic version. We will acknowledge receipt if your response is submitted via the online web form, but not otherwise.
- A1.8 We also welcome joint responses.
- A1.9 It would be helpful if your response could include a direct answer to the question asked in the consultation document. The question is listed at Annex 4. It would also help if you could explain why you hold your views, and what you think the effect of Ofcom's proposals would be.

A1.10 If you want to discuss the issues and question raised in this consultation, please contact Leen Petre on 020 7783 4939, or by email to [debt.review@ofcom.org.uk](mailto:debt.review@ofcom.org.uk)

## Confidentiality

- A1.11 Consultations are more effective if we publish the responses before the consultation period closes. In particular, this can help people and organisations with limited resources or familiarity with the issues to respond in a more informed way. So, in the interests of transparency and good regulatory practice, and because we believe it is important that everyone who is interested in an issue can see other respondents' views, we usually publish all responses on [the Ofcom website](#) as soon as we receive them.
- A1.12 If you think your response should be kept confidential, please specify which part(s) this applies to, and explain why. Please send any confidential sections as a separate annex. If you want your name, address, other contact details or job title to remain confidential, please provide them only in the cover sheet, so that we don't have to edit your response.
- A1.13 If someone asks us to keep part or all of a response confidential, we will treat this request seriously and try to respect it. But sometimes we will need to publish all responses, including those that are marked as confidential, in order to meet legal obligations.
- A1.14 Please also note that copyright and all other intellectual property in responses will be assumed to be licensed to Ofcom to use. Ofcom's intellectual property rights are explained further in our [Terms of Use](#).

## Next steps

- A1.15 Following this consultation period, Ofcom plans to publish a statement in Q3 2022.
- A1.16 If you wish, you can [register to receive mail updates](#) alerting you to new Ofcom publications.

## Ofcom's consultation processes

- A1.17 Ofcom aims to make responding to a consultation as easy as possible. For more information, please see our consultation principles in Annex 2.
- A1.18 If you have any comments or suggestions on how we manage our consultations, please email us at [consult@ofcom.org.uk](mailto:consult@ofcom.org.uk). We particularly welcome ideas on how Ofcom could more effectively seek the views of groups or individuals, such as small businesses and residential consumers, who are less likely to give their opinions through a formal consultation.
- A1.19 If you would like to discuss these issues, or Ofcom's consultation processes more generally, please contact the corporation secretary:

Corporation Secretary  
Ofcom  
Riverside House  
2a Southwark Bridge Road  
London SE1 9HA  
Email: [corporationsecretary@ofcom.org.uk](mailto:corporationsecretary@ofcom.org.uk)



## A2. Ofcom's consultation principles

### Ofcom has seven principles that it follows for every public written consultation:

#### Before the consultation

- A2.1 Wherever possible, we will hold informal talks with people and organisations before announcing a big consultation, to find out whether we are thinking along the right lines. If we do not have enough time to do this, we will hold an open meeting to explain our proposals, shortly after announcing the consultation.

#### During the consultation

- A2.2 We will be clear about whom we are consulting, why, on what questions and for how long.
- A2.3 We will make the consultation document as short and simple as possible, with a summary of no more than two pages. We will try to make it as easy as possible for people to give us a written response. If the consultation is complicated, we may provide a short Plain English / Cymraeg Clir guide, to help smaller organisations or individuals who would not otherwise be able to spare the time to share their views.
- A2.4 We will consult for up to ten weeks, depending on the potential impact of our proposals.
- A2.5 A person within Ofcom will be in charge of making sure we follow our own guidelines and aim to reach the largest possible number of people and organisations who may be interested in the outcome of our decisions. Ofcom's Consultation Champion is the main person to contact if you have views on the way we run our consultations.
- A2.6 If we are not able to follow any of these seven principles, we will explain why.

#### After the consultation

- A2.7 We think it is important that everyone who is interested in an issue can see other people's views, so we usually publish all the responses on our website as soon as we receive them. After the consultation we will make our decisions and publish a statement explaining what we are going to do, and why, showing how respondents' views helped to shape these decisions.

## A3. Consultation coversheet

### BASIC DETAILS

Consultation title:

To (Ofcom contact):

Name of respondent:

Representing (self or organisation/s):

Address (if not received by email):

### CONFIDENTIALITY

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

Nothing

Name/contact details/job title

Whole response

Organisation

Part of the response

If there is no separate annex, which parts? \_\_\_\_\_

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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)?

### 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 as 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

Signed (if hard copy)

## A4. Consultation question

Question 1: Do you agree with the proposed revisions to our guide? Please provide your views with supporting evidence.