

christians
against
poverty

CAP

Review of measures to protect people in debt or at risk of disconnection

CAP's official response to Ofcom's call for input

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always hope.



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Contents

Summary	3
Questions	5
About Christians Against Poverty (CAP)	10
Requests for further information	10

Summary

CAP welcomes the opportunity to input into Ofcom's review of measures to protect people in debt or at risk of disconnection.

Our ability to communicate, unhindered, with friends and family, not to mention key services, has never been more important than during the recent Covid-19 pandemic. From video calls to email, instant messaging and phone calls, being able to connect with the wider world has been imperative for our mental and physical wellbeing.

Christians Against Poverty (CAP) provides a free debt counselling service through a series of home visits and accompanying head office support. Alongside CAP's full debt management service, we also provide our clients with practical and emotional support, and seek to connect our clients with their wider community.

CAP clients are typically contending with a multitude of difficult personal circumstances. They often report feeling lonely and isolated, with one in three clients having not had a meaningful conversation in a week,¹ and one in two CAP clients feeling lonely 'often' or 'always'.² This only shows how vital access to communication tools is for our overall wellbeing.

CAP clients have an average annual household income of just £12,845 (after housing costs).³ Unsurprisingly, low income is reported as the most common primary reason for debt.⁴ For those struggling to afford the very basics, telecoms services can quickly become unaffordable, with the risk of disconnection an ever-present concern.

Key points:

- There should be a consistent approach to the availability of support across the sector, with the support available to customers consistently presented and communicated.
- Firms should consider the wider customer journey and what steps they could take to make customers aware of the support available to them in advance of any financial difficulties they may experience.
- Signposting in written communications alone doesn't necessarily ensure customers get the right support they need. Firms should explore multiple channels of connecting customers with advice agencies, for example, through 'referrals' or 'warm transfers'.

¹ CAP (2021) Client report, 31% of clients felt as though they had not had a meaningful conversation in over a week.

² CAP (2021) Client report, 51% of clients felt lonely often or always.

³ CAP (2021) Client report, after housing costs refers to annual income after deductions for housing costs such as rent and/or mortgage interest payments.

⁴ CAP (2021) Client report, 20% of clients reported that low income was the primary reason for their debt.

- Protecting access to essential communications, especially to free helplines and freephone numbers, is essential for those in financial hardship or in need of help in an immediate crisis.
- Telecoms companies should consider payment arrangements based on affordability and the Standard Financial Statement, rather than based on a fixed time period of three or six months.
- CAP would also welcome greater clarity or visibility on what measures firms take to effect payment on their websites but also in individual communications to customers.
- Collections practices must ultimately be based on an understanding of the customer's unique set of personal circumstances, and not necessarily based on fixed time periods of non-payment.
- Regarding the support of vulnerable customers, firms should be encouraged to go beyond what is expected of them in the guidance.
- The provision of multiple and effective communications channels for third party support providers is essential for assisting mutual customers.
- Readily available and affordable social tariffs for those customers in debt would mitigate the current debt advice for customers to cancel their current contract and source a cheaper alternative.

Questions

Question 1: Do you agree that we should amend the guide in the ways suggested? If not, are there any alternative options you think we should consider? Please provide evidence supporting your views, including any research you have conducted or have access to.

CAP agrees with the proposed amendments recommending that providers place an emphasis on the support available when directly communicating with a customer in debt or struggling to pay.

Though customers may not necessarily choose a telecoms provider based on what support is available to them if they do happen to fall into arrears, there should nevertheless be a consistent approach to the availability of support across the sector, with the support available to them consistently presented.

50% of CAP clients have waited over a year before seeking debt help,⁵ and so conversations with customers, regardless of the stage of the collection process, offer a vital opportunity to highlight the help available to them.

The majority of telecoms debts CAP deals with are further down the collection process, where contracts have been cancelled or disconnection has taken place, with an outstanding balance still left to pay. However it is essential that sufficient support should be offered to these customers to enable them to deal with the debt. Customers can still be made aware of the consequences of non-payment in a non-threatening manner, but at the same time presented with solutions that would enable the customer to move forward as part of their wider financial rehabilitation.

Communication channels

The guide recommends that providers use a range of channels and rotate between communications methods. CAP would like to highlight that rotating between a range of channels too frequently could be overwhelming for the customer, particularly for those with multiple and complex needs. If a customer has expressed preference for a particular channel of communication this should be honoured, providing some consistency and reassurance for the customer.

If multiple channels are offered then there should be a consistency in the style, tone and content across all channels.

For inbound communication from the customer, CAP agrees with Ofcom's view that it is important that providers offer a range of communications channels for customers to use, and would agree that it needs monitoring to ensure that customers are served well in this area.

⁵ CAP (2021) Client report, 25% of clients waited one to two years before seeking debt help, and 25% waited three years or more before seeking debt help.

There is opportunity for learning from other sectors here; for example, where an energy company has made use of WhatsApp and offered customers the option to sign up to this as a preferred method of communication. It was reported that customers who chose this option were more forthright with the issues they were experiencing. Customers also benefited from the photo and video functions, as they proved a helpful tool in resolving issues.

Question 2: Do you agree that we should amend the guide in the ways suggested? If not, are there any alternative options you think we should consider? Please provide evidence supporting your views, including any research you have conducted or have access to.

Dedicated contact channels

Effective communication with creditors is essential for debt advice providers to support their clients. CAP agrees with the measures proposed in the review; however, this could go beyond the current proposal.

CAP would like to see the guide encouraging firms to implement multiple channels of communication available for third sector support providers to reach them on. As seen in other sectors, advisors are able to contact creditors through a variety of channels, and often multiple channels per firm. These include, but are not limited to, post, emails, phone calls and bulk sharing of information via online platforms.

There should be a contact channel available to meet the immediate need. For example, advisors who need a quick response, or advice for their clients on social tariffs, should be able to reach the appropriate team via a dedicated contact number (not the standard customer services line). It may also be necessary for advisors to communicate in bulk regarding multiple customers via spreadsheets as well.

In either case, it should be as easy as possible for advice agencies or other third parties to support their mutual customers, regardless of what stage of the customer journey the customer is on, whether that be pre-falling behind on payments, in arrears, or post-disconnection.

Signposting

Signposting to free advice providers in collections and any payment-related communications would be a welcome measure to support those customers in need. However, signposting in written communications alone doesn't necessarily ensure customers get the right support they need.

71% of CAP clients reported that they were afraid to open the post, which means they are unlikely to see signposting information from their telecoms provider, should their post go unopened.⁶ With such a high percentage of our clients afraid to open the post,

⁶ CAP (2021) Client report, 71% of clients were scared to open the post.

it's unsurprising that a further 45% of CAP clients simply didn't know where to get help from for their financial difficulties.⁷

To mitigate this, it would be prudent of firms to consider the wider customer journey and what steps they could take to make customers aware of the support available to them in advance of any financial difficulties they may experience. Building trust with the customer and making them aware of the availability of support early on in the customer journey, pre-arrears, is likely to increase the probability of those who need help reaching out for it when they need it.

A firm may be proficient in signposting, providing information, or explaining how a third party support service could support the customer, but firms should consider implementing measures to follow up with that customer to see if they've engaged with the signposted service or not.

There also needs to be due consideration for the customer's capacity to access third party support by themselves. The guide could recommend firms explore multiple channels of connecting customers with advice agencies for example, to ensure a greater probability of the customer getting the help they need.

Online referrals to debt advice or 'warm transfers' would provide the firm with some reassurance that the customer has engaged with a third party and may offer insight into whether or not that support will be appropriate for the customer, and what next steps will be taken to support the customer.

Access to information

CAP supports telecoms customers at varying stages of the mobile/broadband customer journey. For those customers who are pre-disconnection and exploring a payment arrangement, CAP would like to see firms making it as simple as possible for customers to source the relevant information from their telecoms provider, which could be simply passed on to the advice agency for inclusion in their budget.

We would also welcome telecoms companies considering payment arrangements based on affordability and the Standard Financial Statement, rather than based on a fixed time period of three or six months for example.

Question 3: Do you agree that there should be more consistency in the way in which providers seek to effect payment from customers in debt? If so, how do you believe this could be achieved most effectively? Please provide evidence supporting your views, including any research you have conducted or have access to.

CAP agrees with Ofcom's views to make their stated amendments in this area. Greater consistency in the measures taken by firms to effect payment, and in the level of support customers in debt can expect to receive, would be welcome.

⁷ CAP (2021) Client report, 45% of clients did not know where to get help from.

Protecting access to essential communications, especially to free helplines and freephone numbers, is essential for those in financial hardship or in need of help in an immediate crisis. Of all the new client households that sought debt help from CAP in 2020, 46% had mobile phone debt - all of whom will have approached CAP through accessing a freephone contact number.⁸

CAP would also welcome greater clarity or visibility on what measures firms take to effect payment on their websites but also in individual communications to customers. The more informed advice agencies are about these measures, and the more consistency we see across the whole sector, the more we can help our clients engage with their telecoms providers.

Though a standardised approach would be welcome in terms of forbearance and a phased approach with restrictions, the actions of a firm should ultimately be based on an understanding of the customer's unique set of personal circumstances, and not necessarily based on fixed time periods of non-payment.

For example, a terminally ill customer should not face service restrictions or complete disconnection for non-payment over three months, particularly when the customer in question could have limited time left to live. It is CAP's view that firms should react proportionately and fairly in these sorts of scenarios, and show a willingness to go beyond what is expected of them in the guidance.

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

The presentation of support available

It is encouraging to see the current guidance, laid out in General Condition 5.2, placing such an emphasis on the fair treatment of vulnerable customers, though troubling to see the inconsistency across the sector in how accessible this information is for the customer. CAP welcomes the proposed changes to see this information more readily available and accessible for customers in need.

Though Ofcom's report details how firms were able to demonstrate the various types of support available, it's apparent that the availability of this information is either limited or inconsistently presented from firm to firm. As a result, currently there will be swathes of customers unaware of the support available to them that would make such a difference to their circumstances.

This has an impact on the advice provided by third parties – if a debt advisor assesses that a mobile or broadband contract is financially unsustainable for the customer, and

⁸ CAP (2021) Client report, non-priority debt.

there is little information available concerning social tariffs or solutions other than forbearance or short term payment plans, the customer may end up cancelling their contract unnecessarily.

Readily available and affordable social tariffs for those customers in debt would mitigate the current debt advice for customers to cancel their current contract and source a cheaper alternative.

As previously mentioned in Question 2, communicating information about the support available to customers via one channel of communication alone isn't sufficient – we would welcome firms presenting the support on offer through their website, written communication and in their conversations with customers.

About Christians Against Poverty (CAP)

Christians Against Poverty (CAP) is a Christian charity tackling poverty in communities across the UK through free debt help and local community groups. CAP provides award-winning free debt help through local churches. Each church's CAP Debt Centre offers emotional and practical support, while our head office team in Bradford provides bespoke debt advice and a plan to help people get out of debt.

CAP also offers community groups dedicated to tackling poverty at the root. These are run through local churches, and cover topics such as interview skills, applying for a job and writing a CV, how to budget, making money go further and key life skills.

Requests for further information

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