

Summary

Tesco Mobile welcomes the opportunity to respond to Ofcom's "Call for inputs: Review of measures to protect people in debt or at risk of disconnection" consultation.

Below, we have provided comment on the proposals applicable to Tesco Mobile. As made clear from our response, whilst we agree in principle with many of the proposals put forward by Ofcom- indeed, we are pleased to note that many of these suggested measures are already implemented at Tesco Mobile today- we believe there to be areas that require further consideration and clarity so as to minimise any unintended consequences to, or unnecessary burdens on, providers.

In particular, throughout the consultation, we note considerable reference to the monitoring of provider adoption of measures set within the current version of the 'Treating Vulnerable Customers Fairly' guide. Based on this, we consider it vital for Ofcom to provide clarity on its position with respect to the guide's status and recommendations provided in the consultation (in the event that they were to be incorporated into the guidance). Our understanding of Ofcom's position in this regard, has always been that the guide, together with any subsequent revisions to measures set within it, is exactly that- a guide- not akin to "requirement", still less a Licence condition, that simply sets out suggested measures providers *could* adopt to meet their obligations under GCs C5.1-5.5. If our understanding is, indeed, correct, then it follows that providers could, still meet their regulatory obligations without necessarily adopting all (or any) of the specific measures set within the guidance. Consequently, whilst Ofcom may seek to monitor progress in this area, where measures are not adopted (either in part or wholly), we would not expect this to form the basis for taking regulatory action against a provider or be regarded as a contravention of a provider's regulatory obligations. We would welcome assurance on this point and clarification as to Ofcom's expectations.

Notwithstanding the above and matters raised in our response, below, Tesco Mobile remains committed to supporting vulnerable customers and working with Ofcom and the rest of industry on any on-going work and initiatives regarding vulnerable customers.

Ref	Proposal	Tesco Mobile Comments
4.19	<p>Whilst we acknowledge that it may be challenging for providers to identify some people who are potentially financially vulnerable, the guide already suggests steps providers can take to improve how they identify vulnerable customers so that they can give them the right help and support. We consider it important that providers continue to improve how they do this in practice.</p>	<p>Tesco Mobile is pleased that Ofcom recognises the challenges to providers in the identification of vulnerability. As Ofcom will itself acknowledge, the two major challenges for communication providers in this regard, relate to the fact that:</p> <ol style="list-style-type: none"> 1) vulnerability can change or develop over time and can also be transient; a customer who was not previously vulnerable, may become so, and whilst some circumstances may result in permanent vulnerability equally, a customer may be in a vulnerable situation for only a short period of time; and 2) the unwillingness of customers to be classified as vulnerable because they do not regard themselves as so. <p>To get around these challenges, much of our focus at Tesco Mobile has been on supporting our frontline staff in becoming aware of the characteristics that may identify a customer as being vulnerable. Our front-line staff are specifically trained to determine whether a customer exhibits behaviours or characteristics that might suggest that they are vulnerable. All frontline staff also receive on-going training on supporting vulnerable customers, which is regularly reviewed to ensure it remains fit for purpose and keeps at pace with changes taking place in the vulnerable customer landscape. Whilst our front-line advisors are empowered to help customers in vulnerable circumstances, we also have a dedicated additional support team who can offer additional help for those customers who have specific accessibility or vulnerability needs. We also have strong links with a number of external charities and organisations who we regularly engage with to develop bespoke training modules for our specialist teams on, for example, dealing with those customers who may be at heightened risk (e.g. suicide, addiction) and to also better understand ways we can further identify and meet the needs of our vulnerable customers.</p> <p>Moreover, as Ofcom will be aware, along with a number of other planned initiatives, we are also in the process of exploring technological enhancements to provide real-time indication to frontline staff that a customer may benefit from additional support. We believe this additional customer insight will facilitate even better interactions with customers and allow us to implement further strategies to enhance the help and support we already provide.</p> <p>Whilst we acknowledge Ofcom's call for providers to continue to improve how they identify customers who are vulnerable, we would welcome consideration from Ofcom on what greater role it can play in facilitating this. For example, by working with providers, and across regulated sectors to explore the formation/implementation of a vulnerability registration service (subject to being compliant with data protection obligations). In addition, given Ofcom's membership in the UKRN, we believe there is real opportunity for greater cross-sector collaboration in addressing the challenges with the identification of vulnerability. Lastly, we would also perhaps like to see Ofcom work closer with Government in developing ideas which embed vulnerability in the market so as to enable providers to identify and deploy more holistic and targeted support for consumers in vulnerable situations.</p>
4.20	<p>With regard to the content of providers' communications with customers in arrears, our initial view is that providers may be more likely to elicit a response from customers in arrears if they emphasise the support available in direct communication to the customer, rather than simply focus on debt repayment or the consequences of non-payment. We consider that there may therefore be scope to amend our guide to recommend providers</p>	<p>The recommendation put forward is an existing practice at Tesco Mobile. At Tesco Mobile, we provide considerable information to customers on the support available via Tesco Mobile, as well via external bodies (i.e charities) that are better placed to help and support these customers. Such information is provided in certain direct communications to customers as well as on our website. We agree that customers should increasingly be made aware of the help and support available to them and all providers, as a matter of course, should include as much information in this regard as they can when communicating with a customer directly.</p>

	<p>emphasise the support available when directly communicating with a customer in debt or struggling to pay. We may also approach providers to explore the possibility of working together to test the effectiveness of behaviourally informed communications in future, so that we can develop our understanding of how people respond to different messages</p>	<p>We do believe, however, that in respect of certain methods of communication (e.g. SMS), the inclusion of such lengthy information would not be appropriate and in most cases, due to character limitations, would simply not be possible. We would, therefore, welcome greater clarity from Ofcom on what communication methods would, therefore, be in and out of scope here. Similarly, there may be certain circumstances where, depending on the stage the customer is at in a provider's treatment process, it would not be appropriate or indeed, welcomed by the customer to include such granularity (e.g. a customer who is one day overdue who has simply forgotten to pay their bill and receives a SMS from us and then pays). For customers who are further down the treatment process and thus, closer to disconnection, we consider the inclusion of information to be most beneficial, which again, Tesco Mobile invariably puts into practice.</p> <p>With regard to Ofcom's suggestion about potentially working with industry to test the effectiveness of behaviourally informed communications in future, naturally, we would welcome and indeed be open to exploring this, we would, however, caution against adopting a one-size-fits-all approach, as we consider it important for providers to retain a level of flexibility to implement what is best for an individual customer and their circumstances.</p>
4.21	<p>We observe variation among providers in the extent to which they use multiple types of communications channels to get in touch with customers in arrears. In our view, it is likely that rotating between various communications methods may increase the chances of a provider successfully making contact with a customer in arrears. Similarly, to the above, we consider it may be helpful to clarify our recommendation that providers use a range of channels to include rotating between communications methods too</p>	<p>At Tesco Mobile, we already use a range of methods and channels to communicate with customers in debt or struggling to pay and include information that highlights the support that is available. We believe that using a variety of communication methods will also support those vulnerable customers who may be reluctant to, or have difficulty with, communicating via one method.</p>
4.29	<p>Our initial view is that customers in debt may be more likely to benefit from free debt advice services if providers were to:</p> <ul style="list-style-type: none"> • signpost and promote debt advice organisations in all payment/collection related communications; and • have a dedicated direct contact channel to allow free debt advice organisations representing customers easy access to providers. 	<p>As previously noted, Tesco Mobile already signposts customers to external bodies that can help and support them. These include organisations that support customers in financial difficulty, as well as those that offer tailored help for vulnerable customers who may find themselves in debt. We would highlight, however that not all communications have the ability to include this information e.g. certain FCA letters where providers are required to send in a standard format (although it should be noted that FCA leaflets that accompany these standard format letters will already include this information). Similarly, and as mentioned above, we are unable to include such lengthy items in for example, SMS. All other payment/collection communications and communication methods (letters, emails, and Tesco Mobile outbound call scripts) do already include this information.</p> <p>With regard to having a dedicated direct contact channel to allow contact from free debt advice organisations representing customers, this is unlikely to be feasible given that in all cases we would require the customer to provide consent in order to discuss any matters with the third party organisation. We do, however, provide third party bill management which means that a person, or third-party organisation with Power of Attorney over an account will be able to deal directly with Tesco Mobile on behalf of the customer.</p> <p>Notwithstanding this, we would welcome and indeed encourage, Ofcom to provide more guidance on a process that enables these companies to get in touch on behalf of a customer but at the same time, protects customers from security risks.</p>

4.30	<p>The guide already encourages providers to promote third-party organisations and services in their conversations with customers or send links to useful information. However, our initial view is that it may be beneficial to recommend in our guide that providers should routinely include clear and prominent information about sources of free debt advice in their payment and collection related communications to customers in arrears.</p>	<p>As above, please see response at 4.20 and 4.29, above.</p>
4.31	<p>The guide currently recommends that providers consider offering consumer organisations a direct way to contact them on the customer's behalf rather than via general customer service contact channels. We are minded to increase the prominence of this recommendation in the guide.</p>	<p>As above, please see response at 4.29 above.</p>
4.49	<p>Our initial view is therefore that it would be beneficial if providers were to:</p> <ol style="list-style-type: none"> 1. avoid disconnecting a customer before a minimum of three months after missing a bill payment; 2. use a phased approach to the introduction of any service restrictions to effect payment, rather than introducing a complete suspension of services with no prior partial restriction. 3. avoid introducing service restrictions as a means of effecting payment for vulnerable people who are particularly reliant on their communications services due to their circumstances, unless all other options have been exhausted and there is no alternative. 4. protect, where possible, access to free helplines dedicated to, for example protecting children and domestic abuse victims, even during service restrictions; and 5. seek to understand a customer's individual circumstances before putting them in a position where they are pursued by a debt collection agency to repay a debt. <p>We could therefore amend our guide to recommend that providers do each of the above</p>	<p>We note that in respect of recommendation one, this is a practice already implemented at Tesco mobile, albeit for Tesco Mobile AUF customers only. We believe there may be scope to extend this to our traditional contracts and SimO customers and will-subject to there being no unintended consequences- explore the feasibility of doing so. We are, however, mindful and would welcome Ofcom to consider the fact that for customers not subject to a minimum contract term, extending the time until disconnection could actually result in these customers accruing greater debt due to them being billed a greater number of times before disconnection. Notwithstanding this, should recommendation one be included in the Treating Vulnerable Customers Fairly guide, we consider it imperative for Ofcom to explicitly note that such forbearance will be dependent on the customer concerned actively engaging with us.</p> <p>In relation to recommendation two – we do not believe this will be applicable to Tesco Mobile, given that only one type of restriction 0 is used.</p> <p>We have considerable concern with regard to recommendation three, as we do not believe that it would be feasible or indeed practical to essentially have a different treatment process for customers who are marked as vulnerable. First, A different treatment process for a vulnerable customer relies on said customer actively engaging with their provider-communicating their vulnerability. In circumstances where Tesco Mobile customers do this, they are provided with relevant support that is tailored to their needs, meaning the treatment process is no longer applicable. Secondly, at Tesco Mobile0, particularly when one considers the help that we are able to provide if a customer engages with us. Third, were recommendation three to be adopted, we believe that in certain circumstances, this could leave providers open to abuse-given that it will not be possible (in all cases) to ascertain whether a vulnerable customer is “particularly reliant on their communications services” or not. Instead, we believe that, what is key is providers refraining from placing service restrictions on a customer's account too prematurely and without affording the customer opportunity to obtain the help and support that is available (e.g. deferring bills, setting up payment plans etc), Every customer will of course have their own unique circumstances and our various deferral options and payments plans are able to suit all needs. As a matter of</p>

		<p>principle, Tesco Mobile will always seek to exercise greater forbearance and flexibility in cases where a customer is actively engaging with us.</p> <p>Regarding recommendation 4- this is already a practice implemented at Tesco Mobile.</p> <p>In relation to recommendation 5- at Tesco Mobile, we always seek to understand circumstances before referring customer accounts to debt collection agency, but this can only be achieved where a customer engages with us. It is also worth noting that even in circumstances where a customer's account is passed to our debt collection agency, this does not mean that they are no longer provided with support. On the contrary, these agents are specialist trained to provide assistance with debt management; ⁰. Support is tailored based on the customer's individual circumstances and dealt with in a way that best meets the customer's needs and provides the right outcome for that particular customer.</p> <p>Notwithstanding the points raised above, we would welcome some consideration from Ofcom on the greater role it can play in this area to assist both customers and providers. For example, Ofcom could consider publishing on its website the type of help available <u>per</u> provider and explore the possibility of launching ad-hoc consumer campaigns to encourage customers to get in touch with their providers when facing difficulty.</p>
4.51 & 4.52	<p>Our initial view is that we have not seen evidence of significant consumer harm that would warrant amending our General Conditions or introducing new ones (for example, to limit the use of disconnections or service restrictions to particular circumstances). However, we welcome views from stakeholders, supported by evidence, on this issue. In any case, we intend to continue to monitor the extent of service restrictions and disconnections so that we continue to have a full understanding of the extent to which these occur.</p> <p>And</p> <p>In relation to the publication of measures providers take to effect payment, we note a wide range of provider practices. We are interested in views from stakeholders on whether we should seek to revise our rules in General Condition C3.12 to ensure providers take a more consistent approach to publishing such information, both in terms of the level of detail they provide about the measures they take as well as the places on which this information should be made available, which could include on apps providers develop for interacting with their customers, as well as on their websites.</p>	<p>Given the close synergies between matters raised at para 4.51 and 4.52, we have sought to combine our response.</p> <p>In recognising Ofcom's specific call for stakeholder views on its points made at 4.51 and 4.52, we concur with the view raised at 4.51 that, in the absence of any evidence that would suggest significant levels of consumer harm, we do not believe at this stage it would be necessary and indeed, proportionate to either amend existing requirements on measures to meet the needs of vulnerable customers (i.e. GC c5.1-5.5) or introduce new ones. The introduction of General Condition C5 on vulnerability in October 2018 was a welcome first step in ensuring vulnerable consumers are treated fairly and clarified the support communication providers are expected to offer so as to meet their obligations. Further work in this area by Ofcom through, <i>inter alia</i>, the introduction of the Fairness Commitments in 2019, its call(s) for action outlined in its affordability of communication services published report(s), and provider letters of June and November 2020 respectively, have all served to provide further important protections for consumers, and are of course complimented by the examples of practical steps providers can implement to ensure vulnerable customers are supported as set within the Treating Vulnerable Customers Fairly guide. Supporting vulnerable customers, particularly in this area (i.e. in debt and at risk of disconnection) will undoubtedly continue to evolve, protective measures must of course be subject to regular review and may in future require the introduction of further rules where existing protections are deemed to be inadequate. At this present time however, in the absence of such evidence, any amendment or introduction of further prescriptive rules, would, in our view be premature. With this in mind, we believe that, in relation to the publication of measures taken to effect payment and prominence of such information, greater parity across providers could simply be achieved by including this recommendation within the Treating Vulnerable Customers fairly guide (together with examples of the specific information that <i>could</i> be included and places on which this information <i>could</i> be made available) rather than updating GC C3.12.</p>

4.62	<p>Our initial view is that most providers appear to have taken some steps to reflect the recommendations in our guide in relation to supporting customers who are struggling to pay or in problem debt. However, this varies by provider and by specific aspect of the guide, with some of our recommendations being adopted more widely than others. We recommend providers do this more consistently and will monitor this going forward.</p>	<p>We would welcome clarity from Ofcom as to its expectations with regard to point 4.62. In particular, is the expectation that providers need to adopt more, or all, of the measures outlined in the Treating Vulnerable Customers Fairly guide? If so, we question the feasibility of this-recognising the distinct nature of each provider's products and services, customer base and the individual circumstances of customers requiring support. Additionally, in acknowledging throughout the consultation(including at para 4.62), various references to the monitoring of provider adoption of the measures set within the current version of the 'Treating Vulnerable Customers Fairly guide', we consider it vital for Ofcom to provide clarity on its position with respect to the guide's status and recommendations provided in the consultation (were these to be incorporated into the guidance). Our understanding of Ofcom's position in this regard, has always been that the guide, together with any subsequent revisions to measures set within it, is exactly that-a guide-not akin to "requirement", still less a Licence condition, that simply sets out suggested measures providers could adopt to meet their obligations under GCs C5.1-5.5. If our understanding is, indeed, correct, then it follows that providers could, still meet their regulatory obligations without necessarily adopting all (or any) of the specific measures set within the guidance. Consequently, whilst Ofcom may seek to monitor progress in this area, where measures are not adopted (either in part or wholly), we would not expect this to form the basis for taking regulatory action against a provider or be regarded as a contravention of a provider's regulatory obligations. We would welcome assurance on this point and clarification as to Ofcom's expectations.</p>
4.63	<p>We consider it may also be necessary to help make it easier for customers in debt to find out about the specific support their provider offers. This could be achieved by adding 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. This could be provided in outgoing debt communications, on their websites and when customers in debt contact their customer service teams.</p>	<p>As above, please see response at 4.20.</p>