

Review of the second class safeguard caps 2024

Citizens Advice's response to Ofcom's
consultation



Contact: ✂

Summary

Citizens Advice is the statutory advocate for postal consumers in England and Wales. We welcome the opportunity to respond to this consultation.

Consumers across the country rely on letters for vital information, such as legal matters, financial information, bills and medical documents. Almost 1 in 2 UK adults sent a letter in February 2023, while more than 7 in 10 received a letter in that same time period.¹

We strongly support Ofcom's proposal to keep a safeguard cap on second class letters. People can't shop around for standard letters and Royal Mail remains a dominant player in the large letters market. A cap is a proportionate consumer protection in a monopolistic market. It's also the most practical and efficient way Ofcom can keep second class post affordable. But, as consumers have been hit by the largest fall in living standards since records began, Ofcom should explore a 1-year temporary freeze on CPI increases to support consumers further.

Whilst we support a safeguard cap on letters, we have 3 areas of concern:

1. **“Targeted” stamp scheme:** Citizens Advice disagrees with developing a targeted stamp scheme at the expense of universal affordability protections. A commercially-driven scheme might focus on a small cohort of people, leaving millions missing out. This is a blunt tool, with practical challenges around delivery, which wouldn't be appropriate as a consumer protection for an essential service with a monopoly provider.
2. **Transparency:** Letter consumers need clear information about price increases in a market where they can't shop around. The current proposals don't give consumers transparency about what future price rises might look like. It'd be simpler and fairer for consumers if Ofcom set the price cap for each letter product.
3. **Parcels:** We were disappointed to see Ofcom wants to remove safeguard caps on second class parcels up to 2kg. This could lead to consumers who rely on offline purchases being charged more, especially in rural and remote areas. The regulator has not made it clear whether the removal of this protection could leave those in this position more exposed to higher price increases. We encourage Ofcom to carry out a more thorough assessment of potential consumer harm before considering removing this protection.

¹ Citizens Advice, [Why letters still matter in a digital age](#), 2023.

Responses to consultation questions

Question 1: Do you agree with our assessment that our proposals will not discriminate against any groups with protected characteristics?

1. The assessment of discrimination in the consultation is very light touch, particularly in regards to the parcels market. Ofcom's proposals in this area could lead to consumers that rely on offline purchases being charged more, especially those in rural and remote areas (see response to question 13). But it's not clear how or whether Ofcom has assessed overlapping vulnerabilities. e.g. rural and offline, rural and older, people of colour and offline etc. We fear that Ofcom's parcel proposal could therefore lead to differential impacts for people with protected characteristics. For letters, we set out in our answer to question 9 that leaving the door open to above-inflation price rises for standard letters could affect vulnerable consumers.
2. We agree that a safeguard cap remains the most practical and efficient means of ensuring affordability in the interests of people with protected characteristics. This is especially important for people on a low income and people of colour² (see response to question 6). An alternative, such as a targeted scheme, could end up discriminating against people with protected characteristics if it meant the majority of consumers would see increased prices (see response to question 14).

Question 2: Do you agree with our assessment under the Welsh Language Policy Marking Standards?

3. Citizens Advice has no comment to make.

Question 3: Do you agree with the objectives we propose to use for our review of safeguard caps?

4. We broadly agree with the objectives, but encourage Ofcom to make clear the hierarchy between the 4 aims. The regulator's focus should be on 1) affordable access and 2) consumer protections. This is particularly important as Royal Mail is a monopoly provider of standard letters, a near-monopoly provider of large letters (especially the lower weight classes) and a dominant player in the parcels market up to 2kg.

² Citizens Advice, [Why letters still matter in a digital age](#), 2023.

Question 4: Do you agree with our analysis of the market in relation to Second Class standard letters and large letters?

5. We partially agree with Ofcom's market analysis of standard and large letters. We agree there's no meaningful competition and Royal Mail is a monopoly provider of end-to-end single piece standard services. Unlike other forms of communication, consumers can't shop around for standard letters. There's only Royal Mail to choose from. That's why consumers need a strong regulator. We agree Royal Mail is a near-monopoly provider of large letters, especially in the lowest weight classes.
6. Overall, we agree consumers are unlikely to switch to digital alternatives due to cost. Many prefer post to online alternatives. And some who rely on postal services have no other option. But Ofcom's assessment of this is too general and light-touch. This is particularly the case for e-literacy, where Ofcom notes:

*"A lack of e-literacy could be a barrier to some consumers or SMEs using electronic alternatives (though this is relevant for a **very small and diminishing** proportion of customers)" (emphasis added).³*

7. Citizens Advice disagrees that a lack of digital skills is only an issue for 'a very small and diminishing' group.⁴
 - Ofcom notes 6% of households don't have access to the internet.⁵ However, a much larger group of people are digitally excluded because they lack basic digital skills. The House of Lords Digital Committee found 10.2 million UK adults can't complete a set of 8 basic digital tasks.⁶ That's 1 in 5 UK adults. This means that whilst some consumers don't have access to the internet, millions more are unable to perform simple tasks such as using a mouse or a search engine.
 - We also disagree that e-literacy is only an issue for a 'diminishing' group of people.⁷ Age isn't the only determinant of digital exclusion.

³ Ofcom, [Review of Second Class safeguard caps 2024: Proposed price caps for Second Class universal services](#), 2023, 4.20B.

⁴ Ofcom, [Review of Second Class safeguard caps 2024: Proposed price caps for Second Class universal services](#), 2023, 4.20B.

⁵ Ofcom, [Review of Second Class safeguard caps 2024: Proposed price caps for Second Class universal services](#), 2023 (page 23).

⁶ Communications and Digital Committee, [Digital exclusion](#), 3rd Report of Session 2022-23, 2023, page 9.

⁷ Ofcom, [Review of Second Class safeguard caps 2024: Proposed price caps for Second Class universal services](#), 2023, 4.20B.

Non-users of digital services are also more likely to have lower levels of educational attainment, have (or have had) a lower socio-economic employment status or be in vulnerable circumstances.⁸ 5 million workers will likely be acutely under-skilled in 2030, according to the Lords Communications and Digital Committee.⁹ That's 15% of the number of workers in the UK today. Whilst the number of workers might be higher in 2030, 5 million will still represent a substantial minority.¹⁰ This means low e-literacy will remain a problem throughout Ofcom's review period. When considering the future of postal services, the way in which different characteristics interact with digital exclusion should be a key consideration for Ofcom.

- Consumers have been hit by the biggest fall in living standards since records began. The Office for Budget Responsibility projects real household disposable income will only recover to 2020/21 levels in 2027/28¹¹ - this will be towards the very end of Ofcom's review period. These cost-of-living pressures have exacerbated digital exclusion. An estimated 1 million people¹² disconnected from their broadband over the last year because they couldn't afford it, with Universal Credit claimants being 6 times more likely to be in this position. The future economic outlook means that we could see more people in this position.

8. Our understanding of digital exclusion as something driven by a lack of either access or skills is relevant across our response to this consultation. For example, this underpins our concerns about the growing gap between online and offline prices. We can't have a 2-tier USO, where those who lack digital skills end up paying a higher price because they can't access cheaper prices online.
9. Ofcom, as the communications regulator, has access to more sophisticated data on digital exclusion than that provided in this consultation. For example, Ofcom's digital exclusion analysis from early 2020 found 15% of the people the regulator considers 'Most Financially Vulnerable' didn't have access to any connected device at home.¹³ And its 2022 Digital Exclusion

⁸ Yates, S. J., Carmi, E., Lockley, E., Pawluczuk, A., French, T. & Vincent, S., Who are the limited users of digital systems and media? An examination of U.K. Evidence, 2020.

⁹ Communications and Digital Committee, Digital exclusion, 3rd Report of Session 2022-23, 2023, 35.

¹⁰ In April to June 2023, there were 32.93 million people in employment in the UK. ONS Labour Force Survey Q2 2023. The working population could be higher in 2030 as the overall population might grow and the proportion of workers might rise if the pension age is increased.

¹¹ Office for Budget Responsibility, The outlook for household income and consumption, 2022.

¹² Citizens Advice, One million lose broadband access as cost-of-living crisis bites, 2023.

¹³ Ofcom, Digital Exclusion Research, 2021, page 12.

Review makes clear that lack of skills is an important contributing factor for digital exclusion.¹⁴ We therefore encourage a more joined-up approach between the post and telecoms teams at Ofcom. As general letter volumes decline, it becomes increasingly important to identify, and protect access for, those who most rely on post.

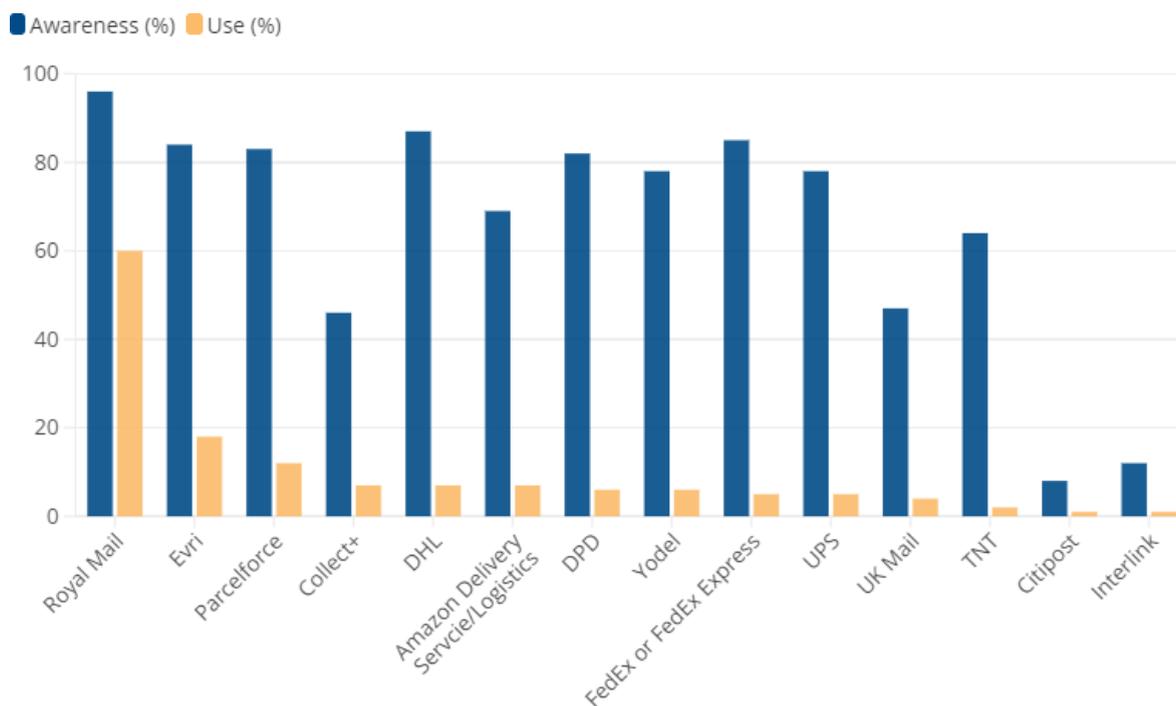
10. The UK has a large proportion of digitally excluded citizens and Ofcom should keep the cap for second class letters for the next 5 years to protect all consumers. The breadth of consumers affected by digital exclusion also demonstrates one of the reasons why a targeted stamp scheme cannot adequately replace the cap.

Question 5: Do you agree with our analysis of the market in relation to Second Class parcels up to 2kg?

11. No. While Ofcom points to higher consumer *awareness* of other operators, it is not clear that consumers actually *use* these services. Ofcom's own postal tracker identifies that, while awareness of companies other than Royal Mail is relatively high, usage remains low. Evri is the second most used parcel company, yet the gap between awareness and usage is 66 percentage points. Consumers are three times more likely to have used Royal Mail than Evri.

¹⁴ Ofcom, [Digital exclusion: A review of Ofcom's research on digital exclusion among adults in the UK, 2022](#).

Figure 1: Awareness vs. use of parcel companies¹⁵



12. Ofcom says Royal Mail is still the most significant provider of C2X parcels and that this isn't the priority area for any other company.¹⁶ However, there is a lack of transparency for stakeholders in assessing this, as Ofcom has redacted the volume shares.
13. Ofcom assumes that Royal Mail charging below the current price cap on parcels is sufficient evidence to justify its removal.¹⁷ But given that lots of consumers are unwilling or unable to shop around, we would expect a greater depth of market analysis, particularly where specific consumers are likely to be disproportionately impacted, i.e. rural digitally excluded consumers.
14. In many rural and remote areas, Royal Mail is the only provider of parcel services. Other couriers don't operate there or have surcharging in place.¹⁸ Royal Mail, via the Post Office, has the most extensive network of in-person

¹⁵ Ofcom, [Residential postal tracker](#), 2023, QJ1.

¹⁶ Ofcom, [Review of Second Class safeguard caps 2024: Proposed price caps for Second Class universal services](#), 2023 (page 32).

¹⁷ Ofcom, [Review of Second Class safeguard caps 2024: Proposed price caps for Second Class universal services](#), 2023 (page 38).

¹⁸ We don't anticipate this competitive landscape changing in the near future. Many Post Offices in rural and remote areas of the UK are only able to operate because of the UK government's subsidy payment to Post Office Ltd. Without this subsidy access to important services would be lost.

parcel services. Over 8.3 million people in Great Britain use the Post Office for sending parcels at least once a month.¹⁹

15. We also have concerns about the growing differential between online and offline prices.²⁰ If the cap is removed this differential could continue to grow and could result in a 2-tier system. Online consumers might have a choice of different parcel companies, but those buying postage offline would pay a higher rate, especially those in remote areas where there is little to no other competition. (See question 4 for more details of our view of digital exclusion).
16. Any move towards a 2-tier USO system would be unacceptable. With cost-of-living pressures continuing throughout the 5-year review period and the potential risk of consumer harm, Ofcom should carry out a more thorough assessment of the parcels market as it relates to second class parcels.

Question 6: Do you agree with our approach to assessing affordability of postal services?

17. Ofcom's analysis of affordability in the postal market is too broad and light touch. As such, it does not accurately reflect how people that rely on postal services interact with the market. Ofcom's analysis also underestimates the affordability of postal services for people on the lowest income. As we transition into a digital world, post continues to be vital for those that still rely on it. Ofcom therefore needs to base any policy changes on a more contextualized assessment of spending behaviour.
18. We agree with Ofcom's assessment that letter volumes are in decline, but for people who rely on letters it is vital that the market remains accessible.
19. Most people (6 in 10) send a similar amount of letters as they did 2 years ago.²¹ This increases to 65% of those aged 55+. Research from Citizens Advice shows over 25 million people in Great Britain send at least one letter a month.²² And people who are over 45, living in rural areas, not working and with no or infrequent internet access are all more likely to send letters.

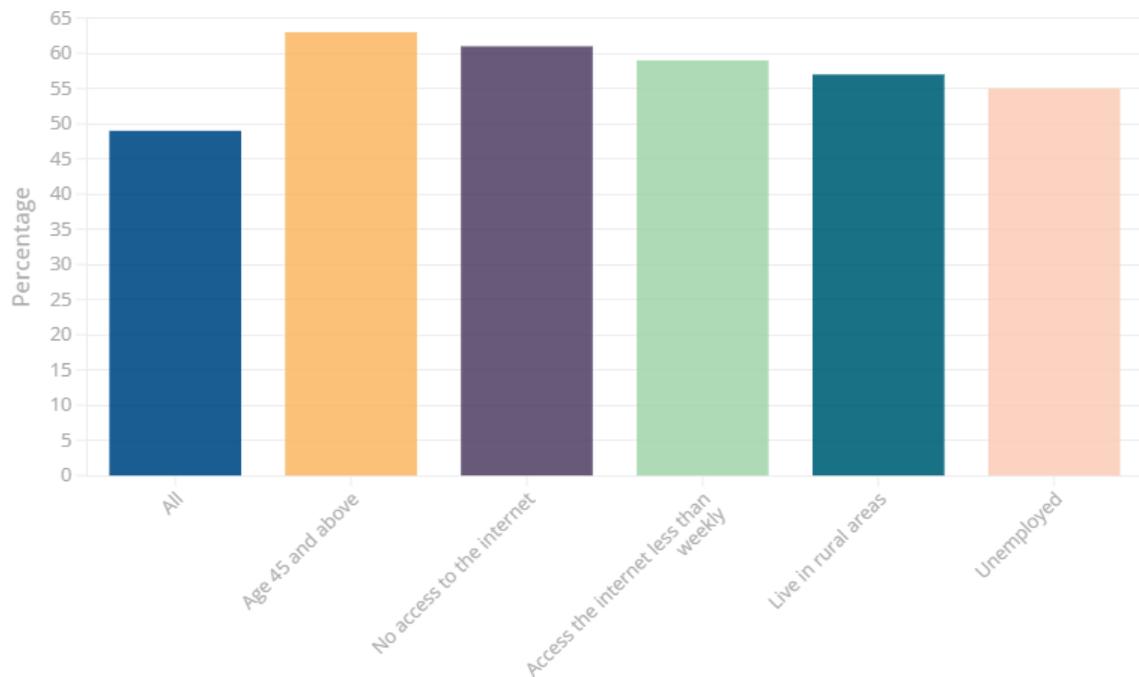
¹⁹ Yonder Data Solutions carried out a CATI survey of 2,000 adults in Great Britain in March 2023.

²⁰ Ofcom, [Review of Second Class safeguard caps 2024: Proposed price caps for Second Class universal services](#), 2023 (page 9).

²¹ Ofcom, [Residential postal tracker](#), 2023 (Table 186, page 1074).

²² Yonder Data Solutions carried out a CATI survey of 2,000 adults in Great Britain in March 2023.

Figure 2: Percentage of people that sent at least one letter in the past month²³



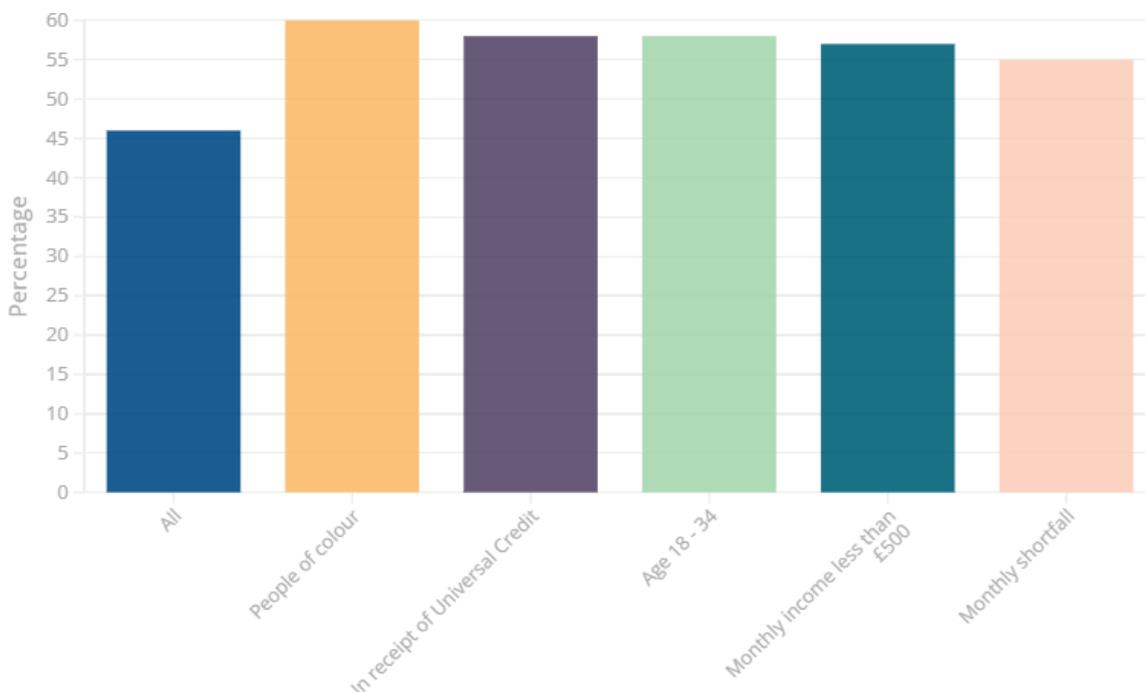
20. Letters aren't just for social connection. Public services in the UK still rely heavily on post. A recent Freedom of Information request showed HM Revenue and Customs received 10 million letters in 2022/23, up from 7.3 million in 2019/20.²⁴ And , over 24 million UK adults (46%) sent important information, like benefits paperwork, court documents or ID in the post in the 6 months leading up to June 2023.²⁵ People of colour, those in receipt of Universal Credit and those aged 18 - 34 are all more likely to use post in this way.

²³ Yonder Data Solutions carried out a CATI survey of 2,000 adults in Great Britain in March 2023.

²⁴ Citizens Advice, [Why letters still matter in a digital age](#), 2023.

²⁵ Walnut carried out an online survey of 4,007 UK adults between 25 May and 5 June 2023.

Figure 3: Percentage of people who sent at least 1 important document via the post in the last 6 months²⁶



21. Even with the transition into a more digital world, it's clear people still rely on letters. Many of those who rely on post the most would also struggle the most with price rises (see figure 4).
22. 8% of adults in the UK would struggle to afford a second class stamp. This increases to over 19% (1 in 5) for a book of 8 second class stamps. Worryingly, over half of people (51%) that would struggle to afford a second class stamp, also rely on post to send important documents.²⁷
23. Those on low income are least able to bear price hikes. Many rely on post for interaction with essential services and they cannot shop around for lower prices.

²⁶ Walnut carried out an online survey of 4,007 UK adults between 25 May and 5 June 2023. They asked people if they sent any benefit application forms (including local council benefits, charity or grant application forms), letters or forms to government department (HMRC, DWP, DVLA etc), cheque payments for utilities, rent or other essential bills, letters to a bank, mortgage company or building society, court forms or other legal documents, letters related to debt repayments or insolvency issues, passports, driving licences, other identity documents or job applications in the past 6 months.

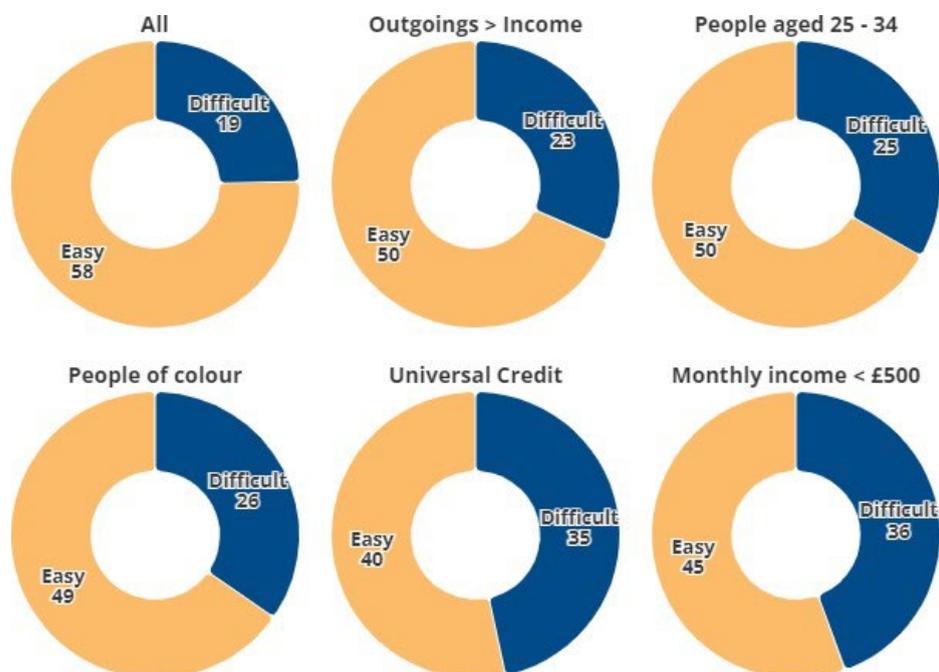
²⁷ Walnut carried out an online survey of 4,007 UK adults between 25 May and 5 June 2023.

James* has a health condition which means he often needs to access a toilet urgently. Bowel and Bladder UK provide *Just Can't Wait Cards* which are recognised by many retail organisations. This gives card holders access to toilets not normally available to the general public. James wanted one of these cards because the fear of not having access to a bathroom was a significant barrier to him leaving the house. However, he couldn't afford to send the application form and he wasn't able to use their online form.

James was supported by Citizens Advice for an unrelated issue. When his adviser found out that James couldn't afford a stamp, they gave him a stamp from the office supplies. This made a big difference to James' ability to access services and reduced the barriers to him leaving his home. But he could have easily missed out since he couldn't afford to buy a stamp to send off the form.

**Name changed to protect anonymity*

Figure 4: Percentage who would find it difficult to afford a book of 8 second class stamps for £6²⁸



24. These trends are also demonstrated in Ofcom’s own data²⁹:

- People of colour were much more likely to have reduced the number of letters and cards they sent to afford essentials than white respondents (35%, compared to 22%).
- Over a third (35%) of those in receipt of state benefits had cut back on cards, compared to 20% of those not in receipt.
- Disabled people were significantly more likely than non-disabled people to have reduced the numbers of letters and cards they sent to afford essentials (28%, compared to 21%)
- And 7 in 10 (72%) of the respondents Ofcom identified as having affordability challenges said they’d cut back on letter post to be able to pay for essentials.

25. Ofcom rightly recognises that average pay hasn’t kept pace with inflation and that more people are cutting back on postage to afford essentials. However, Ofcom is reluctant to acknowledge that these trends are indicative of post affordability issues:

“An increase in the proportion of consumers reporting a reduction in their spend on stamps to afford essentials may therefore not indicate an

²⁸ Walnut carried out an online survey of 4,007 UK adults between 25 May and 5 June 2023.

²⁹ Ofcom, [Residential postal tracker](#), 2023, QG2_1.

increase in postal affordability issues, but rather broader financial concerns arising from the increased cost of living”³⁰

26. We recommend against disregarding affordability concerns because they relate to ongoing cost-of-living pressures. External factors are inextricably linked to this question - affordability is an assessment of external expenditure pressures and income constraints.
27. We proposed in our response to Ofcom’s recent plan of work that the regulator specifically includes postal services in its work on the ‘Affordability of communications services’. This would be an opportunity for Ofcom to connect the common issues people face across communications markets and ensure that consumers are sufficiently protected. We also recommend that Ofcom consider whether any additional support is required for consumers in the context of the cost-of-living crisis (see response to question 10).
28. Ofcom relies on the 2020-2021 ONS Family Spending data in their assessment of affordability. This means the most recent period covered was March 2021. The ONS Family Spending data covering April 2021 through to March 2022 was released on 31 May this year. Rates of inflation were much higher during this later period. This will likely have had a big impact on consumers’ affordability and, as such, would have been highly relevant for this consultation. For example, data relating to the most recent ONS survey period shows the amount spent on post by people in the lowest income decile has increased since the last publication.³¹ Ofcom should have used the latest data to make sure it used the most up-to-date data to underpin its recommendations. Ofcom could have pushed back the publication of this consultation to accommodate this.
29. Consumers are likely to face considerable cost-of-living pressures throughout Ofcom’s review period. The UK has recently seen the largest fall in living standards since records began. Last year, the Office for Budget Responsibility projected that real household disposable income would only recover to 2020/21 levels in 2027/28.³²

³⁰ Ofcom, [Review of Second Class safeguard caps 2024: Proposed price caps for Second Class universal services](#), 2023 (page 42).

³¹ [ONS Family Spending May 2023](#) Workbook 1, Table 3.1.

³² Office for Budget Responsibility, [The outlook for household income and consumption, 2022](#).

30. In this context, we encourage Ofcom to consider the accuracy of the figures set out in Table 5:

1. **Accurately capturing low-income consumers.** Ofcom seems to have used solely the Effects of Taxes and Benefits on Household Income figures to calculate disposable income. But the Household Finances Survey doesn't include those living in institutionalised households, such as care homes and hostels, or people experiencing homelessness³³. Therefore, many of the poorest in society are likely not captured.
2. **Essential outgoings.** Additionally, Ofcom should consider a wider range of essential outgoings in order to reflect the lived experience of low-income consumers as accurately as possible. For example, communications and council tax have not been included. Ofcom should replicate the approach of the Financial Conduct Authority (FCA) when assessing essential expenditure to make sure that there is a transparent and uniform approach across sectors. The FCA handbook³⁴ outlines what expenditure should be considered essential in its recommendations to mortgage lenders. And the common financial statement trigger figures³⁵ provide a guide for levels of monthly expenditure deemed reasonable depending on household size. These are operated by the Money and Pensions Service and recognised by the FCA.³⁶ Figures are updated annually.
3. **Spend on post.** Ofcom should also consider the accuracy of relying on ONS Family Spending figures solely to calculate spending on post. Reliance on post varies significantly person-to-person. In Ofcom's Postal Tracker survey, of those that reported spending on post, the greatest proportion fell into the £6 - 10 per month category (11%) . For those that do rely on post, this is a much more significant proportion of their disposable income than the average of 90p per week (£3.90 per month) calculated by ONS. We encourage Ofcom to state average expenditure on post by all households alongside expenditure by households actually spending on post as this would be a fairer contextualized assessment of spending behaviour, and would not under-represent people who most need affordable access to post.

³³ Office for National Statistics, [Effects of taxes and benefits on UK household income: financial year ending 2022, 2023](#)

³⁴ Financial Conduct Authority, [MCOB 11.6 Responsible lending and financing](#), 2023.

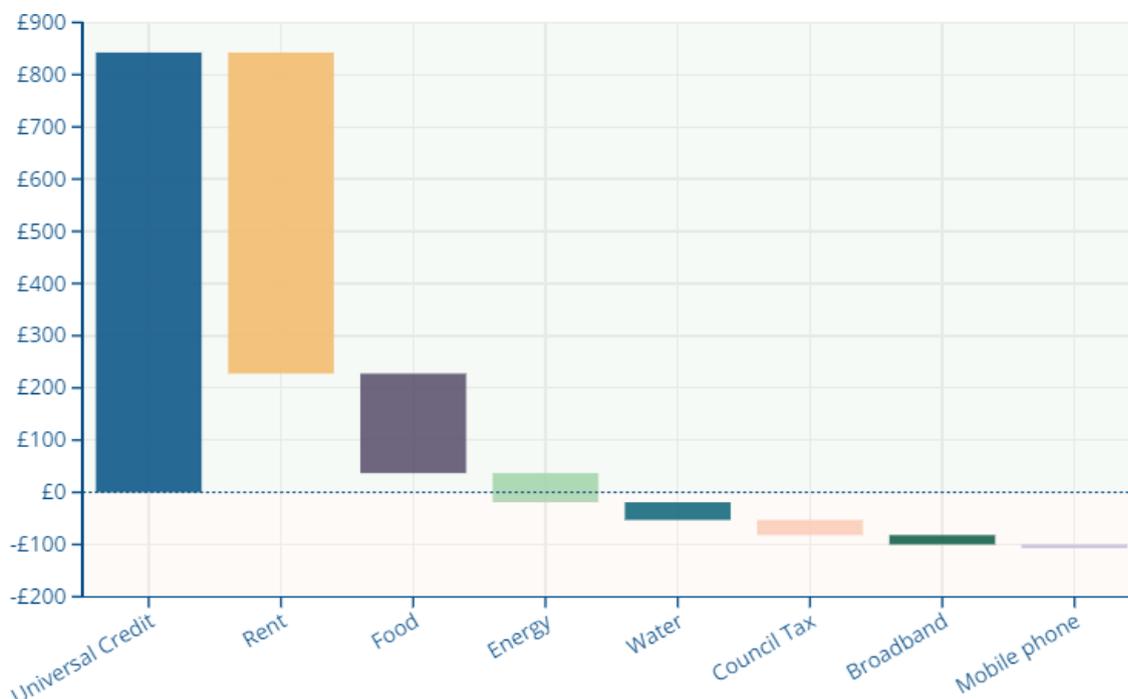
³⁵ Money and Pensions Service, [The Common Financial Statement](#), 2023.

³⁶ Financial Conduct Authority, [CONC 8.5 Financial statements and debt repayment offers](#), 2023.

31. It's important that Ofcom accurately captures the experiences of low-income consumers when making policy recommendations on affordability. Ofcom's table 5 shows that the lowest income decile has £138.00 left after essential expenditure. But, the average disposable income after expenditure for our debt clients is -£27.85 per month.³⁷
32. This isn't unique to our clients. 15% of working age adults in the UK receive Universal Credit because they're on a low income. The following graph demonstrates how difficult it is to maintain *any* surplus income when solely reliant on Universal Credit. This budget is for illustrative purposes only and doesn't take into account variable spending, i.e. clothes, transport, health costs and leisure activities. These additional costs vary significantly and would further reduce a person's disposable income.

³⁷ Citizens Advice, [Cost of living dashboard, 2023](#). Figure relates to clients who accessed our debt advice services in Q1 of 2023/2024.

Figure 6: Budget of a single person in receipt of Universal Credit³⁸



33. We also recommend that Ofcom consider how consumers interact with postal markets in reality. The Residential Postal Tracker found 25% of people usually purchase stamps at a supermarket and 20% of people usually purchase stamps at a convenience store.³⁹ These are places where it's not always possible to purchase a single stamp. Instead, consumers will likely have no choice but to purchase a book of 8 second class stamps for £6.00. Therefore, Ofcom should consider affordability issues in this context, looking at the cost of books of stamps and how they relate to different people's levels of disposable income after essentials.

³⁸ Budget is based on illustrative figures for a single person over 35 living in Western-Super-Mare. Western-Super-Mare was selected because the rental market most closely corresponds with average private rent in the UK of £614 per month outside of inner London.

Universal Credit is the Standard allowance of £368.74 plus Local Housing Allowance for Western-Super-Mare of £473.72 per month.

Rent is based on the average rental price for a 1 bedroom flat in Weston-Super-Mare of £615 per month.

Food costs are based on ONS estimates which show that the average spend on food per person is around £44 per week

Energy is based on average bills for a 1 bedroom flat.

Water is based on local rates for Western-Super-Mare.

Council Tax is based on local costs for band A, taking into account a 75% Council Tax discount

Broadband cost is based on the best deal available at the point of calculation.

Mobile phone usage is based on the best deal available at the point of calculation.

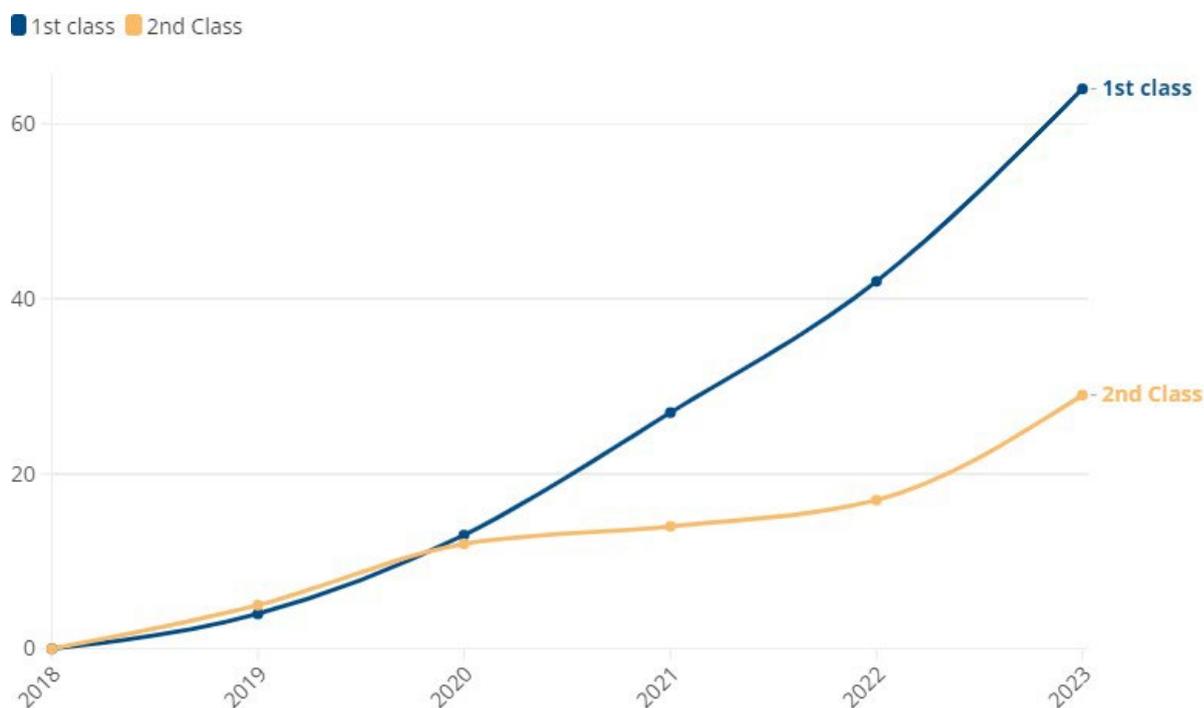
³⁹ Ofcom, Residential postal tracker, 2023 (Table 221, page 1284).

34. We have concerns about post affordability beyond second class products. Below we set out our evidence relating to first class post, redirection and Special Delivery. We also cover our concerns regarding the growing difference between first and second class stamp prices as well as that between online and offline prices.
35. First class services provide an important re-assurance to consumers, especially in the context of Royal Mail's years of quality of service failures. 46% of letter consumers used first class products in the past 6 months because they were concerned their post might not otherwise arrive on time.⁴⁰ People on low income, people aged under 35 and people of colour were all more likely to upgrade in this way. According to our research, being able to send letters first class, rather than second class, was considered important for as many as 56% of UK consumers.⁴¹ This jumps to 71% of those who are 25-34, 68% of people of colour and 66% of those in receipt of Universal Credit - groups who might be more reliant on post in interactions with important government, legal or financial services. As with other letter products, consumers can't shop around, and so they are left with no other choice but to pay more.
36. But many consumers face affordability challenges with first class post too. 26% would find it difficult to buy a book of first class stamps costing £8.80. As with second class post, consumers on a low income and with certain protected characteristics are more likely to say they can't afford first class stamps.
37. Despite Royal Mail failing to hit its first class quality of service target for 4 out of the last 5 years, first class prices have continued to surge. And the differential between first and second class prices has grown substantially since 2020. A first class stamp now costs 47% more than a second class one.

⁴⁰ Walnut carried out an online survey of 4,007 UK adults between 25 May and 5 June 2023. Among those who had sent letters or documents with Royal Mail in the last 6 months, 46% used first class to make sure their letters would arrive on time.

⁴¹ Walnut carried out an online survey of 4,007 UK adults between 25 May and 5 June 2023.

Figure 7: Percentage increase in stamp prices 2018 - 2023



38. The increasing difference between online and offline prices for USO products is also concerning. A small second class parcel bought offline is £0.50 more expensive than one bought online (a 17% gap). For a medium parcel, the price difference is £1 (22%). Ofcom said in its 2021 review statement that it would monitor this, but so far this doesn't appear to have been included in the Annual Monitoring Report of 2021 or 2022.
39. If the differential between online and offline continues to widen, this could lead to a 2-tier USO service where digitally literate, and often more affluent, consumers can buy cheaper postage online in contrast to those unwilling or unable to access these cheaper prices online. Ofcom should carefully consider this trend and make sure offline consumers are protected across all USO products.
40. We welcome Ofcom's commitment to include an assessment of the effectiveness of Royal Mail's concessionary redirection scheme in its annual monitoring. However, as a new service and one where the regulator has expressed serious affordability concerns in the past, more regular uptake data would have been a better way to check the scheme is working. This is a monopoly USO service. The new discount scheme launched in November 2021. That means there will be a 2 year gap between the scheme launching and Ofcom reporting on take-up. Recent figures reveal 5,400 people have

applied for a concessionary redirection since the scheme re-launched.⁴² This compares to 7.2 million people Ofcom estimated to be eligible.⁴³ We estimate more than 3 million eligible consumers might have moved in the 19-month period between the new redirection scheme launching and the uptake figure of 5,400 being published.⁴⁴ We look forward to Ofcom’s analysis of redirection uptake in the Annual Monitoring report. The regulator should respond proactively and rapidly if it finds evidence of low uptake.

41. Ofcom notes “the infrequency of use of Special Delivery, and the existence of competition and the corresponding constraints on Royal Mail’s pricing, means that we do not consider that a safeguard cap on Special Delivery would be appropriate to ensure affordability”.⁴⁵ However, this overlooks the fact that many don’t have access to alternative providers, particularly in rural areas. And for people who rely on special delivery, the costs can cause financial harm.

One of our advisers reported that Emily* had to pay around £12 to send off paperwork for her PIP tribunal via Special Delivery. Emily was applying for PIP because she needed the money to support her additional healthcare costs. Therefore, this is an expense that was difficult for Emily to afford, but she felt like she had no other choice because the paperwork was so important and she needed to respond to the tribunal within a tight turnaround time.

**Name changed to protect anonymity*

42. In summary, Ofcom's current approach to assessing affordability overlooks some significant factors and interactions including: how people purchase - and are able to purchase - postage, what products they need and how this varies by demographic group. Ofcom should commit to a comprehensive review of the affordability of all USO post. As part of this, Ofcom should

⁴² Royal Mail, [IN GOOD HANDS. 2022-23 ESG REPORT](#), 2023 (page 48).

⁴³ Citizens Advice, [Left behind: The need for affordable mail redirection](#), 2022.

⁴⁴ Opinion carried out a nationally representative online survey of 4,004 UK adults between 22nd February - 2nd March 2021. The asked participants how many times they moved home in the last 10 years. Consumers eligible for the discount moved, on average, 2.8 times in a 10 year period. This corresponds to 0.4 times per year on average. Ofcom estimated 7.2 million were eligible for the discounted scheme. This means an average of 3.1 million might have moved in a 19-month period.

Eligible participants calculated based on receipt of: Employment Support Allowance, Jobseekers Allowance, Universal Credit, Child Tax Credit, Working Tax Credit, Pension Credit, Housing benefit. The estimate doesn’t include those in receipt of Income Support as they survey didn’t specify this.

⁴⁵ Ofcom, [Review of Second Class safeguard caps 2024: Proposed price caps for Second Class universal services](#), 2023 (page 60).

complete a more thorough analysis of digital exclusion (see response to question 4). We would welcome the opportunity to discuss this with the regulator and other consumer groups in the context of preventing consumer harms as we transition into a more digital world.

Question 7: Do you agree with our assessment of the affordability of Second Class postal prices?

43. See our response to question 6.

Question 8: Do you agree with our analysis of the impact of the caps on the financial sustainability of the universal service?

44. Based on the available information, we agree with Ofcom's assessment that second class standard and large letters represent a very small proportion of reported business revenue. However, we note that, as the volume and revenue shares of both these products have been redacted, we cannot assess exactly how much each contributes towards the financial sustainability of the USO.
45. According to Ofcom, standard and large second class letters contribute a very small proportion towards the USO. In contrast, we know that many consumers are struggling financially and might find further price increases difficult to manage. Therefore, it is proportionate to keep the safeguard cap to protect consumers in a monopolistic market.
46. Paragraphs 6.13-6.16 discuss various scenarios for future price modeling of letters. As the information is redacted, we don't know what those scenarios were. From the limited information available, it doesn't appear as if scenarios for second class parcels were tested. Moreover, it seems as if most of the scenarios were picked by Royal Mail, rather than by Ofcom itself.
47. As we don't have access to information about parcel scenarios, we're not able to give our assessment of how price protection in that market might or might not contribute towards the financial sustainability of the USO.
48. Royal Mail must deliver an efficient universal postal service in a way that doesn't rely on price increases, the removal of regulatory safeguards or service degradation.
49. Overall, we encourage Ofcom to take a more holistic approach to the sustainability of the USO, looking at other trends that might impact

revenues, i.e. Royal Mail now offering non-USO Tracked products through the Post Office and their online app. This can inform a wider conversation about how we prevent consumer harms as we transition into a more digital world.

Question 9: Do you agree with our proposal for the structure of the safeguard cap to be based on a single basket which includes Second Class standard and large letters?

50. We welcome the retention of a cap in the letters market, where Royal Mail has a near monopoly. This continues to offer the most effective means of protecting consumers - particularly the most vulnerable - from significant price hikes.
51. However, we're concerned that merging a cap on large and standard second class letters into one 'basket cap' removes transparency around how much Royal Mail can increase the prices of individual products. Given Royal Mail has charged below the current cap for large letters, this might carry on with the new proposed basket cap. This, in turn, leaves the door open to above-inflation price increases for standard second class mail, as Ofcom suggests weighting the new cap by volume.
52. As these volume shares are redacted, the consultation doesn't make clear how much Royal Mail will be able to charge above inflation. This means Royal Mail faces less accountability for its pricing decisions.
53. Ofcom hasn't provided a breakdown on the use of standard and large letters by consumer group, but instead makes the assumption that all consumers use standard and large letters equally. Without this evidence, there's a risk that Ofcom might be allowing above-inflation price increases for consumers with protected characteristics, who might rely on standard letters, whilst keeping prices low for large letters (particularly in the larger weight options where Royal Mail faces some competition). As noted in answer to Question 1, the assessment of discrimination is very light touch and we would welcome a review of how overlapping vulnerabilities could interact with the type of products people use.
54. It would be simpler and fairer to consumers for Ofcom to set the price cap for each letter product. That would still allow Royal Mail to increase prices for large letters by less than inflation if the company wants. But it would protect consumers sending standard letters (where there is no competition), and those sending smaller large letters (e.g. legal documents) where Royal Mail faces very little competition.

55. Ofcom should also make clear in its statement that USO letter prices should always be the same, whether they're accessed online or offline. We've set out above our concerns regarding the growing difference between offline and online parcel prices. This shouldn't be allowed to happen in the letters market where people use USO services to access essential services.

Question 10: Do you agree with our proposal to set the basket cap for Second Class standard and large letters at current prices plus CPI?

56. We're not convinced of the need for Royal Mail to be able to increase prices beyond inflation. Ofcom states that any sharp increases are unlikely to deliver significant commercial gain for Royal Mail, but could cause substantial consumer harm:

"The additional revenue that Royal Mail considers it could achieve through its chosen theoretical pricing scenario would have a relatively small impact on the financial sustainability of the universal service, but would risk an increase in the number of consumers, in particular vulnerable consumers, experiencing affordability challenges more frequently."⁴⁶

57. Ofcom has already noted the current price for second class standard letters allows Royal Mail to recover its costs for running this service. It therefore seems unnecessary for the regulator to allow Royal Mail to charge above inflation.
58. The Chancellor recently called in heads of regulators to No. 11 to discuss what more regulators can do to support consumers. In this context, Ofcom should consider whether freezing CPI increases, for at least standard letters, will have any significant impact on the financial sustainability of the USO - and, if not, whether this could be a means of supporting consumers facing cost-of-living pressures. This could be applied for year 1 of the new cap and Ofcom can reassess after that period.

Question 11: Do you agree with our proposal to set the cap for five years?

59. Yes, but we encourage Ofcom to freeze prices for 1 year (see question 10). A price cap is the only viable way of delivering affordability for consumers. This is proportionate, given Royal Mail's virtual monopoly over an essential public service.

⁴⁶ Ofcom, [Review of Second Class safeguard caps 2024: Proposed price caps for Second Class universal services](#), 2023 (page 73).

60. We anticipate no changes in the next 5 years that would make a substantive difference to Royal Mail's monopoly share in the letters market. A price cap also gives certainty for consumers in a very difficult financial climate.⁴⁷
61. But, as Ofcom is allowing Royal Mail to charge above-inflation increases, the regulator needs to monitor the effect of current and future price increases allowed within the caps on consumers. This is particularly important with regards to consumers with protected characteristics, as discussed above. If Ofcom sees evidence of consumer harm, it should respond rapidly and proactively.
62. Other proposals - such as a targeted scheme discussed below - should not have any bearing on the decision to retain a safeguard cap for letters. We set out more reasons for our opposition to alternative mechanisms for delivering affordability in question 14 below.

Question 12: Do you agree with the structure of the basket set out in Annex 5 in which stamp prices are weighted by volumes of each service type based on the volumes measured two years prior to the control?

63. See our response to question 9.

Question 13: Do you agree with our proposal to remove the safeguard cap from Second Class parcels up to 2kg?

64. We were disappointed to see the proposal to remove safeguard caps on second class parcels up to 2kg, and the associated risk that some consumers could be disproportionately exposed to price increases.
65. The evidence available shows there's an increased *awareness* of non-Royal Mail companies but this is far higher than the *use* of non-Royal Mail parcel companies. See Figure 1 above.

⁴⁷ Office for Budget Responsibility, [The outlook for household income and consumption](#), 2022.

Lauraine, lives in an area classed as remote. She buys postage from her local post office, which she's always done as the shops don't sell the postage she needs and she can't get online. As she sells and posts small knitted items, she's found the costs have risen dramatically which has impacted the viability of her business.

"It is a struggle to afford the postal costs. A parcel is horrifically dear to post. When I went to post a small knitted heart, a really light package, it was going to be £4.80 and it used to be £2.80. It's just gone up horrifically. For that price you can't guarantee it arriving for at least a week. The price you're paying you'd expect it there quicker."

66. Lauraine is not alone. Royal Mail, via the Post Office, has the most extensive network of in-person parcel services. More than 8.3 million people use the Post Office for sending parcels at least once a month.⁴⁸ For many consumers, Royal Mail is the only provider of parcel services, especially in rural and remote areas, where other couriers don't operate or charge extra surcharging fees.
67. It's particularly important to explore how rurality interacts with digital exclusion and protected characteristics. For example, people living in rural areas are also more likely to face digital exclusion.⁴⁹ And, the gap between online and offline prices has widened in recent years. This means those who can't access online services have to pay more for their USO post. If this is the development with a price cap in place, it's possible that this differential could grow even bigger without price protection. This could lead to a 2-tier USO parcel system, creating a digital exclusion penalty, with vulnerable consumers ending up paying higher prices.⁵⁰
68. The consultation notes that "parcel services will remain subject to the general requirement for universal services to be affordable" (para. 7.11). However, we dispute that this hands-off approach works in practice. For example, we highlighted the issue of redirection prices for many years prior to the current concessionary scheme and to Ofcom's willingness to consider a targeted cap. Despite being subject to the general requirement to be affordable, our research in 2022 revealed that as many as 1 in 10

⁴⁸ Yonder Data Solutions carried out a CATI survey of 2,000 adults in Great Britain in March 2023 .

⁴⁹ Communications and Digital Committee, [Digital exclusion, 3rd Report of Session 2022-23](#), 2023.

⁵⁰ Citizens Advice, [One-in-seven customers still paying the loyalty penalty despite cost-of-living crisis](#), 2022.

home movers who didn't redirect their post said the main reason was that they couldn't afford it.⁵¹

Question 14: Do you consider that there is value in developing a targeted scheme focussing on vulnerable consumers? If yes, your views on characteristics of such a scheme including target groups, nature of support and delivery options.

69. We disagree that a targeted scheme is the best way for a regulator to protect vulnerable consumers in the UK. This would be a fairly blunt tool with many practical limitations. A targeted scheme could lead to the weakening or removal of affordability protection for the majority of excluded consumers.⁵² Against the context of a cost-of-living crisis which has affected millions of households, it would be inappropriate to remove consumer protections in an essential market with a monopoly provider.
70. First, there are a range of practical concerns about delivering a targeted scheme - which Royal Mail regarded as 'too complex' as recently as 2021.⁵³
1. People can't easily predict how many stamps they will need over a given period, or how this will change over time. Over 40% of consumers would find it difficult to predict how many stamps they might use over any given year. This jumps to over 60% for people that would struggle to afford a second class stamp if they had to buy it next week.⁵⁴ This makes it very difficult to make an accurate assessment of who is most likely to be affected by post affordability issues and the number of stamps they might need.
 2. Targeted schemes, in contrast to a universal cap, require a lot of awareness-raising within target groups. This can often be challenging, particularly with consumers in vulnerable circumstances who can be hard to reach. Commercial considerations can also act as a disincentive for a monopoly provider like Royal Mail to spend resources on raising awareness. As discussed below, this is an inherent problem with voluntary schemes such as the discounted redirections scheme and broadband social tariffs.
 3. There are a number of delivery questions, which are not easily answered. If people are expected to seek support from the scheme

⁵¹ Citizens Advice, [Left behind: The need for affordable mail redirections](#), 2022.

⁵² Ofcom, [Review of Second Class safeguard caps 2024: Proposed price caps for Second Class universal services](#), 2023 (page 76).

⁵³ Royal Mail plc, [Response to Ofcom's Review of Postal Regulation - Call for Inputs](#), March 2021.

⁵⁴ Walnut carried out an online survey of 4,007 UK adults between 25 May and 5 June 2023.

when they need it, then the question of awareness raising becomes significant. If it is delivered through third sector partners, their time, resources and access to the target group will need to be considered. And if provided directly to eligible consumers via post we know that many consumers in vulnerable circumstances can't access their own post. 7 million people experienced post exclusion, due to homelessness or insecure accommodation, at some point between 2010 and 2020.⁵⁵ People in this situation, for whom access to affordable postage is really important as a means of accessing support services, will have no way of benefiting from the scheme if stamps are delivered to address points.

71. There are also big questions around eligibility for a targeted scheme. First, people's ability to predict how many stamps they need in a year varies a lot. This would make it difficult to set an eligibility metric to reach those who rely on post the most.
72. Second, if their eligibility criteria is very narrow millions of struggling consumers will miss out. Citizens Advice broke records for 70 advice areas in the first 3 months of 2023. And more people who were previously able to manage are now struggling. This means we're currently supporting more clients who work and who have a mortgage than we have done previously.⁵⁶ And our evidence shows 1 in 5 would struggle to buy a book of 8 second class stamps. 18% of people that were working still said they would struggle to afford a book of 8 second class stamps prior to the most recent stamp price increase.⁵⁷ People in receipt of Universal Credit were almost twice as likely to say they couldn't afford it. 15% of working age adults in the UK receive Universal Credit, meaning they've met the Government threshold for being on a very low income.⁵⁸ If the eligibility criteria for a targeted scheme was narrow, this could lead to people in financial vulnerability missing out on support for an essential service.

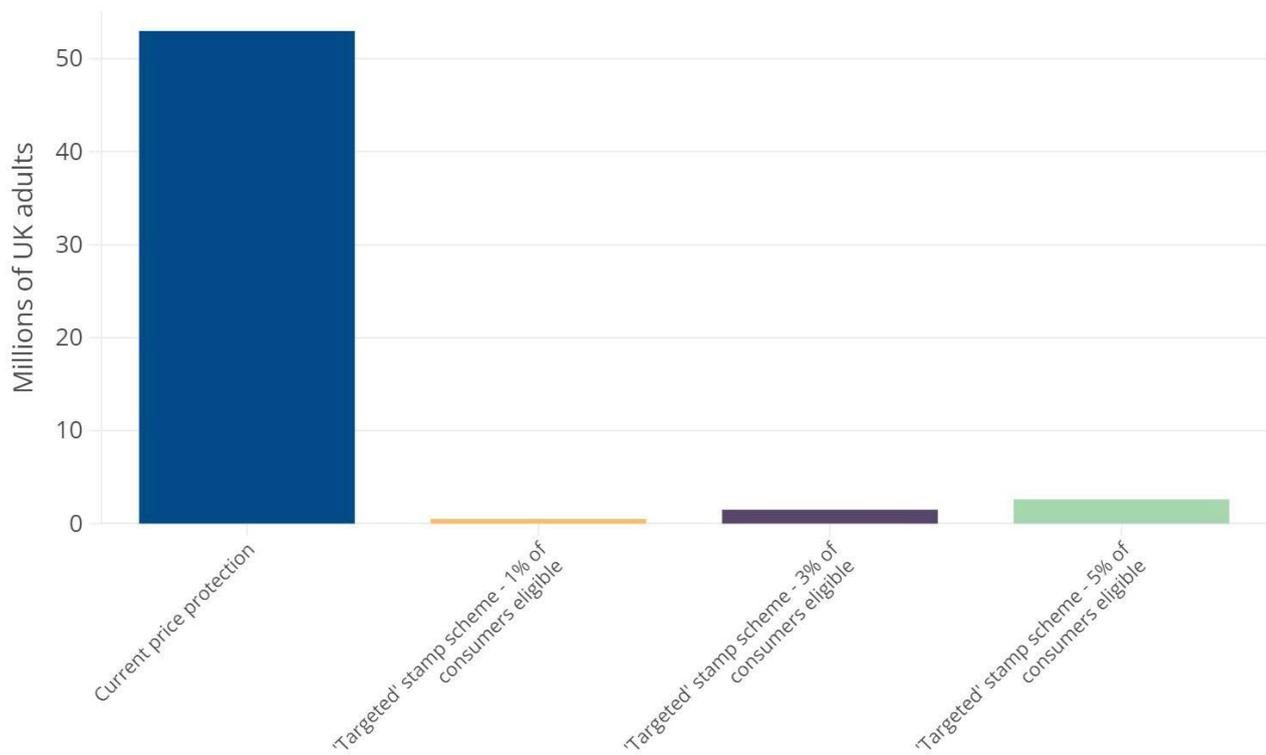
⁵⁵ Citizens Advice, [Millions without Mail](#), 2020

⁵⁶ Citizens Advice, [Cost of living dashboard](#), 2023.

⁵⁷ Walnut carried out an online survey of 5,999 UK adults between 9 January and 8 February 2023.

⁵⁸ Citizens Advice, [Why letters still matter in a digital age](#), 2023.

Figure 8: UK adults protected by hypothetical targeted stamp schemes⁵⁹



73. The consultation makes it clear that this is a scheme put forward by Royal Mail which could lead to an increase in prices for anyone not eligible. We have written elsewhere about the risks inherent in voluntary schemes through a monopoly provider.⁶⁰ Royal Mail is a private company and it is likely it's focus will be on protecting revenue, rather than ensuring access to affordable postal products for all who need them. This means a targeted scheme could see millions of households excluded who are nevertheless struggling to afford the basics and for whom access to affordable post is vital. And without price competition, there is no incentive for Royal Mail to consider affordability when setting prices for those not eligible.
74. The challenges with voluntary schemes put in place by private businesses are clear in other markets Ofcom regulates. Whilst broadband social tariffs are technically available to millions of consumers, only a meager 5% of those eligible actually benefit from the support. That means over £824 million of support goes unclaimed.⁶¹

⁵⁹ These percentages are for illustrative purposes only, and not based on figures put forward in the Ofcom consultation.

⁶⁰ Citizens Advice [Left behind: The need for affordable mail redirections](#), 2022.

⁶¹ [Citizens Advice responds to latest broadband social tariff figures](#), 25 April 2023.

75. In addition to the practical challenges and the potentially dramatic reduction in the number of consumers protected, the consultation demonstrates that i) Royal Mail can recover the cost of delivering second class letters without price increases⁶² and ii) second class standard letters represent a very small proportion of the company's Reported Business⁶³. As noted above, the information about volumes have been redacted. But if standard and large letters represent less than 5% of the Reported Business, it will represent an even lower, single digit proportion of the company's total revenue.
76. In summary, we oppose a targeted stamp scheme where this would replace the universal price cap. The practicalities of raising awareness and offering easy access, combined with the bluntness of target criteria, make this option far less effective at reaching those who need it than the current cap. A universal cap is the only viable way of delivering affordability for consumers in the letters market. The price cap is a proportionate way to protect consumers given Royal Mail's virtual monopoly over this essential public service.

Question 15: Do you have any other comments on the proposed modifications to the relevant DUSP conditions through which we propose to implement our proposals, attached in Annex 5?

77. No further comments.

⁶² Ofcom, [Review of Second Class safeguard caps 2024: Proposed price caps for Second Class universal services](#), 2023 (page 68).

⁶³ Ofcom, [Review of Second Class safeguard caps 2024: Proposed price caps for Second Class universal services](#), 2023 (page 67).

Conclusion

78. Consumers across the country rely on letters for vital information, such as legal matters, financial information, bills and medical documents. Almost 1 in 2 UK adults sent a letter in February 2023, while more than 7 in 10 received a letter in that same time period. And people can't shop around for letter postage - they're all subject to Royal Mail's prices. That's why we need Ofcom to make sure postal services are affordable, accessible and reliable for everyone.
79. Citizens Advice welcomes Ofcom's proposal to keep a cap in place for letters. It's positive that the regulator has recognised letter consumers need protections. But despite this, we have concerns about several aspects raised by the consultation. Specifically:
1. **A "targeted" stamp scheme:** We disagree with developing a targeted stamp scheme at the expense of universal protection, potentially leaving millions missing out on protection.
 2. **Transparency:** In a market where people can't shop around, letter consumers need clear information about price increases. It would be simpler and fairer for consumers if Ofcom set the price cap for each letter product.
 3. **Parcels:** We're disappointed to see the proposal to remove safeguard caps on second class parcels up to 2kg. This could lead to consumers that rely on offline purchases being charged more, especially in rural and remote areas.
80. The past few years have been challenging for consumers. And household incomes won't recover much, if at all, throughout the next review period.⁶⁴ In this environment, regulators should be doing all they can to support consumers. In the telecoms market, Ofcom has committed to putting more pressure on companies to drive awareness of social tariffs - only 5% of eligible households are benefitting so far⁶⁵ - and is also reviewing the practice of companies charging above-inflation price increases in the middle of contracts.⁶⁶ Ofcom's postal team should also do all they can to support consumers across the country. Keeping the caps for both second class parcels and letters would make an important contribution to keeping basic post products affordable for everyone. Ofcom should also consider a 1-year temporary freeze on CPI increases to support consumers further.

⁶⁴ Office for Budget Responsibility, [The outlook for household income and consumption](#), 2022.

⁶⁵ Ofcom, [Statement on supporting customers during the cost-of-living crisis](#), 2023.

⁶⁶ Gov.uk, [Chancellor agrees action plan with regulators to support consumers](#), 2023.

Review of the second class safeguard caps 2024

Addendum to Citizens Advice's response to Ofcom's consultation

Context

1. On 31 August 2023, we submitted our response to Ofcom's consultation on second class price caps.¹
2. But Royal Mail announced their third price increase in 18 months just a few hours before the 2nd class consultation closed. This addendum includes additional analysis of the impact of the latest changes on consumers.
3. Since submitting our response, we received additional analysis of the ONS Family Spending data covering April 2021 through to March 2022. This additional analysis also forms part of our addendum.

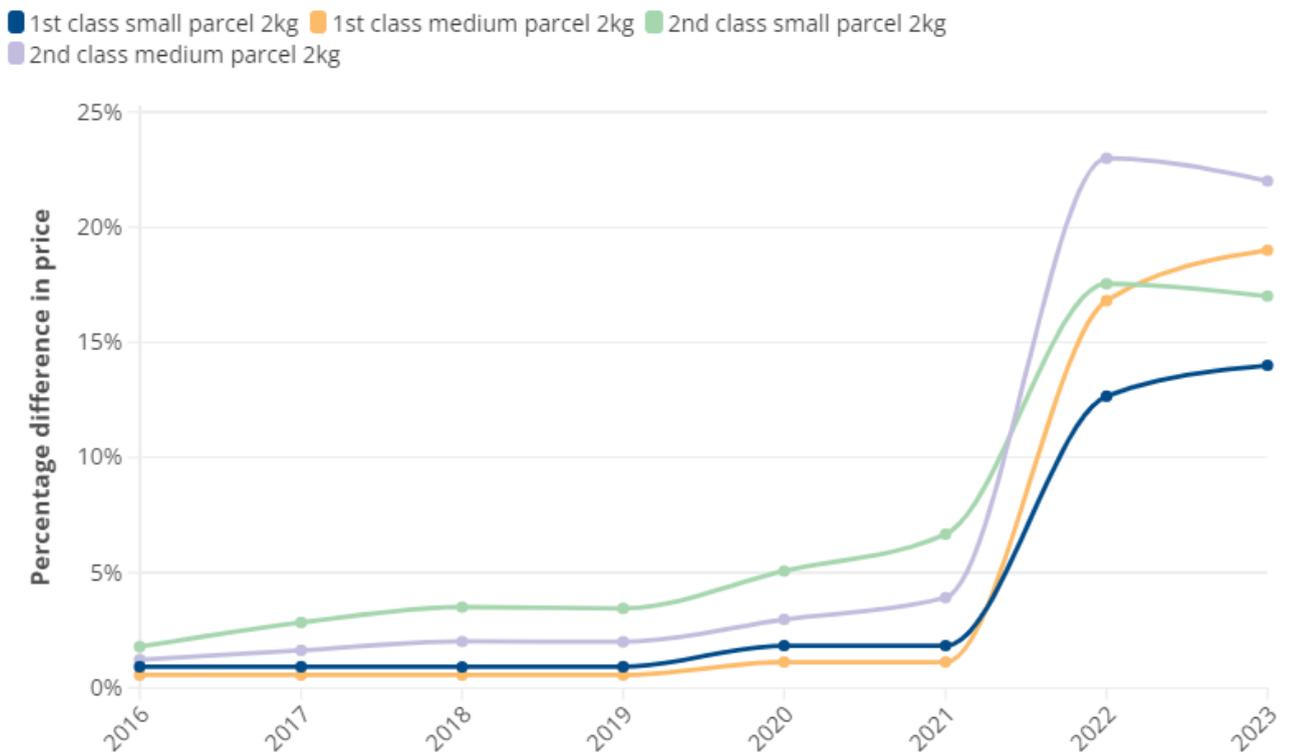
Digital exclusion penalty

4. We highlighted the development of a 2-tier USO because of a digital exclusion penalty in our consultation response.²
5. People who buy USO postage in person (e.g. at a post office) are charged more than people who can access cheaper prices online. Those digitally excluded consumers end up paying more for something which should be a universal service. For example, 2kg 2nd class medium parcels are now 22% more expensive if they are purchased in person.
6. The graph below shows how the difference has become more pronounced since 2021.

¹ Citizens Advice, [Review of the second class safeguard caps 2024: Citizens Advice's response to Ofcom's consultation](#), 2023.

² Citizens Advice, [Review of the second class safeguard caps 2024: Citizens Advice's response to Ofcom's consultation](#), 2023. (paa. 67).

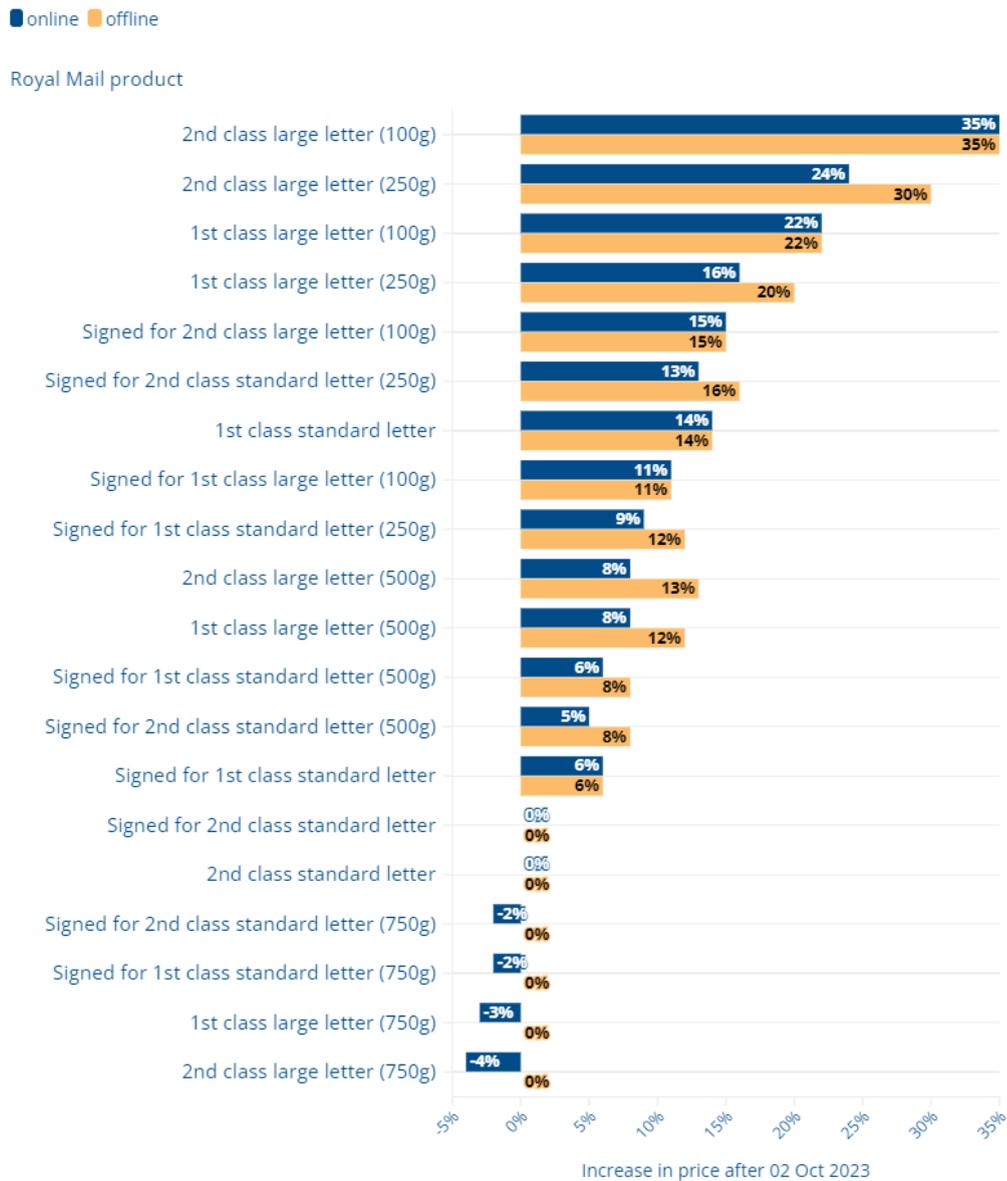
Figure 1: The percentage price difference between offline and online Royal Mail parcel products 2016 - 2023³



7. Until October 2023, this has only been an issue in the parcels market. But the latest price increases - announced on the day that the consultation closed - mean letter consumers are hit by this price differential too.
8. The United Kingdom was the first country in the world to adopt a 'one-price-goes-anywhere' stamp, the Penny Black. This differential letter pricing could break with a nearly 200 year long tradition.
9. Royal Mail has increased the price significantly more for offline consumers of 1st and 2nd class large letters in the 250g weight category, compared to online consumers. Additionally offline consumers won't benefit from the online price cuts for large letters in the 750g weight category.

³ GBPS, [Letter and Packet Rates from 2006, 2023](#).

Figure 2: Royal Mail price percentage price increases/ decreases October 2023⁴



10. We don't support this increase in differential pricing because it penalises people that are digitally excluded.

11. Millions of people across the UK don't have the digital skills to access Royal Mail's online prices. And this is an issue that won't go away overnight. As many as 5 million workers will still lack essential digital skills

⁴ Royal Mail, [Online price guide April 2023](#), 2023.
 Royal Mail, [Online price guide October 2023](#), 2023.
 Royal Mail, [Our prices April 2023](#), 2023.
 Royal Mail, [Our prices October 2023](#), 2023.

by 2030, according to the Lords Communications and Digital Committee.⁵ This shows the scale of digital exclusion across a broad demographic including working age adults.

12. The latest changes are also indicative of Royal Mail's significant market power in the lower weight large letter categories, where most of the price increases are concentrated. This is a part of the market where consumers have no option to shop around for a better price.

Measures of affordability

13. Ofcom relies on the 2020-2021 ONS Family Spending data in their assessment of affordability. This means the most recent period covered was March 2021. The 2021-2022 ONS Family Spending data was released on 31 May this year.⁶ We used this most up to date data in addition to data obtained from an ad-hoc request to the ONS to analyse:
 - a. Average expenditure on post by all households. This is the average amount spent on post divided by all households in the survey.
 - b. Average expenditure by households that reported spending money on post. This is the same average amount, but it's divided by those households that actually spend money on post rather than all the households in the survey.
14. The graph below shows that average spending on post is 6 times higher when you include only households who do spend on post.

⁵ Communications and Digital Committee, [Digital exclusion, 3rd Report of Session 2022-23](#), 2023, 35.

⁶ Citizens Advice, [Review of the second class safeguard caps 2024: Citizens Advice's response to Ofcom's consultation](#), 2023, (para. 30).

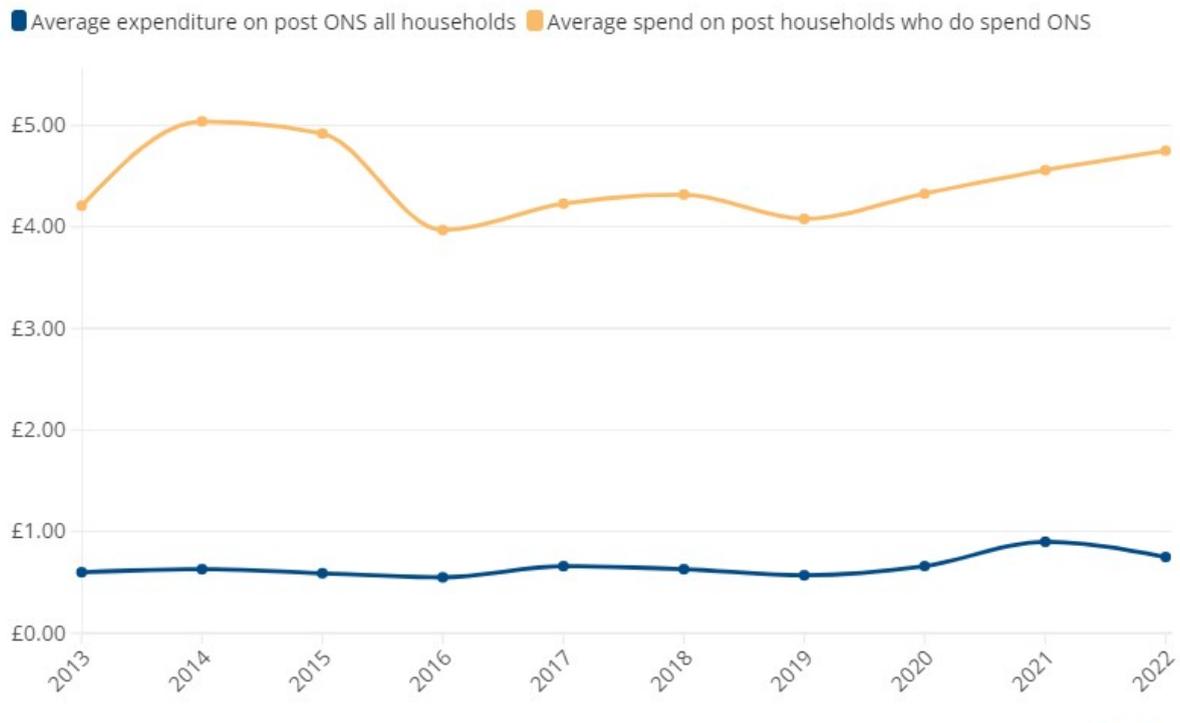
Figure 3: Weekly spend on post⁷



15. Looking at households that actually spend on post would be a fairer contextualised assessment of spending behaviour. This would help remove the risk of under-representing people who most need affordable access to post.
16. This is especially important when we consider that letter volumes are declining. This means that the average spend across all households will be pulled down by those that don't use post, further distorting the experiences of those who rely on postage.

⁷ ONS all households data from [Family spending in the UK: April 2021 to March 2022](#) and ad-hoc request to ONS available on the [ONS website](#)

Figure 4: Spend over time⁸



17. Figure 4 shows that, while average spending across households has recently decreased, spend is actually increasing among households that do spend on post.
18. Another helpful way to check that data is reflecting what's happening in the real world is to use multiple data sources to see whether they tell the same story.
19. In Ofcom's Postal Tracker survey 2021 which is the most comparable with the ONS data above, of those that reported spending on post, the greatest number of respondents fell into the £6 - 10 per month category. This is more aligned with the average spend across households that do spend on post.⁹
20. In our response to the consultation, we also encouraged Ofcom to replicate the approach of the Financial Conduct Authority (FCA) when assessing essential expenditure.¹⁰ If Ofcom updated its approach to take into account a more representative range of expenditure *and* analyse

⁸ Ad-hoc request to ONS available on the [ONS website](#)

⁹ If the mid-point of this category (£8) is converted into a weekly amount (£1.85) and multiplied by the average number of people per household (2.4), we arrive at £4.43 which is in the same ballpark as the ONS data (£4.75).

¹⁰ Financial Conduct Authority, [MCOB 11.6 Responsible lending and financing](#), 2023.

postal spend as we set out above, it would give the regulator more accurate insight into how much people who rely on post spend on this essential service.