

# **Protecting vulnerable consumers in the telecoms sector -**

Citizens Advice response to Ofcom's Proposed guide for treating vulnerable consumers fairly



November 2019

# Introduction

Citizens Advice gives people the knowledge and confidence they need to find their way forward - whoever they are, and whatever their problem. Our network of independent charities offers confidential advice online, over the phone, and in person, for free.

Many of the people our advisers see are vulnerable - our biggest advice issues are benefits and debt. We advised 100,000 clients with mental health problems in the past 12 months. Our advisers saw 175,000 people on a low income - 68% of clients who told us their income.<sup>1</sup>

Citizens Advice welcomes Ofcom's focus on ensuring telecoms firms treat vulnerable customers fairly. We know from delivering frontline support, and from our research, that essential service markets aren't working for vulnerable consumers.

In our recent research on the experiences of consumers with mental health problems in essential service markets, telecoms was highlighted as the sector where research participants had the most problematic relationship with their provider. People with mental health problems said that telecoms firms are the least likely to consider their needs or provide tailored support for them, compared with other essential services.<sup>2</sup> In the mobile phone market, 11% of people have disclosed their mental health problem to their provider, but only 1% have received support.<sup>3</sup>

The introduction of the General Condition on vulnerability in October 2018 was a welcome step towards ensuring vulnerable consumers are treated fairly.<sup>4</sup> However, providers need more clarity from Ofcom on what support they are expected to offer to meet their obligations.

Generally, we are pleased with the contents of the guide, as it reflects many of the findings from our research with vulnerable consumers and addresses key areas where vulnerable telecoms customers are experiencing harm. However, we're concerned that, given the status of this proposed document as guidance, firms might choose not to act on it, or might make only superficial changes. We

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<sup>1</sup> 17% of our clients told us their income

<sup>2</sup> Citizens Advice (2018) [Essential service markets and people with mental health problems](#)

<sup>3</sup> Source: Money and Mental Health survey of 434 people with lived experience of mental health problems. Base for this question: 335; Money and Mental Health, Levelling the playing field, 2017

<sup>4</sup> Ofcom (2018) [New Ofcom rules to better protect consumers](#)

would like to see Ofcom update this guidance to include rules to prevent the harm vulnerable consumers are currently experiencing in the telecoms sector.

We would also like to see Ofcom provide a detailed account of its approach to monitoring, compliance and enforcement to identify and tackle providers that are failing to ensure fair outcomes for vulnerable consumers. This should cover both enforcement relating to minimum standards, and how firms will be held to account on outcomes for vulnerable customers where they are offering support and services beyond the minimum. Ofcom should follow Ofgem's example and publish an annual report monitoring outcomes for vulnerable consumers based on data from firms, as well as quarterly updates on specific measures.

## Minimum standards

We welcome Ofcom including many of the proposals set out in our report 'Counting on it' in its draft guidance.<sup>5</sup> We would like to see the guidance amended to set out the following as mandatory support firms must offer to prevent the harm vulnerable customers are currently experiencing:

1. **Debt management:** Ofcom should require firms to implement a 60-day pause on enforcement when vulnerable customers miss 2 consecutive bill payments, and forbid supply disconnections to enforce payment.<sup>6</sup> Firms should also set up debt advice appointments directly if customers agree to this, rather than expecting them to manage this themselves. Firms should proactively ensure customers are on the best deal for them. A crucial part of supporting vulnerable customers is giving them a fair price - this issue was at the heart of our super-complaint to the Competition and Markets Authority (CMA) about the loyalty penalty.<sup>7</sup>

The telecoms sector stands out from other essential services in its disconnection practices. Water providers can't disconnect customers for non-payment of bills and energy providers rarely disconnect customers for debt.<sup>8</sup> However, disconnection as a tool to enforce payment by telecoms providers is more common and has major repercussions. It can make other essential services unmanageable, as well as preventing

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<sup>5</sup> Citizens Advice (2019) [Counting on it](#)

<sup>6</sup> This applies only to customers who have missed 2 consecutive bill payments for non-PAYG mobile and broadband contracts for existing usage allowances. It would not interfere with the ability of customers or companies to place limits on usage outside of contractual allowances.

<sup>7</sup> Citizens Advice (2018) [Excessive prices for disengaged consumers A super-complaint to the Competition and Markets Authority](#)

<sup>8</sup> Although self-disconnection and self-rationing by customers with prepayment meters (PPMs) is an area of concern.

people from getting help from family and friends.<sup>9</sup> We found people with mental health problems are over 3 times more likely than those without mental health problems to have had a telecoms service disconnected once or more due to lack of payment within the last 3 years.<sup>10</sup>

2. **Accessible communication:** Providers must ensure customers have access to at least 2 different communications channels, with one being a freephone telephone line. Vulnerable customers shouldn't have to wait in long call queues and should be able to get through to specially trained staff. Providers should also send written follow ups after calls during which changes are agreed to ensure customers know what was discussed.
3. **Safety net:** It should be easier for customers to set up flexible third party access to their accounts, so a trusted person can help manage their account during difficult periods. Customers should be able to turn this access on and off as they need without having to remove and re-add the third party to their account. Customers should be able to request that their third party receive a notification when usage limits set by the customer are breached.

Additionally, **bills and statements should be free for vulnerable consumers.** We support Ofcom's guidance that providers should offer communication through the post for those who need it. However, we're concerned that many major telecoms providers charge customers for paper bills and statements, with some charging £3 per bill.<sup>11</sup> It is unacceptable that vulnerable customers who can only manage their account through paper billing are penalised by up to £3 per month for communications to be altered for their needs.

## **Additional guidance Ofcom should include:**

1. **How providers can tailor their communications about support to the audiences who require the support.**

Providers often adopt a 'one size fits all' approach to the awareness-raising methods they use. This means they often don't tailor the content or delivery of their communications to people who are eligible to claim it. Frequently, communications are either too long or too dense to understand, with information about support schemes buried in bills or

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<sup>9</sup> Citizens Advice (2018) [Essential service markets and people with mental health problems](#)

<sup>10</sup> Citizens Advice (2019) [Counting on it](#)

<sup>11</sup> [BT states it charges £3 per paper bill it sends a customer](#)

standard correspondence. The language that they use can also be overly technical and incomprehensible to someone with relatively low literacy levels or cognitive impairments.

Ofcom should include guidance in paragraph 4.5 on tailoring awareness raising communications to the people who need the support.

## **2. How often providers should follow up with existing customers to check if they now need support/ no longer need support.**

We welcome Ofcom's emphasis on firms outlining the help they have in place in tandem with asking whether customers need support. Our research has found that knowing there is a benefit to disclosing a vulnerability significantly increases the likelihood that a customer will disclose.<sup>12</sup> As Ofcom acknowledges, 'anybody can face circumstances that lead to them becoming vulnerable - temporarily or permanently.' While some forms of customer support - e.g. receiving braille bills - will be unlikely to need to be updated regularly, firms will need to be proactive with most customers in checking whether their circumstances have changed. Ofcom should add guidance on how regularly firms should check in with customers e.g. firms should explicitly contact customers at least once per year to detail their support offer and ask if a customer would benefit from any of these services.

## **3. Reassuring consumers about the storage of their data in terms that are easy to understand.**

Paragraph 5.7 rightly outlines the need for providers to comply with data protection regulations and to discuss the recording of data with customers.

Vulnerable consumers might be put off sharing information about their circumstances or needs because they're concerned about what will happen to that data, or they don't understand how it will be stored or used.

It is important to explain how this data will be stored in a way that is easy to understand. Vulnerable people should be consulted in the development of information about their data rights and privacy to make sure it meets their needs. In line with GDPR, data should only be

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<sup>12</sup> Citizens Advice (2019) [Counting on it](#)

processed on the basis of informed consent and should be regularly updated to ensure it remains accurate.

**4. How often frontline staff performance should be evaluated, and how often staff should be required to refresh their training.**

Ofcom's guidance encourages providers to gather regular customer feedback, monitor staff performance and provide staff training. This is key to ensuring standards don't slip over time. Additional guidance should be provided on how often performance evaluation and refresher training should take place.

**5. More weight should be given to the significance of low income as a driver of vulnerability and a form of vulnerability that seriously magnifies the risk of harm to a customer.**

We welcome Ofcom's acknowledgement that anybody can face circumstances that lead to them becoming vulnerable. However, we would like to see more weight given to the significance of low income as a driver of vulnerability and a form of vulnerability that seriously magnifies the risk of harm to a customer. It is particularly unacceptable that people with low incomes or in debt are paying the loyalty penalty, and vital that it is mandatory for firms to proactively ensure these customers are on a good deal.

There is a major link between mental health and low income,<sup>13</sup> as well as physical disability and low income.<sup>14</sup> An individual's ability to deal with life events such as bereavements and severe illness will be significantly affected by their financial situation. Richard's case below illustrates the way different forms of vulnerability interact, and shows how poor treatment by a telecoms firm and resulting detriment is much more damaging when someone has a low income.

Richard has mental health problems and is unable to work. He is in receipt of benefits. His anxiety means he finds it difficult to open post and deal with the contents. He came to Citizens Advice because his telecoms provider had cut off his ability to send texts, make calls or use the internet on his phone. In addition to his existing contract of £15 per month, which he was making regular payments for, he said it seemed his provider had set up a new contract for him that he hadn't agreed

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<sup>13</sup> Elliott, I., [Poverty and Mental Health: A review to inform the Joseph Rowntree Foundation's Anti-Poverty Strategy](#) 2016

<sup>14</sup> New Policy Institute, [Disability Long-Term Conditions and Poverty](#), 2014

to. The outstanding balance on the new contract was over £70. Because he couldn't make calls or use the internet, he was unable to contact the provider. He didn't have access to any other device with which to get online.

He had started receiving letters from a debt collection agency but was also unable to contact them. When an adviser helped him get in touch with the debt collection agency, the agency told him to take a letter from his GP to the nearest branch of his telecoms provider. Richard came back again for help when the GP's letter had no effect. He was continuing to receive post from the debt collection agency warning him that his phone would be fully disconnected and a termination fee of £150 would be added to his debt. An adviser then managed to get the debt collection agency to pass Richard's account back to the firm. After several more emails and phone calls from Citizens Advice to the telecoms provider, challenging them to cancel Richard's debt, they agreed to do so 6 months after Richard first came to Citizens Advice for help - an extremely frustrating and distressing experience for him.

## Plans for enforcement of rules and to tackle poor outcomes

Overall the guidance Ofcom has put together is thorough and addresses many areas where vulnerable telecoms customers are experiencing harm.

However, we are concerned by the voluntary nature of this guidance. While General Condition 5 on vulnerability is a requirement on providers, it is not clear to what extent providers are required to follow the guidance Ofcom intends to publish.

**Ofcom should update this guidance to include rules to prevent the harm vulnerable consumers are currently experiencing in the telecoms sector.** If rules are not introduced, Ofcom should set out how it will enforce on GC5 on the basis of this guidance to ensure outcomes for vulnerable consumers that are at least as good as those for consumers who are not vulnerable.

In order to assess whether the treatment of vulnerable consumers in the telecoms sector is improving, Ofcom should publish an annual update on outcomes, as well as quarterly reporting from firms in specific areas. This is the approach currently taken by Ofgem to monitoring performance. Ofgem publishes an annual report on vulnerable consumers in the retail energy market using suppliers' social obligations data, and quarterly data updates on measures such as debt and disconnection for non-payment of debt.<sup>15</sup> Ofcom should

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<sup>15</sup> Ofgem (2019) [Consumer Vulnerability Strategy: reporting on progress](#)

replicate this approach to monitoring and reporting. Ofcom's 2018 'Access and inclusion' report is based on consumer polling and interviews conducted by various research agencies.<sup>16</sup> Ofcom should instead use its powers as telecoms regulator to produce a comprehensive picture of the experiences of vulnerable customers by requiring firms to disclose relevant data quarterly.

We would like Ofcom to detail:

- Rules it will introduce alongside this guidance to ensure vulnerable consumers are protected from harm.
- How they plan to ensure these minimum standards are taken up across the sector, and how they plan to monitor and adjust them over time to reflect the changing market and new technologies.
- What enforcement action will be taken if providers fail to implement mandatory support and standards, or treat customers in a way that is not in line with General Condition 5 and the guidance.
- How outcomes will be measured and reported, and what data Ofcom will require firms to disclose and at what intervals.

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<sup>16</sup> Ofcom (2018) [Access and Inclusion Annexes](#)