

# Consumer advocacy: what we did in 2017/18

Citizens Advice annual report of  
consumer activities in 2017/18



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# Foreword

Although our work representing consumers is complex, the test for that work is simple: do we add more value than we cost?

The answer to that question lies partly, of course, in the scale of our impact. That's why I'm delighted to see that our work in 2017/18 yet again delivered a substantial return. Our investigation into the UK's energy networks, for example, revealed £7.5bn of excess profits, returning hundreds of millions of pounds to consumers. And in post, our work helped to secure and shape £370m for the post office network, including £160m to protect rural post offices.

But impact is also about *additionality*: changes we helped to secure that would otherwise not have happened. That's why I put particular value in work that takes advantage of our institutional position: independent of industry, rooted in Citizens Advice's unique data, and unhindered by the institutional constraints that inevitably constrain the work of a regulator or government authority.

That includes work like our star rating of energy suppliers, which shines a light on terrible customer service. Or our grassroots work to engage communities in changes to their local post office. Or our intellectual leadership, reaching across sectors and regulators, to advocate a bolder response to the loyalty penalty or to the risks and opportunities of big data and behavioural science.

Our independence is key to additionality because it means we can correct the balance: when a regulator or a government department faces a big decision, under intense pressure from incumbents, we tilt the scales to the consumer.

In this report, you will see example after example of how we do that: in deeply technical debates about how infrastructure is paid for; when a vulnerable group - such as the elderly or those living in rural areas - risk losing access to a basic service; or when consumers as a whole need a simpler, quicker route to redress.

In uncertain times, when consumer advocacy is needed more than ever, we look forward to building on the success in this report in the year ahead.



**James Plunkett**

Executive Director of Advice & Advocacy

# Introduction

This report is divided into three main chapters covering our statutory consumer advocacy work on energy, post, and also cross-sector issues. Each chapter reports against the priorities set out in the work plan published at the start of 2017/18.<sup>1</sup>

Our consumer advocacy role complements other parts of the consumer policy landscape, such as enforcement bodies, ombudsmen, government, policymakers and regulators. We use our evidence and experience to make sure the voice of consumers is heard.

To achieve this we use a range of tactics:

- Public pressure and campaigning to represent consumers interests
- We raise awareness of issues to inform and empower customers and companies
- We conduct in-depth work behind the scenes to inform complex negotiations
- Soft pressure particularly on businesses to drive up standards across the industry
- We provide direct advice and support to customers

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<sup>1</sup> [Securing a better deal for consumers: the Citizens Advice consumer workplan 2017/18](#), Citizens Advice, June 2017

# Summary: our work in brief 2017/18

## Energy

In 2017/18 we successfully:

1. Identified that energy network companies are making £7.5bn in unjustified profits across the current price control. As a result of our campaigning £287m of these unjustified profits have been returned to customers so far, with other network companies also taking steps to cut bills by almost £390m. Our work has helped to influence Ofgem's development of the framework for the next set of price controls under the RIIO2 framework, where they have indicated that companies should expect lower profits.
2. Pushed for the extension of the safeguard tariff to those receiving Warm Home Discount – saving just under a million households an estimated £120m a year. This was implemented in February.
3. Helped secure a commitment from government to deliver price protection for a further 11m customers on standard variable tariffs in time for this upcoming winter.
4. Pressed for the energy efficiency scheme, the Energy Company Obligation (ECO3), to have greater focus on low income and vulnerable households who are least able to adequately heat their homes and more likely to suffer detriment.
5. Campaigned successfully for Ofgem to look at a tougher licencing regime for new energy suppliers, following some high profile failures and using evidence from consumers.
6. Worked with Energy UK, BEIS and Ofgem to strengthen smart metering protections including around prepayment switching and energy efficiency advice provision after our monitoring identified problems
7. Campaigned for the Competition and Markets Authority to launch a study into heat markets using our evidence of consumer detriment and ensured the Heat Network Task Force's report committed to meeting minimum standards for pricing and customer service
8. Responded to more than 57,787 enquiries from customers about energy

issues via the Citizens Advice Consumer Service.

9. Secured more than £2.4m for vulnerable customers in the form of goodwill payments, bill reductions and guaranteed standards payments thanks to the Extra Help Unit. In total, they handled 7,771 complaints, 1,154 enquiries and 2,950 contacts to its 'Ask the Adviser' service.
10. Demonstrated the need for new regulations to protect both domestic and business customers from back bills which can push customers into debt, cause bankruptcy and anxiety. New protections were introduced in May 2018.
11. Resisted changes to the Uniform Network Code, which would have meant the £100m per year cost of 'missing gas' being paid for by consumers.
12. Ensured Ofgem's proposals for improved switching included effective monitoring, customer compensation if things go wrong, and we pushed for them to be delivered at an acceptable cost.

## Post and cross sector

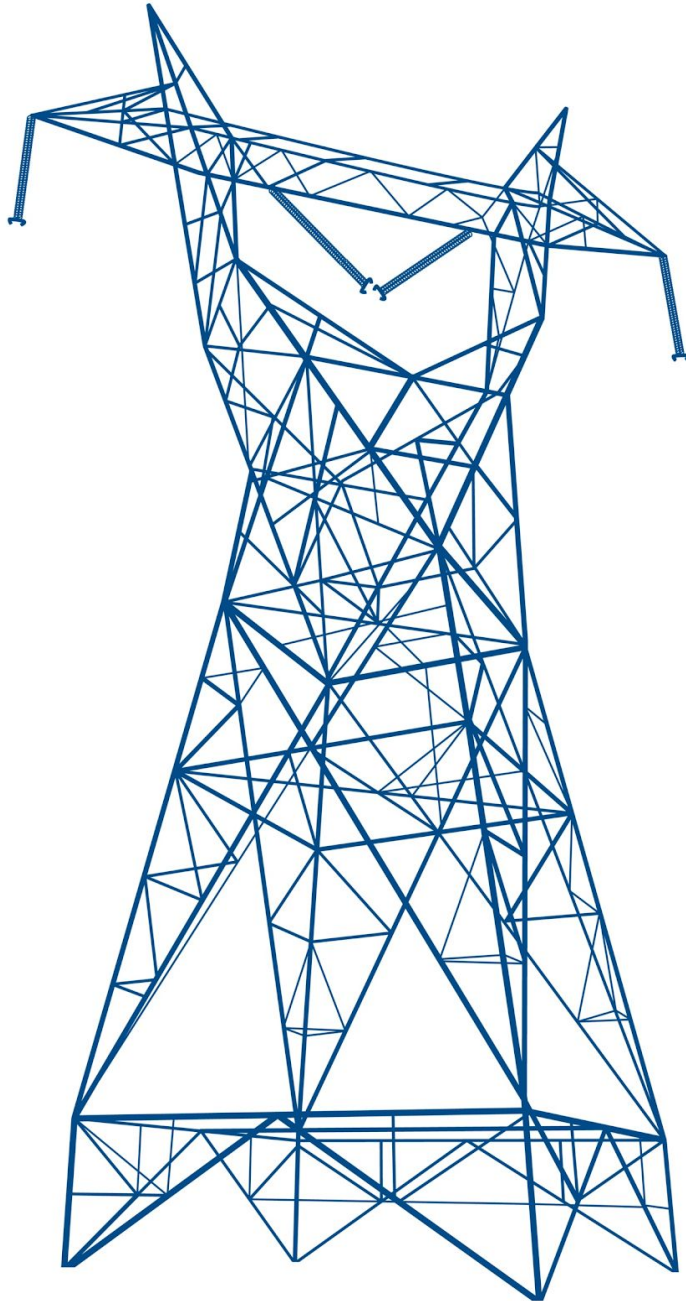
In 2017/18 we successfully:

13. Advocated to secure £370m of future government funding for the post office network, including £160m to protect 'last shop in the village' branches, which are vital for many smaller communities. This was informed by our extensive research and engagement.
14. Reviewed the proposed changes to modernise or move post offices which resulted in Post Office Ltd agreeing to improvements or providing additional reassurances in 75% of cases before implementing them. Since October 2012, we've agreed these changes in over 1,500 communities.
15. Researched the risks posed to consumers through the increasing use of personalised pricing by companies and led a debate with the CMA to discuss possible solutions.
16. Published groundbreaking research into the loyalty penalty, which revealed how long-standing customers end up paying more for essential services across range of markets. This strongly featured in the government's subsequent Consumer Green Paper, and helped to shape specific actions taken by industry across a range of markets.
17. Collaborated with Trading Standards and a range of local partners to tackle scams and increase the reporting of fraud. A total of 364 organisations took

part (an increase of 7%) reaching 345,000 consumers in Scams Awareness Week.

18. Used our customer journey research into disabled people's experiences of accessing postal services through post offices to influence the development of Post Office Ltd and the finance industry's action plan on banking at post offices.
19. Worked with a range of organisations as part of the Consumer Protection Partnership and Consumer Protection Partnership Wales to achieve positive change for consumers, including in the mobile phone market.

# Chapter 1: Energy





## Overview

Citizens Advice has much to celebrate this year in supporting and advocating for energy consumers, in what remains a rapidly changing sector and challenging economic climate.

Cutting energy prices was at the top of our agenda. Our Missing Billions report, which highlighted how network companies are set to earn more than £7.5bn in unjustified profits, prompted Ofgem to signal that the upcoming RII02 price controls will be tougher, with lower than expected returns for these firms than previously. And thanks to our research, so far some £287 million of those unjustified profits have been returned to consumers, with other network companies also taking steps to cut bills by almost £390m.

Alongside this, we continued to advocate for better value deals for consumers who don't or can't switch energy provider so customers don't face a loyalty penalty. We worked closely with Ofgem to ensure the promised safeguard tariff delivered better value prices for prepayment meter customers who were previously being overcharged. Our monitoring confirmed that most of the four million customers who were set to benefit are indeed paying less.

We also successfully worked to press for the extension of this safeguard tariff to those receiving the Warm Home Discount. This was implemented in February, saving just under a million households an estimated £120 a year. And we continued to keep the pressure on, helping to deliver a further commitment from government to protect another 11 million households on standard variable tariffs in time for this upcoming winter. We will work to ensure this is delivered effectively in the months ahead.

Improving the energy efficiency of our housing stock, especially to reduce fuel poverty and deliver a low-carbon economy, remains a top priority. We published economic modelling to understand the impact of the introduction of a minimum energy efficiency standard for private rented sector, with a cost cap to exempt properties where the costs are particularly high<sup>2</sup>. We fed this into the government's consultation on a minimum standard, arguing that a £5000 cost cap would bring a more substantial net benefit to tenants, by reducing their energy costs with limited impacts on the rental market<sup>3</sup>. We responded to the Department for Business, Energy and Industrial Strategy (BEIS) consultation on Building a Market for Energy Efficiency and informed discussions on ECO3 – the upcoming Energy Company Obligation scheme for 2018 to 2022- which will now

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<sup>2</sup> [Effective energy standards for private renters](#), Citizens Advice, October 2017

<sup>3</sup> [Citizens advice response to the BEIS consultation on minimum energy efficiency standards in the private rented sector](#), Citizens Advice, March 2018

have a stronger focus on fuel-poor consumers.<sup>4</sup>

We continued to keep the heat on the heat market last year. Using our evidence of consumer problems we successfully campaigned for the Competition and Markets Authority (CMA) to launch a study of heat networks and their impact on consumers. This was announced in December, and interim findings which recommended the regulation of the market were published in May<sup>5</sup>.

In 2017/18 the number of energy suppliers grew from 58 to more than 70, and with this came new supply models and increased choice, but also new challenges. We improved our market monitoring arrangements in response to the growth and supported new entrants, including with a number of good practice guides. Following the high-profile failure of some new energy suppliers, we called for the licence regime for new entrants to be strengthened in order to protect consumers. Ofgem has now agreed to look at this as part of its 2018-19 work plan.

Alongside new and emerging issues our important business-as-usual activity occupies the bulk of our time. We stepped up our scrutiny of consumers' smart metering experiences, leading to strengthened protections to improve energy efficiency advice during the smart meter installation and new safeguards to ensure billing accuracy and easier switching for those on prepayment meters. Thanks to our monitoring, a number of companies including Iresa Ltd were subject to binding commitments to stop their unfair practices and improve their customer service.

The Citizens Advice Consumer Service responded to more than 57,787 enquiries from customers about energy issues.

Our Extra Help Unit, which logged 7,771 complaints, 1,154 enquiries and 2,950 contacts to its 'Ask the Adviser' service, secured financial redress for energy consumers of £2.4 million in the form of goodwill payments, bill reductions and guaranteed standards payments.

And as always we had an eye on the future. Our new research, thinking and advocacy highlighted the potentially profound consequences for consumers of changes like Ofgem's half-hourly settlement programme, the growth in connected homes and big data, new kinds of time-of-use tariffs and of course Brexit. These insights will inform policy making for tomorrow, to help ensure all consumers can benefit from our smarter and hopefully greener future.

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<sup>4</sup> [Citizens Advice response to the BEIS consultation on the Energy Company Obligation \(ECO3\) 2018 to 2020](#), Citizens Advice, May 2018

<sup>5</sup> [CMA considers regulation for heat networks](#), Gov.UK, May 2018

# Key projects/priorities and their outcomes

## Priority 1: Cutting energy bills

### Tackling unjustified energy network profits

Ofgem's price controls set the prices that energy distribution and transmission companies can charge and the performance that they must deliver for an eight-year period.

The average consumer pays £280 a year for these network costs. Interrogating networks' performance and demanding justification for this level of charge, therefore, is a crucial part of our statutory role in representing energy consumers.

Our 'Energy consumers' missing billions' report on network profits and our regional analysis found that energy network companies are earning £7.5 billion in excess profits, an estimated £285 per household over the eight-year price control.  
<sup>6 7</sup>

The average return for energy network companies is almost 10%, and none is earning less than 7%. This is a substantial amount for regulated monopolies and not reflective of the performance Ofgem aimed to incentivise through the price control framework. Off the back of this research and as a result of our campaigning, including blogs and media work, to date:

- £287 million has been returned to consumers by three companies
- Some firms in the market have taken steps to cut consumer bills by almost £390 million

We have also used evidence from this research to inform our input into the design of the next set of price controls, known as RIIO-2, and will continue to press network companies to return unjustified profits to consumers.

### Scrutinising network financial rewards – mid-period review RIIO ED1

In early 2018 we also contributed to Ofgem's consultation on current price control RIIO-1 about whether to hold a mid-period review for electricity distribution companies. Our consultation response called for Ofgem to carry out a mid-period review to review if financial rewards that DNOs are making were justified<sup>8</sup>. We

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<sup>6</sup> [Energy consumers' missing billions](#), Citizens Advice, July 2017

<sup>7</sup> [The postcode lottery in energy profits – a regional update of Energy consumers' missing billions](#), Citizens Advice, April 2018

<sup>8</sup> [RIIO-ED1 Mid-period review \(MPR\) consultation response](#), Citizens Advice, February 2018

raised concerns that companies were receiving financial benefits due to regulatory forecasting and factors beyond their control, e.g. real prices being lower than price controls.

## **Be an Energy Shopper campaign**

Switching energy supplier can save consumers hundreds of pounds. In 2017/18 we took over the 'Be an Energy Shopper' website and campaign from Ofgem. After we had successfully incorporated all the content into our main advice channels, we took the old website offline.

## **Assessing the effectiveness of the prepayment price cap**

In April 2017 a safeguard tariff was introduced for four million households with prepayment meters to prevent them from being overcharged. This capped the amount of money suppliers could charge a domestic prepayment meter (PPM) customer per unit of energy.

At Citizens Advice we were involved extensively in the design of the price cap including participating in major policy debates, engaging with Ofgem and responding to the BEIS Select Committee Tariff Cap inquiry.

To ensure that the prepay cap subsequently delivered the right outcomes for consumers, in 2017 we conducted an analysis of the impact of the cap and found it had worked better than some of the critics suggested. Almost everyone on a prepayment tariff has saved money as a result of the cap, with cheaper deals and a spread of tariffs remaining.

We will continue to closely monitor the effectiveness of the cap and new measures to introduce fairer deals.

## **Influencing the future design of the Energy Company Obligation**

In 2017/18 we continued to campaign for more energy efficient homes, especially to reduce energy bills for fuel-poor consumers. This included responding to BEIS's consultation on Building a Market for Energy Efficiency<sup>9</sup> and informing discussions on ECO3, the upcoming Energy Company Obligation scheme for 2018 to 2022.<sup>10</sup> We were pleased to see ECO3 is being redesigned with a focus on low income and vulnerable households who are least able to adequately heat their homes and more likely to suffer from the impacts of an energy inefficient home. We will continue to input into the development and implementation of ECO3 policy.

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<sup>9</sup> [Citizens Advice response to BEIS call for evidence on building a market for energy efficiency](#), Citizens Advice, January 2018

<sup>10</sup> [Citizens Advice response to BEIS's consultation on the Energy Company Obligation \(ECO3\) 2018 to 2020](#), Citizens Advice, May 2018

Our research also explored the strengths and weaknesses of the current supplier delivery model and considered alternative models for the delivery of energy efficiency support to fuel-poor households. Our report will be published later this year and used to inform the future design of energy efficiency support post 2022.

### **Improving the efficiency of cold homes in the rented sector**

More and more people are renting their home in the private sector. Many are paying a high price to live in homes which are inefficient, cold and expensive to heat. There is little business incentive for landlords to improve energy efficiency. Citizens Advice commissioned economic modeling of the potential impacts that a minimum energy efficiency standard might have.<sup>11</sup>

We explored a policy which would require landlords to pay for measures, with a cost cap to exempt properties where the costs are particularly high. Our research considered three typical properties, covering different regions and types of property, and three different cost cap scenarios. It showed a more effective minimum standard would bring a substantial net benefit to tenants, by reducing their energy costs, and the impacts on the rental market would be limited. Based on the findings, we recommended that the government bring in a minimum energy efficiency standard, with a £5000 cost cap. We used the evidence to respond to government proposals for a lower cap, and we await the outcome of that consultation.<sup>12</sup>

### **Monitoring the costs of the smart-metering Data Communications Company**

The Data Communications Company (DCC) is the body licensed to manage the smart-metering data and communications. Each year we have responded to Ofgem's consultation on the DCC's price control.<sup>13</sup> This year we criticised the high level of profit being made and will work with Ofgem and BEIS to press for improvements via the Smart Energy Code panel with a view to secure tighter price controls for the DCC.

## **Priority 2. Empowering and protecting energy consumers**

### **Research into time-of-use tariffs**

More than 13% of consumers are currently on time-of-use tariffs (ToU) where they are charged a variable amount for their electricity depending on when during the day or night they use their energy.

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<sup>11</sup> [Effective energy standards for private renters](#), Citizens Advice, October 2017

<sup>12</sup> [Citizens advice response to the BEIS consultation on minimum energy efficiency standards in the private rented sector](#), Citizens Advice, March 2018

<sup>13</sup> [DCC Price control consultation: Regulatory year 2016-17](#), Citizens Advice, January 2018

Our 2017 Value of Time of Use Tariffs in Great Britain report identified widespread consumer interest in the types of smart time-of-use (ToU) tariffs that will be enabled in the future.<sup>14</sup> But we found that there are barriers to consumers, especially fuel-poor and vulnerable consumers, benefiting from these deals. This includes continued problems understanding peak and off-peak times, consumers not being able to access electric heating or electric cars that can store lower cost electricity, and difficulty comparing offers. We will use the evidence from this research to press for improvements for ToU consumers. This is especially important as government and Ofgem are encouraging the growth in ToU with the rollout of smart meters and moves to half-hourly settlement.

In 2018/19 we will publish a report looking at the experience of existing ToU consumers and will highlight where improvements to consumer communications are needed.

### **Ensuring half-hourly settlement works for all**

Energy settlement is the process of reconciling the difference between the energy purchased by energy suppliers from generators/producers and the energy sold to consumers. Ofgem's move to half-hourly settlement from the current fixed profiles is a major enabler for a smarter, more flexible energy system.

However, this technical reform led by Ofgem may result in profound changes to the energy market including to consumer energy offers, bills and data use. So it is important now to think about who will benefit and who may be left behind as it is introduced.

Based on previous research we conducted with consumers, we provided Ofgem with our views on what kind of data-sharing regime would be acceptable<sup>15</sup>.

We challenged decision makers to consider the implications for people without a smart meter, either out of choice or circumstance. In addition, for those who do not want to share their half-hourly energy use data and who face barriers to participate in a half-hourly enabled world, such as consumers who cannot respond to ToU tariffs.

Our research also informed the design of Ofgem's new future retail regulation proposals to improve customer communications.

We will continue to feed into the reform process and respond to future consultations as policy is developed.

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<sup>14</sup> [The value of time of use tariffs](#), Citizens Advice, July 2017

<sup>15</sup> [Smart & clear: consumer attitudes to communicating rights and choices on energy data privacy and access](#), Consumer Futures, January 2014

## Advocating for improvements for smart meter consumers

All homes and businesses are expected to be offered smart meters by 2020, with more than 11 million meters already installed nationally.

In 2017/18 we continued to champion the interests of consumers in the BEIS and Ofgem smart-metering programme through our participation in working groups and boards, including, for example, the Smart Meter Steering Group and Smart Meter Delivery Group, the Smart Metering Design Group (SMDG), the Smart Energy GB board, the Consumer Reference Group, as well as with the Smart Metering Installation Code of Practice (SMICOP).

We also stepped up our monitoring of consumer experiences of smart meters. This included:

- We conducted an online survey of more than 800 domestic smart meter users and more than 1,000 non-smart meter users as well as 10 in-depth interviews.
- We analyse domestic and non-household consumer contacts from the Citizens Advice consumer service where we identify and address concerns with suppliers about practice, consumer experience and company behaviour. This evidence is shared monthly with BEIS, Ofgem and, in anonymised form, with Energy UK to press for timely improvements in company practices.
- We actively engage on the smart meter rollout at these forums and with suppliers bilaterally. In November we worked with Energy UK to jointly organise and host a conference aimed at small/medium suppliers and new entrants to share information about the expectations of the consumer journey with smart meters.
- We published our online 'Smart Metering Monitoring Tool' – to increase transparency and access to our data about how the smart meter rollout is going so it can also be used by other parties campaigning in this area.<sup>16</sup>

Our analysis of consumer contacts about smart meters identified a number of problems. We used this evidence to successfully press for a number of improvements, including:

- The strengthening of the Smart Metering Installation Code of Practice to ensure consumers receive tailored energy efficiency advice around the smart meter installation. Many people did not feel their smart meters had helped them change behaviour and reduce their energy bills.
- The introduction of new principles to ensure suppliers communicate with customers about moving from estimated to accurate bills. Many felt their bills were not more accurate and continued to have to provide meter reads.

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<sup>16</sup> [Monitoring the smart meter rollout](#), Citizens Advice, February 2018

- New Energy UK principles to provide improved safeguards for smart meter prepayment customers when switching.<sup>17</sup>

Our soon to be published research has found that whilst installation experiences are rated highly, more still needs to be done to address barriers to installation and installation problems. We will continue to closely monitor consumers' smart meter experiences and advocate for improvements as needed.

We also regularly assess supplier policy and process, and publish analysis of information requests to share best practice and improve company performance. Most recently this has included analysis of supplier policies in relation to in-home devices and the smart meter installation process.

### **Establishing a benchmark for energy efficiency and renewables**

In 2017/18 we established regular monitoring and analysis of contacts to the Citizens Advice helpline regarding energy efficiency measures and renewables. This data will be used to support and monitor the impact of the Each Home Counts review recommendations.<sup>18</sup> This includes the development of a quality mark for those involved in the design and installation of energy efficiency and renewable energy measures against which they will be assessed and certified.

### **Ensuring community energy works for all**

Community Energy (CE) schemes have grown substantially in recent years with more than 222 community energy organisations in England Wales and Northern Ireland involved in 269 distinct energy activities.<sup>19</sup> We commissioned interviews with community energy scheme participants and administrators and found that while there were high levels of customer satisfaction, there were also definite gaps in how operators' understand some participants, including more vulnerable consumers, might not get as good a deal as others. We will use this research to press for better processes to protect all participants and to inform our future work in this area.

### **Piloting winter resilience services – a local single point of contact**

Cold homes and unaffordable fuel bills put consumers' health and well-being at risk.

To help address this, the National Institute for Health and Care Excellence (NICE)

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<sup>17</sup> [Energy UK looks to ease switching process for smart meter prepayment customers](#), Energy UK, November 2017

<sup>18</sup> [Each Home Counts: Review of Consumer Advice, Protection, Standards and Enforcement for Energy Efficiency and Renewable Energy](#), Gov.UK, December 2016

<sup>19</sup> [Community Energy: state of the sector report](#), Community Energy England, June 2017



recommended setting up a local single point of contact that frontline health workers and wider agencies could use to more easily refer 'at risk' vulnerable consumers to a package of support to keep them warm and well. This might include a cheaper energy tariff, installation of energy efficiency measures or a benefits check.

Over the last year we have been exploring the viability of Citizens Advice providing this local single point of contact, in the first instance by piloting a range of referral pathways with health partners.

Our work has identified some notable issues such as the need for skilled advisers to carry out case work and home visits, and the fact that building effective relationships with health partners takes a long time and requires sustained input from senior managers.

However, initial results have been positive, with the 200 individuals assisted reporting an immediate impact on their comfort levels, bills and even improvements in their mental health.<sup>20</sup>

A second phase of this pilot is under way. The findings from this will also inform our Future of Advice strategy.

### **Stronger protections against back-billing**

Back-bills or 'shock-bills', which occur when consumers have not been correctly charged for their energy use through no fault of their own, can push consumers into debt, businesses into bankruptcy and cause significant anxiety for consumers.

Using evidence from contacts to our consumer service and the Extra Help Unit we also demonstrated the inadequacy of the existing voluntary protections and the need for stronger back-billing protections.<sup>21</sup>

As a result, Ofgem introduced new regulations to prevent energy suppliers sending catch-up bills for more than a year's worth of consumption. These came into force in May 2018 for domestic consumers, while small business consumers will also be covered from November.

### **Scrutiny and protections for unregulated areas – heat networks**

Some areas within the energy market are unregulated, such as district heat

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<sup>20</sup> [Warm homes, affordable fuel and healthy people: how local Citizens Advice can help](#), Citizens Advice, 2018

<sup>21</sup> [Response to Ofgem's statutory consultation on protecting consumers who receive backbills](#), Citizens Advice, December 2017

networks. Energy consumers on heat networks have fewer consumer protections and less access to redress.

We commissioned focus groups to look into these consumers' experiences and found strong support for greater protections and a choice of tariffs, with suppliers overseen by an independent regulator such as Ofgem.

### **Launch of a CMA Heat Market study**

Using our evidence of problems in the heat market, including contacts to the Citizens Advice consumer service, we successfully campaigned for the CMA to launch a study of heat networks and their impact on consumers. This was announced in December and in May the CMA published its interim report which recommended the regulation of the market. We will continue to work closely with the CMA to provide further evidence to support their work. We will also work with BEIS to ensure that any regulations include strong consumer protections, advice and redress frameworks.

### **Ensuring consumers have access to advice and redress**

It is important that suppliers adequately signpost consumers to their complaints processes and maintain up-to-date information about the support services they make available to their customers.

Following the publication of our Complaints Signposting Audit, we undertook further monitoring of company provision of information on complaint handling and redress.<sup>22</sup> We published our domestic complaints good-practice guide and raised awareness among small suppliers, in particular, of the rules they need to comply with around signposting to sources of independent help and support.<sup>23</sup> Our non-domestic guide will be published in 2018/19.

## **Monitoring**

One of Citizens Advice's roles is to identify poor behaviour by suppliers and trends across industry that are harmful to consumer interests.

We do this by analyzing data from our Consumer Advice Service, local Citizens Advice services and our Extra Help Unit.

The number of new suppliers continued to increase in 2017/18, and we have improved our processes for engaging with new market entrants, ensuring we establish relationships as soon as they've launched. Where possible, we will use the opportunity to share information about good practice in the industry.

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<sup>22</sup> [Complaints Signposting Audit](#), Citizens Advice, January 2017

<sup>23</sup> [Domestic complaints signposting guide](#), Citizens Advice, July 2017

This year we publicly referred one supplier, Iresa Limited, and confidentially referred several others. We also have regular discussions with Ofgem and other suppliers about various concerns that we have identified through our monitoring work.

In the case of Iresa, Ofgem went on to publicly investigate and impose a sanction against them, whilst following our action, behind closed doors they made another supplier pause a project as well as give a package of support to badly affected consumers.

We will continue to monitor and analyse our company performance data and take action to protect consumers where necessary.

### **Licensing of new energy suppliers**

Following the high-profile failure of some energy suppliers, we called for the licence regime to be strengthened in order to protect consumers.<sup>24</sup> Ofgem has agreed to include a project in its 2018/19 work plan to review the licensing regime. We also worked with the charity Sustainability First on their vulnerable consumer innovation research 'Project Inspire'.<sup>25</sup> This recommended a high bar to entry in terms of the need for suppliers to demonstrate their understanding of, and ability to support, customers with additional needs and on low incomes.

### **Monitoring the transition to future retail regulation**

As part of its move to more 'principles-based' regulation Ofgem is reviewing the energy company rule book. In practice this means the removal, updating and streamlining of existing energy company's licence conditions. Citizens Advice continues to advocate for consumers during this process and will closely monitor the impact of the transition from prescriptive rules towards new general principles to ensure protections are not weakened. Over the last year we have had a particular focus on rules around tariff choices, estimated annual costs, default fixed-term contracts and customer communications.

### **Direct advocacy – the Extra Help Unit**

#### **The Extra Help Unit (EHU)**

The EHU has a statutory duty to represent vulnerable energy and post consumers across the UK by investigating complaints about service providers and advocating directly on their behalf.

<sup>24</sup> [When energy suppliers go bust it costs everyone](#), Citizens Advice, February 2018

<sup>25</sup> [Report: Energy for all, innovate for all](#), Sustainability First, 2017

Most consumers are referred to the EHU by the Citizens Advice Consumer Service, although referrals can also be made by the Energy Ombudsman, Ofgem, other advice agencies, MPs and local councillors.

The EHU also operates an, 'Ask the Adviser' service, which offers support to other advice providers, to help them resolve a client's energy or postal service complaint.<sup>26</sup>

In the year from April 2017 to March 2018, in total, the EHU dealt with 11,875 cases, an increase of 28% compared to last year. 7,751 of these were complaints, 1,154 related to consumer or supplier enquiries, and the Ask the Adviser service was consulted 2,950 times.

In all, we secured £2.4 million in redress for consumer, including goodwill payments, bill reductions, and guaranteed standards payments, an increase of 19% on the previous year. 89% of domestic consumers and 88% of micro-businesses who contacted the EHU were either satisfied or very satisfied with the quality of their service.

Domestic energy users made up 90% of cases, with micro-businesses making up the remainder. Of domestic cases, 41% related to billing issues, and 22% to debt and disconnections. Of microbusiness cases, over two thirds were related to either debt and disconnection (37%) or billing (30%) issues.

Demand for EHU services has continued against the backdrop of a rapidly changing energy retail market which has seen the continued emergence of new suppliers. In November 2017, just under half (46%) of complaints were against small or medium sized suppliers, even though they only make up 20% of the market.

#### Customer comments\*

"If it wasn't for the lady that day, I was sitting in the dark with no electricity so she really helped me"

"They listened carefully, neutrally, gave their best suggestion, made me feel I was not a number but a human being"

Taken from EHU Accent Customer Satisfaction Survey

## Priority 3. Giving energy consumers a voice in decisions

### Ensuring the consumer voice is at the heart of network decision-making

Ofgem is currently developing RII0-2, the price control from 2021. As part of this the regulator is looking to strengthen the voice of consumers in the development of business plans and network decision-making. To inform this process and ensure the consumer voice is heard in the most effective way we:

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<sup>26</sup> The Ask the Adviser service deals with contacts from advice agencies such as the Consumer Service or Local Citizens Advice offices looking for advice to help them resolve client issues

- Commissioned research to explore the approaches to consumer engagement in other regulated utilities in the UK and abroad. Case studies show that consumers can be meaningfully engaged on complex, infrastructural topics.<sup>27</sup>
- Conducted a survey with all energy network companies on how they had carried out stakeholder engagement in RIIO-1. We found that despite a step change in consumer engagement there was scope for deeper engagement in RIIO2, for example on more topics and in a more meaningful way.
- Responded to the open letter on RIIO2 and Ofgem's framework consultation.<sup>28</sup>
- Created a guide for energy networks, giving our view of best practice for implementing Ofgem's ideas of enhanced engagement.

Ofgem's proposals and guidance on enhanced stakeholder engagement now contain many of our recommendations and companies are starting to implement our best practice. We will continue to engage Ofgem on the development of the next price-control framework and monitor and work with network companies as they improve their approaches to consumer engagement.

### **Facilitating regional representation on energy networks' consumer and stakeholder panels**

Energy networks have obligations to support vulnerable consumers, and some companies have worked with local Citizens Advice staff to help them fulfil their commitments, dealing with subjects such as affordability, accessibility and wider social issues.

Local Citizens Advice offices understand the needs of people in vulnerable situations in their area. In 2017/18 we worked with energy networks and local Citizens Advice services to understand the degree to which these two groups were working together, to explore the benefits of these arrangements, to build on the connections that already exist and to enable new connections.

### **Participation in technical working groups**

- **Advocacy on industry code panels – saving consumers £100m**  
Industry codes define the terms under which participants can access the electricity and gas networks. Modifications to the codes can be proposed by code parties, and each code has a panel or committee that oversees the assessment of proposed changes. Citizens Advice is the statutory consumer representative in this process and has made representations on behalf of consumers during a number of modifications to codes this year including

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<sup>27</sup> [Strengthening the voice of consumers in energy networks' business planning](#), Citizens Advice, May 2018

<sup>28</sup> [RIIO-2 Open letter response](#), Citizens Advice, September 2017

the Balancing and Settlement Code, the Uniform Network Code and the Smart Energy Code. One of our big wins this year was to successfully resist changes to the Uniform Network Code.<sup>29</sup> This would have meant that the £100m-per-year cost of missing gas – the 3% of supply that goes missing between entering the national gas grid and being used in households – would have been paid for by consumers.

- **Representing British consumers in new European market design** The European legislative framework for energy is being revised in order to more closely integrate national energy markets, to encourage the growth of renewables and self-generation by consumers and introduce greater flexibility within the electricity networks. Elements of the new framework are expected to impact the UK market in all Brexit scenarios currently under discussion. Citizens Advice has been defending the interests of British energy consumers during the revision process. Together with the European consumer organisation BEUC, we developed and advocated recommendations on the proposed new market design, within the three main EU institutions (the European Commission, European Parliament and Council of the European Union). A number of our proposed amendments were picked up in proposed revisions of these texts. We will continue to defend these during the final stages of the inter-institutional negotiations.
- **EU Smart Readiness Indicator Workshop** The new Energy Performance of Buildings Directive, adopted in May 2018, requires the European Commission to develop an optional EU scheme for rating the smart readiness of buildings. Work to develop the methodology began in 2017 and should be completed by the end of 2019. Citizens Advice has argued within this working group for consumer behaviours to be designed into the new ‘Smart Readiness Indicator’ methodology. Our advocacy will continue during the coming financial year.
- **Future of supply** The ‘supplier hub’ model in the energy market operates through a process whereby companies buy energy in wholesale markets for resale to consumers, whose accounts they manage through billing, metering and managing complaints. This model however, has been criticised for stifling competition in the market. The future of the supplier hub is now up for discussion and Citizens Advice is working to ensure the consumer is put at the centre of any talks over proposed changes.
- **The Heat Network Task Force** As the sole consumer voice on the Heat Network Task Force we play a critical role. In 2017/18 the task force produced a ground-breaking set of proposals and principles for how heat networks should work in a

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<sup>29</sup> [Millions in Missing Gas- who picks up the bill?](#) Citizens Advice, February 2018

decarbonising economy. The report 'Shared Warmth recommends a regulatory framework that would see heat network developers commit to meeting minimum standards for pricing and customer services, and also sets out plans for decarbonisation.<sup>30</sup>

- **The Heat Trust Steering Committee**

This is the steering group for the only consumer protection scheme for heat networks. Citizens Advice plays an active role on the Heat Trust Steering Committee which provides governance for the scheme and oversees the adoption and maintenance and changes to scheme rules. Following the recent CMA interim market study report which recommended the regulation of heat networks, we will continue to work with the Heat Trust and others to consider the best way forward for consumer protections in this market.

- **Renewable Energy Consumer Code**

The Renewable Energy Consumer Code was set up by the Renewable Energy Association with a view to securing high-quality standards for those people investing in small-scale energy generation systems for their homes. Citizens Advice is a member of the supervisory panel and continues to share intelligence around key consumer issues in this sector.

- **Participation in Entso-E Advisory Council**

Entso-E, the European Network of Transmission System Operators, represents 43 electricity transmission system operators from 36 nations across Europe. The EU has given it the mandate to draft – for EU approval – network codes to aid the integration of the electricity market. The Advisory Council was created to allow its stakeholders to contribute to its work planning. Our input over this last year has been to help bed down the Council's operating framework and to help other European consumer organisations (BEUC members) to engage with it.

## **Priority 4. Creating a simpler and fairer energy market**

### **Simplifying the A-G energy label**

The A-G energy efficiency labelling of electronic products such as dishwashers and fridges was introduced under an EU directive in 1992. However, we had concerns that it was not clear enough to guide consumer choice.<sup>31</sup> For example, with the introduction of multiple pluses to the 'A' rating, giving the impression in some categories that all products on the market performed to high standards.

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<sup>30</sup> [Shared warmth: a heat network market that benefits consumers, investors and the environment](#), ADE, January 2018

<sup>31</sup> [Policy briefing: EU energy label](#), Citizens Advice, July 2015

Together with the European consumer organisation BEUC, Citizens Advice has campaigned in recent years in particular to reset the 'A' class once again, so it becomes the indisputable top class, and has lobbied for the publication of easy-to-understand open data on product performance.

A new EU energy labelling regulation was adopted in 2017 and transposed in UK law in 2018. The energy label will be gradually recalibrated across the product groups and the European Commission is now developing the product database.

### **Improvements to our supplier customer service rating**

We published a rating out of five stars of energy suppliers' customer service performance, enabling consumers to compare companies and make more informed choices before switching provider.

Last year we reviewed the methodology behind the rating and expanded it to include how accurate and on-time bills were, and how long consumers have to wait for their calls to be answered.

We also expanded the energy supplier rating to all suppliers with more than 50,000 accounts, covering 28 suppliers with 99% market coverage between them.

We expect the number of suppliers in the rating to grow towards 40 by the end of the year, and we are looking at the data that can be used to inform consumers about suppliers below the 50,000-customer threshold.

### **Incentivising improvements in supplier service for vulnerable consumers**

In 2017/18 Citizens Advice participated in Sustainability First's, 'Project Inspire' which is focused on how innovation can improve service and quality of life for vulnerable consumers.<sup>32</sup> This highlighted the need for greater incentives for energy suppliers to deliver service improvements for customers with additional needs and on low incomes.

To build on this work, this year we have encouraged all suppliers to sign up to the British Standard for Inclusive Service Provision (BS18477– identifying and responding to consumers) in part by including it in our consumer service metric when giving energy companies a star rating.<sup>33</sup>

In the coming year we will work with stakeholders including Ofgem to develop a vulnerability indicator that will enable stakeholders to compare supplier performance in supporting vulnerable consumers in their homes.

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<sup>32</sup> Sustainability First, *ibid.*

<sup>33</sup> [Fair, flexible services for all](#), BSI, 2010



## **Improving switching**

Ofgem has a programme of work under way to help consumers switch their energy supplier more reliably and quickly, including by the next day. We represented the interests of consumers in the regulator's switching working groups where we advocated for a system that is consumer-centric, effective and cost efficient.

We had a significant impact on the end-switching approach with the final design meeting most of our key asks for consumers, and at an acceptable cost. This included the development of a proposed compensation scheme and a new system to monitor supplier performance.

We will continue to engage with Ofgem as it moves to the next phase of regulation and as it considers more wide-ranging switching compensation.

## **Small and medium business engagement in the energy market**

We wanted to know more about the experiences and views of small and medium-sized enterprises as energy consumers. To achieve this, in 2017/18 we worked with Ofgem to deliver a significant piece of research to help us understand why individual small firms do or do not engage at various points of the supply contract. This research included focus group discussions, a telephone survey and a segmentation analysis. The insights from the segmentation analysis will enable tailored regulatory policy responses to the diverse range of attitudes and behaviours of small and medium-sized enterprises. It will also build on existing research regarding small and medium-sized enterprises perceptions of the energy organisations with which they interact (i.e. energy suppliers and brokers). The research is due to be published this summer.

## **Microbusinesses' interest in, and understanding of smart meters**

Our previous research indicated that further action is needed to help small businesses reduce their energy consumption and access the benefits of smart-meters. Our 2017/18 work built on this research to understand what things microbusinesses want and expect from smart meters and the extent to which the feel their needs had been met by suppliers.<sup>34</sup> We will continue to use the evidence to ensure that the interests and needs of microbusiness consumers are reflected in the smart meter rollout.

## **Renewable Heat Incentive (RHI) – enabling access to renewable heat**

Access to finance can help overcome the barrier of paying the upfront cost of a

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<sup>34</sup> [Smart choices: investigating microbusinesses' interest in, and understanding of, smart meters](#), Citizens Advice, May 2017

domestic renewable energy heating system. We responded to government consultations on this, and the 'assignment of rights' rules were laid before Parliament in February. These allow an investor to help fund the installation and maintenance of a household renewable energy heating system, and in return the household is then able to assign its payments under the Renewable Heat Incentive (RHI) to the investor.

## **Priority 5. Reducing rip-offs and bad practices that exploit consumer behaviour**

Our work under this priority includes the projects below and cross sector activity outlined on page 52.

### **Understanding attitudes towards use of energy data**

The rollout of smart metering has resulted in a step change in the volume and granularity of data available from energy meters. In 2017/18 we investigated how people felt about the use of data collected via connected homes, including energy data.

Our research found consumers were concerned about the volume of data being shared with energy firms, and they expected some regulations to be put in place to protect them.

We will publish our report on this issue in the coming year, and we will use the evidence to inform future research into smart meter data collection and handling, including Ofgem's review of the Smart Meter Data Privacy and Access Framework.

### **Fair prices for consumers**

Alongside this we continued to campaign for better-value deals for consumers who don't or can't switch energy provider. The CMA energy market investigation found that 70% of domestic consumers of the six largest energy providers could be 'overpaying' by £1.4 billion per year because they stick with their energy company.<sup>35</sup>

We kept the issue of poor value deals on the regulatory and political agenda via blog articles, press releases, consultation responses, submissions and by giving evidence to the BEIS select committee and Public Bill Committee.<sup>36 37</sup> We

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<sup>35</sup> [CMA sets out energy market changes](#), Gov.UK, March 2016

<sup>36</sup> [Energy price cap promise on lower bills examined by Committee](#), Parliament UK, December 2017

<sup>37</sup> [Written evidence to the domestic gas and electricity \(tariff cap\) bill committee from Citizens Advice](#), March 2018

developed practical solutions, addressed technical challenges, and worked with MPs and civil servants in Whitehall to develop new laws to tackle the problem.

As a result of our partnership work:

- In May 2017 both Conservative and Labour election manifestos included commitments to intervene further in the market to protect consumers.
- In February 2018 Ofgem extended the safeguard tariff to those receiving the Warm Home Discount. This was estimated to save just under a million households £120.<sup>38</sup> Ofgem also committed to protect a further two to three million vulnerable households by winter 2018/19 if a wider price cap was not in place by then.
- Government has brought forward legislation for a market-wide price cap, which subject to Parliamentary approval will protect all 12 million credit consumers on poorer value standard variable tariffs. This figure includes the 1 million credit consumers receiving the Warm Home Discount who are currently protected by the safeguard tariff. Savings will depend on the level of the cap and market conditions at the time but early estimates were in the region of £100 per household on average.<sup>39</sup>

## **Energy networks performance against the Guaranteed Standards**

We examined how distribution networks performed against their Guaranteed Standards of Performance in 2015/16. These standards are regulations that set out minimum levels of service that customers can expect including compensation they should receive when they face problems such as a power cut or gas leak.

We found that overall performance in meeting these Guaranteed Standards was excellent.<sup>40</sup> However, in the gas sector there were pockets of poor performance that needed improving and energy consumers missed out on at least £2.2 million, and possibly more, in compensation they were entitled to in 2015/16.

We highlighted to Ofgem various challenges with the performance data that hindered us assessing performance in all areas and the true extent of unclaimed customer compensation. Our proposed improvements to the reporting forms are being taken forward by the regulator. In 2018/19 we will repeat this analysis of performance and highlight any trends.

## **Supporting industry with guidance on good practice**

As part of our statutory role we also produced a range of other good-practice

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<sup>38</sup> [Ofgem extends protection to 1 million more vulnerable households this winter](#), Ofgem, October 2017

<sup>39</sup> [Theresa May revives plan to cap energy prices](#), BBC News October 2017

<sup>40</sup> [Living up to the standards? Energy networks' performance against the Guaranteed Standards of performance in 2015-16](#), Citizens Advice, October 2017

guides to support companies in improving the service they provide to energy customers. This year we produced good-practice guidance on restricted metering<sup>41</sup>, and updated guidance on prepayment self-disconnection, which included industry good-practice case studies<sup>42</sup>. We also produced advice for suppliers on how to improve the accuracy of consumer price comparisons.<sup>43</sup>

### **Know your rights consumer checklist**

Energy firms must send a copy of the 'Know your rights in a changing energy market' leaflet to all their customers once a year.<sup>44</sup> Once again, Citizens Advice designed the leaflet, sent it to suppliers and then posted it on our website as part of our duty to publish it online.

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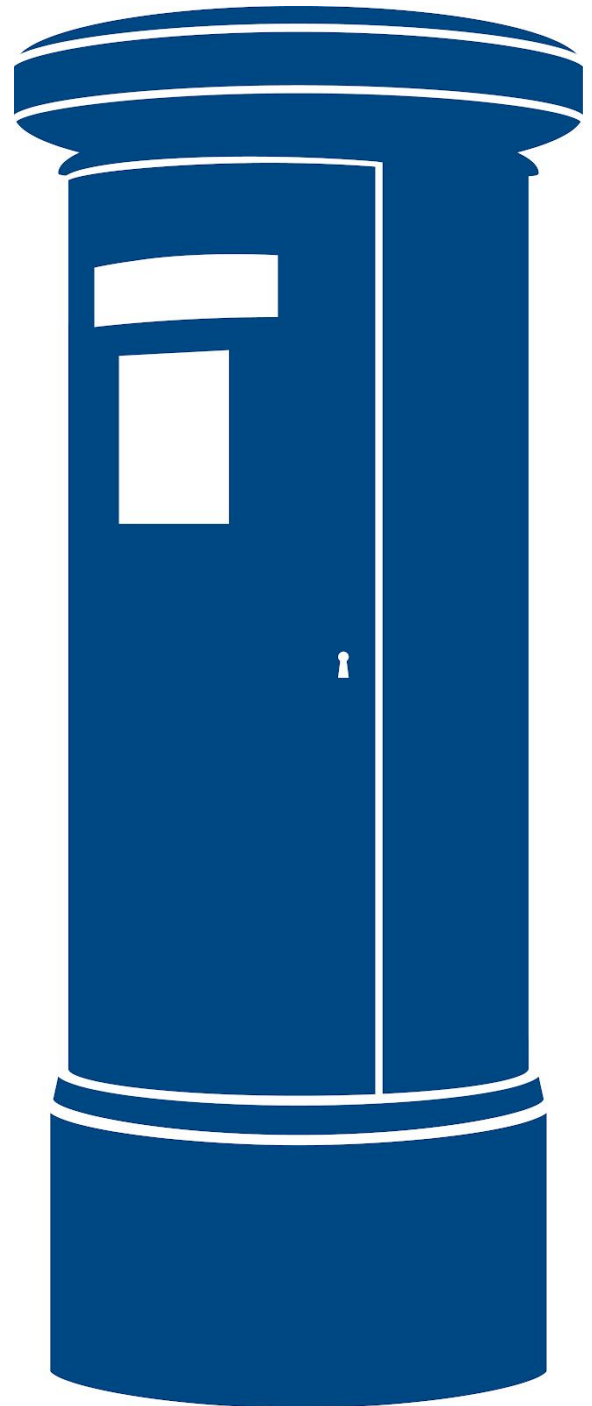
<sup>41</sup> [Good practise guide- supporting customers with restricted meters](#), Citizens Advice, July 2017

<sup>42</sup> [Good Practise Guide: holistic support for energy consumers who self-disconnect from their pre-payment meter](#), Citizens Advice, December 2017

<sup>43</sup> [To get a fair deal on energy, people need accurate price comparisons](#), Citizens Advice, December 2017

<sup>44</sup> [Know your rights in a changing energy market](#), Citizens Advice, February 2018

# Chapter 2: Post



## Overview

Against a backdrop of declining letter volumes and booming parcel deliveries, postal services are continuing to undergo major transformation.<sup>45</sup>

In this changing climate, Citizens Advice has played an important role to ensure all consumers remain well-served as post office services are modernised. Following our representations, government committed to a future funding model for the post office network of £370 million. Of that amount, £160 million will be used to protect rural branches, which we know are vital for many communities.

April saw the official conclusion of the government's Post Office Network Transformation Programme, in which 7,500 post offices have been modernised or relocated. And thanks to our work, Post Office Ltd has agreed to widespread improvements at many of its branches.

To complement our work on the post office network, this year we undertook innovative original research to map consumer access and attitudes to parcel pick-up and drop-off points across Great Britain.<sup>46 47</sup>

We built on our existing research to explore the experiences of disabled people when accessing postal services.<sup>48</sup> We used our findings to map the customer journey and engaged widely with postal operators and retailers to press for specific barriers that disabled consumers face to be addressed.

We also looked at the issues that people may face with mail when moving home, and will continue to work with Royal Mail and Ofcom to secure improvements to mail redirections.

And we have discussed the potential impacts of Brexit on postal consumers with stakeholders and identified key factors to monitor as the negotiations continue.

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<sup>45</sup> [Trends in the Postal Services Market](#), Citizens Advice, May 2018

<sup>46</sup> [Mapping Parcel Shops – Understanding consumer access to pick-up and drop off locations in Britain](#), Citizens Advice, May 2018

<sup>47</sup> [Map: pick-up and drop off points in Great Britain](#), Citizens Advice 2018

<sup>48</sup> [The customer journey: disabled people's access to postal services](#), Citizens Advice, March 2018

# Key projects/priorities and their outcomes:

## Priority 1: Avoiding harm caused by postal scams

### Scams education

To address the threat of postal scams, in 2017/18 we worked closely with partners to coordinate activities and ensure our joint efforts achieved maximum impact. Part of this work was to ensure that our consumer education activities were based on a robust understanding of 'what works'.

We commissioned new research into the effectiveness of current consumer education approaches to postal scams, including whether or not they drew on behavioural insights best practice, and was informed by qualitative research with consumer groups most vulnerable to scams.

The research found that common techniques used by postal scammers include: creating feelings of obligation, a sense of personal consequence, or emotional appeals. We also found that similar tactics are used by scammers across other channels. To maximise the impact of this work, we generalised the findings to create a toolkit for advisors and partner organisations that provided guidance on how to run more successful scams awareness campaigns for postal and other scams.

The toolkit was launched in Scam Awareness Month (SAM) in June 2018, and will be further promoted in the coming months.<sup>49</sup> We continue to work closely in partnership with other organisations to educate consumers. Evaluation of SAM 2018 is currently ongoing.

## Priority 2. Supporting access to post

### Parcel services

With the growth of online shopping, since 2010 the volume of parcels sent from businesses to consumers has increased by 190%<sup>50</sup> and more than 2 billion parcels are now sent every year in the UK.<sup>51</sup>

Building on our work into access to post office services, in 2017/18 we investigated the accessibility of the whole market including alternative parcel pick-up and drop-off points (PUDOs). This includes the overall number of PUDOs and how they

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<sup>49</sup> [How to communicate about scams in an effective and engaging way](#), Citizens Advice, March 2018

<sup>50</sup> [UK Parcels Market Insight Report 2017](#), Apex Insight, February 2017

<sup>51</sup> [Consumer Rights for Parcels Delivery](#), Europe Economics, 2017

relate to where people live.

Research of this kind had never previously been published.<sup>52</sup> We engaged with more than 20 parcel carriers and PUDO operators to encourage them to share their data with us as the independent consumer advocate. We received data from 16 operators, covering around 35,000 parcel shops.

We found that despite generally good access to a range of PUDOs and carriers nationally, Welsh and Scottish consumers have worse access to a range of PUDOs and carriers compared to England. Disparities also exist in the regions outside London and for older consumers. However, there is better than expected access in the biggest cities outside London, in rural and more deprived areas and for disabled consumers.

We published an interactive map and report and shared these with UKGI, Post Office Ltd, Royal Mail and individual operators.<sup>53</sup> We also presented our findings at the Post Offices Advisory Group and the Postal Operators Liaison Meeting. In addition we appeared on the Postal Hub podcast where we discussed our findings on consumer rights around e-commerce and parcel delivery.<sup>54</sup>

Over the coming months we will analyse the findings from our recent consumer use survey alongside the data from the mapping research to determine where consumer outcomes could be improved. As part of this work we will engage closely with our key stakeholders and industry.

### **Rural consumer access – minimising the rural/urban divide**

Citizens Advice and other consumer groups have found that rural consumers have access to fewer postal services and are more heavily reliant on their local post offices. Indeed, one in five people in rural communities would face isolation if their local post office closed.<sup>55</sup>

In 2017/18 we reviewed how the experience of parcel delivery for rural consumers differed from that of urban residents, and to what extent they encountered problems including late deliveries or having access to fewer delivery options.

We found that innovative new services enjoyed by urban consumers such as click and collect and same-day delivery are less readily available in rural areas. Additionally, whilst rural consumers experience broadly the same problems as

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<sup>52</sup> [Mapping Parcel Shops – Understanding consumer access to pick-up and drop off locations in Britain](#), Citizens Advice, May 2018

<sup>53</sup> [Map: pick-up and drop off points in Great Britain](#), Citizens Advice 2018

<sup>54</sup> [Consumer Rights And Expectations With E-commerce Parcel Delivery](#), Postal Hub Podcast, Episode 87, December 2017

<sup>55</sup> [1 in 5 people face isolation if rural post offices close](#), Citizens Advice, November 2017



urban residents, the solutions to these issues are different.<sup>56</sup>

We also undertook new analysis of a survey of 800 rural residents and more than 250 rural small firms that was carried out from January to March 2017.<sup>57</sup>

We used the findings from our Rural Post Office Use report to push for increased funding for post offices.<sup>58</sup> For example, we published a blog ahead of the Budget and provided parliamentary briefings which were used by MPs and the Minister in debates. In December 2017 the government pledged £160 million to protect rural branches. Our report, which was cited by the government in its decisions, included recommendations that the number of rural post offices be maintained, and the range of services they provide be retained.

The research has also shaped our discussions on the future of the rural post office network with stakeholders including Defra, Defra minister Lord Gardiner and Action with Communities in Rural England.

### **Self-service kiosks**

Post Office Ltd uses self-service machines in some of its largest shops. We wanted to know how well these work for different consumers and whether they should be installed more widely.

In order to know if these machines are currently meeting different groups of consumers' needs, we carried out mystery shopping and a face-to-face survey of 2,000 adults on their use of, and preferences for, the self-service machines. Our research builds on our initial findings that people on low incomes, the elderly, rural residents and those with low digital literacy are less likely to use these machines.<sup>59</sup> We presented our initial findings at the Post Office Advisory Group (POAG) and invited representatives from the Office of Road and Rail to learn from best practice and share insights from the transport sector.

We have discussed our findings and potential improvements with Post Office Ltd. In 2018/19 we will analyse the mystery shopping and consumer survey and report on the findings. The research will be used to understand the role that self-service could play for the future of post office customers. We will work with Post Office Ltd to address the issues consumers face.

### **Community-run post offices**

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<sup>56</sup> [Are rural consumers getting a bad deal with parcel delivery?](#) Citizens Advice, April 2018

<sup>57</sup> [Consumer use of post offices](#), Citizens Advice, July 2017

<sup>58</sup> [Rural Post Office Use](#), Citizens Advice, November 2017

<sup>59</sup> [Serving their purpose? Putting post office self service in context](#), Citizens Advice, December 2017

The government's 'Future of the Post Office Network' consultation sought to understand how communities could play a greater role in shaping how post office services are delivered in their local area.

Our 2017/18 research found that community-run post offices perform a particularly valuable role in maintaining access to post office services in rural areas, where consumers often face poor transport links and lack easy access to banks and wider retail and public services.

We surveyed 93 community-run post offices – around half of the total number in the UK – in order to understand their experiences of providing post office services. We followed this with in-depth interviews with 14 operators. We also combined this new research with analysis of existing Plunkett Foundation, Index of Multiple Deprivation, ONS census, and Post Office operational data to gain insight into the roles they play in their communities. We also carried out research with the help of the Plunkett Foundation into community-run shops and pubs that did not offer post office services to explore their potential interest in doing so, and to work out the support they would need to make it happen.

We found there were a number of barriers to setting up and running community-run post offices, particularly where the current application system is not set up to recognise the distinct needs of community-run organisations.

Post Office Ltd is committed to working to remove barriers that these groups face when applying to take on post office services,<sup>60</sup> and we will continue to work with them and other stakeholders to press for these to be addressed. We will also work with the Plunkett Foundation and Post Office Ltd to develop support materials for communities and consumers.

### **Priority 3. Ensuring postal services meet the needs of vulnerable consumers**

#### **Disabled consumers' access to postal services**

Previous research by Citizens Advice revealed that disabled consumers were more heavily reliant on postal services and post offices, and that the provision of some key disabled facilities at post offices was patchy.

This year we looked in more detail at the experience of disabled postal consumers accessing postal services and post offices. New research included:

- Interviews with disabled postal consumers including those with hearing loss and limited mobility to understand the importance of relevant facilities.

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<sup>60</sup> [Government Response to the 2016 Post Office Network Consultation](#), BEIS, December 2017,

- 400 mystery shopping visits to post office branches with - for the first time - disabled shoppers to assess the current accessibility provisions.
- A face-to-face nationwide survey with almost 2,000 adults, half of whom were disabled, to understand their experiences of the broader postal market.
- Interviews with disability organisations and parcel operators to assess the key issues disabled people might face in accessing postal services.

Our subsequent report and blog highlighted the obstacles that customers can face at different steps in the customer journey when trying to access postal services.<sup>61 62</sup>

We presented this research to postal stakeholders, UK Finance and representatives from major high street banks as an example of how the needs of vulnerable consumers should be taken into account. In March 2018, Post Office Ltd agreed an action plan with the finance industry to promote banking at post offices that draws on the general principles outlined in this work on disabled postal consumers.<sup>63</sup>

We have also used this evidence to press for parity of access to postal services for disabled consumers through a variety of mechanisms:

- We have worked with Post Office Ltd to encourage them to improve and better publicise their accessible branch finder.
- We looked to improve current practices to ensure post offices are regularly checked for key disabled facilities.
- We worked with parcel operators, disability charities and customer experience platform providers to understand how they could enable disabled consumers to specify any additional needs when arranging home delivery.
- We called on government and service providers to ensure post remains an accessible communication channel for consumers who do not wish to – or are not able to – engage with essential services online.<sup>64</sup>

We also continued to engage with stakeholders using our video of the experiences of disabled people in their own words.<sup>65</sup> We screened this video at POAG in March 2018 and at the ESAN Conference in 2018 alongside similar research by the FCA

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<sup>61</sup> [The customer journey: disabled people's access to postal services](#), Citizens Advice, March 2018

<sup>62</sup> [As shopping moves online, don't leave disabled people behind](#), Citizens Advice, March 2018

<sup>63</sup> [Banks and Post Office to raise greater awareness of banking services available in local post office branches](#), UK Finance, March 2018. Aspects of our work that relate to banking are not funded by the postal industry levy and are included here for completeness only.

<sup>64</sup> [Digital by default?](#) Citizens Advice, April 2018

<sup>65</sup> [New model post office access for disabled consumers](#), Citizens Advice, April 2017

and Turn2Us.<sup>66</sup>

## **Holding Post Office Ltd to account in Wales**

Since 2012, almost 500 post offices around Wales have been modernised or moved into new premises. To help make sure these changes were successful, Citizens Advice reviewed the proposed changes as part of the consultation process. We agreed improvements or received additional reassurances in 73% of cases before Post Office Ltd implemented them.

To make sure Post Office Ltd delivered on its promises, staff and volunteers from 16 local Citizens Advice services in Wales visited 122 post office branches and gathered responses to more than 200 consumer surveys about their experiences – a great example of collaborative working with the Citizens Advice network. Our research found that many of the agreed improvements had not been delivered, such as continued poor disability access at 22% of branches.<sup>67</sup>

Following our action, Post Office Ltd has now committed to make improvements to 100% of the branches where we raised concerns. As there are potentially further branches around the UK with similar issues to those highlighted in this research, we are now calling on Post Office Ltd to establish an audit process to monitor the post office network to ensure all branches remain fully compliant with Post Office Ltd's accessibility guidelines.

## **Mail redirection service**

Royal Mail offers a mail redirection service for consumers moving house to have mail sent to their old address forwarded to their new address. Our 2016/17 research suggested that take-up of this service was lower among some consumer groups who were potentially at risk of problems with their mail when moving house, chiefly, disabled people, renters and those on benefits or low incomes.

In 2017/18 we undertook follow up work which showed that Royal Mail's redirection service was relatively expensive compared to other countries. It also found that some consumers were put off by the cost and the way payment was structured, including, for example, an upfront charge per surname rather than per household.

We have presented our research findings and recommendations to Royal Mail and Ofcom and will continue to work with them in 2018 to secure improvements to mail redirections. We published a blog in November on this issue, and we will

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<sup>66</sup> [Listening to the voice of consumers in vulnerable circumstances](#), Essential Services Access Network, April 2018

<sup>67</sup> [The lasting impact of Post Office transformation: a Welsh view](#), Citizens Advice, May 2018

publish a full report in Summer 2018.<sup>68</sup>

## **Priority 4. Promoting consumer interests in a changing world**

The advent of the internet and privatisation of services have changed the postal market forever, and it is vital the consumer voice is heard at the heart of government and industry as the sector continues to change.

### **Increased financial support to prevent post office closures**

Following our advocacy, in the 2017 autumn budget the government announced £370m in funding to support the post office network until 2021, including £160m highlighted above to protect rural post offices.<sup>69</sup>

Our 2016 research and consultation responses were directly cited by government in their final decision,<sup>70</sup> along with the use of our data on our collaborative work with Post Office Ltd.

We continue to monitor the post office network as part of our statutory role on behalf of consumers, including the impact of any future changes in government funding.

### **Impact of Brexit and EU advocacy**

We identified key areas where postal consumers could be affected by changes to the UK's relationship with the EU based on analysis of existing available evidence and discussions with stakeholders. These include the risk of slower and more expensive cross-border parcel deliveries, as well as uncertainty around protections for consumers purchasing items online across borders. We will continue to monitor developments as they unfold in 2018/19 and make representations on behalf of postal consumers as appropriate.

We presented our initial findings concerning the potential impact of Brexit for postal consumers to the POAG in December 2017, and in February we drafted a briefing note to inform further discussions with Ofcom, the Department of Business, Energy and Industrial Strategy, and Royal Mail.

In addition, we participated in EU workshops on postal services in 2017/18,

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<sup>68</sup> [Forgetting to update your address when you move can prove costly](#), Citizens Advice, November 2017

<sup>69</sup> [1 in 5 people face isolation if rural post offices close](#), Citizens Advice, November 2017 and [Consumer use of post offices](#), Citizens Advice, July 2017

<sup>70</sup> [Government Response to the 2016 Post Office Network Consultation](#), BEIS, December 2017, page 12

including in Bonn in November 2017 and in Brussels in March 2018. In May 2018, we also presented our research findings on vulnerable postal consumers to industry, retailers, government and regulator stakeholders from across the EU postal sector at a conference on the future needs of postal service users run by Copenhagen Economics.

Issues at the top of the agenda for 2018/19 include the Universal Service Obligation as well as monitoring the implementation of the EU's new cross-border parcel delivery Regulation. We welcome this as it will provide UK consumers with greater transparency around delivery prices when buying and selling items online in EU countries. We've long supported the EU's efforts in this area, through responding to the Commission's consultation on the Regulation and making representations to the European Parliament.

## **Representing and empowering postal consumers**

Our business-as-usual activity comprises not only representing consumers at key events at UK and EU levels but also facilitating discussions and ongoing monitoring and statutory duties in relation to post.

## **Monitoring Royal Mail performance against core metrics**

Throughout 2017/18 we continued to engage with Royal Mail to scrutinise their Quality of Service reports relating to delivery targets under the Universal Service Obligation (USO). In May 2018 Royal Mail announced it had missed its annual regulatory target for first-class mail<sup>71</sup>. Ofcom then opened an investigation to determine whether there are reasonable grounds for the breach.<sup>72</sup> We will monitor this process closely and engage with Royal Mail and Ofcom to determine what measures should be taken to ensure consumers receive a better quality of service in 2018/19.

## **Social media complaints monitoring**

This year, we analysed posts on Twitter about problems with postal services. This included consumer complaints about parcel deliveries, Royal Mail services and post office-related issues.

To make up for a lack of consistent published data across the post sector, we have been using a Natural Language Processor to categorise tweets and identify where a consumer is raising an issue that they have experienced relating to postal services. This data gives us an insight into how many people complain through

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<sup>71</sup>Royal Mail Quality of Service report 2017-18, Royal Mail, May 2018

<sup>72</sup>Own-initiative investigation into Royal Mail Group Limited concerning compliance with Designated USP Condition 1.9.1 regarding its quality of service performance, Ofcom, June 2018

social media instead of through traditional channels.

We gathered some 540,000 tweets classified as 'issues' in the year from April 2017 to March 2018, and found 360,000 of these were directed at parcel operators and 100,000 at Royal Mail. Issues provoking anger among consumers, other than late deliveries, included problems getting through to parcel operators' customer service departments and waiting times at post offices at various times of the day.

This information is key to informing our work programme, including the recent focus on parcel deliveries. We will produce our first quarterly social monitoring insight report this summer, and will share this with operators and Ofcom. We will also work to improve the strength of our analysis by categorising tweets based on the type of issue raised.

### **Post office changes – strengthening the community voice**

Under the Post Office Network Transformation Programme, when a post office branch is modernised or moved to new premises such as convenience stores, newsagents and pharmacies Post Office Ltd must consult the local community.

In our role as the statutory post watchdog, we are involved in the consultation process for post office changes. We review public responses and use our own evidence and analysis of the local area to ensure changes are made in the public interest. Through our effective advocacy work, in 2017/18 Post Office Ltd either agreed improvements to individual branch changes or provided reassurances to communities in 75% of post office change cases. Over the last six years, Post Office Ltd has provided reassurances or agreed further improvements in a total of 1,520 cases (76%) following public consultation. This demonstrates the value we have added by advocating for consumers over the course of the Network Transformation Programme.<sup>73</sup>

We have also agreed a new Principles of Community Engagement document to replace the previous Code of Practice, that sets out how Post Office Ltd.<sup>74</sup> We have reduced this document from 19 pages to 3 pages for greater clarity and introduced new protections for consumers across the UK.

### **Strengthening stakeholder relationships**

We further strengthened our existing relationships with postal service providers and post office stakeholders. We liaised with 81 stakeholders to advance the interests of consumers, and our monthly post office newsletters help to maintain and develop relationships with POAG members, multiple retailers operating post offices, local Citizens Advice operations and local government. For the first time,

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<sup>73</sup> [Post offices matter to communities](#), Citizens Advice, October 2017

<sup>74</sup> [Post Office launches new Principles of Community Engagement](#), Post Office Ltd, June 2018

in 2017/18 we have now made these newsletters publically accessible on our website.<sup>75</sup>

### **Support for the Post Offices Advisory Group (POAG)**

Our POAG meetings provide a unique forum which bring together industry, government, union and third sector bodies with an interest and stake in the post office network to share insights, and discuss current and future trends in the market.

We held four POAG meetings – in May, October and December 2017 and March 2018. The meetings included presentations from nine external speakers and topics covered included:

- How consumers use post offices today
- High street banking at post offices
- Network Transformation Programme
- Access to rural services
- Outreach post offices
- Performance across different post office models
- Post Bank
- Self service kiosks at post offices and their use across sectors
- Brexit and postal consumers
- Parcel market trends
- The future of the post office network – consumer, government and Post Office Ltd perspectives
- Disabled consumers – use of post offices and postal services, best practice for retailers

Our POAG meetings were attended by representatives from Post Office Ltd, UK government Investments, Defra, Ofcom, consumer organisations, rural groups, national charities, retailers, organisations representing post office operators, unions and the House of Commons library.

### **Support for the Postal Operators Liaison Group (POLG)**

We provide a similar facilitation function for our work with postal operators. We held the inaugural meeting of POLG in April 2018. Meetings included presentations from Citizens Advice and external speakers on issues including:

- Parcel surcharging, by the Consumer Protection Partnership
- Consumer service call volumes
- Improving disabled people's access to parcel delivery services
- Presenting the initial findings of Citizens Advice PUDO mapping analysis to

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<sup>75</sup> [Post Office newsletters](#), Citizens Advice, 2018



- industry representatives
- An update from Ofcom on the consultation on recovering postal regulation and consumer advocacy costs

Attendees included postal operators from across the sector, government and consumer groups.

The value of holding this forum extends beyond sharing our research. For instance, after we presented our recommendations for parcel operators and retailers to improve access to postal services for disabled consumers, we conducted a series of follow-up meetings with attendees to further develop how these might be implemented by individual organisations. We will continue to engage and feed into service design with a number of operators over the coming months.

### **Calls to broaden recovery of costs of consumer advocacy**

Ofcom is consulting on the recovery of consumer advocacy costs, and we provided our views in two responses submitted in September 2017 and May 2018.

<sup>76</sup> We helped promote engagement with this consultation by inviting Ofcom to present at our Postal Operators Liaison Group meeting in April.

### **Black Friday Christmas campaign**

We produced a short video and a separate animation on consumer rights for online shoppers and promoted them on Facebook. The video and the animation advised people what to do when items do not arrive, and how best to resolve the situation.<sup>77</sup> <sup>78</sup> The two productions were viewed 120,000 times, and Citizens Advice campaign messages contained in regular Facebook and Twitter posts made their way into 180,000 newsfeeds.

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<sup>76</sup> [Citizens Advice Response to 1st Ofcom Consultation on recovering postal regulation and consumer advocacy costs](#), Citizens Advice, June 2018

<sup>77</sup> [Video: Black Friday parcel tips](#), Citizens Advice, November 2017

<sup>78</sup> [Animation: Black Friday parcel tips](#), Citizens Advice, November 2017

# Chapter 3: Cross Sector



## Overview

Every year we help millions of consumers resolve their problems online, face-to-face and by phone. This gives us a unique insight into the common issues consumers face in many different markets. We combine the data we collect with ground-breaking research to help identify and solve the underlying causes of these problems.

We have had many successes throughout the year, influencing policy across different markets.

Our work has been significantly referenced in this year's Modernising Consumer Markets Green Paper.<sup>79</sup> <sup>80</sup> We were pleased to see the government's recognition that some markets are not working well for consumers and that bolder remedies are needed to fix these problems. This includes action to address the loyalty penalty paid by many consumers and a consultation on the creation of an independent consumer advocate for telecoms.

This year we have also focused on how companies can take advantage of consumers' behaviour – their habits, fears, perceptions and values – and in particular the 'loyalty penalty', paid by those who do not seek to regularly switch suppliers.<sup>81</sup> We've considered how new kinds of intermediaries could address barriers to switching and help customers find a better deal in the energy, telecoms and financial services markets.

Also under the microscope, has been the issue of big data, and how companies might be able to abuse the information they glean from us to profit at our expense. We have explored how this could impact certain groups of people disproportionately, such as vulnerable consumers

We continue to empower consumers, and our research into what makes consumer scam education effective was instrumental in our cross-sector partnership working on Scams Awareness Month 2017. Our work has highlighted the extent of this growing problem, how easily it can occur and the effect of this fraud on people's lives.<sup>82</sup> Our work on Scams Awareness Month 2017, resulted in a 97% increase in signposting to Action Fraud by the consumer helpline compared to the month before, and 364 organisations took part across the UK, a 7% increase compared to last year. In addition, our online advice pages witnessed a 17% increase in traffic, and the campaign received significant national news coverage

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<sup>79</sup> [Modernising consumer markets: green paper](#), Gov.UK, April 2018

<sup>80</sup> [The government's recognised markets aren't working- now it's time to fix them](#), Citizens Advice, April 2018

<sup>81</sup> [The cost of loyalty: exploring how long-standing customers pay more for essential services](#), Citizens Advice, February 2018

<sup>82</sup> [Changing the story on scams](#), Citizens Advice, August 2017

and MP engagement.

Our unique research and client data has also helped to inform the National Audit Office's study into vulnerable consumers in regulated industries.<sup>83</sup> This concluded that while water, energy and telecommunications companies have improved how well they understand vulnerability issues, they still need to offer more support to those with additional needs and on low incomes. The study also suggested that greater clarity was required to define the roles and responsibilities of regulators for supporting vulnerable consumers and more joined-up approaches are required to identify and address challenges.

We have also undertaken a study into the impact of Brexit, in which we explored the possible effects of our departure from the EU on essential markets and their consumers, along with the scope for reshaping the wider consumer landscape once we have left the EU.<sup>84</sup> Alongside this we have presented our insights into the impact of Brexit at numerous events, and given evidence to the House of Lords' EU Justice Sub-Committee. We continue to use our data to monitor 'Brexit-related issues' that affect our clients and consumers as a whole, and have published new iterations of our Brexit Tracker.

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<sup>83</sup> [Vulnerable consumers in regulated industries](#), National Audit Office, March 2017

<sup>84</sup> [Brexit: the outlook for consumers](#), Citizens Advice, July 2018

# Key projects/priorities and their outcomes

## Priority 1. Making markets work for customers

Each year, millions of UK consumers are affected by problems with goods and services. Citizens Advice has shown this costs the UK economy £23 billion a year, with more than one in three people (35%) expected to face at least one consumer problem each year. The impact these problems have on people's lives is often overlooked.

### Understanding the knock-on effects of failing markets on consumers' lives

In 2017/18 we published a report entitled, 'The domino effect: exposing the knock-on effects of consumer problems'<sup>85</sup>. Using Citizens Advice data, polling analysis and in-depth research, we found that problems in essential markets, primarily energy, water and telecoms, are the ones most likely to have knock-on effects on consumers.

We also demonstrated that vulnerable groups were most likely to experience harmful outcomes, especially when problems were not resolved quickly. These outcomes included financial distress, needing to take time off work, damage to a home or property, and anxiety or stress.

This work fed into research and campaigns at a number of local Citizens Advice offices, and fed into our influencing work on the Consumer Green Paper.

### Better redress and resolution of problems when things go wrong

An estimated 55% of UK consumers do not seek redress after experiencing a problem with a product or service, causing significant financial cost.

Our research has found that this is in part caused by the complexity of redress arrangements and consumers behavioural biases being exploited.

Our 2017/18 investigation also discovered that of those who persevere to get resolution, only a third (36%) of consumers said their problem was addressed to their satisfaction, while a further 28% said it was only resolved after a long struggle.

We built on our previous work into the effectiveness of alternative dispute resolution mechanisms and found there was room for improvement in every market.

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<sup>85</sup> [The domino effect: exposing the knock-on effects of consumer problems](#), Citizens Advice, March 2018

Our upcoming report outlines the potential for implementing automatic compensation schemes in essential markets, and for improving compensation schemes in absence of this. Recommendations include extending guaranteed service standards in energy networks and improving information on compensation rights and claim processes in the transport market.

We will use the evidence from this work to campaign for the imbalance of power between consumers and businesses to be addressed. We will push to simplify, improve, and where possible, automate processes for compensating consumers.

## **Participation in Consumer Protection Partnership**

The Consumer Protection Partnership (CPP) brings together a range of organisations with a role in consumer protection.

The aim of this group is to collaborate for the good of consumers, and we continue to be a member along with other organisations such as the Department for Business, Energy and Industrial Strategy, the Competition and Markets Authority (CMA) and Trading Standards.

Our collaboration with these stakeholders has been extremely productive, and we believe it is a very important mechanism through which to effect positive change.

Things we have achieved this year include:

- We have helped consumers get better service when their mobile phone handsets need repairing or replacing
- We have identified why consumers might not get the best deals in various markets
- We have campaigned to improve knowledge of consumer rights and raise awareness about scams

Citizens Advice also hosts the Knowledge Hub, which coordinates the insight and intelligence of CPP members.

We also chair the Consumer Protection Partnership in Wales. The CPP Wales works collaboratively to meet the needs of consumers in Wales and provides a link with the UK Consumer Protection Partnership.

In the last year we have advocated on behalf of Welsh consumers through the exchange of knowledge and information which assisted in the protection of consumers in Wales and assessed the impact of government policies on consumers.

## **Priority 2. Reducing bad practices that exploit consumer behaviour**

In 2017/18 we investigated how the 'behavioural biases' of consumers are exploited by companies, leading to worse outcomes.

This focused on the penalties consumers pay for remaining loyal to their essential service providers and the misuse of data and lack of transparency around big companies' data usage.

Our publication, 'The cost of loyalty: exploring how long-standing customers pay more for essential services', proposed a number of recommendations for reducing this loyalty penalty.<sup>86</sup> We will continue to use it in our future work to devise bolder interventions which can counter companies' exploitation of behavioural biases, and get consumers a fairer deal. In addition, we will use the findings to create practical solutions for helping consumers, which we will promote through our local Citizens Advice offices.

The success of our work can be seen in the actions taken by government, regulators and firms. The impact of the loyalty penalty on long-standing consumers across a range of markets was a strong feature of the recent Consumer Green Paper. Specific action has been taken by the FCA in the mortgage market and pledges have been made to tackle the loyalty penalty by insurance companies.

### **Misuse of consumers' personal and consumption data**

While consumers increasingly accept that service providers will collect their data, most are still in the dark about how that data will be used. Our soon to be published research, 'A price of one's own', has identified personalised pricing as a key risk, especially in future years. This could exacerbate the exploitation of consumer loyalty, reduce competition and further reduce consumer engagement and trust.

We hosted a joint event with the CMA to discuss possible solutions and we will continue to work with government and regulators in this emerging policy space.

### **Next Generation Intermediary Services (NGIs) - making switching easier**

Many customers find comparing and switching providers confusing, complex and time consuming. In 2017/18 we explored the new kinds of Intermediary (NGI) services available which switch utility providers on behalf of consumers in the in

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<sup>86</sup> [The cost of loyalty: exploring how long-standing customers pay more for essential services](#), Citizens Advice, February 2018

energy, financial services and telecoms markets. Our report called 'Game Changers? A Review of Next Generation Intermediary Services' examined the effectiveness and reach of NGI services, in addition to exploring the factors that constrain their development.<sup>87</sup> It made various recommendations to support the development of NGIs and further realise their potential, including the need to raise consumer awareness, build trust in new services, and address data access issues.

### **Priority 3. Standing up for vulnerable consumers**

Some vulnerable consumers experience the same problems across all markets, such as those people suffering from mental health problems, the recently bereaved and consumers who rent homes in the private sector.

We have committed to empowering and standing up for customers in vulnerable situations by building a unique, cross-sector insight to help firms provide them with a better service.

#### **Exploring how markets can work better for consumers with insecure incomes**

Our 'Walking on thin ice' report looked at how markets could work better for the 4.5 million people in England and Wales who are in insecure work.<sup>88</sup> It found that rigid outgoings on essential services can become problematic when incomes change.

Having an insecure income makes it particularly difficult to budget for bills, save for the future and pay for emergencies when things go wrong.

We explored whether or not switching providers more regularly, or the use of more flexible payment options such as smart pay-as-you-go tariffs, could help, or pose risks to consumers in the energy market.

We found there was no easy solution to problems caused by financial insecurity, but that three approaches would have a positive impact:

- A cost cap on lending to ensure consumers are not coaxed into unmanageable debt
- Lower-cost borrowing options for those who might otherwise be forced to go to higher-cost commercial lenders
- Government support to help people with no savings build a savings buffer

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<sup>87</sup> [Game Changers? A review of Next Generation Intermediary Services for Citizens Advice](#), August 2017

<sup>88</sup> [Walking on thin ice: the cost of financial insecurity](#), Citizens Advice, February 2018



The evidence provided in 'Walking on Thin Ice' identified the scale and impact of knock-on effects experienced by people who have consumer problems. Our research provided cross-sector insight and a foundation for our work on high-cost credit. It resulted in recommendations for improved government and regulator approaches to financial insecurity issues.

# Expenditure in 2017/18

Table 1 reports grant-in-aid funded expenditure on consumer advocacy by activity for the year ended 31 March, 2018 detailing initial projected costs against actual expenditure. Expenditure by Citizens Advice Scotland is reported separately in its annual consumer report.

**Table 1: Citizens Advice consumer advocacy activities**

Citizens Advice 2017/18	Projected Programme Spend	Projected Staffing & related costs	Projected Total	Actual Programme Spend	Actual Staffing & related costs	Actual Total
Directorate		214,900	214,900		215,000	215,000
Energy	861,400	2,568,770	3,430,100	866,440	2,563,560	3,430,000
Post	188,600	1,470,900	1,659,500	191,061	1,468,839	1,659,900
Cross-Sector	144,500	585,900	730,400	141,919	588,081	730,000
<b>Total</b>	<b>1,194,500</b>	<b>4,840,400</b>	<b>6,034,900</b>	<b>1,199,420</b>	<b>4,835,480</b>	<b>6,034,900</b>

# Free, confidential advice. Whoever you are.

We help people overcome their problems and campaign on big issues when their voices need to be heard.

We value diversity, champion equality, and challenge discrimination and harassment.

We're here for everyone.



**[citizensadvice.org.uk](https://citizensadvice.org.uk)**

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