

Citizens Advice response to BIS Call for Evidence on Improving the consumer landscape and quicker switching

June 2016



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Introduction

Citizens Advice provides free, confidential and impartial advice to help people resolve their problems. As the UK's largest advice provider, the Citizens Advice service is equipped to deal with any issue, from anyone, spanning debt and employment to housing and immigration plus everything in between. We value diversity, promote equality and challenge discrimination.

Our service aims:

- To provide the advice people need for the problems they face.
- To improve the policies and practices that affect people's lives.

Last year we helped over 2.7 million people face to face, by phone, email or web chat. People sought our help with 6.2 million issues in the last year. We provide support in 2,900 locations across England and Wales. People visit our website 36 million times a year to get advice. Over 23,000 volunteers are involved with Citizens Advice.

We are a well recognised brand with 97 per cent of public recognition, and highly valued by our clients, with 94 per cent scoring our service as good.

Our evidence is limited to our experience of providing advice on consumer related issues. For example, in 2015-16 more than 1.4 million people, who experienced a problem related to consumer goods, services or credit, turned to local Citizens Advice offices, 1.2 million calls were made to Citizens Advice consumer services, and a further 13.4m visited our consumer website pages.

We have limited our response to areas which best align with our expertise and evidence base.

The consumer landscape

Consumer advice

Q1. Are there problems with the current provision and routes to advice and information for consumers in these sectors?

People do not think of themselves as energy consumers, water consumers, or postal services consumers. When they encounter a problem, they simply want to get it resolved, and their instinct is to turn to an organisation they know and trust. We know this because we provide advice and information directly to 2.5 million people a year and to 22 million unique users via our website. From this work, we see that people want a trusted and accessible first place to go, an easy to navigate process, and an end point that offers them practical support or redress.

Today, the consumer landscape for advice and information is simpler than it once was. But a number of different bodies are still responsible for offering consumers advice and information. This fragmentation, either by funding stream, sector, target audience, or channel, complicates the consumer journey and can lead to people being dropped between the cracks. This is evidenced, for example, by our research into advice and redress in the energy market, which suggests that fragmented funding streams for first tier advice can make the consumer journey confusing.¹

People turn to Citizens Advice as a trusted first point of contact

In this Call for Evidence, the Department for Business, Innovation and Skills, has asked in particular about the water and transport sectors. In response, the following bullets describe the number of people who come to Citizens Advice with water and transport enquiries through our digital and phone channels:

- Our web pages related to water issues recorded 335,702 views in the year to end of April 2016. Over 50% of these were in relation to water bills.
- Our public transport pages registered 249,361 views in the same period, mostly concerning concessionary travel and train cancellations/delays.
- The Citizens Advice consumer service in England and Wales dealt with 600,000 consumer issues of which 111,500 were related to transport and water.

¹ Knowing who can help: The future for energy consumer advice and redress, Citizens Advice (2015)

We also see people with water and transport issues through support in local Citizens Advice. Table 1 provides these figures. Over the last year we have seen increases in water (9%) and transport (3%) enquiries.

Table 1: Water and transport clients 2015/16

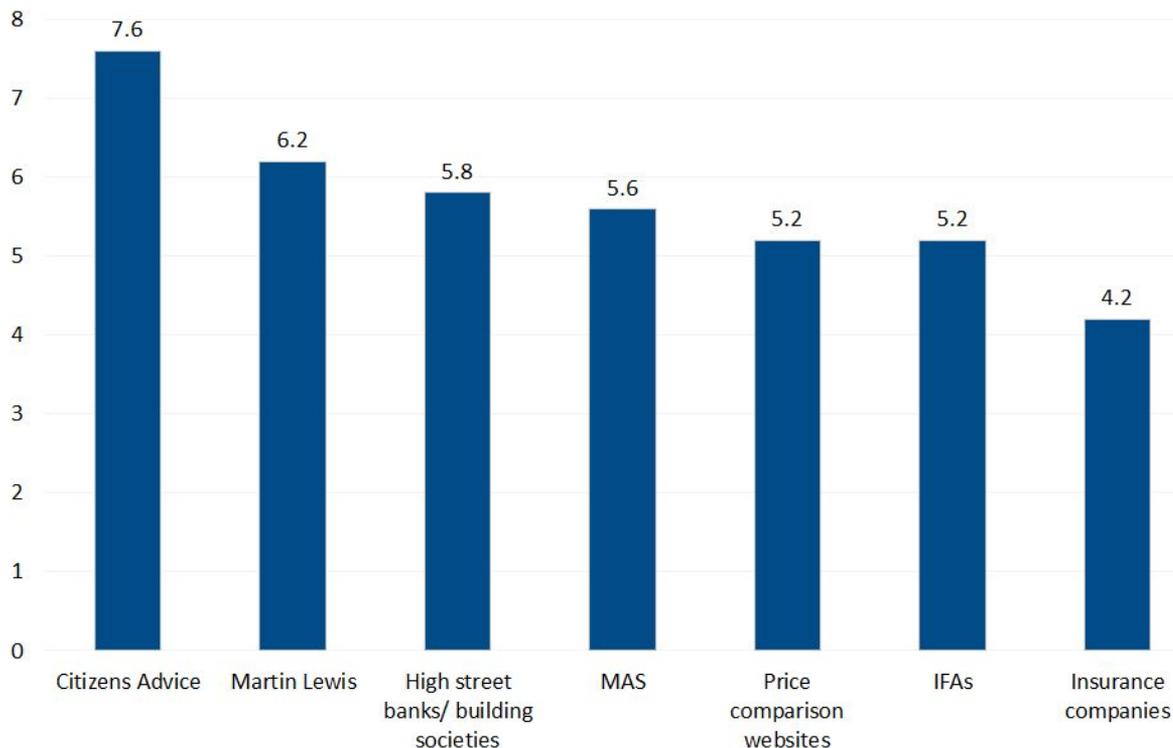
Issue	Number of issues	Number of clients
Water and sewerage (debts)	73,600	46,300
Water and sewerage (utilities and communications issues)	17,600	12,900
Water total	91,200	55,700
Travel and transport	51,400	38,100
Total	142,600	93,000

We have a clear principle of not turning people away, and so we provide help on these issues. What we cannot do directly is provide the kind of more customised content we provide on areas such as energy and post (for example, help [understanding energy bills](#), [comparing energy prices](#), or [seeking compensation in postal services](#)). We also refrain from carrying out consumer advocacy work on these issues to avoid the risk of duplication.

The Citizens Advice brand has very high salience and trust

These figures are indicative of a high level of consumer awareness of Citizens Advice as a trusted, reliable and impartial information and advice provider. This is also illustrated by the chart 1 below. Our own customer satisfaction surveys tell us that people want advice to be impartial, comprehensive, accurate, offering practical support, and easily accessible through a choice of different information channels. People also show preference for a well recognised and trusted organisation.

Chart 1. Who consumers trust for impartial advice



Source: MAS Quantitative Evaluation and Brand Tracking Research, 2014. Survey asked, „ on a scale of 1-10 where 0 is not at all and 10 is completely, how much do you trust each of these to give unbiased and impartial advice?

One risk in the current system of sector specific advice provision is that consumers are expected to remember a number of different brands for advice on different topics. In most cases, these organisations will have lower brand awareness than Citizens Advice, or lack the history and built-up trust of the Citizens Advice brand. This can complicate the situation for consumers and create inefficiencies.

People have interrelated problems that cut across sectors

Another lesson from our experience providing advice and information is that people often have multiple interlinked problems that cut across different sectors. For example, a large number of people we see with financial problems also face difficulty paying utility bills such as water, energy and telecoms. It is also common for these problems to interact; a client or consumer might, for example, have an issue with a utilities provider which cannot be solved without reference to an insecure housing situation. This makes it hard to resolve problems in isolation.

Again, the government has requested information in particular about the water and transport sectors. Table 2 below describes a strong correlation of water and transport issues with enquiries about debt and/or utilities issues. It shows that 94% of people coming to local Citizens Advice with water debt problems have at least one other problem. The equivalent figures for water problems more generally, and for travel and transport problems, are 74% and 64%.

Table 2: Proportion of clients with more than one issue

	Clientswith other issues	Clients	% Clients
Debt	16 Water supply & sewerage debts	43,500	94%
Utilities & communications	03 Water & sewerage	9,500	74%
Travel and transport	Travel and transport	24,400	64%

When we drill down deeper into this data, we see strong links from water problems to both regulated sectors (e.g. energy debts) and public services (e.g. council tax arrears). For example table 3 below describes the proportion of clients we help with with water debt who *also* have other debts.

Table 3: Links between water debt and other issues

	Top ten issues	Clients	% Clients
	16 Water supply & sewerage debts		
	Clientswith other issues		
Debt	09 Council tax arrears	25,858	56%
Debt	04 Fuel debts	13,660	30%
Debt	14 Unsecured personal loan debts	12,492	27%
Debt	99 Other	11,739	25%
Debt	49 Debt Relief Order	10,882	24%
Debt	13 Credit, store & charge card debts	9,963	22%
Debt	05 Telephone & broadband debts	9,198	20%
Debt	07 Rent arrears - housing associations	8,569	19%
Financial services & capability	20 Financial capability	7,339	16%
Benefits & tax credits	07 Housing Benefit	7,228	16%

When a consumer has one complex problem, or is seeking redress, we can help with the initial enquiry, diagnose the problem, and make a smooth handover to an ombudsman or other redress provider for a more detailed follow-up or case handling service. The challenge comes when a consumer requires first tier advice on more than one problem. This complicates the user experience and risks a consumer being lost in the cracks. There are particular challenges when a problem is multi-facted or interconnected, for example requiring simultaneous negotiations with several creditors across different sectors.

Chart 2 below gives a visual representation of the links between the different issues reported to Citizens Advice, showing how complex these interconnections can be. Increasingly, we provide complex, tailored advice in these kinds of cases, for example by using our digital Money Advice Recording Tool, which facilitates multiple simultaneous negotiations with different consumer creditors.

Chart 2. Interlinks between the problems reported to Citizens Advice

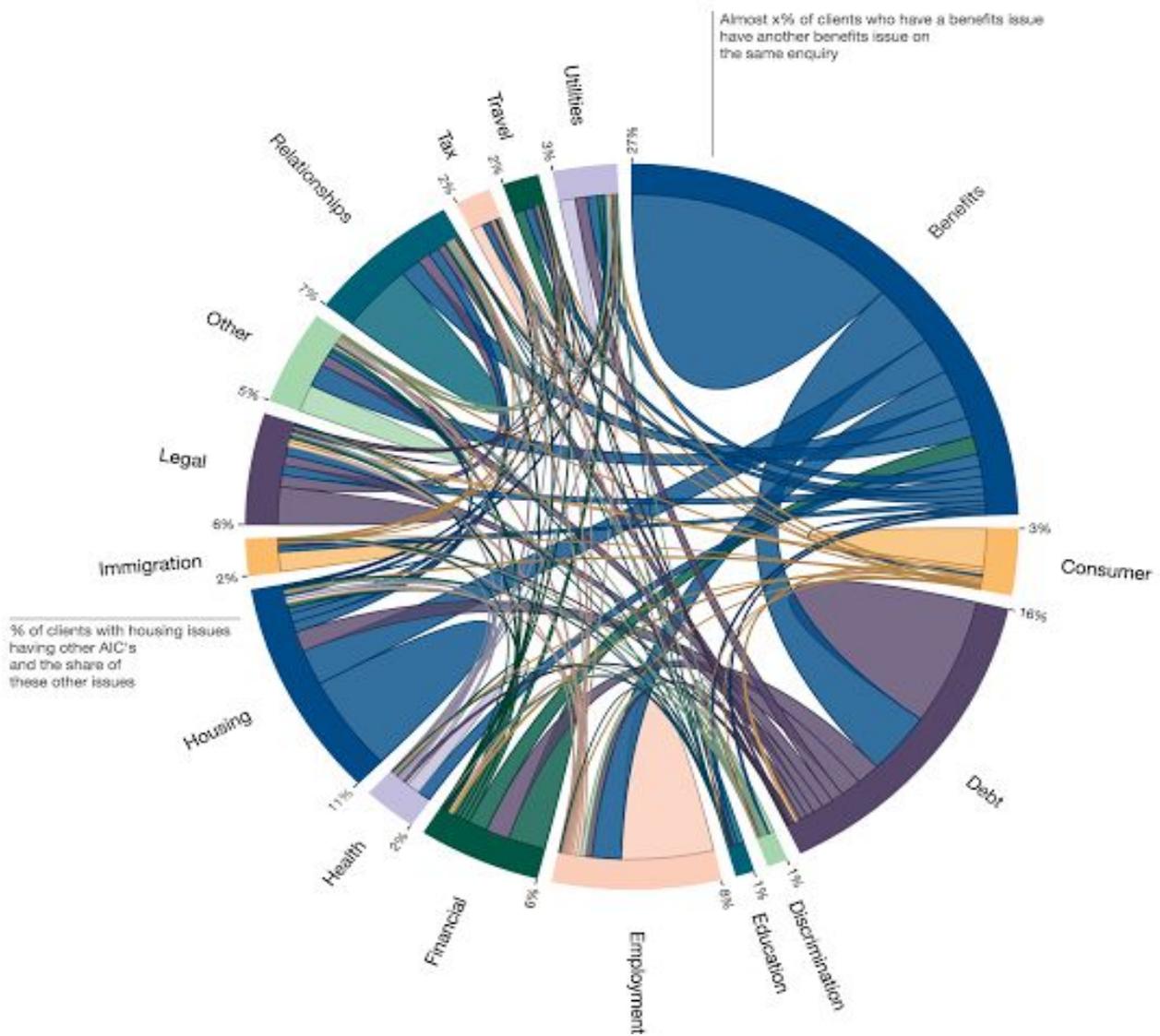


Chart 3. Screenshot from the Money Advice Recording Tool, which our advisors use to support simultaneous negotiations with creditors across sectors

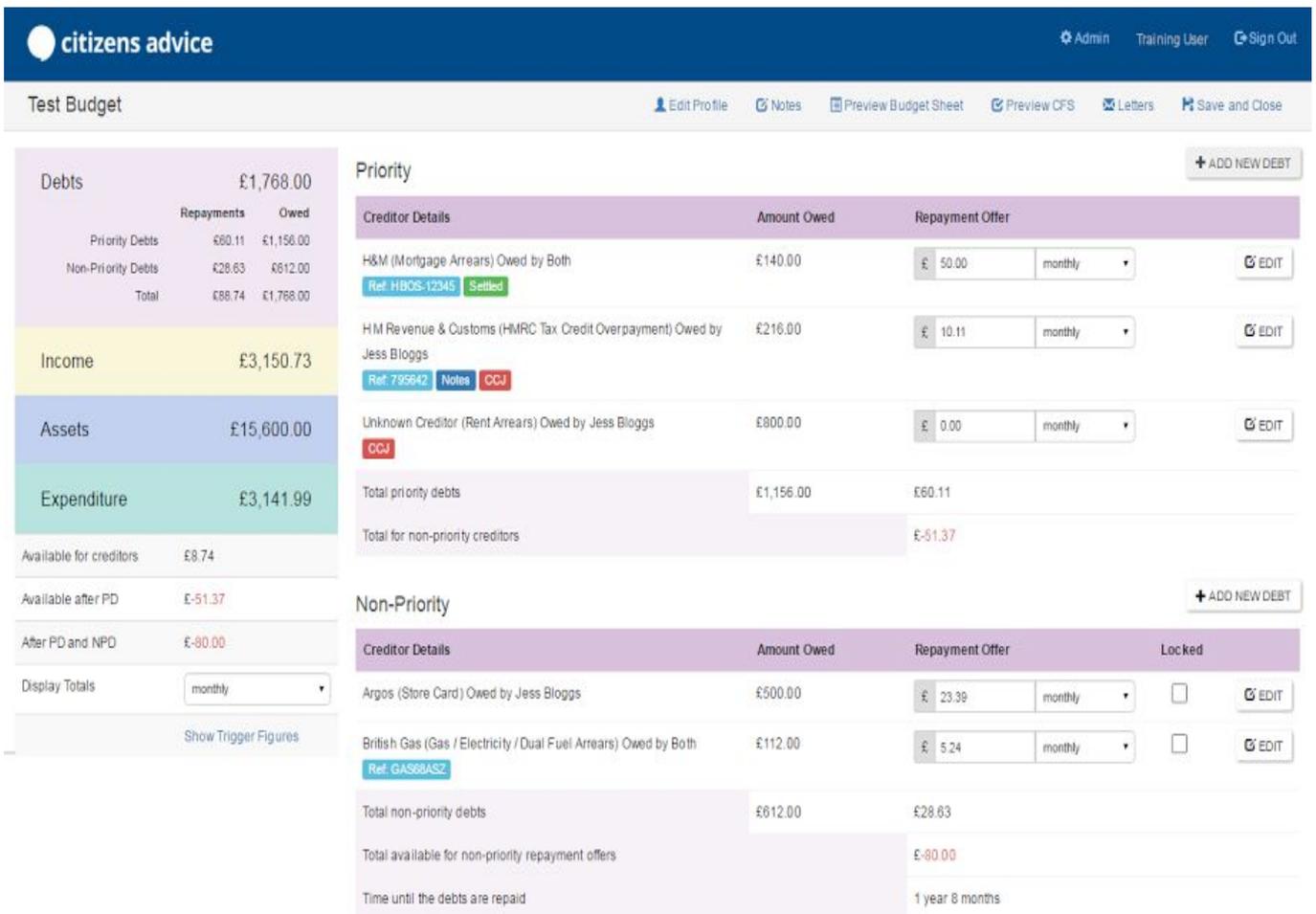
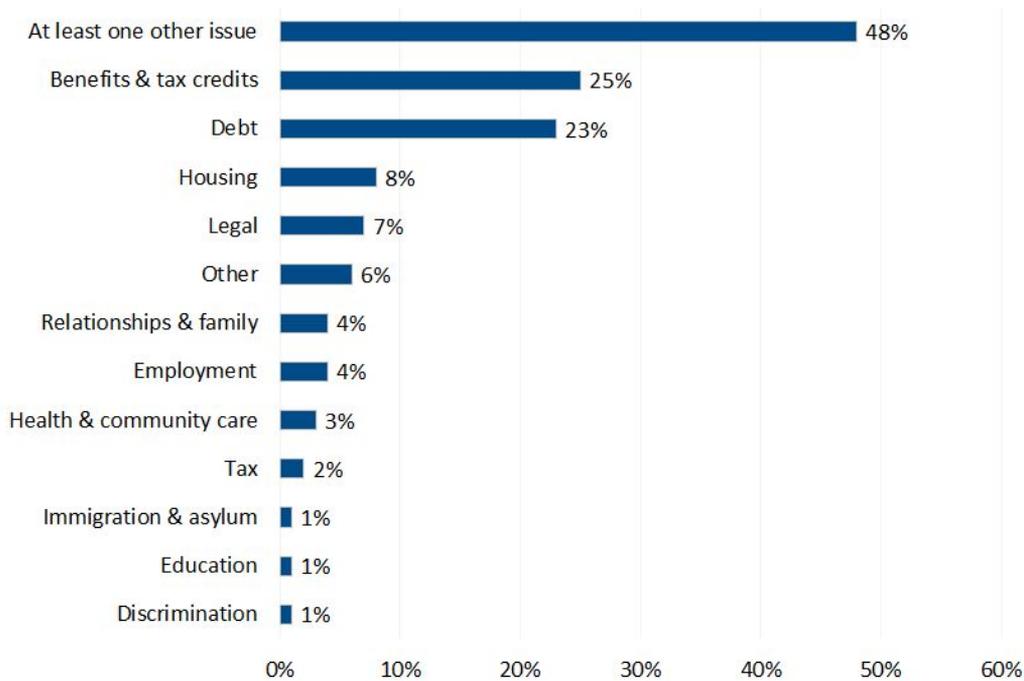


Chart 4 below shows a simpler breakdown of similar data. It focus on the 280,000 clients we helped last year with issues specifically related to problems with utilities, transport, financial products and other consumer issues. Looking at this category of clients, half had at least one other problem they are seeking advice for, as the graph below shows.

Chart 4. Interlinks of consumer problems with other issues



Our experience suggests that, as consumer markets evolve, these interlinkages across markets are becoming increasingly common and complex. For example, intermediaries now operate across market boundaries, service bundling is on the rise, and there is a welcome push---including through this call for evidence---to align consumer experiences like switching across a range of markets.

One concern about the current system, then, is that, having turned to an organisation for help, consumers are then lost in the hand-off between agencies. Our research suggests that a complex consumer journey of this kind can also have inequitable effects; consumers in vulnerable situations are more likely to be negatively impacted and give up their complaint.²

There is a risk of duplication and inefficiency in back-office costs

Finally, our experience suggests that duplication in first tier advice provision can cause inefficiencies. Some of these inefficiencies relate to advice provision itself; for example, even where data can be shared effectively, a consumer might be asked the same questions as a new advisor gets up to speed with their case, taking up more of the consumer and advisors' time than is necessary.

There are also more direct inefficiencies, with infrastructure and back office costs, where multiple websites and call centres increase the overall cost of advice

² Forthcoming report on comparing consumer experiences with complaints and redress across regulated and non-regulated sectors, and public services.

provision. One example of these inefficiencies are the back-office savings that were made possible by the incorporation of Consumer Direct and Consumer Futures into Citizens Advice. This integration resulted in a slimmed down senior management structures and savings in shared functions and infrastructure such as human resources, finance and property costs. These savings have been reinvested into high impact consumer advice, education and advocacy, in the relevant sectors, delivering a better return for consumers. They also enabled a year on year increase in the number of people helped with consumer-related issues in these markets.

Q2. If yes, what are these problems and how can provision be improved?

Under Q1, we have responded to the government's request for comment on the problems in the current provision of consumer advice. We have mentioned three challenges: the expectation that consumers will remember to turn to different organisations for different sectors, rather than turning to a brand they know and trust as a first point of contact; the prevalence of multiple or interlinked problems; and the risk of duplication and inefficiencies. In this section we focus on what a more joined-up approach to provision might entail.

Cross-cutting work is most powerful in (a) advice and (b) policy and advocacy

In light of the challenges outlined in response to Q1, our experience suggests that cross-cutting provision is particularly important in two areas:

- One, at the **first point of contact**, where there is a case for a single, trusted, multi-channel, first point of contact, simplifying the consumer journey and making the system efficient. This initiates a seamless customer journey, with clear pathways and clean handovers to redress providers. This first tier is the 'funnel' into which the initial enquiry goes, and from which consumers can be passed on to other organisations to escalate or seek redress.
- Two, in the **policy and advocacy** work that uses the data gained from this advice work. This includes identifying patterns and spotting new sources of detriment, comparing and contrasting experiences across consumers markets, publishing data to help consumers choose providers (see our responses later in this document), and sharing data with other organisations to guide enforcement. This work seeks to fix the *underlying cause* of the consumer's problem, stopping it from happening again; creates a feedback loop to guide consumer behaviour; and, ultimately, lowers costs overall.

In our experience, it is less important for other aspects of the consumer experience to take place in the same organisation. For example, we work well with Ofgem and Ombudsman Services, using referral pathways and data sharing agreements to

handover consumers seeking redress or sharing data to guide enforcement action. This does not over-complicate the consumer experience because we are not asking the consumer to straddle two organisations for advice; instead, redress is a subsequent step in the consumer journey, after the initial enquiry.

Likewise, in energy, the Extra Help Unit (EHU) offers a specialist advice service for vulnerable energy and post customers, and is delivered by a separate organisation, Citizens Advice Scotland. Most consumers (90%) referred to the EHU are referred by Citizens Advice after coming in through the Consumer Service but referrals are also received from the energy Ombudsman, Ofgem, and others. In 2015-16, 8,397 complaints were received by the Extra Help Unit, securing total financial redress of £2.0 million, and leaving 91% of consumers either satisfied or very satisfied.

In this answer we focus on advice. We discuss advocacy in Q3 and Q4 below.

A multi-channel offer is increasingly important and allows for tailored advice

Different clients, and different kinds of problems, require advice through different channels. If a client needs help while at home or at work, or light touch self-help, they may prefer digital content. If they need more in-depth support, struggle with digital literacy, or simply want face to face help, they may prefer to walk into a local Citizens Advice. We refer our clients between face-to-face and telephone (and vice versa) and this multi-channel offer is important both for the consumer experience and for our ability to monitor problems to guide our advocacy work (discussed in Q3 and Q4 below).

In terms of the consumer experience, we have remodelled our service proposition towards a multi-channel advice offer which includes digital (website, emails, webchats), telephone and face to face support. An essential feature of this offer that allows us to tailor our advice to the needs of individual consumers. For example, we can work through more complex problems, or with vulnerable consumers, using face to face and telephone contact. Meanwhile we can allow other consumers to self-help if this is their preference. This reduces costs and is also valued by business, as evidenced by our close working partnerships with utility companies, who often come to us to help deliver tailored advice and support, particularly for vulnerable customers or those in debt.

The multi-channel offer also allows us to adapt different tools and channels in response to changing consumer demand. For example, since 2012 we have seen a channel-shift away from phone towards digital advice, and in response we have ramped up our digital advice further, providing a dramatic increase provision. The Citizens Advice website had approximately 36m visits in 2015/16 and 55m page views; 13.4m of these views were our consumer pages, an increase of more than 500% since 2011/12. 140,000 clients were supported through email and webchat in

2015/16 and the demand for these channels is increasing. This also results in a system that is, overall, more efficient on a per user basis.

This offer combines powerfully with our statutory role in energy and postal markets. Since taking on this role, we have expanded our digital offer with digital tools and content to help consumers self-serve and reduce pressure on our face to face and telephone service, thereby reducing per user costs. For example:

- In energy, our online and interactive tools help consumers [understand their bills](#), [compare gas and electricity prices](#) (as a backstop to complement the CMA's decision to remove 'whole of market' requirements on Price Comparison Websites), and to [determine responsibility for paying a bill](#)
- In post, our [compensation tool](#) takes people step by step through the process of claiming compensation for a lost or damaged parcel. A similar digital tool will soon be launched to make it easier to opt out of junk mail.
- Our role in these markets has allowed us to improve the consumer experience of advice significantly, for example reducing the number of webpages from 39 to 7 in Post to make user experience much simpler.

In parallel to our digital channel we also continue investment in our phone and face to face offer, as there is a steady demand for these channels.

Our expertise in digital means consumers find us easily, without advertising

The high number of hits to our website reflects both consumer awareness of the Citizens Advice brand *and* our strong focus on search engine optimisation (SEO). We base this on a deep understanding of how people think and speak about their problems, allowing us to write our content using the language people use to describe their problems. This helps to explain why, on almost every metric of performance, our website dramatically outperforms those of other, sector-specific consumer organisations, sometimes by 10-30 times, without the need for spending on advertising or optimisation such as Google AdWords.

There are a range of objective measures of website optimisation. On three such respected measures. For example³:

- Domain authority is a 0-100 score based on a website's potential for search engine ranking based on its content, calculated using the root domain and total links figures as well as a range of other scores. It is used as a way to compare websites and track change over time. The Citizens Advice website scores 85 on this measure.
- Root domains measure the number of unique, external websites which link directly to a website. For instance, the Citizens Advice website is linked to

³ These figures are provided by www.moz.com accessed 6 May 2016 and have been checked against our own analytic data.

directly from pages such as the FCA's or the Money Saving Expert. The Citizens Advice website scores 4,893 on this measure.

- The total number of links, including from internal pages, measures how often a home page is linked to, including from pages based on the same website. The Citizens Advice website scores 125,000 on this measure.

Objective comparisons can be made between these results and those of other sector-specific advice providers, as a measure of relative accessibility to consumers. This gives a sense of the inherent strengths of Citizens Advice in a digital economy, in which our brand, history, reputation, and expertise combines to mean people find advice easily through us, without the need to advertise.

Consumer advocacy

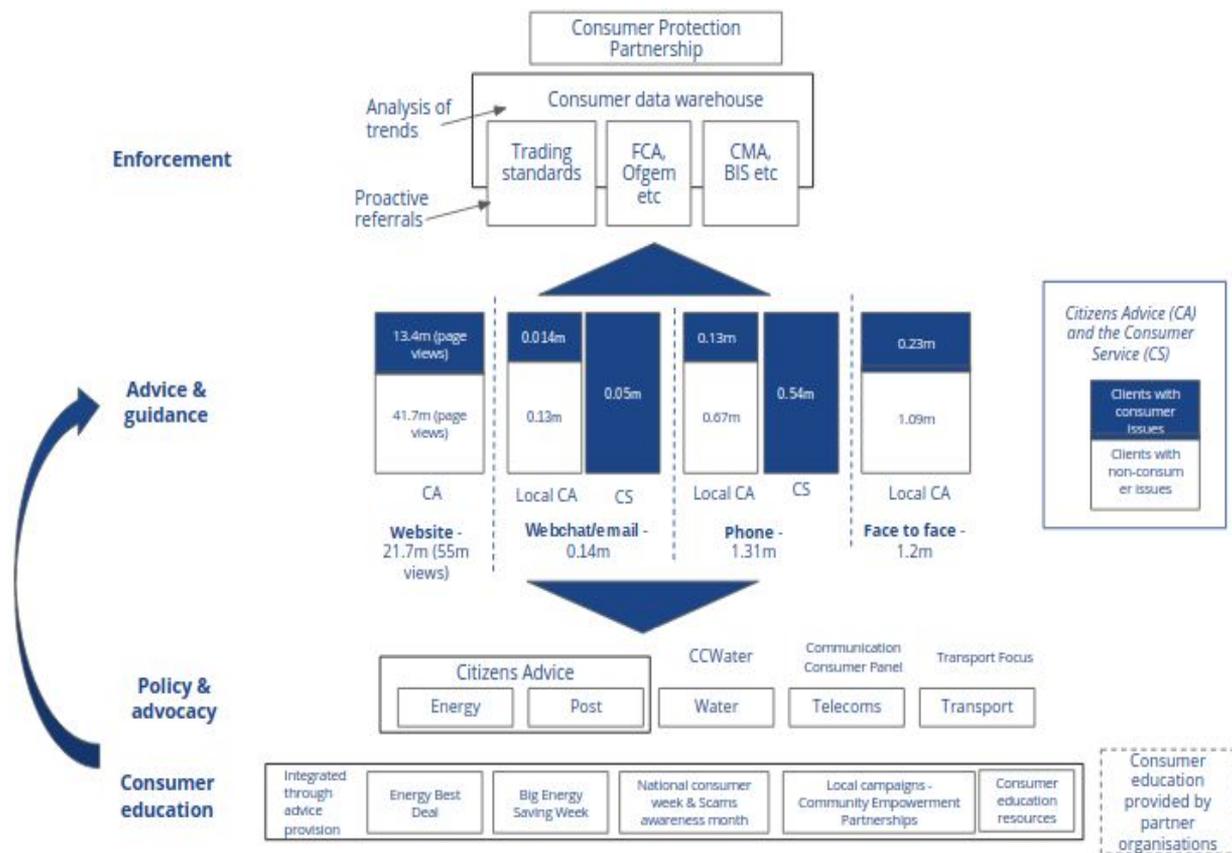
Q3. Are there problems with the way that consumers are represented in these sectors?

The changes that were made to the consumer landscape in recent years have significantly improved the efficiency and effectiveness of consumer representation. Our work plan for 2016/17, [Citizens Advice: Consumer Champion](#), gives an early indication of the benefits of these changes. This plan shows, in particular, the benefits of being able to learn lessons across different markets, apply our expertise in digital development to solve consumer problems, and the power of combined consumer data, not least to help consumers make decisions.

However, while aspects of the current system work well, there is a case to be made the system is incomplete. There are particular challenges of coordination and duplication, consumer awareness and the effective use of trusted brands, and in how to use data better to inform advocacy work and consumer choices.

Q4. If yes, what are these problems and how can it be improved?

The diagram below presents one way to think about the current landscape, with a particular emphasis on the sectors under focus in this call for evidence, and covering the functions of advice, advocacy, enforcement, and education.



As the diagram indicates, the consumer landscape is complex. The government has requested evidence and views on how this setup fits with the nature of consumer problems today. Our experience suggests there are three particular challenges.

First, there is immense power in **cross-sector insight**, and growing demand for these insights. There are several benefits to having a consumer advocate that can compare consumer experiences across regulated markets:

- It allows for consumer advocacy on **interlinked issues**. For example, recently we have seen problems in the way the private rental sector interacts with the energy market. Our data showed that some landlords were making it harder for their tenants to switch energy provider and that energy efficiency was being hindered by insecure tenancies. These insights emerged from the cross-section of our energy and housing data.
- It makes it easier to explore and compare **cross-cutting issues**, from switching, to redress, debt collection and consumer vulnerability, comparing practices across sectors. This puts helpful pressure on some markets to improve and helps to make the consumer experience more consistent; after all, consumers should expect switching to be equally easy in all markets. There is a case to be made that this will become a growing problem as cross-cutting issues, from mobile payments to big consumer data to intermediaries, become more important in consumer markets.

- It lets us **learn lessons across markets**. For example, we can evaluate consumer protections that have worked in one market and help other regulators apply a similar approach. For example, we have done this in our work on debt collection practices⁴, infrastructure investment⁵, consumer vulnerability⁶, online intermediaries⁷ or redress⁸.
- It helps us **share best practice between businesses**. We can do this best in energy and post, where we have the resource to do do. But there is demand elsewhere too, not all of which we can meet. For example, we recently responded to a request from water companies to help them understand the impact of welfare reform on the ability of water customers to pay their bills. This resulted in recommendations to help water companies deal more effectively and flexibly with customers affected by the reforms.⁹ We have also had a dialogue with mobile operators to improve their debt collection practices through sharing good practices from other utility sectors.

We can and do carry out some of this work, using our statutory role in energy and postal markets and our cross-cutting function. As things stand, outside of energy, post and our own cross-sector work, we are cautious about carrying out consumer advocacy in other regulated markets because of the risk of duplication.

A broader, more cross-cutting consumer advocacy role would also complement other aspects of the consumer landscape. For example, in recognition of the value of cross-sector work the UK Regulators' Network (UKRN) was set up between nine economic regulators representing transport, energy, water, communications, financial services and other regulated sectors. UKRN shares expertise on issues facing regulated sectors, from infrastructure investment to consumer engagement and switching to consumer vulnerability. In addition to this, the Consumer Protection Partnership brings together a range of consumer bodies, albeit with a focus on unregulated markets, to join up discussions about consumer enforcement, education, advice and advocacy.

Second, as the recent consumer landscape changes are starting to show, the **power of big data** means it is powerful to host first tier advice and policy work in the same organisation. One of the clear advantages since taking on our role as the consumer champion with statutory responsibilities for representing energy and post consumers in 2014 is that we have brought together our consumer advocacy

⁴ Falling behind: an assessment of debt collection practices in the mobile phone market, Citizens Advice (2016).

⁵ Many happy Returns. The consumer impact of price controls in regulated networks, Citizens Advice (2015).

⁶ Treating consumers fairly. Flexible and inclusive services for all, Citizens Advice (2015); Tackling consumer vulnerability: regulators' powers, actions and strategies (2014), research commissioned by Citizens Advice from Leicester University.

⁷ The real deal: How do price comparison websites measure up?, Citizens Advice (2015).

⁸ Forthcoming report on comparing consumer experiences with complaints and redress across regulated and non-regulated sectors, and public services.

⁹ Welfare Reform and its impact on the collection of water charges, UKWIR (2015).

work with the data we derive from our advice and information provision. Our data means our policy work has roots in communities across the country; that is, we translate the insights we gain helping real consumers, into high impact policy arguments that resonate with stakeholders and media.

In addition, the data from our face to face advice is strengthened by access to data from our consumer helpline. This allows us to carry out cross market monitoring and analysis of consumer confidence across markets and make timely interventions. For example our [Consumer Advice Trends report](#) and our forthcoming Consumer Detriment survey, and other in depth research¹⁰ give a snapshot of problems, and can alert relevant authorities about potential risks early on. We now have ambitious plans to publish more of this complaints data, starting in the energy market, to help consumers make purchasing decisions (see our answers to the questions on complaints data below).

Data captured through our three channels of face to face, phone, and digital, gives us different and complementary insights into consumer challenges. Our face to face advice is particularly powerful for geographical analysis, or spotting localised scams, with the data flows from this source updated live each night. Our digital advice, by contrast, is particularly useful for spotting potential problems at a very early stage. This data is live, as can be seen at the following live stream of from our website: <http://cab-labs-dashboard.s3-website-eu-west-1.amazonaws.com/> This makes sure our advocacy work addresses problems early, before they escalate.

Third, the power of a **trusted brand** means every pound spent on consumer advocacy goes further. In the period April 2015 to March 2016 alone, our media coverage of consumer issues included 13,000 pieces overall of national, regional and trade media. That is 230 pieces of national media coverage a month - over seven a day - and 840 pieces regional media coverage a month. This high-profile work delivers both consumer education and advocacy, pushing for improvements on issues like switching or hidden fees. These impacts are most powerful when our role in first tier advice generates data, which can then be translated into advocacy using the power of our statutory functions.

Finally, duplication can lead to **inefficiencies**. For example, maintaining separate advocacy organisations increases overall infrastructure and administrative costs, spending money on back office costs that could be used to pursue high profile advocacy work. Our experience taking on the functions of Consumer Futures is that back-office savings were possible, allowing the reinvestment of resource into the delivery of consumer advocacy.

Telecoms lags behind other regulated markets on consumer advocacy

¹⁰ Consumer challenges 2015, Citizens Advice (2015)

While this Call for Evidence focuses on the water and transport sectors, it is worth noting that there is case for updating the landscape in telecoms to reflect the approach to consumer advocacy in other regulated sectors.

In most regulated markets - energy, post, water, transport - there is a statutory consumer advocate, entirely separate from the regulator, funded independently, through a levy, as an independent champion for consumers.

In telecoms, where mobile and broadband have only recently become essential services, the model has yet to catch-up to this approach. This is far from an empty gap; the Communications Consumer Panel (CCP) is an independent panel that does respected and well-informed work to guide Ofcom on decisions around consumer policy, particularly in relation to vulnerable consumer groups. We work closely with the CCP on issues such as debt-collection practices, using our cross-sector expertise to help the mobile phone industry improve its approach.

However, this is a very different model to that in other markets. The CCP is funded by Ofcom and is based in the Ofcom building, pursuing an approach that is influential but that is more about behind the scenes advice. The CPP functions on a part-time basis with the support of a small secretariat, and does not seek to play the more external-facing champion function adopted by consumer advocates in other sectors. We believe a separate consumer advocate in the telecoms market, as already exists for every other essential utility (energy, post, and water), could complement the work of Ofcom and the CCP. It would make sense if this update was required; it is only recently that mobile and broadband services have been considered an essential utility in the same way as energy, water and post.

We believe a consumer advocate in this space could have a number of advantages.

First, **there is significant consumer detriment in the telecoms market.**

Telecoms ranks fourth behind second hand cars, builders, and energy in calls to the Citizens Advice consumer service, making up one in 20 of all queries. Drilling down in more detail, Table 4 shows that the majority of these calls are about mobile phone service agreements (37%), mobile phone hardware (40%) and landlines (19%). Problems with mobile phone service agreements and hardware also consistently feature in the top five issues reported to the consumer helpline. Local Citizen's Advice helped a further 18,000 clients with problems with landline, mobile phone, internet and broadband services last year.

Table 4. Top third tier issues from the Consumer Service - Q3 2015/16

Issue code	Total Q3 2015/16
Second hand cars (purchased from an independent dealer)	11,433
Energy	5,937

Mobile phones (service agreements)	2,648
Second hand cars (purchased from a franchise dealer)	2,629
Mobile phones (hardware)	2,598

Two, the regulator Ofcom has made clear its intention to pursue a pro-consumer agenda. We support this ambition and we have reason to believe that **a consumer advocate would complement a pro-consumer regulator in telecoms**. For one thing, we see this approach working well in other markets. For example, in energy our consumer advocacy work complements Ofgem’s approach; we can strike a different tone to the regulator, helping to keep up pressure for change. We also play an official role representing consumers in technical negotiations, or in delivery programs such as the one-day switch. This helps to balance the debate, complementing the different role played by the regulator or a more advisory consumer body with an inside channel.

Moreover, we already have strong examples of how this can work in the mobile market. This is exemplified by our research on broadband advertising, in which we conducted research and media work to draw attention to misleading pricing claims that were making it harder for consumers to compare broadband deals. Our work created pressure on the Advertising Standards Authority (ASA) to act on the issue, and Ofcom and the ASA followed up with their own research. The government, through both BIS and HMT, was publicly supportive of this approach, which delivered a clear win for consumers. This kind of impact would be routine if there was a statutory consumer champion resourced to do this work, as well as to take a cross-cutting view across consumer markets.

Three, the government, and in particular the Department for Culture, Media, and Sports, has expressed an intention to improve consumer outcomes in the telecoms markets, with high profile commitments on issues such universal access to broadband and compensation for sub-standard broadband quality. We strongly support these ambitions. **A consumer champion could advocate for changes like these on an ongoing basis**, spotting new issues as they arise, and maintaining pressure on industry and others to implement these plans successfully.

It is also important for data to guide consumer education

Finally, the diagram above indicates the important link from advice services to education programme which aim to increase consumer engagement and awareness. For example, our Energy Best Deal programme which is delivered by a network of third sector organisations, including local Citizens Advice offices, aims to encourage people to shop around, reduce their energy bills, and get help if they are falling behind. The approach we take to this programme is informed by the lessons

we learn from our frontline advice work with consumers. This allows us to deliver national programmes which still allow for local difference and innovation.

We also have proven experience in delivering awareness and education programmes such as, mentioned earlier, the Energy Best Deal, where we reach vulnerable consumers through national and local media, community events and social media. We also raise awareness by incorporating advice and information on new products and services in our wider energy and financial management advice, for example smart meters. Whilst providing education and advice on switching company and tariff, dealing with energy debt and basic energy savings measures.

Alternative Dispute Resolution

Q5. Are there problems with the current provision of ADR in these sectors?

Q6. If yes, what are these problems and how can provision be improved?

Q7. Should the criteria for allowing the use of the word Ombudsman be strengthened and if so how?

Alternative Dispute Resolution (ADR) mechanisms can offer inexpensive and effective solutions to individual consumer disputes, as an alternative to courts. We have good working relationships with ADR providers, both in our provision of first tier advice, where we have clear referral pathways, and through our consumer advocacy work, particularly to share data and coordinate stakeholder liaison.

Yet, while some ADR mechanisms work well, the overall ADR landscape is patchy, with gaps, weaknesses, and overlaps in coverage. There are many statutory and private providers of ADRs, including ombudsmen, mediators and arbitrators. Some are mandatory, in particular for regulated sectors, while others are non mandatory. Some are compliant with the standards set out by the ADR Directive which came in force in 2015, others are non compliant. Some are free to use for consumers, others offer paid for services.

This varied landscape leads to inconsistent results for consumers. In some cases, gaps make it hard for consumers to enact their statutory rights to redress. Our research suggests that a large proportion of consumers are dissatisfied with complaint outcomes, but that only 5 per cent of complainants take their complaint

on to an alternative organisation for resolution.¹¹ Even in regulated sectors, with well-established and mandatory ADR schemes, consumer take up is patchy and can be low relative to the number of complaints.

Our experience in these areas suggests that two aspects of the consumer journey are particularly important:

- First, there should be a single first point of contact, providing advice where this is all that's needed, and clear pathways and referrals to redress providers where necessary. The need for this is explained in more detail in response to questions Q1 and Q2.
- Second, there should be a consistent and reliable layer of ADR mechanisms with no gaps or weaknesses, so that every consumer, in every market, has the backstop of ADR and redress. What is important is that consumers end up in the right place; typically, they should enter at first tier advice, before being referred smoothly to redress where required, and from redress back to advice where a consumer's query falls outside the scope of redress.

To ensure ADRs are clear, consistent, effective, and hassle free, several changes could strengthen today's system. In particular, we recommend that:

- ADR schemes with an adjudication function should be made mandatory for businesses in all sectors
- Higher expectations be placed on the use of the phrase Ombudsman, ensuring that all organisations and individuals using this name adhere to a minimum set of high standards.
- In the case of government- or industry-funded organisations, there is a case for more transparency and accountability to that consumers know how much money is being spent.
- The landscape continues to be monitored, to ensure that redress schemes are prepared for the future, in particular to support consumers encountering problems that cut across market boundaries.

Consumer Data

Q8. Is there scope to make consumer complaints data in these sectors easier to access and more widely available?

Q9. If yes, how can this be achieved and what protection should be included?

¹¹ Forthcoming report on comparing consumer experiences with complaints and redress across regulated and non-regulated sectors, and public services.

We are supportive of the idea of making consumer complaints data easier to access and more widely available. We already make wide use of our own consumer data, including by publishing our data to inform consumers.

For example, we publish general data from the Citizens Advice consumer service through quarterly Advice Trends as well as a standalone publication, Consumer Advice Trends, focused specifically on consumer issues and trends over time. In addition, we publish a quarterly complaints statistics, by supplier, for the energy market. We also share anonymised data with trusted partners with data sharing agreements and alert Trading Standards to instances of criminal practice where appropriate.

Beyond this, **we are currently developing a more radical approach to the publication of complaints data**, initially for use in the energy sector. This would make supplier-level complaints data available in an ongoing, machine-readable basis for Price Comparison Websites and others to reuse and repurpose. If successful, this approach could be rolled out more broadly to other sectors, using a combination of our own data and data from regulators and other consumer bodies.

In general, we have a range of experience in the publication of complaints data, and other consumer datasets, which has taught us a number of lessons about how complaints data can be used to helpful effect.

- People express dissatisfaction with goods and services in a wide range of ways, including through social media such as Twitter and Facebook. There is value in including this kind of **user-generated data** when thinking about complaints. For example, our report *Learning from Mistakes: How complaints can drive improvements in public services* analysed almost half a million tweets to explore public sentiment with respects to several public services.
- A **consolidated basket of measures** can be more robust than a single isolated measure. For example, in our work on the energy market we are exploring whether a single metric could be produced from data sources that indicate different aspects of customer service, from our own data at Citizens Advice to data held by Ofgem and Ombudsman Services.
- Where company-recorded data is to be used, it is vital that this is **reviewed for consistency** to make sure companies report complaints in a full and comparable way. The same can be said of comparisons made across complaints data held by different sector regulators.
- With regard to what **protections** should be included, if we assume the complaints data made available is metadata¹², then it would make sense for

¹² Metadata summarises basic information about data, which can make finding and working with particular instances of data easier.

the protections to be in line with the Information Commissioner's Office standards and guidance on big data.

Several challenges need to be overcome when publishing complaints data more widely:

- The publication of trader- or supplier-level data can have significant resource implications. We consult extensively with energy companies about the publication of our energy complaints data, not least to ensure the data is robust to both legal and analytical challenges.
- We weight our published data appropriately to ensure it reflects the different severity of problems, for example the difference between an enquiry that is resolved quickly and a complex dispute that runs on for many months.

Finally, we can see a case for requiring that official consumer data, for example performance data in regulated industries, should be made open and available in a standardised format, to be used by intermediaries wanting to help consumers compare providers.

Q10. What new opportunities or risks for businesses, workers and consumers would be created if they were able to port their reputation and feedback data between platforms?

Q11. What are the barriers to doing this?

Consumers are now well-accustomed to feedback data in online transactions, including from services that feedback on their own behaviour as consumers. Independent platforms which aggregate verified, authenticated reviews have raised the standard of feedback material. These are now useful and quite reliable sources of information and we can see value in consumers being able to use their reputational data to verify their identity or behaviour. This could have particular value to consumers without other traditional data trails such as credit history.

Though there could also be some risks to consumers from this approach. There would need to be an easy way for consumers to rectify or respond to negative or damaging feedback. And, as with credit records, it would be important for consumers to be able *see* their own record and understand why decisions have been made. There are also privacy implications to consider, particularly if data is

combined from several sources. Again, consumers would need to be able to request that parts of their record be removed, redacted, or contextualised.

These problems are likely to be surmountable. And, if they could be overcome, there would be real value in consumers being able to see a single picture of the information companies hold about them, to see how this information is being used to make decisions, and to correct this information where it is inaccurate. It would be helpful if this ran alongside efforts to make data *collection* more transparent so that consumers can see when data is being recorded and why.

Turning to data on businesses, there are risks of manipulation. Businesses have made numerous attempts over the years to shut down negative feedback, using defamation law¹³, or even invoking copyright law¹⁴ as a way of removing feedback. So, while most companies see the value of feedback, and even make it core to their business model, some will be more defensive. There should be agreed industry standards on reviews, including, for example, information obligations, transparency requirements, rights to reply, and dispute resolution.

Enforcement and consumer law

Q12. What more can be done to get consumers their money back and give them information on a business' past performance when consumers have suffered detriment in these sectors?

Q13. How can this be achieved?

We have strongly welcomed the powers of collective redress that were introduced in the Consumer Rights Act. These powers make it possible for organisations with 'standing' to take collective action cases on behalf of a class of consumers when there has been a breach of competition law. We see this as a powerful new tool to hold companies to account and give consumers their money back when there is clear evidence of detriment.

Since these powers were introduced, we have done significant preparatory work to explore the practicalities of taking a case. A number of relatively small changes could be made to the powers to make them far more powerful tool for consumer organisations such as ourselves. We would be happy to discuss these changes with the Department to ensure this new tool is as effective as possible.

¹³

http://www.legalservicesconsumerpanel.org.uk/how_can_we_help/blog/2015/blog_entry_guest_february_2015.html

¹⁴ <https://www.theguardian.com/technology/2016/may/23/copyright-law-internet-mumsnet>

We have already recommended that membership of an ADR scheme be made mandatory in all sectors, giving consumers a more consistent experience across different markets, and filling gaps in provision.

Another step that could be taken is through the use of Enhanced Consumer Measures (ECMs). The Consumer Rights Act introduced ECMs¹⁵ that can be attached to an Enforcement Order made under the Enterprise Act. Attaching an ECM to an enforcement order offers the possibility of giving consumers redress and information about the breach. However, if the business agrees to stop the practice, there may be a prosecution but no enforcement order, meaning an ECM is not possible. We would be in favour of giving powers to the Competition and Market Authority to declare a practice unfair, triggering the possibility for an ECM to be applied without an Enforcement Order being in place.

Ways to help consumers find out about a business' past performance:

As discussed above, we are currently developing a new way of publishing complaints data in the energy sector that will give a wider picture of energy supplier performance. We can see a case for developing similar metrics in other regulated markets and, if our energy measure proves successful, we plan to work with regulators and others to pursue this approach.

Making the approved trader scheme landscape clearer and simpler could also help consumers. There are lots of different types of schemes, each with different logos, some national, some local, some industry specific, some cross-industry, and some operating on a code sponsor basis while others recruit members directly. Several schemes offer reviews of work completed by traders. There is a case for developing a consistent mark that could be used to assess schemes, for example on a gold, silver and bronze basis. This would need to be done without adding further complexity to the consumer experience.

Consumer switching

Q.14. What would be the benefits and drawbacks to consumers of quicker (7 day) switching?

Slow switching processes cause discontent among consumers and can put people off switching all together. For example, recent polling of energy consumers found that delays in the switching process were the biggest single source of dissatisfaction amongst people who have switched supplier.¹⁶

¹⁵ Enhanced Consumer Measures are amendments to the Enterprise Act 2002 as brought in by s79 and Schedule 7 CRA.

¹⁶ Gfk Energy Panel

Citizens Advice therefore strongly supports the proposal to reduce the switching timescale to a maximum of 7 days. Of course, we would not want the proposal to compromise *shorter* statutory switching provisions in some markets. For example, there is a one business-day switching requirement in the mobile phone market, and plans underway for next day switching in the energy market.

We have been involved in many debates about faster switching, including through Ofgem's delivery and senior strategy groups for the one-day switch program. One common argument in these debates is that faster switching is a distraction, or even an obstacle, to the more important goal of more accurate switching.

We reject the trade-off that this idea implies. We agree that switching must be made more accurate (in the energy market, for example, erroneous switches make up around 2% of all switches, and the resultant detriment is high, particularly when a switch leads to a high back-bill from the original supplier). But there is *not* a simple trade-off between faster switching and more accurate switching. If anything, the relationship is the opposite: switching in the energy market today is *both* slow *and* inaccurate, and there is no reason to believe that the same technologies that would make it faster would not also make it more accurate. The same may well be true in other markets.

That said, it is worth considering how suppliers could be incentivised to perform on a number of metrics, including accuracy as well as speed, to ensure that both are scrutinised as quicker switching is rolled out. We would be happy to support this process with consumer advocacy work to hold industries to account.

Q15. What steps would your organisation need to take in order to implement switching within 7 days, or less than 7 days?

N/A

Q16. Can you estimate the cost to your organisation of implementing these steps to achieve 7 day switching and less than 7 day switching?

N/A

Q17. Do you think that introducing quicker switching would help you to encourage more consumers to switch to your organisation?

Q18. How quickly could these steps be implemented?

Q19. What process barriers or external barriers are currently in place which would prevent you from implementing switching within 7 days?

Our evidence suggests that reducing switching times and making the process more straightforward are likely to increase switching levels. Apart from long switching delays, the 'hassle factor' is a common barrier to switching in particular in essential service markets.

For example, recent polling of energy customers found that one in ten people who had seriously considered switching decided not to because they were put off by too difficult and confusing process.¹⁷ Similarly, a third (33 per cent) of broadband customers who had considered switching decided not to due to the hassle factor.¹⁸ A bad experience can also discourage repeat switching. For example, research has found that around a quarter of energy switchers said they would not switch again.¹⁹

In addition, lack of transparency about the switching process and not knowing what to expect are other factors discouraging people to switch. For example, at present people do not know what to expect in terms of the switching process and timescales, since there is no clear industry standards or compensation structures. Initiatives such as the Current Account and Energy Switch Guarantees have begun to address process concerns and misconceptions but more work is needed (particularly in the case of the latter) to ensure they are widely known about and considered by consumers.

Therefore we think it is also essential to ensure that the switching process is straightforward, easy to track and transparent to encourage switching, in particular among vulnerable consumer groups, who, particularly in the energy market, have been found less likely to switch provider²⁰

We also believe it is important not to see switching as a stand alone action, e.g. a stand alone campaign, but as part of a wider advice offer, especially for people in

¹⁷ GfK Energy Panel

¹⁸ Consumer Futures (2014) Broad but low: Consumer experiences of Internet Service Providers

¹⁹

<http://webarchive.nationalarchives.gov.uk/20140728011208/http://www.consumerfutures.org.uk/files/2013/05/Switched-on.pdf>

²⁰ CMA domestic consumer survey, 2015,

https://assets.publishing.service.gov.uk/media/559fb619ed915d1592000044/Appendix_8.1_Customer_survey.pdf

vulnerable circumstances. For example, we currently offer this type of advice through the Energy Best Deal programme.

In addition, we have appointed 47 Energy Champions to work across the Citizens Advice network, providing expert energy advice and support. They have developed referral partnerships with a range of partners locally and nationally. They also deliver education and support awareness campaigns. We would increase this number with supporting funds to expand support beyond the energy sector. We have also introduced a programme of home visits across our service to support vulnerable consumers with an advice makeover, examining energy use, home insulation and switching advice. These service offerings would be even more effective if they sat alongside an easier switching process.

Q20. If a switch breaches the 7 day requirement, do you agree that this should be handled via existing redress mechanism in that sector? If not, what would be the most appropriate form of redress?

We strongly support the idea of compensating consumers when switches breach agreed timescales. Some sector-specific regulation already gives consumers the right to redress when a switch is too slow. However, this process is often complex and time consuming, and in some cases there is no redress at all. For example, the Energy Switch Guarantee²¹ which promises to cut switches to 21 days does not automatically entitle people to redress if the switching process takes longer.

It will be important that any redress is quick and easy to claim, not least because we know that vulnerable consumers are less likely to complain about poor service or pursue compensation.²² Because of this, and because delayed and incompetently handled switches historically being a major cause of consumer inaction and detriment across markets, we would prefer an automatic compensation administered through regimes such as the Guaranteed Standards that exist in the energy sector. Such compensation scheme would streamline the existing complex and lengthy redress process which puts many consumers off from seeking redress.

Q21. If you already offer 7 day switching or faster, what has been the impact on your organisation?

N/A

²¹ <https://www.energyswitchguarantee.com/>

²² Ombudsman Services,

<http://www.ombudsman-services.org/many-older-people-are-suffering-in-silence.html>

Q22. What would be the advantages and disadvantages of ending all administrative fees for switching?

Consumers can face a number of financial costs when deciding to switch away from their current provider. For example, these include financial penalties associated with exiting earlier minimum contract terms, unexpected fixed costs such as unlocking mobile phone handsets, or charges associated with switching a part of a bundled service. These costs can be high and act as a deterrent to switching. For example, our research into the mobile phone market found excessive early contract termination fees despite the existence of Ofcom's fee caps.²³ Similarly wanting to switch a part of the bundled service as a result of poor service standard can be expensive.

Although there may be a rationale for allowing companies to charge administration fees when exiting a contract early, they need to be fair and proportionate.

We also want more flexibility for consumers in bundled contracts and rented accommodation to enable them to switch more easily in case of poor quality of service. For example, 17 per cent of calls to Citizens Advice Consumer Helpline in relation to mobile phones relate to inflexible contract terms.²⁴ A consumer might find that the service they are receiving is persistently below the standard they expect, and then find that an inflexible contract makes it hard to leave the provider concerned, or is left paying for a service they are not receiving.

Similarly, in the private rental sector inflexible contract terms and exit fees for moving utility supplier when moving home act as switching barriers. Evidence suggests that despite a rapidly growing number of people in the rental market, only a fraction switch utility suppliers. For example, both CMA²⁵ and Ofgem's²⁶ research found that 77 per cent of bill paying tenants living in rented accommodation have never switched energy supplier. We believe that uncertainty around terms used in rental contracts (based on the existing CMA guidance), as well as inconsistent supplier policies around charging of termination fees when a household has to end a contract early due to a home move, may act as a barrier to engagement.

Therefore in order to increase switching levels in the rental market we recommend that the the CMA guidance on unfair terms in tenancy agreements, which has not been amended for over 10 years, is updated to clarify that landlords cannot require

²³ Citizens Advice (2015) calling the Shots: Exploring opportunities for more assertive consumer protection in the mobile phone market.

²⁴ Ibid

²⁵

https://assets.publishing.service.gov.uk/media/54e75c53ed915d0cf700000d/CMA_customer_survey_-_energy_investigation_-_GfK_Report.pdf

²⁶

<https://www.ofgem.gov.uk/publications-and-updates/thrifty-tenants-can-now-take-control-their-energy-bills>

their tenants (who are responsible for paying the energy bill) consult them before switching supplier. It is our understanding that the majority of suppliers already waive termination fees when their customers have to exit a contract due to a home move. It makes sense to standardise this practice in order to develop targeted switching messages aimed at addressing low switching levels amongst renters.

Significantly, consumer behavioural biases indicate that people display a loss aversion or tendency to place a disproportionate emphasis on any downside when deciding whether to make a transaction. Administrative fees play to this bias and thus can have a disproportionate effect on the decision of whether to switch, far outweighing their actual significance to a transaction. Given this, it is important to where possible minimise them, incorporate the costs into business as usual or abolish them completely in the interests of encouraging consumer action.

Q23. What would be the advantages and drawbacks of banning terms and conditions that prevent the consumer from allowing third parties to manage consumers' accounts and switch for them?

We would be strongly in favour of this proposal. We see intermediaries, including third party and even automated switching processes, as a key part of the answer to low consumer engagement. Some well-established intermediary services such as price comparison websites already offer hassle free switching services that are valued by consumers. New and potentially transformative automatic services, such as Flipper and Make it Cheaper, are also emerging that could revolutionise the switching process, opening up switching for a whole new market of semi-engaged or disengaged consumers, and spreading the benefits of competition much more widely. Terms and conditions such as this should not stand in the way.

One caveat to this is that there will need to be a mechanisms in place to make sure explicit and meaningful consent is given to a third party, that personal or sensitive data is protected and secure, and that vulnerable consumers are not exploited.

Being able to give meaningful consent requires consumers to have the right information in the right format at the right time. As well as information on what data will be collected and how it will be used, the business model of the third party should be made prominent and clear, so that consumers know what they are paying, or how they are paying. In our recent qualitative research into data usage, clarity was very important to consumers who often feel in the dark about how some online brands make money. The language should be clear and easy to understand. Our research also revealed support for a standardised format, style

and even wording (where feasible) for terms and conditions and privacy policies which they felt would make understanding and choices easier.

In summary, protections are needed to make sure explicit and meaningful consent is given to a third party, so that personal or sensitive data is protected, and vulnerable consumers are not exploited. The business model of the third party must also be made more prominent and clear, so that consumers know what they are contracting to, what they are paying for and how.

Q24. Should Government explore whether all regulated sectors should provide tariff and T&C data in an open, standard format?

Q25. How could this data be kept up to date and how helpful would this be to consumers?

Yes. Citizens Advice recent research into data and digital attitudes²⁷ with consumers found strong support for standardised terms and conditions. This would make it easier for consumer to read and understand T&Cs as a whole, and an open, standardised format, would enable intermediaries to provide accessible and clear comparison data on terms and conditions.

Making Switching Easier and Improving Consumer Choice

Q26. What are the benefits and drawbacks to consumers of rolling over contracts?

Many consumers who stay on roll over contracts perceive them as beneficial because they guarantee continuity of supply without the hassle of switching. However, rollover contracts are also likely to reinforce consumer inertia to the particular detriment of more vulnerable and less engaged customers. Evidence suggests that the deals offered on roll over contracts are often less competitively priced than newer offerings.

²⁷ Forthcoming, July 2016

We are conscious of the downsides of rollover contracts and so we are researching policy options that would protect unengaged consumers without blunting the incentives for engaged consumers to switch. One approach that has been taken in other countries is to switch unengaged consumers automatically at a set point in time, allocating them to suppliers based on the market share of active consumers. This gives unengaged customers a better deal, but retains a strong incentive for companies to compete for engaged customers, and so sharpens competition in the industry. However, this kind of approach would require significant research to understand its likely implications in any given industry.

Shy of bolder options like these, there are steps that could be taken to engage consumers. Many consumers on roll over contracts are not made aware by their supplier that their original contract is due to end, and so move onto a rollover contract, and a less favourable price, without being aware of the change. We also see problems with small print and onerous cancellation procedures.

We would recommend the wider adoption of renewal notices to tell consumers when a contract is about to rollover. Our research found that in markets with high switching levels, such as the insurance sector, the renewal notices act as a trigger to look for more competitive offers.²⁸ Ofgem is expected to take forward work in this area, following the conclusion of the CMA inquiry, running a new programme of randomised control trials looking at how to further improve key supplier communications such as end of fixed term contract notifications.

Q27. Should any renewal paperwork sent to consumers always include reasons for any cost increases?

Yes, we support the proposal. Please see further response in Q28.

Q28. Should any renewal paperwork sent to consumers always include the price that would be offered to a new customer in exactly the same circumstances?

We support the proposal of providing consumers with information on price changes that is visible, easy to understand, alongside information on any changes to terms and conditions, and reasons for any costs increases. We are also in favour of the proposal to make consumers aware of the prices and terms of other offers available to new customers.

²⁸ https://www.citizensadvice.org.uk/Global/Migrated_Documents/corporate/the-real-deal-final.pdf

Q29. Are any changes needed to ensure that all 'lock-in' contracts have a fair and clear exit price?

Lock in contracts are commonplace across a number of regulated markets, including the mobile phone, energy and insurance markets. Although they can offer benefits to consumers, the terms of exiting such contracts early are often inflexible and not clearly defined, and the exit costs are high. For example, a consumer may find it hard to leave a fixed term contract even in instances where the standard of service they receive is persistently and severely below the standards they expect. As mentioned earlier Citizens Advice consumer service receives a high volume of enquiries in relation to standards of service and inflexible contract terms, in particular in the mobile phone market. Also the cost of exiting such contracts early can be disproportionately high.

We are therefore in favour of efforts to make exit fees far more clearly defined, more noticeable at the start of the contract, and always fair and proportionate.

Q30. What difficulties exist for consumers who want to cancel a contract?

We have listed barriers to contract cancellation faced by consumers in earlier questions (Q14, 19, 22 and 23).

Q31. It can be difficult to unsubscribe to services we have signed up to by email. Should we always be able to unsubscribe with just one click?

Citizens Advice recently completed qualitative research with consumers into their attitudes towards and expectations of digital services. A strong theme was the contrast between the convenience of signing up to services, and the inconvenience of withdrawing from contracts or services. Consumers would like leaving or unsubscribing from a service to be as effortless and simple as signing up is. A one click option clearly written and in a prominent place would be very welcome.

