

Plain Numbers welcomes the opportunity to respond to the Consumer Protection Programme consultation. We are keen to ensure that new evidence about consumer capability and behaviour is used to create a framework that best enables customers to understand what is happening with their water, electricity and gas.

Context – numeracy as a consumer vulnerability

Many people across the UK struggle with numbers; remarkably, half the adult population only have the everyday maths skills that we expect of a primary school child¹. Northern Ireland is the second worst performing area of the UK for numeracy skills². The scale of innumeracy in the UK is substantially greater than illiteracy (1 in 2 adults have primary school level numeracy compared to 1:6 for literacy) and the consequences of not understanding numbers are at least as significant as not understanding words. Indeed, of the consumer vulnerabilities identified by the Financial Conduct Authority (FCA) in Occasional Paper 8 back in 2015, poor numeracy is the single most common vulnerability across the UK.

Customers understand and thereby make informed choices

Given the data above, we suggest that you consider following the FCA's lead and shift towards requiring communications that enable customer understanding – and thereby lead to customers making informed choices. We believe you should consider suggesting to firms that they should:

- Test actual comprehension rather than relying on what customers say they understand – see p.5 of our [Initial trials report](#) to see the gap between perceived and actual comprehension levels.
- Focus on continuously improving customer comprehension. As can be seen from the research above, current levels of consumer understanding are remarkably low.

Vulnerable customers

The importance of using plain language in improving firms' communications has long been acknowledged – but the importance of numbers has not had the same emphasis, despite the fact that understanding the numbers is essential to understanding the overall communication from the firms you regulate. There is now strong evidence that it is possible to take account of poor numeracy and make improvements. As stated in the FCA's FG22/5 Consumer Duty Finalised Guidance, we have demonstrated how seemingly small changes to communications can substantially increase comprehension among consumers (8.13). The combination of changes to the presentation of the numbers alongside changing the language and the application of behavioural science led to a doubling on average in the number of customers who understood communications in the [five Randomised Controlled Trials](#) conducted by Kantar Public on behalf of Plain Numbers in early 2021.

Responses to Consultation questions

4. In relation to 'Theme 2: Enablement': a. Do you agree with the proposed areas of work and projects identified under this theme? Please provide any additional information to support your

¹The OECD Adult Skills Survey shows that 17.9% or about 1 in 6, Irish adults are at or below level 1 on a five level literacy scale. For this survey the Central Statistic Office (CSO) assessed 6,000 people aged 16 – 65 in Ireland. The survey was done in 2012

² UK Numeracy Index: the first ever model to predict and rank areas of the UK by numeracy skills and confidence. Produced by National Numeracy and data company Experian.

view, including any additional areas or projects that you feel should be of focus. b. Are there any projects that require prioritising within years one to three of the CPP? Please provide your rationale as to why.

We fully support the desire to help educate/empower consumers and stakeholders about the energy and water markets and consumer outcomes. A large part of this succeeding will be making the information that is presented to consumers as straightforward as possible. As you know, many people are already confused by energy deals, switching, and consumer protections.

As seen in elements of the research above, traditional communications that prioritise disclosure often impeded understanding, which is why the FCA Consumer Duty, with the shift in focus to customer comprehension is such a positive step.

There is now [strong evidence](#) from consumer testing to show that applying the Plain Numbers Approach enables more people to understand communications from firms. We suggest that it is therefore potentially an important component within your CPP.

Examples of the Principles underpinning the Plain Numbers Approach include:

- a. Simplifying the numbers – e.g. do the maths by converting a percentage into a specific cash amount
- b. Providing numbers in context – e.g. removing technical terms, using actual dates and/or framing the numbers appropriately
- c. Considering how people think – e.g. enabling a quick initial appreciation of the most salient information perhaps through the use of images alongside the words and numbers