



**Advice NI Response to the Utility Regulator's consultation on Consumer Protection  
Strategy 2015/16-2019/20**

**Deadline:** 12<sup>th</sup> June 2015

Advice NI welcomes the opportunity to respond to the Utility Regulator's consultation on Northern Ireland Sustainable Energy Programme. **Section 1** includes background information on Advice NI and a general overview. **Section 2** then highlights our response to the consultation questions.

**Section 1: Background & Overview**

Advice NI is a membership organisation which exists to provide leadership, representation and support for independent advice organisations to facilitate the delivery of high quality, sustainable advice services. Advice NI provides its members with the capacity and tools to ensure the delivery of effective advice services. This includes: advice and information management systems, funding and planning, quality assurance support, NVQs in advice and guidance and social policy co-ordination.

Membership of Advice NI is normally for organisations that provide significant advice and information services to the public. Advice NI has over 68 member organisations operating throughout Northern Ireland, providing information and advocacy services to approximately 150,000 people each year dealing with over 270,000 enquires on an extensive range of matters including: debt, social security, housing, consumers and employment issues. We also deliver advice services directly (face to face, helpline, text and online) including HMRC Tax and Benefits service, Business Debtline and Debt Action NI.

Presently, Advice NI manages the Department of Enterprise Trade and Investment's money and debt programme. Debt Action NI has been operating since 2009. Since then the project has helped over 20,000 people deal with over £305 million in debt. Over 15,500 of these clients and nearly £215 million of debt were dealt with by the new integrated Debt Action NI service which has been operating across NI since August 2012. The new service offers a number of access points and integrates telephone, face to face and web based advice services. For further information, please visit [www.adviceni.net](http://www.adviceni.net) or [www.debtaction-ni.net](http://www.debtaction-ni.net).

## **Section 2: Response to Consultation Questions**

### **1. Do you agree with the four strategic objectives in the Consumer Protection Strategy?**

Yes, Advice NI agrees with the strategic objectives outlined in the consultation.

### **2. Are there any additional objectives which should be included in the Strategy?**

We believe there should be a period of review built into the strategy. This will allow for changes in the environment and the markets. Advice NI is part of a strategic policy group that the Utility Regulator (UR) facilitates quarterly. We have also engaged in a number of workshops throughout the year which we have found very beneficial and productive. We would like to see this level of engagement continue. However, we would like to be notified of consultations and important notices as we have found the website difficult to navigate particularly for finding information.

### **3. Do you agree that the activities and outputs identified under each of the objectives are the right ones?**

Yes we agree with the outputs outlined in the consultation.

### **4. Are there any additional projects or areas of work which should be included in the Strategy?**

Advice NI recommends that the UR includes a specific project assessing the needs and issues faced by customers who self- disconnect. It is outlined in the consultation paper that NI has a high number of prepayment meters. We believe that these customers should be afforded the same protection as other customers. It is our view that these customers are extremely

vulnerable. It would be valuable to understand why, how often and the type of customers who are self-disconnecting. We believe customers are going to continue to struggle especially when welfare reform and other budget cuts are implemented. This area of work would sit with the UR under both *affordability* and *equal access* strategic objectives.

We would also advocate for stronger referral links with the free advice sector and suppliers. Whilst, we acknowledge that the UR has set out guidance in the codes of practice for both sectors to work better together, we believe there still is a resistance to proper robust engagement. Like the UR, the ethos of the advice sector is to protect customer rights and entitlements and to strive for fairness and equality. Advice services are essential and the benefits of seeking advice are highlighted in the Why Advice Matters<sup>1</sup> and in the Effectiveness of Debt Advice in the UK<sup>2</sup>. It would therefore make sense for the UR to have a strategic facilitative role to improve relations in the sector which would ultimately benefit the customer. This could be a referral to an advice provider such as Debt Action NI to provide money and debt advice where appropriate. This would help identify if there are underlying issues such as help with budgeting, income maximisation and/or debt. It is important not to forget about the pre-payment meter customer group as the consultation paper clearly highlights the prevalence of prepayment meters here compared to GB. This may become more of an issue when welfare reform is implemented and also if there is any increase in interest rates.

## **5. What do you think should be the top three priority projects for the Consumer Protection Strategy? (Please also provide supporting reasons).**

Advice NI would advocate that the code of practice is a priority and that the UR develops a further code of practice on energy theft. This is an area that has caused considerable concern for our debt advice service, Debt Action NI. We do not condone this behaviour but there are often extenuating circumstances that motivate customers to take such action. We would always advocate that customers are afforded the opportunity to be properly assessed

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<sup>1</sup> NIASC Why Advice Matters [http://www.citizensadvice.co.uk/media/uploads/Why\\_Advice\\_Matters-NI\\_Advice\\_Consortium\\_June\\_2013.pdf](http://www.citizensadvice.co.uk/media/uploads/Why_Advice_Matters-NI_Advice_Consortium_June_2013.pdf)

<sup>2</sup> Money Advice Services Effectiveness of Debt Advice in the UK <https://53b86a9de6dd4673612f-c36ff983a9cc042683f46b699207946d.ssl.cf3.rackcdn.com/research-oct12-effectiveness-of-debt-advice-from-yougov.pdf>

to determine an appropriate repayment scheme. Where it is proven that there is genuine hardship, customers should not be threatened, bullied or placed under undue stress to pay unmanageable amounts as this will only cause further hardship and increase self-disconnection. Our advisers have experienced such behaviour by providers and below are two recent examples of cases which we have dealt with through Debt Action NI:

### **Case Study one**

Client admitted to fraud on her electricity meter which the supplier was aware of. The supplier was very aggressive in their recovery of this bill (approximately £500). The client was told that they would stop her from using her top up card (effectively disconnecting her) if she did not come up with £100 to pay the last half of the £200 admin fee (she paid £100 previously which she got from family and friends). Alongside the two £100 payments she had been paying back £20 per week and the supplier had been deducting 60% of any amount she was putting into the meter. This was putting her in great hardship. Client openly admitted that what she had done was wrong and was prepared to repay, however she could not afford the payments expected. After negotiating with Debt Action NI, the supplier finally agreed they would not seek any more upfront costs but the repayments remained at 60%. After further negotiations supported by a financial statement they reduced the repayments to 40%.

### **Case Study two**

Client was on holidays for two weeks and her 17 year old son put a magnet on her electric box while she was away. She was subsequently billed for the £64.79 (electric used during the two week period). In addition to this she was also charged an Administration Fee of £200 and a fee for a new meter of £89.51, making the total debt £354.30. The supplier began deducting 60% from her meter and gave her 7 days to pay in full or they would disconnect her. The client contacted Debt Action NI and the adviser was eventually able to renegotiate a more affordable repayment amount for the client. However, we believe the charges and fees were extortionate when compared to the original bill.

Communication is also extremely important and this covers a wide range of areas outlined in the consultation. Areas include how suppliers and network providers communicate with

customers ranging from billing information, care register, switching, energy efficiency education, tariffs and promotional activity. Communications with customers should be clear and transparent. The Behavioural Insights Team has worked with the Department for Social Development regarding repossessions in NI. They have produced a report and some of the findings could be transferred to the utilities market<sup>3</sup>. We would suggest that the UR, suppliers and network providers could do something similar to improve engagement with customers. Advice NI would happily support any new initiatives by utilising our expertise and customer base. We believe that where appropriate communications should be personalised as this may improve engagement with customers and improve their understanding of the product. We have previously highlighted the work of the Keep me Posted Campaign, which advocates that it is every consumer's right to choose, without disadvantage, how they are contacted by banks, financial service companies, utility companies, media companies and other service providers<sup>4</sup>. We recommend that the UR also advocates this ethos when working with providers on their communications and delivery channels.

Accessibility would be another priority as this is really important for those who are vulnerable, in crisis or financially struggling. We would advocate that consideration is given to those customers who do not normally fit into the traditional view of vulnerable, for example the working poor. It is our experience that people can be vulnerable at various times throughout their lives due to circumstances they find themselves in. A recent report for the Financial Conduct Authority (FCA) highlighted this very issue and their occasional paper asks for organisations not to pigeonhole groups but to assess everyone on their situation and put in place safeguards to support them<sup>5</sup>.

### **Case Study three**

Client contacted the Debt Action NI service as she had been out of work for a period of time and had accrued over £2,000 of electricity arrears. The client has now found employment and wanted help to negotiate with the supplier to come to an affordable arrangement. The

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<sup>3</sup> The Behavioural Insights Team report <http://www.dsdni.gov.uk/bit-report-may15.pdf>

<sup>4</sup> Keep me Posted, <http://www.keepmeposteduk.com/campaign#sthash.023Ai4yV.dpuf>

<sup>5</sup> Financial Conduct Authority, Occasional Paper on Vulnerability <http://fca.org.uk/consumer-vulnerability>

supplier wanted to install a pre-payment meter but both the client and her landlord did not want this as she lives in a rural area. The adviser has written to the supplier to make an offer of payment on behalf of the client. Although the client is now in employment, she has very little disposable income at the end of each month after payment of essential expenditure and her electricity arrears.

**6. Is there anything else you would like to add in relation to the Consumer Protection Strategy?**

The consultation paper outlines that stakeholders felt that there should be monitoring of suppliers to ensure compliance. Advice NI would like this strengthened and would recommend that the UR publish reports to highlight actions taken to improve the sector for the general public. This will help increase understanding of its role and responsibility to customers. The reports should be concise, user friendly and easily accessible.

**7. Do you agree that where this consultation has an impact on the groups listed above, those impacts are likely to be positive in relation to equality of opportunity for energy and water consumers?**

Advice NI believes that the proposals would be a positive for consumers.

**8. Do you consider that the proposals need to be refined in any way to meet the equality provisions? If so, why and how? Please provide supporting information and evidence.**

No further comment

Contact information on this consultation response:

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