



**Response to the
Consultation on the Utility
Regulator's Consumer Protection
Strategy 2015/16 – 2019/20**

Citizens Advice Northern Ireland

11th June 2015

The Citizens Advice Service in Northern Ireland

- Citizens Advice is the largest advice charity in Northern Ireland working against poverty. In 2013-14, our offices handled 332,766 enquiries from 93,900 clients by email, phone and face to face, an increase of over 4% from last year.
- Online information has grown exponentially over recent years. In 2013-14, 318,000 Northern Ireland users accessed over 2 million items from our self-help advice service. This is double the number of users than in 2012-13 and double the number of information items used.
- Citizens Advice has unmatched brand awareness with 98% of people in Northern Ireland aware of Citizens Advice (IpsosMORI, June 2011).
- The service is delivered through an unrivalled network of 28 local offices and 100 other outlets.
- The increasingly complex nature of work undertaken reflects the effects of welfare changes, squeezing of household budgets and reductions in working hours on our clients during the current economic crisis.
- Citizens Advice works in partnership with a number of statutory, voluntary and community bodies on a range of programmes and projects. Some of our major partnerships include:
 - Macmillan CAB Welfare Advice Service
 - HM Treasury: *Pension Wise*. Delivery of face-to-face pension guidance
 - NIAMH learning and development programme for those with chronic mental health conditions and those that work with them
 - Extern intensive support service for vulnerable families
- These are in addition to a range of local initiatives undertaken by our member bureaux. This extensive service is delivered within a budget of £6 million. It is in part funded by our social economy arm, Citizens Advice Services Ltd.
- Citizens Advice Northern Ireland has formal links to Citizens Advice in England and Wales and a close working relationship with Citizens Advice Scotland (CAS). Together the three associations constitute the largest advice network in Europe, with over 60 years experience of providing advice and information to the public.
- Citizens Advice also works in partnership with the Citizens Information Board in the Republic of Ireland to provide cross border advice and information.

- The CAB network is tuned to targeting social need with regional spread, modern integrated IT infrastructure and skilled staff. We provide an efficient and cost effective channel for the delivery of information and advice to the most socially vulnerable people in Northern Ireland.

Response

Citizens Advice welcomes the opportunity to respond to the Utility Regulator's proposed consumer protection strategy.

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

Yes

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

Switching

The consultation gives a lot of attention to switching and strategies for increasing it, but is there a clear evidence base that switching will improve affordability for consumers?

As stated in the consultation, 60% of electricity customers and 63% of gas customers have never switched and fewer than half would consider switching.¹ In addition, switching has decreased significantly over the last year.

In Great Britain Ofgem found that switching was even less likely among the most disadvantaged social groups. Citizens Advice reports that the best deals go to a small number of the most active consumers, while the poorest and most vulnerable households are being left badly disadvantaged by competition they are unable to access. Claims of suppliers profiteering by charging consumers who aren't switching more for their energy appear to hold up, with the Competition and Markets Authority estimating that most customers on non-fixed tariffs could have made considerable savings by switching and that these consumers are most likely to be the most vulnerable.² The energy market in Great Britain is regressive, with the poorest households paying the most for their energy.

This is not true of the energy market in Northern Ireland. Low income and vulnerable clients here have access to the lowest tariffs. Tariffs for prepayments meters here, unlike in Great Britain, are amongst the lowest and there is therefore a very high take up of prepayment meters, which is good for both the supplier and the consumer. However, it should be noted that it is regulation, not the possibility of switching, that has protected these consumers.

¹ Consultation on the Utility Regulator's Consumer Protection Strategy 2015/6 – 2-19/20, p23.

² Daniel Walker-Nolan Are vulnerable consumers getting a raw deal on their energy? May 2015

It is notable that Northern Ireland consumers have a high degree of trust in their energy suppliers, as opposed to Great Britain, where trust is low. It is probable that this is due to the regulatory framework provided by the Utility Regulator. Where suppliers using all kind of blandishments compete to persuade consumers to switch, trust is likely to be eroded.

For these reasons, Citizens Advice believes that that the focus on *Increasing retail market activity* in objective 1 with its associated activities and outputs will not necessarily increase affordability for our clients. While we support the provision of clear switching information for consumers, we feel that those on lowest incomes and the vulnerable are best protected by a robust regulatory framework rather than through the promotion of switching.

Code of Practice on energy theft

Citizens Advice is strongly against meter tampering. Given its proliferation in certain neighbourhoods, we understand the temptation for vulnerable households to participate in the activity. We therefore support a drive for increased consumer awareness of the dangers involved and of the fact that it is theft that has an effect on all consumers. We would like to see a robust smart metering programme implemented.

We have seen an increase of clients reporting a debt as a result of this practice, some of whom are having the debt recovered at rates as high as 80%. The majority of these clients are on a low income.

A North Belfast client, a single man in receipt of Income Support and Housing Benefit, has admitted to tampering with his electricity meter. His supplier has given him 7 days to pay £600 or they will refer his case to the PPS for prosecution. He tried to agree a repayment plan with them but they were not willing to negotiate at all. He is unable to get this amount of money and is afraid his electricity will be turned off until it is resolved.

A Newtownabbey couple is being investigated for fraud. They have been advised that they owe £1567.26, which they are paying back at 40% through their prepayment meter. However, the supplier is also demanding an upfront payment of £100 and has disabled the top-up card until this is paid.

We would welcome a code of practice which would ensure that vulnerable consumers, even if they have been involved in energy theft, are offered an affordable repayment plan and that they do not have their energy supply disabled.

Customer Care and Critical Care Registers

We welcome the intention to improve uptake of care schemes, of which there is little public awareness. The Utility Regulator should determine minimum standards and

promote awareness of them. This could be done in conjunction with the SSA – register information could be supplied to all those in receipt of a pension, sickness or disability benefit, or to anyone who might be entitled to a cold weather payment.

Currently different companies offer different features, as illustrated by the table drawn up by the Consumer Council³. This is quite confusing. There should be a standard set of features, which the consumer can easily refer to. (If the supplier wants to exceed the standard, they can advertise this fact.)

The onus is currently on the customer to find out about and sign up to the registers. An obligation could be placed on suppliers to ask all new customers whether they are eligible for one of the registers and to review existing customers.

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

Home energy efficiency

Although the UK has amongst the lowest gas and electricity prices in Europe, it has the highest rate of fuel poverty. The poor energy efficiency of our housing stock is the root cause of this problem.⁴

The first objective in the consumer protection strategy is a focus on affordability, yet it makes little mention of energy efficiency, which is the most effective way of reducing bills. Many of our clients, particularly those in private rental accommodation, complain of the difficulty of heating their homes and the reluctance of their landlords to make any improvements.

While the condition of our housing stock is not the Utility Regulator's direct responsibility, if we are to have a joined up approach to addressing the wellbeing of energy consumers, then the Regulator should work with the energy companies and with householders in a more proactive way. Just giving energy efficiency advice is not enough. There should be a minimum energy efficiency standard for private rental tenants, enforced by legislation, so that those who can only access properties with the lowest rents are not penalised by the highest energy bills. Vulnerable consumers should be prioritised in the smart meter rollout, which, if they are also given heating controls, will allow them to monitor and control the energy they are using.

Another way of making energy more affordable for the consumer is through renewables. Solar panels for either generation or heating are particularly beneficial to those who are at home during the day, as is the case for many vulnerable consumers. It is to be welcomed that some new housing developments, both private and social, are investing in sustainable schemes, but these are not available to the vast majority of tenants. This needs to be

³ http://www.consumerCouncil.org.uk/filestore/documents/Customer_Care_Register_Features_by_Company.pdf

⁴ *The Cold Man of Europe*. Association for the Conservation of Energy fact-file. March 2013.

addressed by a cross-cutting strategy, bringing together different agencies thinking creatively.

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

- **Codes of practice on debt and on energy theft.** The most common energy issue that brings consumers to Citizens Advice is energy debt. A clear code of conduct for the recovery of debt benefits both consumers and suppliers. We are seeing increasing numbers of clients accruing debt through energy theft, and it is essential that there is a common and transparent approach to recovery of this debt across all suppliers, with clear communication with consumers. The issue of disconnection and reconnection needs to be addressed. Many of our clients are being charged large amounts for reconnection or for installation of a prepayment meter to recover a debt.

A Larne client owes her supplier £104 but has received a bill for £250, which includes a charge of £150 for installation of a keypad for the client to repay her arrears. The client states she cannot afford this.

A recent uSwitch poll found that 30% of consumers are choosing to turn a blind eye to rising debt in hope that it will decrease over time, while just 19% said they were able to pay it off in one lump sum⁵. The code of conduct should direct clients who are in financial difficulty to a local advice agency who can provide free, independent and impartial support. The code should also highlight that if a client does seek advice in this way that the energy company will liaise with the advice agency to agree a suitable repayment arrangement. We find many clients come to us having agreed with their supplier an unrealistic repayment plan, which they are unable to adhere to. Citizens Advice is experienced and successful in negotiating realistic repayment plans to the benefit of both the consumer and the supplier. We are also successful in helping the client access additional funds either through increased benefit uptake or through charitable grants.

- **Improved communication.** Although there are calls that increasing amount of information should be given to consumers, in many cases the more there is the less is understood. Information should be clear, concise and targeted. To make it easier for consumers to compare suppliers, there should be consistency in how information is presented in both written and online material.

While most suppliers have very good and detailed information on codes of practice, it is not always easy to find on line and is very lengthy. The Utility Regulator's website could be greatly improved by providing clearer customer information and ensuring that the information comes up prominently in searches, so that this website becomes a reference

⁵ <http://www.uswitch.com/media-centre/2015/06/consumers-owe-energy-suppliers-507m-43m-more-than-last-year/>

point. However, the majority of vulnerable customers do not have access to the internet and are better reached through local and national media.

Communication with consumers by phone must be timely and clear. Voice recognition technology must be fit for purpose. We have many elderly clients who come to us because they are defeated by automatic call handling.

- **Leadership.** The Utility Regulator has provided excellent leadership in controlling prices and setting standards to protect consumers. We look forward to them continuing their good work learning from best practice in other countries, using this to inform joint projects with other agencies and stakeholders to combat fuel poverty, both by keeping energy prices down and by reducing energy consumption through energy efficiency measures.

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