Consultation on the Implementation of Energy Supplier Codes of Practice

Response to the Utility Regulator

Citizens Advice Northern Ireland

July 2014
The Citizens Advice Service in Northern Ireland

- Citizens Advice is the largest advice charity in Northern Ireland working against poverty. In 2012-13, our offices handled 310,074 enquiries from 89,010 clients directly while in the same period there were 144,917 information downloads from our website.

- Online information has grown exponentially over recent years. In 2012-13, over 136,000 Northern Ireland users accessed over 1 million items from our self-help advice service, Adviceguide. This was a 97% increase on last year and a trebling since 2010.

- 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
  - NIAMH leaning and development programme for those with chronic 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.

Questions 1-9 Introduction of Minimum Standards

Citizens Advice welcomes the introduction of minimum standards in energy supply. This will undoubtedly be beneficial for customers.

Suppliers currently display Codes of Conduct on their websites and they have indicated that they may individually introduce higher than the prescribed minimum standards as a way to outperform their competitors. However, for the consumer to be able to choose between suppliers on the basis of their minimum standards, this information needs to be easily comparable and to be monitored. We therefore suggest that there should be a common Code of Conduct template, the format of which all suppliers must adhere to. The Codes must be written in clear language, and they must be widely accessible.

Adherence to the codes must be monitored and the results available so that customers can make their choices based not on promises but on delivery of standards. Consumers should have a right of redress if a Code is broken.
This information, the Codes and the rights to redress should be available on the Utility Regulator’s website, which currently isn’t very straightforward for domestic customers to negotiate. The website should also display the adherence figures by each company.

**Recommendation:**

- Utility companies should adhere to a common minimum standards Code of Conduct template

**Questions 10-20 Code of Practice on Payment of Bills**

Citizens Advice agrees that it is very important that suppliers should proactively identify customers who may have difficulty in paying for their energy. We are well-placed to assist suppliers communicate with such customers and would welcome a dialogue with them as to the best way forward. However, we are concerned that the code is very vague. It states that “a supplier, where appropriate…may refer the customer to an appropriate agency or organisation.” We recommend that any client in financial difficulty must be offered a referral to an independent advice agency and that the costs to the agency for any such referrals must be met by the supplier. It is essential that customers who may have difficulty paying for their energy are offered appropriate independent advice from organisations who can take a holistic view of their situation.

We have many clients who present in bureau with billing problems. These range from getting through to their energy supplier by phone to problems with debt repayment.

The Utility Regulator should ensure that energy suppliers are easily accessible by phone, that they answer calls speedily and that phone calls are not charged at a premium rate.

Many clients require our help because they are unable to get through the automated telephone process.
A Strabane client came into bureau with a reminder letter for a Power NI bill of £35.66. The client had lost the original bill as he had been in hospital. He could not pay it at the Post Office as they would not accept the reminder letter. He tried to get through to Power NI six times, but without success. When the adviser tried to get through, the automated telephone handling service didn’t recognise either the client’s or the adviser’s voice.

A Coleraine client wanted a key pad meter installed for her electricity. Every time she phoned PowerNI she had to answer electronic questions. The client could not get past the postcode question.

Call handling procedures must be improved and we suggest that a response time should be included in the Codes of Conduct, measured by when the customer gets through to a person who can answer their query. It is frustrating when, after getting through the automated answering system, customers are kept on hold and it can also be very costly for people calling 0845 numbers from mobiles.

A Strabane client stated he needed to talk to Power NI about his prepayment meter. He received his Jobseeker’s Allowance today, and put £5 credit on his mobile phone but due to being kept on hold all his credit has been used and he cannot afford to top up again. He needs to keep money aside to pay for an electricity top up.

This case illustrates the absurdity of a client being unable to pay for their electricity because they have used so much credit trying to contact their electricity supplier. Citizens Advice recommends that energy suppliers must provide 03 numbers or equivalent local rate numbers which cost no more than a local rate call whether dialled from a landline, mobile or payphone. If calls cannot be answered by a member of staff, customers should be offered a call back. Billing difficulties increase, particularly for those most in need, when there are obstacles to speaking with the supplier.
We welcome the Utility Regulator’s requirement that suppliers must take into account a customer’s ability to pay when setting up payment arrangements. We frequently see clients who are unable to meet the payments their supplier has required of them.

*A client called into Newtownabbey bureau for a prearranged appointment to have a phone call made to Power NI to see if she could possibly get her payments reduced as she is currently paying £33.15 per week out of her ESA benefit of £71.00*

We are concerned that prepayment meters can be calibrated to recover up to 40% from each vend in cases of outstanding bills. Many clients will agree to payments they cannot afford for fear of being disconnected.

The Code of Practice is rather vague on repayment arrangement requirements. It suggests that suppliers must improve staff training, make agreements with independent advice giving agencies and have processes for customer appeals. Citizens Advice recommends a more robust approach: in all debt cases before a rate of repayment is agreed with the customer, the customer must be offered independent budgeting and money advice, the costs met by the energy supplier.

An independent debt adviser will verify all of the household income and expenditure, examine ways to maximise household income, reduce expenditure and through this process introduce an element of financial capability training. They will also examine the household debts which may be multiple, will prioritise debts and advise on all debt options available to the client, ensuring that debts such as energy are given full priority and repayment plans offered are both affordable sustainable. A full financial statement will result from this process. Debt advisers have also access to a number of benevolent and charitable funds which may be available to a client if the client meets the eligibility criteria. Funds can be sought to either clear or partially meet arrears or to fund a monthly amount towards energy costs until such times as the clients circumstances improve.

It is clear that such independent advice is in both the supplier’s and the customer’s interest. Customers will often agree to unsustainable repayment plans, whereas with
independent budgeting and money advice repayment plans will only be made on the basis of an independently verified financial statement of the customer's means. This approach has been successfully adopted by many housing associations to recoup rent arrears and we recommend a similar code for energy companies.

We see many clients who have been disconnected because the supplier claims their meter has been tampered with.

*A Belfast client aged 64, who lives in a Fold, has had her gas supply disconnected by Phoenix gas because they say that the meter at her previous address was tampered with. She says her account has always been paid on time both at her previous address and at her current address. However, her house did stand empty after she moved into the Fold while she tried to sell it. The client now has no way of heating water or cooking and Phoenix say that it will cost £1300 to reconnect her as there are considerable arrears from her previous house.*

Leaving aside that this is a vulnerable client, a supplier should not disconnect a customer without a full investigation of the circumstances. Only where there is a danger of gas leakage should there be summary disconnection.

While we welcome the Codes of Practice methods and procedures to avoid disconnection, Citizens Advice recommends that electricity and gas customers be treated the same and neither are disconnected for debt. Gas customers are as dependent on their supplier as electricity customers. Gas suppliers say that in cases of disconnection they can offer an electric heater instead, but this only shifts the burden of debt and the client will still not have any hot water or a facility to cook. It is inconsistent to allow disconnection in the gas market when it is not permitted in the electricity market.

Self-disconnection is a significant problem among vulnerable customers. Electricity suppliers are well-placed to monitor bills to see if a customers’ usage is consistent and at a level expected for the size of their property. The big supermarkets are very adept at customer profiling - the utility companies could learn from them. Where self-disconnection is suspected, there should be sensitive follow up and the utility
companies should work closely with other agencies who can offer holistic advice. We have many clients who come to a Citizens Advice Bureau to discuss their payment difficulties, but are unwilling to speak directly to their supplier.

Recommendations:

- Energy suppliers must provide 03 numbers or equivalent local rate numbers which cost no more than a local rate call whether dialled from a landline, mobile or payphone.

- Electricity and gas customers should be treated the same with neither being disconnected for debt.

- In all debt cases, before a rate of repayment is agreed with the customer the customer must be offered independent financial advice, the costs met by the energy supplier.

Questions 21 – 24 Code of Practice on Provision of Services for Persons who are of Pensionable Age or Disabled or Chronically Sick

Citizens Advice recognises the good work the Utility Regulator has done for services for older and vulnerable customers. However, as noted in the consultation and as can been seen from the case studies above, many customers who could be on the Customer Care or Critical Care Registers are not. Utility companies need to be more proactive in identifying customers who fall into this category and promote the registers so that people self-refer.

As discussed above, many older clients are reporting to us the difficulty of negotiating their supplier’s telephone answering service.

An 89 year old client called into the Belfast bureau with an electricity bill which he did not understand. It said he had to pay money within 7 days but he said he had never owed money in his life. He stated he had tried to phone but could not
get past the holding process. He was very distressed. It turns out the letter was issued in error.

If this client had been able to speak to someone straight away the issue could have been quickly resolved and the client would have been spared a lot of anxiety. Vulnerable clients should have access to a priority telephone helpline, which is answered by specially trained staff rather than by an automated service. HMRC has recently introduced a Needs Enhanced Service for vulnerable customers and for those with complex issues. A utility company has recently contacted us about the difficulty of communicating with their elderly customers by phone. The new HMRC service could provide a model for utility suppliers. All customers should be initially identified by call staff to see if they qualify for the priority service and as part of the call could be asked if they want to enrol on one of the Registers. Access to a priority helpline might in itself encourage customers to enrol on the Customer Care Register.

As stated above, we do not agree that gas customers should be treated differently from electricity customers as regards disconnection. Customers should not be disconnected, especially given the possible consequences of disconnection.

A Belfast client was sent a bill for £707.15 plus £787.67 for alleged meter tampering. He is a single man in his 50s living in a Habitat fold and he has been heavily involved in alcohol abuse and drug use. The supplier subsequently disconnected his gas supply, which led to his pipes freezing and bursting.

The Utility Regulator has rightly recognised the importance of improved staff training so that vulnerable clients are correctly identified and given support. Given the cases we see in our bureaux, this is not always happening.

Recommendation:

- Vulnerable clients should have access to a priority telephone helpline, which is answered by specially trained staff rather than by an automated service.

Questions 25 - 31 – Code of Practice on Complaints Handling Procedure
Citizens Advice agree that there should be a consistent definition of a complaint for all suppliers, both gas and electricity. However, we are concerned that the proposed definition “any expression …of dissatisfaction for any person” is very broad and will lead to overreporting of complaints. While it is important to have a robust procedure for handling complaints, most people who contact their supplier with a query are primarily interested in getting a quick resolution of their issue. Although they may be expressing dissatisfaction they do not necessarily think of themselves as making a complaint, and will only escalate it to a complaint if they do not have their issue resolved. The Code of Practice proposes that suppliers have up to three months to process a complaint, which is reasonable for complex complaints, but not for straightforward “dissatisfactions”. It might be therefore more relevant to keep a record of how many phonecalls and emails are resolved on first contact and have this information available to consumers, who may want to use it when deciding whether to switch supplier.

Once again, staff training is key to good customer relations and resolution of customer dissatisfaction. As indicated above, a dedicated line for vulnerable customers with specially trained staff would reduce the number of clients who need to involve a third party in supporting their query.

Questions 32 – 36 Code of Practice on Services for Prepayment Meter Customers

Citizens Advice supports clear information being given to customers about prepayment meter terms and conditions for both electricity and gas, and in particular the instruction for emergency credit. For both electricity and gas, prepayment meters should be no more expensive for consumers than other methods of payment. Customers should not be penalised financially for having a prepayment meter fitted.

Further remarks

- Consumers are unclear about the difference between energy suppliers and energy distributors. In particular, there may be supply problems which are
due to the distributor rather than the supplier. It would be useful if the Regulator promoted information about the difference.

- We receive complaints about the number of tariffs there are and how confusing they can be. It would be helpful to have a simple breakdown of what a unit is, perhaps with some examples, e.g. boiling a kettle will use $x$ units and this will cost $y$ pence.

- While it is important that customers are made aware of their rights, they must not be overloaded with information or else it will not be read. Customers who pay by direct debit and get bills by email say they do not read past the bill itself.

For further Information please contact:

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