The Commission for Customers in Vulnerable Circumstances

Final Report 2019
Commission for Customers in Vulnerable Circumstances

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Foreword by Lord Whitty

A safe, reliable and affordable energy supply for every household is one of the fundamentals of a modern society.

This basic requirement should be enjoyed by everyone, and that means taking special care to make sure that we address the needs of vulnerable families and individuals. Nobody likes to be thought of as “vulnerable” but in reality, thousands of us are. Vulnerability is multi-faceted and caused by many problems – financial, age, physical and mental medical conditions, as well as arising from locational or legal issues.

Vulnerability may be long term and permanent - or temporary and intermittent, caused by life events such as losing a job, separation, bereavement, illness or accident. But a service which is universal has to be effective in meeting the needs of all citizens, including those in vulnerable circumstances, and be able to communicate with them and respond to their needs, concerns and complaints.

Over recent decades the energy sector in Britain has been changing: from a nationalised gas and electricity system, followed by domination by a few privatised companies, to one now with 60 suppliers. Yet - as the recent Competition and Markets Authority report found - there are still serious problems that are unresolved by increased competition and which aggravate the position of less proactive consumers.

The technology of consumer engagement is also rapidly changing, with moves to price comparison websites (PCWs), smart meters and smart and decentralised energy systems. This all has an effect on how customers, and particularly those customers in vulnerable circumstances, relate to their suppliers.

Society itself is also changing, becoming older and more atomised and isolated, and there is a greater awareness of the problems faced by vulnerable households. Throughout this period, the energy industry and regulators have increasingly had obligations placed on them to take into account the interests of various specified vulnerable groups in our society.

Government energy policy has been increasingly concerned with fuel poverty, energy efficiency and consumer protection. Yet in this essential sector there continue to be reports and concerns about energy supply and energy costs for disadvantaged groups – and, in particular, how specific vulnerable groups or individuals are treated by energy companies. Above all there is an inconsistency of performance in meeting the needs of vulnerable households.

This is not a new issue. It has been examined in detail both by Ofgem, the regulator, and by various policy making bodies. But it has remained the case that measures adopted by the industry voluntarily, and those required as part of the regulated licence regime, have not fully addressed or resolved the issues raised by vulnerability.

Energy UK – representing the industry – has, therefore, been determined to improve the experiences of customers in vulnerable circumstances by taking a fresh look at the whole range of issues relating to energy and vulnerability. Energy UK asked me to act as the independent chair of a Commission, overseeing a panel of Commissioners who bring a range of experience and perspectives of customers in vulnerable circumstances, and also of regulation and industry practice.

Over the past year, the Commissioners have individually and collectively heard about the practices of energy companies, the experience of charities and support groups for consumers in vulnerable circumstances, from policy makers and observers, and from consumers themselves. We have learned about some impressive initiatives and good practice from companies. But we have also heard profoundly negative accounts where the treatment of customers in vulnerable circumstances has fallen far short of acceptable. This report explains our recommendations for urgent action.
Having been set up by Energy UK, our recommendations are largely focused on energy companies, but they also cover PCWs, consumer groups and charities, Ofgem and government. We hope that we have identified problems and proposed resolutions that address them. In a rapidly changing energy scene, we have inevitably focused on today’s problems and those of the next few years, but we hope the principles they reflect can adapt to the social, economic and technological changes we are going to see over the longer term.

We recognise that Ofgem will itself shortly be consulting on a new version of its strategy for customers in vulnerable circumstances. We trust that much of our analysis and recommendations will feed into that exercise in the next stage.

We also encountered wider societal issues that are impacting drastically on the lives of consumers in vulnerable circumstances, but go beyond our immediate remit. These include: income and debt levels, social security changes, energy efficiency and decarbonisation, and cross-sectoral legislation. These also need to be addressed.

My profound thanks to my fellow Commissioners and to the secretariat provided by the staff of Energy UK, and to all those who gave evidence of their experiences to us.

Lord Whitty
31 May 2019

“...a service which is universal has to be effective in meeting the needs of all citizens, including those in vulnerable circumstances...”
Executive summary

During the past year, we have talked with a broad range of stakeholders in order to understand the experiences of customers in vulnerable circumstances in the energy sector.

Through a combination of evidence hearings held across Great Britain, analysis of over 40 responses to our ‘call for evidence’, consideration of published research, and meetings with experts in different aspects of this field, we have been able to gauge the extent to which the energy sector is currently working for customers in vulnerable circumstances. Overall, we have found a mixed picture, and there is a need for urgent improvement across the sector.

We have identified below the key strategic outcomes and recommendations that are required to improve the experience of customers in vulnerable circumstances:

**An end to inadequate and inconsistent service**

Customers in vulnerable circumstances should be well served and supported, regardless of which company provides their energy.

The current performance of the sector is inadequate and inconsistent. There are examples of good practice and innovative initiatives by energy companies, but also too many instances of poor treatment of customers in vulnerable circumstances. This inconsistency exists between suppliers, but also within suppliers, including established large suppliers and challenger companies alike. This inconsistency is unacceptable for an essential-for-life service.

The Citizens Advice Extra Help Unit, which is responsible for investigating complaints linked to vulnerability, has had to double its number of caseworkers in the last five years due to the volume of issues affecting customers in vulnerable circumstances.

**Strategic recommendation:** Energy suppliers should adopt a new, independently monitored Code of Conduct to drive up standards of support for customers in vulnerable circumstances.

**A comprehensive regulatory framework with timely support and protection**

All customers should receive the same minimum level of service, support and regulatory protections, regardless of how their home is heated or who supplies their energy.

Ofgem’s approach to ensuring that suppliers comply with the regulatory regime needs to be more robust. A new energy supplier’s ability to meet the needs of customers in vulnerable circumstances is not central to its being granted a licence. In one case, fewer than 3% of a supplier’s customers in vulnerable circumstances in debt were actually put on a repayment plan and being offered any sort of help. We also heard of a lag of many months between consumer advocacy bodies reporting major concerns about a company’s performance and Ofgem being publicly seen to act on them.

**Strategic recommendation:** Ofgem should ensure that the licence conditions relating to treatment of vulnerable households are clear, effectively communicated and regularly monitored for all companies. Breaches of those conditions should be robustly enforced and with deterrent penalties.

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1 Citizens Advice Extra Help Unit (EHU) evidence to the Commission (September 2018)
2 Ofgem: Notice of reasons pursuant to Section 38A(1)(f) of the Gas Act 1986 and Section 49A(1)(f) of the Electricity Act for the decision of the Authority to make a provisional order under Section 28(2) of the Gas Act 1986 and Section 25(2) of the Electricity Act 1989 (22 February 2019)
There are also significant gaps in regulatory protections across energy markets. Nearly half a million domestic customers rely on heat networks, with 40% of them classified as vulnerable.\(^3\) Despite evidence that problems with heat networks create significant distress, and indeed potential health risks, there is no regulation in this area. Moreover, although price comparison websites (PCWs) – and increasingly automated switching services - are influential in helping customers to make switching decisions, the lack of regulation contributes to difficulties when customers are looking to make informed switching decisions.

**Strategic recommendation:** Government and Ofgem should ensure there is a comprehensive and enforced regulatory framework covering all suppliers and all energy consumers, regardless of how they heat their home or engage with the market. This includes regulatory coverage by Ofgem of district heating schemes and other forms of decentralised energy supply. It also includes effective regulation and monitoring of price comparison websites and automated switching services.

**Easy identification of needs and access to support from energy suppliers**

It should be easy for customers to disclose information about any vulnerabilities - with security and privacy respected - and to be given effective support.

The nature of vulnerability is broad and few people like to be labelled as “vulnerable”. This makes both self-identification, and identification by a supplier or a third party, complex and difficult. Yet this is critical; if a customer’s vulnerability is not identified by an energy supplier, it is highly unlikely they will get the help they need. Eight out of ten customers said they would not tell a company if they were in a potentially vulnerable situation.\(^4\)

**Strategic recommendation:** The energy industry should work together to improve customer awareness of the Priority Services Register (PSR); make it easier to sign up to the PSR; and ensure that once a customer is on the PSR this information is actively used to support them.

Suppliers must improve identification of customers in vulnerable circumstances, reduce barriers that prevent customers disclosing information about their needs and have adequate training, systems and processes in place to support this.

**A range of options to communicate with your supplier**

Customers must be able to reach, and hear from, their supplier in a way that meets their needs.

Supplier/customer communication is not always user-friendly, and can fail to recognise that people may need alternative methods. In particular, if a supplier assumes that customers have internet access, or only offers phone or written communication, this can exclude large numbers of customers. Age UK highlighted that only four in ten people aged over 65 use the internet.\(^5\) Citizens Advice told us that 72% of people experiencing a period of poor mental health felt anxious about speaking over the phone.\(^6\)

**Strategic recommendation:** Customers in vulnerable circumstances must be provided with a range of communication channels, including a freephone number, so that they can engage with their supplier in a way that best meets their needs. Suppliers should seek to work towards operating an omni-channel approach to customer communication.

\(^3\) Competition and Markets Authority, Heat networks market study (July 2018)

\(^4\) Money and Mental Health Policy Institute, Money on your mind (June 2016)

\(^5\) Age UK submission to Call for Evidence (May 2018)

\(^6\) Citizens Advice submission to Call for Evidence (May 2018)
Effective links between suppliers and support organisations

Customers in vulnerable circumstances should benefit from effective links established between their energy supplier and organisations that provide support and advocacy.

There is considerable evidence that partnerships with third party organisations can work well. However, these are currently limited and not widely known or communicated. Only one in ten customers recall being referred to a third-party organisation or being signposted to where help could be offered. Charities and other third parties are often under intense resource pressure, and the absence of established partnerships can result in already scant resources being used inefficiently.

Strategic recommendation: The industry should establish a sector-wide framework to facilitate easier partnerships between suppliers, charities and other third-party organisations.

A smart energy system that works for and benefits customers in vulnerable circumstances

The transition to a smarter energy system should help, not hinder, the experiences of customers in vulnerable circumstances, particularly through improved support to prevent self-disconnection.

Imminent moves to smarter energy systems have the potential to transform outcomes for customers in vulnerable circumstances in some key areas of concern, such as self-disconnection. However, these moves may also have certain risks that could prevent vulnerable households from accessing their potential advantages. Sustainability First told us that there are currently only a handful of innovative ideas in development that focus on customers in vulnerable circumstances, with some companies failing to see a strong business case for action.

Strategic recommendation: As the smart rollout progresses, suppliers should develop and share innovative practices which enable all consumers to benefit from smart technology, and to monitor use in order to tackle the growing concerns about self-disconnection.

Affordability

Customers struggling to afford their household bills should receive both short-term help to manage periods of difficulty and a long-term sustainable solution to reduce their energy costs.

Societal changes in recent years have left millions of households across the UK struggling to afford their household bills. This issue has been exacerbated by the way the Government’s rollout of Universal Credit has been delivered. It is clear that a dramatic and sustainable improvement in the position of vulnerable energy customers will only come if there is also concerted action to tackle the root causes of poverty in Great Britain. Three million people are in severe financial difficulty, and people struggling with their household bills has become the “new normal”.

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7 Citizens Advice, Good practice guide: How energy suppliers can signpost and refer vulnerable consumers to the right source of help (January 2017)
8 Self-disconnection is defined as interruption to electricity or gas supply by consumers using pre-payment meters (PPMs) because of a lack of credit on the meter or account.
9 Sustainability First evidence to the Commission (July 2018)
10 StepChange, Behind on the basics (May 2018)
Strategic recommendations: Suppliers should recognise the realities of affordability, fuel poverty and indebtedness and the positive impact they can make with help to manage debt and to maximise income through benefit checks.

Suppliers and Ofgem should revisit the provision of social tariffs.

Government must do more to tackle long term root causes of households having inadequate income to meet essential costs - including a new impetus to improve energy efficiency of dwellings and a cross sectoral approach to regulation for customers in vulnerable circumstances.

Overall, we have found a mixed picture, and there is a need for urgent improvement across the sector.
Specific recommendations
Our full set of recommendations is outlined in the tables below. Each recommendation is numbered in brackets according to the order in which it appears in the report. The recommendations are broken down in this section by their relevance to different organisations.

**Recommendations for industry – suppliers, PCWs and network companies**

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<th>Recommendations</th>
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<tr>
<td>The energy industry should lead a cross-sector effort to improve public awareness of the PSR. This should include improved customer-facing information, and sharing good practice in engaging with customers around the value of the PSR. (10)</td>
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<td>Suppliers should ensure that systems and processes are in place to monitor whether their customers on the PSR are actually receiving the services they need. (11)</td>
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<td>The industry should continue to lead cross-sector initiatives to streamline the registration process for the PSR. (12)</td>
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<td>The industry should develop systems to facilitate the option for a customer to transfer their PSR registration when they switch to a new energy supplier. (13)</td>
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<td>All suppliers and PCWs should ensure that staff – frontline staff dealing directly with customers, billing and debt collection staff and management – have effective training in identifying and supporting customers who might be in vulnerable circumstances, and that their back-up systems are resourced to provide support. (14)</td>
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<td>All suppliers and PCWs should be proactive in identifying customers in vulnerable circumstances. They should work with these customers to inform and design policies and services, to maximise self-disclosure and take-up of support. (15)</td>
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<td>All suppliers and PCWs should nominate a dedicated “vulnerability champion” on their Board with responsibility for overseeing the delivery of commitments to improve service to customers in vulnerable circumstances. (16)</td>
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<td>All suppliers, PCWs and automated switching services should publish an annual review of the support they have provided for customers in vulnerable circumstances, as well as actions that will be taken to deliver continuous improvement. (17)</td>
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<tr>
<td>Suppliers should adopt a multi-channel communications approach, including providing a freephone number for all customers, and at least one alternative to phone contact. This also means ensuring paper versions of all billing communications are available. (18)</td>
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<td>As far as possible suppliers should seek to adopt an omni-channel approach to customer communication. (19)</td>
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<tr>
<td>Suppliers should develop and share innovative practices to monitor and tackle self-disconnection. As the smart rollout progresses, they should draw on their increased skills with using this technology and improved understanding, to set a sector-wide target to reduce self-disconnection. (24)</td>
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<tr>
<td>Suppliers should work with the Government to support the implementation of its Breathing Space proposals in the energy sector. (25)</td>
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<tr>
<td>Suppliers should commit not to use High Court Enforcement Officers to recover debts where customers are in vulnerable circumstances. (26)</td>
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<tr>
<td>Suppliers should have processes in place to assist customers in maximising their income, for example, through partnerships and signposting arrangements with third parties to deliver benefit checks. (27)</td>
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<tr>
<td>PCWs should ensure that it is easy for customers to understand which companies on their sites are signed up to the new vulnerability Code of Conduct. (2)</td>
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Relevant recommendations for Energy UK

Recommendations

Energy UK should develop a new, independently monitored vulnerability Code of Conduct for energy suppliers. This needs to include all the provisions outlined in Annex 1 below. It must have teeth in order to act as a trusted brand that will help customers in vulnerable circumstances to select a supplier with confidence. (1)

Energy UK should facilitate a centrally coordinated effort to support third sector organisations to better understand how to engage with the energy sector, the support that is available from suppliers, and how this support can be accessed. (20)

Energy UK should explore the viability of a scheme for charities that enables them to access priority numbers for fast-track service from energy suppliers. (21)

Energy UK should establish a sector-wide framework to facilitate easier partnerships between suppliers and third/public sector organisations. This should include piloting an approach of joint funding by suppliers with the aim of identifying proven, effective initiatives that will create efficiencies and provide secure long-term funding for the services provided by these organisations. (22)

Relevant recommendations for Ofgem and Government

Recommendations

Ofgem should complete its reform of market entry requirements. New market entrants should be required to demonstrate how they will meet the licence requirements relating to vulnerability. The extent to which customers in vulnerable circumstances are better protected from harm by these new arrangements should be a key aspect of any review of the new arrangements, following an initial bedding-in period. (4)

Ofgem should make better use of its powers to require information from all suppliers on how their service meets the needs of customers in vulnerable circumstances. (5)

Ofgem should ensure all previously published ‘live’ guidance on compliance with supply licence conditions is easily available via Ofgem’s website for all market participants. (6)

Ofgem should seek to respond to all reports of non-compliance in a timely and robust manner. This includes giving progress updates to organisations who refer issues, where possible and appropriate. (7)

Government and Ofgem should work together to ensure there is a robust and appropriate regulatory consumer protection regime in place for PCWs and automated switching services. (8)

Government and Ofgem should work together to ensure there is a robust and appropriate regulatory regime in place for all companies supplying domestic customers with energy. This includes district heating, decentralised energy, heating oil, liquid petroleum gas (LPG) and solid fuels. (9)

The Government and Ofgem’s Future Energy Retail Market Review should specifically consider how to ensure that the market works for customers in vulnerable circumstances. (23)

The UK Government should build on its previously proposed reforms to the Warm Home Discount and promote better data-sharing in the design of the scheme. (28)

Ofgem should re-examine the case for the introduction of a social tariff for particular groups of financially vulnerable customers following the conclusion of the current Default Tariff Cap. (29)

UK regulators should continue to support the work of the UKRN, promoting positive outcomes for customers in vulnerable circumstances across sectors. (30)

The UK Government should introduce a government-funded national energy efficiency scheme for England, to help customers reduce their bills and heat their homes. (31)
Relevant recommendations for Citizens Advice

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<td>Citizens Advice should ensure compliance with the new vulnerability Code of Conduct, to be developed by Energy UK, has a significant weighting in the calculations used to inform the energy supplier rating tool. (3)</td>
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1. Our approach
Our remit has been to examine the issue of energy supply and vulnerability and make recommendations that would apply across England, Scotland and Wales.
1. Our approach

Our remit has been to examine the issue of energy supply and vulnerability and make recommendations that would apply across England, Scotland and Wales. We have not sought to cover Northern Ireland because of the very different energy market and regulatory regime.

We began our work by launching a Call for Evidence in spring 2018. We invited a broad range of stakeholders to submit examples of good practice, suggestions for areas of focus and possible recommendations. Over 40 responses were received from a diverse mix of organisations and were used to inform our approach.

The content of these responses was supplemented by four evidence-gathering hearings that took place across all three countries. Each hearing had a focus on a specific theme:

1. **An expert perspective.** The first hearing took place in London, with presentations from a range of policy experts including representatives from Citizens Advice, Ofgem and Sustainability First.

2. **A customer perspective.** The next hearing was hosted by National Energy Action in Newcastle, with a focus on evidence from organisations with detailed insights of the customer view. This ranged from frontline advisers working at energy supply companies to charities, such as Age UK and Clic Sargent, that support customers with specific types of vulnerability.

3. **A Scottish perspective.** The third session was hosted by the Extra Help Unit in Glasgow. This hearing provided us with the opportunity to listen to the expert insight of the Extra Help Unit and Smart Energy GB. It also allowed us to consider the Scottish perspective through hearing the viewpoint of Glasgow City Council and South Seeds, a Glasgow-based charity.

4. **A Welsh perspective.** The final hearing took place in Cardiff and included a presentation from the Welsh Fuel Poverty Coalition to give us a detailed picture of the Welsh context. This hearing also focused on debt and affordability issues, with detailed analysis provided on this topic by StepChange.

The information shared through these evidence hearings and the Call for Evidence responses provided the foundation for our findings and recommendations. We held bilateral meetings with key stakeholders such as Ofgem and visited vulnerability-focused initiatives such as fuel banks operated by energy suppliers, in order to examine specific issues more closely. The varied nature of vulnerability meant that we could not cover every topic in detail in the hearings. We therefore carried out additional analysis of research papers on relevant topics, such as the impact of district heating on customers in vulnerable circumstances.

In the time the Commission has been preparing this report, we have seen the introduction of an energy price cap. A number of stakeholders have asked how this might impact our approach and findings. Our view has remained unaltered: whatever price constraints may exist, whether through a price cap or market pressures, customers in vulnerable circumstances must be protected.

This report has been structured as follows:

- **Section 2** outlines the current energy landscape, highlighting what we mean by “customers in vulnerable circumstances” and describing the existing protections. It also outlines some of the main changes taking place in the sector that we have taken into account.

- **Section 3** outlines our key findings and recommendations, grouped into seven themes. For each theme, we have provided insight into the critical pieces of evidence that led us to reach our conclusions.

- **Section 4** outlines proposed next steps for the Commission and Energy UK following the publication of this report.

During this process, we received several examples of good practice in supporting customers in vulnerable circumstances. We felt that it was important to collate and showcase these examples to help all stakeholders learn from good practice already in action. Where relevant, we have incorporated these examples as case studies in the main body of the report.
2. Context
It is important to emphasise from the outset that vulnerability is a complex concept. It covers a broad range of characteristics, both permanent and transient, with varying levels of severity.
2. Context – customers in vulnerable circumstances and the energy market

Who are “customers in vulnerable circumstances”?

Defining vulnerability

The term “vulnerable” is far from perfect as a word to describe a person or group of people. We heard concerns about using the term on numerous occasions during our evidence gathering, due to the perceived stigma that goes with it. Many customers who are classified by others as “vulnerable” simply don’t see themselves in this way.

We looked into alternatives in some detail but concluded that, despite its limitations, “vulnerability” is widely used and understood, and captures the broad range of circumstances that we needed to examine. For these reasons, we decided that it was the best fit for this report.

We elected to use Ofgem’s definition of vulnerability to inform our approach, on the basis that it is well regarded and represents the accepted definition for the energy sector. This definition is set out in Ofgem’s Consumer Vulnerability Strategy from 2013:

“When a consumer’s personal circumstances and characteristics combine with aspects of the market to create situations where he or she is:

• significantly less able than a typical consumer to protect or represent his or her interests in the energy market; and/or
• significantly more likely than a typical consumer to suffer detriment, or that detriment is likely to be more substantial.”

Types of vulnerability

It is important to emphasise from the outset that vulnerability is a complex concept. It covers a broad range of characteristics, both permanent and transient, with varying levels of severity. Also, types of vulnerability rarely fall into neat categories. For any one person, there will be aspects of vulnerability that may affect them to different degrees and often in an overlapping fashion.

However, there are some broad categories we can reasonably use in considering how vulnerability can affect a customer’s engagement with the energy market:

Financial vulnerability: There are many customers whose income doesn’t cover their household bills. More specifically, there are millions of people living in Britain who are considered to be in “fuel poverty”. The definition of this term varies across different countries. Broadly, however, it describes the situation of customers for who cannot afford to adequately heat their home. This situation reflects the fact that low-income households spend on average a much higher proportion of their income on energy (15.9%) than higher income households (6.6%), and a higher proportion than their spend on transport, telecoms or water.

While differing definitions do not allow a like-for-like comparison across countries, it is notable that the scale of fuel poverty is particularly stark in Scotland and Wales. The latest figures show that one in four households in Scotland is classified as being in fuel poverty. In Wales, the Fuel Poverty Coalition Cymru has highlighted that 23% of households were in fuel poverty in 2016, and that living in a cold home is a bigger killer than alcohol-related deaths. In England, the proportion of households in fuel poverty under its own definition is lower, at 1 in 10 households, but this still equated to over 2.5 million households in 2016.

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1 Ofgem, Consumer Vulnerability Strategy (July 2013)
2 Centre for Competition Policy, Fairness in Retail Energy Markets? (October 2018)
3 Scottish Government, Scottish house condition survey: 2017 key findings (December 2018)
4 Fuel Poverty Coalition Cymru evidence to the Commission (November 2018)
Health and capacity-related vulnerability: This can include people who are affected by loss of hearing, impaired sight, physical disabilities, illiteracy, digital illiteracy, those with a limited understanding of the English language, and those with poor mental health. These customers can find themselves vulnerable if their capacity or condition prevents them from having access to services, or engaging with the energy market. To give a sense of scale, there are 11 million people living in the UK with a limiting mental or physical disability. Furthermore, future projections indicate that more than one in five of the population will be 65 or over by 2026. With an ageing population comes a higher risk of associated health conditions which can, in turn, make a customer vulnerable. Age UK has estimated that 40% of people aged 65 and over have a limiting longstanding illness. Alzheimer’s Research UK has found that one million people in the UK are projected to have dementia by 2025, and this is expected to rise to two million by 2050.

During this process, we received several examples of good or innovative practice in supporting customers in vulnerable circumstances. Where relevant, we have integrated these case studies into our report to help all stakeholders learn from good practice already in action. A broader range of case studies are outlined in further detail in Annex 4.

CASE STUDY

Over 850,000 people are living with dementia in Britain today, and British Gas estimates that at least 100,000 of their customers will be living alone in their own homes with dementia. British Gas has therefore worked with the Alzheimer’s Society and Alzheimer’s Scotland to create a bespoke module of Dementia Friends, a programme which seeks to improve understanding of dementia and transform the way the nation thinks, acts and talks about the condition. To date over 21,000 British Gas employees have become Dementia Friends.

British Gas Dementia Friends

Location-based vulnerability: People living in isolated rural areas may only have a limited choice of energy suppliers. For example, not all properties in the UK are connected to the mains gas network. Also, a combination of the age of rural properties, and lower average wages than urban areas, can increase the risk of fuel poverty. Rural England, a not-for-profit organisation that leads independent research into rural areas, highlighted that in 2016, 12.7% of households living in small rural settings were fuel-poor, compared to 11.1% of urban households. The average fuel poverty gap was far higher, at £625 for rural households compared to £289 in towns and cities. Other examples of location-based vulnerability include those – often low-income households – who depend on decentralised energy systems such as district heating schemes which do not give the option of switching suppliers or tariffs.

Both within and beyond these categories, vulnerability can often be intermittent or a passing phase. Financial vulnerability can result from a sudden change in circumstances such as unemployment or a fluctuation in a variable income. Temporary vulnerability may arise from a short-term illness or a bereavement. This can mean that any person, at any time, is only a heartbeat away from becoming a customer who would be considered vulnerable.

The transient nature of vulnerability has been captured in a framework developed by the Personal Finance Research Centre and the University of Bristol. Their report identifies three categories linked to the causes of vulnerability, which highlight how it can be indirectly related to the person affected. Firstly, there are individual factors such as health conditions. Secondly, there is the role of wider circumstances, including life events, financial problems or social changes. Finally, the action (or lack of action) from a supplier can contribute to, or create, a vulnerable situation.

But it is also common that a customer’s vulnerability can be multi-layered. The interaction between vulnerabilities has been an area of significant research. The debt charity StepChange has identified that one in five of the customers it supports is not only vulnerable financially.

16 Ofgem, Vulnerable consumers in the energy market (June 2018)
17 Ofgem, Vulnerable consumers in the energy market (June 2018)
18 Age UK, Later life in the United Kingdom (May 2019)
19 Alzheimer's Society, Dementia-friendly utilities guide (February 2018)
20 Rural England submission to Commission (December 2018)
21 Rural England submission to Commission (December 2018)
22 Personal Finance Research Centre and University of Bristol, Vulnerability: a guide for debt collection (March 2017)
23 StepChange evidence to the Commission (November 2018)
Similarly, the Money and Mental Health Policy Institute has highlighted that people experiencing mental health problems are more likely to be unemployed, or employed in low-paid or temporary work, and are three times more likely to be in problem debt.24

It has also been shown that people with physical disabilities can face extra costs of up to £570 a month – for many, a significant proportion of their income which would otherwise be used on heating and electricity.25

A further variable is the severity of a customer’s vulnerability. The Financial Conduct Authority (FCA) has categorised this dynamic, ranging from “potentially vulnerable” customers who do not require any additional assistance at a given moment, to “vulnerable” customers who require support in certain situations or with certain tasks, to “particularly vulnerable” customers who are at the highest risk of experiencing detriment.26

The wide variety, and transience, of vulnerabilities makes it challenging to put an accurate number on customers in vulnerable circumstances in the UK. But we know it is considerable; the FCA has estimated that 50% of the adult population in the UK have characteristics of potential vulnerability.27

“Any person, at any time, is only a heartbeat away from becoming vulnerable.”

24 Money and Mental Health Policy Institute submission to Call for Evidence (May 2018)
25 Ofgem, Vulnerable consumers in the energy market (June 2018)
26 Financial Conduct Authority, FCA Mission: approach to customers (July 2018)
27 StepChange submission to Call for Evidence (May 2018)
How are these challenges aggravated by the energy industry?

There are three main ways in which a customer’s vulnerabilities can be aggravated as a result of being an energy customer.

1. The first is finding the money to pay the bill: for the millions of households in the UK whose income does not cover their household costs, simply the arrival of a bill can cause significant stress. It can require a major effort or sacrifice for a customer to find the funds to pay it.

If they can’t, this can be particularly serious. Data from Citizens Advice shows a strong connection between people with low or insecure incomes and customers falling into difficulties with their bills. StepChange also noted that customers who had a registered vulnerability with a supplier were more likely to be in arrears on household bills. Although disconnections are now extremely rare, and customers in this situation are theoretically still able to heat their home and use electricity, there is a significant and growing concern about self-disconnection over worries about affordability. The consequences can be severe: studies have found that cold homes can impair the development of small children, the health of elderly people and the mental health of adolescents.

2. The second comes from the need for communication between an energy supplier and a customer, which can trigger or exacerbate vulnerabilities. The Money & Mental Health Policy Institute has found that millions of people with mental health problems find it challenging to engage with essential services such as energy. Four out of ten people with mental health issues find that tasks such as making telephone calls, opening the post or navigating complex online forms lead to severe “admin anxiety”, causing breathlessness, sweating or shaking. Some customers in vulnerable circumstances find the tone of bills and letters from their energy supplier to be aggressive, and 45% of respondents to Money and Mental Health’s survey claimed they struggled to understand their bills, citing too much technical jargon.

3. Thirdly, unexpected events can trigger undue stress and anxiety. This can include issues such as billing errors, being wrongly transferred to another supplier, incorrect or disputed meter readings, and power outages. For a customer with mental health problems, and who may already find communication with a supplier daunting, receiving unexpected correspondence greatly increases unease and tension. Most alarmingly, Money and Mental Health also found that sudden financial triggers such as an unexpected income shock can lead to suicidal thoughts and behaviours.

One particularly unwelcome issue is when, in rare cases, a customer finds themselves mistakenly switched from one supplier to another. A report by Populus for Ofgem found that the emotional impact of erroneous switches can be significant, with some customers experiencing serious anxiety over their supply and billing. Due to the length of industry timescales, an erroneous switch can take a significant time to fix.

The three reasons above highlight that a customer’s dealings with their energy supplier can lead to, or aggravate, vulnerability. The degree of seriousness will be influenced by the approach taken by the energy supplier.

28 Citizens Advice submission to Call for Evidence (May 2018)
29 StepChange submission to Call for Evidence (May 2018)
30 Citizens Advice submission to Call for Evidence (May 2018)
31 Money and Mental Health Policy Institute, Access Essentials (July 2018)
32 Ibid
33 Ibid
34 Money and Mental Health Policy Institute, A silent killer (December 2018)
35 Populus, Results of research on unreliable switching (September 2017)
What protections already exist for customers in vulnerable circumstances?

The recommendations we put forward later in this report are made within the context of a significant number of existing voluntary, legislative and regulatory measures designed to protect customers in vulnerable circumstances.

It is worth noting that the wide range of existing protections described here have been developed in a piecemeal fashion over a period of decades, often in response to identifying a specific problem. This means that, while they have been designed to tackle a multitude of issues, the relationship between these protections does not always align neatly. They also operate within a wider, changing political and social context that can impact the experiences of customers in vulnerable circumstances, such as tax and social security reform.

Regulatory protections (General)

- **Standards of Conduct (SoC):** In August 2017, Ofgem added a broad vulnerability principle to the domestic Standards of Conduct.\(^\text{36}\) This principle makes clear to suppliers that, in order to uphold their obligation to treat all domestic customers fairly, they need to make an extra effort to identify and respond to the needs of people in vulnerable situations. The principle also reflects Ofgem’s expectation that suppliers must seek to identify domestic consumers that are in a vulnerable situation in a way that is effective and appropriate, and respond to their needs so they are treated fairly.

- **Priority Services Register (PSR):** Since privatisation, all electricity and gas suppliers have been required to maintain a Priority Services Register (PSR). This is a register of domestic customers who, for non-financial reasons, may be in a vulnerable situation.\(^\text{37}\) This requires suppliers to take all reasonable steps to identify customers in vulnerable situations, and whose personal characteristics or circumstances mean they are likely to benefit from being included on a PSR. This entitles them to free non-financial services to address needs relating to communication, safety and/or access. These can include: advance notice of planned power cuts; priority support in an emergency; identification schemes; nominee schemes (where customers can ask their supplier to send communications to someone they nominate); meter reading services at appropriate intervals; and accessible information.

- **Price caps:** Since 1 January 2019, a tariff cap has been in place for all customers on standard variable tariffs (SVTs) and default tariffs.\(^\text{38}\) There is also a separate price cap on the amount of money a supplier can charge a domestic Prepayment Meter (PPM) customer.\(^\text{39}\)

Regulatory protections (Debt)

- **Ability to Pay principles:** When assisting customers who have an energy debt, suppliers are required by licence to take all reasonable steps to ascertain customers’ ability to pay and to take this into account when calculating the size of repayment instalments. The Ability to Pay principles, originally set out in 2010, provide a more detailed regulatory framework for energy debt. They state that any repayment arrangement must be reasonable and consider the customer’s individual circumstances. Suppliers must also provide energy efficiency information to customers in payment difficulty.

- **Proportionality principle:** Since 2017, any costs of actions taken by a supplier seeking to recover a debt are covered by the principle of proportionality.\(^\text{40}\) Under this principle suppliers must ensure they only take actions and levy charges that are proportionate where they seek to recover debts.

\(^{36}\) Ofgem, Licence guide: Standards of Conduct (October 2017)


\(^{38}\) Domestic Gas and Electricity (Tariff Cap) Act 2018


\(^{40}\) Ofgem Standard Licence Condition 28B
• **Winter moratorium:** Suppliers may only disconnect a household or premises as a last resort. This includes taking all reasonable steps to try to recover any charges owed via a PPM. During winter (1 October – 31 March), a supplier cannot disconnect households where it knows or has reason to believe a customer is of pensionable age and lives alone, or lives only with people who are of pensionable age or under the age of 18. They must also take all reasonable steps to avoid disconnecting households that include a person who is of pensionable age, disabled or chronically sick. This was included when the electricity market opened to competition in 1990, and further alterations have been made since then.

• **PPM - warrant protections and cap:** Since 2018, suppliers have been prohibited from installing a PPM under warrant in order to recover a debt, where the process would be severely traumatic due to a customer’s mental capacity or physiological state. If a supplier does execute a warrant, they are prohibited from levying costs for installing a PPM where the customer’s vulnerability has significantly impaired their engagement with the supplier during the debt recovery process, or where charges would exacerbate the customer’s existing financial vulnerability. Where a supplier is allowed to levy the cost of installing a PPM, this is capped at £150.

Regulatory protections (Health and safety)

• **PPM - safety:** Where a customer is paying for their energy usage via a PPM, suppliers must give the customer certain details about the PPM, including the pros and cons of using one, how to use it and what to do if it isn’t operating correctly. A supplier must also ensure the PPM is safe and accessible for the customer to use and top up. If a supplier becomes aware, or has reason to believe, that a PPM is not safe and/or impractical to use, they must make alternative arrangements for the customer. These rules were last updated in 2016.

• **Gas safety checks:** Gas suppliers are required to provide free gas safety checks for eligible homeowners once every 12 months. Since 2007, eligibility extends to homeowners who are: receiving a means-tested benefit and living with a child under five; of pensionable age, disabled or chronically sick and live alone; of pensionable age, disabled or chronically sick and live with others who are all of pensionable age, disabled, chronically sick or under 18. The gas suppliers’ licence obligations are limited to homeowners, because in rented accommodation it is normally the landlord’s responsibility to ensure the safety of any gas appliances.

...suppliers need to make an extra effort to identify and respond to the needs of people in vulnerable situations.

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42 Ofgem Standard Licence Condition 28

43 Gas Safety (Installation and Use) Regulations 1998
Regulatory protections (Fuel poverty)

- **Energy Companies Obligation (ECO):** Since the early 1990s, energy suppliers have had obligations placed on them to improve the energy efficiency of domestic buildings. The latest is the Energy Companies Obligation (ECO) 3, a £640 million a year energy efficiency requirement of suppliers to reduce carbon emissions and tackle fuel poverty. Under the latest iteration of the scheme, obligated suppliers are only allowed to install measures which will improve the ability of low-income, fuel-poor and vulnerable households to heat their homes. Over a million measures are expected to be installed during the ECO3 period, which began in December 2018.44

- **Warm Home Discount (WHD):** The Warm Home Discount45 is a £340 million a year supplier obligation providing price support for low-income and vulnerable households. The scheme has been running since winter 2011/12 and is confirmed to continue until at least 2020/21. It requires suppliers who are eligible – which is currently defined as only those with over 200,000 domestic customers - to deliver support in three ways:
  - Automatic discounts on the electricity bill to a specified group of older customers on low incomes. For winter 2018/19, this rebate was £140.
  - A rebate for low income and vulnerable households who are fuel-poor or in a fuel poverty risk group. For winter 2018/19, this was also worth £140. The proportion of people eligible for this rebate is significantly larger than the number of rebates available, and so it is paid on a first come, first served basis.
  - Industry initiatives, whereby suppliers can fund programmes and partnerships to assist those in, or at risk of, fuel poverty as part of their contribution to the scheme, such as benefit entitlement checks and energy efficiency measures.

Regulatory protections (Social security)

- **Winter Fuel Payment:** Introduced in 1997, people born on or before 5 November 1953 and who receive the State Pension or another social security benefit, receive an annual benefits top-up payment of between £100 and £300 to help cover the costs of their winter heating bills.46

- **Cold Weather Payment:** Recipients of certain benefits may get a cold weather payment if the average temperature in their area is recorded as, or forecast to be, zero Celsius or below for seven consecutive days. The current system of payments was introduced in 1986, and recipients get £25 for each 7-day period of very cold weather between 1 November and 31 March.47

- **Fuel Direct:** Customers receiving certain state benefits can also repay an energy debt via a scheme called Fuel Direct. Under the scheme, a fixed amount is deducted automatically from a customer’s benefits and paid directly to their supplier to cover their ongoing usage and to pay off the debt.48 We classify this here as a protection, given the support it can provide for vulnerable households in managing their debt. But we also note that access and ongoing management of deductions can pose a challenge for some customers in vulnerable circumstances. These challenges include, but are not limited to, the fixed rate of deductions, and the way multiple deductions interact, which can be problematic for some customers.

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44 The Electricity and Gas (Energy Company Obligation) Order 2018
Voluntary protections

- **Energy UK Safety Net:** First introduced in 2006, the six largest suppliers agree to “never knowingly disconnect a vulnerable customer at any time of year, where for reasons of age, health, disability or severe financial insecurity, that customer is unable to safeguard their personal welfare or the personal welfare of other members of the household”. In addition, the Safety Net provides enhanced measures that are integrated into suppliers’ debt management processes. These include an agreed universal definition of a potentially vulnerable customer; improved communication with support agencies; a range of debt management and repayment options; and follow-up procedures to support customers in vulnerable circumstances. Signatories to the Safety Net undergo an audit each year to ensure they are compliant. Partly as a result of this, there were only 17 disconnections in 2017.

- **Prepayment meter principles:** In 2016, Energy UK launched ten principles to provide improved safeguards for prepayment customers. These cover the majority of energy consumers in the UK with small, medium and larger suppliers signed up to them. The principles are designed to ensure suppliers are monitoring prepayment accounts to identify customers who might be at risk of facing financial difficulties. Suppliers may also provide discretionary credit as well as signposting customers to debt advice and financial support.

How are protections for customers in vulnerable circumstances changing?

Since the launch of the Commission, the landscape for customers in vulnerable circumstances has continued to evolve at pace. We highlight below some of the key planned developments, which we have factored into our conclusions.

**Ofgem’s updated Consumer Vulnerability Strategy (CVS)**

It is anticipated that there will be significant changes arising from Ofgem’s work to update its CVS. The final version is due for publication later this year, with a draft version in June 2019, and will be the first update to the CVS since it was published in 2013. Ofgem has outlined its key areas of focus: improving identification of vulnerability and the smart use of data; driving a step change in customer service; supporting those struggling with their bills; encouraging positive innovation; and working across boundaries (such as with government departments and other regulators).

The CVS will be informed by the findings of the most recent vulnerability report by Ofgem, which provides an indication of some likely areas of focus. A prominent theme of the report was that while great progress has been made in reducing the volume of disconnections, which reached an all-time low in 2017, there is a growing concern about the risk of self-disconnection by PPM customers. Ofgem launched a call for evidence in this area and it appears likely that this will be a prominent aspect of its future work on vulnerability.

The report also noted concerns around affordability, highlighting that the number of customers with an energy debt has risen in recent years. There are now 1.2 million electricity customers (around 4%) who owe money to their supplier. Although this is significantly below the peak level of over 1.5 million seen in 2013, it has risen slightly in the last two years. Practices around debt repayment plans were also flagged as a concern by Ofgem, due to both the number of customers who are in debt but are not on a plan, and the fact that a debt repayment plan is typically only set up when a customer already owes £600.
It is anticipated that Ofgem’s evolving role in protecting customers in vulnerable circumstances will be twofold: firstly, to protect those customers in vulnerable circumstances who do not engage in the market, for example through the remaining lifetime of the price cap on default tariffs. And secondly to ensure that when customers do engage with the market, they are properly protected.

Water UK/Energy Networks Association PSR data sharing project

A major project is also underway following the report by the UK Regulators Network (UKRN) on “Making Better Use of Data to Identify Customers in Vulnerable Situations”.58 This report set out that water and energy companies should explore cross-sector PSR data-sharing, and continue to work together and collaborate with third parties to identify and support customers in vulnerable situations. PSR data is already shared between energy suppliers and electricity and gas distribution networks.59

Following this, a joint Water UK/Energy Networks Association project has been established in order to begin sharing PSR data between the energy and water sectors by 1 April 2020. The aim of the project is to ensure that a customer in vulnerable circumstances only has to register once for the PSR with either their energy supplier, network or water supplier.

Citizens Advice report on improving support for consumers in vulnerable circumstances who fall behind on their bills

Citizens Advice’s recent “Supply and final demand” report, based on 20 in-depth interviews with customers in vulnerable circumstances, has highlighted that suppliers’ approach to debt collection is often seen as aggressive and risks exacerbating problems. The report outlines a series of recommendations for suppliers to improve their practice in this area. The recommendations include: setting up repayment plans based on the ability to pay principles; reducing the number of people in arrears without arrangements to repay; and trialling new approaches to debt communications to find out what works best for different customers. The report also calls for Ofgem to set targets for the sector in relation to debt, and to consider moving the ability to pay principles into licence.57

Competition and Markets Authority’s (CMA) consumer vulnerability paper

The CMA recently published its research into consumer vulnerability.60 The CMA identified five high-level principles to guide the development of its remedies: finding out what works; inclusive design; making good use of data and intermediaries; changing business practices; and regulated outcomes. The report highlighted the current lack of consistent data on which customer groups experience poor outcomes across different markets, and the importance of collaboration and data-sharing across regulators to improve the identification of trends.

International trends

We have also been interested in potential ideas from elsewhere that could give the UK energy industry food for thought. The Thriving Communities Partnership was recently established by Yarra Valley Water in Australia to promote a collaborative, cross-sector approach to vulnerability. This action-orientated partnership, funded by its members, has quickly built momentum by periodically bringing together stakeholders across a range of sectors and industries in order to promote coordinated action to tackle a specifically identified issue. For example, this has included actionable cross-sector initiatives that can support customers with cognitive impairments, or people who have experienced domestic violence.

58 UKRN, Making Better Use Of Data To Identify Customers In Vulnerable Situations: A Follow-Up Report (2018)
59 Ibid
57 Citizens Advice, Supply and final demand (May 2019)
60 Competition and Markets Authority, Consumer vulnerability: challenges and potential solutions (February 2019)
The Thriving Communities Partnership is in the early stages of developing a “One Stop, One Story Vulnerability Hub.”

The concept is a partnership model between a number of organisations across sectors, which would create a single point of access for a customer in financial difficulty. This would then allow them to access all their providers’ support programmes, along with state assistance. In addition, if a customer made a disclosure of a vulnerability to an energy company, that company would have an understanding of the support that could also be provided by their other utility providers and be able to help them access this support. This means that, regardless of the route through which a customer makes a disclosure, there is greater consistency in the support that they receive.

The innovation was born out of research that showed that of the 14% of customers in Australia experiencing severe financial difficulty, only 1% are actually getting the assistance available through hardship programmes offered by the energy industry. Some root causes of this very low uptake include a lack of trust of external agencies, and the emotional burden of having to continually repeat a stressful story. Both can result in a customer preferring not to seek help. The benefit of the Hub model is that it could provide a more approachable and trusted brand, and the customer only has to describe their situation once in order to access multiple forms of support.

Less progress in other European countries has meant that this was a less fruitful area of innovation to draw on. We noted the outcome of the European Commission’s 2013 Vulnerable Customer Working Group guidance document, which shows varying interpretations of vulnerability and fuel poverty. Some believe that in their jurisdictions “vulnerable consumers are adequately covered by their existing social policies”. In others, such as the UK, the report finds that member states have sought to provide protection to greater or lesser extents, through combinations of similar energy-specific protection measures and social security benefits.

Changing consumers and the changing energy market

The pace of change in the retail energy market has accelerated in recent years, with a wide range of technological and market developments pointing to a sector that is on the cusp of a major transformation. This is taking place alongside fundamental social changes that are resulting in an evolution of the types of vulnerability outlined above. These changes will bring opportunities but also considerable risks to outcomes for customers in vulnerable circumstances.

The typical customer is changing

Short-term and long-term social, economic and demographic changes are also transforming the profile of the typical customer engaging with the energy market. One key trend is an ageing population. There are nearly 12 million people in the UK aged 65 or over, and this is forecast to rise to 16 million by 2035. People are also living longer: over-75s are forecast to double in the next 30 years, and it is striking that nearly one in five people currently in the UK will live to celebrate their 100th birthday. This is particularly significant given that households where the oldest person is aged over 75 are the most likely to be in homes with poor energy efficiency.

Related to this trend, albeit not exclusively, is the number of people feeling isolated or lonely. Recent research by the British Red Cross has found that nearly one in five people in the UK said they are always or often lonely. This issue particularly affects the elderly, and over half of all people aged 75+ live alone. There are nearly four million older people who say that the television is their main company, and around 1 in 10 have contact with family, friends and neighbours less than once a month.

Alongside this demographic change, there have also been major socioeconomic changes in recent years that have changed the profile of consumers. Research by the Joseph Rowntree Foundation shows that more than 14 million people were living in poverty in 2016/17, which included an unprecedented rise in the number of working parents. There are now four million workers in the UK living in poverty; a consequence of wage stagnation, increased housing costs and changes to social security.

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65 Joseph Rowntree Foundation, UK Poverty 2017 (December 2017)

66 Ibid
Recent research has also shown a significant trend towards fluctuating incomes in the UK, with 75% of workers not receiving the same pay each month. This is more prevalent among low earners in particular. Research by the Resolution Foundation found that pay volatility often puts pressure on households’ ability to pay regular bills or build up their savings. This can also be made worse by a welfare safety net that is not strong enough to support people when their earnings drop.\(^67\)

It is particularly pertinent to the energy sector that people living in poverty and on low incomes are more likely to get into problem debt through falling behind with household bills or credit payments. One in three people who are in the poorest fifth of the population have no savings to absorb the hit of an unexpected bill, and more than half of this group is in problem debt, typically relating to Council Tax, rent or utility bills. People living in poverty are also more likely to have physical or mental health issues that could affect their engagement with an energy supplier.\(^68\)

**Market change**

In the early years following privatisation, all but a tiny minority of households were supplied with energy by the six large incumbent suppliers, and the volume of customers opting to switch their energy supplier remained low. This situation has altered significantly in recent years.

Customers now have a choice of 60 suppliers in the domestic retail market. Customers’ propensity to switch has also increased dramatically. In 2018, over 5.8 million customers – or one in five – changed their provider, making it a record year for switching.\(^69\) The market share of the once-dominant six large incumbent suppliers has fallen from 99.3% in 2011 to 75% today.\(^70\)

However, from the perspective of some customers in vulnerable circumstances, this burgeoning choice has been a mixed blessing. Customers in vulnerable circumstances have been found to be the least likely to switch, and most likely to remain on more expensive default tariffs.\(^71\) This is one of the main factors contributing to the poverty premium, whereby low-income households typically pay more for essential goods and services.\(^72\)

A report for the CMA found that the routes to switching, either through price comparison websites or directly with suppliers, meant that if you aren’t computer literate, lack internet access, are less confident contacting suppliers, or simply lack the time to do so, you’re more likely to miss out on the cheapest tariffs.\(^73\) New suppliers have also been encouraged to enter the market by exempting them from some of the obligations that apply to larger established companies, including certain support programmes linked to vulnerability. For example, not all suppliers are required to provide the Warm Home Discount rebate to qualifying customers.
The way customers switch their energy supplier is also evolving. Price comparison websites (PCWs) have typically provided a platform to compare prices across a range of suppliers, and to execute a switch. This continues to be the most common way in which customers use their services. In recent years, however, this role has started to evolve with the introduction of automatic switching services. These services track and compare deals on behalf of customers and will, for a direct or indirect fee, automatically switch a customer to the most competitive tariff available on their site. Some will switch a customer to any supplier in the market, while others only switch to commercially contracted suppliers.

For customers who choose to engage with the energy market, such services potentially offer an opportunity to gain the maximum benefit with the minimum of effort. They should also, in theory, make engagement easier for customers in vulnerable circumstances, but they also risk increasing the divide between those who can access the market easily and those who have practical or emotional barriers to doing so. It also remains to be seen how the possible growth of automated switching will impact the ability of customers to get the customer service that meets their need.

Ofgem has also begun trialling various ways of nudging customers who have been on a default tariff for a significant period to switch to a better deal. This has seen some initial success and it appears likely that the regulator will increase its activity in this area.74

The rapid pace of market change is mirrored by technological developments transforming the sector. The smart meter rollout, which to date has seen over 13 million smart meters installed in UK households,75 is equipping customers with an in-home display that enables them to easily monitor their energy usage during the day. Together with reforms to settle energy consumption on a half-hourly basis, this smart technology means that households (and, with permission, energy suppliers) will be able to track usage on almost a real-time basis. This rollout is progressing at pace, although the Government’s target of installing smart meters in every home by 2020 appears unlikely to be met.76

This real-time level of insight opens up opportunities for a far more flexible energy system. Industry and the regulator, for example, expect to see a growth in “time of use” tariffs, giving customers incentives to use energy during certain times of the day when demand on the grid is lower. For example, a customer could save money by using their washing machine during the middle of the day or at night, when the charge might be cheaper.

The significant projected growth in electric vehicles will add to this trend. Customers will be able to save money if they’re willing to be flexible about when their car is charged. For example, via a smart charger, they may be able to charge their car during a particular night-time period when demand on the grid is at its lowest, whilst still ensuring the car reaches the required level of charge by a specified time set by the customer. The expansion of renewable technologies such as solar panels, along with developments in battery storage, is also resulting in an increasing number of households becoming “prosumers”, who not only consume electricity but also sell any surplus back to the grid.

However, this transition to a smart, flexible energy system may not be a panacea for all. Its impact on customers in vulnerable circumstances will be a key question for the next decade. The worst-case scenario is that the most advantaged groups in society are best placed to benefit financially from this transformation, while the costs for those less able to engage rise. Clearly, many customers will not have the means to participate in generating their own energy and selling it onto others. On the other hand, there are clearly opportunities that could greatly assist customers in vulnerable circumstances, such as smart meters that make energy usage easier to understand and help customers to budget more effectively.

When we look at changes in society alongside the changes taking place in the energy sector, it is crucial to consider the interplay between the two. There is a real risk that the opportunities created by a transformed energy sector will be inaccessible to the very people who most need them. It could entrench, and indeed widen, existing divides in society. Although it is difficult to predict exactly what a transformed energy market will look like, what is clear is that we must keep vulnerable groups in the sharpest possible focus. They must receive the protections they depend on, while also being able to access in full the new opportunities on offer.

74 Ofgem, Open letter on collective switching (August 2018)
75 Department for Business, Energy and Industrial Strategy, Statistical release and data: Smart Meters, Great Britain, quarter 4 2018 (March 2019)
76 National Audit Office, Rolling Out Smart Meters Report (November 2018)
There is a real risk that the opportunities created by a transformed energy sector will be inaccessible to the very people who most need them.
3. Our key findings
Regardless of which company provides their energy, all customers in vulnerable circumstances should be well served and supported.
3. Our key findings

In the course of our investigations, we identified seven main themes that form the basis of our key findings. This section outlines the central evidence and our recommendations. Although our focus has been primarily on energy suppliers, the vulnerability of energy customers can also be impacted by the policy and regulatory framework imposed by the Government and the regulator. Therefore, there are a number of recommendations that apply to a wider group of stakeholders.

**Theme 1**

**Inadequate and inconsistent treatment of customers in vulnerable circumstances**

Regardless of which company provides their energy, all customers in vulnerable circumstances should be well served and supported. The current record of the sector is inadequate and inconsistent. Despite some examples of good and innovative practice by energy companies, there are far too many instances of poor treatment of customers in vulnerable circumstances, by a sector that is seriously lacking in trust. There is also an inconsistency of treatment and performance, and a failure to respond that shouldn’t exist in such a highly regulated sector. These shortcomings, both within and between suppliers, are unacceptable for an essential-for-life service.

**Inadequate and inconsistent service**

We heard that many of the basic licence requirements around vulnerability are not being universally met by suppliers in the market. Indeed, the Citizens Advice Extra Help Unit (EHU), which assists customers in vulnerable circumstances to resolve issues with suppliers, has had to double its case handling staff over the last five years to deal with increased demand.

There were some worrying examples that illustrated the impact of bad practice. South Seeds, a Glasgow-based charity, shared an example of a child who had been pressured into switching supplier by a sales representative over the phone. Citizens Advice told us about a customer of pensionable age with arthritis and poor eyesight, who was being asked to take meter readings – this despite the fact she was registered on the PSR and that reading her meter required her to stand on a chair. Citizens Advice submitted a number of further case studies where supplier practices had negative impacts, such as a lack of support that allowed debts to spiral. A common theme emerged: suppliers had not adequately understood a customer’s particular vulnerabilities, much less offered workable solutions.

The evidence presented to us showed inconsistent performance both within and across suppliers and among large and small, established and challenger companies alike. It is clear that in the expansion of the number of energy retailers, new market entrants vary considerably in the competence and resources they have to serve customers in vulnerable circumstances. Overall, the influx of new suppliers has brought benefits such as increased competition, innovative approaches to customer service and greater choice for customers. Indeed, some new entrants are actually setting the standard when it comes to customer service in the energy sector. Of the top ten suppliers ranked by Citizens Advice's customer service rating tool, seven are new entrants, including the No.1 rated supplier.77

But looking at the market in the round, a clear trend from the EHU data (and also confirmed anecdotally by other support organisations) is that a disproportionate number of issues emanate from some of the more recent market entrants. In 2018, over half of the complaints handled by the EHU related to suppliers outside of the ‘Big Six’ suppliers, despite these new companies having only 20% of the market.

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We heard of one company with over 250,000 customers that had no dedicated regulation or compliance functions. There were also anecdotal reports of certain newer suppliers allegedly saying that they will not try to attract or serve any customers deemed to be vulnerable, due to their business models – for example, by operating exclusively online or via apps. This highlights a fundamental lack of understanding of Ofgem’s definition, and is clearly at odds with the reality of vulnerability and an essential services market with a Universal Service Obligation.

The fact remains that half of the EHU’s cases still relate to the six largest energy suppliers, who ought to have both the experience and the resources to deliver effective and consistent services for vulnerable households. Recent fines and investigations by Ofgem around switching, standards of conduct, annual statements and complaints-handling have seen larger suppliers penalised for poor practice that was likely to have a negative impact on customers in vulnerable circumstances. This point was reinforced by specific examples shared at our evidence hearings.

In contrast, we were also struck by several examples of suppliers going above and beyond their licence conditions to offer help and support. For example, we were impressed with the dedication demonstrated by one supplier’s advisers in giving support and peace of mind to customers who have recently suffered a bereavement. A death in the family is an example of a transient type of vulnerability, and the advisers’ approach was both empathetic and practical. This particular large supplier has a specialist team of 25 advisers focused on supporting bereaved customers.

We were also impressed by the work of fuel bank initiatives that help to prevent self-disconnection and ensure that customers who are in a vulnerable situation are still able to have energy for the essentials of heating and cooking.

CASE STUDY

In 2015, in response to concerns regarding self-disconnection by prepayment meter users and the problems this causes, npower developed their Fuel Bank concept. In partnership with the Trussell Trust and situated within a number of the trust’s existing food banks, the aim is to provide two weeks’ worth of emergency support to prepayment meter users. Crucially, the customer does not have to be an npower customer to use the service. This model was piloted with the Trussell Trust, National Energy Action and Durham Christian Partnership, before rolling out to additional locations.

Since the scheme was launched it has helped over 165,000 people, 94% of whom were in an energy crisis. There are currently 129 Fuel Bank centres, and of the customers who have used them, 40% have felt an improvement in their mental health and 44% have noticed improvements in their physical health.

npower Fuel Bank

It is paramount that on such an important issue the industry itself demonstrates leadership in driving up standards. Although Ofgem can set minimum basic standards and tackle some of the worst cases of supplier performance, it cannot also be expected to drive innovation and improvements. The protections currently in place relating to vulnerability are primarily reactive measures to prevent specific issues being repeated. A gap exists for a forum that encourages proactive measures to drive up standards for customers in vulnerable circumstances.

After all, it is the suppliers who have the most in-depth understanding of the needs of their customer base. It is within their gift to design better outcomes for customers in vulnerable circumstances, and to be proactive in sharing innovations and good practice to drive this change. But this is a collective task; suppliers tackling this issue individually is unlikely to lead to the sustained improvement that’s needed.

79 npower evidence to the Commission (September 2018)
The establishment of a new voluntary code would provide the platform for a proactive approach to improving standards of support for customers in vulnerable circumstances. It would harness suppliers’ understanding of the needs of their customers and create a forum through which innovative methods of support could be shared.

The energy industry has previously seen some success in delivering improved outcomes for vulnerable households through coordinated voluntary action. For example, the introduction of the Safety Net resulted in a remarkable reduction in disconnections of domestic customers in the UK from 16,000 in 2003 to just 17 last year. This success must be built on with a refreshed voluntary code that is focused on tackling new issues and challenges facing vulnerable households. As with the Safety Net, the new voluntary code needs to be underpinned by clear commitments that will deliver improved outcomes for customers in vulnerable circumstances, and with independent monitoring of compliance, for it to be an effective tool in raising standards for customers.

**Recommendation 1**

Energy UK should develop a new, independently monitored vulnerability Code of Conduct for energy suppliers. This needs to include all the provisions outlined in Annex 1 below. It must have teeth in order to act as a visible trusted brand that will help customers in vulnerable circumstances to select a supplier with confidence.

The switching experience for customers in vulnerable circumstances

It is clear that some suppliers are fundamentally not set up to support vulnerable households. Unfortunately, for customers trying to navigate a market of 60 suppliers, this makes it incredibly difficult to work out who will meet their needs.

Research by Stephen Littlechild on the tariffs available to customers in February 2019, published by the University of Cambridge Energy Policy Research Group, found that “the highest savings available appeared to be from 14 different suppliers…but on closer examination most of these offers had limitations of some kind, with respect to availability, technology, call centre provision, customer service, risk, reputation, experience and so on”. Littlechild found that many of the cheapest deals required online account management and did not offer the Warm Home Discount. Much of the narrative from both the price comparison websites (PCWs) and the regulator has been to flag up the savings that can be made by switching, with an “implicit assumption...that electricity is electricity, and all suppliers are pretty much the same”.

Clearly, this is not true. The current reality is that there is not enough guidance for customers in vulnerable circumstances, or those trying to navigate a switch on their behalf, to know which of the 60 suppliers in the market are committed to supporting customers in vulnerable circumstances. 72% of people surveyed by Money and Mental Health said they found it hard to identify the best deal and a further 80% said that the abundance of choice, and the complexity of the market, made it difficult to compare.

Even where there are reviews of suppliers’ performance – whether by Citizens Advice, Trustpilot or Which? – they are not specifically focused on support for vulnerabilities. As a result, the energy sector is encouraging customers in vulnerable circumstances to switch, but is not giving them the tools they need to make an informed decision.

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80 Savings available in the retail energy market and the Overall Customer Service score, Littlechild (2019)
81 Money and Mental Health Policy Institute submission to Call for Evidence (May 2018)
Third party intermediaries (TPIs), including PCWs and automated switching services, are now key players in this regard; they are the gateway to the energy sector, used by a significant volume of customers. TPIs also attract all demographics. For example, of the customers aged 65+ who switched during 2017, most did so through a PCW. Overall, half of customers engaging with the energy market find out about deals using a PCW.\textsuperscript{62} Ofgem’s influence on customer outcomes in this area has also increased with the introduction of collective switching trials.

These trends present both new risks and new opportunities for customers in vulnerable circumstances. On the positive side, by making switching quick and simple, they offer easy access to the best deals on the market. For customers who are hard-pressed financially, this can be transformative.

There is a real danger, however, of automated or collective switching decisions being made solely or mainly on price. Cost is usually the paramount consideration, but for vulnerable households, empathetic and practical support is also critical. The cheapest deal will not always be the best when it comes to their particular needs.

Therefore, it should be easier to understand which energy suppliers are committed to supporting customers in vulnerable circumstances and are driving up standards in this area. This will also help organisations trying to assist vulnerable groups to make better switching decisions. Age UK told us of their concern that, when encouraging older people to switch in order to save money, customers could switch to a supplier that doesn’t also provide the support they need. We have also seen automated switching services triggered when a price saving meets a certain threshold, with little consideration about the other aspects of a new supplier. The EHU also reported that a company promoted by Ofgem through a collective switching letter was actually the cause of a large spike in complaints.

In Recommendation 1, we call for a new voluntary code of practice for energy suppliers that will improve standards in supporting customers in vulnerable circumstances. We would hope that, of the 60 suppliers in the energy market, a significant number would sign up to this code and support a coordinated effort to deliver better outcomes in this area. Our findings on the switching experience of customers in vulnerable circumstances show that it is crucial to consider not only the commitments within this code, but also how it is promoted to customers.

It will need to be simple for customers to identify which suppliers have committed to delivering this higher standard of support. This will equip those in vulnerable circumstances to make a more informed decision about which energy companies exceed the minimum requirements. But this relies on a supplier’s membership of the new voluntary code being easily visible to customers at the point of the switch. The role of PCWs in displaying this information will therefore be critical, given their influence on switching activity.

Citizens Advice also has an increasingly influential role in shaping customers’ switching decisions through its energy supplier rating tool. It uses a variety of metrics to provide a ranking of energy suppliers based on the quality of their customer service. A supplier’s membership of the new voluntary code set out in Recommendation 1 should receive a significant weighting in the calculations that inform the Citizens Advice rankings. This action would have the dual benefit of supporting customers to make an informed decision and incentivising suppliers to sign up to the new code in order to improve their ranking.

**Recommendation 2**

PCWs should ensure that it is easy for customers to understand which companies on their sites are signed up to the new vulnerability Code of Conduct.

**Recommendation 3**

Citizens Advice should ensure compliance with the new vulnerability Code of Conduct, to be developed by Energy UK, has a significant weighting in the calculations used to inform the energy supplier rating tool.

\textsuperscript{62} Ofgem, Consumer Engagement in the Energy Market 2017 (September 2017)
Theme 2 Inadequate regulation and enforcement by the regulator

Everyone should be protected by an effective and comprehensive regulatory regime, regardless of how their home is heated or who supplies their energy.

However, a new company’s ability to meet the needs of customers in vulnerable circumstances is not currently central to it gaining a licence. While it is a company’s responsibility to ensure it is compliant, numerous organisations that provided evidence to the Commission also suggested Ofgem’s approach to ensuring existing suppliers are compliant with the regulatory regime should be more rigorous.

In addition, there are areas such as district heating and PCWs where the absence of regulation is resulting in a lack of protection for customers in vulnerable circumstances.

Market entry requirements

For a new supplier to be granted a licence by Ofgem, it must go through a number of checks. These mainly relate to whether company information is up to date, the holding of other licences granted by Ofgem, compliance with industry codes, the premises and area to be supplied (to ensure customers in vulnerable circumstances are not discriminated against), and the amount of finance at the time of the application.83

But the only practical entry requirement that references vulnerability is that new suppliers must submit statements to Ofgem in plain English, which set out their requirements under the licence conditions relating to vulnerable households.84 There is currently no part of the licensing process for new entrants that asks how they will cater for customers in vulnerable circumstances. With this in mind, it is interesting to note that between 2014 and 2018, of the 168 applications for gas supply licences and 165 applications for electricity supply licences, not one was rejected by Ofgem.85

There is also no formal review of a recent entrant’s practices after a set period of time. Instead, complaints and Social Obligation Reporting data are analysed to see if a supplier’s approach to customers in vulnerable circumstances is resulting in negative outcomes. While this provides some insight, it is a retrospective approach that can only trigger interventions after customers have suffered detriment.

We have seen many examples that illustrate how the current market entry requirements have failed to ensure that suppliers understand and comply with their supply licence. In one case, Ofgem found that a supplier had a below-average number of customers registered as vulnerable (2% as against an average of 7% for similar sized suppliers), and that fewer than 3% of customers registered as vulnerable and in debt were placed on a repayment plan or being offered any sort of help.86 Citizens Advice has recently highlighted that more of the newer suppliers are failing to provide acceptable customer service.87 Issues include: one supplier increasing direct debits without explanation and without enabling customers to contact them; another making unexpected changes to tariffs and direct debits; and a further new supplier increasing direct debits and issuing large unexpected bills.88

83 Ofgem, Guidance for gas and electricity licence applications (January 2013)
84 Ibid
86 Ofgem: Notice of reasons pursuant to Section 38A(1)(f) of the Gas Act 1986 and Section 49A(1)(f) of the Electricity Act for the decision of the Authority to make a provisional order under Section 28(2) of the Gas Act 1986 and Section 25(2) of the Electricity Act 1989 (22 February 2019)
88 Ibid
We have serious concerns that this is an inadequate approach for an essential services sector. To ask a new supplier about their understanding of licence conditions around vulnerability is fundamentally different from requiring them to demonstrate concrete action. Energy is a complex market. While a new supplier may have an understanding in principle of what they should do, having the ability and resource to deliver it is another thing. We are doing a disservice to customers in vulnerable circumstances if we are not checking how new energy suppliers can and will support them.

A lack of sufficient checks on the financial strength of new energy suppliers has also had negative consequences for customers in vulnerable circumstances. Ten energy companies ceased trading during 2018 alone, in each case triggering the use of the Supplier of Last Resort (SoLR) process. This process ensures that there are no interruptions to a customer’s energy supply during the time that it takes Ofgem to appoint a new supplier to take over their account. Although this prevents the worst-case scenario of a vulnerable customer losing supply, the use of the SoLR process can aggravate vulnerabilities.

One of the most significant impacts is the time it takes for a customer to receive urgently needed refunds for any credit they held with a former supplier. Although new suppliers taking on SoLR customers are required to pay back credit balances, this does not appear to be happening quickly enough. Indeed, the Energy Ombudsman reported cases where it has taken six months for a final bill to be issued, partly due to the lack of suitable administrators. This is borne out by data from the Citizens Advice Consumer Service. “Failure to credit/refund” used to be the sixth most common category of the cases it dealt with in England. It is now the second most common, and can be attributed to SoLR situations.

A further risk arising from the SoLR process is that the administrators brought in to deal with insolvent suppliers are not subject to the supply licence conditions (e.g. the ability to pay principles) that protect customers from aggressive debt collection practices. Citizens Advice has reported customers experiencing “serious stress and anxiety” after being chased by aggressive debt collectors operating on behalf of administrators.

The uncertainty created by a SoLR event is also significant. At a basic level, informing a customer that they will be transferred to a new supplier is a delicate piece of communication that is likely to raise questions. It typically takes around three to five days for a new supplier to be appointed. Customers are advised to keep their old direct debit payment open, and to set up a fresh direct debit with their new supplier. But there have been cases where customers have been unable to contact their supplier during this time. The Extra Help Unit had to deal with a spike in calls after the top-up facility offered by one supplier was suddenly no longer available online. Citizens Advice’s recently published “Good Practice Guide” has highlighted the risk of confusion even among the new supplier’s customer service agents, and the need for a supplier to take proactive measures to ensure that consistent, accurate information is shared with customers across all channels. More than half of calls to the Citizens Advice Consumer Service in January 2019 were related to SoLR situations.

Furthermore, immediately before many of the SoLR events in the past year, there had been major concerns about the customer service provided by these ailing companies. For example, the EHU had 90 cases open for one supplier at the time they entered the SoLR process. The Energy Ombudsman has identified that the months leading up to a supplier going into insolvency have typically seen an increase in the proportion of complaints in relation to payments and debt.

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90 Energy UK and OSE bilateral (March 2019)
91 EHU evidence to the Commission (September 2018)
92 Citizens Advice submission to the Call for Evidence (May 2018)
93 EHU evidence to the Commission (September 2018)
94 Citizens Advice, Supplier of Last Resort: Good Practice Guide (April 2019)
95 Citizens Advice presentation to Energy UK Complaints Group (February 2019)
96 EHU evidence to the Commission (September 2018)
97 Energy UK and OSE bilateral (March 2019)
We are, therefore, pleased that Ofgem has recognised these concerns and is committed to strengthening its market entry requirements. It is finalising plans to introduce from June 2019 new financial and customer service assessment criteria as part of licence applications that will help to mitigate some of the risks we have outlined above. Ofgem has stated that applicants will also be required to: demonstrate that they have sustainable financing in place; outline their plans to provide an acceptable level of customer service; and explain how they intend to comply with key regulatory obligations.

This is a positive indication of Ofgem’s intent. It is critical that, as it implements these proposals, the focus on a new entrant’s plans and capability to support customers in vulnerable circumstances is established and retained as a top priority. We also welcome Ofgem’s agreement that the new approach may benefit from refinement after an initial bedding-in period. The extent to which customers in vulnerable circumstances are better protected from harm by these new arrangements should be a key aspect of any such assessment, and action to address any inadequacies should be taken sooner rather than later.

However, these additional protections against ill-prepared new entrants are not the only action required. We therefore welcome Ofgem’s further work through its Supplier Licensing Review to implement stronger ongoing requirements and monitoring for active suppliers, as well as reviewing the effectiveness of the SoLR process itself.

**Recommendation 4**

Ofgem should complete its reform of market entry requirements. The extent to which customers in vulnerable circumstances are better protected from harm by these new arrangements should be a key aspect of any review of the new arrangements, following an initial bedding-in period.

**Recommendation 5**

Ofgem should make better use of its powers to require information from all suppliers on how their service meets the need of customers in vulnerable circumstances.
Ineffective monitoring and enforcement

Part of Ofgem’s role as a regulator has been to drive a reduction in prices and improve efficiency by increasing competition and making switching easier. In theory this should benefit every customer group. However, if the licence protections for the most vulnerable are not enforced in a timely manner, these hoped-for benefits will not be felt.

From our Commission’s hearings, it was clear that the licence conditions designed to protect vulnerable households are not being consistently met across all active suppliers in the industry. The EHU explained to us how some compliance issues that had previously been declining have recently started to reappear. These include the poor handling of debt and payment plans, inappropriate charges being made on vulnerable households, transfer blocking, and the use of third parties for debt collection.\(^98\) For example, in 2017 the average supplier weekly debt repayment amount was £6.50; but for one supplier investigated by Ofgem it was £97.\(^99\)

These are similar to breaches that the more established suppliers have committed in the past, and for which they were subsequently penalised by Ofgem. The combination of punishment and improved guidance from the regulator meant suppliers at that time changed and improved their processes. However, we have heard that this guidance is no longer easy to access. In some cases, the EHU has even had to provide suppliers with the relevant historic regulator guidance and rules because they are no longer readily available from Ofgem. Ofgem needs to do more to inform, educate and support both new and existing suppliers.

Although Ofgem cannot be expected to prevent all licence breaches, the speed of their reaction is critical. We were deeply concerned about examples from consumer groups of the perceived amount of time it can take for Ofgem to follow up on evidence of poor supplier performance. We heard, for example, of a lag of many months between a consumer advocacy body reporting a major concern about a company and Ofgem confirming that they would be meeting with that supplier to begin investigating. While this does not mean Ofgem was not investigating issues behind the scenes, it is a worry that consumer groups do not necessarily take it on trust that this is occurring.

Another supplier – a two-year-old company with nearly 100,000 customers – was found in March 2018 to be failing to provide basic levels of customer service. This included issues linked to taking one-off payments from customers and increasing direct debit payments. Ofgem found the supplier to be at risk of causing “immediate consumer harm”.\(^100\) Although they had stepped in to investigate when the supplier eventually went out of business in July 2018, this was clearly too late. Customers in vulnerable circumstances do not just need a regulator to look out for them after they have been treated unfairly; they need the risk of harm to be minimised before it can happen.

Speed of reaction is a factor within Ofgem’s control, and for customers in vulnerable circumstances it is critically important they exercise it.

\(^98\) EHU evidence to the Commission (September 2018)
\(^99\) Ofgem: Notice of reasons pursuant to Section 38A(1)(f) of the Gas Act 1986 and Section 48A(1)(f) of the Electricity Act for the decision of the Authority to make a provisional order under Section 28(2) of the Gas Act 1986 and Section 25(2) of the Electricity Act 1989 (February 2019)
\(^100\) Provisional order by Ofgem against Iresa. Available at: https://www.ofgem.gov.uk/publications-and-updates/iresa-provisional-order (Accessed: August 2018)
Speed of reaction is a factor within Ofgem’s control, and for customers in vulnerable circumstances it is critically important they exercise it. Even if the volume of cases is small, the detriment can be extreme. For example, if customers in vulnerable circumstances are being incorrectly threatened with disconnection, this practice has to be stopped urgently. To support a risk-based approach that facilitates the rigorous assessment of suppliers using practices of significant concern - such as disconnection of vulnerable households - Ofgem could utilise its knowledge of which suppliers are signed up to voluntary commitments that provide additional reassurances about their processes and conduct.

This echoes the broader findings of the National Audit Office (NAO) in its recent review of regulators’ performance. It concluded that an approach that “does not assess performance, but provides a progress update on current work” characterised “the majority of Ofgem’s annual report, making it difficult to establish what Ofgem has achieved in the year”. The NAO called for Ofgem and other regulators to provide more detailed indicators that can be used to measure their performance in protecting the interests of consumers.

**Recommendation 6**

Ofgem should ensure all previously published ‘live’ guidance on compliance with supply licence conditions is easily available via Ofgem’s website for all market participants.

**Recommendation 7**

Ofgem should seek to respond to all reports of non-compliance in a timely and robust manner. This includes giving progress updates to organisations who refer issues, where possible and appropriate.
Gaps in regulatory protections

We were also concerned to find areas where a lack of any regulation at all, rather than enforcement, is a key issue. This was particularly significant with regard to PCWs, automated switching services and heat networks.

We heard a number of times that the interests of customers in vulnerable circumstances need more careful attention in relation to PCWs. As we noted in Theme 1 earlier, PCWs are key players that enable hundreds of thousands of customers to engage with the energy sector – and yet it is an unregulated market. Some PCWs are covered by an Ofgem voluntary code but the only means of enforcement or sanction is to remove their accreditation. Outside of this code, PCWs, including new automated switching services, are not subject to any specific rules.

A real concern is the extent to which automated switching services, collective switching mechanisms and PCWs equip customers in vulnerable circumstances to make an informed decision on who will, or won’t, meet their needs. The fact that PCWs, unlike energy suppliers, are not responsible for identifying potentially vulnerable households further increases this risk and can result in a missed opportunity to identify whether a customer needs extra help.

Heat networks are another unregulated category. These networks are a method of heating a block of flats or properties using a single central boiler, and are an increasingly common method of heating the UK’s homes. There are already more than 14,000 heat networks serving around 450,000 domestic customers. This is forecast to grow significantly in the coming decade given the opportunity they offer to reduce carbon emissions. The Committee on Climate Change has forecast that approximately a fifth of the UK’s heat will need to be provided in this way by 2050, if the UK’s carbon targets are to be met cost-effectively.

There are large numbers of customers in vulnerable circumstances whose homes are currently heated in this way. The BEIS Heat Networks Consumer Survey has identified that nearly half (44%) of heat network customers are retired, compared to an equivalent figure of 14% for the wider population. Furthermore, 40% of heat network customers surveyed were classified as vulnerable, and more than one in four said they were struggling financially.

Unlike the gas and electricity networks, heat networks sit outside Ofgem’s remit. If their customers were receiving excellent service, this would be less concerning. However, the CMA’s study in 2017 found that while overall costs were comparable with similar methods, there were poorer outcomes in terms of price and service for some heat network customers.

The impact of these issues is even greater when you consider that most heat network customers have no alternative source of heat. The CMA concluded from its evidence that:

“when heat problems occur they can create significant dissatisfaction and distress to those consumers affected, and potentially risks to health (particularly amongst vulnerable groups)".

When issues do occur, heat network customers are not automatically equipped with the protections enjoyed by other energy customers, including access to an ombudsman.

We give further detail below that there can be barriers to customers in vulnerable circumstances being able to engage with, and get appropriate communication from, the company supplying their heat. Through this lens, it is greatly concerning that in relation to heat networks the CMA identified a potential:

“lack of transparency for customers regarding heat bills, including the calculation of bills. This may make it more difficult for customers to control costs and plan outgoings. It may also lead to a reluctance to use heat”.

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103 Competition and Markets Authority, Heat networks market study (December 2017)
104 Committee on Climate Change, Next steps for UK heat policy (October 2016)
106 Competition and Markets Authority, Open Letter to heat suppliers/heat network operators (July 2018)
With the prospect of greater decentralisation of energy provision, this issue may become increasingly widespread.

We see a similar trend for customers who rely on other non-mains gas fuels such as heating oil, liquid petroleum gas (LPG) and solid fuels. Around 1.5 million mainly rural customers rely on one of these methods to heat their home, and it is more likely that they will be vulnerable.\(^\text{107}\) For example, Ofgem has highlighted that more than half of the Scottish households that do not use mains gas or electric heating are fuel-poor, compared with less than a third of households with mains gas heating.\(^\text{108}\) This particularly affects rural dwellers. While heat networks are primarily concentrated in urban areas, customers relying on heating oil, LPG or solid fuel are largely based in rural areas.

With no regulation, customers relying on these fuels lack the equivalent protections that other energy customers would receive if they were struggling financially. In addition, these customers are not covered by a PSR and the wider protections that this would bring. For example, during periods of extreme weather, it is unclear how heating oil supplies are prioritised and delivered to the customers who need them most. While there are some voluntary standards in operation, such as the Cold Weather Priority scheme, their coverage is restricted to specific vulnerable groups.\(^\text{109}\) In addition, the focus on self-disconnection that is applied to the gas and electricity spheres is not equally applied for users of heating oil.

Although there are some voluntary codes in operation\(^\text{110}\), it is questionable whether these provide the essential protections needed by vulnerable households, and whether there is sufficient transparency and enforcement of supplier performance. Overall, our view is that there should be core minimum regulatory protections for customers in vulnerable circumstances, regardless of how they heat their homes. Any voluntary codes should then look to build on this regulatory platform, for example in relation to transparency and innovation.

### Recommendation 8

Government and Ofgem should work together to ensure there is a robust and appropriate regulatory consumer protection regime in place for price comparison websites and automated switching services.

### Recommendation 9

Government and Ofgem should work together to ensure there is a robust and appropriate regulatory regime in place for all companies supplying domestic customers with energy. This includes district heating, decentralised energy, heating oil, liquid petroleum gas (LPG) and solid fuels.

PCWs are key players that enable hundreds of thousands of customers to engage with the energy sector - and yet it is an unregulated market.

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\(^{107}\) Community Action Northumberland evidence to the Commission (August 2018)

\(^{108}\) Ofgem, Insights paper on households with electric and other non-gas heating (2015)

\(^{109}\) The Federation of Petroleum Suppliers, Cold Weather Priority Scheme. Available at: [https://www.coldweatherpriority.co.uk/](https://www.coldweatherpriority.co.uk/) (Accessed May 2019)

\(^{110}\) For example, the Heat Trust Scheme, available at Cold Weather Priority Scheme. Available at: [https://www.heattrust.org/scheme-intro](https://www.heattrust.org/scheme-intro) (Accessed May 2019)
Theme 3  It is too difficult to access support

In an ideal world, customers would find it easy to disclose information about any vulnerabilities they had, and so open up access to the support they need. But few people like the term “vulnerable” and many find it difficult to identify themselves in this way. In turn, this makes it a complex task for suppliers or third parties to identify customers with vulnerabilities.

The Priority Services Register (PSR) is a mechanism to make it easier for customers to access support. Its impact, however, is currently constrained by a lack of awareness that it exists, obstacles to registration, and a disconnect between being registered on the PSR and receiving the services it offers. Staff training by the energy suppliers and improvements in systems and processes are all crucial to creating a vulnerability-focused environment. The reluctance of customers to contact their supplier for help when self-disconnecting is a strong indicator that this environment is not yet a reality. More needs to be done.

“Staff training by the energy suppliers and improvements in systems and processes are all crucial to creating a vulnerability-focused environment.”
PSR

Since it was introduced, the PSR has been a useful tool in helping to provide a level of service to customers in vulnerable circumstances, especially in ensuring that they receive priority help during power outages. Suppliers have been successful in improving sign-up, resulting in the total number of customers on a PSR reaching its highest level since monitoring began.¹¹¹

However, the need to increase the impact of the PSR came across at every hearing we held. From the evidence we received, we have identified three areas that will help to build on this foundation: first, to improve customer awareness of the PSR; second, to make it easier to sign up; and third, to ensure that once a customer is on the PSR this information is actively used to support them.

Awareness of PSRs is still low among the customers who would benefit from them, a point stressed by charities such as National Energy Action. This was particularly the case in Scotland, despite a high number of customers being eligible. A Citizens Advice Scotland survey found that while almost half of Scottish customers might be eligible to be on PSRs, only one in four was aware of them and only 8% overall had signed up.¹¹² Awareness of the PSR among a sample of customers in vulnerable circumstances was around 50%. Citizens Advice found that the website of one energy company required a five-click dig for information about their PSR.¹¹³

Citizens Advice Scotland was one of several organisations to outline that PSR registration can be difficult to initiate and maintain. There’s a challenge in customers needing to make individual requests to each of the different utilities. Citizens Advice Scotland’s research with IPSOS Mori found that there was strong customer support for a “do it once” approach, registering for all services across all utilities in a single process.

A further challenge comes if a customer switches supplier. At the moment there is no automatic process that moves their PSR registration from the old supplier to the new one. In their research, Citizens Advice Scotland found that customers would support a simpler automated process.¹¹⁴ In an energy market where the message to customers is to switch suppliers regularly to access better deals, customers in vulnerable circumstances find that having to repeatedly disclose their circumstances and re-register with new PSRs are disincentives to switch.

We welcome the introduction of recent trials to rationalise the process of signing up to the PSR across the water and energy sectors. We recognise that concerns around data security need to be carefully managed, and that appropriate processes for obtaining customer consent and ensuring data accuracy need to be in place. But a can-do approach can address these technical issues, and deliver the much needed changes that customers in vulnerable circumstances deserve.

However, even if you are signed up to a PSR, there is no guarantee this will trigger additional services or support, such as help with meter readings. Of the nearly 6 million electricity consumers and 4.75 million gas consumers on the PSR, only 844,516 PSR services (electricity) and 672,866 (gas) were provided by suppliers in 2017.¹¹⁵ This is partly an issue with the focus on the number of people on the PSR, rather than the services being delivered. A further reason is that, while energy suppliers can provide certain specific types of practical support – such as sending bills in braille – they may simply not have services to meet every type of vulnerability.

It is also unclear how PSR data is used by suppliers to offer bespoke services to these registered customers more broadly; for example, if they fall into debt on their energy account. For this reason, Age UK expressed concern that focusing on the volume of PSR customers alone is sometimes used as the sole indicator of an energy supplier’s performance on vulnerability. National Energy Action also expressed concern that the PSR does not typically record fuel poverty, despite the close links between financial hardship and other forms of vulnerability.

¹¹¹ Ofgem: Vulnerable Consumers in the Energy Market (June 2018)
¹¹² Citizens Advice Scotland Consumer Futures Unit submission to Call for Evidence (May 2018)
¹¹³ Citizens Advice, Beyond good practice guides (May 2018)
¹¹⁴ Citizens Advice Scotland Consumer Futures Unit evidence to the Commission (September 2018)
¹¹⁵ Ofgem: Vulnerable Consumers in the Energy Market (June 2018)
It is critical that the PSR is used proactively and that the volume of registered customers is not seen by suppliers as an end in itself. The example we highlighted in Theme 1 - of an infirm PSR customer having to stand on a chair to take her own meter readings - demonstrates how being registered does not always equate to being helped. Suppliers need to track the actual delivery of services, not the size of the register alone.

Overall, the PSR is an important component of the support available for customers in vulnerable circumstances. This makes it all the more necessary to make it as simple as possible for customers to access its services.

A key step is a cross-sector effort to raise awareness of the PSR among customers in vulnerable circumstances. By adopting a coordinated approach, suppliers should present consistent messaging to the public and share good practice on engaging with customers about its benefits. They can also remove barriers to sign-up by enabling customers to register just once across all utilities, and with no need to re-register if they switch suppliers.

Finally, all suppliers must have systems in place to track that their PSR customers are actually receiving the help they need. This will ensure that suppliers measure success by good customer outcomes, and not by large customer registrations.

**Recommendation 10**
The industry should lead a cross-sector effort to improve public awareness of the PSR. This should include improved customer-facing information, and sharing good practice in engaging with customers around the value of the PSR.

**Recommendation 11**
Suppliers should ensure that systems and processes are in place to monitor whether their customers on the PSR are receiving the services they need.

**Recommendation 12**
The industry should continue to lead cross-sector initiatives to streamline the registration process for the PSR.

**Recommendation 13**
The industry should develop systems to facilitate the option for a customer to transfer their PSR registration when they switch their energy supplier.

“It is critical that the PSR is used proactively and that the volume of registered customers is not seen by suppliers as an end in itself.”
Corporate culture, systems and staff training

A real challenge to delivering tailored support stems from the fact that many customers are unwilling to reveal that they are in vulnerable circumstances. This is a characteristic across all sectors, and a significant one: evidence suggests that as many as eight out of 10 customers would not tell their supplier if they were in a potentially vulnerable situation. This is reflected in the energy sector, with only 9% of customers who self-disconnect from their pre-payment meter contacting their supplier for help. Without this disclosure, it is clear that the support available from suppliers will not reach those in the greatest need.

But, while suppliers cannot control a customer’s willingness to seek help, they can influence it – if they choose to. We commissioned research into identification strategies, disclosure environments and support needs in order to understand this further. The findings highlighted that barriers to disclosing information about a vulnerability can come from the customer – but also the supplier.

From the customer perspective, they may choose not to make their supplier aware of their situation for a number of reasons, including: disbelief (the customer feels they won’t be believed or understood); distrust (they think their disclosed information will be shared in ways that will hurt them); doubt (they think it won’t make any difference); discrimination (they suspect they will be treated unfairly); or disadvantage (they believe it will lead to stopping/harming their access to services).

From the supplier perspective, reservations about creating a disclosure-friendly environment can include concerns about encouraging a sharp spike in the volume of disclosures (including those that aren’t relevant to a firm’s activity or their ability to support the customer). There are also worries about customers using such mechanisms to ‘play’ the system. Additionally, there are other common worries about customer expectations, and staff’s ability to meet them, and the perceived need for perfect solutions to be in place straight away, rather than taking a “test and learn” approach.

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116 Money and Mental Health Policy Institute, Money on your mind (June 2016)
117 Citizens Advice, Switch On - Improving support for prepayment consumers who’ve self disconnected (April 2018)
118 Chris Fitch, Identification strategies, disclosure environment, and support needs (January 2019)
This is not a straightforward challenge with a simple technical solution. We did see, however, examples across sectors of how companies can make customers more confident to disclose vulnerabilities. We were impressed by the Barclaycard “Money Worries Hub”\textsuperscript{11}, which concentrates on the signals that the organisation gives to customers who are financially vulnerable. In particular, there is a focus on using past experiences of customers to show where the company has helped them, for example when someone has lost their job. This has reassured customers in vulnerable circumstances of the potential positive benefits of sharing information with a company in order to seek support.

We also heard repeatedly that the quality of staff training has a major influence on outcomes. A customer service agent is less likely to recognise potential vulnerabilities, or to respond to them in the right way, if they have not received effective training. The business case for energy suppliers investing in this area is strengthened by the growing number of employees and customers who expect companies to demonstrate values-driven behaviour. A strong company focus on supporting its customers in vulnerable circumstances can have a positive impact on staff (and of course customer) retention, and more broadly can support energy suppliers in addressing poor customer trust in the sector.

**CASE STUDY**

The Care and Assessment Tool (CAST) presents advisers with services that are relevant to customers’ circumstances in order to offer and discuss them. The tool has search tags, tailored prompts and questions, and provides social support information. The tool has built-in reviews, to check customer information is up to date, and the system can be easily updated and reconfigured as understanding of vulnerability grows. CAST also flags to an adviser that a customer may be experiencing payment difficulties based on changes in the customer’s behaviour, and helping to have conversations about ability to pay that a customer may not raise for themselves.

**E.ON’s Care and Assessment Tool**

Charities that help people in vulnerable situations, such as StepChange, frequently told us they wanted to see an improved understanding of vulnerability embedded in suppliers’ culture. Recent trials to rationalise the process of signing up to the PSR across the water and energy sectors have further shown that the quality of human interaction is critical in encouraging a customer to share information.

We heard from the Energy Saving Trust that the quality of training varies greatly across suppliers. There is no standardised quality benchmark that is accessible to the range of energy suppliers operating in the market. For example, although the BSI standard for Inclusive Service Provision\textsuperscript{120} is recommended by Citizens Advice as a benchmark for all utilities\textsuperscript{121}, it includes a rigorous audit that could prove too costly for suppliers with stretched resources.

We also listened to examples that illustrated the risk of an inconsistent quality of training within suppliers. This was particularly the case with large suppliers with a greater number of employees – often across multiple sites – who require training in how to support customers in vulnerable circumstances. We were struck by the discrepancy between the personalised support of specialist teams at large suppliers on the one hand, and worryingly poor treatment by the same companies’ more general customer service agents on the other. Mental Health and Money Advice told us of some financially vulnerable customers being placed on unsuitable debt repayment plans with large suppliers, apparently by customer service agents who lacked specific training in supporting customers with vulnerabilities.

Citizens Advice has highlighted how this lack of consistency in a supplier’s communications can contribute to stress and anxiety. In one case, a customer called her supplier after receiving an unusually large gas bill. She thought that this may have occurred as a result of her son, who has autism, turning the immersion heating on. The customer was initially met with an understanding response from her supplier on the phone, but then received strongly worded letters that made no reference to the phone call and left the customer confused as to where she stood.\textsuperscript{122}

\textsuperscript{11} More information at: [www.barclaycard.co.uk/personal/customer/job-loss](http://www.barclaycard.co.uk/personal/customer/job-loss) (Accessed January 2019)

\textsuperscript{120} BS 18477:2010 Inclusive service provision. Requirements for identifying and responding to consumer vulnerability (November 2010)

\textsuperscript{121} Citizens Advice, Treating Customers Fairly, flexible and inclusive services for all (January 2015)

\textsuperscript{122} Citizens Advice, Supply and final demand (May 2019)
Every interaction between a customer in vulnerable circumstances and their energy supplier represents a valuable – and often rare – opportunity to ensure that their needs are understood and that additional support is provided. There is no room for inconsistency, and by ensuring that all frontline staff are knowledgeable and confident in supporting customers with vulnerabilities, suppliers can create an environment that delivers consistent, improved outcomes. The risk of failing to understand vulnerability is too great to ignore, and suppliers must both train all frontline staff accordingly and monitor outcomes. This includes engineering and maintenance staff who deal with customers in their homes, and staff in call centres, whether they are directly employed or subcontracted – the responsibility for ensuring adequate training rests with the energy supplier.

While frontline staff are key, creating a genuine, vulnerability-focused environment requires the investment and commitment of the entire organisation. Customer service agents need to be empowered by their leadership to address vulnerability-specific issues. Suppliers’ policies, processes, services and culture all need to have an intrinsic understanding of the importance of supporting customers’ particular needs. This should also be embedded at the very top of the organisation through a dedicated “vulnerability champion” on the Board, responsible for a company-wide commitment to perform for customers in vulnerable circumstances. He or she could also advance a culture of transparency and accountability by publishing an annual statement of the support that has been provided for customers in vulnerable circumstances, and outline future actions to deliver continuous improvement. This will further incentivise companies to address vulnerability at a senior level. Improving outcomes for customers in vulnerable circumstances is one of the key strategic priorities for the energy sector, and seeing clear progress driven at Board level will reflect its importance.

The importance of encouraging and supporting a customer to reveal any issues, in the face of numerous reasons why they may choose not to, means that every opportunity to facilitate disclosure is invaluable. In turn, the role of PCWs is key: half of the customers engaging with the energy market find out about deals using a PCW, so this opportunity to disclose vulnerabilities cannot be wasted. The creation of a sector-wide vulnerability environment will rely on PCWs’ commitment to improve in this area, and there must be the same shared focus on maximising self-disclosure across all stakeholders who represent a touchpoint for customers in the energy market. As with energy suppliers, this is unlikely to be successful through piecemeal measures designed by frontline staff alone. Identifying and addressing vulnerability needs to be baked into every part of an organisation’s practices. Our recommendations on staff training, systems and culture therefore apply equally to PCWs.

Recommendation 14

All suppliers and PCWs should ensure that staff – frontline staff dealing directly with customers, billing and debt collection staff and management – have effective training in identifying and supporting customers who might be in vulnerable circumstances, and that their back-end systems are resourced to provide support.

Recommendation 15

All suppliers and PCWs should be proactive in identifying customers in vulnerable circumstances. They should work with these customers to inform and design policies and services to maximise self-disclosure and access to support.

Recommendation 16

All suppliers and PCWs should nominate a dedicated “vulnerability champion” on their Board with responsibility for overseeing the delivery of commitments to improve service to customers in vulnerable circumstances.

Recommendation 17

All suppliers, PCWs and automated switching services should publish an annual review of the support provided for customers in vulnerable circumstances, including actions that will be taken to deliver continuous improvement.
Theme 4  Inflexible communication

Customers in vulnerable circumstances must be provided with a choice of communication channels so that they can engage with their supplier in a way that meets their needs.

In theory, information on prices, consumption, tariff choice, emergency provisions, complaints procedures and other FAQs are made fully available to all by energy suppliers, and to some degree, by PCWs. However, it is not always presented in a user-friendly way for people in vulnerable circumstances, and often ignores that different people need different ways to receive and respond to communication. In particular, relying on the internet can exclude large groups of customers, as can assuming that phone or post suits everyone.

Citizens Advice highlighted that for people experiencing a period of poor mental health, 72% felt anxious about speaking over the phone and 60% worried about opening their post. Age UK emphasised that the trend towards content being shared predominantly online has made it harder for vulnerable households to get the information that they need, and in a format that is accessible. Their research has shown that while virtually all 16-34 year olds use the internet (99%), this falls to eight in ten (78%) of 65-74 year-olds and four in ten (41%) of all over-65s. It is estimated that more than one in five adults with disabilities has never used the internet, and of those who do, over half report challenges with navigation.¹²²

CASE STUDY

The Bristol Energy Hub is a customer service point and community events space where every customer can get face-to-face, accessible customer service and support to better manage their energy and save money. The Hub offers customers the opportunity to ask questions about bills, switching and energy efficiency advice.

Located in the centre of Bristol, it provides people with new ways to engage with energy by holding entertaining and informative events, which can reach people who might not have considered or felt comfortable picking up the phone or going online to ask for information.

The phone continues to be the most popular contact method: 30% of customers phoned their supplier in the year to September 2018, compared to 14% who used email and only 10% who used live chat.¹²³ But it is only by providing several different methods to contact, and be contacted by, their supplier that vulnerable households can be effectively supported. This is particularly important given that some people may never feel happy making a disclosure about their circumstances to a company, even despite a supplier’s best efforts to make it easy and comfortable. A universal design approach – offering a range of contact methods – gives customers who need it access without sensitive disclosures.

We were therefore extremely concerned to learn that some suppliers do not even provide a phone number for customers to contact them. Indeed, we found more than one example of a supplier adopting an app-only approach. While this may suit many of their customers, our evidence suggests that this is not a viable method of making sure the needs of vulnerable households are met.

¹²² Ofgem, Vulnerable consumers in the energy market (June 2018)
Even where suppliers do provide a contact number, there is evidence that some are not backed by sufficient resources. Recent surveys indicate that customers can endure long call queues regardless of the size and maturity of the supplier\textsuperscript{124}, and recent enforcement cases from Ofgem have found a number of firms with unacceptably long waiting times.\textsuperscript{125}

**CASE STUDY**

SSE was the first energy company to introduce video translation through SignVideo, which enables deaf or hard of hearing customers who use British Sign Language (BSL) to communicate in their language of choice by making and receiving BSL interpreted calls in real-time. This supports customers who have hearing problems by providing them with a level of customer service equivalent to what they would receive through any other channel.

For other groups of customers in vulnerable circumstances – for example, elderly people or those with hearing difficulties, or language problems - the preferred method of communication will be written and through the post. In all cases transactions, contractual arrangements and bills need to be available in writing even when the prime means of communication happens to be different.

We also found worrying access issues with certain PCW platforms. We noted that the CMA investigation into digital comparison tools found that some website designs were not universally accessible, particularly for visually impaired customers. It also highlighted that failing to meet minimum website accessibility standards may be a breach of the Equality Act, if reasonable adjustments are not made for customers with disabilities.\textsuperscript{126}

In some sectors, it may be appropriate – and indeed may benefit customers – for companies to compete by offering specialised services based on a specific communication channel. Some new market entrants in the energy sector have led well-intentioned efforts to deliver customer service through specific technologies only, such as an app-based approach. Energy, however, is an essential service and the risks that come with this model are greater than in other sectors.

These risks arise in part from the transient nature of vulnerability. A customer may switch to a single contact channel supplier at a time when that approach meets their needs. But if there’s a change in their health, finances or relationships, they may later discover that this limited approach no longer works for them. A model based on a single communication channel has no flexibility to respond to these changing needs. In turn, this risks creating a barrier to a customer in vulnerable circumstances accessing essential support. A similar scenario could arise from a change in tenancy. A customer in vulnerable circumstances moving into a property served by a single channel supplier may find they cannot engage with them.


\textsuperscript{125} Ofgem, Provisional Order against Competition and Markets Authority, Digital comparison tools market study (September 2017)

\textsuperscript{126} Competition and Markets Authority, Digital comparison tools market study (September 2017)
On balance, the risks associated with a single-channel communication approach are too great. In order to reflect the needs, preferences and access to technology of the current population, all energy suppliers should provide a freephone number for their customers, and at least one alternative to phone contact. Paper versions of all billing communications should also be made available.

While a multi-channel approach is an essential foundation for supporting customers in vulnerable circumstances, an omni-channel approach goes one step further. Through this more ambitious solution, a supplier can ensure that, regardless of which channel a customer chooses to use, their experience is seamless and integrated. Their contact will not be significantly reduced or limited by their choice of channel. And their previous engagement through one channel will be used to tailor future engagement, even if they use a different channel. Although there are relatively few companies in any sector that are truly maximising the potential of this technology, it is a useful vision of an enhanced future state that would improve the lives of customers in vulnerable circumstances.

**Recommendation 18**

Suppliers should adopt a multi-channel approach, including providing a freephone number for all customers, and at least one alternative to phone contact. This also means ensuring paper versions of all billing communications are available.

**Recommendation 19**

As far as possible suppliers should seek to adopt an omni-channel approach to customer communication.
Theme 5  **Absence, or sporadic nature, of partnerships between suppliers and public/third sector bodies**

Customers in vulnerable circumstances should benefit from well-established, effective links between energy suppliers and the charities and other third sector intermediaries who provide support and advocacy. However, at present these are limited and not widely known or communicated. With 60 energy suppliers in the market, developing these relationships often depends on suppliers having sufficient resource and expertise to build these links.

There is a considerable body of evidence that these partnerships can work well. We heard from WarmZones, formerly a not-for-profit organisation that received funding from various suppliers to improve energy efficiency in fuel-poor and vulnerable homes. They also helped these customers to access eligible forms of state support, gaining, on average, a £4,000-£5,000 yearly increase in income – in addition to the wider benefits of improved health and comfort. The immediate impact made on cold and struggling households, and the wider economic benefits to the NHS, was clearly significant.

Where partnerships work well, direct two-way communication channels can help smooth interactions between the organisation and the supplier. For example, British Gas has established a partnership with the CLIC Sargent charity, who told us that half of families who have a child with cancer see their energy bills increase, sometimes by as much as £50 per month, adding further strain to an already deeply stressful situation. Despite this, only 37% of customers in this situation contact their supplier for help. Through the partnership, CLIC Sargent’s social workers have direct lines to refer these families to dedicated members of the British Gas Customer Care team. This gives the families easy access to a member of staff who is trained to provide personalised support and reassurance about their energy bills.

These partnerships are often the result of individual suppliers developing relationships with individual charities. But this means that their coverage is limited. The families with British Gas will, for example, receive significantly better support than another family in a similar situation who happens to be with a different supplier with no such partnership. This doesn’t feel right.

There is no actual requirement for suppliers to establish partnerships – beyond the mandatory signposting to Citizens Advice and the Energy Ombudsman – and this is reflected in the data on the customer experience. Only a quarter of all customers feel that their supplier has ever given them any help and support, and only 1 in 10 can recall being referred to a third-party source of help. Although third-party referrals are of course only appropriate in certain situations, we found this figure to be worryingly low, given the prevalence of vulnerability and the role that energy suppliers can play.

We also heard about the charities’ perspective, for whom the absence of partnerships and communication channels can be a drain on their resources. South Seeds, a local charity providing support for customers in vulnerable circumstances in Glasgow, described the challenges of reaching the right person to talk to at a supplier, and the frustrating length of time spent in their call queues. Speakeasy, a Cardiff-based charity, raised this at the Wales hearing and called for direct lines for advocacy organisations to gain quick access to trained agents who are equipped to handle complex issues.

The support that is potentially available for customers in vulnerable circumstances is extensive, but it is not always obvious how best to access it. Just one example has been charity staff enduring long waits in call queues to progress a Warm Home Discount application, unaware that this application can be quickly and simply completed online.

This is particularly significant in the increasingly stretched advice sector. For example, StepChange, a debt advice charity, highlighted that with millions of people in severe financial difficulty in the UK, they had been contacted by 600,000 people for help last year. It is therefore crucial they use their resources as effectively as possible in the face of such high demand. If staff are having to spend time navigating unnecessary variations in processes across suppliers, or in accessing information that is unclear or difficult to find, this drain on their time inevitably means that fewer people will actually be receiving help.

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127 British Gas, Cancer-struck families offered energy bill support as CLIC Sargent and British Gas team up in partnership first (September 2017)
128 Citizens Advice: Good practice guide: How energy suppliers can signpost and refer vulnerable consumers to the right source of help (January 2017)
A centrally coordinated effort by energy suppliers to make it easier for third sector organisations to understand the support that is available, and simplify how to access it, could help to reduce the levels of wasted resource. For example, a standard application form for the Warm Home Discount would be easier for charities and customers to use than the variety of piecemeal templates issued by suppliers.

Energy UK, as the industry trade body, should explore how suppliers could align messaging and approach. This should include a fast-track process that enables third sector advocates to gain easy access to the best point of contact at a supplier.

More broadly, both for energy suppliers and the third sector organisations alike, there are practical and resource constraints to establishing effective partnerships. There are 60 energy suppliers in the market and thousands of potential third sector and public sector organisations that they could partner with. While there is no silver bullet to solve this challenge, there is clearly a need to examine how to improve the quality of partnerships, streamline processes, and create more consistency in referring customers to specialist support.

“Only a quarter of all customers feel that their supplier has ever given them any help and support, and only 1 in 10 can recall being referred to a third-party source of help.”
A standardised, high-level framework for partnerships could provide a model of good practice - and help to prevent the risk of companies and charities reinventing the wheel – without limiting the opportunities for innovation and bespoke relationships. This should be grounded in the research of the Institute for Public Policy Research (IPPR) into the effectiveness of interventions that have been used to date to support those struggling to afford their energy bills. They have used this analysis to set out a series of principles that could be used to test the likely impact of any future planned joint initiatives. They should:

- make applying for support simple;
- be supplier agnostic;
- have no repay/tie-in mechanism;
- be quick to be made available;
- be supported by advice;
- make sure the right people are identified; and
- be comprehensive.129

A framework that helps companies and charities to understand the types of effective partnership that currently exist, and the principles underpinning them, could make it easier to identify opportunities for closer relationships and consider how they could be structured.

Another positive step could be a joint approach to funding schemes that provide support for customers in vulnerable circumstances, such as those that use Warm Home Discount funds, as a more effective method of maximising the impact of proven interventions while minimising duplication. From a customer perspective, if these programmes were offered across a range of suppliers it could inspire greater confidence to switch, safe in the knowledge that they would not lose this support. A pilot of this joint approach would enable companies and charities to evaluate whether this delivers a greater impact than is currently being achieved.

### Recommendation 20

Energy UK should facilitate a centrally coordinated effort to support third sector organisations to better understand how to engage with the energy sector, the support that is available from suppliers, and how this support can be accessed.

### Recommendation 21

Energy UK should explore the viability of a scheme for charities that enables them to access priority numbers for fast-track service from energy suppliers.

### Recommendation 22

Energy UK should establish a sector-wide framework to facilitate easier partnerships between suppliers and third/public sector organisations. This should include piloting an approach of joint funding by suppliers with the aim of identifying proven, effective initiatives that will create efficiencies and provide secure long-term funding for the services provided by these organisations.

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129 IPPR, The ‘not quite managings’: The depth of income crisis in the UK (April 2017)
Theme 6 The challenge of smarter energy

Customers in vulnerable circumstances should be major beneficiaries of the rapid changes taking place in the energy sector. Imminent moves to smarter energy systems, with the potential for more consumer control, could transform outcomes for customers in vulnerable circumstances in some of the main areas of concern, such as self-disconnection.

But it is also likely there will be downsides for vulnerable households. The transformation of the sector will undoubtedly complicate communications, and this risks excluding many other groups and individuals. We heard concerns that the energy sector is lagging behind some others in tackling this challenge, with only a handful of innovative developments in the pipeline for customers in vulnerable circumstances. In short, it seems that in the move to a smart energy system, not enough consideration is being given to the needs of different vulnerable groups.

Smart Energy GB informed us of the key benefits of the smart meter rollout for vulnerable households. These will equip customers with a clearer, visible picture of their usage and could help them to budget more effectively. This could help to solve a current problem with traditional meters highlighted by Glasgow City Council. They described how many of their residents on current pre-payment meters can be unaware of costs running up due to standing charges during the summer months even when they are not using gas.

So, when they top up their credit at the start of winter, they can receive a shock when much of it is swallowed up to pay off the standing charge. If these households can’t afford to add a further top-up straight away, they have an immediate problem. Smart technology could support customers in better understanding how the balance on their meter is changing during the summer months, and to budget accordingly.

Smart technology also creates opportunities for targeted advice and support. The NHS has already trialled using energy consumption data from smart meters, where consent is given, to improve monitoring of dementia patients. This enables medical staff to monitor patterns of energy use in order to identify any sudden changes in behaviour such as sleeping activity, which may be an indicator that a patient’s condition has worsened. For suppliers, the data available through smart technology is a major new resource to help them identify whether a customer is rationing their usage or has self-disconnected, and to be able to offer the right support accordingly.

CASE STUDY

EDF’s Howz connected homes solution lets families know that customers who are elderly or with additional needs are safe, warm and well, helping them to live independently for longer. The system measures a household’s electricity usage and combines this with information from a series of sensors that detect door movement, temperature and light levels in a person’s home to build up a pattern of daily behaviour. The system is mainly aimed at elderly people, typically living alone, to empower them to let their care network know they are safe, warm and well. It is marketed as a lifestyle rather than assisted living or health product, helping to avoid any stigma associated with vulnerability and to increase engagement.

EDF’s Howz Telecare System

UCL & Smart Energy GB, Energising Healthcare report (May 2017)
Sustainability First’s Project Inspire report illustrates a host of wider opportunities arising from smart technology. For example, smart pre-payment meters offer a range of options for topping up, not only making it much easier but also enabling family members or organisations to top up on behalf of customers in vulnerable circumstances. Chameleon Technology told us how the in-home display linked to a smart meter could inform a customer that they could be eligible for energy efficiency measures. A supplier could also use the display to send advice or links to support agencies, if they’re concerned a customer might be falling into debt or at risk of self-disconnection.

However, the move to a smart energy system may have certain risks that prevent vulnerable households from accessing its potential advantages. The economic benefits of the changes could be concentrated among groups with the resources or opportunity to access new technology. Customers in vulnerable circumstances may be left behind, and even see their prices rise as stakeholders seek to recoup lost revenue from savings made by other customers.

We have already seen evidence that customers in vulnerable circumstances are not front-of-mind when changes are being planned. A number of stakeholders have expressed concern that Ofgem’s approach to reforming network costs will disadvantage vulnerable households. It has been estimated that the proposed change to a fixed charge will result in one in four households with an annual income below £15,000 paying £38 extra per year.

One industry expert has concluded: “The impacts on low-income households should be a central consideration in the policy proposals, which they are not.” This would set a worrying precedent for future energy system reforms. The Government and Ofgem should ensure that the Future Energy Retail Market Review specifically considers how to ensure that the market works for customers in vulnerable circumstances.

A further risk is a lack of innovation with vulnerable households in mind. In particular, this was mentioned to us in relation to the challenge of identifying customers with a smart meter who may have self-disconnected. While the technology can provide new and valuable data, it only has a value if suppliers dedicate sufficient resource to analysing, and acting on, the themes identified through this data.

The advent of smart meters and consumer controls gives an opportunity to design new tariff structures that address the needs of particular kinds of vulnerable households. Time of use tariffs, for example, can be designed to benefit householders who seldom leave home and need fully functioning energy systems 24 hours a day, or those where carers attend at certain times of day.

“However, the move to a smart energy system may have certain risks that prevent vulnerable households from accessing its potential advantages.”

131 Sustainability First, Project Inspire Summary Report (September 2017)
132 Mail on Sunday, 3 March 2019
Sustainability First told us that more needs to be done to flag up the benefits of developing an effective support system for customers in vulnerable circumstances, and that there are only a handful of innovative ideas in development. We heard of the risk that some providers do not see a business case for investing in this customer group because they see these households as being likely to be costlier to serve.

Other organisations who focus on smart designs and innovation expressed similar concerns. Chameleon Technology felt that the energy industry has fallen behind in technological innovation and transformation compared to other sectors. Trilliant articulated that the rigid product design and service structures already in place have the effect of disadvantaging customers in vulnerable circumstances and should be challenged more.

The use of smart technology to identify and support customers who may have self-disconnected is an opportunity for energy suppliers to show their strength of commitment to vulnerable households, making sure they are clear beneficiaries of the smart energy transition. Self-disconnection is an appropriate litmus test of this commitment, due to the depth of concern about this issue and the potential impact of smart technology.

Indeed, we heard from many stakeholders that self-disconnection is one of their biggest concerns. Around 140,000 households have been unable to afford to top up their PPM in the last 12 months. 50% of PPM customers surveyed by Citizens Advice said that making sure their meter is topped up and connected is a prime daily concern. 88% of these properties included a child under the age of five or a person with long-term health issues.

A customer being left without power or heat for their home is the worst possible outcome, and everything possible must be done to prevent it. In the past two decades big strides have been made in tackling the issue of disconnections, which are now down to just a handful every year. Equally, self-disconnection is a huge concern because, while its impact is as severe as a disconnection, it is far more challenging to identify. What we know about the prevalence of vulnerability across the UK, combined with the grave risks to health and wellbeing associated with self-disconnection, means that it is hard to overstate the importance of this issue.

With the continuing rollout of smart meters, suppliers will be trialling and learning from new methods of identifying cases of self-disconnection, and supporting customers who have done so or who are at risk. This could transform our understanding of the scale of self-disconnection and the actions that can be taken to reduce it. It is important that this learning is shared across suppliers so that the access to an increased volume of data leads to the maximum possible benefits. A collaborative approach to sharing good practice and innovation in this area, and to demonstrating improvements in customer outcomes around self-disconnection, will help to address one of the most significant issues affecting customers in vulnerable circumstances, and to rebuild trust in the energy sector.

**Recommendation 23**

The Government and Ofgem’s Future Energy Retail Market Review should specifically consider how to ensure that the market works for customers in vulnerable circumstances.

**Recommendation 24**

Suppliers should develop and share innovative practices to monitor and tackle self-disconnection. As the smart rollout progresses, they should draw on their increased skills with using this technology, and improved understanding, to set a sector-wide target to reduce self-disconnection.
What we know about the prevalence of vulnerability across the UK, combined with the grave risks to health and wellbeing associated with self-disconnection, means that it is hard to overstate the importance of this issue.
One of the most consistent themes during our evidence gathering was the sheer number of people in the UK who are struggling to afford the basic costs of modern life. Since the financial crash of 2008, the average growth of household incomes has been just 0.1% per year, the first time for 150 years that the real value of wages has fallen over a period of 10 years. The rising cost of living in the past decade has taken place against the backdrop of a benefits freeze and increasing volatility in household income.

As a result, in a growing number of households, essential outgoings exceed their regular income. The IPPR has defined the circumstances in which a household has insufficient money even to pay for essential services as an “income crisis”. Between 2016 and 2017, more than 3 million households were unable to pay for at least one essential service. The Money and Pension Service has estimated that in 2017, 8.3 million adults in the UK were finding keeping up with their bills and credit commitments a “heavy burden”, or regularly missing monthly payments altogether.

This has resulted in 9 million people having to turn to credit in order to pay their basic household bills, with 1.5 million people using high-cost credit to do so. 600,000 people contacted StepChange for support in 2017 alone, with two in five of their clients in arrears on one or more household debts. Citizens Advice has seen similar problems and has described the phenomenon of people struggling with their household bills as “the new normal”. Household debt has overtaken consumer credit as the key money problem that people bring to Citizens Advice; this is particularly worrying as their debt clients are more likely to have mental health difficulties than clients in general. Furthermore, their clients with household debt issues are more likely to be in vulnerable circumstances than those in consumer credit debt.

The problems arising from the rollout of Universal Credit have only added to many customers’ affordability problems. Citizens Advice supported more than 30,000 people with over 48,000 Universal Credit issues in 2017. Their analysis showed that people who are moving onto Universal Credit are 1.5 times more likely to need help from Citizens Advice compared to those on a legacy benefit. Furthermore, the Trussell Trust has noted that after Universal Credit went live in an area, they recorded an average 52% increase in demand at local food banks one year later.

One of the most consistent themes during our evidence gathering was the sheer number of people in the UK who are struggling to afford the basic costs of modern life.
Debt advice charities described to us how the transition to receiving less frequent payments has presented significant budgeting challenges for some customers, who had been used to receiving smaller but more regular payments. Christians Against Poverty found that 46% of the people they helped had found it harder to manage their spending.\(^8\) Energy suppliers also cited how some customers were having to wait six weeks without any benefit payments, leaving them unable to pay their bills or top up their pre-payment meter.\(^9\)

There is a much wider debate to be had about who should support the most vulnerable households in our society, and the boundary between the role of the state and that of utility companies. The energy sector alone cannot solve this issue. But the reality of household affordability and fuel poverty has compelled us to outline some specific ways in which the energy sector and its regulatory framework can ameliorate the situation, as well as some areas which require wider government action.

**Ameliorative measures: debt management and debt collection practices**

Energy suppliers can take measures to make sure their approach to debt collection is reasonable, and informed by the realities of affordability. Customers struggling to pay their energy bill should expect to receive a level of understanding and support that recognises the prevalence of this issue. With the gig economy, zero hours contracts and a growing number of households on an unpredictable income, the importance of flexible payment schemes to accommodate short-term difficulties is greater than ever before.

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**CASE STUDY**

Support from the Customer and Community Liaison Team is available to any ScottishPower customer needing personalised guidance in relation to their energy account. The Team will visit customers in their home to provide each customer with bespoke advice and guidance designed to resolve any concerns or questions they may have about billing, metering, energy efficiency advice, and additional support or funding available to them. The aim is to ensure that customers most in need are offered appropriate advice relating to their home and energy account to ensure they are managing their energy in the most efficient manner.

ScottishPower’s Customer and Community Liaison Team

StepChange said that suppliers’ approach to debt management should be more focused on sustainable repayments that do not worsen hardship, such as by being more flexible on minimum payments for customers in arrears. Their response to our call for evidence asserted that people in arrears “get the right support and forbearance where providers show flexibility and discretion in how arrears are handled”.\(^10\)

In this respect, we strongly support the Government’s objectives in its policy consultation on Breathing Space.\(^11\) This would give someone in problem debt the right to legal protections from creditor action while they receive debt advice and enter into an appropriate debt solution. It would also enable them to enter a statutory agreement to repay their debts to a manageable timetable. People entering a plan would receive legal protections from creditor action for its duration.

We believe that this policy will provide valuable flexibility for customers in debt, helping them to take control of their finances and get them back on a sustainable footing. The energy sector has unique characteristics that will require careful consideration, but this is not an insurmountable challenge.

\(^8\) Christians Against Poverty submission to the Call for Evidence (May 2018)
\(^9\) Submissions from suppliers to the Call for Evidence (May 2018)
\(^10\) StepChange response to Call for Evidence (May 2018)
\(^11\) HMT Breathing Space Policy Consultation (January 2019)
With regard to debt collection practices, we found that in certain scenarios where a supplier obtains a county court judgement for a debt, the supplier can exercise the right to enforce the judgement through High Court Enforcement Officers (HCEOs). HCEOs, a type of bailiff, have significant additional powers, including the right to charge considerable extra fees. While the use of HCEOs to collect debt may be appropriate in some situations, it can cause significant detriment for customers in vulnerable circumstances.

Citizens Advice’s research has highlighted widespread poor behaviour by bailiffs, who are not subject to the scrutiny of an independent regulator. 144 This has included bailiffs refusing to accept affordable payment, misrepresenting their rights of entry, taking control of goods inappropriately and acting aggressively. Of particular concern is that one in five people contacted by bailiffs had seen them acting unsympathetically towards people with illnesses and disabilities. The impact of these encounters is often traumatic. 84% of people who had a negative experience with bailiffs reported that this had a lasting effect, with 70% stating it had led to increased stress and anxiety.

The Money Advice Trust highlighted to us that there are cases where HCEOs have been used by energy suppliers to collect debt from vulnerable households. In one case where the customer was vulnerable for health reasons, the fee charged by the HCEO outweighed the debt owed. In another instance, an HCEO was used to enforce a debt repayment from a bedridden customer. Given the evidence of poor practice among bailiffs, clearly suppliers need to take extra care over the use of court enforcement where the customer is in vulnerable circumstances, and should avoid the use of HCEOs in such situations.

In addition to improved debt management practices, energy suppliers should also recognise how they can help customers to maximise their incomes; for example, through partnerships and by signposting to relevant third-party services. We appreciate that this is not suppliers’ traditional domain, but the evidence of WarmZones,145, among others, shows that benefit entitlement checks, which can result in improving household income by several thousand pounds a year, can have a transformational impact on people’s lives – and may enable them to pay their energy bills on a sustainable basis.146

Recommendation 25
Suppliers should work with the Government to support the implementation of its Breathing Space proposals in the energy sector.

Recommendation 26
Suppliers should commit not to use High Court Enforcement Officers to recover debts where customers are in vulnerable circumstances.

Recommendation 27
Suppliers should have processes in place to assist customers in maximising their income, for example, through developing partnerships and signposting arrangements with third parties to deliver benefit checks.

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144 Citizens Advice, A law unto themselves: How bailiffs are breaking the rules (November 2018)
145 WarmZones evidence to the Commission (August 2018)
146 The average gain secured per household by WarmZones was £4,000-£5,000 per annum
**Social Tariffs, Warm Home Discount (WHD) and price caps**

The Warm Home Discount is now the primary regulatory intervention into tariff structures aimed at benefitting vulnerable fuel poor households. Under the WHD, the largest suppliers in Great Britain provide price support for low-income and vulnerable households, typically through an annual winter electricity bill rebate of £140. This rebate can help to alleviate some of their affordability pressures. However, both National Energy Action\(^{147}\) and the Government itself\(^{148}\) have highlighted that these rebates could be better targeted at those who are most at risk of fuel poverty. It is essential that the financial support available for customers is tightly focused on those who need it most.

The Government has also previously committed to considering how it could improve targeting by using the new data matching powers under Part 5 of the Digital Economy Act.\(^{149}\) The use of these powers has the potential to make a real difference in better reaching those in, or at risk of, fuel poverty. We believe there is a clear benefit in making better use of government data (with appropriate data sharing and privacy safeguards) to enable more accurate targeting of fuel poverty support to those most in need.

Accordingly, we fully support promoting better data sharing in the design of the WHD scheme, building on existing data matching arrangements to target WHD Core Group rebates.

**Recommendation 28**

The UK Government should build on its previously proposed reforms to the Warm Home Discount and promote better data-sharing in the design of the scheme.

We believe suppliers can do more to ensure that customers in vulnerable circumstances, particularly those in debt, are on tariffs that appropriately meet their needs. Suppliers should also work with Ofgem and Government on the development of longer-term targeted price support.

Prior to the introduction of the WHD in 2014, some of the six largest suppliers had – with the encouragement of Government and Ofgem – introduced some form of social tariff or special tariff for particular vulnerable groups.

It is now time for the industry and Ofgem to revisit this issue. Under the requirements of the Domestic Gas and Electricity (Tariff Cap) Act 2018, we also note that Ofgem is required to consider whether there are any categories of domestic customers for whom protection against excessive charges should be provided once the current Default Tariff Cap is lifted.\(^{150}\) With this in mind, at the appropriate time, we would urge both industry and Ofgem to carefully consider the case for a social tariff to either complement or replace the WHD and support particular groups of financially vulnerable consumers with their energy costs. Any such tariff should be supported by government-supplier data sharing arrangements to ensure support is targeted at those identified as being most in need.

**Recommendation 29**

Suppliers and Ofgem should re-examine the case for the introduction of a social tariff for particular groups of financially challenged and vulnerable customers. This would ultimately involve regulatory prescription – to be imposed after the end of the current Default Tariff Cap.

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147 NEA evidence to the Commission (August 2018)
148 UK Government, Cutting the cost of keeping warm: A fuel poverty strategy for England (March 2015)
150 Domestic Gas and Electricity (Tariff Cap) Act 2018
Cross sectoral regulation and policy

Issues of affordability and indebtedness arise from, and impact, bills for a range of basic services. They are not just issues for the energy suppliers. Housing, water, telecoms and financial services are all also affected.

Yet the way in which these services are provided, paid for and regulated differ widely. The question of a single regulatory model/regulator is one for another review\textsuperscript{151}; however, in the short-term greater cohesion between regulators is desirable.

To this end, we welcome the ongoing work of the UK Regulators Network (UKRN) and the ‘promoting fairness for all consumers’ theme of their 2018-19 work programme.\textsuperscript{152} We consider that the UKRN has a vital role to play in sharing knowledge and understanding of the needs of consumers in vulnerable circumstances across markets and improving levels of services.

**Recommendation 30**

UK regulators should continue to support the work of the UKRN, promoting positive outcomes for customers in vulnerable circumstances across sectors.

\textsuperscript{151} The Government’s National Infrastructure Commission is currently undertaking a study into what ‘future changes’ may be required to ensure regulation of the energy, telecoms and water industries supports investment and innovation.

\textsuperscript{152} UKRN, Strategy and Forward Work Programme for 2018/19 (May 2018)
Energy Efficiency

The cheapest energy is the energy you don’t use. When looking at the issue of affordability, the energy efficiency of customers’ homes is therefore crucial.

Over the past two decades, supported by government policy, we have seen significant improvements in the energy efficiency of households. In 2015, domestic energy bills were on average £490 lower than they would otherwise have been, due to energy efficiency improvements since 2004.153

However, there is still much more to do. The Committee on Fuel Poverty’s Third Annual Report notes that in England alone, if the Government is to meet its interim 2020 fuel poverty target, a further £1 billion of investment in energy efficiency is required, over and above the current ECO3 programme. The Committee also notes that meeting England’s statutory 2030 fuel poverty target “will require a step-change in the focus of energy efficiency programmes on fuel poor homes”.154

With this in mind, we found the absence of a government-funded energy efficiency programme in England to be particularly concerning, especially given the wider benefits that it would bring.

Energy efficiency measures for domestic households help to lower bills, improve comfort levels and reduce carbon emissions, as well as alleviate strain on the health system by preventing illnesses resulting from colder homes.155

Both Scotland (Home Energy Efficiency Programme156) and Wales (NEST157 and Arbed158) have publicly funded energy efficiency programmes, in addition to ECO, supporting customers in, or at risk of, fuel poverty.

Recommendation 31
The UK Government should introduce a government-funded national energy efficiency scheme for England, to help customers reduce their bills and heat their homes.

“... We found the absence of a government-funded energy efficiency programme in England to be particularly concerning, especially given the wider benefits that it would bring."

154 Committee on Fuel Poverty, Third Annual Report (November 2018)
158 Arbed am Byth, Helping to warm homes across Wales, Available at: http://arbedambyth.wales/ (Accessed May 2019)
A combination of technological, market and societal changes make the next few years a critical period for customers in vulnerable circumstances in the energy sector.
4. Next steps

A combination of technological, market and societal changes make the next few years a critical period for customers in vulnerable circumstances in the energy sector. The recommendations we are making will need to be adopted urgently.

To that end, we believe energy suppliers should commission an independent review 18 months from now, in order to evaluate the progress that has been made, identify where further action is still required, and develop a framework of future proofing for our proposed changes so they will be resilient and sustainable in a rapidly changing energy environment.

We look forward to engaging with all stakeholders in order to discuss and further develop our findings and recommendations.
Annexes

- Annex 1: Vulnerability Code of Conduct
- Annex 2: Evidence
- Annex 3: Bibliography and further resources
- Annex 4: Good practice from suppliers
Annex 1: Vulnerability Code of Conduct

The protections currently in place with regard to vulnerability are primarily reactive measures to prevent specific issues being repeated. A gap exists for a forum that encourages proactive measures to drive up standards for customers in vulnerable circumstances. There is also a need for a visible trusted brand that will help customers in vulnerable circumstances to select a supplier with greater confidence.

The industry itself needs to demonstrate leadership in driving up standards beyond the minimum protections set by Ofgem. It is suppliers who have the deepest understanding of the needs of their customer base. It is in their gift to articulate how outcomes for customers in vulnerable circumstances should change for the better, and to proactively share innovations and good practice that will support the delivery of this change. Energy suppliers tackling this issue individually, rather than collectively, is unlikely to lead to the sustained improvement in outcomes across the sector that is required.

We outline below the principles that should underpin a new voluntary code, and summarise the key areas of activity that it should cover in line with the findings of our report.

Principles

1. The code must have teeth in order to fulfil the objective of acting as a trusted brand to help customers in vulnerable circumstances to select a supplier. This means that it will need to be independently monitored, for example through mystery shopping, theme-based reviews or challenge panels involving consumer advocacy groups. There is much still to be learned in how to support vulnerable households and no supplier will be perfect in this area. It should be clear, however, that all signatories are working towards a more ambitious vision of support for customers in vulnerable circumstances than their licence requires.

2. In order to have legitimacy, it must be informed by feedback from customers in vulnerable circumstances, or advocates acting on their behalf.

Areas of Activity

- Self-disconnection;
- Identification and support of customers in vulnerable circumstances;
- Communication channels;
- Debt management and collection.
Annex 2: Evidence

The following organisations gave verbal evidence and presented to the Commission:

- Age UK Gateshead
- Chris Fitch – Vulnerability Lead, Money Advice Trust
- Citizens Advice
- Citizens Advice Extra Help Unit
- Citizens Advice Scotland
- CLIC Sargent
- Community Action Northumberland
- EDF advisers and staff
- Energy Saving Trust
- Gas Distribution Networks
- Glasgow City Council
- IPSOS Mori Scotland
- Money and Mental Health Service Wales
- National Energy Action
- npower Bereavement Team
- npower Fuel Bank
- Ofgem
- Smart Energy GB
- South Seeds
- Speakeasy
- StepChange
- Sustainability First
- WarmZones
- Welsh Fuel Poverty Coalition
Call for Evidence responses

The following organisations gave us written evidence in response to our Call for Evidence:

• Age UK
• Auriga Services
• Bristol Energy
• Built Environment Asset Management (BEAM) Centre, School of Engineering and the Built Environment, Glasgow Caledonian University
• Centre for Consumers and Essential Services (CCES), University of Leicester
• Centre for Energy Policy, University of Strathclyde
• Centrica
• Chameleon Technology
• Christians Against Poverty
• Citizens Advice
• Citizens Advice Scotland
• E.ON
• EDF Energy
• Energy Action Scotland
• Energy Saving Trust
• Equiniti
• Gas Distribution Network
• Glasgow City Council
• Greater London Authority
• Gregory Pennington Ltd
• Huntswood
• Keep Me Posted
• Macmillan Cancer Support
• Money Advice Service
• Money and Mental Health Policy Institute
• National Energy Action
• npower
• Octopus Energy
• Ovo Energy
• Post Office
• Recite
• Resolver
• Rural Services Network
• Scope
• Scottish Power
• Seventy20ten
• Smart Energy GB
• Smart Metering Implementation Programme
• South Seeds
• Spark Energy
• SSE
• StepChange
• Sustainability First
• TMA Data Management
• Trilliant
• UK Power Networks
• Utilita
• West Yorkshire Fire and Rescue Service
Annex 3: Bibliography and further resources

We used the following publications and further resources to help inform our findings and recommendations:


British Gas, September 2017, ‘Cancer-struck families offered energy bill support as CLIC Sargent and British Gas team up in partnership first’. Available online at: https://www.britishgas.co.uk/media/r/1451/cancer-struck_families_offered_energy_bill_support


C. Fitch, January 2019, ‘Identification strategies, disclosure environment, and support needs’

Campaign to End Loneliness Research Hub, Accessed May 2019, Available online at: https://www.campaigntoendloneliness.org/loneliness-research/


Committee on Climate Change, October 2016, Next steps for UK heat policy. Available online at: https://www.theccc.org.uk/wp-content/uploads/2016/10/Next-steps-for-UK-heat-policy-Committee-on-Climate-Change-October-2016.pdf

Competition and Markets Authority, June 2016,' Energy Market Investigation: Final Report'. Available online at: https://assets.publishing.service.gov.uk/media/5773de34e5274a0da3000113/final-report-energy-market-investigation.pdf

Competition and Markets Authority, December 2017, ‘Heat networks market study’. Available online at: https://assets.publishing.service.gov.uk/media/5b55965740f0b6338218d6a4/heat_networks_final_report.pdf


Ofgem, January 2013, Guidance for gas and electricity licence applications. Available online at: https://www.ofgem.gov.uk/ofgem-publications/59439/supplementaryappendix2-guidanceforgasandelectricityapplicationspdf


Personal Finance Research Centre and University of Bristol, November 2016, Paying to be poor: uncovering the scale and nature of the poverty premium. Available online at: https://www.bristol.ac.uk/media-library/sites/geography/pfrc/pfrc1615-poverty-premium-report.pdf

Populus (for Ofgem), September 2017, Results of research on unreliable switching. Available online at: https://www.ofgem.gov.uk/system/files/docs/2017/09/consumer_research_unreliable_switching.pdf


Sustainability First, September 2017, ‘Project Inspire Summary Report’. Available online at: https://www.sustainabilityfirst.org.uk/inspire

The Electricity and Gas (Energy Company Obligation) Order 2018


UKRN, October 2017, ‘Making Better Use Of Data To Identify Customers In Vulnerable Situations: A Follow-Up Report’. Available online at:


Which?, November 2018, ‘Energy survey results’. Available online at: https://www.which.co.uk/reviews/energy-companies/article/best-and-worst-energy-companies/which-energy-survey-results
Annex 4: Good practice from suppliers

Much of the foregoing has reflected criticism of the energy companies’ performance in relation to customers in vulnerable circumstances. We wish to emphasise that in our inquiry we also came across some good examples of initiatives by suppliers to improve provision and react to the problems of vulnerable households.

We want to highlight in this Annex the following examples that were presented to us as good supplier practice. Suppliers were also invited to submit examples they thought merited inclusion. This is by no means an exhaustive list of every example out there, but we believe it provides a good overview of positive actions by suppliers.

**British Gas & CLIC Sargent partnership**

In 2017 British Gas launched the first referral partnership with children’s cancer charity CLIC Sargent. Every day in the UK, 11 children are diagnosed with cancer, and in many cases one or both parents will give up work to care for their child. In turn, this frequently results in debt problems. On average families with a child suffering from cancer spend an extra £600 a month – mostly on travel, food and clothing – as well as living on decreased incomes as a result of missing work. When children are being cared for at home their energy usage also goes up, with more washing to be done, more heating being used, and often medical equipment to run.

British Gas estimates that each year, among their customers, around 1,000 families will have a child or young person under the age of 24 diagnosed with cancer. CLIC Sargent has unequalled access to those families, as the NHS refers them to the charity’s social workers as soon as they have a diagnosis. Under their new referral partnership, CLIC Sargent refers all families served by British Gas to a specialist team. This team will then provide personalised support for that family, which includes: helping them review the energy efficiency of their home, maximise their income from benefits and other sources, ensure they are on the right tariff/payment type and, if necessary, arrange a fast-track grant from the British Gas Energy Trust to purchase energy efficient appliances and clear any arrears.

**npower Fuel Bank**

In 2015, in response to concerns regarding self-disconnection by prepayment meter users and the problems this causes, npower developed their Fuel Bank concept. In partnership with the Trussell Trust and situated within a number of the trust’s existing food banks, the aim is to provide two weeks’ worth of emergency support to prepayment meter users. Crucially, the customer does not have to be an npower customer to use the service. This model was piloted with the Trussell Trust, National Energy Action and Durham Christian Partnership, before rolling out to additional locations.

Users follow a five-step process to access help:

1. A person in crisis is identified by professionals, such as GPs, health visitors or People Advice advisers, and given a voucher which refers them to a foodbank.
2. The customer takes their voucher to the food bank and receives a food parcel. At the same time, if they are on a prepayment meter for electricity or gas, they will be given a top-up voucher if they need one with a value of £49 in winter and £30 in summer.
3. npower will provide a code to the fuel bank on the same day as the voucher is issued. The food bank then gets in touch with the user to provide them with the code. The user does not need to be an npower customer.
4. The recipient is then able to use their npower Fuel Bank code in a shop with a PayPoint machine, where it can be used to top up their gas and/or electricity at no cost.
5. They can then use their prepayment meter as usual.

Since the scheme was launched it has helped over 165,000 people, 94% of whom were in an energy crisis. There are currently 129 Fuel Bank centres, and of the customers who have used them, 40% have felt an improvement in their mental health and 44% have noticed improvements in their physical health.
npower Laundry Bank

The npower Laundry Bank aims to remove the stark choice between eating and washing clothes by gifting energy efficient washing machines and dryers to schools, community centres and food banks, and the energy to use them.

Through npower’s work supporting some of the most vulnerable households, they could see an increase in people sacrificing washing clothes to ensure that they kept their families fed. npower’s Fuel Bank programme provides emergency heat, light and power to those people who are going without, and their Laundry Bank is a similar concept: it provides free or low-cost community laundry facilities that support people when they most need it.

Having funded a similar scheme at a food bank on the outskirts of Greater Manchester, npower has just launched the next Laundry Bank within the UK and is in the process of setting up in three further locations. These are focused on support within schools and school-linked community centres, to really help focus support for struggling families and children who need immediate help.

Utilita’s Extra Care Team

Utilita won an award as part of Sustainability First’s Project Inspire, which recognised innovation in assisting vulnerable customers. The accolade was won by their Extra Care Team, which specialises in supporting vulnerable customers. The award was specifically for the support provided to vulnerable households through tailored discretionary credits. Where a customer is unable to top up due to financial reasons, they can get help through a discretionary credit amount to their meter. This is added as a debt on the meter and repaid using a proportion of future top-ups. This percentage can be varied according to the customers’ ability to pay and it can also be suspended for a period of time, allowing the customer valuable breathing space.

ScottishPower Prepayment Voucher Scheme

Under this scheme, the ScottishPower Hardship Fund awards small value grants (up to £49) to help PPM customers who are either at risk of self-disconnecting, or have already, and cannot afford to top up their PPM. Initially, ScottishPower worked with local partner agencies near Glasgow such as food banks to help support customers who are in fuel poverty or hardship and have been unable to top up their prepayment meters.

The agencies were expanded to include CABs, fuel debt advice agencies and food banks, who identify customers who are eligible for an award as part of the support offered by those agencies. Payment of an award voucher is recommended to the Fund administrator and a code is sent to the customer’s mobile phone to enable a prepayment top-up and put them on supply. This works alongside the existing traditional support via remote token issue (RTI) of credit, provided by their service agents when a customer tops up insufficient funds and risks going off supply.
**OVO Emergency Boost**

OVO has recently implemented a service where their Pay-As-You-Go+ (PAYG+) customers can obtain discretionary credit using the OVO PAYG app. This offering is under the brand of Boost and the service is called Emergency Boost.

Boost customers can find themselves in their 24hr Emergency Credit period but can’t afford to top up for a few more days. Previously, OVO had only been providing discretionary credit over the phone, but they have now released Emergency Boost, which is a way for PAYG+ customers to self-serve up to £30 of discretionary credit in the Boost app.

This is a very recent feature, but in its first week around 1,000 customers used Emergency Boost. When a PAYG+ customer using the Boost app is in their Emergency Credit period (i.e. their balance is below zero), they are then presented with an option to get an ‘Emergency Boost’. Customers can opt to receive up to £30 discretionary credit, which they then repay at a standard rate of £0.75 per day.

The customer is recommended an amount of credit based on their current balance, when they can next top up and their average energy spend over the last week - up to a maximum of £30. If this is unlikely to last as long as they need it to, they then see a message informing them of this in the app. They are provided with contact details if they need to discuss their options with an agent.

Once the customer has confirmed the discretionary credit amount, the repayments will start the following day. If their debt balance is under £30 and they go into their Emergency Credit period again, then they are presented with an option to extend the discretionary credit, up to a maximum debt of £30. In the future, the process will be expanded to give those customers who want to clear their debt as soon as possible the ability to repay all or part of the debt balance at any point.

**Bristol Energy's Hub**

The Bristol Energy Hub is a welcoming customer service point and community events space. Every customer can enjoy face-to-face, accessible customer service and support to better manage their energy and save money. The Hub offers customers the opportunity to ask questions about bills, switching and energy efficiency advice. Located in the centre of Bristol, it provides people with new ways to engage with energy by holding entertaining and informative events, which can reach people who might not have considered or felt comfortable picking up the phone or going online to ask for information.

The Hub reached more than 10,000 people in its first year, building brand awareness and encouraging people to switch and save money. Those who have visited the Hub have praised the opportunity to have a face-to-face conversation with a supplier and reach a quicker resolution to their queries. It also offers a free events space for community groups and local charities that share the company's social values, and was recognised by Sustainability First’s Project Inspire as an excellent example of improving access for vulnerable customers.
British Gas Dementia Friends

Over 850,000 people are living with dementia in Britain today, and British Gas estimates that at least 100,000 of their customers will be living alone in their own homes with dementia. In 2015, the company therefore decided to accept an invitation from the Prime Minister’s Dementia Challenge Group to become one of 10 leading corporates committed to modelling what it means to be fully dementia-friendly.

As part of this initiative, British Gas created a bespoke Dementia Friends module, working with the Alzheimer’s Society in England and Wales and with Alzheimer Scotland. In their Customer Service functions this is delivered by team leaders and supervisors, who deliver a short preparatory training module. In other areas of the business the sessions are delivered by one of British Gas’s network of over 50 Dementia Champions, and in the field, team leaders deliver them using tablet devices during team talks.

The sessions are highly interactive and involve periods for discussion and debate. British Gas decided to deliver Dementia Friends through this participatory route to ensure the highest quality outcomes (whereas some organisations have adopted more of a light touch approach by running films on plasma screens in the background in contact centres, for example). British Gas has delivered the programme through formal investment time, but no employee is forced to become a Dementia Friend at the end of their session; it remains entirely a matter of personal choice. To date over 21,000 of British Gas employees have become Dementia Friends.

As a result of their work, British Gas was asked by the Prime Minister’s Dementia Challenge Group to lead the creation of best practice guidance for the whole of the utility sector, including water and communications as well as energy. British Gas has invited other energy companies, such as E.ON, UK Power Networks and National Grid, to join the working group, along with companies such as BT, Talk, Severn Trent Water and Wessex Water. This guide was launched in February 2018.

E.ON’s Care and Assessment Tool

E.ON has an award-winning tool, recognised as such by Sustainability First, to help advisers recognise and record vulnerable circumstances. This then enables advisers to offer customers services that are relevant to their situation. In addition, it can be used to identify weaknesses in staff training and to develop tailored vulnerability products.

The Care and Assessment Tool (CAST) is intuitive, easy to use and designed specifically to help advisers recognise vulnerabilities. It presents advisers with services that are relevant to customers’ circumstances in order to offer and discuss them. The tool has search tags, tailored prompts and questions, and provides social support information. The tool has built-in reviews, to check customer information is up to date, and the system can be easily updated and reconfigured as understanding of vulnerability grows.

Where customers consent to their data being shared with other industry organisations such as distribution network operators (DNOs), it will send the details on to them. This helps these third parties to prioritise in the event of power outages and emergencies and allows them to service the customer’s needs. CAST also flags to an adviser that a customer may be experiencing payment difficulties based on changes in the customer’s behaviour, and helping to have conversations about ability to pay that a customer may not raise for themselves.
SSE and Energy Action Scotland – Aiming Beyond Cancer

SSE are working in conjunction with Energy Action Scotland on a project called ABC (Aiming Beyond Cancer). This project provides heating systems and a range of white goods to consumers who have received a cancer diagnosis on Orkney and the Western Isles. The project is set to deliver over 50 new heating systems and over 70 white goods. Many of the people supported by this scheme are often living in very cold homes that are off the gas grid, while they receive their treatment for cancer. This treatment takes place on the mainland and requires travel which is often disruptive and prolonged. Due to their remote location it is often difficult for them to replace broken heating systems or white goods, due to the costs of getting the necessary items and expertise to their homes.

British Gas Friends Against Scams

In 2018 British Gas began rolling out the Friends Against Scams programme to their employees. This programme from Trading Standards aims to drive awareness of what a scam is, and how to best support victims and potential victims of scams. Similar to the British Gas Dementia Friends programme, it is being rolled out through a network of champions through both face-to-face sessions and through online learning. As scams get increasingly more sophisticated, greater numbers of vulnerable people are at risk of being targeted by this criminal activity. British Gas believe that with their network of engineers and frontline contact centre staff, they will be well positioned to identify scam victims and provide the necessary signposting and support.

ScottishPower’s Hardship Fund

Since 2015, ScottishPower’s Hardship Fund has assisted individuals and households who are suffering from financial distress or hardship. Priority is given to those with chronic or debilitating illnesses or conditions, or where there are quality of life issues within the household; this includes people with mental illnesses, or patients who depend on electricity for their treatment, and those on ScottishPower’s Priority Services Register. The Hardship Fund helps those who have been unable to pay ScottishPower and have built up arrears. Customers are encouraged to apply to the independent administrator of the Fund for an award.

In the two years since inception, ScottishPower has made awards to over 5,000 customers who have applied to the Fund for help. Each of these customers will have received free debt advice as well as having a fresh start with ScottishPower by having their arrears reduced or cancelled. They will also have had a tariff and payment plan check to make sure that they are on the most suitable arrangement for them. Additionally, for 2016, all applicants were offered energy efficiency advice and a benefits check by the independent administrator.
EDF’s Howz Telecare System

EDF’s Howz connected homes solution lets families know that customers who are elderly or with additional needs are safe, warm and well, helping them to live independently for longer. The system measures a household’s electricity usage and combines this with information from a series of sensors that detect door movement, temperature and light levels in a person’s home to build up a pattern of daily behaviour.

The system uses statistical principles and machine learning to identify unusual activity or trends. This includes predictive analytics and knowledge of frailty and functional decline to give an early warning of trends that could develop into a serious situation. It alerts the person’s care network, whether family, health care professionals or social workers if the user’s normal routine is broken, and enables them to use information to inform any assistance they give. The householder can select with whom they share the information.

The system, which is easy to set up and is unobtrusive, is mainly aimed at elderly people, typically living alone, to empower them to let their care network know they are safe, warm and well. It is marketed as a lifestyle rather than assisted living or health product, helping to avoid any stigma associated with vulnerability and to increase engagement.

ScottishPower’s Customer and Community Liaison Team

Launched in 2016, support from the Customer and Community Liaison Team is available to any ScottishPower customer needing personalised guidance and support in relation to their energy account. The focus is predominantly on customers in the most vulnerable circumstances to access support on metering and billing issues. The team is a dedicated resource of experienced and knowledgeable staff with a firm focus on helping customers. The Team will visit customers in their home to provide each customer with bespoke advice and guidance designed to address/resolve any concerns or questions they may have about billing, metering, energy efficiency advice, and additional support or funding available to them. The aim is to ensure that customers most in need are offered appropriate advice relating to their home and energy account to ensure they are managing their energy in the most efficient manner.

The Community Liaison Team continues to be asked by third party agencies (for example, the Citizens Advice Bureau) to support them with their client issues. There is also a constant stream of requests to present the role of the Community Liaison Team to their staff, and at events that focus on vulnerability. This leads to lending direct support to CAB, Money Advice and local agencies on a continual basis across England, Scotland and Wales, making over 600 visits per month.
Octopus and accessibility

Following Home Office guidelines, Octopus has made all of its digital communications accessible to the highest standard recognised by the World Wide Web Consortium. They are optimised specifically for customers with low vision, deafness, dyslexia, anxiety, for those on the autism spectrum and for those using screen readers. As a result, Octopus has found that customers prefer using screen readers to Braille letters. Customers also have the option to change the background colour and font size of their communication through their online account.

Octopus has also recognised that people who experience anxiety can struggle to use unfamiliar sites; therefore they have designed a Facebook chat sign-up process. It asks all the same questions as Octopus's website, but allows customers to sign up in a more familiar and informal setting. They can also contact the company's Energy Specialists for support through social media platforms, email or the Octopus app.

Customers who are in vulnerable circumstances can also get help managing their energy account from friends, family or carers, by adding another user to their account. This additional person has the option also to receive communications and they can help to manage the account online, or by calling.

npower's Macmillan Fund

npower is working in partnership with Macmillan Cancer Support, writing off debt and capping fuel bills for people living with cancer. This enables npower customers who are going through cancer treatment, that makes them feel the cold, to keep warm without worrying about their bills. For two years they know exactly how much they will pay, based on the old measure of fuel poverty (10% or less of their income after paying their rent or mortgage.) The referrals are handled at npower by a small specialist team, trained and experienced in speaking to customers in vulnerable circumstances, and the scheme has been worth over £6 million to Macmillan/npower customers since 2010.

British Gas and the Children’s Society – Young Care Leavers

The Children’s Society has worked with British Gas to put together a report highlighting some of the challenges that young care leavers face when managing their energy. This is especially important as there were 37,710 care leavers aged 17-21 who were supported by local authorities in England in 2017. Based on research with young people who have recently left care, the report brings to life lived-experiences and offers some key insights. Crucially, the report has recommendations to better support young people in navigating their energy and wider utility responsibilities.

The report has been shared with stakeholders interested in energy and wider utilities, and who have a shared passion for doing things better for people in vulnerable circumstances. With “Young Adult Householder” being a more recent addition to the Priority Services Register, the report provides insight into the challenges young people face when living independently for the first time.
SSE was the first energy company to introduce video translation through SignVideo. This enables deaf or hard of hearing customers who use British Sign Language (BSL) to communicate with SSE in their language of choice by making and receiving BSL interpreted calls in real-time. This supports customers who have hearing problems by providing them with a level of customer service equivalent to what they would receive through any other channel.

Around 150,000 deaf and hard of hearing people in the UK communicate through BSL, which is distinct from English, and for some BSL users English is not their language of choice. This means that using online chat or email can therefore be a huge barrier. Customers who are deaf sometimes need to rely on help from a third party to deal with their affairs – but this can take away a sense of personal responsibility, making the customer feel less able. Even for those who are comfortable with English this offers a more natural conversation than alternatives such as text box, type talk, emails, social media and webchat.