Treating vulnerable consumers fairly;  
A proposed guide for phone, broadband and pay-TV providers  

CAP’s official response to Ofcom’s consultation  
September 2019
Christians Against Poverty (CAP) welcomes Ofcom's proposed guide on treating vulnerable customers fairly. As a national debt counselling charity, CAP has been helping people in debt and poverty for over 23 years. On a daily basis we support people who are struggling in financial hardship, often battling additional difficulties, such as mental ill-health, bereavement or relationship breakdown, and who have consequently stopped engaging with their creditors and service providers. With our experience of supporting vulnerable people, we are pleased to be able to feed into this latest consultation.

In recent years, CAP has worked with other government regulators, such as Ofgem and the FCA, on the topic of vulnerability, and over this time we have seen much progress and development of their approaches. We are pleased to see the communications industry stepping into this sphere and it is encouraging to see that the proposed guide has built on what has already been established in other sectors, and is therefore a commendable piece of work. The content of the guide is in-depth and, if followed, will bring about better treatment of vulnerable customers. However, CAP is concerned that, due to its status as a guide, communications providers may not adhere to the suggestions.

In other sectors we have seen regulators play a more active role in the introduction of fair treatment of vulnerable customers, whether this is using regulatory powers for disciplinary action, league tables, ‘Dear CEO’ letters or publishing examples of good and bad practice. The sentence in the consultation that reads, ‘This consultation document suggests measures providers could adopt to help ensure they treat vulnerable people fairly’ risks firms failing to pay adequate attention to their responsibilities. We believe Ofcom should do more to encourage firms to adopt these guidelines by using its regulatory power. The FCA, for example, has overarching Principles which contain rules and guidance ensuring firms adhere to the high level Principles.

Ofcom’s Fairness for Customer Commitments, whilst a good initiative, lists commitments that firms have the option to sign up to and therefore can disregard. We would like to see more emphasis from the regulator to ensure that firms are treating vulnerable customers fairly, making it a regulatory requirement.

Lastly, CAP would like to thank Ofcom for its recent developments in the vulnerability sphere and appreciates the opportunity to feed into this proposed guide. CAP would also like to offer its support and feedback for any further work in this area - contact details can be found at the end of this response.

Paula Stringer
UK CEO
1. Do you have any comments on Ofcom’s proposal to publish a guide to help providers treat vulnerable customers fairly?

CAP welcomes Ofcom’s proposal to publish a guide to help communications providers treat vulnerable customers fairly. Over recent years, CAP has worked with other regulators to help establish or improve the fair treatment of vulnerable customers. As a debt counselling charity, CAP sees many vulnerable adults who struggle to engage with their suppliers and creditors. As many as 82% of CAP clients were afraid to open the post and 76% were afraid to answer the phone before contacting CAP for help.

In comparison to other sectors such as energy and water, the communications industry has a way to go when it comes to the fair treatment of vulnerable customers. This is why CAP welcomes the move from Ofcom to bring in a guide to help providers address the current high level of detriment for vulnerable customers.

The customer journey is challenging to navigate if someone is vulnerable. Firstly, understanding which product, service or contract to purchase can be confusing, particularly when sales teams are working to sell add-ons and packages. The length of contract - often 24 months - is a long time, during which personal circumstances can change and there is very limited flexibility for change once someone has committed. Customers will often face financial detriment if they want to cancel a contract, which can exacerbate financial difficulty. If customers fall into debt, communications providers will often quickly pass these debts to collection agencies, which negatively impacts credit scores. Many people face confusion when it comes to the end of a contract, taking out a new one and not realising the previous one still needs to be paid. For some vulnerable customers, the loyalty penalty sees customers taking out cheap new deals and then paying substantially more after the first year. These are just a few examples of detriment faced by CAP’s clients.

Phones and internet connection are becoming essential in today’s society. This is why flexibility, different tariffs, cheaper rates and affordability are all important aspects to consider in improving the service provided to vulnerable clients.

Whilst it is clear that there is harm currently occurring in this sector, the question is whether this guide will help to alleviate it. In order to successfully generate change in the way vulnerable customers are treated, firms need both to understand how they are causing harm and to be compelled to change. They also need to ensure that the contents of the guide filter down into the everyday running of the business. Change can either be achieved through a shift in culture – which can take time - or using regulatory pressure.

More needs to be done to ensure that firms improve their treatment of vulnerable customers. CAP would like to see Ofcom take a more active role in this and bring in a rule to ensure that firms adopt this guide to improve their current practices.
2. Do you have any comments on the suggested measures set out in sections 3-7? Please set out your comments on each section separately.

Establishing and publicising policies

Whilst it is important that senior staff buy-in to the focus on vulnerability, CAP suggests that Ofcom are explicit that the responsibility for fair treatment of vulnerable customers sits at board level. Responsibility being placed at board level requires firms to consider vulnerable customers in all elements of the business, ranging from product/service design to customer service.

There should also be some way to measure the progress made by firms. Approaches could include introducing competition and publishing a league table, such as in the water industry, or introducing regulatory or reputational incentives for firms. The five yearly review of business plans in the water industry also encourages water companies to make plans to increase and improve provision and support for their vulnerable customers. These business plans are scrutinised and approved, which ensures that companies reach the standards the regulator requires. It would also be helpful to highlight both good and bad practice for firms to learn from each other.

It would also be helpful to see firms publishing what support they offer, and providing a central place for this information to be stored. This would help organisations supporting customers to quickly identify what help is available across the sector. For example, in the water industry the Consumer Council for Water’s website publishes details of each social tariff and the additional help schemes water companies offer, and Auriga publishes an annually updated Help with water and energy bills guide.

Treating vulnerable customers fairly

CAP welcomes the suggested proposals in this section of the guide. There are clear challenges when it comes to identifying vulnerable customers, which translate across sectors. However, these challenges can be tackled through training, product and service design and improved customer service, for instance. Vulnerable customers’ touch points with services cannot be exclusively limited to specialist teams and therefore customer service across the board is key to their experience. Customers need to have easily accessible touch points, enabling customers to help take responsibility for and resolve their problems. Getting customer service right in the good times will build trust with customers, which will aid in identifying and supporting customers in times of difficulty.

If firms identify that a customer is struggling to pay a contract or has fallen into arrears, there should be an automatic conversation detailing what support can be offered and who they can contact, for example. Details of support should be found across communication channels, including text and letters. Companies should have vulnerability policies that details the firm’s approach to supporting people in vulnerable circumstances and what they offer in terms of accessibility and financial support, such as payment holidays or braille bills. Help must be both accessible and flexible.

As a national debt counselling charity, CAP welcomes Ofcom’s suggestions on debt. Debt can debilitate households, pushing people into isolation and hopelessness. From CAP’s research, 37% of CAP clients considered or attempted suicide as a result of their debts. If a customer has a communications debt, it is likely they have more debts; CAP clients have 12 debts on average. CAP supports the proposal that firms should give customers time to seek help and also signpost them to debt advice. However, CAP would like to see an improvement in how communications providers work with debt advice agencies. CAP Advisors find it difficult to get through to speak to telecommunications collections teams, many of these companies do not have adequate third party authority processes in place. In other sectors, firms often have a special third party contact point in
place that third parties can use in order to avoid long wait times and have a productive conversation with a call handler who understands the role of debt advisors. This is something Ofcom should introduce in the communications industry.

CAP would also like to see communications providers offer greater flexibility and understanding to customers who are struggling to afford a contract. As mentioned in Ofcom’s definition of vulnerability, customers may experience isolation if they are unable to stay in touch with friends or family. What is more, without access to a phone, it can become even more difficult for people to engage with creditors and communicate that they are in financial difficulty. Providing payment holidays, offering reduced tariffs or offering forbearance are all examples of good practice, which would benefit customers in financial hardship.

Recording information
As previously mentioned, it is a challenge to identify and encourage disclosure of vulnerability. However, firms should have systems in place for call handlers or frontline staff to capture such data and store it in an easy-to-access place, within the limitations of GDPR law. It is also worth noting that vulnerable customers may not self-identify as vulnerable and therefore expert training to frontend staff is crucial.

In the communications industry customer service teams are often based offshore, which can create challenges and barriers for vulnerable customers. Calls can be scripted and provide limited flexibility for vulnerable customers, not allowing call handlers to adapt to offer a resolution. What is more, the context of UK vulnerability, debt and poverty will differ from a developing country’s cultural and economic context, which may impact the level of empathy and understanding offered by call handlers. Whilst some firms may try to limit the impact by bringing vulnerability teams back to UK shores, this will not help those customers who do not self-identify as vulnerable.

Monitoring performance
This section was also welcomed by CAP, ensuring that customer service continues to improve and that staff skill sets are developed. Working with customers and consumer groups is another way in which firms can develop their products, services and customer service in order to better cater for the needs of the most vulnerable. One energy company designed a customer challenge group, bringing in customers to share their stories with senior leadership. This helped to bring a human face to consumer issues, and meant that senior staff could better understand who their vulnerable customers are and their needs.

CAP would like to see Ofcom conducting research to gather feedback from consumers on an annual basis, setting their own questions to generate comparable results and then publishing their findings. It would also be beneficial to host consumer representative stakeholder groups, and to gain feedback from third parties who represent vulnerable consumers. This already happens in the energy, water and financial service industries.

Staff training
Staff training is another important element in ensuring the fair treatment of customers in vulnerable circumstances. The challenge with frontline call centres is often the high turnover of staff, and therefore it is crucial that onboarding training is extensive when it comes to identifying and encouraging disclosure of vulnerabilities.
Requests for further information

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Christians Against Poverty (CAP) is a nationally recognised charity that works with over 600 churches to help the most vulnerable out of poverty across the UK. The services provided offer both practical and emotional support, are completely free and are available to all, regardless of age, gender, faith or background.

Through a network of almost 300 CAP Debt Centres, CAP offers a free face-to-face debt counselling service, with advice and ongoing support provided from head office.

CAP has also expanded to tackle more causes of poverty. To this end, CAP now operates Job Clubs, Fresh Start groups to tackle life-controlling dependencies, and Life Skills groups to empower members with the essential skills and support they need to live on a low income.
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