

## CONSUMER FOCUS AND CONSUMER FOCUS POST POLICY ADVOCACY

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### 1. ACCOMPLISHMENTS SINCE LAST BOARD MEETING

1.1 Key areas of achievement since the last Board meeting are as follows:

#### 1.2 Energy

##### Debt and Disconnection

1.2.1 We launched our report on self-disconnection, *Cutting back, cutting down, cutting off*. We have arranged a summit on 29<sup>th</sup> September with the CEOs of the big six energy companies, the ERA and Ofgem to ask the suppliers to sign up to five key commitments to improve pre-payment. Meanwhile we have produced guidance on helping consumers who are affected by self disconnection which has been sent to MPs and Consumer Direct, as well as being used by the Extra Help Unit and uploaded onto the knowledge base.

##### Effective energy markets

1.2.2 Customers began receiving new Annual Statements (one of the Ofgem probe remedies) on 1 July. The statements are designed to help consumers to switch supplier and reduce consumption. We analysed and ranked all suppliers' statements and then contacted companies asking them to address deficiencies and adopt best practice. The ranking was used in an exclusive with BBC Breakfast. We have received feedback from most suppliers, stating that they intend to work towards adopting our good practice suggestions.

1.2.3 We met DECC to discuss Coalition plans to add further information to energy bills – the lowest available tariff and comparative energy usage (e.g. comparing a consumers usage with similar properties in their area). We have also provided DECC with options for the implementation of the new energy checklist, an obligation under the EU third package.

1.2.4 All of these initiatives will be covered in a billing summit with suppliers and the ERA which is scheduled for early October. The outcome of this, along with the findings of our research into the information customers need to change behaviour and participate effectively in the market, will be fed into the Energy Bill team at DECC.

1.2.5 We sent feedback on micro-business terms and conditions to all business suppliers outlining concerns and asking for improvement. We have achieved a number of notable wins in this are already with a number of suppliers agreeing to adopt our best practice recommendations. All suppliers have committed to review their terms and conditions and one has already begun this as a consequence of our letter and recommendations. We are in process of introducing new changes to our website to provide information to non-domestic consumers to help them navigate the market more effectively and make better informed decisions.

1.2.6 Following our work with Trading Standards to encourage suppliers to adhere to No Cold Calling Zones and respect customer signage about cold callers, we have had another direct selling issue. Ofgem announced an investigation into the sales practices of four of the Big Six (npower, SSE, ScottishPower and EDF Energy). This kicked off a joint

campaign to advise consumers and collect evidence of misselling through a Consumer Direct hotline.

- 1.2.7 We provided the Belgian Council Presidency with comments for the Presidency Paper being drafted as a basis for discussion at the informal EU energy ministers meeting in September. Also, in preparation for the 2010 Citizens' Energy Forum in October, we provided input into the Commission paper on retail energy market design.

### **Smart metering**

- 1.2.8 The publication of the Government's summer prospectus on smart metering in July indicated that our campaigning and partnership work in this area is bearing fruit. DECC/Ofgem adopted many of our proposals. A full briefing note will be provided to the Board for the next meeting. Interim 'wins' include:

- Commitment to a systematic review of consumer protection including around remote disconnection and remote switching, and also with regard to data protection and privacy;
- Mandating prepay functionality as standard in all new smart meters, gas as well as electricity. This should help to cut bills and improve customer service for millions of prepayment meter consumers. It should also increase payment choice for all energy consumers;
- Free provision of a standalone display to all consumers at the point of installation, despite extensive lobbying against by industry. This should ensure that all households, regardless of income, have access to real-time information on how much energy they are using in pounds and pence.

- 1.2.9 In continuation of our lead role at EU level on smart meter roll out and smart grid development, we attended the European Smart Grids Task Force Steering Group, and subsequently prepared the BEUC response to the reports and recommendations prepared by its three working groups. We also responded to the European Commission's consultation on measures to ensure transparency and integrity of energy wholesale markets. We represented European consumers at the European Energy Efficiency Forum in July.

### **Smart grids pilot**

- 1.2.10 We have been in discussion with two Distribution companies around their bids for smart grid pilots under the Low Carbon Networks Fund (LCNF). If successful, we will have advisory roles in the projects to ensure consumer needs are effectively represented. We have given a wider commitment to get involved in any of the winning bids to influence the development of best practice customer service and communications around the installation of the smart meters, and consumer protections which could be shared with other networks and suppliers. We also think this will provide us with unique insight into the customer experience of new tariffs, including time of use and remote management of appliances, which could help us ensure that we push for an appropriate regulatory framework as well as encouraging the development of necessary tools and information that consumers need to access the best deal for them.

### **Microgeneration**

- 1.2.11 Consumer Focus has taken up DECC's invitation to join the Steering Group for the Government's new Microgeneration Strategy, and is taking an active role in the Advice and Information and the Quality Working Groups.
- 1.2.12 We published a factsheet for consumers and advice agencies to provide advice on the 'free solar panels' services that are emerging in the market following the implementation

of feed-in tariffs, and have received positive feedback from industry and consumer advisors.

- 1.2.13 We have taken up places on the Steering Group for the Microgeneration Certification Scheme (the standards scheme behind the feed-in tariff scheme) and on the Appeals Board for the related consumer assurance scheme.

### **Green Deal**

- 1.2.14 Consumer Focus met with the Minister responsible for the Green Deal, Greg Barker MP, to hear his vision for the market and to set out our initial concerns. A separate briefing has been prepared for the Board.
- 1.2.15 We have completed an internal review of the potential consumer journey, and are in the final stages of drafting our input to DECC on consumer assurance; the governance framework; and the content of the property survey and subsequent consumer advice. An invitation to tender has been issued for related consumer research.
- 1.2.16 Consumer Focus was the consumer representative in a delegation from the Existing Homes Alliance to DECC, presenting interim findings from a stakeholder review of potential barriers to the rollout of the Green Deal.

## **1.3 Post**

### **Post office banking**

- 1.3.1 Meetings to progress our Post Office banking work in light of the Coalition agreement have taken place with the BIS Shareholder Executive, HM Treasury Financial Inclusion unit, and the Chair of the LINK Financial Inclusion Committee, which promotes inclusive access to free-to-use ATMs. We continue to work closely together on options to secure LINK ATM access for the 4 million Post Office Card Account holders, who currently rely on PO counter access or Bank of Ireland ATMs to access their cash.

### **Impact of Postal Services Bill on PO network**

- 1.3.2 We have met with officials from the BIS Shareholder Executive to feed into their planning for the forthcoming Postal Services Bill, and to underline the importance of effective safeguards for PO consumers in the likely event that RM Letters is partly or fully privatised. It will be important that the impact of any structural or group changes should not restrict the potential of Post Office Ltd (POL) to pursue its commercial objectives or maintain the integrity of its branch network.
- 1.3.3 We have written to BIS to confirm the potential implications of the Bill for the funding of Consumer Focus' work on the mail market and post office network, including our s16 CEAR requirements to monitor the number and location of post offices.

### **Devon County Council funding support**

- 1.3.4 Consumer Focus has played a key role in ensuring that a local authority grant scheme to support rural post offices is extended for a further two years. We submitted evidence to Devon County Council drawing on forthcoming research into the effectiveness of a grant scheme introduced by the Council following the 2008 post office closure programme.
- 1.3.5 Our submission was able to endorse the Council's scheme, which is supporting 16 post office shops in communities that otherwise are likely to have lost the post office and attached retail store, often the last in the village. The Council's support package

combines direct financial assistance with specialist consultancy support to diversify the businesses and improve their viability in the long-term. CF research into the scheme, and the wider impacts of post office closures and the community response across Devon, is scheduled to be published in November.

### **Code of Practice review**

- 1.3.6 As part of the Code of Practice covering changes to the post office network, which BIS mandates Consumer Focus to operate in conjunction with Post Office Ltd, we commit to undertaking annual reviews to ensure the Code is fit for purpose. The Code of Practice sets out POL's responsibilities to communicate and consult with consumers in the event that changes are proposed to an individual branch.
- 1.3.7 We have recently commenced the first review of the Code, and are making good progress in securing a number of additional safeguards to ensure consumer detriment is minimised in the event of service interruption, particularly Outreach services. We are also seeking more effective notification arrangements for consumers in the event of extended periods of service interruption or the temporary closure of branches.

### **Camelot application of offer bill payment services**

- 1.3.8 The National Lottery Commission has issued a preliminary ruling that it is minded to reject Camelot's application to offer bill payment services through the National Lottery network, but is consulting further before its final decision on the application in the Autumn. Given that 4,300 post office provide National Lottery services, and because it was widely anticipated that Camelot may look to partner with Post Office Ltd to develop a joint product offer, the result of this consultation is of direct importance to post office consumers and prepayment customers in particular.
- 1.3.9 Following our submission to the NLC consultation, colleagues from the Energy and Community and Public Services team have been meeting with the major bill payment providers to determine their next steps. It seems probable that Camelot may seek to take further action if the NLC determines that the application should be fully rejected.

### **Hooper Review & Postal Services Bill**

- 1.3.10 We submitted a written paper to Richard Hooper and met him. It is likely that he will report to government in the first half of September and that his findings will not differ substantially from his 2008 report. A new Postal Services Bill is expected shortly thereafter.

### **Research into consumer needs from the postal USO**

- 1.3.11 We continue to make good progress with this joint research with Postcomm, which is being carried out by TNS-BMRB. The pilots for the large-scale quantitative aspect of this work allowed us to refine the questionnaire methodology and content, and the face-to-face and telephone interviews with residential and SME consumers are now complete. These were designed to explore the current and unmet needs of consumers from the USO using both a questionnaire and trade-off technique in which respondents chose between different versions of possible postal services. We have also started discussions with TNS-BMRB on the scope and focus of the analyses. Preliminary findings from the quantitative work are expected by early September, with a final report due in October. We are planning to jointly publish this report with Postcomm in November.

## **Response to Postcomm consultation on regulatory reform**

- 1.3.12 We have now responded to Postcomm’s consultation on their review of reform of regulation of the postal sector, a draft version of which has been circulated to the Board. In our response we called on Postcomm to provide effective regulation and evidence-based decision-making; more specifically we welcomed Postcomm’s call for increased cost transparency from Royal Mail, but expressed our reservations about several proposals that we felt were not supported by the evidence presented.

## **Research into First Class Mail between Northern Ireland and Great Britain**

- 1.3.13 Launch of the report “First Class Mail...next working day service?” on the 25<sup>th</sup> August, which investigated the performance of first class mail, in both directions, between Northern Ireland and Great Britain. This was picked up mainly by Northern Ireland media including the BBC’s Good Morning Ulster, and BBC Newsline TV bulletins and other media sources. This research will be used to pursue Royal Mail and Postcomm to achieve more transparency around their quality of service results and encourage consumers to think about the time-sensitivity of their mail before choosing the more expensive first class mail service.

## **Cross-border mail research**

- 1.3.14 Following the publication of the “Cross-border Post” study earlier this year, which investigated the performance of cross-border mail between Northern Ireland and the Republic of Ireland, Consumer Focus Post met with the influential Joint Secretariat of the North South Ministerial Council which has agreed to work with us to procure Northern Ireland Ministerial support to ensure this issue and the pursuance of our recommendations, is placed on the Council’s cross-border mobility agenda.

## **1.4 Financial services**

### **Payday lending**

- 1.4.1 We launched ‘*Keeping the plates spinning*’ our report into the payday lending market and the experiences of payday loan users. The report achieved extensive media coverage, appearing on the main television channels, as well as national and regional radio and being featured in many national newspapers. SNP MP Stewart Hosie subsequently issued a supportive statement about the report. The report called for better safeguards for consumers taking out payday loans, including a limit of five loans or rollovers per household per year, and for the banks to make better alternatives available to the customers. We have been liaised with the Centre for Responsible Credit over the report and we will be continuing to work together over this issue. We have also met with the Consumer Finance Association, the representative body for payday lenders to discuss working together to take forward our recommendations. We have also had contact from both social lenders and payday lenders wanting to engage with us over this issue.

### **Vulnerable consumers**

- 1.4.2 We have been involved in initial discussions and a subsequent workshop with the OFT in relation to their Mental Capacity project, aimed at providing guidance to creditors in how to deal appropriately with borrowers who may lack mental capacity. We will continue to contribute to this project as the proposed guidance develops.

## **Regulation**

- 1.4.3 We met the FSA to discuss its new conduct of business strategy, the authorisation process and responses to the regulation inquiries. We are due to meet senior FSA staff soon to discuss the shape of the new Consumer Protection and Markets Authority.
- 1.4.4 We have had an initial meeting with BIS on its review of consumer credit, to input into terms of reference; and we have co-ordinated a number of meetings of consumer stakeholders to determine consistent priorities.
- 1.4.5 We have submitted a number of consultation responses, most notably to the OFT on barriers to entry and BIS on the Consumer Rights Directive's provisions on unauthorised overdraft charges.

## **1.5 Communications/digital**

- 1.5.1 We have responded to key sector consultations on the proposed new Code of Practice for premium rate services regulator PhonepayPlus, and Ofcom's consultation on proposals to tackle abandoned and silent calls. The latter response continues Consumer Focus' involvement in this issue, following our campaigning that was highlighted in Early Day Motion 1188 in March 2009. We have been actively engaging with BIS and Ofcom in relation to the implementation of the EU Telecoms Package and have had discussions with Ofcom on the early stages of its plans to auction new two new radio spectrum bands, due to take place by the end of 2011.
- 1.5.2 Both Digital and International teams have been feeding into the net neutrality debate, with Hannah Bullivant and Jillian Pitt taking part in an Ofcom roundtable on consumer transparency with Ofcom officials and industry representatives.
- 1.5.3 We have been engaged in media activity in response both to Ofcom's research on the widening gap between advertised speeds and actual speeds consumer receive as well as the Virgin consumer research on the same subject.
- 1.5.4 We submitted an extensive response to the Ofcom consultation on the draft initial obligations code (which is to implement the notifications stage of the Digital Economy Act) as well as meeting with BIS officials to discuss our numerous concerns, particularly that Ofcom has not made the required provisions on standard of evidence, that the grounds for appeal have not been implemented as required by the Digital Economy Act, that it does not provide for public intermediaries such as libraries and universities (which provide internet access to millions of consumers), and that it does not make adequate provisions for wifi networks. We are preparing for Secretary of State Jeremy Hunt to make the order on cost (split of cost between ISPs and copyright owners, and possible appeals fee for subscribers), and Ofcom's response to the draft initial obligations code consultation in September. We expect to issue public media responses on both in September if the decisions made are to the detriment of consumers, and we will do parliamentary work for the cost order.
- 1.5.5 We have met with the CEO of the Intellectual Property Office, and separately his officials, to develop a strategy on copyright and have started to engage with BIS on the development of its copyright framework reforms. We are also in the process of finalising joint research with the Music Managers Forum into digital music services, licensed and unlicensed which will be published in September and will detail our proposals for reforms of the UK copyright licensing system, to support an innovative market in digital content that responds to consumer demand, and so reduce the use of unlicensed services by consumers.

- 1.5.6 Following our participation in the OECD workshop in June, we inputted into the Civil Society Information Society Advisory Council comments on the OECD's Committee for Information, Computer and Communications Policy paper on the role of internet intermediaries in advancing public policy objectives.

## 1.6 Fair markets

### Consumer rights / law

- 1.6.1 We met with the Law Commission who recognised that our report 'Waiting to be Heard' published in 2009 and which called for a private right of redress under the Unfair Commercial Practice Directive, was the catalyst for BIS's referral of the matter to the Law Commission. The Commission is now looking at how the complicated landscape and rules around the *Law of Misrepresentation* can be simplified. The Law Commission are speaking to various key stakeholders on this huge piece of work and they hope to publish a report in February. Their report will reference all the materials used to write our report, the research and the legal analysis.

### Super-complaints

- 1.6.2 We have been carrying out research on a possible super-complaint on trail commission being paid to IFAs for personal private pensions.
- 1.6.3 We continue to develop a pipeline of possible further super-complaints. Issues presently under consideration include the charges paid by leaseholder who have bought property that was formally owned by local or social housing providers, where the Fair Markets team is working closely with Consumer Focus Investigations, and aspects of the operations of credit rating agencies. We will provide an update to the Board once we have made further progress.

### Consultation responses

- 1.6.4 We responded to the Better Regulation Executive's informal call for evidence on the Local Better Regulation Office. We also responded to the European Commission's consultation on the proposed revision of the EU General Product Safety Directive, and we wrote to UK MEPs on the lead European Parliament committee dealing with the Consumer Rights Directive outlining our main concerns and seeking meetings.

## 2. CHALLENGES RUNNING UP TO NEXT BOARD MEETING

### 2.1 Regulation

- 2.1.1 We will be contributing to the recently-announced reviews of Ofgem and Ofwat.

### 2.2 Energy

- 2.2.1 We will continue to challenge companies on the application of back billing regulations and are drawing up a formal referral to Ofgem on the matter.
- 2.2.2 We continue to work with industry on our proposed new company performance metric. We are also hoping to finalise the proposed changes to our accreditation scheme for online price comparison, the Confidence Code.

### 2.3 **Postal services**

- 2.3.1 The outcome of the updated Hooper Report and the draft Postal Services Bill will be published and Consumer Focus will engage on the implications for consumers of the Bill details at both a policy and public affairs level.

### 2.4 **Reports**

- 2.4.1 We will shortly publish a report on advertising to children on the internet, timed to coincide with a speech by Philip Cullum at a conference on marketing to children and their parents
- 2.4.2 We are also finalising a number of others reports, including those on current account switching and consumers' experience of the small claims court.