

# Empowering consumers in vulnerable positions

## Interim draft report

### 1. Introduction

Consumer Focus, Citizens Advice and Citizens Advice Scotland have been asked by the government to: *'consider and advise on how they, local and central Government and other organisations could help empower the very vulnerable as consumers'*.<sup>1</sup> The request follows the publication of *Better choices: Better deals*<sup>2</sup> by the Department for Business Innovation and Skills (BIS).

*Better Choices: Better Deals* details changes in consumer empowerment that would not have been possible a decade ago. New technologies have allowed consumers to find and compare goods and services as well as campaign to change corporate policies. *Better Choices: Better Deals* suggests the future holds the potential for consumers to use, for their benefit, the data that companies keep on them as well as unite together to collaborate to get better deals.

This new power of consumer in the 'Age of the Customer' is characterised by companies having an *'obsession with understanding, delighting, connecting with, and serving customers.'*<sup>3</sup>

But that is not every consumer's experience. Many people are not empowered in the market place. They can't choose or access essential products and services suitable for their needs or cannot do so without disproportionate effort/cost/time.

Lack of the 'empowering' tool of the internet is one reason why people can't get the best deals.

- Nearly 9 million (8.7) UK adults have never been online<sup>4</sup>
- Cable broadband is available to 48% of UK homes, but only 23% of homes in Wales<sup>5</sup> and only 14% of homes in rural areas of Scotland
- Only 53% among those aged 65 to 74 say they use the internet and only 25% of those aged 75 and over<sup>6</sup>
- The number of low income households with internet access has risen over the years but still only 55% of UK adults on a low income said they use the internet in 2011, which is far below those in the ABC1 category (89%)<sup>7</sup>
- Internet use among disabled people in the UK is 58% in 2011 - well below the average.<sup>8</sup>

But there are also different attitudes to the internet. Of those UK adults not intending to get the internet, 11% cite cost as their main reason but 47% cite a perceived lack of interest. Among non-users, 'proxy' use of the internet by someone else on their behalf stands at 21%.<sup>9</sup> Consumer Focus research among low income consumers identified other concerns as well, such as usability, online safety and security, the risks of excessive use, and of the internet being a time waster.<sup>10</sup> Difficulty of use, access and the plethora of passwords also act as a disincentive to use the internet.

But even when the internet is available, using it for shopping and finding the best deals needs a bank account and invariably the use of credit cards and direct debit. It is estimated that every year people who do not have internet access pay an extra for £560 essential services.<sup>11</sup>

But the problem is not necessarily simply solved by getting a bank account. Research for the Financial Inclusion Taskforce<sup>12</sup> found that the newly-banked saved between £125 and £215 per year on utility payments. But this was offset by an average annual loss of £140 in bank penalty charges, which meant that 19 per cent of those on the lowest incomes stopped using their accounts.

This lack of internet access, fear of bank charges and a desire to keep control of budgets deter millions of households from getting the cheapest on line-direct debit deal for energy. In addition, buying major purchases with expensive credit options and paying more for other vitals like insurance means this annual 'poverty premium' can, according to Save the Children, amount to over £1,280 for a typical low-income family.<sup>13</sup>

BIS asked Consumer Focus Citizens Advice and Citizens Advice Scotland to 'undertake a review to identify the groups of people, and the types of transactions, where more help and support for the most consumers in vulnerable positions in society could make the greatest difference.'

We undertook detailed research<sup>14</sup> into essential transactions, arranged a series of roundtable discussions with organisations, particularly those in the voluntary and community sector and ran a series of focus groups<sup>15</sup>. One of the clear messages that came through was that people's circumstances change and anybody can become vulnerable at any time for example through job loss or bereavement. We can't simply divide society into 'vulnerable groups' and the rest.

What was also clearly apparent was that our focus needs to go beyond individuals and individual solutions. We must recognise that the policies and practices of service and product suppliers in different markets can heavily influence the choices available, the decisions people make and the extent people are in vulnerable positions. People 'choose' more expensive energy, loan or purchase deals because it is the only real option available for them. People in debt need the support of advice agencies because they are poorly treated by the companies they owe money to. Understanding the inter-action of these factors is critical in finding practical solutions.

The round table discussion with other organisations helped us prioritise the issues we looked at and make some hard choices. So, although income clearly has a major influence over choice and decisions made, we have not focused on this or issues like benefit take up etc. Neither have we focused on essential commodities like food or clothing or goods that feature in people's spending like leisure and alcohol and tobacco. Our first step was to focus on transactions that were cross cutting – like communications and banking - and services like utilities that involve contractual relationships with private companies.

Despite the work of regulators, government departments, advice agencies and consumer bodies, millions of consumers are still in detriment every year. This is not just through rogue trading but as a result of structural problems, market and regulatory failure and the behaviour of some of the country's best-known organisations.

In this report we suggest an initial plan of action that takes account of personal circumstances and people's decision making options as well as emphasising how the removal of company and organisational barriers could prevent people being forced into vulnerable positions.

## Key actions

It might be assumed that as more people in vulnerable positions gain access to the internet they could develop more leverage and, force companies to respond to their needs. After all, this is what other consumers have been doing to get the best deals from suppliers and change company policies. And, to some extent, is what has started to happen in relation to another pillar of sustainable development – environment protection.<sup>16</sup>

We could cite numerous examples of where companies, under consumer pressure,<sup>17</sup> have started to develop environmentally sustainable policies but many fewer where social justice policies have been worked into a company's DNA. There is a British Standard 18477 that specifies procedures for ensuring services are available to all consumers equally, regardless of their personal circumstances. But even though it helps companies comply with the European Unfair Commercial Practices Directive (UCPD) few companies appear to have adopted the standard.

Our research has convinced us that empowering consumers at a disadvantage and in vulnerable situations is going to need the development of tools that are available to consumers to fairly engage with the market. It also needs a sea change in the way companies supply goods and services and behave towards consumers in vulnerable positions.

### Consumer tools

Our proposals draw on those two converging groups of actions. The first group of actions is creating bespoke 'empowering' tools for consumers in vulnerable positions – like mobile phone banking, data matching, data dialogues with companies, benefits from smart metering. But also ensuring technologies are accessible to disabled people. We would also like to see Citizens Advice, Consumer Focus and Trading Standards develop a bespoke *What's best for me* data and information source to empower consumers in a vulnerable position and change the behaviour of companies.

### Company behaviour

In looking at essential transactions the poor quality of service came across time and time again. People we spoke to wanted to be treated with respect and not, for example, need to get an advice agency or their parents (in the case of young people) involved before they were treated reasonably. That leads us to the second group of actions which is nudging companies to change their behaviour. We suggest behaviour change could be driven by encouraging the take up of BS 18477 and using the forthcoming Consumer Bill of Rights to reinforce consumer rights and company responsibilities.

### The poverty premium

A key cross cutting transaction issue is the poverty premium. It is difficult to see how people - particularly those on low incomes - can acquire power in the market place if they can't avoid paying premiums for essential services – for example can't get the best energy deal because they can't get online/use direct debit etc.

### The third sector

In the middle, between the company and the consumer, is the third sector. Time after time we have found the voluntary and community sector and the social enterprises getting involved in the market

because it recognised that consumers in a vulnerable position were not being properly served and we indicate third sector initiatives throughout this report.

## **Action**

### **Companies to adopt BSI standard BS 18477**

BSI standard BS 18477 encourages companies to identify and respond to consumer vulnerability and tackle issues such as providing responsible business practices and accessible systems. It specifies procedures for ensuring that services are available and made accessible to all consumers equally, regardless of their personal circumstances. We recommend that the adoption of BS 18477 becomes a feature of government procurement and BIS runs a business focused campaign to encourage the adoption of the standard. It is recommended that BIS, Consumer Focus, Citizens Advice and Trading Standards instigate a 'road show' with government ministers to meet chief executives from companies and drive interest in the standard to encourage companies to become social leaders.

### **Consumer Bill of Rights**

The government proposes to introduce a Consumer Bill of Rights to consolidate, clarify and strengthen the consumer laws. Consumer Focus and Citizens Advice strongly recommends that the consultation on the bill – which is expected in spring 2012 – includes proposals to improve the rights of consumers in vulnerable positions. It should include recognition that people's circumstances change and anybody can become vulnerable at any time and 'vulnerability' cannot be simply applied to fixed groups of consumers.

### **The Poverty Premium**

We recommend that BIS and the Cabinet Office lead a cross department strategy to end the poverty premium. People – particularly those on low incomes - can't acquire power in the market place if they can't avoid paying premiums for essential services.

We recommend that where different charging policies are found not to be justified, the appropriate government department or regulator should take action. Where there is an accountable justification for the premium, because it is found to be truly cost reflective, government is to work with companies, regulators and consumer bodies to find ways of ending the premium.

### **Action – *What's best for me* and new technology**

We recommend that Consumer Focus and Citizens Advice look at the potential for providing bespoke market information to empower consumers in vulnerable positions and explore how new technology can reduce the risk of vulnerability in the market place. We recommend that Consumer Focus, Citizens Advice and Trading Standards:

- Develop the '*What's best for me*' data base that pulls together information – collected from consumers and the third sector – on actions they have taken, innovative ideas and good and bad practice by companies. The use of this information from trusted organisations has the potential to empower consumers in vulnerable positions and put them on the same footing

as other consumers. It also can be presented to companies to develop and change their behaviour.

- Promote the *What's best for me* empowerment tool for consumers in vulnerable positions using the internet, social networking tools and mobile phone communication and hand outs in voluntary and community sector organisations.
- Report on the potential for developing mobile phones for empowerment – through the development of mobile phone banking, voice reading of documents and other opportunities
- Look at the opportunities for consumers in vulnerable positions to:
  - use the My data initiative and a 'data dialogue' for consumers to have their wishes recognised - for example not to be offered credit cards
  - be protected from irresponsible sales by developing socially responsible use of personal data by companies
  - develop the potential of data matching.
- Ensuring the roll out of smart metering by utility companies is beneficial to consumers in vulnerable positions by:
  - empowering consumers by providing information on energy and water use
  - opening pre payment to a competitive market
  - providing the opportunity to get bespoke support when meters are installed.
- Ensuring that technologies – both new and existing - are accessible.

This project will engage with utility, financial and mobile phone industries as well as forward thinking, technically minded, creative entrepreneurs.<sup>18</sup>

### **Learning from the third sector**

The voluntary and community organisations and social enterprises have been drivers in empowering consumers. Consumer Focus and Citizens Advice will probe the way the third sector has been able to empower consumers in vulnerable positions. The investigation will see how the third sector has been able to add social value and what business and the voluntary and community sector can learn from each other.

This will:

- look at the traditional role of providing advice, support and advocacy to see how it allows individuals to build confidence and empower individuals to be self-reliant
- identify where there is a need for third party intervention/advocacy
- see how the third sector and the social economy can empower vulnerable people - for example housing associations offering debt advice and access to credit etc
- investigate how peer support could be developed to empower consumers in vulnerable positions
- learn from local partnerships to create comprehensive sign-posting services across local areas

But it would also see how organisations in the social economy:

- benefit consumers
- raise funds
- can change the market place and, the behaviour of companies.

## 2. Identifying vulnerability

Consumer Focus and Citizens Advice were asked to *'identify the groups of vulnerable people'*

Research has identified a range of conditions and circumstances which increase the risk of a person being – or becoming – vulnerable which may be multiple in nature. These include:

- Lack of self-confidence
- Low literacy, numeracy and/or financial capability
- Low/insecure income
- Being unemployed
- Being responsible for high levels of care for another person
- Having a physical impairment
- Having mental health problems
- Living in social rented housing
- Living in a lone parent household<sup>19</sup>

But we need to recognise that vulnerability can be long-term in effect or it can be a dynamic state which affects some consumers at different periods of time – like unemployment, or bereavement. Take Emma<sup>20</sup> who was in full-time employment for a large multi-national company. When she broke her leg in an accident she was no longer able to work, and as she was on a short term contract was suddenly without a wage or salary and started to get into debt.

Another young woman we spoke to suffered from Graves' disease. When she became pregnant the complications meant she was unable to continue working. She was signed-off from work, but with minimum levels of sick pay. High fuel bills helped contribute to quickly escalating debt problems.

In a different context was Vera, a pensioner who lives at home and is in receipt of a self-directed support budget to help provide daily care services. In relation to income and care support Vera would not describe herself as vulnerable at the moment, but as she acknowledged that in time her needs will become more intense, and so her risk of vulnerability will no doubt increase.

People's circumstances change and anybody can become vulnerable at any time

So rather than seeking to identify groups of 'vulnerable consumers' it is important to recognise that society is not simply divided into 'vulnerable groups' and the rest.

And in a report for Consumer Focus, George and Lennard Associates<sup>21</sup>, emphasise that vulnerability can be caused by external factors such as an organisations' actions or the nature of certain markets.

The policies and practices of different markets, services and provider organisations heavily influence to what extent people are vulnerable as consumers. Understanding the inter-action of these factors is critical in finding practical solutions.

Some 'markets' can force nearly everyone into vulnerable positions. Take Mary who did not consider herself a vulnerable person, but when she needed to apply for power of attorney (POA)

for her husband, neither she nor her adult son could navigate the complexities of administration to achieve the PoA, and she temporarily gave up the task, and was left completely disempowered in managing their shared affairs. {chk}

This approach, which recognises the dynamic and relative nature of vulnerability and the role of markets and services, is becoming widely accepted and this is the approach we have adopted here and this is how we have defined consumers in vulnerable positions.

*'People who cannot choose or access essential products and services which are suitable for their needs or cannot do so without disproportionate effort/cost/time'.*

As the BIS/Cabinet Office report *Better Choices: Better Deals* states:

*'Government has traditionally avoided defining a 'vulnerable' consumer as we can all be vulnerable at different stages of our lives or depending on the type of goods and services we are purchasing.'*<sup>22</sup>

BSI's new standard on *'Inclusive service'* defines vulnerability as:

*'The condition in which a consumer is at greater risk of mis-selling, exploitation or being put at a disadvantage in terms of accessing or using a service, or in seeking redress'.*<sup>23</sup>

Similarly Citizens Advice has stated:

*'Vulnerability should be identified through understanding risk factors, awareness of behavioural triggers, and a recognition of the potential barriers cause by existing systems.'*<sup>24</sup>

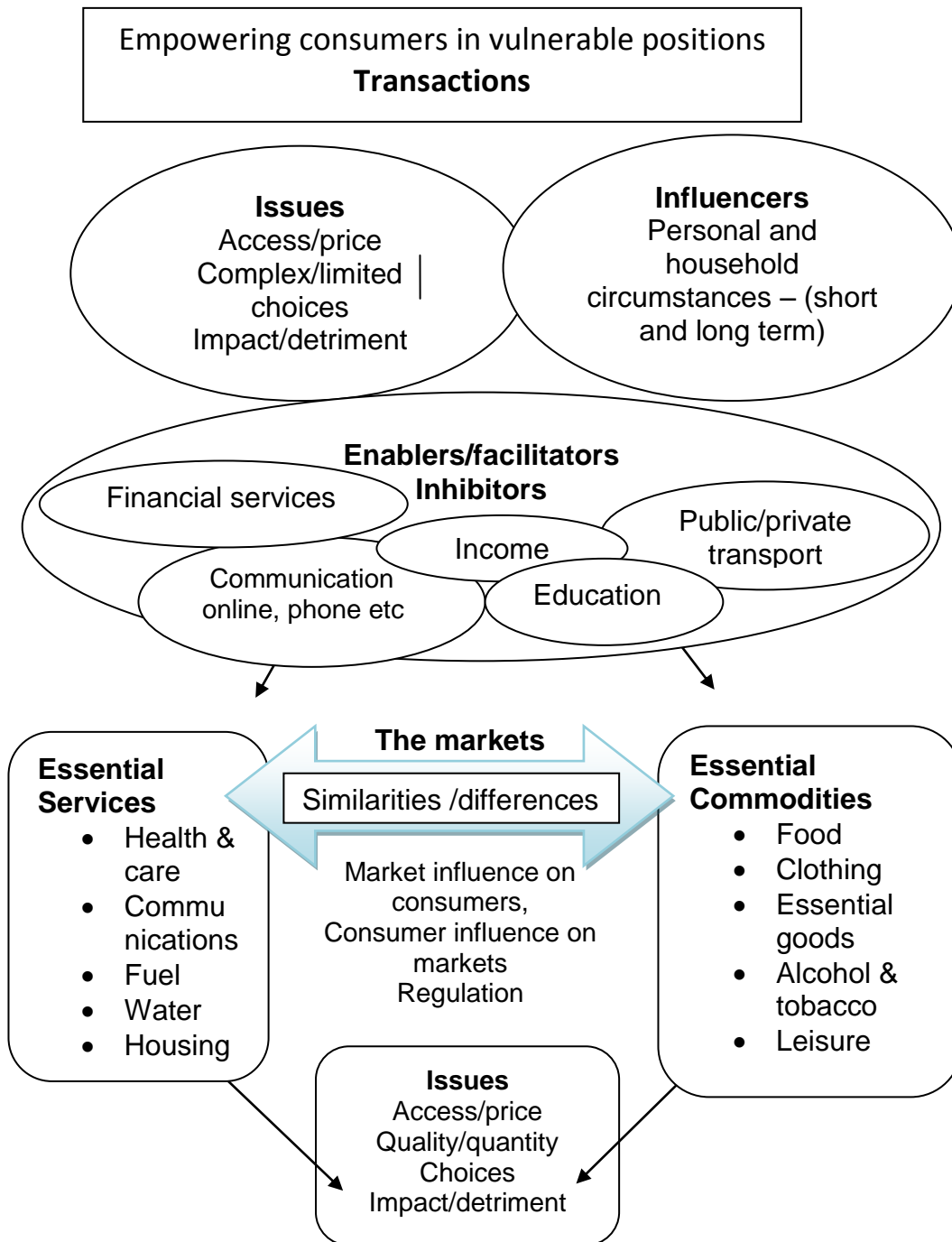
And the recent Eurobarometer report describes newer approaches to vulnerability in which:

*'The extent of vulnerability of an individual consumer depends on the interaction between the consumer's individual combination of characteristics on the one hand and marketing practices on the other.'*<sup>25</sup>

Understanding the interaction of these multiple factors is critical in finding practical solutions: The critical issues are the degree of risk of vulnerability and - crucially - whether this is addressed or exacerbated by the actions or omissions of providers, markets and services.

### 3. Types of transactions

In *Better Choices: Better Deals* Consumer Focus and Citizens Advice were asked to identify key transactions. Data on what people spend money on and discussions with representative groups gave a consistent picture of the types of transactions which are likely to cause most detriment, and cause particular difficulties for consumers in vulnerable positions: The diagram below provides a grouping of the key transactions and issues.



The Linda and George Lennard research<sup>26</sup> commissioned by Consumer Focus, focused on ‘enabling’ or ‘facilitating’ transactions like financial services, communications and transport which allow people to access most other services and facilities of modern life. It also considers transactions relating to essential goods and services like energy, water and housing but also looked at food and clothing.

In deciding which transactions to prioritise in the time we had available we made an initial observation that the utility financial and communications markets may cause different difficulties than commodities markets.

The roundtables recognised the markets essential commodities were different to other essentials – like utilities and finance and communication. Essential commodities – such as food and clothing – are usually sold in single-purchase transactions and it is relatively easy for consumers to switch suppliers – although this depends on people having an accessible choice. For this reason we decided to concentrate on financial services, utilities and communications

This decision in no way is meant to undermine the importance of commodities like food. There is a clear body of evidence showing that poor people are at greater risk of poor health, that this is partly down to less healthy diets, and that this in turn is partly due to the relative costs of healthy and unhealthy food.<sup>27</sup>

Financial services, utilities and communications, however, depend on contractual terms, with extended commitments for consumers, and complex deals from companies which continuously change. Finding the best deal involves interpreting complicated contracts, comparing them across providers and over time, and understanding the implications of long-term commitment to a contract. It also means having access to the best deals. If you can’t afford to use direct debit or you have a poor credit record consumers don’t have an open choice of options.

Concentrating on the utility and cross cutting communication and financial markets also meant that we focussed on essential goods and services provided by the private rather than the public sector. We did however include in the focus group carers and users of self-directed support budgets in Oxfordshire (kindly co-ordinated for us by the Adult Social Care team at Oxfordshire County Council). We were keen to see how a policy was working that was specifically established to empower a group of consumers who are potentially in vulnerable positions.

## 4. Issues

In *Better Choices: Better Deals*, the Minister said that BIS is looking at four distinct themes:

‘First, we want to harness the power of information; giving consumers more scope to get access to the data which business holds on them. We believe that with greater transparency, consumers will be able to better assess the way they spend their money and make more informed decisions on the goods they buy in future.

Second, we want to encourage collective purchasing - harnessing the power of the crowd, if you like. We want to encourage consumer-led demand, where people come together and negotiate collectively with a business to buy goods and services at the best price.

In fact, there is already some great work being done in this area, which we want to build on. As part of our research, we have seen how residents in some of the most deprived parts of the UK are coming together and getting the best deals from retailers for their communities.

Third, we want to help the most vulnerable speak with a stronger voice. We need to ensure that everyone has the skills to get the best deals.

And fourth, we want to bolster corporate responsibility. Consumer empowerment should not all be demand led. We believe business also has an important part to play in encouraging and responding to it.

But let me make it clear, this work will complement - not replace - our traditional consumer protections. The Government should stand up for the vulnerable and tackle rogue traders. But we should not look to regulation as the default position when it comes to helping consumers.’<sup>28</sup>

It is clear to Consumer Focus and Citizens Advice that in all four areas, consumers in vulnerable positions must be given more bespoke tools to get better choices and better deals in the market place and companies and government must remove some of the barriers and poor practices that have been erected

In the rest of this report we outline some of the areas that should be addressed that not only facilitate actions by consumers but, highlight the key role of the voluntary and community sector, the development of a good business approach to empowering consumers in vulnerable positions and, the role of government beyond protection against rogue traders.

## Enabling and facilitating goods and services

### A) Communications

What are viewed as essential communications services and products changes over time but in general, lack of access to communications services represents a source of considerable difficulty and potential social/economic exclusion.<sup>29</sup>

Access to some form of telephony remains an essential need. All households should still be able to have a landline telephone, according to research findings on people's views on minimum income standards.<sup>30</sup> Even 82 per cent of online consumers in the UK would use a telephone to contact an organisation, particularly for querying bills and accounts.<sup>31</sup>

Mobile phones have clear utility for many consumers as a more flexible means of communication compared with landlines, and they are increasingly used for accessing online services (nearly a third of UK adults now use a smartphone to access the internet<sup>32</sup>).

Age differences are apparent in terms of mobile phone use. For example, older people, particularly those aged 75+, are far more likely to have a fixed line (94%) than a mobile (51%). But, among those aged 65+, the proportion who use a mobile rose to nearly two-thirds in 2011. But only 4% of those aged 75+ are in mobile-only households.<sup>33</sup>

It is reasonable to assume that some people's life experiences, and the way they choose to live their lives, may lead them to decide that a mobile phone is not necessary. However, the design of phones can be a critical factor as well. As a Communications Consumer Panel report stressed, for many older people and disabled people, a usable phone is crucial for enabling them to use mobile services at all.<sup>34</sup>

As well as product design, there are also information barriers: older people and disabled people often do not have the information they need to choose a phone that meets their needs, or know where to get that information. Many feel alienated by the retail environment and retailers are seen as geared towards the young and technically proficient. Moreover, as the Panel's report pointed out, simple changes to the design of mobile phones could make them significantly easier for all users.

In the introduction we mentioned access to the internet and depend on where people live, their social economic group, how old they are and if they are disabled. UK digital champion Martha Lane Fox wants to get everyone of working age online by 2012<sup>35</sup>

But the reasons why people do not have internet access at home or use it all are wide-ranging. Cost is not the only issue. Consumer Focus research among low income consumers identified other concerns as well, such as usability, online safety and security, the risks of excessive use, and of the internet being a time waster.<sup>36</sup> Many of the often-promoted benefits of being online were seen as being of limited relevance: for instance, the ability to benefit from cheaper deals available online

generally requires a bank account or credit card facility which some low income consumers do not have. Some of those without access at home used the internet elsewhere but time limitations and restrictions were often mentioned as a difficulty.

On the other hand, this Consumer Focus research also found that low income households who had adopted the internet made savings elsewhere in order to do so if the benefits justified this. Perceived benefits included its time-saving qualities. A number of participants were using the internet to apply for jobs, and many parents felt that it was essential for their children to have home internet access for educational purposes.

Similarly, there are a number of reasons for digital exclusion among older people. While affordability is an issue for some, a major barrier identified in Age UK research is *'a lack of understanding of and confidence with 'how it works'*.<sup>37</sup> A number of fears and anxieties were expressed about *'doing something wrong'* and about security.

However, knowledge of the potential benefits was surprisingly high, and some were accessing these indirectly through friends and family. The research also found that some critical changes in circumstances can trigger use of the internet by older people, such as taking up a specific interest, entering retirement, relatives moving abroad, becoming housebound and using it for internet shopping or losing a partner.

Inaccessible websites can result in people with specific needs, including sensory impairments such as sight loss, simply being unable to use internet-based services. Despite the fact that concerns over the poor design of many websites have been raised over a number of years, problems caused by inaccessible websites persist. A report this year by ANEC (the European consumer voice in standardisation) revealed a very low level of accessible websites in Europe<sup>38</sup>, and ANEC is pressing for a pan-EU Act to help end the problem.<sup>39</sup>

The increasing trend towards converging technologies - particularly mobile telephony and internet access - raises new potential as well as concerns about the potential effects for some consumers with specific needs. For example, the inclusion of touch screens may be appropriate for some but could exclude others from internet and other services. This is an area that merits further investigation.

Increasing access to the internet has well identified in the reports outlined above in relation to access to new technology and the importance of support. But throughout this report we will point to the role the voluntary and community sector has. In relation to the internet there are numerous initiatives, like Digital Unite that specialises in media literacy for older people and numerous local initiatives run by housing associations and the voluntary and community sector to provide help, encourage engagement and peer to peer support. Later in the report we will raise the issue of how companies communicate with consumers, the lack of trust that consumers have of companies and the preference many in our focus group had for person-to-person services. We will also suggest fundamental actions to develop the ways new technology can be utilised to reduce the risk of vulnerability in the market place.

## B) Financial services

The concept of financial inclusion and exclusion has been widely recognised as an important factor in individuals' and households' health, safety, and well-being. Inclusion has usually been analysed by referring to a number of prominent features, such as:

- access to basic or transactional banking services
- access to affordable credit and insurances
- access to appropriate savings arrangements
- access to affordable and appropriate pensions
- physical access to cash machines/bank branches
- access to understandable (and understanding) written or spoken information, including access to trustworthy advice.

Extensive research evidence exists to identify and explore the factors which are likely to lead to financial exclusion, these commonly include:

- bad experiences with banks, for example paying penalty charges, which lead people to 'de-bank'
- effectively having to rely on sub-prime sources of credit
- not being able to find or afford insurances
- not having the money or means to build up a savings cushion
- not having reasonable physical access to cash machines, or only to those which incur charges
- poorly presented and confusing information about products, terms and conditions.

In addition, there has been an increasing emphasis on exclusion arising from a lack of financial capability, usually defined as lack of knowledge, skills, and/or confidence in relation to financial matters. This has commonly, though not exclusively, been linked to low income, poor educational attainment, disability, and geographical and cultural barriers.

There have been many studies on the various ways in which financial exclusion can penalise people and households and render them vulnerable. Some of the main findings have been laid out by the Financial Inclusion Centre which points out that:

*'Consumers have a set of core financial needs that need to be met if they are to be financially secure and to participate fully and fairly in society. Financial products and services are just a means to an end.'*<sup>40</sup>

As a review of financial inclusion for the Joseph Rowntree Foundation showed, those who are more likely to run the risk of exclusion included people in a very wide range of circumstances: housing association tenants; young people not in employment, education or training; those leaving care; lone parents and divorced people; disabled people, those with mental health problems and carers; people living in isolated or disadvantaged areas; prisoners, ex-offenders and families of prisoners; members of ethnic minorities; migrants; asylum seekers and refugees; homeless people; older

people; women; people with a Post Office Card Account or basic bank account, and, more generally people with low incomes.<sup>41</sup>

### **Savings**

Not being able to build up savings can result in people being unable to cope with sudden pressures on expenditure or sudden drops in income. Lack of savings can contribute to severe insecurity in older age, when many face reduced incomes, and some may be incurring extra costs associated with a disability or medical condition. At the other end of the age range, children in households without significant savings may be denied both educational and social opportunities.

48% of households have negligible savings (defined as less than £1,500) and 28% have no savings at all, according to the Financial Inclusion Centre.<sup>42</sup> Research by the Personal Finance Research Centre found that fewer than one in five of all lower-income families had any money saved formally. Those least likely to have a savings account included: lower-income families who rent their home, one-parent families, and those in which one or both householders were not working.<sup>43</sup>

Not having a financial cushion means, for example, that households which are just managing to cope are tipped over the edge of vulnerability by a sudden event, such as a cooker or boiler breaking down and needing to be repaired or replaced. For others, it may mean being unable to purchase a more efficient heater or heating system (and so have to spend more on fuel bills).

### **Insurance**

Not being able to access or afford insurance, such as household insurance, increases the risk of households facing financial and other problems, for example not being able to afford to replace carpets and furniture ruined as a result of an accident or a water leak.

Half of the poorest households do not have home contents insurance, compared with one in 5 households on average incomes.<sup>44</sup> More than half of all renters do not have home contents insurance, compared with over 90% of owner occupiers. In addition, access to and costs of insurances are affected by people's postcodes. Typically, people in poorer areas are more likely to encounter access and price problems (insurance can cost up to six times as much in postcode areas that insurance companies consider high risk, as in low crime areas).<sup>45</sup>

People aged 65 and over can be denied access to or charged heavy costs for travel and motor insurance.<sup>46</sup>

Again, those without insurances are rendered much more at risk of suffering serious (even catastrophic) consequences in the event of flooding or subsidence for example, possibly making them effectively homeless. Similarly, being burgled may not only be generally distressing but also push people into dire financial straits.

### **Credit**

Access to credit is often a necessary means of affording essential items. For example, research by Consumer Focus Wales revealed that over one in 5 people used credit to pay for everyday expenses.<sup>47</sup>

Lack of access to affordable credit can push people into the arms of a wide range of sub-prime providers, including local doorstep operations and 'loan sharks'. Effective rates of interest are often in the 180 - 500% range, rather than typical prime rates of around 10 per cent and penalty charges can be immense. Households in this position are at great risk of rapidly accumulating extremely expensive debts. For example, Financial Inclusion Centre research found that up to 100,000 households turned to loan sharks at Christmas 2009. The value of illegal loans was an estimated £29 million but the victims were expected to end up repaying a total of £82 million.<sup>48</sup>

Consumer Focus research on payday lending (a form of credit whereby the borrower either gives the creditor a cheque or authorisation to make an automatic withdrawal from their bank account) found that many consumers opt for this because it meets their needs for short-term borrowing in ways not offered by mainstream providers.<sup>49</sup> These included speed, convenience and the need for minimal paperwork. Another factor was that many took pride in their ability to be financially self-sufficient, and wanted to sort out their finances privately. The repayment amounts were also seen as being presented more clearly than products offered by High Street banks such as overdrafts, loans and credit cards. However, some were unaware of the rates of interest and how they compared to mainstream financial products.

As the Consumer Focus research found, for some consumers pay day loans had been a positive experience especially if they had only taken out a payday loan once. But for others, already in financial difficulty, the loans had become a substantial burden. The use of such products, however, underscores how mainstream providers are failing to meet the needs of many low income consumers.

Other consumers in potentially vulnerable circumstances who frequently find it difficult to access mainstream credit products include young care leavers for example, who may be on a low income and have little or no credit history. As a Consumer Focus Wales report concluded<sup>50</sup>:

*'Many care leavers were aware of the extra expense of this type of credit compared to mainstream lenders. Nevertheless, they feel they have no choice but to borrow from these providers as they had been rejected by mainstream banks and building societies, either because they live on a low income or they lack, or have a bad, credit history.'*

Other problems can ensue where people's circumstances are not properly taken into account or indeed exploited by financial services providers. Research by the Norah Fry Research Centre among people with learning disabilities and their families/carers found that some had used loan sharks of one sort or another (who, for example, go door-to-door).<sup>51</sup> As one parent said of her daughter: *'She could not read and didn't know what she was signing, nor did she have any idea about interest rates'*.

Obviously, ruinously expensive credit can lead to equally ruinous consequences, including placing individuals and households in an apparently-unending cycle of vulnerability.

## **Banking**

Being 'unbanked' (not having a transactional bank account) affected just over 1 million people in 2009/10, according to a survey for the Financial Inclusion Taskforce.<sup>52</sup> This can make paying bills for

essential services difficult and it can increase personal safety risks (by having to carry around significant amounts of cash). Being without a transactional bank account often means that consumers are excluded from cheaper deals for essential services, such as energy, that are available for those paying by direct debit.

Consumer Focus research on those without a bank account confirmed other evidence that those most likely to be unbanked are those on low incomes, often long-term recipients of means-tested benefits.<sup>53</sup> It showed that being without paid employment significantly increases the likelihood of being without an account, especially for those unable to work due to sickness or disability, and they are more likely to be tenants than homeowners. Those without bank accounts are also more likely to have experienced life crises, such as family breakdown, severe debt and homelessness.

A Financial Inclusion Taskforce survey revealed that becoming 'banked' frequently led to enhanced security, increased convenience, and enhanced ability to avoid financial difficulty and greater independence and a sense of social inclusion.<sup>54</sup> In all, one in four of those who started using banking reported savings through use of direct debits and overdraft facilities, and to a lesser extent, other financial products. However, some consumers, especially those in the bottom fifth of household incomes, experienced greater insecurity and indebtedness, primarily because of penalty charges for unmet direct debits and unauthorised overdraft charges.

As this Financial Inclusion Taskforce report concluded:

*'The structure and pricing of banking products which functions on the presumption of regular fixed payments is a poor fit with the needs of those on low incomes and very tight budgets. This is the primary reason for both the failure to realise the anticipated savings from the move into banking and for the high failure rate of accounts.'*

Consumer Focus research on developing a new type of bank account through Post Offices has highlighted the importance for low income consumers of having a transactional bank account which offers full functionality, convenience, simplicity, and control.<sup>55</sup> As the research points out, the Post Office would be well placed to offer a range of social banking products that better meet the needs of low income consumers, as it is seen as a trusted, local institution.

But the existing Post Office Card Account (POCA) does not meet these needs, as this Consumer Focus research showed. In particular POCAs do not allow payments in apart from benefit payments. This often causes considerable inconvenience when account holders need to deposit payments from other sources. Also, people want to be able to access cash at a time of their choosing and using whichever method they prefer, including being able to withdraw cash from all free to use ATMs. POCAs do not have this facility.

Others affected by barriers to mainstream bank accounts include care leavers and people with learning disabilities, for example. While the Consumer Focus Wales research found that many young care leavers had bank accounts, some were denied access because of barriers presented by the need for identification documents, such as birth certificates and passports.<sup>56</sup>

Also, people with learning disabilities are sometimes refused a bank account because they cannot prove their identity. Or banks sometimes make their own judgements about a person's ability to manage a bank account, which may or may not be accurate. The Norah Fry Research Centre study found that banks were seen by people with learning disabilities as confusing and unsupportive and barriers to banking were 'extremely significant'.<sup>57</sup>

## **The third sector response**

As in other areas the voluntary and community sector has moved to try and fill some of the gaps in the market place for financial services.

Which? Money found that 86% of policies had a maximum age limit, while only 29% of policy providers would cover the over-80s.<sup>58</sup> Age UK Travel Insurance, is challenging the market and promoting the charity's anti discrimination policies. It has no upper age limit on its travel insurance and covers pre-existing medical conditions wherever possible.

My Home Finance is a social enterprise set up by the National Housing Federation in the West Midlands. It is aimed at those who can't access high street lending and who have to rely on loans from doorstep lenders and loan sharks. Ten offices have so far been established and they aim to help people to access credit at a more affordable rate, open a bank account for them and help them save for the future. By building up their repayment history with My Home Finance, customers will be more able to access mainstream financial services in the future.<sup>59</sup>

*My Home Finance* is supported by the Royal Bank of Scotland but RBS has followed Lloyds TSB's example and decided to prevent its own customers, with a basic bank account, withdrawing cash from other bank's ATMs<sup>60</sup>. There is still some way to go before financial inclusion works its way into the DNA of much of the banking industry.

## **Mobile phone banking**

Technology has the potential to help end financial exclusion. Other countries have used mobile phones to radicalise banking.

In India Bharti Airtel and the largest bank the State Bank of India are providing phone based banking. Bharti's chairman Sunil Bharti Mittal said in a briefing that he believes that "telecom today by far is the most powerful tool available for financial inclusion anywhere in the world."<sup>61</sup>

In the basic model for mobile banking, customers deposit funds by giving cash to agents (for example a local shop), who credit the accounts using a text-messaging system. Also using text messages, subscribers can make payments from their accounts to retailers or transfer money. They can withdraw cash from agents in the system as well as loans.

McKinsey Company's February 2010 quarterly report estimated that: '120 operators in 70 markets will deploy mobile-money offerings within the next 6 to 12 months. Half of the operators we surveyed said that the unbanked were their principal target. But except for a few notable cases,

most of these operators are in the early stages of development; nearly three-fourths have been at it for less than two years.<sup>62</sup>

Consumer Focus and Citizens Advice aim to see how mobile banking can be used to empower consumers who are still getting poor or expensive financial services. Poor financial services are also a key driver of the poverty premium and later in the report we are proposing a poverty premium initiative that will test the 'cost reflective' arguments used to explain why the poor pay more and see how the poverty premium can be brought to an end. In looking at new technologies we also want Banks to support people with direct debits by giving advance mobile text warning of payments to come out of accounts.

One of our overriding actions is to identify initiatives – predominantly from the not for profit sector - that are empowering consumers who are at a disadvantage in the market place and could be developed and used as drivers to move more consumers out of a vulnerable positions.

## **Utilities**

### **A) Energy**

There is a wide and detailed evidence base which amply demonstrates that access to adequate supplies of affordable energy is essential for people's lives, physical and mental health, and well-being.

A review of evidence for Friends of the Earth (FoE) sets out how many people are put at significant risk of vulnerability because of cold homes and fuel poverty.<sup>63</sup> The risks can be extremely serious for people's physical and mental health, and also their ability to afford other essential services and commodities.

As the FoE report shows, many are potentially vulnerable as a result. Infants may suffer significant negative effects of cold housing in terms of weight gain, hospital admission rates, developmental status, and the severity and frequency of asthmatic symptoms. There are measurable effects of cold housing on adults' physical health and well-being, in particular for those with existing health conditions. And the effects of cold housing for older people range from risks to physical and mental health through to higher mortality risk. There have been 27,000 excess winter deaths per year since 2000 and 2,700 are related to fuel poverty.<sup>64</sup>

A study of the effects of trying to cope with low incomes and cold homes, funded by eaga Charitable Trust, showed how people in these circumstances face harsh trade-offs between essentials such as fuel and food.<sup>65</sup> While people made savings on more discretionary items such as holidays and new clothes, cuts in spending on essential items were common. 35% of had cut back their spending on food in the previous year, and 32% had cut back on heating.

Whilst pre-payment meters (PPMs) are a popular form of payment method for many low income consumers because of the greater budgeting control offered, they can give rise to serious negative

effects for people's health. Consumer Focus research revealed the effects of self-rationing and self-disconnection for many consumers, including people with medical conditions.<sup>66</sup>

### **Vulnerability influences and issues**

There has been extensive research by Consumer Focus and other organisations over many years on the key issues that cause and exacerbate fuel poverty and other manifestations of energy vulnerability. We have not sought to summarise all the findings but highlight below some of the main influences and triggers.

### **Affordability**

The affordability of fuel charges is a major causal factor for fuel poverty. Consumers in Britain have been confronted with continuing rises in retail energy prices. In parallel, the numbers of households and individuals in fuel poverty has risen significantly and are likely to increase further.

The Centre for Sustainable Energy (CSE) and Consumer Focus have estimated the effects for fuel poverty of all the major six energy suppliers putting prices up an average of 19% for gas and 10% for electricity.<sup>67</sup> As a result, the number of households facing fuel poverty in Britain is estimated to rise from 5.1 million to 6.4 million. The number of people living in fuel poverty in Britain is estimated to rise from 9.2 million to just under 12 million.

An earlier analysis by CSE with Consumer Focus showed that those especially at risk of fuel poverty include:<sup>68</sup>

- Low income households
- Older people, especially single older people
- Single households
- Unemployed people
- Consumers not on mains gas
- Lone parent families
- People in rented accommodation

Others at particular risk of vulnerability because of fuel poverty include many people with physical impairments or long-term medical conditions. As a Leonard Cheshire report showed, disabled people spend a greater proportion of their income on fuel costs than non-disabled people and frequently have additional levels of essential consumption. The report highlights the increased risks that can ensue as a result for the physical and mental health of people with physical impairments, many of whom are on low incomes.<sup>69</sup>

### **Other significant factors**

As well as lack of affordability of energy charges, there is an extensive and well-documented evidence base of the effects of other critical influences that cause or contribute to consumer vulnerability in this essential service, including numerous reviews and reports by consumer organisations, advice agencies, voluntary organisations, and Ofgem.<sup>70</sup>

To summarise, these include:

- Complexity of the market
- Poor home energy efficiency
- Limited eligibility for help with energy charges
- Confusing tariffs
- Lack of information about the cheapest tariffs
- Limited access to the cheapest deals
- Costly and inappropriate payment methods
- Confusing and unclear billing and contract information
- Variable quality of suppliers' frontline information and advice
- Use of costly telephone numbers by suppliers
- Mistrust of energy suppliers
- Lack of information about assistance schemes

There are numerous actions we could focus on in the energy sector – not least initiatives to make homes could be made more energy efficient. But in the roundtables and from feedback from the focus groups the price that people pay for energy was a central concern and can put people in vulnerable positions - both in terms of getting into debt and making difficult choices on limited budgets.

Switching can be a powerful tool for consumer - if they are not getting a good deal or don't agree with the policies of companies. Citizens Advice has been running an **Energy Best Deal** public awareness campaign to encourage switching. [Note on upshot and if it gives any indication of the limitations of the power of switching as an empowering tool for consumers in vulnerable positions – **[needs more detail]**]

But energy regulator Ofgem found that less than 20 per cent of households had switched <sup>71</sup> and 83 per cent of those who had never switched were aware that it was possible to switch. [these figures have been queried - they come from an OFGEM MORI survey.] Our focus groups found little evidence that consumers in the most vulnerable positions did not know about switching or hadn't switched out of inertia. It seemed to be more a lack of belief in the benefits rather than because they felt unable to.

One deaf blind person we spoke to in Salford said "I switched quite recently with British Gas, and I've gone to Southern Electric. They say they're pegging the prices, but they keep going up. So I said I've had enough."

There were however examples of consumers at risk of vulnerability still feeling empowered enough to switch their custom elsewhere. It was not always though a 'fully-informed' switch – often the individual just sought a better deal because of word of mouth, or an advert they saw, rather than a result of actively seeking the *best* deal via a price comparison website.

We have mentioned that the cheapest deals are not available to households in vulnerable positions. Low income consumers are less likely to have bank accounts or want to relinquish control over budgeting by having to make direct debit payments.

Energywatch, Consumer Focus and other organisations ran a powerful media campaign to reduce the charges to pre - payment customers. And now pre pay tariffs are now very similar – and sometimes cheaper - than those who pay by standard credit. But online direct debit dual fuel deals are still on average more than 10 per cheaper [this figure needs to be updated]. One not for profit energy company Ebico developed an alternative pricing policy by not charging consumers different rates based on their payment method – so those on pre payment pay exactly the same as consumers using direct debit.

We are recommending actions to end the poverty premium. In energy we recommend that DECC and energy regulator Ofgem provides a detailed analysis on how pricing differences truly reflect costs. We would also like to see how those differences will be influenced by the introduction of smart meters, and time of use tariffs.<sup>72</sup> We also want the banks and energy companies to work with Consumer Focus and Citizens Advice to come up with cheap alternatives to direct debit. Making tariffs easier to understand is also important. If people can understand what they are paying for it is more straightforward to switch and easier for 3<sup>rd</sup> parties to help.

## **B) Water**

Water and sewerage services are basic essentials for personal and public health. Access to safe and clean water is vital for all consumers: for drinking, cooking, food preparation, personal hygiene, washing clothes, etc. Safe and effective sewerage and sanitation are equally essential for individual needs and also to prevent public health hazards.<sup>73</sup> The need for all consumers to be connected to these services is recognised in public policy through the statutory ban on disconnections for occupied domestic premises for non-payment of bills.

### **Affordability**

The extent of relevant research findings in the water sector is far more limited compared with those available for energy and there is currently no stated mandatory target for the elimination of water poverty based on an official definition of the latter.

\* Note: this section focuses on England and Wales; the arrangements for the provision and regulation of water and sewerage services are different in Scotland.

An indicator of water poverty based on bills as a proportion of income has been used by Defra, Ofwat, and CCWater: a threshold of 3% of household income. Subsequently, Ofwat has developed an income-based indicator of affordability risk. According to Ofwat's analysis, in 2008/9, 23% 5.4 million of households in England and Wales spent more than 3% of their income on water and sewerage bills; 11% (2.6 million) spent more than 5%.<sup>74</sup> This research also found that between 15% and 25% of households in England and Wales reported problems paying their water and sewerage bill.

The key factors that drive water affordability risk are as follows, according to Ofwat's analysis:<sup>75</sup>

- Income – customers with lower incomes are more likely to be at risk

- Where people live – there are more customers at risk in areas where bills are high, or incomes are low
- How people pay – customers who do not have water meters have more affordability risks, and as metering levels increase, the pattern of who is affected by affordability risks will change.

Lone parents are at greatest risk of vulnerability in terms of water poverty followed by working-age adults living alone, and single pensioners, according to this Ofwat analysis.

Citizens Advice has analysed the profile of clients with water debts. This analysis found that water debt is more likely for households with lower incomes. Single people, lone parents and families are more likely to seek help from Citizens Advice for water debt problems.<sup>76</sup>

Assessing the effects of how people pay for water – whether their homes are metered or unmetered – is a complex matter. For instance, Ofwat considers that, while some lone parents can benefit from metering, those with more children are less likely to have a water meter and may benefit from the rateable value system. As more households choose to have a water meter, affordability risks are likely to increase for lone parents (this is likely to be due to rebalancing of charges as more homes are metered). Similarly, although Ofwat estimates that single pensioners usually have lower bills if they have a water meter, low incomes mean that many would still spend a high proportion of their income on water bills, even with a meter.<sup>77</sup>

### **Water efficiency**

Using water-efficient appliances and systems can help consumers to cut their water consumption. Although the evidence base is limited, it is likely that low income households are more likely to be in less water efficient homes as they are more likely to be using cheaper appliances and older fittings.<sup>78</sup> CCWater research found that people in metered properties are already engaging in the obvious water reducing behaviours. The report concluded that other behaviours such as buying water efficient appliances are unlikely to be feasible due to the cost implications.<sup>79</sup>

There are no equivalent Government programmes to assist households with improving the water efficiency of their homes in comparison with those that have been developed in energy. Like energy, the policy of some companies to offer a discount to customers paying by direct debit means that bills are more expensive for those who are least likely to be able to afford to pay by this method. We recommend that, like energy, there is an introduction of water efficiency scheme and there are alternatives developed to direct debit.

Other areas we have collected data on – Housing Food Transport and Clothing are included in an appendix to this report.

## **How people are treated – the consumers view**

### **Call centres and person to person contact**

Systems and processes employed by many organisations in the private and public sectors can effectively exclude people from accessing essential services or arguably discriminate against people

with particular needs. For example, having to key in, often lengthy, numbers on a phone in order to access and use an automated phone system may be difficult or impossible for people with dexterity problems. Those likely to be affected include people with arthritis who make up about 1 in 5 of the population in the UK.<sup>80</sup> The use of telephone systems based on voice-recognition can be significantly off-putting or impossible for people with speech impairments (for example, as a result of a stroke or stammer).

Poorly-designed telephone systems and noisy call centres often create particular problems for many of the 10 million people in the UK who are affected by hearing loss.<sup>81</sup> The use of rigid scripts and procedures are likely to compound problems for those in a wide range of vulnerable circumstances, and can end up excluding people from access to essential services. For instance, Consumer Focus research on low income consumers and financial services found that many participants commented that call centre staff were unable to help with non-standard enquiries, negotiate over situations or offer advice.<sup>82</sup>

According to Ofcom research on the effects of call centre operations for disabled people:

- Blind people reported that call centre workers assume that callers can see, and are unable to divert from the script - even when they know that the customer cannot do what they are asking, e.g. read a serial number
- Deaf people reported that call centres regularly hang up when they call via the text relay service
- Hard of hearing people reported that requests to speak more slowly are often ignored
- People who have learning disabilities or have suffered a head injury said that they find menus and entering numbers (e.g. their account number) difficult.<sup>83</sup>

Note: the Ofcom research also sets out ways in which call centres can be better designed to meet the needs of disabled people.

CCWater research found that, while most of those who were 'making ends meet' had not needed to contact a supplier, all of those who were 'struggling' and some of those 'in arrears' had done so but the experience was frequently negative:

*'Overall, there was a sense of frustration with water companies and a feeling that their lack of helpfulness and flexibility could turn people who are in arrears or struggling but willing to pay what they can, into people who cannot pay what is demanded of them.'*<sup>84</sup>

## **Cost of calls**

The use of costly telephone numbers by providers of essential services frequently presents a significant barrier for people on low incomes, many of whom rely on pay-as-you-go mobiles as they provide greater control over costs. Calling a premium rate number from a mobile is generally more expensive than from a landline, and consumers can end up running out of credit while they hang on the phone to a call centre.

Participants in research on Minimum Income Standards highlighted the cost of making calls to numbers excluded from 'free' phone packages.<sup>85</sup> In particular, people mentioned calls to utility

companies, and calls that connected to an automated service where callers have to stay on the line to listen to all the menu options and try to reach the relevant section.

Failure by organisations to provide information in easily accessible formats can also disadvantage people. Reading important contract terms and conditions online or on paper may be difficult or impossible because of the format or size of print, particularly for consumers with sight problems. These are likely to include many older people: the Age UK research identified a number of failures by provider organisations to meet the needs of older consumers, including ways in which information is presented.<sup>86</sup>

## Information

There has been considerable research on the need for improvements in the design and presentation of information on bills and charges for essential services. In particular, lack of clear or understandable information can place many consumers at greater risk of fuel poverty, for example, on crucial matters such as what tariffs are available and which is the cheapest for them; and how to manage their energy consumption.

We heard numerous examples of consumers feeling vulnerable and disconnected as a result of a lack of, or poor, information.

“Being disabled you are entitled to a lot of things which the electricity companies should be forthcoming about, but you need to literally to drag it out of them, which is something I’m becoming quite adept at.” Bristol Debt group

A pensioner with restricted sight commented that although she was on a preferential electricity rate, the information had been ‘hidden’ at the bottom of the bill for her to find, rather than volunteered to her as someone in need.

The consumers we spoke to constantly came across with stories of a lack of information, or, where information was provided, the information being far from user-friendly.

Mobile phone contracts were a frequent source of complaint.

*“(Mobile phone contracts) I just have to sign and do pretty much what they tell me to.”*

*“Just give me standard packages, nothing hidden, just lay it all out in front of me so I can see it all for myself.”*

Not everyone reads such ‘small print’. Eurobarometer research<sup>87</sup> suggests only 31% of *all* consumers read terms and conditions in full, a figure which no doubt falls markedly among those with literacy difficulties.

*“I don’t like reading, so I wouldn’t read it (small print).”*

In the Birmingham Numeracy/literacy group the clear preference was for things such as mobile phone contracts, credit cards or personal loans to be explained face-to-face. But the often complex nature of financial products, and the way they are marketed, is likely to impact particularly on people who lack numeracy or literacy skills or confidence. The consequences of the wrong choice are similarly likely to hold greater risks for those who are already in vulnerable circumstances.

Consumers said the onus needs to be on *clearly communicating* information rather than merely *producing* it.

But the negative side of person to person contact is cold calling and doorstep selling that often ends with consumers making inappropriate decisions. Research by Consumer Focus found that:

- More than nine out of ten people who have bought energy products on the door would never do so again
- Only 4% of people are positive about energy door step sales
- Only 1% of consumers see doorstep sales as a useful way to find out about products
- Only 3% have a positive view of any type of doorstep sales,<sup>88</sup>

Consumer Focus have called for an end to ‘unsolicited door stop sales’ and five – British Gas, SSE, EDF Energy, ScottishPower and npower - of the six big energy companies have now agreed to stop door stop cold call sales – which invariably do not offer consumers the best deals.

### **Market complexity**

There has been a great deal of research which has highlighted the complexity of tariffs or products available financial products generally, compounded by a lack of products with a simple expression of returns and a paucity of easy-to-read product information. It can be confusing for any consumer to find their way through and make informed comparisons and appropriate choices.

A Financial Services Consumer Panel review of evidence found that consumers in later life can suffer from a lack of information, guidance and advice across a wide range of financial markets.<sup>89</sup> This can lead to lost opportunities to maximise income in retirement or for social engagement. The findings revealed a number of reasons for this, including:

- Products encountered by those in later life continue to grow in complexity. Whilst decisions around traditional annuities are far from simple, new products being developed to meet the needs of those in retirement add to the complexity of decision making. A lack of clarity over the risks associated with some decumulation products could place those at retirement at risk of making poor choices and, in time, lead to individual detriment.
- Financial decisions in later life are already complex and can be made more so by individual circumstances; whether by ill-health, loss of physical or cognitive functions, a reduced social network or an inability to access new technologies.

### **Trust**

Consumer mistrust of energy suppliers has been widely documented by, among others, Ofgem, Consumer Focus and the Centre for Sustainable Energy (CSE).<sup>90</sup> Consumers we spoke to constantly mention the need for trusted face to face or, person to person contact with suppliers or companies.

A recurring factor behind consumers, in our research, feeling confident and empowered was, trusting companies and businesses. When they were unable to use a company they trusted they felt less empowered, and conversely when they were able to use companies they trusted, they felt more confident.

Lorraine is partially-sighted and lives independently in her own home. She needed some decorating done, but in the absence of knowing a local contractor she could trust, ended up using someone who provided appallingly poor service. On the day, the individual she had met, and who she believed would be carrying out the work himself, sent someone else, with the following results:

*“I finished up with a carpet that looked like a Dalmatian – spots all over it; door edges weren’t painted, and things like this. So in the end I sent him home. Because of my visual impairment I didn’t want to start crossing swords with him, so I paid him off.” Salford Deaf/blind*

Our focus group with young people also wanted honesty with face to face conversations. One quoted with pleasure – and surprise – when her bank contacted her and asked her to come to the bank so they could explain how she could avoid getting overdraft fees

The Salford group of deaf/blind consumers spoke highly of Tescos and Marks & Spencers, both of which they trusted to look after their interests, and make allowances for their disabilities.

*“Tesco, food shopping and clothes shopping - if you phone up in advance they will allocate someone to you personally, like a personal shopper.” Salford Deaf/blind*

The Oxford group of self-directed support users and carers provided an example of someone who was confidently able to transition to self-directed support from Council-provided services because she already had a support agency *she knew and trusted* and so could keep using them.

*“They’re good, flexible, very reliable, and good at time-keeping....What’s the point of changing? This is silly, let’s just carry on.” Oxford Self-directed support*

The aspiration of being able to trust individual companies was also seen to apply to the ‘system’ as a whole, in the shape of the large companies most people have to deal with day-to-day. Despite equality issues being on the agenda of most companies, it was still felt by some that companies across the board fail to be sympathetic to individual circumstances.

*“You don’t go on your own to the bank, you’ve got to have someone who knows what they’re doing with you.... but for anyone who hasn’t got someone like that, I think the banks are terrible.” Salford Deaf/blind*

## **Personal support**

Personal support was also one of the key areas mentioned when it came to empowering consumers in vulnerable positions. Young people pointed out the roll that their parents played when it came to, for example dealing with demands from utilities and banks. ‘When I rang them I did not get any helpful response but when I got my mum and dad involved it was all sorted. It’s because they are more experienced.’

And, those we spoke to when they had got into debt explained how, once they got the support of specialist advisers at Bristol Debt Advice Centre they were treated differently by the companies they owed money to. Given the essential nature of many services, such as energy, and the increasingly complexity of such sectors, it is especially vital that consumers in vulnerable circumstances have easy access to independent and trusted sources of advice and support.

The same applied to care leavers. Care leavers valued personalised support, developed over time to build trust. They told Consumer Focus they wanted to see services which:

- Treated them as individuals
- Provided individually tailored support
- Were delivered with respect and empathy
- Kept their promises and built trust into their relationships<sup>91</sup>

Similarly, consumers in vulnerable circumstances need easy access to free, fair and understandable systems for pursuing complaints and obtaining suitable redress when things go wrong.

Energywatch developed an empowered consumer model where it acted as an intermediary but provided a hotline to companies for some consumers.<sup>92</sup> [Comment needed here re: consumer direct and CA]

The consumers in the most vulnerable positions are unlikely to be empowered to become entirely self-reliant, and will be best served by third party support and advocacy. A critical element in support for consumers in vulnerable positions lies in creating networks of organisations which can share data and refer consumers between linked support mechanisms.

The major energy companies have started to take some of these issues on board. British Gas has detailed some of the actions it has undertaken. It claims to have;

- Revised vulnerable customers policy to align all business functions within British Gas
- Criteria agreed and signed off at Board level
- Behavioural training to identify triggers for vulnerability and how to tailor appropriate products and services
  - Office and field staff are undergoing refresher training
  - End of course assessment to test understanding
  - Revised measures built into telephony, field and back office monitoring to ensure customer is offered appropriate treatments and packages

They also claim to be moving away from the impersonal interactive voice response telephone systems and have a:

- Dedicated free phone helpline for those customers identified as vulnerable
- Tailored communications to suit requirements e.g. Braille bills, textphone, large print etc.
- 'Ability to pay' training currently rolled out to increase awareness amongst call centre and field staff including review of how weekly recovery rates are set and agreed.<sup>93</sup>

## **Choice**

The Oxford group of carers and users of self-directed support budgets provided an interesting insight to a scheme designed to empower consumers in vulnerable positions. There were some carers in the group who felt the new direction of social care (via personal budgets) was starting to offer them what they had hoped for all along – choice, control, and the ability to personalise care around the individual rather than the system.

One of the mothers we had contacted, Jan Roast, managed to secure independent living for her daughter Gemma and her daughter's friend, Katy. They are both 35 years old and have

profound and complex learning difficulties. Neither Gemma nor Katy has any spoken language and Gemma uses a wheelchair. Katy has eating problems and is now fed via a tube. Jan has detailed<sup>94</sup> the struggle she went through to secure her daughter and her friend an independent life: 'Supporting Gemma and Katy to live independently was the best thing we could have done and we have no regrets. The total seesaw of emotions and problems we encountered over the years has been draining to say the least but it has all been worthwhile and their lives now are second to none.'

Those that felt most empowered by the shift in policy were those carers who already had the most experience of the social care system and support network, either through having worked in social care before, or through having proactively built up knowledge and contacts over the years. However, at the same time as feeling empowered themselves, they highlighted the situation of others who had *not* built up such experience, and did not know the system so well.

The widespread view was that the empowerment that the new policy promises can only really be realised when recipients have effective information about the choices available and transparency about how the system works.

*"If you're going to have choice and control over anything you have to know what your rights are, and that's the problem, people don't know what their rights are." Oxford self-directed support*

Where these are absent, which it was felt was often the case, vulnerability was considered to have increased rather than reduced. And vulnerability is also seen to be dependent on the results of the assessment and the level of care that can be purchased. In Oxford there is a group run by families for families and provides support and information for those caring for people with learning disabilities.<sup>95</sup>

## 5. Action Plan

### Companies and essential services – improving standards

We have had great difficulty finding examples of where companies are under the own volition worked an understanding of the needs of consumers in vulnerable positions into their policies and practices.

It appears to be the regulated industries that do most to provide services and support to consumers in vulnerable positions – but that is because direction has come from regulators or legislation. And even then responsibilities tend to have been developed as a result of pressure from consumer groups and detriment often caused by the industry itself.

So, for example, different policies by water companies lead to legislation being introduced to stop consumers having their water disconnected. In energy, the suppliers adopted a voluntary agreement in 2004 not to knowingly disconnect vulnerable households<sup>96</sup> but it was after two older people (George and Gertrude Bates) had their gas cut off and were found dead in their Tooting home the previous year.<sup>97</sup>

This year (2011/12) legislation has been introduced to replace an energy supplier voluntary social tariff agreement with a partially mandatory scheme – the Warm Home Discount scheme.

But there are some examples where the regulated companies are paying more attention to consumers in vulnerable positions. British Gas has, for example, just agreed to go beyond the mandate of the Warm Home Discount and pay everyone who is eligible even if the allocated pot of funds for that year has been used.<sup>98</sup> We have already mentioned how the company has been retraining customer facing staff.

EDF Energy, following the suggestion of one of its employees, has created a relationship with British Red Cross to provide support and help to people when there are power cuts. So far the partnership has provided support 100,000 EDF customers during power cuts in less than two years.

But this is all against a background of mistrust and lack of confidence in markets and providers that can have a significant influence on consumer behaviour and responses.

Where companies that do not face such strict regulation empowering consumers in vulnerable positions it is often dependent on corporate social responsibility or corporate responsibility.

In Britain, the 2006 Companies Act introduced a requirement for public companies to report on social and environmental matters. Ninety per cent of the top UK companies now regularly report on their environmental and social impacts in addition to financial performance<sup>99</sup>

Numerous companies may provide some financial support for charities or, for example, encourage staff to volunteer. There are few examples we could find of companies that appear to go beyond this 'first level' of engagement and work an understanding of consumers in vulnerable positions into the DNA of the company. Boots UK may be one. Like other companies it raises money for charities and its employees are involved in volunteering. But it seems to go beyond that.

Employees are involved in an email campaign to get getting prescription charges scrapped for people affected by cancer. All its new pre registration pharmacist trainees work in partnership with Macmillan Cancer Support and local Primary Care Trusts to organise health promotion events including cancer awareness, sexual health and healthy eating. Boots cosmetic consultants use their expertise to support beauty workshops for women with cancer, providing makeovers and advice on skin care and make-up.

As we have already noted The Salford group of deaf/blind consumers we contacted spoke highly of Tescos and Marks and Spencers, both of which they trusted to look after their interests, and make allowances for their disabilities.

Good company behaviour can create loyalty. Even though it needed the intervention of an advice agency to help sort out their problems some in our Bristol Debt group actively ended up acquiring a positive attitude to their energy current supplier - a result of contributions from EDF's Energy Trust Fund having helped them to manage their debt level: "They'll have my loyalty now!"

A disabled person in one just one of our focus groups gave us an example of what can happens when organisations don't recognise the needs of consumers in vulnerable positions. Older style Transport for Greater Manchester buses used a ramp for wheelchair access. But drivers were apparently instructed not to leave their cab to put the ramp in place, as it would leave the cash in the cab vulnerable to theft – but that meant that wheelchair users could not get access to the bus.

A starting point for many companies would be British Standard BS 18477. It encourages companies to identify and respond to consumer vulnerability and tackle issues such as providing responsible business practices and accessible systems. It sets out:

- recommendations for identifying risk factors, such as ‘triggers’, and how to understand customers’ circumstances quickly as well as the appropriate approach needed
- pulls together best practice in terms of how services are marketed, sold and presented (including billing) and the information requirements that different audiences or groups may be looking for
- Provides case studies and statistics that will hopefully highlight where bad practice has resulted in a negative result for both business and consumer.

Ed Davey the Consumer Minister supported the standard: “This is an important new standard that will help protect consumers in vulnerable positions. It will also benefit business. Companies that best understand and respond to the needs of their customers have the best chance of business success.” But we understand that few companies are yet to adopt this standard.

The majority of organisations don’t set out to discriminate against or exploit consumers in vulnerable positions. They simply don't consider or know the most appropriate way to anticipate and meet their needs.

## **Action**

### **Companies to adopt BSI standard BS 18477**

BSI standard BS 18477 encourages companies to identify and respond to consumer vulnerability and tackle issues such as providing responsible business practices and accessible systems. It specifies procedures for ensuring that services are available and made accessible to all consumers equally, regardless of their personal circumstances. We recommend that the adoption of BS 18477 becomes a feature of government procurement and BIS runs a business focused campaign to encourage the adoption of the standard. It is recommended that BIS, Consumer Focus, Citizens Advice and Trading Standards instigate a ‘road show’ with government ministers to meet chief executives from companies and drive interest in the standard to encourage companies to become social leaders.

## **Consumer Bill of rights**

We are aware that government is not keen on regulation but we are also aware that we may need to do more than push the adoption of the British Standard. The regulated industries are doing the most in the market place to pay attention to consumers in vulnerable positions – but even those markets are still failing millions of consumers.

We have seen how consumers are poorly treated by companies, face complex markets and often need the intervention by hard pressed advice agencies to get improved treatment. Despite the existence of laws and regulations there are still fundamental access barriers that can limit certain consumer’s engagement in the market. We focus on just some essential goods and services but

protecting against poor service, unfair deals and practices what protect consumers in many of the areas we have not examined in as much detail.

If we are going to empower people in vulnerable situations who could be regarded as less profitable or more complicated to deal with we need to challenge the barriers that create exclusion.<sup>100</sup>

The government proposes to introduce a Consumer Bill of Rights to consolidate, clarify and strengthen the consumer laws already in place. The introduction of the law provides an opportunity to help remove some of the barriers that people in vulnerable situations face. Only the Consumer Protection from Unfair Trading Regulations 2008 talks specifically about vulnerability and even then refers to 'groups' of vulnerable consumers rather than the more accurate concept of consumers in vulnerable positions.

A consultation on the bill of rights is expected in the spring of 2012 and we would like to see the consultation include a clear understanding of the issues facing consumers in vulnerable positions and present proposals for improving protections.

### **Consumer Bill of Rights**

The government proposes to introduce a Consumer Bill of Rights to consolidate, clarify and strengthen the consumer laws. Consumer Focus and Citizens Advice strongly recommends that the consultation on the bill – which is expected in spring 2012 – includes proposals to improve the rights of consumers in vulnerable positions. It should include recognition that people's circumstances change and anybody can become vulnerable at any time and 'vulnerability' cannot be simply applied to fixed groups of consumers.

### **The poverty premium**

In 2004 the National Consumer Council produced a publication explaining why the poor pay more.<sup>101</sup> Last year Save the Children published<sup>102</sup> *The UK Poverty Rip Off* – an update of a report it first published in 2007. They are six years apart but both the NCC and Save the Children document why households on low incomes ending up pay more for essential items. According to Save the Children extra cost of loans, insurance, energy and gas add up to £1,289.47 per year.

Many of the issues we have raised with the cross cutting financial sectors and essential utilities highlight how people on low incomes often pay more for the same product, or services that others can access with ease. We believe that there may be an opportunity to tackle some aspects of the access to banking through the use of mobile phones. We also believe that energy companies can be challenged to specifically come up with deals that don't discriminate against households at a disadvantage. But in parallel, it is important to make sure the markets are working as well as they can for vulnerable households that they are truly cost reflective and not simply discriminatory. It should be a priority to try to make sure the poor are not forced to pay more for the essentials of life.

### **The Poverty Premium**

We recommend that BIS and the Cabinet Office lead a cross department strategy to end the poverty premium. People – particularly those on low incomes - can't acquire power in the market place if they can't avoid paying premiums for essential services.

We recommend that where different charging policies are found not to be justified, the appropriate government department or regulator should take action. Where there is an accountable justification for the premium, because it is found to be truly cost reflective, government is to work with companies, regulators and consumer bodies to find ways of ending the premium.

### ***What's best for me and new technology***

We came across some empowered action by consumers in vulnerable position - for example *threatening* to switch. People were starting to recognise that their loyalty is of value to companies, and therefore can be leveraged by the consumers. The information that was encouraging them to switch was not aimed at them but new customers companies were trying to attract.

Filiz was increasingly annoyed that Talk Talk kept publicising packages to new customers that were more attractive than the one she was on. As a result she phoned and hinted that she was thinking of switching to Sky. As a result Talk Talk offered 6 months free line rental to her, if she committed to a new 18-month contract. She held firm and in the end they offered her the 6 months free without being tied into a further 18 months contract.

But on the whole we found detriment faced by consumers in vulnerable positions.

We did not find that people were, for example, using switching sites or other opportunities provided by the internet or to 'be empowered'.

We believe a powerful empowering action would be for Citizens Advice, Consumer Focus and Trading Standards to develop a '*What's best for me*' data and information base. *What's best for me* could proactively pull together information – collected from consumers and voluntary and community organisations - on action they have taken, innovative ideas and good and bad practice by companies. Not only does '*What's best for me*' have the potential to empower consumers if it presented in a straightforward and accessible way, it also can be presented to companies to develop and change their behaviour. Importantly, as it would be overseen by three trusted organisations it would provide what so many consumers say the need

Developing *What's best for me* as a web based and social network initiative is clearly the most powerful we have of providing information which could gradually be developed around the different essential goods and services outlined here – with the potential to develop localised information.

*What's best for me* could be used to encourage collective purchasing and harness the power of the crowd. It could encourage and facilitate the ability for people to come together to buy goods and services at the best price. It could for example bring together in 'oil clubs' to collectively purchase fuel in rural areas.<sup>103</sup>

Printed versions could be provided through Citizens Advice and other voluntary and community organisations for those who were not using the internet. But as the existence of *What's best for me* becomes known, it may encourage more to use the internet. Equally, companies whose practices are

being highlighted may be encouraged to change their behaviour or develop even more positive policies.

Over the last decade technology has been the empowering and driving the age of the consumer. We need to see how technology and consumer orientated tools could also be used to empower consumers at risk in the market place.

### **Mobile phones**

Easy to use and accessible mobile phones hold the potential to remove barriers that put people in vulnerable positions in the market place. Text messaging can be a powerful way of sharing information. And mobile phones – increasingly the most commonly used communication tool – have much greater potential.

As we have mentioned mobile phone banking could help make a major breakthrough in financial inclusion but they also could be used for other empowering purposes.

Cameras in the phones for example can be used to for to ‘read’ and provide audio translations of documents for people who are partially sighted.

We need to investigate if mobile phones have more potential to empower people who find themselves in vulnerable positions in the market.

### **Smart meters**

Every house will have a gas and electricity smart meter installed by the end of 2020. The roll out provides the opportunity to bring consumers out of the dark about energy and water they use. But it also means that the pre-payment market for energy could be transformed as every smart meter should have a prepayment option. As every house in the country will get a visit there is the opportunity to provide consumers with targeted information on energy efficiency etc and practical support. Groundwork’s green doctor provides a useful model of how practical support can be provided.<sup>104</sup> But the role out of smart meters needs protections to be in place – for example to make sure ‘time of use’ tariffs are not detrimental to consumers in vulnerable positions and the information on the display units is accessible.

### **My data and data matching**

When launching *Better Choices Better Deals* minister Ed Davey said that BIS wanted to ‘harness the power of information; giving consumers more scope to get access to the data which business holds on them. We believe that with greater transparency, consumers will be able to better assess the way they spend their money and make more informed decisions on the goods they buy in future.’

For the groups of consumers we are particularly concerned about we would like to see more recognition of the needs of consumers and for the companies to take responsibility for how they use the data they have. As one person from our group in Birmingham told us: ‘I told Halifax I didn’t want a credit card and they still sent me one anyway.’

We would like to see a data dialogue where consumers – particularly those in vulnerable positions - are able to have their wishes recognised by companies.

Data matching is another way that data can be used to benefit consumers in vulnerable positions. Data matching can provide a major opportunity to empower consumers in vulnerable positions making sure they are getting benefits and other support. The data matching exercise that is currently being undertaken between DWP and energy suppliers to secure Warm Home Discounts to pensioners on Pension Credit is a model that could be adopted much more widely. It could be used to make sure consumers in vulnerable position were provided with extra support – which is often the responsibility of privatised companies. Data matching is at the moment, however, limited to pensioners, and legislation is needed to extend data matching to other consumer who may be in vulnerable positions.

### **Accessible technology**

We also need to ensure that new and existing technology is accessible.

To take just one example, the UK has only 69 ‘talking’ ATMs. So unlike other users, blind and partially sighted people only get access to their cash when banks are open or by adopting the risky option of asking a passer-by for help.<sup>105</sup>

There are other reasons why products can be inaccessible. In our research a blind woman explained why she was unable to use equipment because she could not read the manual that came with it. And, despite various phone calls the high street company that supplied it she was unwilling to provide an audio version.

As mentioned above, new technology, like cameras and applications on mobile phones, could help provide accessibility that has not been previously available.

### **Action – *What’s best for me* and new technology**

We recommend that Consumer Focus and Citizens Advice look at the potential for providing bespoke market information to empower consumers in vulnerable positions and explore how new technology can reduce the risk of vulnerability in the market place. We recommend that Consumer Focus, Citizens Advice and Trading Standards:

- Develop the ‘*What’s best for me*’ data base that pulls together information – collected from consumers and the third sector – on actions they have taken, innovative ideas and good and bad practice by companies. The use of this information from trusted organisations has the potential to empower consumers in vulnerable positions and put them on the same footing as other consumers. It also can be presented to companies to develop and change their behaviour.
- Promote the *What’s best for me* empowerment tool for consumers in vulnerable positions using the internet, social networking tools and mobile phone communication and hand outs in voluntary and community sector organisations.
- Report on the potential for developing mobile phones for empowerment – through the development of mobile phone banking, voice reading of documents and other opportunities
- Look at the opportunities for consumers in vulnerable positions to:
  - use the My data initiative and a ‘data dialogue’ for consumers to have their wishes recognised - for example not to be offered credit cards
  - be protected from irresponsible sales by developing socially responsible use of personal data by companies
  - develop the potential of data matching.

- Ensuring the roll out of smart metering by utility companies is beneficial to consumers in vulnerable positions by:
  - empowering consumers by providing information on energy and water use
  - opening pre payment to a competitive market
  - providing the opportunity to get bespoke support when meters are installed.
- Ensuring that technologies – both new and existing - are accessible.

This project will engage with utility, financial and mobile phone industries as well as forward thinking, technically minded, creative entrepreneurs.<sup>106</sup>

## **Companies and the voluntary and not for profit sector**

Throughout this report we have indicated how third sector organisations provide useful models when looking out how to remove organisation barriers and empower consumers in vulnerable positions.

We have seen how the third sector has entered the market place and by providing appropriate products have shown ways of; providing access to loans to people in vulnerable positions, providing insurance for people companies aren't interested in because of their age or health background, trying to challenge energy company charging policies or for example providing emergency service when gas or electricity services have been cut.

They also give indicators how companies could change their behaviour. Genesis Housing Association, for example, looked at the profile of their tenants and the profile of their board and realised the two were different. They decided they wanted their governance structure to more closely reflect their tenants. Genesis also recognised that Muslim women, when they were alone, would not allow workmen to enter their homes to carry out repairs so they recruited suppliers with female operatives.

Voluntary and community organisation have also developed powerful examples of empowering consumers in vulnerable positions by developing mentoring and peer group support.

There has also been some government support to encourage the voluntary and community sector and social enterprises at a local level. In a recent committee debate on a private members bill - the Public Services (Social Value) Bill, the Cabinet Office Parliamentary Secretary Nick Hurd encouraged the recognition of social value when services are being procured locally. He said he wanted to send: 'a strong signal to local commissioners about the Government's desire to encourage consideration of wider social, economic and environment well-being when contracting'.<sup>107</sup>

This recognition of social value linked to a drive towards companies adopting the BSI standard BS 18477 could help produce the sea change in the way consumers are treated and goods and services are delivered.

## **Learning from the third sector**

The voluntary and community organisations and social enterprises have been drivers in empowering consumers. Consumer Focus and Citizens Advice will probe the way the third sector has been able to

empower consumers in vulnerable positions. The investigation will see how the third sector has been able to add social value and what business and the voluntary and community sector can learn from each other.

This will:

- look at the traditional role of providing advice, support and advocacy to see how it allows individuals to build confidence and empower individuals to be self-reliant
- identify where there is a need for third party intervention/advocacy
- see how the third sector and the social economy can empower vulnerable people - for example housing associations offering debt advice and access to credit etc
- investigate how peer support could be developed to empower consumers in vulnerable positions
- learn from local partnerships to create comprehensive sign-posting services across local areas

But it would also see how organisations in the social economy:

- benefit consumers
- raise funds
- can change the market place and, the behaviour of companies.

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<sup>1</sup> *Better Choices: Better Deals Consumers Powering Growth*, BIS and Cabinet Office, 2011

<sup>2</sup> *ibid*

<sup>3</sup> See the independent research company Forrester Research

[http://www.forrester.com/rb/Research/competitive\\_strategy\\_in\\_age\\_of\\_customer/q/id/59159/t/2](http://www.forrester.com/rb/Research/competitive_strategy_in_age_of_customer/q/id/59159/t/2)

<sup>4</sup> *Through consumers eyes - consumer insight report* Consumer Focus report unpublished

<sup>5</sup> *The Communications Market 2010: Wales*, Ofcom, 2011

<sup>6</sup> *Internet use and attitudes 2011 Metrics Bulletin*, Ofcom, 2011

<sup>7</sup> *ibid*

<sup>8</sup> *Internet use and attitudes 2011 Metrics Bulletin*, Ofcom, 2011

Also see *Disability Linked To Digital Exclusion And 'Disengagement*, E-ACCESS BULLETIN LIVE, 2010 -

<http://www.headstar.com/eablive/?p=430>).

<sup>9</sup> *ibid*

<sup>10</sup> *Broadband minded? Overcoming consumers' barriers to internet access*, Pitt J, Consumer Focus, 2010

<sup>11</sup> *Through consumers eyes - consumer insight report* Consumer Focus report unpublished

<sup>12</sup> [http://www.hm-treasury.gov.uk/d/fin\\_inclusion\\_taskforce\\_poorerhouseholds\\_dec2010.pdf](http://www.hm-treasury.gov.uk/d/fin_inclusion_taskforce_poorerhouseholds_dec2010.pdf)

<sup>13</sup> [http://www.savethechildren.org.uk/en/docs/UK\\_Poverty\\_Rip\\_Off\\_Brief.pdf](http://www.savethechildren.org.uk/en/docs/UK_Poverty_Rip_Off_Brief.pdf)

<sup>14</sup> Linda and George Lennard ref here

<sup>15</sup> A total of five focus groups were carried out between 24 August and 3 October 2011 for Consumer Focus by Vanilla Research.

- A group of 'empowered' consumers in London
- A group of deaf/blind consumers in Salford (kindly co-ordinated for us by the Community Pride Unit, Church Action on Poverty, in Manchester)
- A group of clients of the Bristol Debt Advisory Service (which BDAC kindly co-ordinated for us)
- A group of carers and users of self-directed support budgets in Oxfordshire (kindly co-ordinated for us by the Adult Social Care team at Oxfordshire County Council)
- And a group of young adults (20-25 years old) with literacy or numeracy difficulties, held in Birmingham.

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<sup>16</sup> [2005 World Summit Outcome Document, World Health Organization](#), The United Nations 2005 World Summit refers to the "interdependent and mutually reinforcing pillars" of sustainable development as economic development, social development, and environmental protection.

<sup>17</sup> <http://www.economist.com/node/3555212> The Economist helps explain the interest in the environment. 'Embarrassing news anywhere in the world—a child working on a piece of clothing with your company's brand on it, say—can be captured on camera and published everywhere in an instant, thanks to the internet.'

Now comes concern over climate change, probably the biggest single driver of growth in the CSR industry of late. The great green awakening is making company after company take a serious look at its own impact on the environment.'

<sup>18</sup> <http://www.techcityuk.com/>

<sup>19</sup> Insert Linda and George Lennard *Consumer Vulnerability and Barriers to Consumer Empowerment*

<sup>20</sup> The 'named' individuals in this research come from focus groups we undertook for this research but have been changed throughout.

<sup>21</sup> *Consumer Vulnerability and Barriers to Consumer Empowerment*

<sup>22</sup> *Better Choices: Better Deals Consumers Powering Growth*, BIS and Cabinet Office, 2011

<sup>23</sup> *Inclusive service provision – Requirements for identifying and responding to consumer vulnerability*, BS 18477, BSI, 2010

<sup>24</sup> *Access for All*, Citizens Advice, 2011

<sup>25</sup> *Special Eurobarometer 342: Consumer empowerment*, European Commission, 2011

<sup>26</sup> *ibid*

<sup>27</sup> *Food Justice*, Food Ethics Council, 2010; also see: *Low income diet and nutrition*, Food Standards Agency, 2007

<sup>28</sup> <http://www.bis.gov.uk/news/speeches/edward-davey-consumer-empowerment-debate-2011>

<sup>29</sup> This section of the report draws heavily on the research for Consumer Focus by Linda and George Lennard *ibid*

<sup>30</sup> *A Minimum Income Standard for the UK in 2010*, Davis A, Hirsch D and Smith N, Joseph Rowntree Foundation, 2010

<sup>31</sup> *The Autonomous Consumer*, Avaya and BT Global Services, 2011

<sup>32</sup> *Communications Market Report 2011*, Ofcom, 2011

<sup>33</sup> *ibid*

<sup>34</sup> *Making phones easier to use: views from consumers*, Communications Consumer Panel, 2011

<sup>35</sup> <http://raceonline2012.org/manifesto>

<sup>36</sup> *Broadband minded? Overcoming consumers' barriers to internet access*, Pitt J, Consumer Focus, 2010

<sup>37</sup> *Introducing Another World: older people and digital inclusion*, Age UK, 2009

<sup>38</sup> *Declaring conformance on web accessibility*, Design for All Research Group, University of Middlesex, for ANEC, 2011

<sup>39</sup> *Inaccessible Websites: Time to Act!*, press release, ANEC, 16 June 2011

<sup>40</sup> *The challenge*, The Financial Inclusion Centre <http://www.inclusioncentre.org.uk/3.html> accessed 9 June 2011

<sup>41</sup> *Financial inclusion in the UK: Review of policy and practice*, Mitton L, Joseph Rowntree Foundation, 2008

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<sup>43</sup> *Saving in lower-income households: A review of the evidence*, Kempson E and Finney A, Personal Finance Research Centre, 2009

<sup>44</sup> [www.poverty.org.uk/74/index.shtml](http://www.poverty.org.uk/74/index.shtml) accessed 10 June 2011

<sup>45</sup> *ibid*

<sup>46</sup> *Over-65s hit with hefty insurance premiums*, Which? Press Release, 18 June 2011

<sup>47</sup> *Consumer Finances in Wales: Debt and credit use*, Consumer Focus Wales, 2010

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<sup>49</sup> *Keeping the plates spinning: Perceptions of payday loans in Great Britain*, Burton M, Consumer Focus, 2010

<sup>50</sup> *From care to where?*, Consumer Focus Wales, 2011

<sup>51</sup> *Money, Rights and Risks: A scoping review of financial issues for people with learning disabilities in the UK*, Williams V et al, Norah Fry Research Centre, University of Bristol, 2007

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<sup>53</sup> *On the margins: Society's most vulnerable people and banking exclusion*, Consumer Focus, 2010

<sup>54</sup> *Realising banking inclusion: the achievements and challenges*, Ellison et al, Financial Inclusion Taskforce, 2010

<sup>55</sup> *Opportunity knocks: Providing alternative banking solutions for low-income consumers at the Post Office*, Bates R et al, Consumer Focus, 2010

<sup>56</sup> *From care to where? How young people cope financially after care*, Consumer Focus Wales, 2011

<sup>57</sup> *Money, Rights and Risks: A scoping review of financial issues for people with learning disabilities in the UK*, Williams V et al, Norah Fry Research Centre, University of Bristol, 2007

<sup>58</sup> <http://www.which.co.uk/news/2011/05/older-consumers-face-travel-insurance-problems-254174/>

<sup>59</sup> <http://www.myhomefinance.org.uk/index.html>

<sup>60</sup> <http://www.guardian.co.uk/money/2011/aug/17/rbs-customers-barred-rival-atms>

<sup>61</sup> <http://brajeshwar.com/2011/phone-banking-services-in-india-bringing-banking-to-the-masses-and-a-tidy-profit/>

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<sup>69</sup> *Fuel Poverty and Disability*, Leonard Cheshire Disability, 2009

<sup>70</sup> See, for example, *The Retail Market Review - Findings and initial proposals*, Ofgem, 2011

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<sup>79</sup> *Living with water poverty*, Creative Research, CCWater, 2009

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<sup>85</sup> *A minimum income standard for the UK in 2010*, Davis A et al, Joseph Rowntree Foundation, 2010

<sup>86</sup> *The Golden Economy: The Consumer Marketplace in an Ageing Society*. ILC-UK, Age UK, 2010

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<sup>88</sup> <http://www.consumerfocus.org.uk/news/pressure-on-doorstep-energy-sales-heats-up-as-edf-energy-suspends-activity>

<sup>89</sup> *Financial Services and Later Life A Scoping Project for the Financial Services Consumer Panel*, Financial Services Consumer Panel, 2009

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