

CONSUMER FOCUS AND CONSUMER FOCUS POST POLICY ADVOCACY

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1 ACCOMPLISHMENTS SINCE LAST BOARD MEETING

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

1.1 Energy

Energy Bill

- 1.1.1 The Energy Bill has completed its passage through the House of Lords and will now be introduced in the House of Commons. At Report Stage, we issued briefings to Peers on proposed Green Deal and smart meter amendments. At Third Reading we were mentioned in relation to our call for a minimum energy efficiency standard for private rented properties and consumer protections for smart metering. We are now starting to brief MPs in advance of the Bill reaching the Commons. Our focus will be on loss of consumer protections resulting from the upcoming Green Deal, the expected Energy Company Obligation and proposals for information on tariffs to be included on consumers' energy bills.

Micro-generation

- 1.1.2 The Government announced its plans for a renewable heat incentive with significant changes to the design consulted on last year. These changes reflect our feedback on the need for fairer funding, through tax rather than energy bills; for payment on condition of the presence of certain energy efficiency measures; and the need for more research and development into how different technologies work in different types of home. We remain the sole consumer representative on the Government's micro-generation industry contact group and have been asked to inform the detailed design of the incentive.

Green Deal

- 1.1.3 Consumer Focus published two reports together with an overview that sets out our ten questions for Government. 'Access for All' assesses the potential of the Green Deal and the practical barriers to fulfilment of that potential. 'Green Deal or No Deal' draws together relevant Consumer Focus research from across sectors, and looks at lessons from energy efficiency programmes abroad, in order to identify where consumer confidence is low and how it could be strengthened. Our findings are shaping a briefing to MPs in advance of the Energy Bill's arrival in the Commons and inform our work on DECC's Green Deal Advice and Accreditation Forum.
- 1.1.4 One particular issue of concern is how consumer protections will be joined up and strengthened just as changes are made to the consumer landscape. The Energy Ombudsman has welcomed our work on the challenge facing the Government and is using our related Green Deal and redress discussion paper to highlight the issues to DECC and other stakeholders.
- 1.1.5 DECC's approach to regulating the suppliers' approach to collecting Green Deal payments through the energy bill is adapting to pressure from ourselves and the OFT. The latter is leading on the legal obligations that suppliers and Green Deal finance

providers will have under the Consumer Credit Regulations, whilst we are alerting both DECC and the OFT to potential gaps in protections that arise from the complex agency arrangements behind the Green Deal.

- 1.1.6 Our work on the impact of the energy performance certificate has been picked up in local newspapers around the country but also in Whitehall. We are now undertaking consumer focus groups on how best to communicate energy efficiency and the Green Deal at the point of sale or rental, and have attracted input from DECC, DCLG and the Cabinet Office.
- 1.1.7 We contributed towards a major DECC seminar on Green Deal, Energy Company Obligation and low income and vulnerable consumers. Many organisations, including FPAG members and some fuel companies, are arguing that the whole of ECO should be targeted at low income and vulnerable consumers and social housing tenants, rather than provide expensive subsidies to better off consumers.

Smart metering

- 1.1.8 In direct response to our lobbying Ofgem published the Spring Package, a series of proposed protections to safeguard consumers who get their smart meters early. We are particularly pleased to see our proposals have been taken up around remote disconnection and switching to prepayment which builds on our wider work on debt and disconnection and prepayment. While these are still proposals, we have no reason to believe that these won't be introduced in practice. This includes the following important wins:
 - 1.1.9 A new licence condition and guidance to protect customers who have smart meters from inappropriate or unfair disconnection or switching to prepayment. We were concerned that as smart meters enable suppliers to disconnect customers remotely, without visiting the home, that industry could misuse this functionality. Lack of safeguards would lead to more vulnerable customers being disconnected and more consumers being pushed onto prepayment without their consent, or when it wasn't the right payment method for them.
 - 1.1.10 A new licence condition so that where suppliers become aware that a PPM is no longer safe and practicable for the customer to use that they take action to ensure that it is, or provide alternative payment arrangements – this is something we have long pushed for, including under our predecessor energywatch.
 - 1.1.11 Licence condition amendment to require suppliers to provide information to customers relating to the operation of the prepayment meter and the methods by which the customer can pay in advance through the meter. Our PPM research showed a lack of customer awareness, which contributed towards self disconnection and lack of engagement in the market. This was likely to increase in a smart world as there would be no face to face contact during the switch to prepay. We are working on guidance for precisely what information should be provided and how with industry and Ofgem.
 - 1.1.12 Protections to address wrongful disconnection, (i.e. when industry has disconnected the wrong customer as meters have been wired incorrectly, or they have the wrong meter number for the customer). Given that with smart meters a site visit is no longer required in all instances we were worried that this would increase as the onsite check would not take place. Ofgem will ask industry to extend the ERA Safety Net to reconnect all customers significantly faster than 24 hours (implication immediately). Suppliers will have to pay compensation if they have disconnected in error. Commitments in this area

will extend to small suppliers as well as the big six. We are currently in negotiations as to appropriate compensation levels.

- 1.1.13 Suppliers will be obliged to continue to offer cash top-up for prepayment meter customers – even though top up by phone, internet is technically possible. Good news for customer choice and access, especially for those without bank accounts or who like to budget using cash.
- 1.1.14 Ofgem committed to take enforcement action on any breach (a single customer). So a much firmer line on enforcement has been agreed.
- 1.1.15 Proposals were also put forward to address interoperability concerns. These still have a long way to go, but are at least a recognition of the challenge and an attempt to address it. As a result of public affairs work a number of peers also raised this issue in the Energy Bill debate in the House of Lords to keep pressure on the need for action. We will continue this lobbying as the Bill moves into the Commons.
- 1.1.16 Next steps are to ensure that the detail decided around these protections makes them as robust as possible. We are involved in a working group to word the licence conditions and are feeding back on Guidance. Also we continue to push for protections around ‘load limiting’ and further progress on interoperability. The new meters are able to restrict the flow of energy to the home like water trickle meters. There are some proposals in this area, but these need strengthening and lessons learnt from the water sector.
- 1.1.17 British Gas has agreed to a number of proposals to help protect customers’ privacy and prevent unsolicited marketing. These include changing their terms and conditions and practices so:
 - Customers have a choice in whether or not they want to share half hourly data which gives a unique insight into what we are doing in our homes. They can opt out of sharing half hourly energy consumption information.
 - Customers have a choice to opt in to sharing information about individual appliances – some new meters can identify the type of appliance e.g. kettle, DVD player, and the make and model from the appliance signature. Currently this information is just taken.
 - Customers opt in to sharing real time half hourly data or more granular information e.g. how we use our energy second by second. This could be used to track what you are doing in your own home at any one time e.g. using your drying hair, watching tv etc.
 - Work with us to develop a privacy charter to clearly explain customers rights, benefits and risks and how their information is being used and by whom – there is a noticeable lack of transparency in suppliers existing processes.
- 1.1.18 We will push for all suppliers to sign up to this initial proposal and a timetable for action. Next steps include discussions: around how opt-in and opt-out are communicated to customers and a *Go Smart, Stay Private*, information booklet for customers and advice providers. Also, going forward the focus will shift from privacy concerns to competition issues linked to data access.

- 1.1.19 Before Christmas we issued a Section 24 information request on supplier practices around data access and use. We then sought legal advice on whether suppliers comply with existing data protection legislation. Our legal advice indicates that none of the suppliers are fully compliant with the Data Protection Act. We are currently compiling confidential reports for each of the suppliers with recommendations and will go through areas of concern and recommendations in one to one sessions. We will share information with the ICO and Ofgem, and seek timetables for compliance. The reports also highlight how the suppliers will need to comply with likely upcoming changes to the DPA following the European Commission's concerns that the UK Government has not implemented the Directive appropriately. If suppliers do not comply we will contemplate joint legal action with Ofgem and possibly the ICO.
- 1.1.20 Ofgem, Energy UK and British Gas have now agreed to part-fund our research into the usability of in-home displays. This collaboration will work on developing best practice guidance around 'inclusivity by design' for displays and highlight the support customers need when using the technology. The aim is to ensure that all customers are able to easily use their energy displays and access the information they need to better manage their energy use and builds on cross industry work. Our experience from PPM displays and boiler controls suggested that industry is often not focussed on customer ease of use. The work is feeding into the Ofgem working group on in home displays. Suppliers will use it to inform their purchasing decisions on displays.
- 1.1.21 This year's big European smart metering conference, which is attended by all the major players, has a stream of workshops focussing on the customer experience. This is in part due to our lobbying and the interest in previous events where Consumer Focus and other consumer reps have spoken. The event is attended by up to 4,000 people. It should help to address issues where lack of customer focus by industry is due to lack of consideration and awareness of customer needs, rather than a lack of willingness to address them.
- 1.1.22 We have been pushing government to clearly define the benefits to customers of smart metering, especially low income and vulnerable consumers. Our worry was that the process had been very industry focussed and the customer benefits would not be realised. A programme of work is now underway by Government around this and we are working with both DECC and Ofgem in its development. As part of this work Government is now considering synergies between health and water that could deliver cost savings to customers and tax payers. They are also developing a behaviour change strategy which is linking up Green Deal and Smart. This is something we have been lobbying for, for some time. As part of this process they have invited us to join their internal workshops where we are the sole consumer group.
- 1.1.23 For the first time "affordability" has been clearly stated as an objective of the smart metering programme. Ofgem/DECC has also committed to look at the impact of time of use and new tariffs on low income and vulnerable groups, following our repeated calls and tabled parliamentary questions by friendly MPs that this had not been given appropriate consideration. Our next step is to push for data sharing to allow for the delivery of an extra help scheme during rollout for low income and vulnerable consumers and to design a scheme for rollout. The installation visit provides a one off opportunity to provide support for customers in need in a more cost effective and efficient way. We have concerns that opportunities to deliver benefits to prepayment meter customers will be missed. We are working to address this.
- 1.1.24 Following our breakfast presentation in November we met again with Charles Hendry MP, Minister of State for Energy and Climate Change to discuss key consumer

concerns and issues relating to the smart meter roll out. We invited representatives from Which?, National Energy Action (NEA) and the Fuel Poverty Advisory Group. The Minister said he would welcome us playing a key role monitoring supplier activity and consumer experiences around smart metering. We highlighted that changing consumer landscape and the need for Ofgem to be more proactive.

Billing

- 1.1.25 In February, we carried out some omnibus research to understand consumer reactions to their new annual statements. We will publish a report in April looking at consumer attitudes to energy bills and analysing the impact of current use of nudge principles on energy bills – exploring the impact on different consumer groups. The research will help inform Government proposals in the Energy Bill on putting information about the lowest cost tariff on energy bills and help us press for further improvements to suppliers' annual statements.
- 1.1.26 We responded to Ofgem's consultation on rollover contracts. We favour banning the rolling over of consumers on to tariffs with termination fees.
- 1.1.27 We met with British Gas, which are very eager to work with us on the 'Trust Agenda'. The team is currently developing proposals, which will involve further campaigning work over the next months.

Micro-businesses

- 1.1.28 We have published the report *Watching the middleman*, which calls for increased regulation of Third Party Intermediaries (brokers) operating in the energy sector. Ofgem is likely to suggest further regulation of this sector when the Retail Market Review is published. Consumer Focus and energywatch have been calling for greater protections for years so this looks to be a significant win.

Energy supplier performance

- 1.1.29 The latest energy supplier league table was published on 11th March. This is the second set of rankings since the launch and showed that overall performance across the industry has declined over the last quarter. In particular two suppliers have slipped down the ratings including npower, the lowest performing company, which has fallen to a one star rating.

Fuel poverty

- 1.1.30 Jonathan Stearn is leading a small Fuel Poverty Advisory Group working group on the potential to make energy bill levies more progressive for low income consumers by basing them on energy consumption rather than the current flat rate consumer charge. Several fuel companies are carrying out detailed modelling of different options to inform this work. The work assumes revenue neutrality and will look at protection for the small number of low income households with high consumption.
- 1.1.31 The Government has announced that Professor John Hills of LSE will lead the independent review of the fuel poverty definition and target, with DECC providing the secretariat. We plan to play a key role in the review, for example providing evidence and facilitating input from our partners. We also gave oral and written evidence to a parliamentary inquiry into the fuel poverty definition.

- 1.1.32 We have received the first draft research report from the Institute for Fiscal Studies of the experience of energy price inflation of low income consumers.
- 1.1.33 Consumer Focus is initiating a coalition of organisations to drive forward data sharing for Carbon Emissions Reduction Target, Warm Home Discount and in the roll out of smart meters. The energy companies have been given responsibility for these schemes but can only target groups if data is shared – with appropriate privacy protection. We have the support of older people's, disabled and children's organisations to drive forward data sharing and are working with the energy companies as well as privacy groups. The aim is to put forward a new clause in the energy bill that would allow limited data sharing between DWP/HMRC and the energy companies, to help more effectively and cheaply target social assistance and existing schemes at those who need it. It costs suppliers on average £130 to find a priority customer; this drops to less than £4 per customer with data sharing. The amendment aims to take powers to allow data to be shared through a third party but would need secondary legislation before it can happen. There are currently powers in pensions legislation (Pension Act 2008) but they are limited to pensioners in receipt of pension credit.

Support for vulnerable consumers

- 1.1.34 We wrote all suppliers in February with an update about our upcoming work priorities as well as an overview of our concerns about the current set of Ofgem social monitoring statistics. This was followed up with a report with the learnings from the EHU's experience of working with suppliers during the cold spell in December.
- 1.1.35 We have started the joint round of meetings with Ofgem and each of the energy suppliers to understand the disparity between the weekly debt repayment rates of prepay and credit customers. We are aiming to do a joint campaign with Citizens Advice in 2011-2 focussing on collecting evidence of poor practice (for possible referral to Ofgem) as well as raising consumer awareness of their rights.
- 1.1.36 We published a detailed research report that set out the evidence for providing the Warm Home Discount to certain low income families and disabled people, as well as older people. We submitted this as part of our response to the DECC consultation. We argued that the Government should agree a consistent set of eligibility criteria for the main fuel poverty programmes (CERT super priority group, Warm Front, Warm Home Discount). There are currently different criteria for each of the schemes. Unfortunately the Government did not accept our case. Now that DECC has set criteria for the scheme, we will shortly publish guidance to ensure advice agencies are aware of the upcoming changes. There is a risk of significant confusion amongst advisers during the transition process between the old voluntary arrangements and the new mandatory scheme. We will work closely with suppliers to ensure there is a coordinated communications strategy.
- 1.1.37 We are moving ahead with plans to set up some sort of 'Fuel Forum' with the charity Z2K to provide a new forum to bring together advice agencies and charities with the main energy suppliers to help them resolve problems and improve relationships.
- 1.1.38 The five pre-payment meter commitments were published in March, following many months of negotiation with suppliers. Suppliers have pledged to improve the service offered to their prepay customers in years ahead of the smart meter roll out.

Off-gas

- 1.1.39 We have welcomed the OFT's decision to investigate the heating oil/off-gas market and met with them to discuss our long-standing concerns over pricing, choice, the structure of the market and other issues. We have sent over the results of our call of evidence (from 2009) and other pieces of research and analysis to aid the OFT evidence base. We also formally responded to their scoping consultation with a letter asserting our primary concerns and recommendations where further investigation is needed. We have commissioned a detailed quantitative analysis of the housing and household characteristics of off-gas consumers in England, Wales and Scotland, the results of which we will feed into the OFT review.

Confidence Code

- 1.1.40 Consumer Focus met all the service providers in early February to discuss the implementation of the recent changes as well as upcoming plans for the further development of the Code such as the inclusion of IGT surcharges, incorporation of smart tariffs, etc. The annual audit is due to take place in April.

Market structure

- 1.1.41 We responded to major consultations on the energy network price controls, the introduction of a carbon tax on energy generation and on electricity market reform (EMR). We gave evidence to the energy and climate change committee on the EMR and met with a range of stakeholders including the shadow minister to discuss our ideas.
- 1.1.42 We continued to develop ideas around improving market transparency and are leading within BEUC on proposing amendments to the market integrity and transparency regulation. We presented our ideas to the Group of the Progressive Alliance of Socialists & Democrats in the European Parliament
- 1.1.43 Media interest in energy prices and the Ofgem review has soaked up significant time in the past month and we are spending significant time responding to such queries.
- 1.1.44 We briefed Shadow Energy Minister, Huw Irranca-Davies MP on competition in the market, barriers to entry and transparency.
- 1.1.45 We gave oral evidence to the Energy and Climate Change Select Committee on its Electricity Market Reform (EMR) inquiry. We managed to raise a number of key issues relating to EMR and the upcoming Green Deal including the need to address tariff complexity; the need for barriers to entry in to the market to be removed - keeping costs to a minimum; addressing fuel poverty through the Energy Company Obligation (ECO), meaningful data sharing and an extra help scheme from the smart meter roll out; and the need for consumer incentives and central communication led by Government.

1.2 Post

Postal Services Bill

- 1.2.1 The Postal Services Bill has completed its 2nd Reading and the first three Committee Sittings in the House of Lords. We contributed substantial written and oral briefing to Lords on a range of issues, and have succeeded in having amendments raised on the unwarranted surcharging of mail recipients, the transfer of assets between RM and

POL, access criteria specifying the minimum geographical spread of post offices, and the financial conditions against which the proposed mutualisation of POL should be assessed. We have been cited extensively during both stages, particularly as regards the future of the PO network and our research into new PO operating models.

Royal Mail's Service Updates

- 1.2.2 We have monitored closely Royal Mail's daily email Service Updates and have suggested improvements to Royal Mail in a number of areas, such as ensuring that both mail senders and recipients are informed of service issues. Royal Mail has responded by adopting some of our proposals in terms of improvements to both the quantity and quality of information that customers who have signed up this service receive.

Royal Mail's Quarter 3 Quality of Service figures

- 1.2.3 We have received Royal Mail's Quarter 3 Quality of Service report and held them to account for their poor service in our widely-published press release. Further details of these figures are included in our March 2011 post Board report but point to Royal Mail hiding behind poor weather at the end of Quarter 3 to mask failing standards that were apparent even before the bad weather hit. Extensive analysis has already been carried out and further will be undertaken, especially as Royal Mail has already indicated that it will be applying to Postcomm for a force majeure dispensation for payment of compensation during this period.

Royal Mail's modernisation programme and complaints handling

- 1.2.4 A letter regarding ongoing consumer detriment caused by Royal Mail's modernisation programme and complaint handling process was sent by Mike O'Connor to Moya Green, CEO of Royal Mail. As a result of this letter and one from Robert Hammond to Anne Fletcher, Compliance Director at Royal Mail, we are to meet with senior Royal Mail staff to further discuss our concerns around both the impact of modernisation, communication to consumers in the areas affected and their complaints handling process.
- 1.2.5 On the issue of complaint handling we have started a nations-wide project investigating our increasing concerns with the current system, and held a productive meeting to map out our plans for this project. We are aware that Royal Mail has recently made some changes to their processes and we will monitor the impacts from these. We are also arranging to visit their call handling centre in Plymouth.

Postal Market Analysis Report

- 1.2.6 The fusion of the two papers prepared for us last year by David Stubbs, the one emerging from our postal strategy project and the other being our response to the updated Richard Hooper call for evidence on the postal market, is anticipated to be published by the end of March. It will contain updated statistics and data, reflect aspects of our joint research with Postcomm on the needs of consumers for a USO service and factor in the implications of Postal Services Bill.

EU activity

- 1.2.7 Following publication of our UK-wide consumer needs research, we met with the a member of the team undertaking research for the European Commission on consumer preferences for postal services to discuss appropriate methodologies. We have been informed by the Commission that we will be invited to join the High Level Stakeholder

Group on Post expected to be launched by Commissioner Michel Barnier around summer 2011 and are developing an engagement strategy with the Commission and key stakeholders.

Cross-border mail service in Ireland

- 1.2.8 We are still awaiting the results of a survey by Intertrade Ireland, at the request of the North/South Ministerial Council (and prompted by our own published research) into the impact on business of the existing poor Cross-border postal service. The survey results are due imminently.

Meeting with Ministers

- 1.2.9 We are meeting with the junior Ministers at OFMDFM, Robin Newton and Gerry Kelly, on 22 March to discuss the full spectrum of mail and post office issues in Northern Ireland, including the likely impact of the Postal Services Bill. It is also an opportunity to discuss matters regarding the proposed transfer of our responsibilities to the General Consumer Council for Northern Ireland.

Research programme

- 1.2.10 Tenders for three pieces of research were accepted in early January and it is anticipated that these will be largely completed and paid for by the end of the financial year. We have been working with the contractors on survey design and final methodology.

- 1.2.11 The topics are:

- Mail Delivery Problems in Northern Ireland – with a special focus on difficulties at flats and HMOs.
- A mystery shopping survey of service experience at a cross-section of Northern Ireland Post Offices
- An annual consumer satisfaction survey - - to include a strands on possible future services provided by the PO network as a front office for central and local government.

Replacement for Green Giro cheques

- 1.2.12 DWP recently announced that the replacement system for the green giro cheque system (for benefit recipients without access to a bank account) had been awarded to a Citibank/Paypoint consortium, losing the PO network fees in the region of £20m per annum.
- 1.2.13 We have raised with DWP and, in Northern Ireland, the Social Security Agency our concern at the loss of revenue to POL, and the apparent conflict removing this business from the network has with BIS's aim of consolidating the PO network as government's 'front office'.
- 1.2.14 We issued a strongly critical press release in Northern Ireland, which received considerable media attention. We are now pursuing with the Social Security Agency how it intends to roll out the new system, including consultation with stakeholders and publicity and information to benefit recipients affected. We are also stressing the importance of privacy for benefit recipients at the point where payments are made.

PO Locals briefing

- 1.2.15 Mike O'Connor and members of the Community & Public Services team met Ed Davey, Minister for Postal Services and Consumer Affairs, to brief him on our forthcoming research into PO Locals, and to discuss what steps need to be taken to ensure the successful piloting and implementation of the new operating model. Ed Davey has confirmed he attaches ongoing importance to our work in this area, and that he sees merit in Consumer Focus seeking to establish a stakeholder body to provide further scrutiny of the pilots. Oral briefing has also been provided to Nia Griffith, Shadow BIS Minister, ahead of the report's publication later this month.

Code of Practice on the PO network

- 1.2.16 Consumer Focus has successfully completed a review of the Code of Practice, which we jointly operate with POL, and which sets out their requirements to communicate and consult with consumers in the event of ongoing 'business as usual' changes to the network (for example, if a PO is proposed to relocate or is subject to a temporary closure.)
- 1.2.17 The new Code provides a number of important consumer benefits, with specific protections that: require POL to keep local representatives better informed in the event of long-term temporary closures; allow consumers to use a telephone helpline to find out about temporary breaks in service; ensures that as a matter of course local councillors and parish councillors are consulted about proposed service changes in their area; and which, for the first time, will see POL notify consumers who substantively respond to consultations of the relevant decisions that are made following it.

1.3 Public services

- 1.3.1 Our work on the police service continues to attract interest as the Policing Reform and Social Responsibility Bill proceeds through Committee stages. The research was again quoted by Nick Herbert MP, Minister of State for Policing and Criminal Justice, in relation to the role and remit of the Police and Crime Commissioners. He urged all Committee members to read the Consumer Focus report stressing the need to avoid complacency about public confidence in the service.
- 1.3.2 We are meeting Home Office officials in April to discuss our proposals on the PCC's remit in relation to customer service in more detail.
- 1.3.3 Philip Cullum spoke at a Cabinet Office/OFT event on the use of 'choice tools' in public services.

1.4 Fair Markets

Private rented sector

- 1.4.1 Our report on the potential for utilising tenant generated online feedback mechanisms to address imbalances and drive improvements in the private rented market has grabbed the attention of the sector. Beyond the considerable media coverage it attracted, *Opening the door: Examining the potential for reputational regulation of private rented sector landlords* has resulted in the more progressive elements of the industry – including Upad, the largest online lettings agent and the Tenancy Deposit Scheme – seeking meetings with CF to discuss the proposals and how they might contribute to a

pilot scheme. Meetings are also scheduled with the Shadow Housing Minister and Unipol, the charity working to improve housing standards for students.

- 1.4.2 We have received unprompted feedback from a number of consumers highlighting how the existence of such a scheme would have helped them avoid problems in the sector, bodies representing tenants supporting the idea, and from a number of landlords who have been keen to outline their concerns.

Investigation into commission paid for personal pensions plan

- 1.4.3 We have completed a draft report of the personal pension plans report. Our conclusions are there has been an increased use of trail commission by some insurance companies and IFAs to increase their market share in advance of its ban in 2013. High levels of pensions switching encouraged by IFAs. This is a systemic issue exacerbated by poor quality disclosure of information on charges (commission, pension provider and fund manager) that will only partly be remedied by the Retail Distribution Review. Lack of affordable advice for the mass-market. The FSA and the industry have not yet developed a low-cost and accessible way of obtaining advice on pension suitable for people with simple pension needs.
- 1.4.4 We discussed the evidence sections with all the major stakeholders including FSA, Association of British Insurers, Association of Independent Financial Advisors and OFT. The stakeholders had many comments about the paper FSA were generally supportive of the points about excess levels of switching and were interested about the points we made about of recent rise in the use of trail commission by some companies. The industry do not agree that the level or cost of switching is a problem.
- 1.4.5 We are working with Board members to agree how to conclude the work and develop recommendations that will achieve the maximum outcome for consumers.

Public involvement in regulation

- 1.4.6 We have let out work to look at the attitudes and knowledge of consumers to regulators, co-regulators and self-regulators to be completed by end March. The research consists of a mixture of qualitative work with Consumer Panels and quantitative work with a sample of consumers.

Complaints

- 1.4.7 We commissioned a research report into the complaint handling process (from first tier or firm level all the way to Ombudsman in six sectors (telecoms, financial services, legal services, water and Royal Mail). We know that a benchmarking exercise will help in challenging operational complacency and create an atmosphere conducive to continuous improvement. It will also create a sense of urgency for improvement and confirm the belief that there is a need for change in poor performing markets. We are aiming to publish our report in the first quarter of the incoming financial year.

Green Investment Bank

- 1.4.8 The evidence we gave to the Environmental Audit Committee on the Green Investment Bank has been quoted in its final report.

Consumer empowerment

- 1.4.9 Philip Cullum spoke at a roundtable chaired by Edward Davey to develop aspects of the government's forthcoming consumer empowerment strategy. We expect the government to publish its paper on 5 April.
- 1.4.10 CF Labs has developed a 'proof of concept' website on train reliability data. This is to persuade the train companies and regulator ORR that the data which companies already hold should be made available for third parties to re-work for use by passengers. This is the latest case study in our work on 'reputational regulation', building on our success in persuading FSA to force the banks to publish their complaints data and our ongoing campaign for the release of solicitors' complaints data in England and Wales.
- 1.4.11 Dafydd Vaughan and Philip Cullum presented the idea to Bill Emery, ORR chief executive, and his senior colleagues in a meeting at Passenger Focus. We will now do joint letters with Passenger Focus to National Rail and the Association of Train Operating Companies, asking them to make the data available and offering to show them the proof of concept too.

1.5 Financial services

High cost credit debate

- 1.5.1 A backbench business debate on the issue of total cost of credit caps on high cost credit took place in parliament on 3 February 2011. There are significant concerns over high cost credit and the debate generated a high level of media and political interest. We circulated a statement to MPs and other relevant parties setting out our reasoned position in this complex area and Consumer Focus was referred to favourably in the ensuing debate. As a result of our work in this area, we have now been invited by Stella Creasy MP to a roundtable meeting in parliament with the key commentators in this field on 30 March 2011.

Affordable credit project

- 1.5.2. We have commissioned the Personal Finance Research Centre in Bristol to carry out a project exploring how to achieve wider availability of 'affordable credit' in the UK, in particular whether the models of financial inclusion in other EU countries are able to help us in terms of improving access to affordable credit in the UK. Work is in progress at the moment and the final report should be ready at the end of March.

Financial Regulation

- 1.5.3 We are participating in a number of workshops and discussions on the new approach to financial regulation held by the FSA, FS Consumer Panel and BBA as we finalise our responses to the on-going consultations in this area.

Complaints data

- 1.5.4 We released the results of our polling on how Banks dealt with complaints which revealed that customers are let down by their banks processes resulting in them either facing potential detriment or having to take their case to the Financial Ombudsman Service (FOS). The press team did a great job in generating interest in this issue and Oliver Morgans did his first national TV interview.

Clydesdale Bank

- 1.5.5 Our analysis of data emerging from the FOS, its guidance and financial news websites and blogs led us to write to the Clydesdale Bank demanding that they follow FOS guidance when dealing with its customers had the repayments wrongly calculated by the bank. As Clydesdale has not responded positively to our demands we have written to the FSA to ask them to take enforcement action against the bank.

Payday lending

- 1.5.6 The third meeting of the Payday Lending Forum took place in late February. This was the first stage in the process of producing a code that will deal with the concerns in this market, particularly those raised by our report into this market '*Keeping the Plates Spinning*'.
- 1.5.7 The issue of continuous payment authorities taken out on debit and credit cards for payday loans has emerged as a cause of particular concern. We have commissioned preliminary research into this issue.

Consultation responses

- 1.5.8 We submitted three consultation responses:
- FSA Mortgage Market Review: Distribution and Disclosure
 - OFT Mental Capacity – Guidance for Creditors
 - Input into BEUC response to EU consultation on Interest Rate Restrictions

Synthesis/Poverty Premium project:

- 1.5.9 A report has been produced drawing on all our recent research in different sectors in order to draw attention to the problem of the poverty premium. We are now in the final stage of finalising the report.

CFEB Financial Health check advisory group

- 1.5.10 We have participated in the advisory group working towards the launch of the CFEB on-line Financial Health Check. We have assisted the process in terms of advising on the design and structure of the service, including identifying potential pitfalls in relation to the project.

Financial inclusion

- 1.5.11 We attended a final research programme meeting with the Financial Inclusion Taskforce team at HMT to discuss the findings of research carried out by the Taskforce and to share ongoing research in this area. The Taskforce will come to an end on 31 March 2011 and the meeting also discussed how to manage future national strategy in this area. We have been approached by Toynbee Hall with a view to being part of the future co-ordination of the research and policy in relation to this subject.
- 1.5.12 Following the recent series of seminars on financial inclusion by the Fabian Society, we have been contacted by the Fabians to discuss how they may continue to work in this

area after the Taskforce comes to an end at the end of March. We are meeting them on 23 March 2011.

Rent-to-own financial services

- 1.5.13 The Financial Services team is participating in a working group convened by Church Action on Poverty to examine the practices of the rent-to-own market (companies such as Buy-As-You-View and Brighthouse). The aim is to work with industry to develop a code to improve practices in this area. This is an issue that Consumer Focus Investigations are also working on and hence we have been able to liaise across teams to address the issues arising in these markets.

1.6 Communications/digital

Digital

- 1.6.1 Meetings have taken place with David Evans of the Information Commissioners Office (ICO) and Rob Reid of Which? to discuss online behavioural advertising and data privacy. We have also responded to Ofcom's consultation on their proposed work plan for 2011/12 and sent a well-considered response to the ASA's consultation on the advertising of broadband speeds. In addition we responded to the Ofcom consultation on simplifying non-geographical calls, supporting the proposals for totally free 0800 calls from mobiles and greater clarity for consumers on the plans to unbundle the cost of other types of call into service charge and access charge elements.
- 1.6.2 Jill Pitt attended a conference on digital engagement and older people organised by KT-Equal and met with representatives from Race online and Ofcom to discuss issues of social inclusion in the broadband roll-out.
- 1.6.3 We have also met with the Broadband Stakeholder Group and discussed their newly launched voluntary codes on traffic management, which we welcomed as a first step but flagged in our press release our concerns around independent verification, its relationship to the existing Ofcom's Voluntary Code of Practice on broadband speeds and the over-reliance on "transparency" to limit services to consumers.
- 1.6.4 We were also invited to participate at the ministerial roundtable on net neutrality organized by the Department for Culture, Media and Sport that was chaired by culture minister Ed Vaizey and also featured presentations from Sir Tim Berners Lee the web inventor and Ed Richards (Ofcom). Mike O'Connor and Marzena Lipman aired consumer concerns such as consumer problems around transparency of information on broadband services, switching barriers and the need for safeguards on access to public services online. In addition we also met with Ofcom to progress the issue of transparency of information on traffic management and broadband services and Ofcom have invited us to present examples of consumer information models from other sectors at the workshop they plan to host.

Marketing to children

- 1.6.5 Jillian Pitt and Philip Cullum met with Reg Bailey (CEO Mother's Union) and Victoria Saunders (DfE) to discuss Consumer Focus position on marketing to children. This was part of the Bailey review of the commercialisation and sexualisation of childhood, which will report in May 2011.

Copyright

- 1.6.6 Saskia Walzel participated in the first meeting of the Intellectual Property Office's Copyright Expert Advisory Group. Consumer Focus has also met with Prof Hargreaves, who leads the Government's Independent review of IP and Growth, discussing fair use rights, copyright licensing and the institutional IP governance framework, in response to his request for submissions on the future role of the IPO. Based on the responses to the consultation on Copyright and Competition, Consumer Focus has made detailed submission on the reforms of the institutional IP and competition framework. We have also made detailed provisions on fair use rights, copyright licensing solutions and proportionate copyright enforcement through the County Courts.
- 1.6.7 In early March we organized a panel event on fair use rights and the review together with the APPG for the Digital Economy in the House of Commons. The event was chaired by Lord Lucas, the panel included Mike Weatherly MP, and several Lords and MPs were in the audience. We subsequently sent an update on the Independent review to all relevant parliamentarians, focusing on fair use rights, copyright licensing and competition.
- 1.6.8 Together with the human rights NGO "Article 19", we made a 'friend of the court' submission to the High Court on the Judicial Review of the Digital Economy Act 2010, brought by BT and TalkTalk. Our intervention, drafted by legal counsel, argued that the provisions which would see internet service providers (ISPs) impose technical measures on internet subscribers for alleged copyright infringement through peer-to-peer file-sharing, as a disproportionate response to a specific problem. Noting the importance of the internet in combating social and economic exclusion by providing access to essential private and public services, we argued that it was disproportionate to impose a reverse burden of proof on subscribers who are accused of copyright infringement. This is especially true where subscribers and public intermediaries, such as libraries, lack clear and adequate safeguards to prevent themselves from being labelled as infringers. We also argued that technical measures, including limiting the speed or disconnection of internet access, have profound implications for freedom of expression, that is the right to receive and impart information. As such they are a disproportionate punishment for an alleged civil offence, which under normal copyright law is punishable with damages and an injunction.
- 1.6.9 The cost order relating to the online copyright infringement provisions of the Digital Economy Act, which was laid before Parliament in January and in relation to which we had made a submission to the European Commission when it was notified under the Technical Standards Directive, has so far not been debated by Parliament. It was however criticised by the Merits of Statutory Instrument Committee following our submissions, particularly in relation to the additional cost imposed on all internet subscribers and its likely impact on low income households, and stalled by the Statutory Instruments Committee for 'defective drafting'. Subsequent to concerns raised by the European Commission that the cost imposed on ISPs was not objectively justifiable under the Authorisation Directive, and that the UK is therefore in breach of EU law, the cost order was officially brought within the remit of the Judicial Review.

1.7 Sustainable consumption

- 1.7.1 Lucy Yates took part in a live Q&A on the Guardian website with Defra on their relaunched green claims guidance.
- 1.7.2 Lucy has organised a series of articles with Guardian Sustainable Business on consumer behaviour change. Consumer Focus will be contributing a couple of articles

and there will be contributions from other stakeholders such as business and academic writers. The first article can be seen here: <http://www.guardian.co.uk/sustainable-business/sustainable-choice-changing-consumers-think>. Lucy has also been a judge for the Guardian Sustainable Business awards. The two categories she was involved with were engaging employees and communicating sustainability.

2 CHALLENGES RUNNING UP TO NEXT BOARD MEETING

2.1 Energy

2.1.1 Government's first series of decisions on rollout are expected at the end of March – this will give us a further indication of how we are doing pressing for wider protections and consumer benefits. We will do a paper to the Board following this.

2.1.2 We are starting to work with the successful bids for the Low Carbon Network Fund. We will sit on the expert panel for Low Carbon London to try and maximise the customer benefits from trials. We are pressing Ofgem and DECC to use these trials to try different customer engagement strategies. We continue to work on many Ofgem working groups where we are the sole consumer rep.

2.2 Legal expenses insurance

2.2.1 We have completed our research report into the Before the Event Legal Expenses Insurance market (BTE LEI). The report will be published at the end of March/start of April. It analyses how the current market operates from the point of view of consumers; whether it can fill the legal aid gap; and if there is scope for its expansion in line with calls from Government and other commentators.

2.2.2 We have shared the Report with Citizens Advice who plan to run a campaign on this in the near future; we will continue to explore opportunities for joint working on this issue. We have also shared the report with the Financial Services Authority and will do the same with the Association of British Insurers ahead of its publication.

2.3 Sustainable consumption

2.3.1 We will hold a Consumer Focus/NSMC event on sustainable consumer behaviour on 19 April. The event, which is now oversubscribed, will investigate the barriers to consumers behaving more sustainably and look for shared solutions from the public, business and third sectors. We have key speakers who will explore some of the current ideas on behaviour change – social marketing and behavioural economics – to see how they can help drive behaviour that is sustainable in all its three aspects: environment; economic; and social.