

## **CONSUMER FOCUS AND CONSUMER FOCUS POST POLICY ADVOCACY**

**Deputy Chief Executive: Philip Cullum**  
**Interim Director of Reputation and Impact: Adam Scorer**

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### **1 ACCOMPLISHMENTS SINCE LAST BOARD MEETING**

#### **1.1 Energy**

##### **New statutory power**

- 1.1.1 DECC has announced that it intends to scrap energy companies' ability to unilaterally block changes to their licences on an ex ante basis and replace it with an ex post appeals process. Consumer Focus would pick up a new statutory right, as a designated body with the right of appeal – the only non-industry participant to be given this right. This comes as part of the transposition of the EU 3<sup>rd</sup> package in to UK law, and represents a significant strengthening of our position that could set a standard for consumer representation in other regulated sectors.

##### **Marketing and selling**

- 1.1.2 We wrote an open letter to Ofgem raising a series of concerns about the way suppliers market and sell energy tariffs. Ofgem has welcomed the letter and confirmed it provides very helpful evidence for the Retail Market Review. This generated good media coverage, focussing on tariff complexity with a package across the BBC on Breakfast, the news channel, Radio 5 Live, Radio 4 with follow-up articles in the Mail on Sunday, Scotland on Sunday and the Herald.

##### **Back billing**

- 1.1.3 We met with Ofgem to discuss our referral on supplier compliance with back billing rules. Ofgem has now confirmed that it will publish new guidance clarifying suppliers' responsibilities, which was our key request. The regulator will also be pushing the Energy Retail Association to consult with Consumer Focus (or our successor) when making changes to its Billing Code. This new guidance should have a positive impact on the EHU's ability to obtain the right outcome for consumers through their complaint handling work. It was also essential that we got the protections in place for smart meter roll out, which is likely to uncover many cases of incorrect billing that generate backdated charges.

##### **Advice agencies**

- 1.1.4 We partnered with the charity Z2K and law firm Reynolds Porter Chamberlin LLP to hold an Energy Awareness Conference with the aim of improving the relationship between advice agencies and suppliers. Speakers included Consumer Focus, Ofgem, Energy Ombudsman, two suppliers and Charis Grants. Consumer Focus and Z2K are now establishing a new panel involving both advice agencies and suppliers. The aim is to

ensure that the advice community's issues of concerns or problems with existing policies are addressed by suppliers. We have already secured the involvement of suppliers and have also persuaded the Energy Retail Association to move ahead with plans to open out access to the suppliers' fast track complaint lines to a wider group of advice agencies.

### **Supplier performance**

- 1.1.5 Consumer Focus's new energy supplier performance league table was launched in December. It awards the Big 6 energy suppliers a star rating based on their complaint handling performance. The publication of these statistics fulfils our statutory obligation to provide consumers with information on energy company performance to aid them in making informed switching decisions, as well as incentivising supplier to drive improvements in their customer service. The new league table received widespread national and regional media coverage including the Daily Mirror, Daily Mail, Guardian, the Sunday Times and the Scotsman and regional press. The new performance model is the result of an extensive consultation process with industry and other stakeholders in order to produce truly reflective relative performance information for consumers.

### **Confidence Code**

- 1.1.6 The new Confidence Code was also launched in December. Changes were necessary to keep pace with market dynamics and to mitigate tariff complexity issues. The changes also received positive coverage with articles in the Daily Mail, Sunday Times, Yours magazine and regional radio interviews.

### **npower**

- 1.1.7 There has been further work on the npower refunds with media activity to get the message out to urge people to take up the payment. Progress to date has been good with almost 1.2 million customers have been paid £51 million since October. Claims rates are running at around £1 million per week. There remain 700,000 people who have yet to claim, most of whom are no longer customers of the company. MPs received a template press release to encourage constituents to claim their share of the remaining £20 million. Our follow-up media work was very successful, being widely picked up with articles in the Daily Mail, Daily Mirror and Daily Express, Money Saving Expert and BBC Online and mentions on BBC Breakfast and the BBC News Channel. The story has been widely covered in regional print and broadcast media – which are a key route to engaging with the customers we are trying to reach.

### **Prepayment meter customers**

- 1.1.8 Work has continued with suppliers to agree a set of commitments for their prepayment meter customers. We are hopeful of agreeing this shortly and it will help provide a better service to PPM customers along with 'friendly disconnection' policies which will allow them to maintain supply at night and when outlets are closed. We will be publicising this joint work with the Energy Retail Association.
- 1.1.9 We have written to suppliers raising our concerns about the disparities between the debt repayment rates paid by consumers using prepayment meters and credit meters. Given our recent research about self disconnection and prepayment meter customers 'Cutting back, cutting down, cutting off, we believe that many suppliers' average debt repayment rates for prepayment customers are far too high – with some companies pre-pay debt recovery rates 200% higher than that of credit customers. The letter also mentions the recent review carried out by the EHU into the high number of priority cases it dealt with

during the recent cold spell. It provides analysis of the cases along with the customer experience and industry responsiveness. We have urged suppliers to adopt the best practice identified by the EHU.

### **Fuel poverty**

- 1.1.10 The End Fuel Poverty Coalition continues to grow, with the TUC and Save the Children recent recruits. We have received positive feedback from DECC that the Government is taking notice of the Coalition, particularly with respect to its inclusion of organisations not previously associated with fuel poverty.
- 1.1.11 We published a research report on the Warm Home Discount (WHD) as part of our response to the DECC consultation in January. The report makes the case for the WHD to go to CERT (Carbon Emissions Reduction Target) Super Priority Group households, allowing fuel companies to deliver a joined-up package of fuel cost and energy efficiency measures to a particularly vulnerable group of consumers. Our proposal would result in one million more low income households receiving a £130/140 discount on their fuel bills than under the Government's proposal. It would also simplify the scheme. The press team plan to use the report as part of a campaign on fuel poverty.

### **Sustainability, the Green Deal and smart metering**

- 1.1.12 In December, Government published its consultation on a Microgeneration Strategy. We were the sole consumer representative on the steering group for its development, and are now representing consumers on DECC's Industry Contact Group. This draft Strategy reflects our call for a more cost-effective approach to financial support but we are minded to criticise it for not explicitly recognising the steering group's concern about the impact of policies on fuel poor households.
- 1.1.13 Consumer Focus continues to inform the development of the Green Deal through a range of routes. We are now a member of DECC's Consumer Advisory Panel and the Advice and Accreditation Working Group, and are advising a number of industry fora on consumer needs and how they can be addressed. To support these discussions we have published a series of Green Deal papers to help the wide range of stakeholders understand the complexity of potential consumer detriment. Using lessons learnt from other sectors, we have examined topics including the accuracy of advice, mis-selling, debt management, and the regulatory framework.
- 1.1.14 As part of our Green Deal work, in January 2011 we undertook a consumer survey to understand the impact of energy performance certificates (EPC) in the housing market. DECC and DCLG will reference our findings in their report to Ministers in their review of the Energy Performance of Buildings framework, and the Departments have welcomed the next stage of our research which will look at the content and format of the EPC.
- 1.1.15 We published a research report on energy efficiency in the private rented sector in December. This advocates the introduction of a minimum energy efficiency standard of EPC E in 2016. We believe this would improve the Government's proposals for the private rented sector within the Energy Bill.
- 1.1.16 Consumer Focus has worked with housebuilders and environmental groups to develop recommendations to DCLG and DECC Ministers for the on-site energy efficiency and heating measures aspect of the new Zero Carbon Homes Standard. A consensus position was reached in January 2011 on the basis of technical feasibility and commercial viability, with our calls for lower running costs and reduced exposure to

rising energy costs balancing out some parties' preference to 'offset' a larger proportion of carbon emissions through an offsite investment – effectively a tax on new property buyers.

- 1.1.17 We jointly hosted a workshop on smart metering with Green Alliance on realising the energy saving benefits of smart metering – this helped to advance thinking around the smart metering installation process, which was subsequently reflected in Ofgem and Central of Office presentations.
- 1.1.18 Following our representations, Ofgem organised a workshop on how we ensure that low income and vulnerable consumers get the benefits of smart metering. Debate in the Consumer Advisory Group suggests that this has resulted in DECC/Ofgem starting to develop a strategy in this area which will be developed as part of Phase II of the programme. On our suggestion, Ofgem has also met with Groundwork, who work with Southern Water to provide a Green Doctor scheme to low income consumers. They are now starting to think how the future Energy Company Obligation might link up with smart metering – this is a step towards an extra help scheme for low income consumers.
- 1.1.19 The Smart Metering Spring package is due out next week – we will find out if our asks on protections around remote disconnection, switching and load limiting have been taken on board.
- 1.1.20 We participated in two meetings of the EU Smart Grid Task Force to continue to contribute to the elaboration of recommendations (for the European Commission) on the policy/legislative proposals required to roll out smart grids (and smart meters) in Europe.

#### **Public affairs activity**

- 1.1.21 We have been busy on the public affairs front. The Energy and Climate Change Select Committee held an evidence session with Ofgem, looking at issues including market reform and the regulator's future. Committee members were briefed beforehand resulting in numerous positive references to Consumer Focus and several points raised by committee members were clearly lifted from briefing materials we provided to them, with a focus on consumer protection, competition and barriers to new entrants to the energy market. We understand that we are likely to be called as expert witnesses on the Electricity Market Reform package for a further committee session in mid March, before which we will meet committee member Barry Gardiner MP.
- 1.1.22 We provided detailed briefings for the Westminster Hall fuel poverty debate on 19 January. Consumer Focus was mentioned on a number of occasions during the debate, particularly with respect to quoting evidence we provided.
- 1.1.23 The Energy Bill began its Committee stage in the House of Lords on 17 January. The Bill includes provisions on the Green Deal and energy efficiency measures relating to the private rented sector, the smart meter roll out and information on energy bills. Consumer Focus supported proposed amendments aimed at strengthening the Bill's Green Deal provisions.
- 1.1.24 In the run-up to Christmas and the New Year period we achieved widespread national and regional coverage on our concerns over energy price rises, in particular for heating oil, and stories around the colder weather and increased energy consumption. In mid-Jan our response to E.ON's price rise achieved blanket coverage in national print press and healthy regional coverage. We also achieved reactive coverage on a wide range of

energy issues including heating oil prices, Warm Front and energy efficiency issues and door-step selling.

- 1.1.25 Our work on wholesale market issues has been recognised with an invitation to present to MEPs from the Socialist and Democrats group (the second largest block) in February. The MEPs are currently negotiating a range of Directives relevant to our campaign asks on transparency and open markets. We are giving one of only two presentations, the other one is by the industry.

## **1.2 Post**

### **Postal Services Bill**

- 1.2.1 The Postal Services Bill completed its passage in the House of Commons with its Report Stage and Third Reading on 12 January. Consumer Focus was cited on numerous occasions during discussions on the Inter business Agreement (IBA) between Royal Mail and POL, including by Postal Affairs Minister Ed Davey, John Denham and extensively by Nia Griffith who led the Opposition response. Evidence provided by Consumer Focus was also well cited at Committee Stage, particularly as regards to regulation and the sustainability of both the universal service and the post office network.
- 1.2.2 We have continued to engage with BIS staff on changes to the Bill and are looking at potential amendments for tabling. CF Post in NI (Northern Ireland) is continuing to brief Northern Ireland MPs (Members of Parliament) individually on the importance and likely impact of the Postal Services Bill.
- 1.2.3 Our comments on the need for greater safeguards on the mail services contract between Royal Mail and the Post Office were also widely covered in the Independent, Daily Mail, Mirror and Daily Star and regional print press in mid-January.

### **Post Office Advisory Group**

- 1.2.4 Postal and Consumer Affairs Minister Ed Davey attended the Post Office Advisory Group (POAG) meeting on Tuesday 14 December to discuss the Postal Services Bill and the Government's plans for the post office network. It was the Minister's second meeting with the stakeholder group, the first took place in September.

### **Scottish Affairs Select Committee**

- 1.2.5 Adam Scorer, Richard Bates and Douglas White appeared in front of the Scottish Affairs Committee as part of its inquiry into postal services in Scotland. The Inquiry looked at the post office network and the potential impact of the Postal Services Bill on the universal service. The Committee's subsequent report cited a 'worrying' lack of safeguards to protect the long-term future of the post office network, echoed CF's concerns regarding the service provided by Outreach post offices, and warned that the introduction of Post Office Locals could downgrade the service further. We have also liaised with Committee members on constituency specific PO concerns raised during the evidence session.

### **Post Office Locals**

- 1.2.6 Early findings from our research into PO Locals have now been shared with key stakeholders, including POL, BIS, the National Federation of Subpostmasters and key

consumer groups. We presented the findings to Postal Affairs Minister, Ed Davey, on 1 February. They were well received and we are writing to follow up.

- 1.2.7 We hosted an operators' workshop, bringing together a range of existing PO Local operators and representatives from the major multiples, such as the Co-op, Martins and Spar, who will likely be major partners in rolling out the new operating model. The event was also attended by the National Federation of SubPostmasters and the Association of Convenience Stores. The workshop provided valuable additional evidence of necessary improvements to the model including the experiences of frontline staff from a PO Local in North London. This has helped extend CF's understanding of the readiness of major multiples to commit to participating in the next stages of the pilots, and the subsequent conversion of 2,000 subpostoffices; and provided an excellent insight into the issues that operators are facing.
- 1.2.8 Evidence gathered from the research, the workshop and from our on the ground work will be invaluable in pushing POL and BIS to ensure that the model is got right for both consumers and Operators during the key pilot stages.

### **Green giro**

- 1.2.9 We wrote to the Pensions Minister, Steve Webb, to express strong concerns that the PO may shortly lose the contract to offer the green giro cheque exceptions service, the means through which pensions and benefits are provided to 330,000 consumers who are unable to receive payments through other means. We also met with PayPoint, the other bidders for the contract, to discuss their proposition and the Government's wider approach to procuring transactional services. A decision on the contract was widely expected before Christmas, but has now been postponed until late February at the earliest.

### **Post Office mutualisation**

- 1.2.10 We met Mutuo, the think tank specialising in mutuality, to discuss the likely next steps in respect of the Government's proposal to mutualise Post Office Ltd. The meetings enabled CF to develop a better understanding of the approaches to mutualisation that are under consideration, and to outline to Mutuo the challenges the PO is facing. We also met with researchers from Co-operatives UK, who are developing proposals on the options for a mutualised POL for BIS, to inform a forthcoming options paper for Govt.

### **On-the-ground post office monitoring**

- 1.2.11 We have been actively involved with a number of cases relating to PO relocations and have worked closely with local representatives on these cases. Examples include:
  - Falmouth: We have written to Post Office Ltd to highlight the significant local concerns surrounding access to the proposed new premises, following an on-the-ground investigation, and regular contact with local representatives including the MP, Sarah Newton. POL decided to proceed with the planned relocation, prompting CF to offer further guidance and support to local stakeholders, helping them consider a further escalation of their complaint, as per the Code of Practice.
  - Brighton: Following a POL announcement to relocate a large branch on London Road to a much smaller premises on Preston Road. Local representatives were concerned that Post Office Ltd has not consulted on this proposal and had previously offered reassurance that a replacement branch would only be considered in the

London Road area. We will continue to monitor the situation and offer support to those concerned during the public consultation period.

- **Starcross:** We have been in regular contact with local representatives offering support and guidance as Post Office Ltd have worked to re-establish a replacement local postal service following a 12 month temporary closure. We have encouraged local residents to provide feedback on the replacement proposal during the final week of the public consultation.

### **Social enterprise post offices**

- 1.2.12 In December we launched a new online resource mapping the provision of community hosted and run post offices. The website features an online inventory providing details of an initial 70 community post offices across the UK, including their location, the services they provide and their organisational structure. The inventory also enables other community post offices who operate on this basis to sign up to share their own experiences and approaches.
- 1.2.13 The website reveals that communities have become involved in the provision of post office services in a wide variety of ways in a range of locations across the UK. The majority are community owned shops that host sub-post offices, but some are running their own offices, while others provide 'public post offices' outside of the Post Office Ltd. network to ensure the continued provision of PO services for their communities. The website not only provides Consumer Focus with a resource to learn more about such models but also a reference for any communities who may be seeking to help ensure the provision of post office services in their area
- 1.2.14 The launch of the website was accompanied by a report based on the experiences of the community post offices included in the inventory. This revealed the extent to which many are sustained by good will rather than an inherent financial stability - while many offices we spoke to reported that they were losing money 100% envisaged that they would still be operating this time next year. The work provides a useful insight into the kinds of challenges communities can face when looking to take over the running of local services and will feed into our wider work on localism and the Big Society.

### **Consumer Focus / POL Workshop on PO as front office for government**

- 1.2.15 We held a workshop with Post Office Ltd. to examine the post office's role in the provision of government services. The recent BIS document 'securing the post office network in the digital age' laid out the government's commitment to make the post office the "front office for government at both the national and local level". In light of this commitment the workshop was particularly timely. The workshop was attended by a range of Consumer Focus staff from a variety of policy teams as well as across the Consumer Focus nations.
- 1.2.16 Representatives from the energy team attended to discuss the use of Post Office PayOut in administering the NPower refund and its potential wider application in the future, as well as the role that the post office could play in the government's 'Green Deal'. Colleagues from Digital Communications attended to discuss issues surrounding digital exclusion, which the post office could seek to address in becoming a 'digital bridge' for customers who do not have access to the internet, particularly as online becomes the default channel for the provision of government services. Representatives from the Financial Services team attended to discuss the implications of benefit payments through the post office network and access to banks and cash more widely.

Members of the Community and Public Services team who work on public services also attended to provide their insight into public services provision more widely.

- 1.2.17 The workshop served as a starting point for Consumer Focus to see where we can work with Post Office Ltd to ensure that the services users want are available through the post office network, and simultaneously that the post office network is able to be put on a sustainable footing through an increased number of services.

### **Regulatory review**

- 1.2.18 We responded to Postcomm's consultation on *Laying the foundations for a sustainable postal service*, which outlined its plans to reduce regulation in competitive areas of the postal market, increase cost transparency, and grant Royal Mail additional revenue to fund the modernisation process. We concluded that it is very difficult for us to come to a judgement on these issues as we do not have much of the detailed information and analysis available to us. Although we accepted that there are limited alternatives available to Royal Mail to tackle its current financial difficulties we noted that if Postcomm decides to accept Royal Mail's application for additional revenue it must ensure that incentives to become a more efficient postal operator are preserved.

### **Cross-border Mail Service between NI and Republic of Ireland**

- 1.2.19 Margaret Ritchie MP, Leader of the Social Democratic and Labour Party, tabled two questions to the First and Deputy First Ministers regarding improving the cross-border mail service, building on our research. She received replies indicating that the cross-border trade and business organisation has been asked to investigate the level of detriment to business from the existing service; the results are anticipated by the end of February. In addition a progress report on new and emerging cross-border mobility issues (which may include this topic) will be made to a future North South Ministerial Council institutional meeting, following which a statement will be made to the Assembly. Margaret Ritchie has also written on the subject to the Irish Republic's Minister for Foreign Affairs and to the Secretary of State for Northern Ireland and we await their replies.

### **Royal Mail's NI Enquiry Offices**

- 1.2.20 Royal Mail has responded in detail to our research published in November. We are pursuing a number of issues with it further – in particular promotion of alternative delivery options when a customer is not at home, the role it sees for the 24-7 Delivery Box to which it has given accreditation, and the ByBox Convenient Delivery programme planned for up to 1500 railway stations.

### **Delays to Postal Services**

- 1.2.21 Delays in postal services were experienced in many areas of the UK during December and January. These delays were due to a combination of Royal Mail implementing its modernisation programme, adverse weather, and the seasonal increase in mail volumes all leading to poor quality of service. The team has engaged with Royal Mail and Postcomm and will be writing formally to Royal Mail to formally register our concerns with the way it is implementing the modernisation programme and its plans for getting back to normal after disruptions occur.
- 1.2.22 Delays to Christmas post featured widely, particularly in regional broadcast media with additional mentions on the BBC News Channel and BBC 1 early evening news. Scottish press in particular highlighted this story due to Scottish consumers being particularly

badly affected. Continued delays to post was still a concern in early-mid January with coverage in the Times, Telegraph and Sunday Express, Radio 4 You and Yours, and a range of regional BBC radio and TV programmes.

### **Royal Mail complaint process**

- 1.2.23 It has become clear from our regular analysis of consumer contact data that it is difficult for consumers to engage with Royal Mail's complaint process, both electronically and by telephone. We have spoken to Postcomm and we will be writing to Royal Mail advising them of our concerns, reminding them of the complaint handling regulations and calling for a user-friendly process.

### **EU studies**

- 1.2.24 Consumer Focus participated in the workshop hosted by the Commission in January to review the methodology of two EU studies about to commence into USO and parcel delivery. Consumer Focus offered to share the results of the recent study undertaken with Postcomm. Due to this and our past engagement with the Commission, the Commission signalled that we are likely to be invited to join the High Level Stakeholder Group on Post expected to be launched by Commissioner Michel Barnier around the summer 2011.

### **Stamp price increases**

- 1.2.25 Interviews with Philip Cullum on stamp price rises featured on the BBC News channel, BBC Radio 4 and regional BBC radio stations. Our comment on the price increases was well-covered in the Daily Telegraph, Daily Mail, Daily Express, Evening Standard, Scotsman, Daily Record, The Herald and regional print press.

### **Christmas top postal tips**

- 1.2.26 We continued to achieve regional print and broadcast coverage on our tips to make Christmas posting cheaper and easier.

## **1.3 Digital and telecoms**

- 1.3.1 We responded to Ofcom's Switching consultation response.
- 1.3.2 A meeting with the Broadband Delivery Group was held to discuss issues on net neutrality, digital inclusion and broadband access.

### **Copyright**

- 1.3.3 Consumer Focus sent an update on the Intellectual Property Review for Growth to relevant Parliamentarians, covering copyright issues relevant to consumers, including a summary of the economic impact of consumer copyright exceptions: A literature review. The review shows that there is no economic evidence in academic literature to support the claim that fair use rights cause economic damage to copyright owners. The report was well received by Oliver Letwin and the IP Review team. We met with Mike Weatherley MP to discuss fair use rights and copyright licensing. Consumer Focus also responded to the Department for Culture, Media and Sport consultation on the legal deposit of non-print works, in close collaboration with the British Library, and we responded to the BIS Digital & Creative Industries Growth Review call for evidence, focusing specifically on the reform of the Copyright Tribunal and Patents County Court,

and copyright licensing in the context of competition and the ability of business to harness technological developments to meet consumer demand.

- 1.3.4 In order to stimulate the debate on the interplay between copyright and competition law and its impact on consumers in advance of the IP Review deadline Consumer Focus has published a consultation on Competition, copyright and collective rights management, which has been sent to the judges and lay members of the Copyright Tribunal and the Competition Appeal Tribunal. In order to influence the IP Review Consumer Focus is co-ordinating an informal group on the review, including amongst others Google, Channel 4, the Federation of Small Businesses, the British Library and the Taxpayers Alliance. Consumer Focus hosted an event on web-blocking, which is part of the IP Review, bringing together all big Internet Service Providers and significant civil society organisations.
- 1.3.5 We made a submission to the European Commission on the notification of the online infringement of copyright initial obligations sharing of cost order by BIS. The Cost order (Statutory Instrument), was laid before parliament on the 18<sup>th</sup> of January. Consumer Focus is working closely with the all Party Parliamentary Group Digital Economy and the Taxpayers Alliance on briefing parliamentarians in advance of the statutory instrument being debated by both houses.

#### **Marketing to children**

- 1.3.6 We are planning to host a roundtable on marketing to children. The aim is to influence Government thinking and input into the independent review on the commercialisation and sexualisation of children. A meeting is being planned with the Department for Education for early February and a public affairs strategy and a list of attendees is being drawn up.
- 1.3.7 We met with Charlie Powell, Head of Strategy and Campaigns at the Children's Food Campaign, to discuss future projects connected with "*A Tangled Web*", and Professor Sonia Livingstone at the London School of Economics, lead researcher of EUKids online project, to discuss marketing to children.

### **1.4 Public services**

#### **Private rented sector**

- 1.4.1 We met a number of key stakeholders to discuss our work on the potential for a system of reputational regulation in the private rented sector ahead of the report being published in February. Shelter, Crisis and the NUS have all been positive about the proposals and drew on their experiences to provide invaluable feedback on practicalities. A constructive meeting was also held with the National Landlords Association (NLA).
- 1.4.2 A presentation on the proposals was given to the LACORS National Private Sector Housing Forum in December, which generated a lot of interest from local authorities about a scheme, with many keen to see the full report when published, and one expressing interest in undertaking a pilot scheme.

#### **Police service**

- 1.4.3 Several further articles in key trade press publications in January mentioned our report into consumer experiences of the police service. These included an article in Police Professional which featured the policing minister Nick Herbert's support for action on

improving how the police deal with the public following our report, and interviews with Alison Hopkins in *Police* magazine and *Policing Today*, the official journal of the Association of Chief Police Officers (ACPO).

- 1.4.4 Avon & Somerset and Surrey police forces have told us they are planning to benchmark their services against the recommendations in our report on policing.
- 1.4.5 We submitted evidence to the Committee for the Police Reform and Social Responsibility Bill which drew on the research, focusing particularly on issues of public accountability, and the role and remit of the police and Crime Commissioners. Subsequently Nick Herbert MP, Minister of State for Policing and Criminal Justice quoted a key finding from the research in Committee. We will be arranging to meet Home Office officials to discuss our proposals in more detail.

### **Localism**

- 1.4.6 MPs were briefed in advance of the Second Reading of the Localism Bill in the House of Commons on 17 January. Our briefing drew on our research on citizen perspectives around localism and our post office work and aimed to inform debate on the provisions of the Bill that aspire to facilitate community empowerment.

## **1.5 Financial services**

### **Payday lending**

- 1.5.1 The second meeting of the Payday Lending Forum took place on 25 January 2011. This dealt with issues around credit reference agencies and data sharing. At the end of the roundtable event in October 2010, we reached a general consensus that industry and consumer bodies should work together to produce a code of practice for the industry. As a result of this the Payday Loans Forum has now been established to take forward 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*'.

### **BIS Review on managing borrowing and dealing with debt**

- 1.5.2 On 10 December 2010, we submitted a detailed response to an important BIS call for evidence. We had influence over the contents of this review by earlier contributions to BIS's work on this area. The call for evidence covered high cost credit, credit reference agencies, unauthorised overdraft charges and dealing with debt problems, on which we were able to produce in-depth and informed responses.

### **CFEB Financial Healthcheck advisory group**

- 1.5.3 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.

### **Rent-to-own financial services**

- 1.5.4 As a result of our work in the area of high cost credit, we have been invited to be involved 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 and future meetings are planned.

## **Independent Banking Commission (ICB)**

- 1.5.5 With the assistance of colleagues in Communications and Business Support, we organised this very successful event in December 2010. We arranged an eminent and diverse panel including Mike O'Connor and Martin Lewis (Money Saving Expert) with Paul Lewis (BBC Moneybox) hosting the event. The event was well attended with representatives from industry (including the chairman of Metro Bank), regulators, consumer groups and many members of the public including ten low income consumers who attended previous Consumer Focus event.

## **Consultation response to FSA paper on changes to the complaint handling rules**

- 1.5.6 In December 2010 we responded to the FSA's proposals to increase the Ombudsman's compensation limit and to change the complaint handling rules to prohibit 'two-tier' complaint handling. Our consultation reiterated that prescribing rule changes where there was chronic evidence of treating customers unfairly should be dealt with but any changes need to be supported with strong enforcement action and dealing with the cause of complaints, product design and inappropriate incentives.

## **Complaints**

- 1.5.7 In February we will publish the results of an omnibus poll on the consumer experience of complaining about bank products and service. The poll shows that despite attempting to obtain fair redress from the banks, consumers are put off seeking redress by their bank's unhelpful response. Their survey found that of those dissatisfied with how their complaint was dealt with, just one third (31 per cent) keep pursuing their complaint. In total, of those dissatisfied with how their complaint was handled just 6 per cent end up at the Financial Ombudsman Service.
- 1.5.8 We were quoted in a number of national newspaper articles on banking complaints and problems with financial products in January. Quotes featured in media such as the Daily Telegraph, Sunday Telegraph and the Daily Mail. Sarah Brooks was interviewed on BBC Radio 2's Simon Mayo show regarding bank complaints in light of the Financial Services Authority fining of the Royal Bank of Scotland and was also interviewed about complaints on the BBC's Rip-Off Britain programme in early December.

## **Switching**

- 1.5.9 Our report on switching – *Stick or Twist* – continues to be quoted by the media. One of the themes was the use of time with bank as a factor in your credit score and we are working with Prashant Vaze, BIS and OFT on a further investigation into this issue.

## **Financial services regulation**

- 1.5.10 In January we published a report commissioned from the National Consumers Federation, *Fair Enough?*, which evaluates how successful the FSA's Treating Customers Fairly principles-based approach to regulation has proved to date. We found that while the principles adopted by the FSA are well suited to protect consumers a lack of monitoring and enforcement has allowed consumer detriment to occur. With the publication of the FSA's discussion paper on product regulation this is a timely intervention into the debate and we are planning a roundtable with industry, regulators and consumer groups to discuss the findings further.

## **Faster Payments**

- 1.5.11 We have written to the BBA about the failure of the banking industry to implement the Faster Payments initiative to its full capacity. We await their response but we hope this will help to encourage the industry to take action.

## **Financial Ombudsman Service**

- 1.5.12 We prompted and organised a joint letter between ourselves, Citizens Advice, Age UK and Which? to see off any attempt by the committee to recommend consumers paying for access to the FOS. We believe any such efforts will be detrimental to consumers and would reduce their ability to seek detriment from the banking sector.

## **1.6 Fair Markets**

### **Investigation into commission paid for personal pensions plan**

- 1.6.1 We have been continuing to investigate various issues in the personal pensions industry. The focus of this investigation has been on the remuneration models used in the sale of personal pensions by Independent Financial Advisors (IFAs). The initial intention had been to develop a sufficient body of evidence to produce a super complaint focusing on the payment of renewal of trail commission by pension companies.
- 1.6.2 Responses received from Section 24 requests from nine insurance companies and three IFAs; a further response from an IFA is expected. Analysis of the responses is being supplemented with analysis of the returns made by insurance companies to the Financial Services Authority (FSA). We have met with the trade associations (Association of British Insurers (ABI) and the Association of Independent Financial Advisors (AIFA)) and spoken to several insurance companies and the FSA. The report is now being drafted.
- 1.6.3 We plan to write an open letter to the FSA outlining our concerns about trail commission on recently entered into pension schemes and also the high rates of churn in the market. The latter gives rise to high fees for the adviser, but not necessarily any benefit for the client.
- 1.6.4 Written evidence was submitted to the Treasury Select Committee, which is looking at the Retail Distribution Review (RDR). The evidence submitted by Consumer Focus concentrated on the sale of personal pensions and supports the move from provider determined charges to customer agreed remuneration so as to reduce the potential for conflicts of interest and the resultant consumer harm arising. We were interviewed by Breakfast TV and Radio 5 live on our views on the RDR.

### **Public involvement in regulation**

- 1.6.5 Rupert Roker is working with the Local Better Regulation Office (LBRO) to design and procure LBRO-funded research on the potential for the expansion of public involvement in regulation.

## 1.7 Other

- 1.7.1 Prashant Vaze attended a set of stakeholder meetings with Ministers at HMT on environmental taxation. Unusually stakeholders were being asked their advice on the design of fair environmental taxation, risks and mitigations to improve acceptability.
- 1.7.2 Prashant also gave evidence to the Environment Audit Committee about consumer issues related to the proposed Green Investment Bank, which is intended to contribute to the funding of the 'green infrastructure' needed to meet climate change targets.
- 1.7.3 Philip Cullum won first prize in the Guardian *Public*/Ashridge Business School essay competition on innovation in public services, with a piece about DFID's work on remittances. Toby Hopwood of NSMC was a runner-up, with an article on social marketing, localism and the Big Society.

## 2. CHALLENGES AHEAD

- 2.1.1 Over the coming weeks we shall be sharing new research and evidence with Ofgem on a number of key issues including supplier announcement of price rises, suppliers' use of credit reference agencies, third party intermediaries in the business market, quality of energy bills and consumer views on smart meters and Green Deal. We are due to publish research on consumer confidence in energy services; the impact of the Energy Performance Certificates (EPC); and the accessibility of the Green Deal.
- 2.1.2 We will shortly be launching a mini campaign on back billing in the non-domestic sector aimed at expanding the coverage of the backbilling rules to micro-businesses.
- 2.1.3 The next set of quarterly supplier performance statistics will be published in February and we are planning to launch a separate league table for the smaller suppliers and non-domestic by April 2011.
- 2.1.4 We are about to publish a report titled '*Real lives – the price people pay for energy*'. This uses interviews with fuel poor households to highlight issues faced by low income energy consumers and puts the case for reform. Some of the households are willing to be interviewed by the press and media as part of our fuel poverty campaign
- 2.1.5 We are re-visiting our project on off-gas energy consumers, given the forthcoming OFT investigation of these markets. We intend to highlight the consumer experience and the need for better consumer protection. This is a joint initiative with Consumer Focus Wales and Consumer Focus Scotland. We also intend to work with the Consumer Council for Northern Ireland. We will hold a joint seminar this spring with the Energy Efficiency Partnership for Homes on energy efficiency and microgeneration solutions for off-gas consumers.
- 2.1.6 We will be responding to a range of significant consultation documents, ranging from Postcomm's USO review and its licence review to the BIS consultation on the consumer credit regime and likely consultations from HM Treasury on the future consumer protection and markets regulator in financial services.
- 2.1.7 We will be meeting with the First and Deputy First Ministers to discuss the full spectrum of mail and post office issues in Northern Ireland, including the likely impact of the Postal Services Bill and the proposed transfer of responsibilities to the Consumer Council.

- 2.1.8 Work is underway to produce a report which will draw together our recent research with disadvantaged consumers in different sectors in order to draw attention to the problem of the poverty premium. We are aiming to publish this in March.
- 2.1.9 The coming period will see the publication of a number of new reports and associated advocacy work from the Community and Public Services team, including PO 'views from the queues' research, the publication of our PO Locals report, the transposition of our public service satisfaction index into department and agency specific advocacy briefings that will be communicated to ministers, CEOs, senior officials and interested stakeholders; and the publication of our work on citizen perspectives in localism and the value of user engagement in public service decision-making. New primary research on the challenges that care-leavers and young people more widely can experience in navigating public services and on establishing what consumers want from online public services, is underway and will be completed during the next reporting period.