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Consumer vulnerability and the energy sector:
vulnerable consumers and complex complaints

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I. Introduction and summary

This report is aimed at informing debate and decision-making about the new arrangements for handling energy-related complaints that will take effect from April 2008, in particular, the implications of the duties to be placed on the new National Consumer Council (NCC) in this regard.

These changes will materially change the ‘landscape’ of complaint handling in the energy sector; they also raise a number of complex and problematic issues. The Bill’s provisions will mean a significant change in the range and avenues of help available to consumers who have unresolved complaints with energy companies. In contrast to the current situation whereby any domestic consumer can normally approach energywatch for help with unresolved energy complaints, the duties of the new NCC will be more constrained.

NCC’s remit will be limited to considering complaints from ‘vulnerable designated consumers’ as they are described in the Consumers, Estate Agents and Redress Bill currently before Parliament, as well as handling complaints relating to energy disconnection or threatened disconnection or pre-payment meter difficulties. The obvious question then is how these consumers are defined – this is by no means a straightforward matter as this paper demonstrates.

The Bill defines a ‘vulnerable person’ as someone that the Council (the new NCC) is satisfied that it is not reasonable to expect that person to pursue the complaint on their own behalf. (‘Designated consumers’ covers energy consumers and consumers of relevant postal services. This paper focuses on the former.) It will be up to the new NCC to decide whether it is appropriate to investigate and help resolve the complaint. The organisation will, in effect, be a ‘gate-keeper’, with discretion to define which consumers are deemed to be ‘vulnerable’. This marks a major change, for energywatch does not operate with such eligibility restrictions.

The effectiveness of the new arrangements will be of critical importance for the millions of domestic energy consumers, hundreds of thousands of whom, each year, seek advice and support in resolving matters when things go wrong in dealing with energy companies (and their contractors and sub-contractors).

The new arrangements will also have an impact on other relevant bodies such as Consumer Direct, Citizens Advice Bureaux, Trading Standards, and other advice and information agencies. Consumer Direct’s remit will be expanded to cover energy-related issues. However, if Consumer Direct or any other advice agencies consider that a consumer requires more help than they can furnish to take forward an energy complaint, these organisations will have to decide whether the consumer may be eligible to be referred to the new NCC. These agencies will also need to find ways of informing and advising clients about the ways in which the new NCC may or may not be able to help them. This issue is explored in a separate paper by the Centre.
Here we focus on the complexity of the issues that arise from the way in which the new NCC’s duties will be circumscribed. First, the paper explores the nature and scale of potential consumer vulnerability. The research demonstrates the importance of not stereotyping or making simplistic assumptions about who is or who is not ‘vulnerable’. Secondly, the paper examines the potential range of circumstances in which consumers may find themselves unable to pursue a complaint on their own behalf because of the actions – or inactions – of energy companies, rather than as a result of personal circumstances.

The paper concludes that the new NCC must employ widely-accepted and well-established good practice principles for complaint handling. It must ensure that its position and role in the new arrangements are visible, accessible and understandable. The way in which it works must guarantee fairness, consistency, responsiveness and effectiveness. It will need to ensure that it understands and accepts the range and complexity of consumers’ circumstances and situations that can render them vulnerable and unable to pursue a complaint themselves. It will not be an easy task for the new NCC to apply this understanding to its complaint handling duties as laid down in the Bill. This paper offers some recommendations aimed at helping the organisation to develop effective protocols and practices but also emphasises the need to acknowledge the problematic nature of what the new organisation will be required to do.
2. Understanding consumer vulnerability

Almost everyone is in a potentially vulnerable position or situation with respect to such essential services as electricity and gas. An unplanned supply interruption could render an important medication which has to be kept in the fridge unusable; an erroneously high fuel bill can create anxiety and stress for a family on a modest or low income; and problems with pre-payment meters can effectively leave someone without a fuel supply.

Obviously individuals and households will at any one time differ in their ability to cope adequately with energy supply and suppliers. A reasonably well-off household may be able to sustain the costs of meeting high essential fuel use caused by the need to keep a family member warm or cool because of a medical condition. Others in this position may have to struggle mightily to meet their energy bills. Another family may not have had to give much thought to their energy bills until its only working adult loses their job, when they realise they have few savings and need advice and support to help them meet their financial outgoings. Similarly, a working adult couple who have been managing well over the years could find that one partner has to be hospitalised and upon discharge can no longer work. The other partner may have to reduce drastically their working hours in order to be a carer – at a stroke their income has dropped by over 60% and meeting everyday bills is now very difficult.

These sorts of brief illustrations underline why it is important not to stereotype particular ‘groups’ in society as being vulnerable or particularly subject to disadvantage; common assumptions are there to be challenged. For instance many poor households are much better at budgeting and not building up arrears than higher-income households; and some disabled people have a decent level of income from employment. People’s situations also change and can confound assumptions: a person who has been severely cognitively impaired for months (for example because of an accident leading to brain injury) may be, a year later, perfectly able to get a very responsible job.

Whilst common assumptions are there to be challenged, at the same time some individuals and families are more likely to be or to become vulnerable, in the short or long term because of their circumstances and/or as a result of providers’ behaviour. For instance, the majority of households containing one or more members with a disability or long-term limiting condition have a below-average level of income. Some conditions require people to have a high essential use of energy. People with significant hearing loss or cognitive impairment are likely to find automated telephone interfaces daunting, if not impossible, to use. A single older person who is socially and geographically isolated could well face serious and potentially harmful consequences in the event of a power failure.

This, apparently contradictory, set of views on what constitutes consumer vulnerability or disadvantage does of course reflect much of everyday reality and lived experience.
While ‘long-term limiting conditions’ usually mean just that, it is important to recognise that the degree of impairment or disability may fluctuate over time, be episodic, or perhaps be progressive. Consequently even where ‘fixed categories’ are employed, individuals and households will constantly be moving into, and out of, such categories – the relevant survey data usually provides only a one-off snapshot of prevalence. Similarly, many medical conditions can be episodic or fluctuating, whilst changes in personal circumstances – such as the loss of a close relative - can be sudden and devastating.

The next section draws attention to the very wide range of circumstances which can render someone, or a household, vulnerable in the short to long term.
3. Vulnerability and risk factors

What follows is an account of the main types of personal and household conditions and circumstances which can result in people being at a disadvantage – they are perhaps best described as 'risk factors' – though not everyone covered will as result be vulnerable at any one time. These are not comprehensive, nor do they provide a list of ‘vulnerability categories’. The aim is to improve understanding about the potential depth and breadth of consumer vulnerability and to emphasise its dynamic and complex nature. Moreover, it should be noted that many consumers do not wish to characterise themselves, or be characterised by others, as ‘vulnerable’ or ‘at a disadvantage’.

Note: A consortium of professionals and voluntary organisations who are behind the 17 million reasons campaign estimate that there 17 million people with physical or mental health conditions. Nearly half have more than one illness.

3.1 Physical disability and health problems

As explained previously, it would be wrong to adopt an approach that automatically equates physical disabilities, sensory impairments and health problems with vulnerability. But nevertheless it is worth noting that well over 10 million adults in the UK report having a limiting long-term illness or disability, many of whom are likely to experience disadvantage arising from their condition.

The single most prevalent condition is likely to be a significant degree of hearing loss, which affects almost 9 million people; more than half of over-60s have hearing problems. For them the most likely aspect of vulnerability arises from the near-universal use by energy suppliers of call centres; for instance there are very few domestic telephone models available which enable incoming and outgoing speech to be amplified and/or clarified. Consequently ‘normal’ communications with a supplier may be problematic.

Two million people are blind or have significant sight problems, of whom 85% are aged over sixty five. The number is set to double over the next 25 years as a result of demographic changes and an increase in the prevalence of Type 2 diabetes. Potential vulnerability issues include: being able to see whether appliances are turned on or off; ability to operate central heating or other controls adequately because the interfaces are based on small and/or unclear visual displays; being able to read bills or other supplier communications.

Setting and re-setting controls, being able to use phone buttons to navigate effectively through a supplier’s ‘telephone tree’ system, or being able to write or type may also be very difficult for people with conditions which affect their motor skills. Probably the most common condition is arthritis, which at any one time affects 8 million people across the UK. It should be noted that, according to Arthritis Care, some are recommended by GPs and community nursing staff to ease their pain and joint
stiffness by having a hot bath once or twice a day – which could therefore lead to a relatively high essential use of energy.

Relatively high levels of essential energy use are also found among the 4.5 million people with a skin condition, who usually need to have baths frequently with emollient oils in order to keep the skin hydrated, and therefore help to reduce both discomfort and threat of infection. People in this situation commonly have to use lotions or oils regularly and therefore require very frequent washing of clothes and bedclothes. At any one time 9 million people have bladder or bowel problems, which can necessitate extra use of washing machines arising from accidental leakage on clothes and sheets, and also from laundering reusable pads and pants.

Every year over 130,000 people have a stroke – with short to long term effects on their abilities and skills – and they or their families’ essential use of energy for washing purposes can be high.

Returning to potential problems associated with communications, people with dyspraxia, which is estimated to affect, in some degree, between 2% and 10% of the adult population, must also be included. This impairment, whose causes are generally unclear, can involve a variety of problems, relating principally to loss of gross and fine motor skills, changed auditory and visual perception, the existence of emotional difficulties, plus difficulties in the planning and organisation of tasks, reduction in cognitive abilities including memory, and some people’s speech can be laboured or slow. Parkinson’s and several other conditions can also affect dexterity and motor functioning, as can multiple sclerosis, which affects some 85,000 people.

Around a quarter of a million people are diagnosed as having aphasia (also known as dysphasia), as a result of a stroke, head injury or other neurological condition. People in this situation often find that their ability to understand, speak, read or write is adversely affected. Acquired brain injury currently affects one in 300 families.

About 10% of the UK population is affected by dyslexia to some extent, of whom 150-200,000 are affected to a very considerable degree. Although the most common impact is on people’s reading ability, it can also affect the organisation of speech, thoughts and actions, memory, cognitive processing, and auditory and visual perception. Many dyslexic people learn to read, but have continuing difficulties with spelling, writing, memory and organisation. Also, having dyslexia often causes people to have difficulties with arithmetic, and with learning and recalling number facts.

As more and more of the 1.5 million people with learning disabilities move on into adulthood (800,000 at present) and live independently, though often with some support, their ability to decipher and respond to written communications with energy suppliers may create disadvantage. Mencap, in conjunction with British Gas, carried out research on use of call centres and found that automated menu-driven services are very difficult for most. The number of adults with learning disabilities is expected to rise by around 37% by 2012.
Some people with learning disabilities are on the autistic spectrum, but even those who are described as ‘high functioning’ (especially those with Asperger’s Syndrome) frequently experience difficulties in interacting with others, and in understanding many aspects of ‘how the world works’: they too may be vulnerable with respect to energy suppliers. Autistic spectrum disorders affect over 500,000 families.

### 3.2 Mental health and other cognitive problems

Although physical disabilities and sensory impairments appear to be the most obvious sources of vulnerability when dealing with energy supply and use, mental health problems may, in the short or long term, pose an equally significant source of vulnerability. Significant mental health problems affect one in six adults at any one time.

Depression affects about 2.5 million people at any one time, with up to 50% of adults experiencing it one or more times during their life. Mixed anxiety-depression overall affects just over 9% of all adults, while nearly 5% of adults experience general anxiety. These relatively common mental health problems may lead to people finding it difficult to cope in general, including issues around energy supply and suppliers. They may be vulnerable for short periods, have episodic or fluctuating problems, or have long term problems.

Dementias affect about 5% of over-65s, and 20% of those over 80. The Alzheimer’s Society estimates that over 700,000 people in the UK have dementia, and that 18,500 of them are under 65. During the less severe stages of the condition people may not know what is affecting them, and can experience great difficulty in remembering such things as when to pay bills, how to understand bills, and how to organise and track enquiries or complaints relating to energy suppliers.

Phobias, which are usually counted into anxiety state estimates, and which affect around 10% of the population, can lead to vulnerability. Most so-called ‘simple’ phobias (such as fear of flying, claustrophobia) are unlikely to have much of an impact in relation to energy and energy suppliers, but the less common ‘complex’ phobias or disorders, such as panic disorders, or obsessive-compulsive disorders, can have debilitating consequences and affect people’s ability to deal with many everyday situations.

Of course drug and alcohol abuse, especially in the longer term, can lead to significant cognitive impairment, especially among those with dual diagnosis (that is, where mental health problems exist alongside substance abuse). 1.8 million people are classified in the General Household Survey as ‘very heavy drinkers’, for example, and 7% of all adults report drug use within the past month.

Finally, it should be remembered that people with mental health problems are more likely than others to experience poverty, homelessness, unemployment, and other forms of discrimination. These factors too make it harder for people to cope well with everyday life.
Also, unpaid care-givers can suffer from financial stresses, and some 625,000 suffer significant physical and mental ill health as a result of the stresses and physical demands of being a carer.

### 3.3 Low income

The causes of low income are many and varied. It should be noted that just under a half of all households containing one or more disabled people fall into the bottom two quintiles of income distribution, compared with 30% of all other households: vulnerability associated with disability is in many cases associated also with low income levels. These households include disabled children, whose numbers have increased from some 300,000 in the late 1980's to around 770,000 today.

On a similar point, at any one time there is well in excess of 6.5 million people with significant care-giving responsibilities for disabled relatives or friends and those with long term health problems, and every day over 6,000 people take on a caring responsibility, often with little or no time in which to plan. 77% of carers report a significant drop in their financial state after becoming a carer, at the same time 87% have said that they incurred extra costs through providing support. One in five have to give up work in order to care, many more have had to reduce their hours or find less well paid work. 54% report that they have to use their own income or savings to help meet the costs associated with being a care-giver. In surveys 1 in 3 carers reported difficulties in being able to pay energy bills or other utility bills, and the same proportion have been in debt since becoming a carer.

There are many ways of counting and analysing the causes of low income and resources, but the ‘headline’ figure, as provided by the Department for Work and Pensions (DWP) in its ‘Households Below Average Incomes’ figures, shows that in 2005/06 (the latest available), some 12.7 million people were existing on 60% or less of the median income for the whole country (this is after housing costs, and is estimated as being £186 per week or less).

Much has been made recently of the Government’s apparent failure to meet its target of eradicating child poverty, rising from 2.7 million children in poverty to 2.8 million according to the above DWP figures. Research by National Energy Action (NEA) indicates that the number of dependent children living in cold damp homes has increased from 220,000 in 2003 to no fewer than 750,000 in 2006. The charity points out that children living in these conditions are more prone than others to develop health problems, for instance living in a cold damp home is linked to the onset of asthma in childhood – there are now 1.1 million children being treated for asthma.

5.1 million pensioners have incomes which put them in the lowest 40% income bracket. Age Concern estimates that, because of the prevalence of low incomes, 22% of those over 70 suffer from fuel poverty (where more than 10% of people's income is spent on fuel before housing costs), compared with an average of just over 6% among the population as a whole. There is much evidence showing that living in cold or damp conditions can impact heavily on the health of many older people, especially those with existing health problems.
However, fuel poverty which is very strongly associated with low incomes and limited resources, has been rising across most types of household. A recent research report, commissioned by the Energy Efficiency Partnership for Homes, found that the number of households facing fuel poverty increased from 2.3 million to nearly 4 million over the past two years.

Those individuals and households at most risk of having to exist on a low income are:

- households not in work – include many with a physical or mental health problem;
- families with children and particularly lone parent families – for instance 48% of the children in one parent households (of which there are 1.9 million) live in poverty;
- people in households headed by someone with a minority ethnic background, particularly those of Pakistani or Bangladeshi ethnic origin – 61% of Asian or Asian British households are in the lowest 40% income bracket, as are 57% of Black or Black British households, compared with 38% of White households. Over half of Bangladeshi, Pakistani and Black African children in the UK are growing up in poverty, with 70% of Bangladeshi children growing up poor.
- families containing one or more members with a disability – not only are disabled people more likely to exist on a low income, but the extra costs associated with disability can be considerable. Research supported by the Joseph Rowntree Foundation concluded that, amongst other things, those reliant on benefit payments needed on average £200 a week more in order to meet those costs and to achieve an acceptable and equitable quality of life;
- people in local authority or housing association accommodation – 77% and 76% respectively living in these types of accommodation are in the bottom 40% income bracket, compared with 33% who own their own property and 27% of those with a mortgage;
- families with 3 or more children – 42% of families with one child are in the bottom 40% income bracket, compared with 78% of families with four or more children.

While there are some situational or personal factors which tend to correlate closely with the likelihood of individuals or households having to live on low incomes in the medium to long term, it is also important to highlight the fact that sudden and/or unexpected financial problems are quite commonplace (for example, see the position of carers). For instance, survey-based research carried out for the Financial Services Authority (FSA) found that 28% of adults had experienced a large and unexpected drop in income during the previous 3 years, and furthermore that the likelihood of this occurring had little relationship with people’s previous income, or educational level.

This is an important finding, because it reinforces the need to avoid making uninformed assumptions about ‘the poor’. 51% of those reporting a sudden drop in income were currently unemployed, compared with 45% who reported that they were permanently incapacitated, as did 36% of lone parents. The study found that
most people had found ways of coping with the situation – the single most common reaction was to reduce spending, though some had been using savings and/or increasing their borrowings. Even so, it is worth highlighting other findings of this research, namely that nearly six out of 10 people who reported that they were struggling financially and/or were over-indebted had experienced a large fall in income, as had 53% of those saying that they ‘were struggling on a low income’.

Nevertheless, debts and related financial difficulties are usually more pronounced among individuals and households with persistent low incomes (defined as having a low income for at least 3 out of the last 4 years), for instance because savings are used up in order to help pay for everyday items and services. Altogether, some 12% of individuals have persistent low incomes (that is, an income 60% or below the median, after housing costs). 17% of all children live in such households, as do 14% of pensioners, and 7% of those of working age.

The FSA's research found that lone parents, those who rent rather than own their homes, and unemployed people, were most likely to be facing real financial difficulties. Altogether 1.5 million people had fallen behind paying some or many of their bills and credit commitments, while 2 million households (containing 3 million people) reported that it was a constant struggle to keep up with their commitments.

Another, and obvious, causative factor is living in an area with few and/or only low-paid employment opportunities, which is actually or perceived to be ‘undesirable’, which is isolated from mainstream useful services, and so on. Whilst it is essential to recognise that there are pockets of deprivation in apparently more affluent areas, living in a deprived area is one important indicator of potential vulnerability. For instance, research by Help the Aged found that nearly half of those aged over 60 in deprived areas are living in poverty.

Government agencies covering England, Wales and Scotland have long recognised the relationship between people's income and deprived areas.

For instance, indices of multiple deprivation for England place low income alongside (un)employment as the single most important determinant, followed by health deprivation and disability, education, training and skills deprivation, barriers to housing and services, crime, and living environment deprivation (usually termed ‘domains’). DWP/ONS figures on deprivation tend to be based on ‘Super Output Areas’ (SOAs), which is a new geographic hierarchy designed to improve the reporting of small area statistics in England and Wales. In England the most deprived 20% of SOAs have the following characteristics on average:

- Just under a third of people are income deprived.
- One in five of women aged 18-59 and men aged 18-64 are employment deprived.
- Just under half of children live in families that are income deprived.
- Just under a third of older people are income deprived.
The Welsh Index of Multiple Deprivation (2005) uses essentially the same ‘domains’ though with more emphasis than England’s indices regarding geographical access to services. The Scottish Index of Multiple Deprivation (Scottish Executive, 2006) is also similar to that for England. It contains 37 indicators in seven domains: current income; employment; health; education skills and training; geographic access to services (including public transport travel times for the first time); housing, and a new crime domain.

### 3.4 Older people

16% of the current UK population is aged over 65, and this proportion is expected to rise to 23% by 2031. Within this age group the number of people aged over 85 has been increasing, from 7% in 1971 to 12% in 2005. As outlined previously, the majority of people reporting limiting long term health conditions or disabilities are of pension age, and some of these are also likely to be among the 2.8 million-plus older people who are carers.

However, it is inaccurate to categorise older people solely in terms of the increased likelihood of having poor health or a disability. Many people are likely to experience commonplace declines in hearing, visual acuity (especially regarding small print) or general dexterity or mobility, but of a severity which does not lead to disability, as commonly defined. Even so, they may well face difficulties in coping with call centre systems or unclear bills for instance, which could put them in a vulnerable position.

Another important dimension of vulnerability arises from the fact that some older people face difficulties in understanding and coping with aspects of modern life, such as call centres and automatic telephone trees, the fast-moving and complex nature of modern energy supply markets themselves, and the digital displays which now function as the only interface with equipment like central heating systems, cookers, and washing machines.

The National Institute of Adult Continuing Education (NIACE) points out that difficulties often arise because of the increasing mismatch between people’s past educational and life experiences, and the changes and complexities which characterise much of modern life. In addition, they maintain that older people can feel very alienated by the erosion of ‘personal service’, which lessens their understanding of how decisions about the provision of services are made, and of their ability to interact with them.

NIACE also draws attention (admittedly in an adult learning context) to particular difficulties that some older people can face in dealing with bills and other financial transactions. For example, some widowed women, they say, may not previously have handled such financial matters, and they can be particularly vulnerable at certain times, for example after their husband has had to be accommodated in a care home (leaving them to cope with household bills), or when they become bereaved.
Although the evidence is suggestive rather than conclusive, many service providers (such as advice services) for instance are aware that some older people are less likely than their younger counterparts to seek advice, perhaps because they feel less confident, because they are generally socially isolated, or because they do not want to appear to be ‘foolish’ in asking what they think are basic questions.

Some of the most potentially vulnerable people are likely to be elders from black and minority ethnic communities, whose numbers are expected to rise from about 175,000 today to nearly 1.8 million by 2016. For instance research carried out for the DWP (on barriers to claiming benefits) found significant differences between older white people and older black people. Key barriers for BME elders included language barriers, concerns about the impact of claiming on residency status, and difficulties arising from not having a national insurance number (this particularly affected Asian women).

Other research findings (ODPM) found that a higher percentage of non-white older people are financially excluded (30 per cent compared to 10 per cent of all older people) and thereby more likely to go without financial products such as bank accounts, saving schemes or pensions.

According to the DWP other barriers identified in previous research were felt by respondents in this research to be more prominent among BME older people, such as literacy problems, ignorance about the benefits system, and apprehension about contact with statutory service providers.

In addition, the research found that older people and those who worked with them emphasised that staff attitudes, how they were treated by staff, and how language barriers were tackled greatly affected older people’s overall attitude to claiming and to having further contact with government services. Obviously the results cannot be simply ‘read across’ to energy supply and suppliers, but it would be illogical to presume that the attitudes and experiences reported in this study are not of relevance.

Research by the Social Exclusion Unit (SEU) found that 7% of older people were excluded on three or more indicators of social exclusion, corresponding to approximately 1.2 million older people, and a further 13% of older people are excluded on two indicators. Compared to the older population as a whole, older people who are on low income, living alone and suffering from depression are between two and five times more likely to experience multiple exclusion.

### 3.5 Living in rural areas

Significant numbers of people live in rural areas and the numbers are set to rise. Nearly one-fifth of the population in England were living in rural areas at the time of the 2001 Census: just over 9.5 million people, of which around 600,000 people live in sparsely populated areas (a new Rural and Urban Definition was introduced in 2004 by a consortium of organisations - see Defra website). Over 1 million people live in...
rural areas in Scotland, out of a total population of just over 5 million. An estimated one-fifth of the population of Wales live in rural areas (based on a slightly different definition to that used for England and Scotland).

Although some, mainly younger, people have been moving out of rural areas, their net population has been increasing in recent years, mainly because of people moving there from urban areas and to some extent as a result of migration from other countries. In the next 25 years the population of rural England is expected to increase by 13 per cent, which is slightly higher than for England as a whole where the population increase is forecast at 11 per cent, according to the Commission for Rural Communities (CRC). The Scottish Executive has also pointed out that population numbers in rural areas of Scotland have increased, compared to a slight decline in the rest of the country.

A number of studies have shown that rural social exclusion tends to be more dispersed and harder to identify compared with many urban areas. Nevertheless, a significant minority of rural people face a range of different forms of disadvantage, according to CRC research, which estimates that around 1 in 5 people live in poverty in rural areas and that nearly half of those in poverty are in working households, though financial poverty in rural areas is especially concentrated amongst older people. For those in work there has been a consistent gap – of around £130 per week - between the level of wages paid in the most rural areas and those paid in the most urban areas.

The CRC's research showed that, although on average rural household incomes are greater than those in urban areas, over 900,000 such households in England are estimated to be in income poverty. The situation is worse in sparsely populated areas, where the proportion of low-income households has increased.

CRC's work also identified a complex pattern of changes in household income for the different settlement types within regions. For instance, household incomes are higher in smaller rural settlements than in rural towns or urban areas, and incomes are higher in the less sparse settlements as a whole. Correspondingly, sparse areas have a higher proportion of households in income poverty, with almost one household in three living on less than 60 per cent of the English median household income. According to the Scottish Executive, the percentage of the total population that is income deprived is lower in rural areas than the rest of Scotland, and is lowest overall in accessible rural areas (but it should be noted that these average figures may mask pockets of deprivation).

The age level of the rural population is rising compared to that of the urban population - about 18 per cent of people in rural areas are aged 65 and over, compared with 15 per cent of people living in urban areas.

CRC research has also shown the disparate and often hidden nature of disadvantage among rural older people. Their situation may be hidden from view amongst relative pockets of prosperity, or it can be because older people tend to play down their experience of disadvantage. There is also some research indicating an unwillingness of people in rural areas to claim State benefits, especially amongst older people.
Higher concentrations of individuals with a limiting long-term illness are found in a variety of rural areas. In total 1.6 million rural people have a limiting long-term illness, and the proportion of rural people in this category is almost 20 per cent in sparsely populated areas.

Levels of fuel poverty in rural areas are higher than might be expected due to the prevalence of ‘hard-to-treat’ homes in the countryside, according to research carried out by the Centre for Sustainable Energy (CSE). The research found that the problem of ‘hard-to-treat’ homes - those that are solid-walled or off the main gas network - is so extensive in rural areas that new approaches to targeting the rural fuel poor are required. The proportion of solid wall properties in the remotest areas is around double that in cities. Over a third of rural properties are off the gas network, compared to 5 per cent of urban properties, and this figure also tends to rise in the remotest areas.

The CSE report concluded that the national rate of rural fuel poverty is broadly comparable, if not higher, than the national rate of urban fuel poverty. However, levels of rural income deprivation, while substantial, are generally lower than urban income deprivation. CSE conjectured that the extensive problem of ‘hard to treat’ properties in rural areas could explain the relatively high fuel poverty levels found in rural areas.

The CRC points out that people in rural areas depend on the more traditional utility services. Residents of the smaller rural settlements, hamlets and villages are more likely to experience, or at least to recall, an interruption to their power supply. The proportion of people noting such an interruption was twice that in urban areas. Moreover, the proportion of residents of the smallest settlements who report interruptions with telephone services was almost three times the urban figure.

Lack of access to financial services can have a detrimental effect on people’s abilities to manage utility and other bills. There are significantly fewer service outlets of this kind in sparsely populated areas, according to other research findings by the CRC. For some specific services, such as banks and cash points, the numbers in rural areas are notably fewer than would be expected to serve the 20 per cent of the English population that is the rural proportion. Loss of services is a particular concern for older people in rural areas: most participants in a recent CRC survey reported a loss of services in their rural areas and expressed concerns about being able to reach services located further away.

Although car ownership is higher in rural areas than in urban areas, transport-related vulnerability is more widespread than may be assumed. About one-third of adults in rural areas do not have personal access to a car, either because they do not drive or live in non-car owning households, or because the car is mainly used by someone else in the household.
3.6 Basic skills difficulties

Having poor basic skills – with literacy, numeracy, communication – can increase people’s vulnerability because of difficulties in understanding information about energy prices, bills or ways of paying that might help budgeting, or about making their homes more energy efficient. It can make it much harder to read a meter or appliance control manuals. Having poor communication skills and low confidence can also make it more difficult for consumers to question sales representatives or interrogate marketing information.

Research by NCC showed that people with basic skills difficulties felt their needs to be invisible as most transactions require a proficiency with text or numbers. Of all the disadvantaged groups covered in the NCC survey, this group seemed to experience the most problems accessing the things they needed, and yet were the most poorly catered for. People in these circumstances were frequently fearful of revealing their lack of basic skills, and often use rigid mechanisms to cope or avoid being found out. Problems included difficulties in understanding and responding to letters from suppliers, and in dealing with complex automated telephone systems used by utility companies. Moreover, information often gets filtered to them by others, thereby limiting their understanding of situations.

Nearly all of those with basic skills difficulties covered in NCC’s research used a token meter or payment card to pay for their energy. Although these were valued because they enabled consumers to know exactly how much energy they had left, and so control their expenditure, many found that they had to make contact with suppliers three or four times a year because of problems with their meter.

The Moser Report on literacy and numeracy highlighted the scale of the problem in 1999: one in five adults in England were identified as having problems with basic skills, generally called ‘functional literacy’ and ‘functional numeracy’ and defined as:

‘the ability to read, write and speak in English, and to use mathematics at a level necessary to function at work and in society in general.’

Subsequent research has ranked the UK in the bottom half of OECD countries according to basic skills levels. By 2006, an estimated 5 million people in the UK lacked functional literacy and 7 million lacked functional numeracy, according to the Leitch review of skills for the Treasury. The review looked at how the UK’s basic skills profile is likely to change by 2020: although the proportion of the working age population lacking basic literacy or numeracy is likely to fall, it estimated that around 4 million adults will still lack functional literacy skills at Level 1 (roughly equivalent to the ability expected at school of an 11-year old), and more than 6 million people will lack functional numeracy skills.

The DfES ‘Skills for Life’ survey found that people with poor literacy, numeracy or language skills tend to be on lower incomes and are more likely to be prone to ill health and social exclusion. People describing their health as poor or very poor were more likely than others to have poor literacy and numeracy test scores.
Importantly, very few people with lower skills levels regarded their literacy or numeracy levels as below average; they used various coping strategies so that their limitations were not exposed.

The distribution of information and communication technologies (ICT) skills followed roughly the same patterns as for literacy and numeracy, according to the DfES survey. However, with ICT younger adults had stronger skills than older adults.

This survey echoed results of other surveys in finding that skills profiles are often ‘spiky’ – for instance adults operating at broadly the same level can perform at a higher skill level in certain areas than in others. This ‘spikiness’ is more pronounced among people with generally low literacy and numeracy skills levels.

The Basic Skills Agency explains that ‘spikiness’ includes examples such as people who are adept at working out permutations and combinations in one context (for instance, doing football pools), but who may not, for instance, be adept in working out and checking their utility bills.

Although age is not necessarily a primary factor, there is a tendency for adults under 24 and over 55 to have lower skill levels. A survey by the National Institute of Adult Continuing Education (NIACE) found that nearly 30 per cent of people aged over 50 experienced some or extreme difficulty in understanding their finances; 31 per cent experienced difficulty with banking matters, 38 per cent with credit cards, and 29 per cent with gas bills.

However, people aged 65 and over tend not to be included in research on the extent of basic skills difficulties in the population. This means that total figures are likely to be under-estimates, and the needs of older people in this regard may not be properly addressed.

**Financial capabilities**

It is not necessarily accurate to assume that financial capability needs are an inevitable consequence of literacy or numeracy needs, according to an analysis by Bristol University of the first Baseline Survey of Financial Capability for the Financial Services Authority, which pointed to a wide range of financial capability in the population. (The term ‘financial capability’ is now more commonly applied than ‘financial literacy.’)

The research found that there is considerable diversity in the financial capability scores of adults with literacy and numeracy needs. But it also said that there are features that are good predictors of people’s financial capability. For instance, once elements such as family income and age were taken into account, people with the highest qualifications were more capable at making ends meet than other people, but younger people were managing less well than their older counterparts with the same qualifications. However, people who appeared to be most able to keep track of their finances had few or no formal qualifications, and women, lone parents, the unemployed and cash budgeters (without a current account) typically had higher keeping track scores than the rest of the population.
Looking at financial capability amongst working age adults, the study showed that housing tenure was a significant predictor of being able to make ends meet for people without any formal educational qualifications. In particular, people in private rented accommodation were three times more likely than home-owners to have had low scores. People who were born in the UK but had difficulty reading English were 6 times more likely to be poor at making ends meet if they were also unemployed, and 16 times more likely if they were permanently sick or disabled.

Financial capability also includes being able to keep track of finances. Adults with literacy and numeracy needs tended to be better than average at keeping track. But men with few or no formal educational qualifications were less likely to be keeping track than women, and older people born in the UK but with difficulties in reading English were less likely to be keeping track.

Research by the Institute of Fiscal Studies on levels of basic numeracy amongst a cohort of people approaching their retirement in England found show that relatively large proportions of the population are unable to carry out relatively straightforward financial calculations with accuracy. These numeracy levels declined systemically with age. (The analysis was based on the English Longitudinal Study of Ageing in 2002.)

In looking at people’s ability to plan ahead as part of financial capability, the Bristol University analysis found that many adults with literacy and numeracy needs attained scores in the bottom 20 per cent. Concerns were also expressed about the general lack of capability at planning ahead across the population as a whole.

Previous research for the Basic Skills Agency in 2001 showed that people with poor basic skills are less likely to own financial products. They are less likely to have their money securely taken care of in the present and less likely to have provision for the future.

### 3.7 Not having English as first language

6.7 million people in Britain - or nearly 12 per cent of the total population - were from ethnic minorities, according to the 2001 census. Of these, 4.6 million were from non-White ethnic minorities, and tend to be younger than the White population, reflecting past immigration and high birth rates.

The census team in 2001 consulted local authorities about the languages that forms and information leaflets should be translated into. The languages they identified were Albanian/Kosovan, Arabic, Bengali, Chinese, Croatian, Farsi/Persian, French, German, Greek, Gujarati, Hindi, Italian, Japanese, Polish, Portuguese, Punjabi, Russian, Serbian, Somali, Spanish, Swahili, Turkish, Urdu and Vietnamese. In 2001, schoolchildren in London spoke roughly 300 languages between them. Source: Commission for Racial Equality website.
There are no reliable up-to-date data on the number of people living in Britain whose first language is not English. However, information from the 2001 Census showed that at least three million people living in the UK were born in countries where English is not the national language.

London had around 42 per cent of adults in the UK with English as a second language, according to an analysis by the Greater London Authority (GLA) of Labour Force Survey data for 2003. This percentage rose to 48 per cent when Welsh, Gaelic and Ulster Scots speakers were excluded. Black Londoners were far more likely than Asian Londoners to cite English as their first language at home, especially Black Caribbean Londoners. However, the picture is more diverse for Black African Londoners of whom around 43 per cent had English as their second language. The majority of White British Londoners cited English as their first language, whereas the ‘White Other’ group is more diverse: over one-third had English as their second language.

The GLA research also compared the proportion of adults in London with English as a second language (ESL) to other regions and countries in the UK. London had the highest proportion of ESL residents at 18 per cent. Wales had the second highest – most of whom cited Welsh as their second language. The proportions were lower in other areas, for instance, 6 per cent of adults in the West Midlands had a first language other than English, 4 per cent of adults in Yorkshire and Humberside, and 3 per cent in Scotland.

These figures were likely to be an under-estimate of people with English as a second language at that time, according to the GLA report. The numbers are also bound to have grown since 2003, for example because of the recent influx of people from countries in Eastern Europe.

### 3.8 The implications

The factors outlined in this section provide a strong argument against the use of narrow and/or uninformed categorisation of ‘vulnerability’ (for instance use of receipt of a disability or income-related benefit to define ‘eligibility’ ignores the fact that there is considerable under-claiming, especially among older people). This underscores the challenges facing the new NCC and other relevant bodies in ensuring that the future arrangements for complaint handling in energy are effective and robust.
4. **Complex complaints and company failures**

4.1 **Unable to pursue a complaint**

The preceding sections of this paper explore the range of situational and personal factors which can place people at greater risk of being or becoming vulnerable in the short to long term. The discussion demonstrates the complex nature of the subject and highlights the dangers of adopting a simplistic checklist approach towards defining consumer vulnerability. A related matter that is of equal importance is the need to consider the potential vulnerability of consumers who are unable to pursue an energy complaint themselves for reasons that have little or nothing to do with their own abilities or personal situation.

The new NCC will be able to investigate complaints made by `vulnerable designated customers’ and the Bill states that, for this purpose, a person is ‘vulnerable’ if the Council (the NCC) is satisfied that it is not reasonable to expect that person to pursue the complaint on their own behalf. The obvious question that arises is: under what circumstances is it ‘reasonable’ to assume that a consumer cannot pursue a complaint on their own behalf?

No further definition is provided in the current Bill to clarify this crucial point. However, the Explanatory Notes to the Bill state that: `This might apply to persons who are unable to pursue a complaint by reason of a mental or physical disability, a lack of basic skills (such as literacy) or due to their personal circumstances (such as a recent bereavement).’

Consequently, the Government’s intention appears to be to restrict the definition to people who may be deemed as vulnerable due to their abilities or personal situation (with all the complexity that entails, as discussed previously). However, consumers may also be placed in a vulnerable situation because of the actions – or inactions – of the companies involved in energy transmission, distribution or supply. Similarly, consumers may be unable to pursue a complaint themselves because it raises complex or technical matters, possibly involving more than one energy company.

In these sorts of situations the consumer could be left stranded unless the new NCC is able to intervene on their behalf.

energywatch (and presumably other advice agencies) make a distinction between ‘cases’ which only involve giving the consumer appropriate advice and information in order to enable them to pursue a complaint themselves, and those in which the organisation takes up the case directly on behalf of the complainant. energywatch dealt with some 131,000 more complex complaints from domestic consumers in 2005/6, and it estimates that the average time spent on each complex case is around 3.5 hours. Complex enquires are defined as ones which involve significant direct intervention from a Consumer Adviser with one or more companies, or where referral to another body is not possible or not appropriate (for instance, for debt or benefits advice).
To energywatch’s count of 131,000 complex complaints can be added at least some of the 57,000 enquiries concerning utilities that were handled by CABx staff in 2005/6.

4.2 Consumers’ need for expert help

Billing and switching

By far the most common types of complaints received by energywatch from domestic customers concerned billing problems. An error by a company can lead to a consumer being billed by two separate energy supply companies. This could result in the consumer receiving letters from debt collection agencies or being threatened with court action if the suppliers fail to respond properly to the complaint. If the company/ies refuses to admit their error, the consumer may either feel they have to pay to stave off being taken to court and/or suffer a lot of worry and distress whilst trying to get the problem sorted out themselves. Some consumers might get confused about who is supplying their property and pay more than one bill to avoid receiving red debt letters.

Mr. W. from Abertillery transferred his gas account and was advised by his old supplier that his account had a final credit balance of more than £200. He contacted the company on numerous occasions and received assurances each time that the account would be closed and the refund issued. Four months later Mr. W contacted energywatch as he had failed to receive his refund and was continuing to receive bills from his former supplier.

energywatch asked the old supply company to close the account so no further bills would be issued and to refund the credit.

The following example shows the difficulties consumers can encounter when companies make mistakes and refuse to resolve the complaint or even to supply the required information. Although this example involves a disconnection notice – and the new NCC would be required in such cases to investigate – other consumers can be faced with a similar situation which does not necessarily lead to the threat of disconnection but could result in debt collection letters or simply be very stressful.
Mr. S from Worthing had been paying his gas bill to his supply company for the last 6 years but suddenly received a bill for £749 from a different supply company. The consumer wrote to the supply company involved but received no reply. Prior to calling energywatch, he had also contacted his gas transporter to check who was supplying his property. However, he had failed to obtain this information. After receiving a disconnection notice Mr. S contacted energywatch. The consumer was able to advise the case handler that his gas meter had been exchanged 9 years earlier.

To make the situation more difficult Mr. S. was about move house and would no longer have access to the property to allow for a site visit to take place.

It is unlikely that the consumer would have been unable to resolve the problem himself due to the complex nature and the involvement of two supply companies. One supply company and the gas transporter failed to assist the consumer properly.

energywatch’s investigation showed that there were two gas supply points (MPRN) registered to the consumer’s property, although there was only one supply. To make the situation more complex, incorrect meter exchanges were indicated on both the supply points. The second supply company did eventually accept that they should not be billing the consumer and the account was closed to a nil balance.

Consumers can also encounter problems in trying to switch suppliers in the first place. After billing, the next most common types of complaint handled by energywatch last year concerned problems associated with transferring from one supplier to another. If the company is unhelpful, trying to resolve such complaints can be a difficult thing to do without expert help – see box below.

Mr. P tried to switch to a different gas supplier but the switch failed due to problems establishing the meter serial number and MPRN number of his property. The developer of his housing estate told Mr P that there had been problems with the gas meter details of a number of homes on the estate and they had spent over six months trying to resolve the problem with the supply company via email, telephone calls and face to face contact. Mr P then contacted his current supplier and provided all details requested but was referred back to the developer.

Neither the consumer nor the developer had been able to resolve the incorrect meter details and without energywatch’s assistance this case would have dragged on. Mr. P could not switch supplier and was losing out financially. energywatch arranged for the supplier to make a site visit so the records could be amended. This will allow the consumer to transfer to a new supplier.
In addition, billing problems can also arise because of complicated technical issues that may be too complex for a consumer or generalist advice agency to sort out, as illustrated by the example in the following box.

Mrs. A approached energywatch as she was unable to get her supply company to issue bills for her electricity consumption. The consumer had been in regular contact with the company for 4 years and also spoke to a manager there 6 months prior to raising the issue with energywatch. Mrs. A was getting increasingly worried about the bill she would receive. Energywatch discovered that her electricity supply (MPAN) had been recorded as de-energised but that it was registered to the supply company involved.

It is likely that the consumer would have been unable to discover the cause of problem herself due to the technical nature of the problem and company’s failure to assist her. The case is still ongoing but energywatch hopes to be able to get a considerable part off the bill written off and a suitable repayment plan for the outstanding balance agreed.

Supplier’s failures to read meters regularly and rely instead on estimates can create confusion and distress for consumers. Currently over a third of domestic fuel bills are estimated. Unless a supplier has a clear procedure to advise all consumers who contact them about their bills to submit their own meter reading and ensures that it makes any necessary adjustments, consumers can find that they have been overpaying, or suddenly find that they owe much more than they had budgeted for. If a company is unhelpful in resolving such problems, consumers may well need an expert agency to take up the complaint on their behalf.

Direct debit problems

A supplier may erroneously increase a consumer’s direct debit payments, leaving the consumer in a difficult financial position. Or a supplier’s records may be at fault and a consumer could be recorded as being in arrears when they are, in reality, in credit.
Mr. F from London was paying for electricity via direct debit when he received a letter stating that his payments had to increase from £40 to £150 a month as the account was £398 in arrears. The consumer contacted his supplier twice and provided them with a meter reading. He was subsequently told that his account was actually in credit. Mr F was also advised to cancel his direct debit to avoid the increased payments leaving his account, and that an adviser from the company would be in touch to discuss his new balance. But he continued to receive demands for the payment of £398. He tried to telephone the company on numerous occasions only to be told that the lines were busy. Mr. F then wrote to a director of the company to explain the problem with his account but he received no response. He did, however, receive a final demand for a different amount to be paid. The consumer tried to resolve the problem with his account and provided the company with all the information requested but they failed to resolve his problem. Following energywatch’s intervention the company amended the account with a correct opening meter reading and confirmed that consumer’s account was in credit by just over £100.

Such situations can mean that a consumer is left with less money to live on than they had budgeted for because the supplier is directly debiting higher amounts from their bank account than is necessary. Clearly this can lead to anxiety and uncertainty for consumers, and may cause households real financial problems if they are on tight budgets or low incomes. Some consumers might pay a bill which they are unsure of out of fear of legal action. If a consumer cancels his or her direct debit, a debit balance might build up if the case is not resolved speedily. Moreover, the consumer might have had a real need for the money waiting to be refunded.

A CAB in the Midlands saw a client who had received an energy bill for £142 instead of the usual £47 per month to be paid by direct debit. The client is on income support and has two children. The bureau drafted a letter for the client to send to the energy company but the client still had not received a response after 6 weeks. As a result, the bureau contacted energywatch who were very efficient in dealing with the problem and instructed the energy company not to continue with the increased direct debit.

Citizens Advice Briefing on the Consumers, Estate Agents and Redress Bill
Connection problems

Some consumers can experience problems in obtaining accurate and reasonable estimates for new electricity or gas connections. Although Ofgem is able to make a formal determination on the acceptability of a quotation from a gas or electricity distributor, it needs to receive a detailed breakdown of the costing involved. This includes commercially sensitive information which cannot be divulged to the consumer. Currently the distributor will divulge this information to energywatch who pass it through to the regulator. Ofgem will initially offer informal technical advice to energywatch, and who then passes this information back to the consumer. If the consumer is unwilling to accept the informal technical advice Ofgem will carry out a formal determination but this is a time-consuming process.

Guaranteed Standards payments

Similarly, consumers can approach Ofgem to request a formal determination regarding their right to be paid for company failures to meet set service standards under the Guaranteed Standards scheme. However, this is a time-consuming process. Consumers may well prefer to get the matter sorted out more speedily but may need expert help from an agency which is knowledgeable about Regulations.

Mr. B from Gloucester approached energywatch after an electricity distribution company refused to pay out under the Guaranteed Standards Regulations, stating that he was not entitled to the payment. The distributor said that the relevant Standard (which specifies the time frame in which quotations need to be provided) only applied to new connections and not to alterations. The consumer had requested a quotation for an alteration but it had not been provided within the specified maximum time limit. energywatch approached Ofgem for informal advice and the regulator agreed that the Standard should also apply to alterations to connections. The distributor made the guaranteed standards payment to this consumer and also agreed to make payments to other future consumers. energywatch also approached all other electricity distribution companies to ensure they were aware of the regulator’s advice.
4.3 **The implications**

Clearly it cannot be assumed that all consumers affected by these, and many other, problems which derive from companies’ policies and practices or from the complexity of the subject matter, would be able to pursue complaints themselves and obtain a satisfactory resolution. Neither can it be assumed that generalist advice agencies would be able to do so without detailed sector-specific expertise.

In such circumstances the consumer’s only option will be to apply to the Energy Supply Ombudsman to get the matter resolved. Unless they are successful in obtaining a ‘deadlock’ letter from the supplier, which may be difficult to obtain if the company has been uncooperative - the consumer will have to wait three months before doing approaching the Ombudsman – if the new NCC is unable to investigate on their behalf. In many situations, it may not be reasonable for a consumer to wait this long as they may be caused considerable anxiety and stress in the meantime because of worry about bills or demands from debt collection agencies.

The duties to be placed on NCC under the Bill appear to allow the organisation to investigate complaints that consumers are unable to pursue on their own behalf because of the complexity or as a result of company failure to respond satisfactorily. In any case this will need to happen if the new arrangements are to be at least as good as the existing ones and in order to avoid consumer detriment.
5. Conclusions and key recommendations

The proposed changes to complaint handling in the energy sector will set up a system that is unprecedented in the UK. Consequently it is especially important to explore the potential ramifications in order to try to ensure that no consumer detriment arises from these changes. Furthermore the new NCC will be an integral part of the complaint handling scene in an industry which is an essential service and it will therefore need to perform to the highest standards of effectiveness: the consequences of not doing so could well put people at some considerable risk.

For the new NCC to achieve such standards, its complaint handling work will need to be firmly based on the principles of best practice that are widely accepted, namely:

1. **Highly visible procedures** – including clear information about how to pursue a complaint; and clear and accurate feedback on how the complaint is processed.

2. **Easy and free access** – removal of all unnecessary access barriers; provision of 0800 numbers and call back facilities.

3. **Effective protocols** – to achieve high levels of quality assurance and performance.

4. **Fairness and consistency** – treating all consumers fairly and with respect; having consistent processes for handling complaints.

5. **Responsiveness** – clear and appropriate time limits for resolving the majority of consumer complaints and, where necessary, flexibility for dealing with complex complaints together with keeping the complainant informed.

6. **Resources** – adequate resources for establishing and maintaining a high quality service.

7. **Evaluation** – regular monitoring and assessment of the effectiveness of complaint handling, including consumer awareness and satisfaction surveys.

The way that the new NCC’s remit is defined in the Bill with regard to energy complaint handling makes it problematic for the organisation to achieve the above. This is because the description of ‘vulnerable consumers’ in the Bill is superficial, ill-defined and raises more questions than are answered. The definition in the accompanying Explanatory Notes presents further problems because it appears to be a crude attempt to add clarification, namely by utilising simplistic ‘categories’: ‘mental or physical disability, a lack of basic skills (such as literacy) or … personal circumstances (such as a recent bereavement).’

These categories may constitute risk factors that could alert an adviser to possible vulnerability. However, as this paper explains, there is a vastly more rich and complex range of circumstances and situations which can put people at risk of being vulnerable, and which cannot be captured through a simple checklist approach. It is argued that almost everyone could be vulnerable at some point in their lives, for
example, because they have taken on heavy caring responsibilities, have suddenly lost income as a result of unemployment, or because English is not their first language. The lack of clarity in the Bill means that it is not clear for the new NCC, for other advice agencies or for consumers themselves, who will be eligible for help.

In addition, this type of categorisation implies that certain types of people are intrinsically unable to cope – this is not to deny that some disabled people, for instance, may require help in pursuing an energy complaint. Neither does there appear to be any meaningful recognition of the fact that mental, physical or cognitive (or any other) difficulties can be episodic, fluctuating, short-term or long-term. Such an approach also risks leaving some consumers stranded if they, or their advisers, do not think they will be eligible because they do not fall into one of these categories. Moreover, it is well-established that many people who have, for example, physical disabilities, mental health problems, or low basic skills, do not perceive themselves as vulnerable and as such, or do not wish others to categorise them in this way.

A broader – but equally important – point is that this approach ignores the fact that there is a significant range of problems that consumers can and do face which they are unable to sort out themselves for reasons that may be unconnected with their own abilities or circumstances. As the paper discusses, a consumer may be unable to pursue a complaint themselves because it involves complex or technical matters, possibly involving more than one energy company; indeed it may unreasonable to expect anybody to do so. Similarly, if a company ignores a complaint or otherwise makes it very difficult for the consumer to obtain a reasonable, understandable and satisfactory response and resolution, the consumer could be left stranded unless the new NCC is able to intervene on their behalf.

Regardless of whether someone is disabled for instance, s/he may be unable to pursue a complaint and find themselves in a highly stressful and perplexing situation. Examples cited in the report include consumers having too much money directly debited from their bank account or being threatened by debt collection companies (even though they were not in debt). In such cases, a generalist advice agency might not have the sufficient sectoral knowledge to help sort out the problem.

In addition, some consumers may find it difficult to take forward a complaint themselves for a variety of quite common psychological reasons, especially if it involves relatively complex or apparently serious matters. Other work by the Centre for energywatch (see for instance, Complaint handling: principles and best practice, CUCL, 2007) highlighted research showing that there are important psychological aspects of consumer behaviour involved in whether consumers complain or not and their broader attitudes towards making a complaint. People may be fearful of the complaints process and wish to avoid the potentially negative psychological effects of complaining.

An integral and related point is that it may well be unreasonable to expect a consumer to obtain a deadlock letter from a company in order to pursue a complaint with the Energy Supply Ombudsman, especially if the company has been singularly unresponsive so far. Otherwise consumers have to wait three months under the
current rules before approaching the Ombudsman — this is a long time to wait if someone is facing demands for debts they do not owe, possibly from debt collection companies, or is having money wrongly debited and taken out of their account. Situations like these may not only be frustrating but also very distressing.

Consequently, the report highlights that the new NCC will be facing a number of conundrums. It will need to find ways of deciding which complainants it will help without using a simplistic checklist of ‘vulnerability’. At the same time, its advisers will need to assess consumers’ situations, but in a sensitive way, without asking intrusive or patronising questions. NCC advisers will then have to make careful judgements about whether to investigate a particular complaint. Moreover, it is not inconceivable that the new NCC could be asked to justify decisions as to which complainants it has deemed to be eligible for help.

It is accepted that energywatch has to make judgements and take decisions about when it will intervene directly on a consumer’s behalf to help to resolve a complaint. However, its remit is not constrained in the way that the new NCC’s will be.

If the new arrangements are to be as effective as possible from the consumer standpoint, there are a number of basic steps that need to be taken. Obviously there are ongoing discussions within and between the relevant stakeholders to which the following brief points are intended to provide a contribution:

**Objectives and key operational practice**

Robust principles and effective protocols are vital in order for there to be fairness, consistency and accessibility in NCC’s complaint handling. Such protocols are essential to establish an understandable and responsive system, and to ensure that NCC is easily locatable within the energy advice, complaint handling and redress landscape. They are also critical to avoid stranding consumers who are in a vulnerable situation for one reason or another, and to ensure that consumers are not bounced between organisations when facing a difficult energy-related problem.

The new NCC will clearly require robust and appropriate internal operational protocols. These will need to be developed and embedded during the transitional phase in the lead-up to April 2008. *(It will also need to agree operational arrangements with other relevant organisations such as Consumer Direct and Citizens Advice — these issues are explored in a separate paper by CUCL for energywatch.)*

**Guidance and training**

The key resource for the new NCC in this regard will be trained and knowledgeable frontline staff and managers. Clearly it will be essential for them to be trained and competent in energy-related issues and also keep up-to-date with regulatory and market developments. Equally staff and managers will need to be sufficiently sensitive to and knowledgeable about a wide range of factors that can place people in a vulnerable situation in which they cannot pursue a complaint themselves. Frontline advisers in particular will need to be trained and supported so that they are able to assess...
consumers’ situations in a non-intrusive but effective way. The application of high quality disability and equality awareness training will be essential.

Effect effective recording and action processes

For a number of reasons, the new organisation must employ recording methods, based on best practice in other relevant sectors, about contacts received from consumers and complaints pursued. There are many reasons why this kind of data is essential for performance and quality assurance. One particularly important purpose is to help ensure that records are kept about all contacts, not only for those which NCC decides to investigate. It may be that when a consumer first contacts the new NCC, a decision is taken initially that they should be able to pursue the complaint themselves but the decision may need to be reviewed if the consumer contacts NCC again. Another crucial reason why proper records are essential is that the organisation will need to monitor the types of complaints received in order to develop and inform its knowledge base (organisational learning). The information should also be published and used to try to raise the standards of complaint handling by the energy companies themselves.
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