

Citizens Advice Consumer Work Plan 2020/21: Summary of responses



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Summary

This year we received 43 responses to our draft work plan. Overall, the responses were positive and were submitted by a range of stakeholders including key regulators, industry bodies, charities, interest groups and unions.

Most stakeholders expressed support for the four themes identified in our work plan and were keen to see how they integrate into our project areas. We also received positive feedback on our four tests for making sure our work is robust and impactful.

The majority of stakeholders expressed support for our post projects. In particular, *Making Sure All Consumers Can Access Post* received a number of positive responses. Surviving Economic Abuse was supportive of our plan to work with stakeholders to make sure survivors of domestic abuse have access to post. The Post Office Limited (POL) also expressed interest in working with us on the project where they can.

Stakeholders also expressed strong support for our energy projects in the work plan. They agreed that existing and future energy markets should work for all consumers. The European Consumer Association (BEUC) and other stakeholders in the energy sector think that changes to the energy market during the transition to net zero need to be inclusive and ensure consumers in vulnerable circumstances are not left behind. Citizens Advice Scotland (CAS) also welcomed our energy projects and are keen to work closely with us.

We also received a number of responses about our *Tackling the Loyalty Penalty* project. The Competition and Markets Authority (CMA) agreed that more needs to be done to fix the £4.4 billion pound problem. The Communications Consumer Panel said that they will continue to work with us to address the issues raised by our work.

We welcome all the feedback we have received as an important way of developing our work. We have carefully assessed the feedback and made changes to our final work plan accordingly. This document summarises the feedback we received for each project and any changes made to the work plan.

1. Making markets work for consumers

1.1 Tackling the loyalty penalty (Cross-sector)

4 respondents commented on this project. 3 were positive, 1 was neutral and 0 were negative.

The CMA stated their commitment to ensuring the issues raised in our super-complaint are effectively tackled. They agreed with our view that even though some positive action has been taken, more remains to be done to eliminate unfair practices. They are keen to see a clear path set out for protecting consumers in coming months, especially given the need to improve customer trust across these markets.

The Association for Decentralised Energy urged us to look at increasing competition through innovative products and service models to help address the Loyalty Penalty.

The Communications Consumer Panel stated they will continue to work with us to address the issues raised by the loyalty penalty.

1.2 How consumers respond to price (Cross-sector)

4 respondents commented on this project. 3 were positive, 1 was neutral and 0 were negative.

Ofgem agreed that consumers often fail to respond to price signals in ways that might be expected. They also recognise the value that time of use tariffs could bring and intend to undertake research into this.

Sustainability First agreed with the proposed need to examine the extent to which pricing can be relied upon as a tool for behaviour change. They also support our aim to consider whether other tools are the best way to achieve certain policy goals.

The Communications Consumer Panel welcomed the proposed project. They think that it is also an area of risk in communication services. They noted how this could be a useful area of cross-sectoral insight.

Energy UK stated that any framework on pricing needs to be considered carefully so that any unintended consequences are avoided. They emphasise how prescribing in pricing decisions could restrict innovation and competition.

We agree that any unintended consequences need to be carefully considered. We have amended the work plan to reflect this.

1.3 Reforming institutions to help them protect consumers (Cross-sector & Energy)

3 respondents commented on this project. 3 were positive, 0 were neutral and 0 were negative.

The National Grid (NGESO) set out why they think regulation is important in the energy industry and the challenges it faces as future markets evolve. They also identified areas where we can work together.

Ofgem noted how they are considering creating a regulatory framework to address gaps in protections through its joint review with the Department for Business, Energy & Industrial Strategy (BEIS). They look forward to learning more about our mapping work on current protections.

The Ombudsman Service stated that there is a need to look at where there are gaps in regulation now and where they might be in the future. They think that consumer protection is limited in the heat sector and the boundaries between markets are blurred.

1.4 Parcel delivery market reform (Post)

12 respondents commented on this project. 6 were positive, 4 were neutral and 2 were negative.

Hermes stated that we should carry out further research so that we can better understand problems in the parcels market. They also don't think we account for the role of retailers in the parcel delivery market. They think the customer journey we describe in the work plan is an online retail customer journey rather than a parcel delivery customer journey.

CAS welcomed ongoing attempts to reform the parcel delivery market. They highlighted the ongoing issues Scottish postal consumers continue to experience with delivery surcharging. They want to collaborate with us so that they can avoid any duplication with their own work.

Robert Hammond (chair of the Post Office Advisory Group) asked us to ensure we have robust enough evidence to suggest a CMA review of the parcel delivery market. He suggested that we should monitor complaint handling initiatives within the parcels market.

Royal Mail stated that they are already heavily regulated. They listed a number of changes they plan to implement to their parcel delivery systems in the next 5 years. They also asked us to provide regular updates on our work.

United Parcel Service supported our objectives in this area. However, they didn't feel there was proper acknowledgement of the challenges faced by companies in the logistics industry. This includes growth in e-commerce and transition to net zero delivery solutions. They also argued there was little recognition of the investment and solutions it already provides in the market.

The Consumer Council for Northern Ireland (CCNI) supports our work in this area. They referenced the joint work undertaken by us and the delivery related problems faced by consumers in Northern Ireland.

The Communication Workers Union (CWU) welcomed our proposal for a CMA market review. They believe increased regulation will lead to better service standards across the parcels market. They think this would help improve labour standards and consumer experience.

POL are pleased to see this project included in our work plan. They would like us to look at other parcel shop providers. They also suggest our work in this area should take into account their Local Collect service and suggest that our work shouldn't detract from the convenience of this solution. They believe it's important we recognise the competitive landscape in which they are operating in so that consumer issues can be addressed market wide.

Whistl expressed some concern over our approach. They stated that most parcel operators operate business to business (B2B) in the parcels market and therefore don't interact with customers.

We have clarified in the work plan that we will be looking at the business to consumer (B2C) parcel market in this project. We're confident in the quality of our research, and have discussed our understanding of the B2C parcel delivery market with various stakeholders who support our incentives argument. We think that we have enough evidence to ask for the CMA to carry out a review of the parcel delivery market. We have previously researched the parcel shop market so we won't be including this in our work for 2020/21.

1.5 Smart monitoring of the energy market (Energy)

2 respondents commented on this project. 2 were positive, 0 were neutral and 0 were negative.

CAS suggested we could track how new licencing rules on customer service and new market entrants are influencing the market. They strongly support the continuation of the tripartite arrangement to share intelligence.

UK Power Networks welcomed our engagement in the developing area of smart grid activities and flexibility. They will continue to work with us and Ofgem to look at extended automatic payments for guaranteed standards where feasible.

1.6 Campaigning for microbusinesses to get a better deal (Energy)

5 respondents commented on this project. 3 were positive, 2 were neutral and 0 were negative.

CAS supported our focus on microbusinesses and welcomed the objective to improve the data we publish on microbusiness supplier performance. They've also identified this as a priority area for next year and are keen to collaborate with us where possible to share evidence and learnings.

Ofgem stated how they want to make sure the energy market works well for microbusinesses and is currently analysing evidence from its strategic review of the microbusiness retail market. They are keen for us to play a role in making sure microbusinesses can access high quality and timely information.

E.ON noted the difference between the microbusiness and residential markets. They think the main issue in the microbusiness market is the behaviour of Third Party Intermediaries (TPI). They want a regulatory framework for TPIs and brokers introduced. They think all business customers should have a full understanding of TPIs when working with them. They also think that additional costs should be made clear at the point of sale and confirmed in any contract.

The Communications Consumer Panel agreed that more research in this area is needed and expressed interest in learning from our work with Ofgem. They want to see whether this work could be transferable to the communications sector.

Though Energy UK agrees in the need for appropriate microbusiness protection, they stressed the need to avoid drawing comparisons between the residential market and microbusiness market. They think there are examples of residential protections which would be inappropriate to introduce into the microbusiness market. They recommended that our focus should be on assessing whether there are appropriate protections for microbusiness customers.

1.7 Helping people make informed choices about energy (Energy)

4 respondents commented on this project. 3 were positive, 1 was neutral and 0 were negative.

Ofgem welcomed our commitment to helping consumers make informed decisions and would like to see our input into their Midata work. They support our work on the energy supplier star rating and said they would like to see this expanded further.

The Committee on Fuel Poverty acknowledged the positive impact of the energy price cap for consumers. They encouraged us to monitor any unintended consequences of the cap and to make sure we bring forward any proposals to mitigate the impacts.

The Ombudsman Services agreed that consumers need to be able to make informed choices and think that price comparison websites should compare service as well as price, as demonstrated by the Citizens Advice Energy Price Comparison Tool.

1.8 Big energy saving network (BESN) (Energy)

1 respondent commented on this project. 1 was positive, 0 were neutral and 0 were negative.

The Committee on Fuel Poverty believes that some of the support we can offer through BESN will provide assistance to agencies supporting households experiencing fuel poverty. They would like to see us develop training and resource materials relating specifically to the support available for people in fuel poverty. They would also like us to develop a metric to measure the impact of BESN on fuel poverty.

2. Better value infrastructure

2.1 High quality access to the post office network (Post)

8 respondents commented on this project. 5 were positive, 3 were neutral and 0 were negative.

Royal Mail questioned whether further work is necessary in this area. They listed previous post office research we have carried out.

The Countryside Alliance supports our work in this area. They are also interested in looking at the role community shops play in the post office network.

The Co-op was supportive of our work in this area. They asked us to clarify what a 'permanent, full-time access to a post office within a certain distance' would look like in practice.

The CWU welcomes our proposal to work more closely with POL, BEIS and other stakeholders to ensure consumers have access to a permanent full time post office within a certain distance. They also expressed concerns about the increase in the number of Outreach branches and believe our work should include a focus on these branch types. They think that more robust measures are needed to ensure greater public engagement with the consultation process. They would like us to push the government and POL to immediately end Crown franchising and bring all franchised post offices back under the direct control of POL.

POL look forward to working with us on this project. They highlighted that there are already a number of access requirements and criteria which are set and overseen by the government. They stated the reasons for such closures are normally outside of their control and they work hard to restore service to communities as soon as possible.

We have clarified in the work plan that we will be working with stakeholders to understand what a 'permanent, full-time access to a post office within a certain distance' could look like. We won't be carrying out any specific work on franchised Crowns in 2020/21. However, we'll continue to monitor them through

our formal case handling role. We disagree that we are duplicating any of our previous work. The work we intend to carry out in 2020/21 builds upon our existing work in this area.

2.2 Scrutinising monopoly networks (Energy)

3 respondents commented on this project. 3 were positive, 0 were neutral and 0 were negative.

NGESO welcomed our ongoing scrutiny, challenge and support across its operations. They welcome our continued engagement as they further refine and deliver on their RIIO-2 plans.

Ofgem welcomes our engagement so far on the RIIO-2 price controls. They also welcomed our commitment to continue engaging in its Electricity Charging Reviews and other code panels.

2.3 Network's use of data (Energy)

3 respondents commented on this project. 3 were positive, 0 were neutral and 0 were negative.

The NGESO welcomed our plan to work closely with energy network companies to help deliver consumer benefits through improved use of data. They think it's essential that data is protected and used for the right purposes, and that consumers have transparency and control over their data.

Ofgem welcomed our work with energy companies to help deliver consumer benefits through improved use of data. They are continuing their joint programme of work with BEIS and Innovate UK on Modernising Energy Data.

Sustainability First noted that making better use of data is not only an issue for energy networks but also for the smart meter roll-out. They're working on this and expressed support for our continued involvement in this area.

2.4 Facilitating a smart and flexible energy future (Energy)

5 respondents commented on this project. 4 were positive, 1 were neutral and 0 were negative.

Ofgem agreed that the system has to evolve and embrace more flexible solutions to be efficient. They welcome our input to help ensure that future reforms reflect consumers' needs.

NGESO welcomed our research into how energy storage at different levels can work best for consumers. They also welcomed our work on Ofgem's market wide settlement reform programme, as well as our ongoing work with BEIS and suppliers to ensure consumers are at the centre of smart meter roll out.

E.ON is supportive of the work we have done on the roll-out of smart meters and supports our role in making sure achievable smart meter targets are set. They have concerns that these would be hampered by the continued use of a voluntary opt-in scheme, and continuing low customer eligibility.

Energy UK would like us to work with the government and Ofgem to ensure that the continuation of the smart meter rollout remains justified from a cost/benefit perspective.

2.5 Access to banking services (Post)

7 respondents commented on this project. 7 were positive, 0 were neutral and 0 were negative.

The Plunkett Foundation agreed that access to everyday banking services is essential in rural areas. They look forward to contributing to research activities and encouraging community businesses to participate.

Robert Hammond supports our access to banking work. He believes access to banking services is very important for rural areas and consumers in vulnerable circumstances.

Toynbee Hall highlighted the importance of free access to cash for consumers in vulnerable circumstances. They also believe that POL needs better support from the Government and other stakeholders to deliver banking services.

The CCNI think that the post office network has the potential to be an important provider of face-to-face banking services. They welcome our work here and are keen to work with us to develop recommendations that work across the UK.

The CWU supports our work in this area. However, they believe our efforts to push the government, POL, regulators and the banking industry to develop a coherent banking strategy do not go far enough. They would like us to advocate for legislative protections that will protect cash withdrawals at local post offices.

The Rural Services Network raised concerns about the loss of bank branches in rural areas. They suggested that we should also explore the availability of ATMs at post offices.

The coverage of ATMs is outside the scope of our access to banking services work. We will be pushing stakeholders to develop a coherent strategy so that people can access the banking services they need. A broad range of policy recommendations will be considered during this process.

3. A fair deal for consumers in vulnerable circumstances

3.1 Making sure *all* consumers can access post (Post)

10 respondents commented on this project. 10 were positive, 0 were neutral and 0 were negative.

Keep Me Posted welcomed our work in this area, particularly our approach to uncovering how many UK residents lack access to post. They believe that consumers should have a choice about how they are communicated with by service providers.

Royal Mail expressed their commitment to working with us on this project. They recognise that some people can experience difficulties accessing postal services, which undermines the universality of the service.

Surviving Economic Abuse is supportive of our work in this area. They noted the ways in which survivors can have key services blocked by perpetrators, leaving them at financial and other forms of risk.

CCNI supports our work in this area. They are committed to working with other UK consumer bodies to explore how consumers in vulnerable circumstances can have equal access to postal services.

The CWU believes the Poste Restante service that Royal Mail and POL provide is under-publicised. They think a service similar to a PO Box should be set up for homeless people with minimal ID requirements.

POL are keen to offer their support where they can. They also encourage us to engage with UK high street banks and UK Finance to ensure that the unbanked have access to any new system. They think this would promote financial inclusion.

3.2 Social tariffs (Cross-sector & energy)

4 respondents commented on this project. 3 were positive, 1 was neutral and 0 were negative.

E.ON stated that the cost of serving consumers in vulnerable circumstances must be fairly distributed across the market. They believe the focus needs to be on asking the government to do more, rather than pressing suppliers, as well as having a wider discussion with the government about the role they play in tackling fuel poverty.

The Association for Decentralised Energy suggested that we should look at more than just cost savings. They think there is a risk that focusing on cost minimisation limits the propensity for investment and realisation of wider non-energy benefits.

3.3 Regulatory compliance and enforcement action on vulnerability (Cross-sector & Energy)

2 respondents commented on this project. 2 were positive, 0 were neutral and 0 were negative.

Ofgem are keen to work with us in this area. They would like to know more about how good practice could be used to improve outcomes for consumers in vulnerable circumstances.

Energy UK stated their support for our work in this area. They welcomed our review of how successful regulators have been in using compliance and enforcement to ensure essential services companies treat consumers in vulnerable circumstances fairly.

3.4 Ensuring affordable services for consumers (Energy)

5 respondents commented on this project. 5 were positive, 0 were neutral and 0 were negative.

Centrica agreed that consumers should have access to affordable energy but think it is essential to consider that low income reflects wider poverty. They think we should lobby the government to resolve issues with Universal Credit (UC) so that customers have the means to pay for their energy bills.

Ofgem agreed it is important to understand the impacts of welfare changes and encouraged more work in this area. They are committed to working with the DWP to see what improvements can be made for third party deductions.

The Committee on Fuel Poverty welcomed the proposed research into the impact of UC on the ability of recipients to pay their energy bills. They suggested a more granular look at assumptions for household expenditure under UC.

Western Power Distribution recognises the need to maintain a focus on consumers in vulnerable circumstances and develop ways to ensure they are included in the transition towards net zero.

3.5 Negative budgets (Cross-sector)

1 respondent commented on this project. 1 was positive, 0 were neutral and 0 were negative.

The Communications Consumer Panel stated their support for this project. They are also carrying out work in this area.

4. Protecting consumers in rapidly evolving markets

4.1 Making future energy markets work for all consumers (Energy)

4 respondents commented on this project. 4 were positive, 0 were neutral and 0 were negative.

BEUC are keen to work with us on work related to smart energy futures. They stated that any changes that impact consumers when transitioning to net zero need to be as inclusive as possible. They look forward to working with us to ensure that the upcoming transition is inclusive and fair for all consumers.

E.ON agreed that we should continue to advocate for reforms to the energy market so that it works for all consumers. They suggest that the cost of serving consumers in vulnerable circumstances should be shared across suppliers.

Western Power Distribution stated that they are working to ensure the continuation of a reliable and resilient network through innovating to meet future challenges and ensuring consumers are engaged.

4.2 Making future postal services work for all consumers (Post)

5 respondents commented on this project. 3 were positive, 2 were neutral and 0 were negative.

Royal Mail emphasised that any research examining the impact of changes in market trends and postal regulations needs to have a specific scope and objectives. They also think that it is unnecessary for us to continue to feed into the European Commission's review of postal regulation since the UK has now left the EU.

CCNI agreed on the importance for regulation to keep pace with market developments. They think there is an opportunity for UK consumer advocacy

bodies to work together and look at how best to ensure regulation delivers the best outcomes for consumers.

POL encouraged us to consider the competitive postal landscape within which they operate. They referred to increased competition from new entrants into the market and the challenging conditions many high street retailers are facing today.

The Rural Services Network supported our work on the Universal Service Obligation and would like to find out more about the proposed post regulatory framework work.

For the duration of the transition period, and possibly beyond, EU policy will still influence consumer outcomes in the UK. We therefore disagree that it is unnecessary to engage with EU processes.

4.3 A consumer-friendly path to net zero (Energy)

6 respondents commented on this project. 6 were positive, 0 were neutral and 0 were negative.

NGESO agreed that transitions to a net zero energy system must be achieved in a way that protects consumer interests and ensures consumers in vulnerable circumstances are not left behind. They also welcomed opportunities to continue working with us.

The Committee on Fuel Poverty believes there is a need to focus on ensuring those in fuel poverty are not disadvantaged by the move to net zero. They encouraged us to work with them and the Committee for Climate Change. They also think we should consider carrying out research into how more stringent enforcement of standards in the Private Rented Sector could help tenants lower their energy bills.

Sustainability First stated that a more long-term and strategic approach should be taken which looks at the interests of citizens and communities as well as consumers. They also suggested we should develop a more joined-up and

multi-year strategy to navigate the complex issues that will be raised around who will pay for decarbonisation.

Western Power Distribution is committed to leading on the low carbon agenda and finding solutions to existing and anticipated problems. They support our proposals to further understand local changes that need to be undertaken.

4.4 European policy (Energy)

2 respondents commented on this project. 2 were positive, 0 were neutral and 0 were negative.

BEUC emphasised the need to continue cooperation with us after Brexit. They think it's important to build an in-depth understanding of possible implications of the future relationship between the UK and the EU.

The NGENSO welcomed the work we have done to ensure EU negotiations reflect the needs of British consumers. They welcome a discussion around further collaboration to create consumer value in energy cooperation during future trade negotiations.

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