

Citizens Advice: Securing a better deal for consumers

**The Citizens Advice
consumer work plan
2017/18**



Contents

Foreword	2
Executive Summary	4
Introduction	6
Chapter 1: Energy	12
Chapter 2: Post	24
Chapter 3: Cross-sector	36
Provisional expenditure 2017/18	43

Foreword

Britain's consumers spend £1.2 trillion on goods and services each year¹.

When consumer markets work well, this spending is an incredibly powerful force for good. Not only does it deliver a wealth of products and services that improve people's lives, it also fuels economic progress and growth, as competition for customers drives down prices, improves customer service, and prompts technological breakthroughs.

But the role consumer markets play in our lives also means that, when they fail, that failure carries a heavy price.

When markets misfire, consumers pay not once but twice. They pay directly, in the rip-off deals, shoddy services, and scams that waste people's time and money, and that hit the vulnerable hardest of all. But they also pay indirectly, in the harm caused to our economy when a big incumbent muscles out a promising new product, or when a sector gets locked into misleading prices or inflexible contracts.

Consumer advocacy is part of the answer to this problem. It sits alongside other policy levers - an effective competition regime, clear consumer rights, simple routes to redress and dispute resolution - as one of the ways an active government can make markets work better. The advocate fights the consumer's corner: shining a light on regulatory price settlements to call out excessive returns; sharing lessons between markets when one regulator could learn from another; or simply balancing out the pressure that inevitably gets exerted on regulators and government from powerful incumbents.

This work plan explains how Citizens Advice will contribute to these tasks next year, outlining the work we will do in 2017/18 as the consumer advocate in energy and postal markets. The plan describes the specific steps we will take to stand up for consumers in these sectors. And - because consumer problems increasingly cut **TVe**ff different markets - it describes our valuable cross-sector work too.

We are grateful for the high number of responses we received to our draft work plan. This feedback was overwhelmingly positive, highlighting the value of our research and insights on consumer experience, detailed consideration of vulnerable consumers, independence and ongoing collaboration. Responses also highlighted the need for proportionality and the avoidance of duplication.

The work in this revised plan is hugely varied, from our star rating of energy companies that makes customer service performance more transparent, to our work fighting postal scams on behalf of vulnerable people. It includes work to meet new risks from technology, such as the way some companies are now using data to price discriminate in unfair ways, hiking prices for their most loyal customers. And it applies new insights

¹ Sum of past four quarters of [ONS consumer trends data](#). Quarterly household final consumption expenditure total (£ billion), seasonally adjusted.

from behavioural economics, for example to combat the complicated pricing structures in post that are leading consumers to spend more than they need to.

Of course, any consumer advocate should hold a mirror up to its own costs too. So this plan pushes, as we do every year, to make our work even more cost-effective. Already, thanks to deep savings in back office functions, our work costs 49% less in real terms than when it was delivered by a standalone quango. This plan proposes a further year on year real term cut of 6%. In our work on post in particular, we have cut back. Consumer issues are shifting to other areas of telecoms (a market that does not yet have a statutory consumer advocate) so we propose significant year-on-year reduction. Meanwhile, in energy, there is the opposite pressure; if anything, a ~~fgbaZke~~ consumer voice is needed. With intense demand for better outcomes and concrete new roles for us - including the request that we run a whole-of-market Price Comparison Website - we've upped our ambition, while working closely with the regulator to reduce overall costs.

This is a year of real opportunity for consumers. We see huge potential for this work, and huge need for it too, and we can already identify a number of major opportunities to build on the kind of work set out in this plan. We look forward to working with our stakeholders in the weeks and months to come.

Thank you again to those who responded to our consultation. We take the views of stakeholders seriously and considered carefully the feedback we received. We have made revisions to reflect this and look forward to working with you in the coming year.

James Plunkett

Director of Policy & Advocacy

Citizens Advice

Executive Summary

This report describes how Citizens Advice will fight for consumers in 2017/18. We have a formal role representing consumers in energy and postal markets and a mandate to stand up for consumers on cross-cutting issues, from difficult switching to rip-offs.

This work plan covers consumers in England, Wales and Scotland. In addition, parts of the work plan have a greater focus on Scottish consumers where decisions made are GB-wide. Citizens Advice Scotland will continue to represent consumers on Scotland specific issues.

As we have built our role, we are starting to see the power of a simpler, consolidated consumer regime. Rooted in data from the 14 million consumer problems we help solve every year, backed by research, we make sure the consumer voice is heard².

We do this in several ways. We help regulators learn from each other and balance the heat they get from incumbents. We throw light on the deals that drive prices and returns in regulated markets. And we highlight detriment, from aggressive debt collection practices to rip-off deals and unclear prices. Throughout, we stand up for vulnerable groups that, in even the most competitive markets, can get left behind.

Our research last year revealed the full cost of consumer problems to be in the billions³. And so this year's plan has a laser focus on tackling detriment, cutting bills, and securing value for money in markets that aren't working. We also discovered the true cost to people's time: 1.2 billion hours spent, on the phone, in queues or arguments, trying to resolve problems⁴. And so our second major focus is simplicity: we want to make it **Xtreme** to be a consumer, so that markets fit people's lives.

But with this work, the fight is harder than ever. In each area, the plan covers both our day-to-day work (for example by negotiating behind the scenes or publishing regular data) and our more forward-looking, public-facing advocacy (for example through reports and events).

In **energy**, this will be an unusually big year. The CMA's remedies will be implemented, the smart meter rollout will ramp up and Ofgem will move towards principles-based regulation. This is alongside wide ranging and significant reforms to deliver faster switching, facilitate flexibility and smart time-of-use tariffs, and changes to industry codes governance. We'll also consider taking on the Be An Energy Shopper campaign. For this reason, we propose shifting the balance of our work from post to energy, investing less in the former and more in the latter.

² [Helping people find a way forward](#), Citizens Advice, 2016.

³ [Consumer Detriment: counting the cost of consumer problems](#), Citizens Advice & Oxford Economics, 2016.

⁴ [Consumer Detriment: counting the cost of consumer problems](#), Citizens Advice & Oxford Economics, 2016.

Our work plan focuses on how to deliver an inclusive energy market that provides good value, low cost, warm homes and excellent service to all consumers, not just the currently engaged few.

Scrutinising the smart meter rollout and the effectiveness of the CMA's remedies are core parts of our plan. Because 70% of consumers with the six largest energy firms are paying a 'loyalty penalty' for not switching and could save up to £300 on the most competitive tariffs⁵, we will seek to reduce the number of consumers on poorer value tariffs by using a new tool to highlight the gap between different tariff types and measuring how vulnerable consumers lose out. By building on our star ratings, so these cover the majority of suppliers, and running the whole-of-market price comparison website, we will help consumers to cut their bills and get a better deal.

We will fight for consumers' interests in complex and technical industry negotiations such as the reforms to enable faster switching and industry codes. And because 3.5 million homes are in fuel poverty⁶, we will ensure that the constrained funding available for energy efficiency measures is spent on those who need it most.

And in **post**, it has been a difficult few years for consumers. In the context of a legacy monopoly and a highly regulated market, things are changing fast. This poses risks for consumers, not least now that the prospect of end to end competition in letters has fallen away. The regulator, for good reason, plans to reduce its work on regulatory solutions this year, leaving more emphasis on the softer power of consumer advocacy.

That's why in this plan, we have gone back to basics, to play a more focused and fundamental role. Our work includes: tackling scams, ensuring postal services meet the needs of vulnerable consumers and looking at how competition in physical access to postal services is distributed across the country.

Finally, we plan to build on our valuable **cross-sector** work. We will save consumers time and money by uncovering and tackling consumer detriment, quantifying and addressing the impact of consumer detriment on people's finances and wider lives. We will call out rip-offs and business practices that exploit consumers with busy lives through our research into how behavioural economics can improve regulatory and competition policy. We will tackle problems that unfairly affect particular groups across sectors - like those living in the private rented sector, the recently bereaved and people with a mental health problem.

⁵ [Energy market investigation: final report](#), Competition and Markets Authority, 2016.

⁶ [Wales](#): 291,000, [England](#): 2.38m, [Scotland](#): 845,000.

Introduction

This work plan sets out our agenda for improving markets for consumers. As a consumer champion at a time when real incomes are stagnating, improving market outcomes for consumers is vital.

Citizens Advice is the statutory representative for consumers in energy and postal markets in Great Britain. We also explore issues of consumer detriment that are common across markets. We became the consumer advocate and expanded our advice service following reforms to the consumer advocacy and advice landscape between 2012 and 2014. The national Consumer Service helpline (which helps to resolve £272 million of detriment a year), the leading role in consumer education and the consumer advocacy role of Consumer Futures are now integrated within Citizens Advice. The Extra Help Unit is managed by the separate organisation Citizens Advice Scotland, with its data and service used by both organisations.

Consumer advocacy is a crucial feature of regulated markets like energy and post. Government regulates these services more than most markets because it recognises that universal access to them is essential to people's lives. But this regulation creates a need for representation: when regulators make crucial decisions, we are typically the only non-industry voice in the room. Consumers themselves don't have the time, inclination or knowledge to navigate complex technical consultations or policy initiatives - they need an advocate to make sure they're getting the best outcome.

Often the impact of this consumer advocacy is obvious. Our Fair play for prepay campaign focused attention on the poorer prices, choices and service experienced by these households and eventually culminated in the Competition and Markets Authority's (CMA) safeguard tariff. This will potentially reduce prepayment meter customers' bills by £300 million. Other times the impact is more subtle - but no less meaningful in its value to society.

We improve consumer outcomes by:

- preventing detriment by improving consumer awareness, such as highlighting the dangers of subscription traps

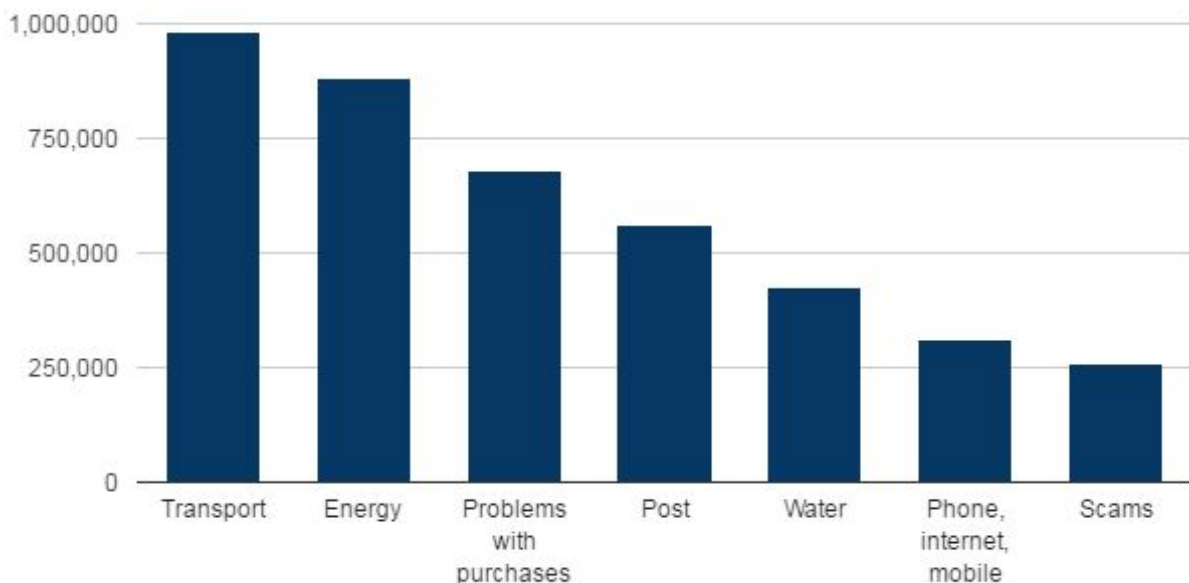
- reducing detriment by advocating for greater consumer choice, such as within the telecommunications market through achieving a ban on misleading broadband advertisements

- adding clarity to public debate through our unique data and insight, for instance through our energy complaints league table for suppliers

- preventing problems by informing and influencing policy, such as through influencing two thirds of Post Office transformation proposals

providing evidence for a regulator to take action to benefit consumers, such as our work with Ofgem for energy consumers.

As a cross-cutting consumer voice, we know that consumer detriment is a concrete, quantifiable problem that is common to many markets - not just regulated ones. The cost of consumer problems that followed in 2015 from markets failing consumers on issues such as faulty goods, poor customer service or lack of compensation is in the billions⁷. This plan sets out how to cut that figure and put more money back in consumers' pockets. We know that much of this detriment occurs in energy and postal markets - so it's right that companies in these sectors contribute levy funding to reduce it.



▲ Number of page views of Citizens Advice consumer pages by problem type in 2015/16.

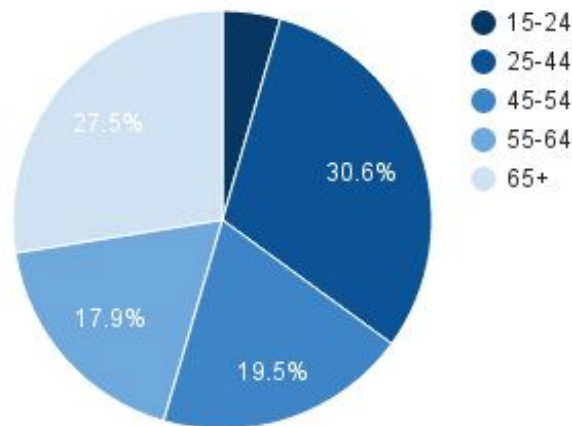
Reflecting the unique, cross-market scope of our work, we identify common problems and find and develop solutions for application elsewhere. Consumers benefit from markets that understand real people's behaviour. This plan builds on our rich insights into consumer behaviour and identifies concrete areas for action such as redress, pricing structures and consumer protection.

We also focus on addressing the needs of consumer groups who may be particularly vulnerable to failing markets. Across energy, post and cross-sector work, we will stand up for groups who share problems, including those with mental health problems, who have been recently bereaved or who live in the private rented sector. We will also stand

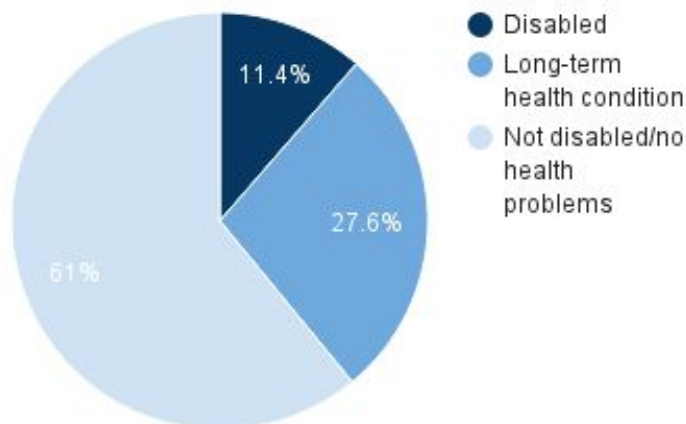
⁷ [Consumer Detriment: counting the cost of consumer problems](#), Citizens Advice & Oxford Economics, 2016.

up for rural consumers, low income groups, older people and those who are just about managing. Through the advice we give every day, we know that consumer problems affect different people in different ways. By paying special attention to the above groups, we can ensure markets work better for everyone, not just time-rich, savvy and confident consumers.

Age profile of consumer clients



Disability/health condition profile of consumer clients



Proportion of face-to-face clients with a consumer issue by age and disability/health condition, 2015/2016.

The changing landscape

Consumers' policy needs will evolve significantly in the coming year. The new government is in the process of setting out its domestic policy agenda, in a context where incomes have not risen for a decade and many families are struggling to get by. As this work plan makes clear, there are significant opportunities for government to address the needs of these consumers through robust interventions that can reduce consumers' bills. We will work with the government in the coming year to make evidenced recommendations to reduce consumer detriment. The government's industrial strategy to drive economic growth across Great Britain will also benefit greatly from focusing on how consumer markets can be improved.

We anticipate significant further change in the year ahead. The government will begin the formal process to leave the European Union (EU). We will closely scrutinise negotiations in the interest of consumers. We will also make sure that emerging EU legislation, such as the EU's New Energy Market Design, meets the needs of British consumers while we remain in the EU. Our unrivalled insight makes Citizens Advice uniquely placed to inform this process and identify the challenges arising from the uncertainty this interim period will cause, such as the exploitation of uncertainty by the unscrupulous through scams.

It is a particularly critical year for the energy market, where missing consumer value is measured in the billions and remains an area of pressing political concern. The CMA's remedies will be implemented, the smart meter rollout will ramp up and Ofgem will move towards principles-based regulation. This is alongside several wide-ranging and significant reforms looking to deliver faster switching, facilitate flexibility and smart time-of-use tariffs, and changes to industry codes governance. These present considerable opportunities for improving consumer outcomes - but also significant risk if they are not handled well. We play a key role making the voice of energy consumers heard in these reforms. As a consequence of the CMA's investigation, we will also adopt new roles in running the whole-of-market price comparison website and advising consumers on restricted meters. We will monitor and measure the success of all these changes, based on our analysis of the market and our own Consumer Service, Extra Help Unit and local Citizens Advice data, to make sure that they are working in consumers' best interests.

Changes in Scotland

Since the passage of the Scotland Act in May 2016, consumer advocacy and advice powers have been devolved to the Scottish Government. We have been working closely with colleagues of the separate organisation, Citizens Advice Scotland, and the Scottish Government to identify the best way for Scottish consumers to be represented under the new devolved arrangements.

Citizens Advice Scotland will continue to represent Scottish consumers for all Scotland-specific issues. However, many decisions that affect Scottish consumers in energy and post markets are still made at a GB-wide level. We will therefore continue to represent Scottish consumers on these matters. This plan draws out areas where this is particularly relevant.

Measuring impact

Impact and evaluation is a vital aspect of our work as the consumer champion. The proof of our work is whether we reduce consumer detriment by a significantly greater figure than our operating budget⁸.

We regularly evaluate our service standards, client outcomes and the value we provide back to the consumer. We also develop individual pieces of work on our value to the consumer more broadly. This evaluation allows us to ensure that our actions benefit consumers by addressing the original systemic issue, be it through preventing detriment, mitigating adverse impacts or improving access to redress. We use this understanding of consumer need to improve our services and influencing strategies and apply these approaches across markets.

Our local offices also allow us to pilot and sense check findings and provide tailored advice and information to communities with specific consumer needs across England and Wales.

Our 2017-18 consumer work plan continues to embed this approach into our work to ensure better consumer outcomes. Each chapter below sets out the impacts we aim to achieve in energy, post and cross-sector work.

This report

We have organised this report to make it as easy as possible for stakeholders to identify the work relevant to them. Energy, post and cross-sector issues are considered in subsequent chapters. In particular, we highlight where a planned activity relates particularly to Welsh, Scottish or English consumers.

⁸ [Citizens Advice consumer advocacy](#), Citizens Advice, 2016.

Consultation

The plan was first published in draft as part of a six week consultation ending on 9 March. We received feedback to this consultation from a high number and wide range of stakeholders. This final document incorporates this feedback. We are grateful to them for taking the time to respond and for the many insightful suggestions they provided.

Chapter 1: Energy



Context

The year ahead is crucial for improving the energy market in Great Britain. The CMA's remedies will be implemented, the smart meter rollout will ramp up and Ofgem will move towards principles-based regulation. This is alongside wide ranging and significant reforms to deliver faster switching, facilitate flexibility and smart time-of-use tariffs, and changes to industry codes governance.

The challenges are enormous. The CMA found that 70% of domestic customers with the 'Big Six' suppliers are on their 'default' standard variable tariff and could potentially save £300 on the most competitive tariffs⁹. 3.5 million homes in Great Britain are in fuel poverty¹⁰ and consumers are overpaying for energy networks by hundreds of millions.

In customer service, the gap between suppliers' performance on complaints continues to grow - in the past year, we've seen both the worst and best performance on record¹¹. We've supported over 45,000 energy consumers through our Consumer Service, seen over 160,000 energy issues at local Citizens Advice offices with almost 10,000 requiring specialist support from the Extra Help Unit¹². Overall, we receive over 100 contacts every hour about energy issues.

Meanwhile, there are now almost 50 domestic energy suppliers - a rapid growth from just 12 in 2011. This has increased competition and innovation, but also the potential for sharp practice (from new and established suppliers alike) and the risk that under-financed small suppliers might collapse, creating problems for the whole industry to manage.

Considerable hope for the future of the market has been invested in smart technologies and tariffs to enrich the consumer experience, unlock lasting economic benefits for the energy system and efficiently reduce carbon emissions. This depends on the success of the smart meter rollout. There are critical milestones in the next year that must not be missed.

These challenges require an ambitious programme of consumer advocacy. Energy is an essential service that everyone should be able to use and choose with ease and confidence. The energy market is too complex and doesn't fit with the way people actually make decisions about their lives. Too many people spend too much on their bills because they live in energy inefficient homes, and the benefits of new forms of energy generation don't always reach those who would most benefit. Our work plan focuses on how to deliver an inclusive energy market that provides good value, low cost, warm homes and excellent service to all consumers in Great Britain, not just the currently engaged few.

⁹ [Final energy market reforms](#), CMA, 2016.

¹⁰ [Wales](#): 291,000, [England](#): 2.38m, [Scotland](#): 845,000.

¹¹ [Energy supplier performance table](#), Citizens Advice, 2016.

¹² Internal Citizens Advice data, 2016.

In the past year, we've worked closely with Ofgem and the Ombudsman Services: Energy to set up a tripartite working arrangement, in recognition of the unique and valuable role each organisation plays and with an emphasis on ensuring greater efficiency through greater alignment. In the coming year, we'll develop this working arrangement to provide more effective knowledge sharing and a clearer division of responsibilities as the organisations try to navigate challenges such as the transition to principles-based regulation, and the continuing smart meter rollout in the year ahead.

This section sets out how we'll tackle detriment in the energy market according to four themes for our work. It covers our ongoing work and specific projects planned to meet the challenges expected in the coming year.

Our impact

We'll judge the success of our work this year by the extent to which it contributes to the following defined impacts for consumers:

- **Consumers' bills are reduced by practical proposals to reduce controllable costs and encourage switching.** We'll act on this principally by scrutinising network, market and policy costs and by running the whole-of-market price comparison website, which consumers can have confidence in.
- **Vulnerable consumers are protected from significant changes in the energy market and system.** We'll work to deliver better protections for vulnerable consumers in a smarter market, and make sure that fuel poverty and energy efficiency measures cost-effectively reach those who need them most.
- **Policy decisions are shaped by effective representation of consumers' interests.** We'll do this by being consumers' voice at the negotiating table in major regulatory decisions, in price control, new energy market design and currently unregulated parts of the market.
- **Consumer detriment is reduced by effective use of Citizens Advice data.** We'll publish data to encourage customer service improvements, consider new information products about vulnerable consumers, and analyse data from our Consumer Service, the local Citizens Advice service and Extra Help Unit to identify and reduce harmful supplier practices and performance.

Coordination and collaboration

We have closely aligned our work plan with Ofgem's Forward Work Programme to ensure that we are working collaboratively with the energy regulator on the key issues for the sector. Through our tripartite working arrangements, we also ensure that we are not duplicating work by others and that we share the knowledge and insight our work generates.

We maintain close working relationships with suppliers, energy networks and other stakeholders as a critical part of our influencing agenda.

Cutting energy bills

Real household incomes have not risen for a decade. Consumers getting the best deal possible is therefore as crucial as it is unusual in the current energy market. This is partly due to problems in the retail market - as the CMA identified, consumers are overpaying by (at least) £1.7 billion¹³. But there are cost drivers beyond the retail market, including energy networks (a quarter of the average bill) and policy levies (13% of the average bill)¹⁴. A primary focus for us will be scrutinising the entire energy industry to ensure every pound of consumer money is well spent. In 2017/18 we'll:

1.1 Scrutinise the effectiveness of the CMA's remedies. 2017/18 will see the introduction of a prepayment price cap, as well as a range of other measures designed to improve competition. We'll judge the success of these remedies by whether they succeed in driving energy costs down - eliminating the £1.7 billion that consumers overpay annually - and by using our data to see whether the consumer experience is improving. We'll also closely follow Ofgem's trials of the database for unengaged consumers, to see whether this remedy will be successful if and when it is rolled out. For non-domestic consumers, we'll monitor how the new auto-rolover CMA rules are being followed by suppliers.

1.2 Adopt new service roles assigned to us by the CMA. We'll take on new roles as a consequence of the CMA's investigation. We'll run the whole-of-market price comparison website, following the CMA's decision to remove the whole-of-market rule from price comparison websites. We'll also advise consumers on restricted meters (e.g. two and three rate electricity tariffs) about their switching options.

1.3 Seek to end the loyalty penalty for consumers, by reducing the number of consumers on poorer value tariffs. Well-functioning markets should not unduly punish consumers for loyalty, yet this is perhaps the central challenge facing the retail energy market, which can particularly affect low-income and elderly consumers. We recognise this is an area of live political debate and will work closely with government to improve consumer outcomes. We have been developing a tool highlighting the gap between different tariff types and will extend its development to provide new metrics about the types of consumers who are on standard variable tariffs, to provide a new measure of how vulnerable consumers across Great Britain lose out in the current energy market.

1.4 Identify consumer overpayments in energy networks and regulated monopolies. The pipes and wires that carry gas and electricity to our homes account for around a quarter of the final household bill. In previous studies, we've identified hundreds of millions in potentially unjustified profits by energy networks¹⁵. We'll re-examine this in light of newly published data and break this down regionally,

¹³ [CMA sets out energy market changes](#), CMA, 2016.

¹⁴ [Breakdown of a dual fuel bill](#), Ofgem, 2016.

¹⁵ [Many happy returns](#), Citizens Advice, 2016.

examining whether consumers in Wales, Scotland and England are receiving comparably different value for money. We'll also look to extend this work across consumer markets, creating a model for determining whether regulated monopolies are extracting unreasonable revenue from consumers and compare network price controls to these regulated monopolies.

1.5 Assess the framework for controlling policy levies on bills. Consumer-funded social and environmental policies accounted for £132 (13%) of the average household energy bill of £1,029 in 2016, and this fraction is expected to grow by 2020. Levies to stimulate new low carbon generation are governed by an instrument called the Levy Control Framework (LCF). The LCF is currently under review and a decision on extending it beyond 2020 will be made in 2017. Both the CMA and the National Audit Office (NAO) have identified opportunities to improve the LCF and we will develop our own recommendations to enhance government's approach to generation procurement¹⁶. We will also consider how the framework interacts with the governance of policy costs that sit outside the LCF but that are still recouped through consumer bills.

Empowering and protecting vulnerable energy consumers

The energy system is undergoing near unprecedented change as it gets smarter, more flexible, and copes with different types of energy generation (eg increased levels of wind and solar) and the necessity of cost-effective decarbonisation. This year will be critical for the smart meter rollout and new energy models. During this period of transformational change, we'll focus on ensuring effective consumer protection and make sure that across Great Britain the needs of vulnerable consumers are at the heart of energy policy making. We'll do this by:

1.6 Ensuring smart tariffs deliver benefits to consumers. Time-of-use tariffs present considerable opportunities for consumers, but are also more complex and need to be well designed if they are going to encourage the demand side response they are intended to achieve. In 2016/17, we examined the potential value to the energy system that follows from these tariffs. In 2017/18, we'll extend this work to examine how attractive these options are, particularly considering the needs of vulnerable and fuel poor consumers. We'll also update our 2012 investigation of existing time-of-use tariffs (including dynamically teleswitched meters in Scotland), to make sure consumers receive a good service as they are rolled out further. We'll also scrutinise Ofgem's distributional analysis of how time-of-use tariffs create costs and benefits for different consumer types.

1.7 Ensuring heightened scrutiny of the smart meter rollout and monitoring specific consumer problems. The next year is critical for the successful delivery of smart meters. We'll enhance our scrutiny of the success of the rollout for consumers, through our tripartite working and through our advocacy on bodies like the Smart Energy Code and the Smart Meter Delivery Group. Our advice data tells us that a

¹⁶ [The Levy Control Framework](#), NAO, 2016.

particular area of consumer detriment is smart meter installations being unsuccessful due to oversight of a foreseeable issue. We'll track the latest emerging evidence on problems with first installations, work with industry to share our data insights across England, Scotland and Wales, and ensure that these issues are addressed. We will provide monthly reports to government and other key stakeholders on the problems we deal with through the Consumer Service and local Citizens Advice offices. We'll also monitor the market to keep track of the types of innovation and services that are emerging.

1.8 Monitoring wider consumer experience of smart meters. Our previous research into early consumer experiences of smart meters identified serious problems, including potential breaches of several licence conditions. We will rerun this research to provide a longitudinal view of whether, and how, the industry has improved its delivery of the smart meter rollout, investigating (for example) whether consumers are being informed about the limitations of SMETS1 meters, what proportion of smart consumers are still getting estimated bills and whether householders are getting to pick smart meter installation appointment slots. We'll also review and highlight positive experiences of smart meters, such as increased billing accuracy and near real-time access to information on energy consumption and cost. We'll include representative samples from England, Wales and Scotland to capture any difference across Great Britain and consider whether there are specific Welsh language issues that need addressing.

1.9 Creating a smart meter monitoring tool. As the smart meter rollout programme progresses, there will be increased consumer demand for information, which we are well-placed to provide. We'll use information we gather to inform a smart meter monitoring tool. This will examine where meters have been installed and at what volume, and identify what kind of problems consumers are having with their smart meters.

1.10 Monitoring Help to Heat scheme. With 3.5 million households in fuel poverty, it is vital that the constrained funding available for energy efficiency measures is spent on those who need it most. As the Energy Company Obligation (ECO) transitions to the fuel-poverty focused Help to heat scheme, we will monitor its effectiveness in reaching fuel poor homes, and assess the use and effectiveness of the new local flexibility element in enabling more accurate targeting. We will study its impact on specific groups, such as rural consumers. We will also research the consumer experience of Help to Heat and advocate for improvements to the customer journey. In Wales, we'll work to influence the development of the Welsh Government's Warm Homes programme and compare experiences of the two schemes.

1.11 Improving the future design of the Energy Company Obligation. Looking at the long-term future of the obligation, we will also research the best ways to deliver ECO funding to meet our medium-to-long term fuel-poverty targets, help vulnerable consumers and ensure value for money. We will consider how this relates to wider efforts to improve energy efficiency across our housing stock. We will assess the relative

pros and cons of the market-led ECO model, local delivery models and other delivery models.

1.12 Establishing a benchmark for energy efficiency. Following the Bonfield Review¹⁷, we'll establish an annual benchmark for measuring improvements in consumer experience and outcomes in the energy efficiency sector, through polling consumers in England, Scotland and Wales. This will investigate consumer experience of installations, quality, performance and redress in the energy efficiency sector.

1.13 Developing principles for community energy. Community energy has a role to play in the cost-effective transition to the low-carbon economy and to enable different consumer groups to engage with low-carbon technologies. Working with government, consumers and the community energy sector, we will investigate what principles are appropriate and should apply to funding for community energy. We will consider the social as well as economic value it brings to the communities and consumers it serves. We will also consider how community heat and other forms of community energy could help to alleviate fuel poverty.

1.14 Piloting winter resilience services. With local Citizens Advice in England, we are piloting single point of contact housing and health referral services. These services seek to improve the health and wellbeing of vulnerable people who are at risk of ill health from cold homes. Each pilot has developed partnerships with local health services to identify and refer these vulnerable people for help with improving the energy efficiency of their homes and advice on how to heat them adequately. The pilot phase completes in April 2017 and the evaluation of the programme will be complete in October 2017. Following evaluation, we hope to secure funding to rollout the most promising models through other local Citizens Advice.

The Extra Help Unit

The Extra Help Unit (EHU) has statutory powers to provide support to consumers in vulnerable positions across GB who are experiencing problems resolving complaints with energy companies and regulated postal providers. The EHU also works with energy suppliers to address performance and policy concerns and to help improve their support for customers in vulnerable positions. It had 10,000 consumer contacts last year and over 1,100 contacts from advice agencies and key stakeholders, securing over £2 million in financial redress. Continuing its work in these areas, this year the EHU will:

- investigate and negotiate with suppliers until a consumer's case is resolved or deadlock reached.
- ensure appropriate payment methods and payment plans are in place.
- signpost and make referrals for consumers to trust funds, debt advice, food banks, energy efficiency and social services.
- carry out policy analysis on casework and raise any concerns initially with

¹⁷ [Each Home Counts](#), Dr Peter Bonfield, 2016.

suppliers, the Citizens Advice energy policy team, and Ofgem. meet supplier groups and individual companies to address issues that emerge from our caseload and to share best practice. assist policy teams with evidence and suggestions for consultation responses.

The Extra Help Unit is delivered by Citizens Advice Scotland. Further information on the EHU is available in the work plan for the Consumers Futures Unit, based in Citizens Advice Scotland.

Giving energy consumers a voice in decisions that affect them

In 2017/18, we'll continue representing consumers in key negotiations about investment, policy and regulation across the energy sector, making sure consumers' voices are heard loudly by decision-makers. And we'll harness our local network as a powerful representational tool, making sure that energy consumers are heard at a local as well as a national level. In particular, we will:

1.15 Contribute to Ofgem's investigation of a Mid-Period Review for RIIO ED1. In the context of energy networks enjoying substantial returns for low-risk assets, we'll explore whether consumers are receiving value for money in the current electricity distribution network price control through participating in Ofgem's consultation on the need for a Mid-Period Review, and assessing whether some outputs are no longer necessary or whether new outputs are required.

1.16 Scrutinise price control design. The next round of energy network price controls will begin their early design phase in 2017/18. We'll investigate the incentive structures in key outputs, identifying where RIIO-1 has worked well, where it needs to be improved and what the appropriate length of a price control is. We'll also consider regional variations in performance in England, Scotland and Wales and ways in which RIIO-2 could take this into account.

1.17 Represent British consumers in responding to the new European market design. Even though we will be leaving the European Union, the decisions made at the European level - particularly the new market design - will have lasting impacts on the whole British energy market. We'll make sure that British consumers' interests are well-represented in Europe as these proposals emerge, by working with partners in European consumer organisations (BEUC, the European consumer organisation) and European energy bodies (ENTSO-E and ACER).

1.18 Facilitate regional representation on energy networks' customer and stakeholder panels. Local Citizens Advice offices have a deep understanding of the needs of vulnerable consumers in their area. Many energy networks are already making use of this knowledge. We'll work with energy networks to build on connections that

already exist and enable new ones, exploring the possibility of local Citizens Advice staff sitting on customer and stakeholder panels where appropriate.

1.19 Ensure non-domestic consumers are able to access advice and redress. We'll make a formal case to Ofgem to mandate the signposting of both consumer advice and redress schemes to non-domestic consumers, replicating the processes that already exist for domestic consumers, and building on the evidence of our recent complaints signposting audit, which featured non-domestic suppliers for the first time¹⁸.

1.20 Scrutinise unregulated areas of the energy market. Consumers in district heat networks and those using unmetered fuels have fewer consumer protections than other energy consumers and little access to redress. Following on from the department for Business, Energy and Industrial Strategy's (BEIS) Spring 2017 survey of heat consumers, we'll estimate current and prospective consumer detriment in the district heating sector, and develop arguments for better protecting these consumers and implementing a regulatory framework that meets their needs. We will continue to advocate for better and more consistent consumer protections for those on unmetered fuels.

Our role as statutory advocate

Every day, our energy policy advocates represent consumers in a variety of different contexts. In 2017/18, we'll do this by:

- Participating in Ofgem, BEIS and industry working groups, such as the Switching Programme, Smart Meter Delivery Group and tripartite working forum.
- Sitting on industry code panels, including the Uniform Network Code Panel, the Balancing and Settlement Code Panel, the Smart Energy Code Panel and the Connection and Use of System Code Panel, scrutinising the consumer impact of proposed rule changes, making sure that markets are designed in the interest of consumers, not industry.
- Advocating for British energy consumers' interests in the implementation of the European Union gas and electricity market rules.
- Influencing Ofgem and BEIS on key issues of consumer concern through consultation responses.
- Scrutinise the costs of non-competitive parts of the energy market, such as the Data and Communications Company, onshore transmission investments and energy networks.
- Ensuring self regulatory codes such as Energy UK SafetyNet, Billing Code and the Smart Metering Installation Code of Practice Governing Board deliver tangible benefits to consumers.

¹⁸ [Complaints Signposting Audit](#), Citizens Advice, 2017.

Creating a simpler and fairer energy market

Aside from cost, consumers' most recurrent complaint about the energy sector is lack of simplicity and fairness. This is particularly in the context of an increasingly complex market where disruptive retail models, new technologies and significant reforms to regulatory approaches are expected in the coming year. In 2017/18, we'll work to address this in the following ways:

1.21 Publishing data to encourage customer service improvements and further developing our star ratings supplier tool. We will publish two quarterly supplier performance league tables for the domestic and non-domestic sectors, and a regular report that analyses our Consumer Service cases related to district heating, renewable heating, microgeneration, insulation and heating controls (currently unregulated parts of the market). In the past year, we've developed a methodology for giving suppliers star ratings on a range of metrics. This currently only covers suppliers with over 150,000 customers. We'll expand this tool to cover more suppliers in the market and consider what further indicators we should include.

1.22 Examine what further information about customer service for vulnerable customers we can publish. Suppliers have particular obligations to vulnerable consumers, who often have specific and diverse needs. We will work closely with Ofgem to scope and identify what information about service quality experienced by vulnerable consumers would be most useful to analyse, using data from our Consumer Service, local Citizens Advice network and EHU. We'll also consider ways in which this information could be captured and published.

1.23 Monitoring the transition to future retail regulation (FRR). This is the biggest change in energy market regulation in a generation. If it encourages suppliers to think proactively about how to serve their customers rather than box-ticking licence requirements, and is backed up by robust Ofgem monitoring, it will be a success. We'll scrutinise rule changes, advocate for the most important current prescriptions to be maintained and strengthen close links between our advice service and Ofgem, to ensure that our advisors are empowered to give consumers the best advice and identify when supplier policies don't lead to the right outcomes. We'll also test whether the principles Ofgem proposes will make sense for emerging and smart-enabled offers.

1.24 Mapping the non-domestic consumer journey. We'll work with Ofgem to deliver a significant piece of research that will map the small business consumer journey, delving into different small and medium sized enterprises' (SMEs) views and experiences. This will enable us to understand why these different SMEs do or do not engage at various points of the supply contract.

1.25 Analysing data from the Citizens Advice Consumer Service, local Citizens Advice, and the Extra Help Unit to identify harmful supplier practices and performance. Where appropriate, we'll work with these suppliers to improve their policies and practices to minimise the need for Ofgem's intervention. Where this fails,

and there is evidence of a licence or other breach, we will refer the issue to Ofgem's Enforcement Team. We will also extend our monitoring to third party intermediaries (TPIs) in the non-domestic market, which will allow us to potentially refer consistently poor TPIs to Ofgem. Our new casework management software, Casebook, which will be rolled out next year, will improve the granularity of our insights.

1.26 Supporting new energy suppliers with good practice. Our statutory role in providing advice, case handling and advocacy on behalf of energy consumers in Great Britain requires us to establish and maintain relationships with energy suppliers. We know new entrants to the market want to provide excellent service to their consumers, but often don't know how or aren't familiar with the good practice that already exists. We will use our deep understanding of the market and consumer expertise to help them develop excellent consumer processes, particularly regarding vulnerable consumers. We'll also contribute to Ofgem's review of the supplier licensing process to ensure that any new entrants meet the necessary standards.

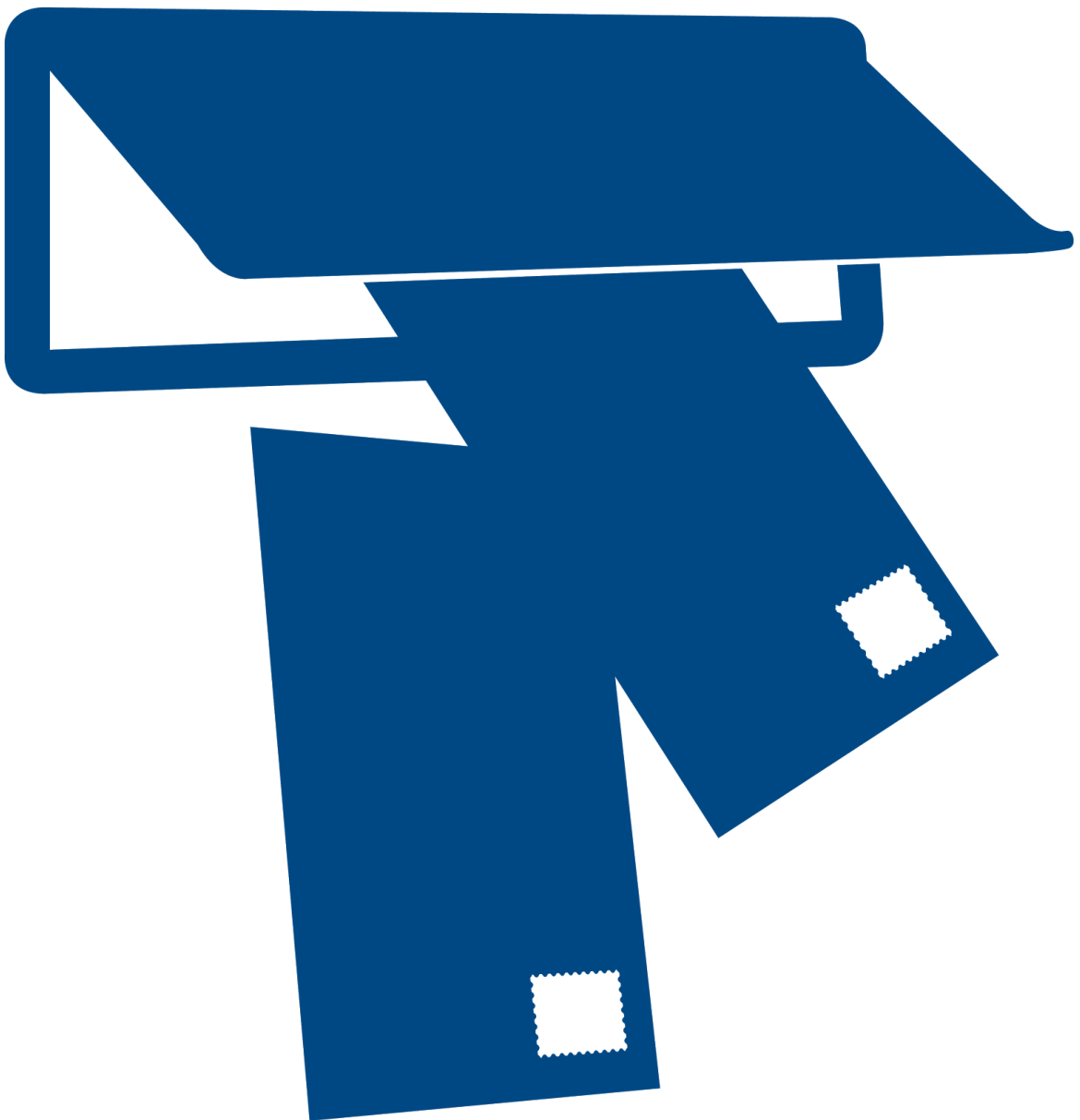
1.27 Considering the transfer of Be an Energy Shopper. Dependent on further discussions with Ofgem we hope to take on responsibility for the Be an Energy Shopper campaign. This would reflect our particular role as the consumer voice in the tripartite arrangements and would be delivered in a way that makes best use of our existing strengths as an organisation.

Our energy advice work

A huge part of our energy work is providing advice and support to consumers through a variety of channels. The data from this work enhances our advocacy. In 2017/18, based on current trends, we'll:

- Advise 100,000 clients on energy issues through the local Citizens Advice network and Consumer Service and inform 800,000 unique users about energy issues through the Citizens Advice website. Provide deeper, more targeted support for approximately 10,000 energy consumers through the Extra Help Unit helpline and by engaging vulnerable consumer groups through Energy Best Deal.
- Deliver 3.9 million minutes (64,000 hours) of online digital energy advice to 665,000 users.
- Improve and evolve our service to energy consumers.
- Produce the 'Know Your Rights' Consumer Checklist, giving 26 million households direct information about switching, how to complain and where to get energy advice and energy efficiency support.

Chapter 2: Post



Context

The communications market has changed beyond recognition in the past 20 years. We have moved increasingly online, post competition has been introduced and Royal Mail has been privatised. Together, these factors have shifted consumer needs and experiences. Consumers want advice and support with post in this changing market: in 2016 we had 560,000 pageviews on our website's post advice pages.

The coming year will be particularly important for post. The future funding model of the Post Office network will be decided and there are opportunities to strengthen consumer protections. Over 1,500 Post Office branches will be converted to new models alongside continued franchising of flagship Crown branches. And the triggering of Article 50 has the potential to lead to significant changes to investment in, and regulation of, postal services.

Citizens Advice is uniquely placed to represent post consumers. We use our unique understanding of consumer needs - from our advice, advocacy and research work - to make a powerful case for consumers. And in a market where consumers can struggle to engage, we provide a familiar and trusted voice, acting as a counterbalance to the voice of the industry. We are often the sole voice representing consumers in these debates. We collaborate with Ofcom in areas that it regulates and speak up for consumers on Post Office matters that are not covered by an external regulator.

In order to ensure that the policy solutions we develop are proportionate, it is important to have a strong understanding of the volume and distribution of detriment in the market. In 2017/18 research and advocacy will focus on the core risks that consumers face.

Research carried out by National Trading Standards estimates that consumers lose between 5 and 10 billion pounds each year as a result of mass marketing fraud, including mail scams.¹⁹ These scams often have separate knock-on effects in addition to financial consequences. We will explore what can be done to protect consumers from mail scams.

A number of safeguards and additional services have been put in place to try and reduce barriers to accessing postal services for vulnerable groups. We will investigate whether there are gaps in these provisions. And where these provisions do exist, are people aware of them, and are they fit for purpose?

Millions of people are at risk of being left behind by consumer markets and the post sector has an essential role to support them. This is particularly important for older consumers and rural residents. Almost 6 million adults in the UK have never used the internet.²⁰ The number of bank branches has fallen by more than half in the past 30 years, particularly affecting rural communities.²¹ We will scrutinise off-site changes to post offices in 2017/18 to ensure they are appropriate for consumers. We'll build on our

¹⁹ [National Trading Standards - Scams Team Review](#), Rand Europe, 2016.

²⁰ [Internet users in the UK](#), ONS, May 2016.

²¹ [Bank Branch Closures](#), House of Commons Library, December 2016.

research in 2016/17 to develop constructive solutions in any areas where evidence shows consumers are missing out or service provision is falling short. We'll use our unique understanding of consumer needs to review how delivery models could best be developed to preserve access to post offices. Recent research calculated that the Post Office network's total social value is up to £9.7 billion.²²

Ensuring that consumers are represented in debates about the future of postal services is core to the role of a consumer advocate. We will look closely at potential future threats to postal services as well as the potential opportunities and risks posed by the UK's decision to leave the European Union.

We'll judge the success of our work this year by the extent to which it contributes to the following defined impacts for consumers:

- 1. Consumers are empowered, and industry acts, to avoid harm caused by mail scams.** We will do this by working in partnership to reduce consumer harm caused by mail scams, educate consumers about mail scams and ensure that solutions are informed by a sound practical understanding of what works.
- 2. Postal services are meeting consumer needs today, particularly vulnerable consumers and the needs of rural residents.** We will do this by focusing on the needs of disabled and rural consumers, and investigating barriers to the take-up of mail redirection services.
- 3. Everyone has access to postal services in a way that's convenient, especially vulnerable consumers and people in rural areas.** We will use our research to inform industry's understanding of consumer expectations and how access to postal services could be delivered differently. We will analyse how competition has changed people's access to post, and work with Post Office Ltd to ensure community needs are met as its network changes.
- 4. Policy debates and industry practice are informed by effective representation of consumers' interests.** We will consolidate our understanding of how future market developments may impact on consumers, and ensure that their voice is heard in policy debates. We will engage with policy development at the national and European level and ensure that consumer interests are considered as the UK leaves the European Union. We will work with government, the regulator and market players to improve policies and practices.

²² [Post Office Network: social value](#), BEIS, November 2016.

Coordination and collaboration

We will continue to coordinate and collaborate with other consumer organisations, particularly Ofcom, GCCNI and CAS, to ensure our resources are deployed efficiently, there is minimal duplication, and we share knowledge and insight developed through our work.

In 17/18, we will build on this approach by agreeing principles of coordination and collaboration with the other consumer bodies and the regulator to ensure regular and systematic communication between the organisations.

Tackling postal scams

Research carried out by National Trading Standards estimates that consumers lose between 5 and 10 billion pounds each year as a result of mass marketing fraud, including mail scams.²³ An analysis of calls to the Consumer Service helpline in relation to scams found that clients who had fallen victim to a mail scam on average lost more than £5,700, compared to a little over £1,000 for online scams. These scams are often targeted at the most vulnerable people in society.

In recognition of the harm caused by scams a number of organisations have commenced work to address this issue. For example, last year the Consumer Minister convened a task force to discuss and agree additional measures. Mail scams are also an area of focus for the Home Office's Joint Fraud Task Force. Royal Mail have made reducing the volume of scam mail entering the postal network a priority and commissioned Bournemouth University to undertake research. Trading Standards are also active - they have commissioned research and launched a nationwide campaign, Friends Against Scams, to encourage communities and organisations to talk about and raise awareness of scam mail.

Alongside our role as the statutory consumer advocate for postal consumers, through our network of local Citizens Advice, we have unique reach, and insight into communities across England and Wales, including vulnerable groups most at risk. Our strong, trusted brand also makes us ideally placed to deliver messages to consumers which help them to identify mail scams and take steps to protect themselves and their loved ones.

In 2017/18 we will:

2.1 Work in partnership with operators, enforcement bodies and consumer groups to reduce consumer harm caused by mail scams. If consumer harm caused by mail scams is to be reduced, it is vital that industry, consumer groups and enforcement bodies work in partnership - sharing insight and intelligence and coordinating activity to maximise impact and minimise duplication. This year we will

²³ [National Trading Standards - Scams Team Review](#), Rand Europe, 2016.

strengthen our engagement with existing initiatives, including the Home Office, BEIS Task Forces and Friends Against Scams, feeding in intelligence and insight from our network and research.

2.2 Ensure that work to tackle postal scams is based on a robust understanding of 'what works'. We will commission research to maximise the reach and impact of our consumer education work on mail scams. We will define the scope of this research in collaboration with relevant stakeholders. However, this work could usefully include harnessing the unique insight and reach of our network of local Citizens Advice and applying lessons from the field of behavioural insights to test the most effective way to develop and deliver our consumer education messages.

Although the primary purpose of this research is to maximise the reach and impact of consumer education work on mail scams, many of the findings will also be relevant to other organisations who deliver consumer education in other sectors. We will therefore disseminate the findings to the wider consumer education community, for example by holding a roundtable and presenting at stakeholder forums.

2.3 Educate people about mail scams through a series of public interventions. One of our primary contributions to tackling mail scams is through delivering consumer education, for example through Scams Awareness Month. We will raise consumer awareness of how to recognise and report scam mail using traditional and social media, and the Citizens Advice network. This work will be coordinated with government, National Trading Standards, and industry.

Supporting access to post

Some groups of consumers are particularly vulnerable to being left behind by postal services. Rural consumers can get a raw deal - for example paying more for parcel delivery²⁴ - and there is a risk that they will fall further behind in the future. The Post Office network provides post and other vital services and is disproportionately used by older, disabled and rural consumers. A potential byproduct of new competition is greater disparity of service provision in different parts of the country. For example, logistical challenges and higher costs mean that new services revolutionising the parcel delivery experience of urban consumers are rarely available to rural consumers.²⁵ The Network Transformation Programme (NTP) has led to the biggest change in the network's history. We welcome this process but also recognise that each conversion can pose risks for consumer access. In the final year of the NTP we expect to see an increase in the proportion of challenging conversions as well as a significant reconfiguration of the Crown network. In 2017/18 we will work on:

2.4 Improving the experience of rural consumers of postal services now and in the future across Scotland, Wales and England. Research conducted by Citizens Advice and other consumer groups has shown that rural consumers are often at a

²⁴ [Pass the Parcel: mystery shopping exercise](#), Citizens Advice, 2014.

²⁵ [Technology and change in postal services – impacts on consumers](#), WIK Consult and ITA Consulting, January 2016.

disadvantage when it comes to postal services. Reduced economies of scale mean that they pay more for some services, such as parcel delivery. Further, innovative new services enjoyed by urban consumers, such as click and collect and same day delivery are less readily accessible and sometimes not available at all.²⁶

We understand the challenges faced by rural consumers and the postal services providers who serve them. Effective, proportionate solutions to these issues are, however, far less well developed. In 2017/18 we will redress this balance by engaging with consumer and rural groups, policy makers and industry to consider the challenges and risks faced by rural consumers across England, Scotland and Wales and consider proportionate strategies to address these challenges.

We will produce a briefing paper setting out the findings of this work, which we will use to inform further work with stakeholders to address rural challenges. We do not envisage commissioning new research to support this work. We will work in close consultation with Citizens Advice Scotland, GCCNI and Ofcom to ensure that this work complements, and does not duplicate, their planned work on parcel surcharging.

2.5 Reviewing post office service standards and accessibility to improve consumer outcomes. We have developed a longitudinal record of post office performance and in 2016/17 undertook a major review of performance across the network. If this research shows significant pockets of consumer detriment, we will follow up with targeted research in these areas. We will use our findings to develop constructive solutions, which we will share with Post Office Limited and other relevant stakeholders to improve consumer outcomes.

2.6 Understanding how competition has changed consumer access to postal services across the country. Competition in the post office sector offers many consumers more choice, but newer services are not guided by access criteria. Our initial mapping analysis in 2016/17 focused solely on post offices run or franchised by Post Office Limited, and presented valuable new insights (such as the impact of using real road distances rather than crow flies measures). We will build on this using our in-house analysis tools, mapping different providers to understand the full range of access points that consumers can use, particularly in rural areas. This will enable us to understand the impact of competition for consumers and identify those who are not benefitting.

2.7 Researching what consumers want from post offices to develop constructive solutions to maintain service provision. Around 5,300 post offices closed in the 7 years to 2010 but fewer than 300 have shut in the 7 years since, largely thanks to the £2 billion Network Transformation Programme. As this period of significant investment approaches its conclusion, we will review what exactly today's consumers expect post offices to provide for their communities, particularly where local provision may need to be more cost-effective or attractive to operators. We will draw on evidence and experience from local Citizens Advice and other community organisations. We will share

²⁶ [Technology and change in postal services – impacts on consumers](#), WIK Consult and ITA Consulting, January 2016.

our findings with Post Office Limited and UKGI, and will seek to develop solutions to preserve post office access. We will also liaise closely with these organisations to understand their evidence of any risks to future provision.

2.8 Continuing our work with Post Office Limited to improve outcomes for consumers from significant branch changes. Citizens Advice has a unique understanding of the daily challenges people face in communities across the country. We draw on this experience to review community feedback and mitigate potential detriment when post office changes are proposed, as part of our official mandate to monitor changes to the post office network. This work remains important: in 2016/17 we have agreed improvements with POL to 86% of off-site relocations. Next year we will continue working alongside POL to review both the Network Transformation and Crown franchising programmes to ensure changes meet local needs. We will focus our attention on off-site relocations which generally present the greatest risks for consumers. We will ensure that our resourcing for this work is commensurate with the level of change in the network. We will also review the existing Code of Practice with POL, to examine how to deliver effective and proportionate representation of consumer interests in future post office changes.

Representing consumers across communications markets

Postal services sit alongside phone and internet services in the wider communications landscape. This landscape looks very different now compared to 20, or even 10 years ago, with mobile phone and internet services gradually replacing mail and landline services as the primary means of day-to-day communication.

Mobile phone and internet services have become essential services which many of us cannot imagine living without. Regulation has not always kept up with the pace of this transition, and in many ways consumer protections in these markets have fallen behind those in other essential markets such as energy and financial services.

The need for a strong, independent consumer advocate in telecoms markets is therefore equally as pressing as in the postal services, water and energy markets. In recognition of this need, in 2017/18 Citizens Advice will continue our influential program of work on telecoms markets. Areas of focus will include improving debt collection practices, making mobile phone tariffs more transparent and simplifying switching.

Our telecoms work is not funded from the postal levy. However, it does provide useful insights to inform our postal services work. For example, this year we will publish the findings of research looking into the experience of consumers who only access the internet and phone services through their mobile phone. One of the major questions this work examines is whether these consumers are more reliant on postal services than other consumers, for example because they find it difficult to fill in forms on a mobile phone. This approach allows us to look across the communications landscape as a whole to ensure that consumers' needs are met and nobody falls between the gaps.

Ensuring postal services meet the needs of vulnerable consumers

Postal services are still an essential part of the communications landscape, and it is important that they are accessible to, and working well for all consumers. However, some groups of consumers, including disabled and older consumers, place particular value on postal services, and are more reliant on them to stay connected.²⁷ These same groups often face additional barriers to accessing, and getting a good deal in, a range of essential services.

Major life events can also temporarily make people more vulnerable to consumer detriment. For example, moving home can be an expensive and stressful time in people's lives. Informing everyone - from family and friends to banks, utility companies and government departments - about a change of address can be time-consuming and frustrating. But failing to do so can lead to a range of problems, including identity fraud and missing out on vital correspondence.

Across postal services, a number of safeguards and additional services have been put in place to try and reduce barriers to access, with a particular emphasis on vulnerable consumers. This year, we will investigate whether there are gaps in these provisions. And where these provisions do exist, are people aware of them, and are they fit for purpose?

In particular, we will:

2.9 Ensure postal services meet the needs of disabled consumers. Disabled consumers are more frequent users of postal services than non-disabled consumers.²⁸ They are also more likely to say that they they would feel 'cut off' without postal services.²⁹ The potential detriment if core postal services are not meeting the needs of disabled consumers is therefore severe.

As the statutory consumer advocate for consumers of postal services we are required to have particular regard to the needs of vulnerable consumers, including disabled consumers. Disabled people are also overrepresented in the people seeking advice from our network of Local Citizens Advice - 2 in 5 (41%) of our clients are disabled or have a long term health condition, compared to 1 in 5 (21%) of the population of England and Wales³⁰. This gives us unique insight into the barriers disabled consumers routinely encounter, and the impact on their lives, when engaging in essential markets.

We routinely ensure that disabled people are represented in the research we commission, and draw attention to sources of detriment which disproportionately affect these consumers. However, very little research has been carried out into the specific

²⁷ [The future of consumer needs for postal services](#), Citizens Advice, June 2016.

²⁸ [The affordability of universal postal services](#), Ofcom, March 2013.

²⁹ [Review of postal users' needs](#), Ofcom, October 2012.

³⁰ [Helping people find a way forward: a snapshot of our impact in 2015/16](#), Citizens Advice, July 2016.

needs and experience of disabled users of postal services. This is a significant barrier to representing the needs of this group of consumers. In 2017/18 we will:

Work with representatives from disability organisations, consumer groups and industry to identify issues facing disabled postal consumers and potential solutions

Commission GB-wide research with disabled consumers to understand their needs and whether these needs are being met. For example, potential areas of investigations include:

Does the need for disabled claimants of Employment Support Allowance or Universal Credit to send confidential documents to decision-makers at regular intervals place additional pressure on already stretched budgets?
Are disabled people expected to travel long distances to awkward locations to collect signed for mail or parcels which were delivered while they were out?

Where we identify that the needs of disabled people are not being met, we will seek to develop workable, proportionate solutions, in collaboration with industry and relevant stakeholders.

2.10 Investigate barriers to the take-up of mail redirection services. Royal Mail offer home movers a mail redirection service which forwards mail addressed to them at their old address to their new address. This is a valuable service which can help people to prevent a range of problems, from identify theft to missing important appointments. However, research conducted by Consumer Focus in 2013 found that 6 in 10 consumers who had moved house in the past year had not signed up to this service. Although this research asked basic questions about the reasons consumers did not use this service, the primary focus was on the experience of those who had.

In the context of Citizens Advice's broader programme of work to improve the experience of people in the private rented sector, we recently commissioned preparatory polling to identify why some consumers do not use mail redirection services. If this research points to systemic barriers to the take-up of mail redirection services, we will commission GB-wide research to more fully understand the nature of these barriers. We will share the findings of this research with industry and policy makers, and work with them to develop effective, proportionate measures to reduce barriers to take-up of this important service.

Promoting consumer interests in a changing world

As a consumer advocate, part of our role is to anticipate economic and market developments and how this could impact on postal consumers. Communications markets have changed beyond recognition over the past 20 years as telecommunications have, in many respects, replaced the mail as the default means of communication. The rise of e-commerce has led to a surge in demand for parcel

delivery services while demand for traditional mail services continues to decline, calling into question their long-term sustainability.

These fundamental shifts in the makeup of postal services cannot fail to have an impact on consumers, and it is vital that their voice is heard in debates about the future. Meanwhile, the United Kingdom has voted to leave the European Union, potentially reopening debates about hard-won consumer rights and protections.

In 2017/18, we'll represent consumers in these debates by:

2.11 Consolidating our understanding of the likely impact of future market developments on consumers, and ensuring their voice is heard in policy debates about the future of postal services. In recent years we have commissioned 3 pieces of research looking at the impact of technological advances in the post market, the future needs of postal consumers and the potential impact of different future scenarios on consumers. Meanwhile, Ofcom has concluded its Fundamental Review of the Regulation of Royal Mail. Taken together, this research offers a sound basis to anticipate the future needs and priorities of consumers, and to provide an authoritative consumer voice in policy debates.

We do not intend to commission new research in this area in 2017/18. Instead, our focus will be on ensuring that we maximise the impact of the research we have undertaken. We will do this through publishing a report which brings together this body of evidence, drawing out key themes, highlighting risks for consumers and potential strategies for addressing these risks. We will feed the insights from this report into debates about the likely impact of future market developments on postal consumers.

2.12 Ensuring that the protections and rights of postal consumers are not diluted as the UK leaves the European Union (EU). In 2016 the UK voted to leave the EU. Although the timetable and nature of our relationship with the EU in the future is yet to be settled, the potential impact on postal consumers could be significant - many of the rules and consumer rights currently in place and due to come into force originate from the EU. The effectiveness of these rules and rights may also be affected as the UK's relationship with the EU changes.

We will monitor and influence changes that affect consumers to identify areas of detriment and develop solutions to mitigate them. We will work flexibly in this area, holding roundtables or producing briefings on the effects on England, Wales and Scotland as is most appropriate as the formal process develops.

Representing postal consumers

Alongside our proactive work, Citizens Advice ensures the voice of postal consumers is heard in key debates, for example through responding to consultations and convening and sitting on working groups. In 2017/18 this work will include:

continuing our advocacy to influence government, the regulator and market players to improve policies and practices in areas of detriment identified through existing research. For example, our research into consumer detriment in the parcels market, which will be published in the coming months, has identified a number of common problems that cause consumers harm. We will be presenting the results of this research to relevant stakeholders and pushing for improvements.

building stronger, more productive relationships with core stakeholders, as well as the wider postal policy community. This will strengthen the reach and impact of our work, while adding value by allowing us to gather more diverse intelligence and insight on the issues facing postal services consumers today.

continuing to share evidence and insight with the government as its review of financial support for the Post Office network continues.

representing consumers on the Post Office Advisory Council. We will continue to contribute to this forum by sharing insights from our research and providing feedback on issues and proposals under discussion.

convening the Post Offices Advisory Group. This stakeholder group meets quarterly and includes national charities, rural agencies and representatives of Post Office operators and Post Office Ltd. These meetings are an opportunity for members to share news on developments relevant to the Post Office sector, and facilitate policy development.

monitoring and analysing our unique advice issue codes, Consumer Service Helpline, the Post Line, website visits and complaints recorded through social media. We use these insights to highlight service failures and barriers to securing redress in parcel delivery and letter services.

responding to the outcome of Ofcom's review of regulation of Royal Mail and the wider postal sector. We will monitor the impact of any changes on consumer outcomes and adapt our own services to ensure we are giving accurate, timely advice to consumers seeking advice on postal services issues.

engaging with relevant debates at EU level, for example the planned Regulation to increase oversight of EU cross-border parcel delivery service, and sharing our evidence and insights with BEUC, the European Regulators Group for Postal Services and other relevant stakeholders.

responding to relevant Ofcom consultations, for example on amending the USP Accounting Condition and Regulatory Accounting Guidelines and changes to the Universal Service Provider Access Condition.

monitoring Royal Mail's performance against core metrics, including quality of service, provision of Post Offices and collection time information. Where Royal Mail are falling short of their obligations we will push for improvements and, where necessary, ask the regulator to take action.

Chapter 3: Cross sector



Context

Citizens Advice draws on a rich range of insights to advocate on behalf of consumers. Our network of local Citizens Advice offices gives us unique reach into every community across England and Wales. In 2015-16 we helped people with 500,000 consumer issues face-to-face. Our website, face-to-face and over-the-phone advice services provide us with data that we use to understand the problems consumers face in markets in real time. In 2015-16 we had 13.4 million visits to our consumer pages online, 1.05 million contacts to our Consumer Service and delivered 31.2 million minutes (531,000 hours) of online digital consumer advice. It is this unrivalled overview of people's lives which allows us to be ambitious in the scale and breadth of the work we do.

Consultations in consumer markets are technical and consumers are not well placed to make their voices heard. Citizens Advice fulfils this role, using our insight to represent consumer needs, improve value and reduce customers' bills.

While every market is individual, many of the problems that we see in one market apply equally to another. Our ability to look across different sectors is unparalleled. To identify solutions, we draw on insights and examples of good practice across markets. In our work on debt collection practices, we have evaluated consumer protections that have worked in one market and helped other regulators and authorities apply a similar approach. These cross-market comparisons allow us to push for better consumer protections when one industry falls behind others. We know that people's problems tend to be complex and connected - our approach also identifies how problems in different markets interact with each other and finds cross-sector solutions.

The government faces a number of challenges over the coming year. This includes developing an industrial strategy and considering a vision for consumers post-Brexit. We will continue to use our understanding of consumer detriment and the problems people experience across different markets to get the best deal for consumers.

Except where regulation or legislation is devolved, our strengthened relationship with the Scottish Government will allow us to use a GB wide approach and use nationally representative samples of consumers across England, Wales and Scotland. Where issues are especially relevant to a particular country, these are highlighted below. Our work in 2017/18 falls under the following themes.

Our impact

We'll judge the success of our work this year by the extent to which it contributes to the following defined impacts for consumers:

Saving consumers time and money by uncovering and tackling consumer detriment. We'll do this by quantitatively assessing the factors which contribute to a well-functioning market and working with stakeholders to explore how good practice can be applied across markets. By stress-testing our recommendations,

we will ensure our research and insight translates into time and money saved for consumers.

Reducing rip-offs and business practices that exploit consumer behaviour.

We'll do this by investigating where behavioural biases lead consumers to worse outcomes and developing practical solutions to get consumers a fairer deal. We will work with stakeholders to mitigate the negative outcomes of the loyalty penalty and misuse of data. We'll also make the most of the insight and reach of our network of local offices to respond to local rip-offs.

Standing up for vulnerable consumers. We'll stand up for groups who often share problems across markets, like those with mental health problems, who have been recently bereaved or who live in the private rented sector. We'll do this by building unique, cross-sector insight to help stakeholders provide a better service for consumers.

Save consumers time and money by uncovering and tackling consumer detriment

This year we established the high cost of consumer detriment across the UK and highlighted the monetary, time and emotional impact on consumers. In the coming year, we will highlight where this detriment falls unequally and turn the spotlight on those sectors and services that are falling behind. We will help departments and regulators to learn and adopt best practice from one another. Using our data to flag new areas of consumer detriment early on, we will leverage these insights to advocate on behalf of consumers so that collectively we can begin to plug the gap. We will work in partnership with other organisations to develop and stress-test the recommendations we make in post, energy and other regulated markets. We will:

3.1 Develop a Consumer Barometer. Some markets are causing consumers significant financial and emotional detriment³¹, while others work well. How can we ensure harm to consumers is reduced? We will undertake a quantitative comparative analysis of the factors which contribute to a 'good' market. We will look at the role and activity of regulators, how active consumers are and the barriers that different groups face to getting the best deals across a range of markets including energy, post and telecoms. We will use this insight across England, Wales and Scotland to guide our wider work.

3.2 Explore areas of detriment across sectors by problem type and demographics. Our work in 2016/17 highlighted problems that harm consumers. Those consumers harmed most are often vulnerable or who are just about managing. We will develop our research to understand these areas of detriment and find solutions. We will continue to respond flexibly to changing consumer need to identify the projects required.

3.2.1 As the number of people living in privately rented accommodation rises in Britain, it is increasingly vital to assess whether these private renters are able to

³¹ [Consumer Detriment: counting the cost of consumer problems](#), Citizens Advice & Oxford Economics, 2016.

effectively engage with essential markets. In energy, evidence suggests private renters lose £161m due to landlords denying them their right to switch energy provider³². It may also be that tenants are less able, or feel less able, to benefit from energy efficiency measures or smart meters. We will build on our separate work on mail redirection services to understand the ability of private renters, who move more often than owner occupiers, to engage with the postal market. By researching the experience of this growing group of consumers we will identify steps that can be taken to address detriment.

3.2.2 There is a lot to contend with when a loved one dies. How well do regulated markets serve consumers at this difficult time? We will explore the process of redirecting mail in 'special circumstances' and removing the details of a deceased loved one from mailing lists through the Mailing Preference Service. We will also explore the experience of people informing their energy supplier of a bereavement, ensuring energy debts are properly assigned to the estate of the deceased, and changing names. We will extend this work to other relevant sectors such as water, telecoms and financial services.

3.2.3 One in four people will experience a mental health problem each year³³. We know mental health problems can be an additional barrier for people trying to make 'rational' consumer choices. Bipolar disorder can cause manic phases which sometimes result in unaffordable spending³⁴ and anxiety disorders can make it hard for people to access services face to face. To explore how far people with mental health problems are able to access regulated services, we will look into the Priority Services Register in energy markets, whether the transition to principles based regulation in energy (particularly the proposed vulnerability principle) presents any challenges for people with mental health conditions and, in post, people's ability to arrange redelivery or collection of missed post deliveries. We know from our wider work on mental health that 3 in 5 people with experience of a mental health problem in the past 3 years said that they feel anxious about opening post when experiencing a period of poor mental health³⁵. Can good practice be applied across markets to ensure people with mental health problems get a good deal?

3.3 Investigate the knock-on effects of failing markets on consumers' lives. We will identify whether particular groups are vulnerable to wider detriment when markets fail. What is the impact if post does not arrive on time? Are people going in their overdrafts while waiting for a cheque in the post? What happens if employment or housing contracts are delayed in the post? How can this impact be alleviated? What is the impact on people's finances and health when they are unable to pay their energy bills and heat

³² [UK landlords add over £161 million to tenants' energy bills by denying their right to switch](#), uSwitch, 2015.

³³ Adult psychiatric morbidity in England, The Health & Social Care Information Centre, 2009.

³⁴ [Behavioural economics for the 1 in 4](#), Money and Mental Health.

³⁵ Upcoming Citizens Advice research on mental health.

their home? To do this, we will run a cluster analysis of Consumer Service and Citizens Advice data and undertake in-depth research. We will take a specific focus on the knock-on impacts of scams and use this insight to identify ways to protect vulnerable people.

3.4 Stimulate and nurture innovative solutions to consumer problems. There is a growing consensus that impactful policy recommendations come from user testing and ongoing development. We will work in partnership with organisations specialising in innovation and social finance to develop the recommendations we make in post, energy and other regulated markets.

Influencing stakeholders to achieve impact for consumers

A large part of our work as consumer advocate is influencing stakeholders to ensure we achieve impact on behalf of consumers. In 2017-18, we will continue to share our unique insight with government, regulators and partners.

To do this, we will respond to the National Audit Office report on consumer protection and work with partners in the Consumer Protection Partnership to continue to improve the effectiveness of the consumer protection regime. We will contribute to the Competition and Markets Authority's GB-wide study into Price Comparison Websites.

We will monitor and influence changes that affect consumers as a result of leaving the European Union to identify areas of detriment and develop solutions to mitigate them. We will work flexibly in this area, holding roundtables or producing briefings on the effects on England, Wales and Scotland as is most appropriate as the formal process develops.

We will work with departments and regulators including BEIS, the CMA and the Advertising Standards Authority (ASA) to highlight ongoing and emerging areas of detriment. We will strengthen links with the UK Regulators Network, exploring the opportunity for joint work and events.

We will also work closely with partners and apply our cross-sector approach to tackle postal, phone and online scams: one in ten people have been affected by scams³⁶, and postal and phone scams cost UK consumers £5 billion each year³⁷.

Reducing rip-offs and business practices that exploit consumer behaviour

³⁶ [Scams Awareness Month](#), Citizens Advice and Chartered Trading Standards Institute, 2016.

³⁷ [Scams Awareness Month](#), Citizens Advice and Chartered Trading Standards Institute, 2016.

Consumer markets can be hard to navigate for time-pressed consumers. Too often, behavioural biases - which are inherent in all of us - are exploited, meaning consumers don't get the best deals and pay more than is necessary. Consumers who stay loyal to particular providers can see their inertia punished by a 'loyalty penalty' of hundreds of pounds. The practicalities of claiming compensation mean that too many do not claim what is due. While these are difficult issues to tackle, the biases which cause these problems can be understood and mitigations put in place.

This year we worked with the Behavioural Insights Team to examine how behavioural insights can improve regulated markets, setting out a shared vision for the role of evidence, engagement and regulation. Next year we will build on this insight to improve regulation, share best practice, test our recommendations and apply our findings within Citizens Advice. We will build on our previous successes in this area, such as our interventions which led to the Advertising Standards Agency cracking down on misleading adverts in broadband. We will push further to make switching easier for people. Alongside this, we will consider how people's loyalty is being exploited across different markets, and which interventions may be appropriate to protect consumers - particularly the most vulnerable. We will:

3.5 Apply our understanding of behavioural insights to particular demographic groups across markets across Great Britain. Evidence suggests older people may be more easily influenced by the way options are presented and less consistent in their decision making³⁸. This may leave them getting a worse deal. We will investigate which cognitive biases particularly affect older people and where these biases may currently lead to worse outcomes for consumers in post, energy and other regulated markets. Using these insights, we will develop practical solutions that will ensure a fairer deal for older people.

3.6 Understand consumer detriment across communities. A solely national approach to consumer issues can miss sharp detriment experienced by small communities on a local scale, such as scams targeted at isolated older people. We will support our network of local Citizens Advice offices to build and use their unique insight to engage and influence local decision-makers and communities through a range of means, including conducting original research and running community events focused specifically on post and energy. This will improve local consumer markets by helping people understand how they can better engage with businesses.

3.7 Identify the detriment to consumers of the misuse of personal and consumption data by providers. While consumers increasingly accept that providers will collect their data, they are often still in the dark about how it will be used.^{39 40} We will investigate how the negative effects of poor data protection can be mitigated across

³⁸ [Behavioural Economics and "Vulnerable Consumers": A Summary of Evidence](#), Communications Consumer Panel, 2010.

³⁹ [Data Privacy: What the consumer really thinks](#), DMA, 2015.

⁴⁰ [Terms and Conditions and Consumer Protection Fining Powers: call for evidence](#), Department for Business and Skills, 2016.

sectors with a particular view on energy, through connected devices in ‘smart homes’ and energy networks’ access to consumers’ consumption data, and post, through secure postal services such as Royal Mail’s Keepsafe service.

3.8 Look across sectors to ascertain how people can best solve problems when things go wrong. We will build on our research into alternative dispute resolution (ADR) to assess how far people are able to resolve disputes through ADR, such as through the Postal Redress Service (POSTRS). 55% of UK consumers do not seek redress after experiencing a problem, causing significant financial cost⁴¹. We will explore how behavioural biases are exploited to minimise the redress paid to consumers and we will look further to understand the opportunities posed by automatic redress - from Guaranteed Standards of Service for energy networks, to compensation arrangements for issues like power cuts and broadband drop-outs. We will share this insight with stakeholders to improve the coherence and quality of the landscape for consumers.

3.9 Further develop and engage stakeholders on our work on the ‘loyalty penalty’ which exists across a range of markets. Consumers overpay by £1.3 billion a year through automatic car insurance renewal⁴², and the average consumer could save £92 per year by switching personal bank accounts⁴³. As attention is increasingly turning to the loyalty penalty in regulated markets, we will complement our work in energy to identify good practice and solutions across markets. We will explore how loyal consumers are penalised and how markets can intervene to ensure consumers are not being taken advantage of. We will consider the risk of unintended consequences and identify ways to mitigate these risks.

3.10 Explore how consumer markets could work better for consumers with insecure incomes. 4.5 million people in England and Wales are in insecure work⁴⁴. For many consumers, rigid spending can be a problem when incomes change. We will explore solutions to this challenge, including whether more flexible payment options, such as smart pay-as-you-go tariffs, could help or could pose risks to consumers.

Provisional expenditure 2017/18

Our proposed budget for 2017/18 sees expenditure on Citizens Advice core consumer advocacy work fall by 6.1% in real terms year-on-year to £6.0 million. This budget will be allocated between the streams of activity outlined in the tables below.

⁴¹ [Consumer Detriment: counting the cost of consumer problems](#), Citizens Advice & Oxford Economics, 2016.

⁴² [Motor Insurance Auto-renewals: the £1.3bn annual cost to UK drivers](#), Money SuperMarket, 2015.

⁴³ [Retail Banking Market Investigation: provisional decision on remedies](#), CMA, 2016.

⁴⁴ [The importance of income security](#), Citizens Advice, 2016.

The specific allocations in this work plan are necessarily provisional, and subject to change should we have to adapt our work in response to external developments during the year.

Summary budget for 2017/18

Table 1: Citizens Advice activities by sector

Citizens Advice 2017/18	GB Programme Spend	GB Staffing and Related Costs	Total GB	Scotland	Total GB & Scotland
Directorate	0	205,600	205,600	9,300	214,900
Energy	861,380	2,428,920	3,290,300	139,800	3,430,100
Post	188,570	1,426,030	1,614,600	44,900	1,659,500
Cross-sector	144,505	527,595	672,100	58,300	730,400
Total	1,194,455	4,588,145	5,782,600	252,300	6,034,900

This budget reflects funding allocated by BEIS to advocate for the interests of consumers across Great Britain, as well as funding on behalf of the Scottish Government to focus on specific interests of consumers in Scotland.

