

Consumer Vulnerability Strategy Refresh

Citizens Advice Scotland response

Introduction

The Scottish Citizens Advice network welcomes Ofgem's refresh of its Vulnerability Strategy. There can be no question that the landscape has experienced seismic change since the last iteration – the twin cost of living and energy crises have exacerbated entrenched inequality. We see that across the Scottish Citizens Advice network. Last winter, energy advice demand outstripped advice on Universal Credit for the first time since the onset of welfare reform over a decade ago. Priority complaints to the Extra Help Unit now represent nearly 80% of our caseload. More people than ever need our help – and that help is increasingly complex and urgent.

It is in this context that Ofgem undertakes a refresh of its Vulnerability Strategy. In short, what has got us to this point will not get us to where we need to be. The current energy landscape demands a response from the regulator that is at once bold, ambitious and effective – people in vulnerable circumstances can afford no less than that.

Overview of the Scottish Citizens Advice network

- We are Scotland's largest independent advice provider – across 59 local Citizens Advice Bureaux (CAB) in every corner of Scotland; and our Glasgow-based Extra Help Unit (EHU) which supports people with the most complex and urgent energy complaints.
- In addition, more than 2 million people visit our online advice pages every year. In financial gain alone, that ploughed over £140m back into local communities across Scotland.
- Ours is advice that changes lives, and advice that also offers unique and unparalleled insight into people's experience. CABs help nearly 200,000 people every year giving us a real vastness of insight and understanding. The Scottish Citizens Advice network holds the largest volume of data and insight on issues affecting people outside of the public sector in Scotland.
- We support people many others don't, seeing unique issues and know what needs changed.
- The Extra Help Unit was established 2014 and is a statutory service supporting domestic consumers and micro-businesses in vulnerable situations with energy complaints across Great Britain. As part of its statutory remit, it supports consumers at risk of disconnection and has powers to support consumers in vulnerable circumstances.

- The EHU also has a duty to identify and refer compliance concerns to Ofgem. Since 2014, it has handled over 175,000 cases and secured almost £31 million in financial redress for people in vulnerable circumstances. Currently 95% of consumers surveyed are happy with the overall quality of service.

Who we support and what that tells us

Running like a thread through all of our evidence is one key issue – the vast majority of people who contact the Scottish Citizens Advice network for advice are struggling to have sufficient income to be able to live a decent and dignified life.

While our advice is for everyone, last year, nearly a third (31%) of people we helped were in the most deprived income quintile. One in four lives in a household with children.

We can see a particular impact on disabled people – analysis of CAB data revealed last winter that around **40,000 disabled people in Scotland were regularly skipping meals or going without so that essential devices like wheelchairs or hoists could be charged.**

People are being made vulnerable by the energy and cost of living crises combined with a lack of adequate support. We can see from CAB data that often these are the people you may least expect to be vulnerable – **single, working age adults are an increasing demographic** in our data.

Energy issues are among the most common areas of advice sought by people using our service. Last year CABs gave over **101,000 pieces of advice on gas and electricity across all aspects of supply and usage.** Last winter, demand for energy advice overtook universal credit for the first time in over ten years.

In addition to this CABs also gave **112,052 pieces of advice on gas, electricity and fuel debt to 26,818 clients.**

CABs rarely provide advice on a single issue – most of the people we support have a range of interconnected problems that demonstrate vulnerability comes from external pressures. In half of the occasions when we provide energy advice we also provide advice on social security – people whose income is already at subsistence level.

In the last three years CABs saw a **60% increase in the numbers of clients receiving advice on prepayment meter discretionary credit.** People still do not have adequate income to heat and power their homes.

This can cascade into a need for crisis support. CABs are seeing increasing numbers of people needing trust fund applications and/or fuel vouchers. **Around 1 in 5 people who received energy advice also required advice on food banks.**

The Scottish Citizens Advice network sees firsthand the distressing impact of this on the people who use our service. Of the **35,000 cases brought to the EHU, 80% presented with urgent and distressing situations**. In many cases this was self-disconnection, driven by people not having enough money to keep their homes safe and warm.

Key reflections on the Vulnerability Strategy

- There is no time to waste deliberating extensively over the definition of vulnerability – the priority of the regulator must be focused on tangible action to improve outcomes for consumers.
- Improved data collection needs a sector-wide agreement on what data is needed and a “one size fits all” approach to the data collected so it can be mapped across suppliers and sectors.
- The Strategy needs to go further in including debt write-off schemes by suppliers to mitigate for debt that can never be repaid. When debt is unavoidable and intractable, this indicates that the problem is rooted within markets and not within people at risk of or already experiencing vulnerability.
- A standardised approach to an inclusive and accessible service must be considered, specifically the Inclusive Service Kitemark, which is independently assessed and therefore can be more robustly enforced.
- Consumers, particularly those in vulnerable situations should be proactively involved in the development, design and delivery of innovations that support the transition to net zero.
- Consumer Vulnerability Panels should be further developed to ensure they are robust and fit for purpose.

Recommendations

- Precision of language is required, but the priority of the regulator must be focused on tangible action to improve outcomes for consumers.
- Theme 1 has an additional success measure that demonstrates the supplier actions to identify people to go onto the Priority Services Register (PSR).
- Theme 1 has an additional success measure developing a universal PSR.
- Theme 1 has an additional success measure on regular review of the purpose and benefits of being on the PSR.
- The eligibility criteria for the PSR should extend to people in financially vulnerable situations.

- Theme 2 has an additional outcome that reflects the need for debt write-off schemes for people unable to repay debt.
- Theme 3 should include a more robust approach to defining, identifying, and enforcing good customer service which is designed in an inclusive and accessible way for all, and importantly protects people in vulnerable situations.
- Theme 4 has an additional outcome that defines the involvement of consumers within the development, design and delivery of innovations that support the transition to net zero.
- Consumer Vulnerability Panels must have more robust procedures put in place and should present to a broader audience.

Comments on vulnerability

The current definition aims to “retain a nuanced perspective of vulnerability, that recognises its transient nature”. We agree the definition should be broad enough to encompass the vast array of circumstances where a person may be made vulnerable and the fluctuating, often unexpected nature of this.

The consultation refers to “the many types of vulnerable situations customers face” which recognises that vulnerability is externally applied. However, the actual definition places vulnerability on the person (“he or she is: significantly less able...”). The consultation also uses “vulnerable consumers” and “consumers in vulnerable circumstances” interchangeably, suggesting the concept of vulnerability as circumstantial, situational and externally applied is not fully realised within the strategy. The use of non-gendered language is also recommended.

Consistency and clarity are needed here, but this should be a tidy-up exercise rather than a protracted and contemplative one.

Given the extent of hardship currently facing energy consumers, there is no time to waste deliberating extensively over the definition of vulnerability. The priority of the regulator must be focused on tangible action to improve outcomes for consumers. Ofgem’s current definition is wide enough to ensure people in vulnerable circumstances get help and support when they need it.

Recommendation: Precision of language is required, but the priority of the regulator must be focused on tangible action to improve outcomes for consumers.

Theme 1: Improving identification and smarter use of data

There is a need for better data to be gathered around people in vulnerable circumstances, so we welcome this theme being retained and developed. We agree that suppliers must

be more proactive in identifying those people who may be in vulnerable circumstances and that data sharing across utilities could help this.

The Scottish Citizens Advice network plays an active role in assisting people onto the Priority Services Register. In 2023/24, we provided more than 4,600 individual pieces of advice about getting on the PSR, which represents 5% of all our advice on Fuel – regulated (gas, electricity).

While the majority of people on the PSR self-identify, the proposal is that suppliers improve their approaches to identify these people. We would suggest an additional measure of success could be included that goes beyond a simple increase in numbers of people on the PSR and disaggregates the numbers to include those identified by the supplier. This would require robust mechanisms of identification to be in place.

Additionally, we note that financial vulnerability is currently not a basis on which people can join the PSR. We suggest that financially vulnerable people should be able to join the PSR and encourage Ofgem to review the criteria for joining the PSR.

We endorse a “universal” PSR, the basis of which is a 'tell us once' approach. For example, someone could disclose a vulnerability to one utility provider and enrol to a PSR that covers all other providers/suppliers. It is contingent on much better data sharing and must be co-designed with relevant groups.

While there is a real need for greater emphasis on suppliers being proactive in assessing a person’s vulnerability, we see evidence of people being on the PSR and still struggling to access appropriate support. This issue is evident from Shona’s situation, which is outlined below. For this reason, we would recommend that the purpose and the benefits of the PSR be reviewed regularly.

Shona is on the Priority Services Register but is consistently struggling with self-disconnection. She has around £80 pound of debt on her gas meter and has contacted her supplier on several occasions due to self-disconnection. Her supplier changed her meter to a smart meter despite her not wanting this as she is not confident using the internet. Shona felt obliged to have one installed when engineers arrived. She is still self-disconnecting even while being on a smart meter and has had to contact her supplier for them to reconnect her. She has difficulties getting through to them and it takes them around two hours to reconnect her after this. Shona uses payment cards and keys to top up her meters but due to health conditions she sometimes has issues remembering where she left her cards or has difficulties topping up. The adviser explained that the supplier has an obligation to make her meter safe and practical for her to use to avoid her disconnecting.

Our recent research, *The Cost of Keeping Warm*,¹ investigated people's experiences of fuel poverty and their knowledge of the transition to net zero and recommended stricter enforcement of the rules around supporting people on the PSR. Getting the right people on the PSR is a step on the way to a greater outcome of improved, appropriate person-centred services to people in vulnerable circumstances.

Recommendation: Theme 1 has an additional success measure that demonstrates the supplier actions to identify people to go onto the Priority Services Register.

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Recommendation: Theme 1 has an additional success measure on regular review of the purpose and benefits of being on the Priority Services Register.

Recommendation: The eligibility criteria for the Priority Services Register should extend to people in financially vulnerable situations.

Theme 2: Supporting those struggling with bills

Currently, suppliers do not take a consistent approach towards people in debt. Ofgem must now play a leading role in establishing robust and consistent industry-wide approaches towards people struggling to afford energy bills, and moreover, act proactively when these standards are not met.

Energy debt is getting worse and imposing harm on people in vulnerable situations:

- During 2023/24, Scottish CABs managed over £6.4 million in energy-related debt for over 2700 clients.
- This is a 28% increase in the amount of debt and a 10% increase in the number of clients compared to 2022/23.
- Of CAB clients supported with complex debt issues, 51% of those with some level of fuel debt have a negative monthly budget.
- The average energy debt that people present to the CAB network is around £2,500. Among people in rural areas, this figure rises to around £3,000.
- The average energy debt for people in rural areas who sought advice from our network was £3047.

¹ *The Cost of Keeping Warm: Lived Experience of Energy and Vulnerability in Scotland Pilot*, Citizens Advice Scotland, 2024

https://www.cas.org.uk/system/files/publications/the_cost_of_keeping_warm_report.pdf

Sean has a terminal illness, is struggling to manage his energy bills and has accrued arrears. Due to his terminal illness, he needs to keep the heating on for longer periods of time to stay warm. However, with the rising costs of energy, he cannot afford the costs, adding further detriment to his deteriorating health. Sean has mental health issues which presents difficulties reading their meter and submitting regular readings, resulting in a debt of over £2,600. Despite being on the Priority Services Register, Sean found supplier assistance limited: a one-time meter reading with only one attempt and a potential month-long wait, or quarterly readings with potentially inaccurate estimates. Furthermore, after consistent bill payments, the supplier claimed the amount stated on the pre-printed bill was not the actual amount owed. Sean found the billing information complex and misleading, and especially difficult as he struggles with reading comprehension.

Theme 2 does not go far enough in addressing what the consultation recognises as “persistent and problem debt”. The focus on improved understanding of billing and an increase in repayment plans will not help those people in negative budgets who cannot pay for ongoing energy costs and are unable to repaying debt.

Of CAB clients supported with complex debt issues, 51% of those with some level of fuel debt have a negative monthly budget. This is not people getting into debt out of recklessness or profligacy; rather, it’s people getting into debt just to survive. More than half (53%) of people who use the EHU have an annual income of less that £15,000.

In addition to negative budgets, supplier performance around back billing contributes to push people into debt. We welcome Ofgem’s decision to review billing accuracy and practices, as outlined in *Consumer Confidence 2024*. Ofgem must review and tighten back billing rules to protect energy consumers from experiencing detriment through no fault of their own.

The scale of the debt demands long-term policy solutions. We are aware that Ofgem is working on debt write-off measures. We encourage Ofgem to implement these plans as quickly as possible. Debt write-off, combined with a social tariff, represents a robust response to market-wide challenges around affordability and debt. This should be reflected within this theme.

Allied to debt write-off and a social tariff, it is vital to fund advice services adequately so they can assist people struggling with energy debt. Accessing help around energy debt can allow people to agree affordable payment plans and debt relief, improve their financial health and overall wellbeing. Furthermore, seeking debt advice is sometimes a mandatory precursor to securing other forms of assistance like energy trust fund grants.

Recommendation: Theme 2 has an additional outcome that reflects the need for debt write off schemes for people unable to repay debt.

Theme 3: Driving improvements in customer service

Improvements to customer services are welcome and very necessary. We support using the Citizens Advice star rating as a measure of success for this theme (although we believe that the star rating must not drive suppliers towards inappropriate behaviours). We must continue to ensure that people in vulnerable circumstances can access the EHU when they need support regardless of the action the supplier has or has not taken.

However, the measurements within this theme do not go far enough to address the issues people (both consumers and advisers) face when contacting suppliers.

Barbara is 80 years old and experiencing financial hardship. She cannot leave her home due to limited mobility and requires an aid to walk short distances, and lives with heart issues. She is in receipt of benefits including Attendance Allowance. She didn't understand much of her interaction with the supplier before being referred to the Extra Help Unit and expressed that she felt alone and very vulnerable. Barbara had received a bill for £7,000, and when she contacted the supplier to query this, she was told that she could either pay the bill or a smart meter would be fitted, so she agreed to the smart meter. Barbara expressed confusion over how to use it. However, she still did not understand the billing period or how the arrears had accrued given that she pays by direct debit monthly. Barbara explained that her son tries to assist her by reading the meter, but this is not always possible due to other commitments (single parent whose wife recently passed away) and not living locally. Following the Extra Help Unit's involvement the supplier identified a billing issue dating back to 2021, which had been caused by an adviser amending meter readings on a previous account. Once the account was amended, it resulted in a £500 credit balance. An additional £100 goodwill was also issued.

Feedback from an Extra Help Unit client demonstrates the difficulty people have engaging with customer services that are not inclusive and accessible. The feedback below shows that an inclusive and accessible service could have dealt with the case differently, resulting in a better customer experience and improved efficiency for the supplier.

"They uncovered £327 that was wrongly invoiced by (supplier), even though I had gone through it with (supplier) on many previous occasions. I am grateful for the EHU, as without their intervention I would have been paying an additional £327 to (supplier). I had spoken and emailed (supplier) on many, many occasions, but they simply do not have the; Skills, Knowledge or ability to deal with cases like mine. They employ case handlers that are ill equipped and insufficiently trained to deal with cases, and quickly start threatening debt collecting agencies! I found the EHU easy to deal with and had confidence in them. Thank you."

The Strategy's success measures are focussed on KPIs and consumer understanding. However, that approach does not go far enough in ensuring an inclusive, accessible services for people in vulnerable situations. There is a need for a framework to envisage what an inclusive and accessible service is, independently assessed and enforced, with penalties for not providing such a service. The framework should support an inclusive and accessible service that is flexible, pro-active and responsive to address the barriers faced by people in vulnerable situations. There should be a universal approach to ensure people know what to expect when they move suppliers, while allowing freedom for suppliers to meet their own business needs.

Ofgem should identify supplier best practice and use it to inform how this aspect of the Vulnerability Strategy is shaped. For example, there are instances of suppliers establishing long standing relationships teams for people who struggle to communicate via call centres. Similarly, the Scottish Citizens Advice network is aware of suppliers implementing innovative approaches to customer service like employing social workers to support people experiencing vulnerability.

Equally, the EHU has been central to identifying instances where suppliers have failed to meet complaint handling standards. Earlier this year, evidence the EHU provided to Ofgem led to Ovo receiving a fine of almost £2.5 million. This example highlights the crucial role that that advice services can play in ensuring robust consumer standards in the energy market.

To ensure robust consumer standards, Ofgem should examine the Financial Conduct Authority's (FCA) approach to dealing with vulnerability. FCA Guidance, which outlines how firms can meet its Principles, suggest that companies should understand customers' needs, ensure staff are capable of recognising vulnerability and skilled enough to respond to it, respond to customer need in terms of the products they offer and how they communicate, and to monitor and assess their progress in meeting vulnerable customers' needs.

The FCA has devised a Consumer Duty, which established a new Principle requiring firms to deliver good outcomes for retail customers. The rules underpinning this Principle require firms to 'consider the needs, characteristics and objectives of their customers – including those with characteristics of vulnerability – and how they behave, at every stage of the customer journey.' Related to this, we support the suggestion to assess the potential impact of a similar consumer duty in the energy market (including models such as the Ontario Charter) and are keen and able to contribute to these considerations going forward.

Feedback from people who use the EHU demonstrates the benefits that an inclusive approach and person-centred approach can achieve for people in vulnerable situations:

“I explained I had social anxiety, so they adapted how they spoke to me, so I could be comfortable to open up and explain, so that I got the help I needed. The people I spoke to were very concerned about my wellbeing and made me feel relieved they cared, how they explained things was very easy to understand, they seemed to relate and really care to resolve my predicament. At the end of the day they didn't make me feel like a number, they made me feel like a valued human being.”

This inclusive approach is embedded in everything the EHU does. The Extra Help Unit complies with accreditation [BS ISO 22458:2022 – TC - Consumer vulnerability - Requirements and guidelines for the design and delivery of inclusive service](#). The standards ensure that the service provided by the Extra Help Unit (or another accredited organisation) is inclusive and accessible for vulnerable consumers. It's a holistic review looking at everything from process design through to implementation. More specifically the Inclusive Service Kitemark covers:

- Organisational commitment, principles and strategy.
- Inclusive design.
- Resources to support service delivery.
- Identifying vulnerable consumers.
- Responding to vulnerable consumers.
- Monitoring, evaluation and improvement (including use of data for these purposes).

Importantly, the service is independently assessed in two stages: firstly, service strategy, policies and processes, followed by the effectiveness of implementation.

In terms of technological and AI innovation in service design and delivery, the EHU is also at the forefront of development in the energy advice landscape. The EHU has just launched groundbreaking technology that helps identify and prioritise people needing the most urgent help in a service where every person is in a vulnerable situation. Funding by CivTech Scotland enabled the EHU to work with Helpfirst to design and implement an AI product that scans information within its case management system. It creates a risk prioritisation score for each case (including safeguarding, off supply, complexity) and risk factors that may exacerbate vulnerable circumstances such as age, young children, health, need for medical equipment. The AI will greatly help people using its service by ensuring it prioritises those most in need and at risk of harm, and ensures resources are allocated effectively while protecting staff well-being and the integrity of its service.

We note that *Consumer Confidence 2024* refers to reviewing complaint handling standards. It is imperative to ensure that suppliers are obligated to work with the EHU to ensure that cases are resolved as quickly as possible with the best outcome being achieved for consumers - 97% of cases are resolved with a positive outcome. It should be clear where this is not happening, action will be taken. The EHU has also seen examples of suppliers not proactively identifying a guaranteed standards failure and instead offering

the consumer a goodwill payment. We support the use of guaranteed standards of performance where suppliers have failed a standard as when applied correctly, the redress and action required by a supplier is clear to consumers, suppliers and advocacy bodies. We also support the amount paid should increase with inflation.

Recommendation: Theme 3 should include a more robust approach to defining, identifying, and enforcing good customer service which is designed in an inclusive and accessible way for all, and importantly protects people in vulnerable situations.

Theme 4: Encouraging positive and inclusive innovation

While we agree that people in vulnerable circumstances should have access to inclusively designed innovative solutions, these solutions can only be truly inclusive if they are created, designed and delivered in partnership with those people. The success measure: Consumer insight and behavioural science research is not adequate to achieve this.

For many people in vulnerable circumstances and in fuel poverty, the transition to net zero is simply not relevant to them. Their priorities are on day-to-day survival, ensuring adequate heating and powering of essentials. Our recent research, *The Cost of Keeping Warm*, investigated people's experiences of fuel poverty and their knowledge of the transition to net zero. According to advisers, the protection of consumers in vulnerable circumstances and the avoidance of deeper fuel poverty is a key feature in a just transition to net zero. Advisers were clear that low income is a barrier to accessing low carbon technologies and this as an ever-present issue at the baseline of people's energy experiences.

Advisers and clients spoke about a system far behind where it needs to be to achieve net zero targets – the basic infrastructure needed to build in zero-carbon and energy efficient heating systems is not in place.

“Energy companies often don't even have the capacity to submit meter readings properly or issue correct bills – that's where we're at now – and we're expecting to have rolled out green technology to people's homes correctly and efficiently. This lacks a grasp of reality; we don't even have the basics in place. We're letting people live in damp and mould with windows that don't close properly. This is step 1 before we can look at making homes energy efficient.”
[CAB adviser]

“You can hardly get them out to do a repair here never mind anything else.”
[Eilidh]

The consultation recognises the barriers to incorporating new technologies for people, it does not acknowledge that these can also be poorly installed or inappropriate for the

house type or the persons' needs. The Scottish Citizens Advice network regularly sees people who have had technologies installed that have increased their energy costs.

Therese approached her local CAB to seek advice about an incorrectly installed heat pump, which she funded through an ECO4 grant. Her energy bill has increased sharply, reaching £280 per month. This increase has caused Therese to accrue £700 of energy debt. Despite contacting the installer frequently, she has experienced lengthy waits for engineers to visit her home and diagnose the problem with the heat pumps. Additionally, the faulty installation led to her property flooding, with water cascading through her ceiling. She has caring responsibilities for her son, who has mental and physical health problems. Accordingly, she cannot turn off her heating despite the increased costs.

The use of Consumer Vulnerability Panels, where suppliers can present what they are doing to support people in vulnerable circumstances is welcomed but could be more robustly developed. That suppliers present good practice to Ofgem appears to be self-reporting. There needs to be more detail on what counts as good practice, agreed across the sector, and how it is measured. Presenting examples of good practice does not mean there will be no bad practice; how a more critical lens can be applied to the process should be included. We would suggest that the audience is not limited to Ofgem but that it includes representatives from consumer agencies and consumers themselves. The EHU has experience in this area through its quarterly meetings with supplier representatives and would be happy to share insights with Ofgem on how to get maximum value from interactions of this kind with suppliers.

Recommendation: Theme 4 has an additional outcome that defines the involvement of consumers within the development, design and delivery of innovations that support the transition to net zero.

Recommendation: Consumer Vulnerability Panels must have a more robust procedures put in place and should present to a broader audience.