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# **Embedding and demonstrating excellent customer experience: best practice across UK regulated sectors**



## A Think Piece for the Communications Consumer Panel

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| **For Communications Providers: 10 things to do now** |
| 1. **Take a reality check: where are you now as an organisation culturally?** Do you see yourselves as delivering a service that has wider social implications than your commercial goals? Who drives it? How do you rate yourselves against Ofcom’s Fairness Commitments? 2. **Evaluate your monitoring and reporting metrics and openness to transparency**. How far are you prepared to go to demonstrate to consumers that you do what you promise to do? 3. **Draw up an Action Plan of your strategic journey from where you are now to being a more consumer-centric organisation.** 4. **Do more to support your customers who have additional needs.** Identify experts in the field of all forms of vulnerability and commit to working with them to embed a deeper understanding of a range of consumer needs into the culture of your organisation. Create a positive approach to identifying and understanding what support customers require and provide it. 5. **Review and improve how you publicise the support and help you give to your customers, especially those who require more support than most.** How hidden is that support from those who might struggle to find it? 6. **Forge links with expert and charitable bodies to whom you can refer customers for appropriate help and guidance** and accept third party contact from those agencies on your customers’ behalf. 7. **Consider what you do or how you could structure your tariff offerings to include social tariffs** – review the range of services you offer to those in financial vulnerability. How can you better raise your customers’ awareness of these? 8. **Review how you handle customer data** – if data sharing might benefit your customers, work with regulators, the government and consumer groups to make it a reality that benefits your customers and your business. 9. **Develop a plan to learn from customer feedback and complaints and feedback from employees and Alternative Dispute Resolution schemes** – embed this into your corporate memory so valuable lessons are never lost. 10. **Open your organisation up to external audit and/or accreditation to an industry-recognised standard for customer service.** |

## **Introduction – why is excellent customer service important?**

**What do customers value today?**

The consumer world is a changing, if not an already changed, place. The usual attributes that consumers used to look for were price and the quality of the item or service they were purchasing. Did it meet their needs? Could they afford it? Did it represent value for money? It’s true to say that now we can add a whole new layer on top of those values, that still hold good. Many consumers, and indeed investors, consider a whole range of other factors, such as environmental and sustainability issues, and ethical policies on financing, sourcing of materials and labour.

According to the Institute of UK Customer Service[[1]](#footnote-1):

* **almost 60% of customers choose an organisation for at least one ethical reason, including its focus on customer service** and
* **34% of customers were prepared to pay more for excellent customer service.**

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| **A culture of fairness, transparency, and respect:**  In a nutshell, the culture of a company has become an important factor to be considered alongside those more traditional drivers of consumer choice and value for money. |

People believe that they should be treated fairly and with respect and not just as another number or source of corporate profit. Even if one buys the cheapest of products or the most basic of services, if you have an issue with it, you expect that there are reasonable ways in which you can contact the supplier or provider, that you will be listened to and that your problem will be resolved quickly and appropriately.

Clearly, customer service matters so much to some customers that they would literally pay more to interact with a brand that does it well[[2]](#footnote-2).

**The benefits for providers**

We are in an era where excellent customer service is as beneficial to the provider of goods and services, as it is to the consumer, for a number of reasons:

1. **A competitive edge**  
   In an often crowded-market place where competition offers the consumer a wide choice, excellent customer service is a competitive edge. Higher scores in Customer Satisfaction drives greater loyalty, recommendation, and trust. The Institute of Customer Service found that even a 1-point difference in a score of customer satisfaction could have a marked difference on customer attitudes across a spectrum of qualities important to them[[3]](#footnote-3):

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| **Organisational Principle** | Percentage of customers who give a score of: | Percentage of customers who give 9/10 for Customer Service | Percentage of customers who give 8/10 for Customer service |
| Openness & Transparency | 9 or 10 score for openness & transparency | 94% | 38% |
| Trust | 9 or 10 score for trust | 95% | 48% |
| Recommendation | 9 or 10 score on likelihood to recommend | 95% | 56% |
| Loyalty | 9 or 10 score on intending to remain a customer | 97% | 65% |
| Reputation | 9 or 10 score when asked “how would you rate the reputation of this organisation?” | 86% | 35% |

1. **Reputation**  
   In the wider commercial world, if a provider gets things wrong, whether in the course of an innocuous day-to-day issue or over a customer complaint, then their chances of retaining that customer diminish significantly. Some suggest that it takes 12 positive customer experiences to make up for one unresolved negative one[[4]](#footnote-4). When customers have a poor customer experience, they're quick to share it and leave the company.

A study from NewVoiceMedia found that 51% of consumers would never do business with a company again after just one poor customer service experience. Bad news travels fast, whether in sharing a bad customer service experience with family, friends, and colleagues or, as is very much the way these days, on social media. The NewVoiceMedia study also found that 42% of customers would post about a negative experience with a brand online for the world to see. The reputational damage will have been done[[5]](#footnote-5).

However, if a company provides excellent customer service overall, 78% of consumers will do business with that company again even after a mistake. Additionally, only one in five consumers will forgive a bad experience at a company whose overall customer service they rate as “very poor,” while nearly 80% will forgive a bad experience if they rate the service team as “very good.”[[6]](#footnote-6) Whilst there may be contractual constraints upon communications and media customers moving away from their provider immediately, a poor customer experience can easily lead to a breakdown in trust and brand loyalty and be a significant factor in the customer looking elsewhere when contractually free to do so. In the postal services context, a bad delivery experience, lost parcel or inconsiderate response to a problem can spell reputational damage not just to the delivery operator but the retailer themselves, who could be an innocent party in the issue.

1. **Prevention of loss of revenue**  
   In addition, and from a provider perspective, the knock-on effect of all of this is a loss of revenue and of further marketing opportunities that it might have had with that disaffected customer. If a customer suffers a poor service experience, there is very little chance that that same customer will want to purchase or contract for further or enhanced, premium services from the same provider.
2. **Prevention of ‘churn’**  
   Churn is another significant issue that suggests excellent customer service should be ignored at one’s peril. The 4 broad reasons behind churn in the telecoms sector can be said to be:

* Service quality.
* Availability of features and content.
* Lower cost substitutes from competitors; and
* Negative customer service experiences[[7]](#footnote-7).

It’s safe to assume a large portion of companies’ budgets currently go toward trying to gain new customers, while holding on to existing ones. Based on a churn rate of just under two percent for top companies, one source estimates telecoms carriers in the US lose $65 million per month from churn[[8]](#footnote-8). It also suggests that mobile operators spend approximately 15 percent of their revenues on network

infrastructure and IT — but a larger 15 to 20 percent of revenues on the acquisition and retention of customers[[9]](#footnote-9). Moreover, if a provider loses a customer too early in the customer lifetime value cycle[[10]](#footnote-10), it may represent a net loss as acquisition and service costs have not been fully covered up to that point in time.

With negative customer experiences cited as one of the factors behind churn, it is therefore a no-brainer that delivering higher quality customer service is a way of reducing churn, the subsequent loss of revenue and consequential costs of trying to replace that lost customer. In the context of customer complaints, some suggest that 67% of churn is preventable if a customer's problem is resolved during their first interaction[[11]](#footnote-11).

Whilst accepting that 2-year contracts are very common in Telecoms and that Providers are required to send out of contract notifications towards the end of the contractual period, as well as best tariff notifications to those customers already out of contract, a poor customer service experience can nevertheless be a factor in a consumer’s decision not to stay with their Provider, but to go elsewhere.

Where an organisation lives and breathes a culture of excellent customer service it has both direct and indirect beneficial consequences. For example, 69% of employees say that they work harder when they feel appreciated. Where excellent customer service is an integral part of a company’s DNA, then happy employees translate into happy customers. In fact, a study from the Aberdeen Group found that companies with happy employees have customer loyalty rates 233% higher than those who don’t[[12]](#footnote-12). Motivating staff by appreciation of their efforts, a culture and structure that promotes excellent service will lead to retention of well-performing staff, lower training costs due to staff churn, and significantly higher customer loyalty rates.

**Why should communications providers proactively provide excellent customer service?  
  
Communications services are essential services that consumers rely on**

* The broadband, telephone (landline and mobile) and postal sectors within the wider communications market are as essential services experience in today’s modern world, as water or energy.

**Consumers value the service they get, across their whole journey**

* Consumer choice is not based purely on price or value for money, but on trust – ethics and customer service are important.
* Consumers want to know that they are dealing with companies that treat them fairly at every step of the way. While Ofcom’s Fairness Commitments do not cover all of the Communications sectors and not all telecoms providers have signed up to these commitments, they can be seen as a useful measure of fairness for customers for all providers in the communications sector. Other ways of demonstrating transparently what you promise and how you will deliver it include having a customer charter and becoming accredited with a recognised benchmark scheme that audits against excellent customer service.

**It’s more cost-effective to build in better processes from the start and to learn from others**

* Prevention of customer problems is better than cure – a proactive approach to customer service reduces customer dissatisfaction, complaints, and cost to serve.
* Demonstrating a clear commitment to addressing any ongoing issues reduces the likelihood of further mandatory regulation, financial penalties or reputational damage.
* Collaboration across the sector and learning from other markets and experts creates an opportunity to incorporate the best practice that exists without each provider having to invent the wheel.
* Best practice examples of customer service can be seen in each of the Communications sectors - bringing the disparate elements of the Communications sector together may encourage clarity of approach and responsibility for industry, and consistency for customers.

**It demonstrates inclusivity and learning from listening**

* Taking time to understand consumers’ additional requirements – any customer can be ‘vulnerable’ for the long or short term – understanding and catering for all should be a shared goal, but why not lead the pack?
* Treating ‘vulnerable’ customers fairly and engendering their loyalty can make them an asset to the business.
* Where customers do make complaints, resolving those complaints with a focus on the customer outcome from the outset not only benefits all customers, but enhances brand loyalty and reduces costs.
* Learning from customer feedback, complaints and recommendations by Alternative Dispute Scheme providers should be built into the design of future processes from the outset, to prevent further harm to customers and further reputational damage or financial penalties to providers.

**If it’s consistently, transparently, and measurably fair to all customers, it’s also empowering to those delivering services to them**

* You can empower and motivate your employees to do their best by being an organisation that proactively and proudly provides excellent customer service, learning from this and other sectors.

## **Context: ‘Inclusive’ means excellent customer service for all**

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| In 2021, the Communications Consumer Panel commissioned Graeme K Whippy, MBE, to produce a think piece on **making the communications sector more inclusive**.  In particular, his paper considered:   * Understanding disability, accessibility, and customer vulnerability. * Why access to communications matters. * How to achieve accessibility by default. * Knowing your customer. * Creating a great customer experience. * Building confidence in customer facing staff.   He drew up a ten-point list of action to make communications services more inclusive and accessible. | A photo of Graeme K Whippy MBE  Graeme K Whippy’s 2021 think piece can be found  on the Communciations Consumer Panel’s website. |

This paper follows on and builds from Graeme Whippy’s piece in more general terms to consider what best practice in customer service in other regulated markets looks like, and how it might be applied to the communications sector.

**Communications services are essential services**

It is acknowledged that the communications sector, and therefore the remit of Ofcom, is as broad as it is diverse, covering Pay-TV and radio broadcasts, fixed line and mobile telephone networks, private communications networks, postal services, and the provision of broadband and internet services.

This paper focuses largely on the telephone and internet aspects of that remit as well as postal services. In today’s modern world these are as essential services as the provision of energy or water. We are all dependent upon them in some way or another, whether to access medical appointments, engage in education, communicate with government services or, in the case of disability or illness, to receive goods to our home that we couldn’t otherwise access. More recently, a reliable broadband connection has become a necessity for many working or studying from home during the pandemic.

However, as the services provided by companies that Ofcom oversees are often bundled together, the broad principles that come out of this paper are equally as applicable to those sub-sectors of the Communications sector.

There is also an increasing interlocking effect in the services these sub-sectors offer. For example, we have seen a huge leap in demand in the ever-growing internet shopping/home delivery market. Often parcels can be tracked by the purchaser of those goods or recipient of them by means of an internet link or App. Without that capability or a reliable connection, then the tracking service becomes redundant. It is therefore important that those that provide these symbiotic services engage together to give a seamless experience to their mutual customers.

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| **The goals of this paper** In this think piece, I will explore:   * What excellent customer service looks like in other UK regulated sectors. * How those other sectors encourage consumers to flag when they might benefit from additional support. * How those sectors publicise that support. * How they support consumers who are encountering financial difficulties and, in particular, examples of best practice in terms of addressing debt issues. * Learning from best practice in these other regulated sectors, what communication providers should do to understand the needs of all their customers. * How UK communications providers can encourage their customers to say what additional support they might need; and lastly * What practical actions the Communications Consumer Panel may wish to recommend that UK communications providers take to embed and demonstrate excellent customer service for all their customers throughout the customer lifecycle. |

## **Learning from other regulated markets: my methodology**

This paper has been produced following a literature review across several other UK regulated markets, including water, energy, financial services, and housing. It draws upon the publications, research, and information in the public domain of regulators, consumer bodies, trade associations, ADR bodies, business and academic experts, individual regulated companies, customer service award schemes, business review websites and charities. In addition, 11 interviews were carried out with expert representatives from across these sectors.

# **Principles and Themes of General Best Practice in customer service – market-wide context**

**What is customer service?**

Before looking at examples of best practice in customer service in regulated markets, let’s go back to basics and defining “what is customer service?”and understanding the key elements or themes that need to be considered.

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| In essence, customer service can be encapsulated as the whole duration of the customer experience with the provider, including every contact the customer makes with that company and every one the company makes with the customer. |

It is not just about the service that the customer is paying for, though quality of service is a key reason the customer contracts with the company in the first place, but it is about every interaction - in writing through a myriad of channels, in person, automated, marketing, etc.

**The ‘when’ and ‘how’ of customer experience**

Arguably, the customer experience starts even before the customer is an actual customer of the provider. Whilst many consumers use price comparison websites to find out what is on offer and to help them evaluate those offers, for many others the journey starts with brand advertising, looking at the provider’s website, their own comparison of what’s on offer, or personal recommendation.

This approach is the first opportunity the provider has to differentiate itself from its market competitors. It is a golden opportunity not only to set out what it can offer, but to say something about itself, its values and what the customer can expect from having a relationship with it. Clarity of the offer is crucial in terms of transparency and building consumer trust. Over-use of jargon, lack of explanation in lay terms of technical information and failure to mention potentially key contractual terms will only put would-be customers off or deeply infuriate them once they find out about them.

Throughout the duration of the relationship the customer has with the provider, contact between the two is likely to be in both directions and to span mundane day-to-day issues, to queries, problems and, unless resolved, complaints.

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| **Shopping basket with solid fill** | **Handshake with solid fill** | **Question mark with solid fill** | **Exit with solid fill** |
| Pre-acquisition: the customer is looking to buy | Acquisition: the customer has committed to buy | Day to day issues: the customer experiences a fault or issue | The customer chooses to leave, or the provider ends the contract |

**The provider-customer lifespan, or the “when” can perhaps best be expressed as follows:**

**The ‘how’ is even more important: key themes and principles of excellent customer service**

As shown in the diagram above, customer service interactions take place from before the organisation acquires the customer, to the point where they become a customer, through daily issues and to the end of the customer’s time with the organisation. The “how” that interaction takes place is, without detracting from the “when”, the more important element of the customer experience and the rock upon which sits either good, exemplar or bad customer service.   
  
What follows is a selection of summaries of expert advice around how to deliver excellent customer service, from a general, market-wide perspective. I then boil these down to the main ‘ingredients’ and look at how the communications sector can learn from the way these are delivered by companies in regulated sectors such as water, energy, and housing.

In his **Customer Think article; “What makes for a great customer experience**”[[13]](#footnote-13), Ford Blakely, cites customer experience experts that suggest the key elements are that:

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| Customer review with solid fill | **Employee buy-in at all levels** Great customer experience should stem from the top of the organisation and all staff should not just be trained how to execute their jobs, and how to adhere to our company’s culture, but also to make sure that they know what is expected of them when it comes to how their role impacts customer experience. |
| In love face with solid fill with solid fill | **Customer perception monitoring** Customer perception and feelings shape their experience. Customer experience is    “the sum of all the interactions that a customer has with a brand over the life of the relationship with the brand; and it includes the feelings, emotions, and perceptions of those interactions along the way. Delivering an amazing customer experience requires shaping your customers’ perception of your organization. How a customer perceives their interactions or experiences with you is their reality. If they walk away from an interaction with your team feeling like their needs weren’t met, then they’ll associate those negative feelings with your organization in perpetuity and likely never return.” |
| Rating 3 Star with solid fill | **Consistently high-quality customer service, across all channels** Perception and employee training mean nothing if a company is not consistent. To build loyalty and retain customers, companies need to deliver the same experience every time they interact with customers. Great customer experience should be  “Personalized, timely, relevant, effortless/simple, seamless, remarkable, memorable, and consistent. Consistency is an important “umbrella quality” in that all the other qualities need to describe your every experience with a brand…. Consistency sets expectations and creates predictability. And that leads to trust. When a brand earns a customer’s trust, the relationship is solid.”  By creating consistency across channels and interactions, organizations are able to reduce the effort customers need to go to, to get what they need, and as a result, gain trust. |
| Target Audience with solid fill | **Understanding and personalisation** Whereas consistency tells customers that they can rely on an organization, personalization tells customers that organizations understand them.  Over 80% of consumers report[[14]](#footnote-14) that they want companies to understand them better. And when they do show a greater understanding of their customers through personalization, this leads to increased customer loyalty and revenue. This is echoed elsewhere, in particular to marketing, where personalisation is seen as going beyond customer segmentation and is shaped by customer feedback and trialling. |

This broad approach is very much borne out by other respected sources.

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| * Creating a customer-focused approach to resolving complaints * Encouraging personnel to improve their skills in working with customers * Improving an organization's reputation * Building customer loyalty * Enhancing customer satisfaction, and * Enabling customer retention |

**The British Standards Institute**, for example has produced **BS8543 and ISO 10002[[15]](#footnote-15) for customer complaint handling** that focuses on:

It has also produced **BS18477 Inclusive Service Provision Standard** that covers the identification and effective handling of the needs of **vulnerable consumers**.

Likewise, the **Institute of Customer Services,** the UK’s independent professional customer service body, promotes standards of customer service, accredits companies for their customer service, runs training courses and it publishes twice yearly its Customer Satisfaction Index. This is recognised as the national barometer of customer satisfaction. Apart from measuring how individual companies and sectors are responding to issues of customer service, its 5 dimensions serve as a clear benchmark of what are important factors in customer service, namely:

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| * Experiences with the organisation – measuring the quality of customers’ experiences and interactions with the organisation. * Complaint handling – how organisations respond and deal with problems and complaints. * Perceptions of an organisation’s ethos – the extent to which the customer perceives that the organisation genuinely cares about customers and builds experience around customer needs. * Emotional connection – the extent to which an organisation engenders feelings of trust and reassurance. * Ethical behaviour – reputation, openness and transparency and the extent to which an organisation is deemed to “do the right thing”. |

These 5 dimensions, along with industry specific data, value for money and net promoter scores, also formed the basis of performance scorecards across key regulated sectors, which the UK Regulators Network (including the FCA, Ofcom, Ofgem and Ofwat) have worked to develop to measure the customer experience. The scorecards, produced in January 2020 and 2021 serve as an endorsement of the clear metrics of customer service.[[16]](#footnote-16)

**How providers understand and support ‘vulnerable customers’: going beyond legal compliance**The term ‘vulnerable customers’ is often used in a market-wide context to describe people who may have additional access requirements in order **to use a product or service**. Where possible in this think piece I have use the latter terminology, in line with the findings of the Communications Consumer Panel and its stakeholders’ views that this is more inclusive than describing people as ‘vulnerable’. However, there may be references to consumer vulnerability due to this being a widely used term in regulated sectors.

It is the Communications Consumer Panel’s view that any consumer can be vulnerable – the requirement for additional support is not fixed – so providers should be flexible in what they offer and pay attention to what their customers may need. In some circumstances, the additional access requirements of a customer may also fall under equality law.

**Protected Characteristics – where fairness means equality by law**

Looking at “Fairness” more broadly, it is against the law[[17]](#footnote-17) to discriminate against someone because of (click the characteristic for a definition):

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| [**age**](https://www.equalityhumanrights.com/en/equality-act/protected-characteristics?msclkid=965b90afcf8a11ec869ba040c7e43943#age)  [**disability**](https://www.equalityhumanrights.com/en/equality-act/protected-characteristics?msclkid=965b90afcf8a11ec869ba040c7e43943#disability)  [**gender reassignment**](https://www.equalityhumanrights.com/en/equality-act/protected-characteristics?msclkid=965b90afcf8a11ec869ba040c7e43943#reassignment)  [**marriage and civil partnership**](https://www.equalityhumanrights.com/en/equality-act/protected-characteristics?msclkid=965b90afcf8a11ec869ba040c7e43943#marriage)  [**pregnancy and maternity**](https://www.equalityhumanrights.com/en/equality-act/protected-characteristics?msclkid=965b90afcf8a11ec869ba040c7e43943#pregmat) | [**race**](https://www.equalityhumanrights.com/en/equality-act/protected-characteristics?msclkid=965b90afcf8a11ec869ba040c7e43943#race)  [**religion or belief**](https://www.equalityhumanrights.com/en/equality-act/protected-characteristics?msclkid=965b90afcf8a11ec869ba040c7e43943#rob)  [**sex**](https://www.equalityhumanrights.com/en/equality-act/protected-characteristics?msclkid=965b90afcf8a11ec869ba040c7e43943#sex)  [**sexual orientation**](https://www.equalityhumanrights.com/en/equality-act/protected-characteristics?msclkid=965b90afcf8a11ec869ba040c7e43943#lgb) |

Protected Characteristics are commonly considered in the context of employment, access to services and physical locations and often from a physical disability perspective. However, they equally apply in the context of customer service and less ‘visible’ disabilities, such as mental health.

There is stark evidence of the difficulties faced by ‘vulnerable consumers’, many with Protected Characteristics, in trying to interact and deal with financial providers.[[18]](#footnote-18) The **FCA** has explicitly stated that in treating customers fairly, financial service providers should also be aware of their obligations under the **Equality Act 2010**. If a company is in breach of the Equality Act, for example, failure to provide reasonable adjustments for disabled people, then it will also be in breach of the FCA’s rules.

In addition, the **FCA** has entered into a Memorandum of Understanding (MoU) with the **Equality and Human Rights Commission (EHRC)[[19]](#footnote-19)**. This MoU sets out how the FCA will co-operate and work with the EHRC on equalities issues, to help protect people in financial services markets. They both believe that sharing information and expertise will help the EHRC and the FCA to act on equalities issues that arise, and that the MOU will also support the FCA’s efforts to eliminate discrimination and advance equality of opportunity in line with its obligations under the Public Sector Equality duty[[20]](#footnote-20).

**Interactions and intersectionality: protected characteristics and customer experience**

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| **Piggy Bank with solid fill Poverty** | **Research[[21]](#footnote-21)[[22]](#footnote-22) carried out by Bristol University in 2021** explored the connections between low income, poverty, and protected characteristics, how these can shape the experience of poverty, and whether this can result in a similar inequality in terms of when and how poverty premiums are incurred.   * They found that **there are some protected characteristics that are associated with an increased risk of poverty in the UK**: race, sex (in the case of single mothers), and disability. In relation to age, while pensioner poverty has fallen over the last few decades – although it has started to rise again (Age UK, 2019) – younger workers are much more likely to be in poverty than other age groups. * They also found that intersectionality plays a large role: the more protected characteristics a person has, the more risk they bear. In terms of whether this translates to an increased likelihood of incurring poverty premiums, the evidence suggested that certain groups with protected characteristics are more vulnerable, even compared with low-income households as a whole. |

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| Ecommerce with solid fill  **Digital**  **capability** | * They also found that **there is a connection between lack of digital capability, poverty, and certain protected characteristics, with people of pensionable age and above more likely to lack digital capability.** * In turn, this could impact on ‘getting the best deal’ online e.g. ethnic minority, disabled, parent – worst deal, price, and experience. * Additionally, the use of AI to provide credit scores based upon where a consumer lives, could penalise that person simply because, geographically, they live in a ‘’run-down area, but not take into account who they actually are or their personal circumstances. |

In its research report, **“Time to Act”[[23]](#footnote-23), the Money and Mental Health Policy Institute** considered the experience of those with mental health issues trying to deal with essential regulated services providers and the duty imposed upon them to make reasonable adjustments for customers with disabilities, to ensure they are not disadvantaged as a result of their health condition.

It found that there is a broad understanding of how physical disabilities can affect a disabled person’s ability to engage with services. While support could still be improved, banks, energy providers, water companies and telecoms firms commonly offer, for instance, letters written in braille or large print for customers with visual impairments. It found that the same was not true for consumers with mental health issues. Providers of these vital services often lack an understanding of the practical ways that mental health problems can affect people, so their services aren’t designed with mental health in mind.

**Inclusive Design – Fairness from the outset**

Inclusive design (also called universal design) makes places usable by everyone, regardless of age, ability, and circumstance. It is based on the simple principle that designing for the widest range of people creates better designs and benefits everyone. The **FCA** has very much taken this on board and defines it as:

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| *Bullseye with solid fill* | *“Features of [a] product or service which ensure the needs of vulnerable customers are met, while at the same time benefitting a wider range of consumers.”*[[24]](#footnote-24) |

The concept is that consumers with additional access requirements, or organisations that represent and have experience in consumer access issues, input into the design of a product or service before it is actually rolled out. In that way, the service (e.g. engaging with consumers or getting them to self-identify as having particular requirements) is created especially anticipating their needs and providing wider benefit to consumers more generally.

Inclusive design is particularly useful in circumstances where consumers have additional access requirements for reasons not covered under UK Equality Law – for example living in a rural area, where mobile and broadband connectivity may be less reliable or less speedy, but the same tariffs as elsewhere and where parcel services may be less reliable and may incur surcharges.

**Summary: expert-informed, market-wide principles to delivering customer service well**

Pulling together the core themes from these market-wide sources, the principles of customer service can perhaps best be grouped and considered as succinctly as possible, thematically as follows:

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| Team working together in the office | **An over-arching, high level view of the customer experience:**   * company culture of fairness, governance, staff training * customer perception and loyalty |
| Businessman with laptop at office | **Communicating with customers:**   * pre and post/acquisition * inclusive channels of contact to suit customer needs * appropriateness |
| Happy team members | **Personalisation:**   * tailored * transparent customer data policies which are legal, fair, and easy for everyone to understand * customers who require additional support |
| Man wearing headphones using computer | **Effective Complaint Process**   * ease of use * escalation process * learning |

# **Thematic Principles of Excellent Customer Service in UK regulated sectors**

In this section, I will use some of the core themes from my market-wide review of customer service principles to examine customer service across regulated sectors.

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| Team working together in the office | **An overarching, high level view:**   * **company culture of fairness, governance, staff training** * **customer perception and loyalty** |

**Communications sector**   
  
In 2013, the **Communications Consumer Panel** published **‘Going Round in Circles’ – a qualitative study into the experiences of consumers who made complaints about their Communications Provider**. The finding indicated that more work was needed by Communications Providers to deliver fair outcomes to consumers, and a stronger stance by Ofcom needed to be taken to support this.

**Ofcom** subsequently launched an enforcement programme, which ran for six and a half years, into Communications Providers of fixed-line, mobile and broadband services, and their compliance with the Ofcom Approved Code of Practice for Complaints Handling (Annex 4 to GC14), when handling complaints made by domestic and small business customers. In addition, it also considered whether Communications Providers were making customers aware of Alternative Dispute Resolution (‘ADR’) and sending the appropriate notification letters to complainants whose complaints remained unresolved at 8 weeks.

It concluded that the fines that had been meted out to three CPs and Ofcom’s targeted engagement with poor performing providers, had led to an improvement generally in the industry to improve their complaints handling processes. It also worked with providers to ensure that their policies and procedures supported effective signposting of ADR, which included material increases in the volume of ADR letters being sent.

Ofcom closed the enforcement programme in September 2019 and in the same year, **it** also introduced its voluntary **Fairness for Customers Commitments**[[25]](#footnote-25). Many of the main Communications Providers signed up to these at the time, with others subsequently joining and hopefully more to come. These Commitments were complementary to general consumer law and existing Ofcom rules.   
  
 The six pillars of the Commitments are that:

1. **Customers get a fair deal, which is right for their needs.** Providers offer customers packages that fit their needs and have a fair approach to pricing. Prices are clear and easy to understand.
2. **Customers get the support they need when their circumstances make them vulnerable.** Providers understand and identify the characteristics, circumstances and needs of vulnerable customers - such as vulnerability due to a disability, age, mental illness or having recently been bereaved - and act to give them fair treatment and equal access to services too.
3. **Customers are supported to make well-informed decisions with clear information about their options before, during, and at the end of their contract.** Providers design and send communications in a way that reflects an understanding of how customers generally react to information so that they can understand and engage with the market.
4. **Customers’ services work as promised, reliably over time.** If things go wrong providers give a prompt response to fix problems and take appropriate action to help their customers, which may include providing compensation where relevant. If providers can’t fix problems with core services they have promised to deliver within a reasonable period, customers can walk away from their contract with no penalty.
5. **Customers can sign up to change and leave their services quickly and smoothly.** Providers ensure that customers who are leaving do not face additional barriers or hassle compared to those who are signing up to new services.
6. **Customers can be confident that fair treatment is a central part of their provider’s culture.** Companies can demonstrate that they have the right procedures in place to ensure customers are treated well. They keep these effective and up to date.

In 2021, **Ofcom reviewed progress**[[26]](#footnote-26) on the Commitments. It found that whilst some progress had been made, the picture was mixed and that there was room for improvement in every area.

It is within this context and through the prism of “fairness”, that this paper considers customer service through 4 thematic aspects.

In the postal sector, **Ofcom** conducted a consultation on a **“Review of the future of postal Regulation”**[[27]](#footnote-27) and found that whilst some aspects of the market are working well for consumers, others, notably around complaint handling and treating disabled customers fairly, are not, to the point that it would change its guidance to companies.

In exploring each of these themes from research, initiatives, and practice in other regulated markets and more widely, it is likely, of course, that some of these are already replicated, in whole or in part, in the Telecoms and Postal Services sectors, by virtue of the fact that they too are regulated.

However, performance differs from company to company and from size of the company. It is also the case that no one single sector stands head and shoulders above the rest, but excellence stems from an individual company effort. In some instances, what stands out is a commonality of markets struggling to get to grips with an issue.

**Financial Services sector**

**Ofcom** used a variation of a six-point framework that **the Financial Conduct Authority (FCA)** used in its **2019 paper considering fair pricing in the financial sector**[[28]](#footnote-28). Like the FCA approach, Ofcom’s framework set out the types of questions and factors it would be likely to consider in assessing whether customers are being treated fairly, with the aim of using it as a tool to assess concerns about fairness concerns in the round[[29]](#footnote-29).

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| “Firms need to consider the fair treatment of customers throughout the entire customer journey - both before and after entering into a contract…. having customers at the heart of your business and ensuring a good culture at your firm is imperative to ensuring that customers are treated fairly.” |

**According to the** **Financial Conduct Authority:**

It is important to understand your customer and what their needs are – both overall and at an individual customer level – so you can ensure that your business model and strategy take their interests into account and put customers at the heart of what you do.

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| ‘Once a strategy is set, you need to have appropriate systems and controls in place to monitor whether the strategy is successful and whether customers’ needs are being met. This should include adequate record keeping and monitoring to ensure compliance - not only of your firm and its staff but also, where appropriate, third parties acting on your behalf”. |

In conjunction with its general policy approach to good regulation[[30]](#footnote-30) and more specifically towards vulnerable customers[[31]](#footnote-31), the FCA published[[32]](#footnote-32) a set of six outcomes which it believed captured what treating customers fairly meant:

* Outcome 1: Consumers can be confident that they are dealing with firms where the fair treatment of customers is central to the corporate culture.
* Outcome 2: Products and services marketed and sold in the retail market are designed to meet the needs of identified consumer groups and are targeted accordingly.
* Outcome 3: Consumers are provided with clear information and are kept appropriately informed before, during and after the point of sale.
* Outcome 4: Where consumers receive advice, the advice is suitable and takes account of their circumstances.
* Outcome 5: Consumers are provided with products that perform as firms have led them to expect, and the associated service is both of an acceptable standard and as they have been led to expect.
* Outcome 6: Consumers do not face unreasonable post-sale barriers imposed by firms to change product, switch provider, submit a claim or make a complaint.

It also produces a set of rules in a Handbook[[33]](#footnote-33) that starts with high level principles and then cascades down to more detail in individual aspects (e.g. outbound communications to customers).

**Energy sector**

In Energy, **Ofgem has enshrined a duty to act fairly in Supply Licence Conditions, SLC0 and SLC0A**[[34]](#footnote-34). In addition, it has published Guidance[[35]](#footnote-35) in the form of Standards of Conduct to assist suppliers in the interpretation of those licence conditions**. Ofgem cites the purpose of those Standards of Conduct as:**

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| “The Standards of Conduct are about the relationship between energy suppliers and consumers. We expect the Standards to be embedded throughout each supplier, driven by the Board and senior management, and understood by all staff. We expect these principles of fairness to be factored into the design, monitoring, and revision of all products, policies, and processes. This is to help ensure that suppliers have the appropriate culture in their businesses to consistently deliver fair outcomes for all energy consumers. We also expect suppliers to consider innovative approaches to delivering fair treatment.” |

There are broad principles to these Standards:

* **Behaviour towards consumers**

Suppliers must behave and carry out any actions in a fair, honest, transparent, appropriate, and professional manner. Consumers have a positive experience when dealing with their supplier and are not put off future engagement

* **Providing customers with information**

Suppliers must provide information (whether in writing or orally) which, amongst other things is complete, accurate, and not misleading and displayed in plain and intelligible language, as well as being appropriate and fair. Consumers receive the right information – at the right time and in a suitable format – in order to make decisions about their energy supply

* **Customer service processes**

Suppliers must make it easy for consumers to contact them, act promptly to put things right when they make a mistake and ensure customer service arrangements are fit for purpose. Consumers' expectations are met by the supplier's processes and their issues are resolved appropriately

* **Considering vulnerable domestic customers**

Suppliers must identify and understand the characteristics, circumstances and needs of vulnerable customers and satisfy themselves that their actions are resulting in vulnerable consumers being treated fairly. Consumers' vulnerable situations are taken into account by a supplier so all consumers can participate effectively in the market.

There are four parts to the Standards and each part is assessed collectively by Ofgem together when applying the Standards – they are:

* **The Customer Objective** – is each customer being treated fairly.
* **The Broad Principles** – as set out above.
* **The Fairness Test -** accepting that suppliers need to carry out legitimate commercial activities, do licensee’s acts or omissions meet the fairness test (e.g. did it give rise to a likelihood of detriment to the consumer, and does it appear that this detriment would not be reasonable in all the relevant circumstances?).
* **Engagement and Compliance** – if a likelihood of consumer detriment does arise, is it reasonable in all the circumstances.

It is generally accepted that the culture of a company sets the tone for how each component of that organisation “behaves” and, often, how it is perceived by its customers and the general public. This is especially true in the external-facing interaction of customer service, and I have already touched upon the importance of factors, such as, consumer perceptions and feelings and the need for consistency in their experience with a company.

**Housing sector**

In the Housing sector, the Peabody Group has three groups[[36]](#footnote-36) that oversee how it delivers its services from a user perspective: the Strategy and Policy Group, and the Scrutiny Panel that cover the whole of Peabody, and the Waltham Forest Scrutiny Panel that looks at services in Walthamstow, Leytonstone, and the surrounding area. Peabody states that it values scrutiny, and works together with residents, senior management, and its Board to ensure its services are of a high quality. Its:

* **Strategy and Policy Group**

This group channels residents' views into policy, strategy and business planning and ensures the Housing Association consult thoroughly ahead of making changes to its services.

* **Scrutiny Panel**

This group uses performance information to identify areas for in-depth scrutiny reviews, in a similar way to audits. The group tends to focus on customer-facing services (for example repairs or complaints).

* **Waltham Forest Scrutiny Panel**

This group functions in the same way as the main Peabody scrutiny

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**Culture and Loyalty – the benefits and rewards of Fairness**

According to the FCA, there is a no one size fits all, but they published a Discussion Paper[[37]](#footnote-37) aimed at trying to help companies in the financial sector understand what a good culture might look like. **The FCA defined “culture” as**:

“The habitual behaviours and mindsets that characterise an organisation. But, having defined it we are still left with the question of how to measure it. We also need to ask, given the industry’s diversity, can there be a ‘right’ culture in financial services? To measure culture, we do not attempt to assess mindsets and behaviours directly; instead, we recognise that there are numerous drivers of behaviour, many of which we and firms can identify and therefore manage. As a regulator, our focus is on assessing 4 of these main drivers: **a firm’s purpose, leadership, approach to rewarding and managing people, and governance arrangements**.”

**Duty of care towards consumers**

The **FCA** has at the time of writing been consulting on a new Consumer Duty[[38]](#footnote-38), which goes beyond its “treating customers fairly” principles and expects to publish final rules by the end of July 2022. In essence, it proposes new rules to tackle the causes of harmful practices in the financial services sector, to prevent harm occurring in the first place. The new rules will require firms to focus on supporting and empowering their customers to make good financial decisions and avoiding foreseeable harm at every stage of the customer relationship. Firms will have to provide consumers with information they can understand, offer products and service that are fit for purpose and provide helpful customer service. The FCA also pledges to use its new data led approach to intervene quickly where it identifies practices that do not deliver for consumers.

In this context, the Financial Services Consumer Panel carried out some research to help them understand the need for **a ‘Duty of Care’ in financial services**, based on the views and experiences of retail and small business consumers in the banking sector[[39]](#footnote-39). It found that 29% of banking customers felt that banks acted in the best interest of customers, whilst 59% felt that they acted in the best interest of themselves. They felt that banks should be doing more to reward loyal customers and across both customer segments, they felt that they did not trust banks to keep their data secure. It is probably no surprise, that an overwhelming 92% felt that a duty of care was important and that, inter alia, it should focus upon:

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| Trophy with solid fill | - giving best deals/products to loyal customers.  - being more transparent with data protection.  - giving access to knowledgeable, empowered staff |

The **Financial Services Consumer Panel** also commissioned research to consider, from a customer’s perspective, “what would a good culture look like, and how could it be measured?”[[40]](#footnote-40) Specifically, the research set out to identify the key attributes of both a positive and negative banking culture from the perspective of personal and micro-enterprise customers and to explore any gaps between customer expectations and reality.

As a result, the Panel hoped to identify a set of indicators which could be used to measure a bank’s culture from the customer perspective, and to track changes over time. The research identified a number of values that consumers believed encapsulated a positive bank culture. They believed that a bank with a positive culture would value and invest in its staff.

Some thought that there had been a small shift towards a more positive culture in recent years. However, they felt that banks were still broadly failing to deliver positive values, highlighting three areas in particular:

**Accessibility**: customers wanted to be able to access services, products or help easily and in a way that suited their needs but often found that it fell short of this aspiration. However, they did understand that it was unrealistic to expect an entirely bespoke service.

**Treating customers as individuals**: customers felt that, while bank staff could be approachable and friendly, the systems they had to work within often failed core values for customers, and that a positive bank culture should mean:

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| * Being accessible. * Being open and transparent in all dealings * Treating customers as individuals; having systems that are flexible; being sensitive to difficult situations. * Being proactive in meeting customers’ needs. * Putting customers’ needs before profits. * Going beyond what the regulations require. * Doing what you say you’ll do. * Treating customers as individuals -staff lacked autonomy over decisions, which were often automated, and sometimes did not reflect the particular circumstances of the customer; |

**Taking responsibility when things go wrong**: Participants cited the overall response by banks to the mis-selling of Payment Protection Insurance, and personal examples of banks not dealing with complaints in an effective manner.

The research identified a number of statements[[41]](#footnote-41) that amplified what consumers felt about each value or aspect of that value and based upon those statements, a set of 24 pairs of attitude statements that could be used as indicators to measure the customer view about the culture of their bank[[42]](#footnote-42). This research demonstrates a capacity to understand more fully what matters to consumers in terms of what they perceive company culture to mean and how they expect customer engagement to be conducted that reflects that culture. It also provides a starting point for measurement of how organisations can develop and monitor their progress in the eyes of their customers.

The **FCA** regards company culture and governance as a priority. According to it:

“a poor culture is often a driver of poor outcomes for customers and therefore the tone from the top is important in ensuring that a firm treats customers fairly.”

This might sound like a self-evident truism, but the culture of a company must stem from the top and cascade down to all levels. Without not just the buy-in, but the active drive and support of the CEO, it is suggested that any attempt to change or enhance a corporate culture, would be doomed to failure. It needs commitment; it needs time, and it needs resources, both human and financial to make it happen.

This is recognised in the energy sector where the retail trade body, **Energy UK**, set up and acted as the secretariat of the **Commission for Customers in vulnerable circumstances**, a group of experts that considered the different aspects of vulnerability and how these alone or together might impact a customer’s ability to engage with the energy market. Its finding and recommendations were turned into a voluntary code of practice, the Vulnerability Commitment[[43]](#footnote-43). Further detail on that can be found later in this review.

In the **water** sector, one company has gone as far as changing its Memorandum and Articles of Association to embed the concept of sustainability into every decision it makes. Such a step in the Communications sector may not be practical for smaller providers or companies that of course are not geographically ring-fenced, as in Water. Nevertheless, voluntarily having an independent Board member or senior officer who is responsible to ensure that an excellent customer service ethos is truly embedded in the organisation would go a long way to proving to its customers that its commitment to them was genuine.

The Vulnerability Commitment is monitored under the auspices of the energy regulator, Ofgem, by a group of independent external energy parties. Some energy experts would argue that the Commitments would be more meaningful if there was more transparency, e.g. companies were required to provide more data demonstrating their actual delivery on them and that data was published.

In The Communications sector, it is acknowledged that some of the main providers have in place Codes of Conduct, Codes of Practice, or a Customer Service Charter. Such type of documents can be a useful indication to customers as they can demonstrate the ethos of the operator and can set out the basic rights and level of service that the customer can expect of their provider. The caveat is that they do need to be easy to find and be in accessible formats that meet differing customer needs.

No public data exists as to how well such companies live up to the commitments espoused in such documents. Some commentators believe that they are a tangible expression of intent and governance that anecdotally is reflected in how well such companies handle customer complaints. However, they also say that there are perhaps 350+ smaller providers (SMEs), who by the very nature of their size and relatively small customer base, operate in a less sophisticated way. Some may even not have a separate complaints’ handling section, and their understanding of how to deal with complaints or vulnerable consumers may be that much better than that of a domestic consumer.

In its review of Commitment 6 of its Fairness Commitments, in 2021, **Ofcom** encouraged providers to make more tangible progress in this area by focussing on measurable outcomes to demonstrate that the cultural changes that signatories are making are delivering the intended impacts.

When it comes to loyalty, the **Financial Services Consumer Panel** suggested[[44]](#footnote-44) that there are 2 explanations why consumers don’t switch providers and their passive behaviour is rational. First, there is the nature of search and switching costs (procedural, financial, relational). The hassle is too much. Second, consumers may follow a ‘satisficing’ strategy. This means they have a threshold of satisfaction that they are willing to accept rather than aiming to maximise their satisfaction. However, this plays into the hands of some companies who target new customers with enticing good deals, but offer their loyal customers with second, or third rate, terms. An example that is often cited is the insurance industry where loyal customers used to face premiums higher than those of new customers. The mobile telecoms industry has also come under fire for not addressing this[[45]](#footnote-45).

In its paper, **“Future proof: challenges & opportunities in providing great service in energy”,[[46]](#footnote-46)** **Citizens Advice** looks at this from the energy sector and poses the pertinent question:

*“*Companies who offer to price match only when you complain... Why don’t they offer the best price in the first place?”

In a company that has a consumer centric culture, this should never be the case. If it is easier and cheaper to retain customers than try and gain new ones, good practice must always be to offer existing customers the best comparable deal to that they have been on hitherto, or which best meets their current, possibly changed, needs. The accent shouldn’t be to sell “add-ons” or additional services, but to ensure that the customer is on the best deal that is right for them. Tangibly incentivising and rewarding staff for good customer service rather than just marketing activity success should be the norm.

**Monitoring customer perception**

**League tables**

In the **Energy** sector, both **Citizens Advice[[47]](#footnote-47)** and **Which?[[48]](#footnote-48)** publish supplier satisfaction surveys – league tables of how energy companies perform.

The **Which?** report is annual and is based on an on-line survey of almost 9,000 members of the public. It is based upon 4 attributes (rated by 1-5 stars):

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| Podium with solid fill  Which? | * Bill accuracy and clarity (i.e. easy to understand). * Customer Service (dealing with queries, on-line and over the phone). * Dealing with Complaints (how well were they resolved). * Value for money (did the customer feel that they got good value for money from their supplier). |

They then produce an overall score that combines customers’ overall satisfaction with their energy firm and how likely they are to recommend it, if asked. It is not directly linked to the star ratings.

The **Citizens Advice league table for energy suppliers** is produced quarterly and consists of data from their Consumer Service, Extra Help Unit (a special unit that raises complaints with energy suppliers on behalf of people who may be considered vulnerable or at risk of disconnection) and supplier data. It produces an overall rating of between 1 and 5 stars, based on 5 attributes (also rated on a 1 to 5 stars scale)[[49]](#footnote-49):

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| --- | --- |
| Podium with solid fill  Citizens Advice | * Number of complaints. * Ease of contact (call waiting time; contact through diverse channels). * Clarity and accuracy of bills. * Ease of switching supplier. * Customer Guarantees (supplier membership of any voluntary scheme, e.g. Vulnerability Commitment) |

The supplier data is obtained by Citizens Advice using their information gathering powers under the Consumers, Estate Agents, and Redress Act 2007 (CEAR), some of which is confidential and requires the permission of the supplier to publish. This has led to tensions over the sensitivity of the data, but has not stopped publication, even if a rating could not be given because of a supplier refusing to give consent to publish. However, this is not an ideal situation and poor performers still rail over data issues and methodology.

Such league tables offer a snapshot to the public on how well their energy supplier is doing and are linked to the clear message to switch if unhappy about their performance. However, they are not designed to be and thus are not deep diagnostic tools that would offer more granular detail of a company’s performance. That would require more root cause analysis, independent auditing, or something like an accreditation process to act as a management tool as to how well a company’s culture reflected its commitment to its customers.  
  
In the communications sector, Ofcom produces its own league tables, based on the number of complaints received by Ofcom as well as its annual Comparing Customer Service report.

**Net Promoter and Customer Effort Scores**

Companies of course already seek feed-back on their interactions with their customers through Net Promoter Scores (NPS) and Customer Effort Scores (CES) that seek to gauge customer satisfaction and loyalty. Whereas an NPS is usually a single question (how likely are you to recommend this Provider to friends or relatives?), the CES focuses on the amount of effort a customer had to go to, to get an issue resolved (how easy was it to get your issue resolved?). Both have their strengths and weaknesses, but in their simplest forms, both don’t segment their customers sufficiently or understand where their customers are necessarily coming from in terms of their expectations and perceptions about the provider. They are useful tools overall, but without the granularity this understanding, require further, deeper awareness of different customer groups, especially those in different vulnerability scenarios.

**Takeaway: Culture, Fairness, Customer Perception and Loyalty**

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| * Standards of fairness need to be assessed by customer impacts and outcomes. * They need to be embedded in the culture of the organisation and led from the top. * Fairness should reflect the basic Human Rights enshrined in the general law, to protect against the seen and the more hidden aspects of disability and discrimination. * Fairness should be built into the products, services, and processes of a company from the outset by involving those vulnerable customers whom they are meant to help or protect. * Customer loyalty should never be taken for granted, and trust should be built on staff empowered to deal effectively with customer issues and proactively offering the best deals to the company’s customers. * Oversight of progress and performance should be independent of the organisation itself and ideally made public. |
| Businessman with laptop at office  **Communicating with customers:**   * pre/post/acquisition * inclusive channels of contact * appropriateness |

**Pre-Acquisition**

From a Provider’s perspective, the sales pitch, through whatever medium, is about showing the desirability of the product or service and brand value, whilst jumping through the legal hoops of information that has to be given to the consumer as a legal requirement. From the consumer’s perspective, the process is more complicated. Greater engagement is often touted as the answer to consumers getting a better deal and experiencing less problems. If consumers were more active in the market - taking the time to assess all the information, evaluate all the available options, and switch to get a better deal - then they would have a better experience. This is particularly true in regulated markets. According to the Citizens’ Advice report, “Against the clock”[[50]](#footnote-50):

“There are two characteristics of regulated essential service markets that make consumers less likely to engage with them. First, the products are often indirect in the sense that consumers do not benefit from them directly. In many cases they are a means to an end: an electricity supply, a bank account, and an internet connection, for example, are used to facilitate or enable other transactions. Second, regulated essential service markets involve infrequent purchases in the sense that they entail entering into contracts with suppliers which last for a significant amount of time. In many cases, consumers need only make one purchase - the default is for the service to continue to be supplied.”  
  
**Engagement in the market doesn’t always produce satisfactory outcomes for consumers**

The research they conducted found that consumers who followed a “good decision-making” process were likely to spend more time deliberating over their choice but oddly were left feeling less satisfied at the end. This was especially true in regulated markets, perhaps because the complexity of these markets leads consumers to suffer the effects of information overload. Bundling of products and services such as mobile phones, fixed and mobile networks, pay for view tv, etc are cited as instances of that complexity. The research found that consumers felt even less satisfied when they took the time to read terms and conditions, than if they didn’t bother to do so.

According to **Citizens Advice**, around 25% of those who followed a ‘good’ consumer process were very satisfied with their broadband or energy decision, compared to over half who felt the same in markets for clothing and groceries.

Undoubtedly fixed term contracts play a part in that, but transactional costs, such as the time and effort to research, compare and reach a decision, are also influencing factors. The report concluded that the journeys that consumers have to follow are too difficult - this has a big impact on their experience and improvements should be a priority. It believed that Regulators should explore ways to incorporate the quality and speed of the consumer journey into their assessment of whether a market is working well or not. It also suggested that consumer policy and interventions should be judged according to the outcomes they deliver for consumers. It cited “terms and conditions” and believes that a measure of good T&Cs should be determined by how helpful they are to consumers. Part of this is about making them shorter and more digestible. It also believed that there is a consensus emerging that consumer markets should be designed around how people behave in the real world, instead of how idealised models assume, although it acknowledged that there is still much to learn about how to operationalise that in practice.

In short, if providers want consumers to engage more with regulated markets, including Communications, then they have to design the pre-acquisition information they provide not only to appeal to the emotional needs of that potential customer, but in a form and language that doesn’t overwhelm and switch off the consumer from making an informed decision, but actually facilitates it.

New Consumer Protections in the Telecoms sector around the provision of a summary of the terms and conditions in a durable medium before a contract to supply comes into force are to be welcomed. Whist this may create challenges for smaller Providers, it has to be for the overall good for consumers. However, the trick remains that the information has to be readily accessible without the consumer having to go through multiple “clicks” on the Provider’s website and has to be in a language that speaks to the ordinary person on the street, not someone with legal training.

**Post-Acquisition**

**Multiple channels of communication**  
  
Most companies offer a plethora of ways for consumers to contact them or to find out more information on a variety of issues. Likewise, they use a similar host of ways to contact their customers. In 2020**, Citizens Advice** produced its **“Future Proof Customer Service Report”[[51]](#footnote-51)** that considered various aspects of customer service including communications in the energy sector. It highlighted the common use of:

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| Website.  Email.  Phone.  Web chat; | App.  Letter.  In person.  Social media. |

In respect of inbound contact, the Citizens Advice piece recognised that ultimately it was a question of choice for the consumer, but also highlighted preferred channels of communication, e.g. phone for billing issues. It is clear that it is not a case of one size fits all, and individual preference is, and should remain, the prerogative of the customer. One person may find it easier discussing an issue over the phone, whilst another might find it frustrating if they cannot easily get through to speak to someone or that the call experience causes them deep anxiety.

One cannot also assume that all consumers value the same aspects of service equally. In the Citizens Advice research, differences were found across age groups. Customers under 35 years of age tended to rate all service areas as less important than other age groups. Consumers aged 35-54 tended to care more about how complaints were handled, and those over 55 tended to rate service as more important than other age groups, and to particularly value reliable service.

Certainly, there is a trend for companies to focus more on the digital route and offer services online more and more. Whilst this may well be the most expedient way for some consumers to resolve their query or problem, and it may be an efficient way for the Provider to optimise costs and staff resources, it has to be recognised that there is a danger in promoting such channels of communication to the detriment of others. We are not yet in an age where everyone is digitally connected (for want of choice, cost, or network availability) or has the ability and confidence to use digital channels. For some, with mental health or learning difficulties, that may never be so.

In the parcels sector, there is no direct requirement for Operators to offer multiple channels for contact/complaint, simply that they have to be “transparent, simple and inexpensive procedures for dealing with complaints of consumers of postal services”[[52]](#footnote-52). This needs further guidance from Ofcom especially in the context of vulnerable consumers.

The effects of the Covid pandemic and the current financial crisis, are seen as understandable reasons for a deterioration in the ability to receive and deal with call centre contacts in the Energy sector. It has to be assumed that those very same factors are also impacting Communications Providers. Phone contact remains a preferred option by consumers when contacting their telecoms provider (68%)[[53]](#footnote-53) and therefore caution is urged in scaling back accessibility to phone contact.

Whilst the route of contact has to be a matter of choice for the customer, it may be apparent that some routes work better than others if an issue is complex or may take time to resolve. In such circumstances, and without limiting customer choice, it is prudent and a requirement in Telecoms[[54]](#footnote-54) to manage the expectations of that customer by advising them of the steps the Provider intends to take to resolve the problem, the likely timeframe, and when the customer can expect to hear from them with an update or a final answer. Under certain circumstances, it could also be helpful to suggest a different route of communication, with the customer’s agreement, if that aided greater clarity or ease of understanding for that particular customer.

For example, web chats can be used to receive information or resolve relatively minor queries or issues. However, on more complex ones, where it will take time for an issue to be investigated and an answer provided, there can be a danger of the issue “falling between the cracks” on staff shift changes and a failure to get back to the customer, or the detail having to be explained repeatedly to new staff picking up the matter.

**Outbound communications**

The **Citizens Advice** research cited above, also found that clearer, more engaging outbound communications could help improve transparency and reduce perceived complexity in the energy sector. It believes that they can also help more customers self-serve and reduce the need for them to contact their supplier for help. Non-billing issues, price rises and additional support for consumers were all highlighted as areas where the information was provided but the consumer did not recall receiving them. Undoubtedly, suppliers face a challenge in trying to increase engagement through their communications, while maintaining their usefulness for as many consumers as possible. This has to be true for the Communications sector too, especially where there is an even greater incidence of bundled products and services.

In Energy, **Supply Licence Condition 0**[[55]](#footnote-55) imposes a duty upon suppliers to ensure that all customers are treated fairly. This duty covers amongst other things:

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| * The provision of information that is accurate, complete, and not misleading that is communicated in plain and intelligible language with more important information being given appropriate prominence. * in terms of its content and in terms of how it is presented, it does not create a material imbalance in the rights, obligations or interests of the licensee and the Domestic Customer in favour of the licensee; and * it is sufficient to enable the Domestic Customer to make informed choices about their supply of electricity by the licensee |

In relation to customer service arrangements:

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| * makes it easy for a Domestic Customer to contact the licensee. * act promptly and courteously to put things right when the licensee or any   Representative makes a mistake; and   * otherwise ensures that customer service arrangements and processes are complete, thorough, fit for purpose and transparent. * considers and acts appropriately in relation to any vulnerable situation of each Domestic Customer. |

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| **Good Practice Case Study - Energy**  **Western Power Distribution** offered a 2-way texting service for all ‘deaf and hard of hearing’ customers to provide information about power outages. This has now been extended to all customers.  In the past, **Ofgem** has imposed provisional orders against energy suppliers who have failed to adhere to this Licence Condition and the Consumer Complaints Handling Standards Regulations, forcing them to reduce call waiting times, provide clearer information and reduce complaint resolution times. The view of consumer groups in the Energy sector is that these type of consumer rights are best enshrined in regulatory requirement, rather than voluntary codes, to ensure that they are adhered to and effectively monitored.  As a follow-up to **Supply Licence Condition 0**, Ofgem undertook some research in 2021 that looked at **debt messaging from a consumer and behavioural perspective**[[56]](#footnote-56).  When customers are in financial difficulty it is imperative that they contact their supplier and are treated fairly. How suppliers communicate and engage with those customers was viewed as being particularly important in resolving the difficulty.  The research found that energy debt communications that are ‘harsher’ in tone (as described by participants), and focus on encouraging immediate repayment of debt, do not increase intentions to engage with energy suppliers. In fact, engagement may reduce when compared to communications that are ‘friendlier’ in tone (as described by participants) and focus on the availability of alternative debt solutions. ‘Harsh’, immediate payment-focused communications performed worse in measures to probe the belief that a supplier would meet Ofgem’s core outcomes for effective debt communication. They also resulted in reduced objective comprehension by consumers of key information and were less likely to be read in full. |

Collectively, these findings emphasise the importance of tone in communicating debt information, and of providing clarity about available debt solutions and support

**Citizens Advice “Good Practice Guide: supporting people in energy debt”[[57]](#footnote-57)** comes to similar conclusions:

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| **Woman wearing headphones**  **Proactive communications with a supportive tone**  ● Suppliers should support their customers by ensuring debt-related  communications are clear, timely and easy to understand at every stage  of the collections journey.  ● Suppliers should trial diverse approaches and communication templates  across multiple channels.  ● The tone and language of communications should be framed in a way that  focuses on engaging the customer and encourages them to get in contact.  ● Communications should equip the customer with what they need to take  action - what support is available and which first steps they can take to  address their debt. | **Elderly woman in online therapy**  **Connecting people to support**  ● Suppliers should support customers who are struggling to pay their bills  by considering pausing debt collection activity to allow time for customers  to access debt advice.  ● Suppliers should assess what the individual customer needs are by  considering what is helpful and practical for that particular customer.  ● Suppliers should set up clear signposting and referral options to debt  advice. When customers are in debt, it is really important for suppliers to  recognise that their energy bill is probably not the only bill they’re  struggling with.  ● Consumers are often unaware that extra financial help is sometimes available to reduce or write off debt. Depending on an individual's circumstances, Suppliers should consider whether they may be able to help with an application. |

Whilst staff may be empathic and empowered to make decisions to help a customer resolve a difficulty, is equally important that the back-office arrangements in the forms and systems that staff have to navigate and which remain hidden from the customer, are designed to capture the detail of the issue and key customer information. Trying to fit a square peg into a round hole can be as frustrating for the operative as it can be for the customer.

**Good Practice Initiatives from the Energy Sector[[58]](#footnote-58)**

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| * suppliers proactively engaging with customers to avoid bill shock. * suppliers ensuring customers are on the most suitable payment method (e.g. pre-payment meter; direct debit) not only to avoid possibly falling into debt, but also so that the customer can access a cheaper tariff linked to the direct debit payment method. |
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| **Good Practice Case Study - Energy**  One energy supplier enhanced the quality of online communications on its website with the addition of assistive technology, to drive improvements in inclusive customer service.  This innovative technology was implemented to support those with disabilities, learning difficulties, visual impairments and for those who speak English as a second language. The assistive technology provides customers with a suite of online tools, all available in one location, to allow engagement with the supplier’s products and services.  Features include:  • A screen reader to help visually impaired customers perceive and understand digital content by reading aloud website text.  • A ruler, screen mask, magnifier, margins, and a dictionary.  • Styling options to allow people to change the way the website looks.  • Translation of web content into over 100 languages, including 35 text to speech voices. |
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**Good Practice Initiatives from the Financial Sector[[59]](#footnote-59)**

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| * some financial firms have developed best practice on accessible and inclusive design. One firm offers access to British Sign Language interpreters in-branch, via an app on branch tablets, and on its website, giving consumers access from the comfort of their own home. This service increases accessibility and effectively meets the communication needs of certain consumer groups in the firm’s target market. * another firm provides tone of voice guidance to make sure the language used by staff reflects the language used by audiences, ensuring that technical information is as clear as possible. |

**Good practice initiatives in Water**

In Water, the **Consumer Council for Water** (CCWater) carry out customer debt assessments at companies and publish an annual debt report. They have found that some companies have modernised their processes and are interacting with customers in several ways - focussing more on opening communication with their customers.

“Companies that are in regular contact with customers are able to understand their individual circumstances and can offer the appropriate assistance, tailored to their needs.”

Through their debt assessments, **CCWater** has found that a common problem with revenue collection is when contact is made with the customer.

“The customer will agree to something that is not really suitable for them and then slip back into non-payment of their water bill. This is a lost opportunity to offer the customer financial assistance or a more suitable payment plan, tailored to their circumstances. Our debt assessments have also helped identify areas of good practice, which we believe all companies could adopt to help reduce complaints.”

**Areas of Good Practice in handling debt in Water include:**

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| * Trying different methods of contact other than repeatedly sending texts - sometimes a call may be better. * To avoid sending a different reminder letter each week as over time customers will become immune. * To avoid making threats of court action and then taking a different route. * Trying to find a policy for closure rather than simply recycling the process of bills and reminders. * Better communication would identify those customers struggling to pay. |

**Consumer contact with providers in the communications sector**

The picture in the Communications sector appears to be mixed. The introduction of notifications of any change by the Provider to important terms and conditions and the possibility for the customer to leave that Provider without incurring any penalty or termination fee, is a welcome step in the right direction, in that it gives the customer 30 days’ notice of a change that may financially or otherwise impact them detrimentally.

However, more generally, the **Communication Consumer Panel** research and report in 2018[[60]](#footnote-60) found that consumers often struggled, with people who required additional access support being disproportionately affected. The research also found that scripted answers, jargon, unclear questions and language and cultural variances could further complicate matters. The Communications Consumer Panel has particular concerns around communication with consumers regarding the switchover from analogue to digital telephony by 2025, with the need for inclusive, proactive communications urged as a priority.

**Consistency of experience across consumer contact channels**

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| Waiting on hold for a significant time in queues could also deter consumers from making contact.  In the context of **General Condition 5[[61]](#footnote-61)** and its Guide to **Treating Vulnerable Customers Fairly**[[62]](#footnote-62), in 2021, Ofcom produced its research report**, “Contacting communications providers: vulnerable customers’ experience”**[[63]](#footnote-63). | Stressed woman using phone |

It cited research by the Communications Consumer Panel the same year that found a lack of consistency in the customer experience. Whilst 44% of adults had contacted their Provider in the last 6 months, only 54% were able to use their preferred contact channel, 46% felt the process took longer than expected and 33% felt it more stressful than usual.

The report did find some examples of good customer experience (talking about debt/struggling financially; informing their providers of their needs and where the provider seemed to have adapted their behaviours accordingly), but also found a lack of consistency in establishing and recording the customer’s needs and then when the customer had made those known, or it was obvious they were struggling, to adapt the service to the needs of that individual. There appeared to be a lack of consistency, with extra support dependent upon the individual member of staff the customer was in touch with.

The research also found a number of additional areas where the customer experience was more likely to vary at times either from the **Treating Vulnerable Customers Fairly Guide** and/or participant expectations, namely:

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| • The provider ensuring that expectations are managed throughout the contact and the next steps are understood at the end of the contact  • Engineer visits being easily available (particularly without fear of being charged)  • Providers proactively offering help when payments fall behind (not covered by the  guide). |

**Termination of contract – Energy and Communications sector initiatives**

In the Energy sector, **Supply Licence Condition 31F** contains detail of the information that a supplier must provide to its customer prior to contracting with them, throughout the contractual relationship (e.g. upon changes to the tariff rate; annual consumption details and projected costs) and upon termination of the contract.

If a consumer is on fixed term contract, then the energy supplier will give them ample warning that that deal is coming to an end and will normally direct them to their website for details of what other contractual deals the customer may be interested in. They will also highlight the fact that the consumer should shop around to see if they can find a more suitable arrangement elsewhere. The level of information provided is designed to try and ensure that customers do engage and that they seek to be on the cheapest tariff that meets their requirements. In Energy, if a fixed term contract comes to an end without the customer switching or signing-up to a new one, then they are automatically put on the supplier’s standard supply contract, which is open-ended, subject to price changes and usually the most expensive one they have.

Great strides have been taken in the Telecoms sector in more recent years to redress some of the inequalities that consumers face when their contracts come to an end**[[64]](#footnote-64). End of Contract Notifications (ECNs)** were introduced in 2020 in respect of broadband, mobile, home phone and pay-TV customers whose contracts were about to end and require Providers to provide essential information regarding the end of the contract and changes thereafter, as well as details of the best tariff the provider can offer to that customer**. Annual Best Tariff Notifications (ABTNs)** must be given at least once a year to those customers already out of contract, and those provisions came into force in February 2021. Reviews[[65]](#footnote-65)[[66]](#footnote-66) undertaken by **Ofcom** with regard to broadband and mobiles, suggest that ECNs have contributed to increased customer awareness and engagement. Re-contracting with the same Provider has increased overall, though differs from Provider to Provider in terms of percentage points. There was also evidence that some customers paid less upon re-contracting with their Provider, whereas others paid more.

In mobiles with bundled handsets, suppliers (with the exception of Three) agreed to offer discounts to customers at the point of the end of the contract, but the discounts varied according to the provider. New rules that came into effect from June 2022[[67]](#footnote-67), extend consumer protections to include information that has to be provided to consumers, to prohibit barriers to switching and also covering bundled services, all of which are positive steps forward.

On the issue of obtaining refunds from Telecoms Providers, problems still seem to linger. Not all providers are providing automatic refunds on account balances when customer leave them[[68]](#footnote-68). This seems indefensible. A consumer should not have to chase monies that are due back to them and which the Provider has no legitimate right to hold on to.

**Takeaway: communicating with customers**

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| * Providers should communicate in plain language with an appropriate level of information that tells the consumer all they need to know and not, so they drown in a sea of legalese and disconnect from being able to make informed choices; * Important information should be easy to access and not buried in the depths of documents or systems and should be offered in differing formats. * It should be easy for a customer to contact their provider through the channel of their choice. * In instances of debt or financial hardship, provider communications need to be supportive in tone and use a variety of methods of contact to engage with the customer. * Providers should avoid scripted answers, unclear questions and language, and cultural references. | |
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| Happy team members  **Personalisation:**   * tailored * transparent customer data policies which are legal, fair, and easy for everyone to understand * customers who require additional support |

**The cost of not providing a good service: what happens when providers do not get to know their customers and how to fix it**

As already discussed, consumers want their providers to understand them and tailor their relationship around their preferences and needs. The effects of not doing this can be as harmful to businesses as it can be to their customers.

**Citizens Advice** considered the direct and indirect consequences of not dealing with consumer problems[[69]](#footnote-69). Each year, millions of UK consumers are affected by problems with goods and services which occur through no fault of their own. Citizens Advice believes the effects cost the UK economy £23 billion a year, with more than one in three (35%) people expected to face at least one consumer problem each year. But the impact that these problems have on people's lives is often overlooked and their research found that among people who experience consumer problems:

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| * 1 in 7 (16%) faced severe financial impact as a result. * More than a third (37%) felt more worried or anxious. * 1 in 6 (17%) had to take time away from work; and * More than 1 in 10 (12%) suffered damage to their home or property. |

Problems in essential markets - primarily Energy, Water, and Telecoms - are most likely to have these knock-on effects. And while consumer problems affect us all, consumers who require additional access support are more likely to experience harmful knock-on effects.

Their report highlighted that more than half (56%) of people with a mental health condition said they felt worried or anxious as a result of a consumer problem. Financial costs hit those with lower disposable incomes or no savings hardest, with nearly a third (30%) experiencing severe financial knock-on effects. Without clear and accessible routes to redress, people end up bearing the costs of consumer problems themselves - whether it's through worsening financial situations, harm to their mental health, or significant disruption to their work and lives. But it's also bad for consumer markets. Being able to overlook or minimise the costs of consumer problems reduces incentives for companies to innovate and improve, harming efforts to increase productivity and efficiency.

Experts agree that getting to know your customers is difficult enough; getting to know their needs even more so. All companies across the regulated sectors struggle to do so. Many collect a range of quantitative and qualitative data relating to interaction with their customers from a range of sources to better understand their customers and to improve their performance. They all carry out segmentation profiling, but personalisation takes this to another more detailed level. In Energy, some use socioeconomic data to target areas of fuel poverty, but that doesn’t identify individuals and other aspects of their lives that may make them vulnerable. Companies now hold quantities of customer data at unprecedented levels. With sophisticated programming and use of AI bots, greater opportunities exist to understand customers in a far more personalised manner.

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| **Avoiding ‘blunt’ definitions of vulnerability**  In research carried out by the **Institute for Customer Service** on **Customer Service in the Energy sector,[[70]](#footnote-70)** it cited the need to avoid “blunt” definitions of ‘vulnerable consumers’ (e.g. ‘anybody over the age of 65’), which may not be representative, and to move to more helpfully targeted ones. | Senior woman working |

Whilst, ideally, many consumers will identify their needs or requirements, many don’t for a variety of reasons. Some are reticent to do so and for some it just doesn’t enter into their thinking. Dangers of proactively trying to identify ‘vulnerable consumers’ are in appearing to be patronising or discriminatory. So, it’s difficult for Providers across the essential markets.

A way of avoiding stigmatising vulnerable customers by labelling them, is rather than to adopt a medical model of disability (e.g. the customer is blind) instead to frame it using a **social model of disability** (e.g. the customer requires communications in a specified format, such as email, audio, or braille), as discussed in Graeme K Whippy’s think piece for the Communications Consumer Panel in 2021[[71]](#footnote-71).

In the regulated sectors, it is acknowledged that vulnerability in one form or another can affect us all in the course of our lifetime and that it is not necessarily a fixed state but can be transient. What they also recognise is that vulnerable consumers can be at a significant disadvantage when it comes to engaging with an essential market (e.g. finding the right deal), being off-supply or trying to resolve an issue or difficulty. We all need additional protections and treatment from our providers when we are in that situation.

**Identifying customers who require additional access support**

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| Across regulated sectors, Providers rely on a variety of indicators that may suggest that a customer is experiencing a set of vulnerable circumstances. Front line interactions (including field staff in energy/banking) are a prime source. Staff receive training to spot tell-tale signs of vulnerability, e.g. frequently forgetting a password when the consumer is acting online (possible dementia or cognitive decline). In-depth personal skills training for staff can also make them aware of other issues, e.g. the sound of a child crying in the background (stress on the parent; lone parent). | **Stressed woman facing computer** |
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The danger, of course, is to jump to the wrong conclusion and therefore great care needs to be taken, and patient teasing out of as much relevant information as the customer wishes to disclose, to see if additional support is wanted. Under **General Data Protection Regulations**, it is legal to capture data in this way; the storing of it though is far trickier because of legal constraints.

Across regulated sectors, Providers rely on a variety of indicators that may suggest that a customer is experiencing a set of vulnerable circumstances. Front line interactions (including field staff in energy/banking) are a prime source. Staff receive training to spot tell-tale signs of vulnerability, e.g. frequently forgetting a password when the consumer is acting online (possible dementia or cognitive decline). In-depth personal skills training for staff can also make them aware of other issues, e.g. the sound of a child crying in the background (stress on the parent; lone parent). The danger, of course, is to jump to the wrong conclusion and therefore great care needs to be taken, and patient teasing out of as much relevant information as the customer wishes to disclose, to see if additional support is wanted. Under **General Data Protection Regulations**, it is legal to capture data in this way; the storing of it though is far trickier because of legal constraints.

Excellent staff training lies at the heart of this. Induction training needs to be kept up to date, but more specialist training is necessary for dedicated teams dealing with vulnerable customers. In banking, companies have a rolling training programme in relation to mortgages and if requested by the Regulator, must provide evidence of it. Such specialist teams do exist in other regulated sectors and also within some Telecoms Providers.

In Energy, **British Gas** has teamed up with an Alzheimer charity and now has mental health champions embedded in their teams. Also in Energy, some suppliers who have a dedicated team to deal with complex vulnerabilities, are finding that having one team is not enough. So, they have used that dedicated team as a test bed for new approaches, that then feeds back the learning into wider more general staff training, so shared within the organisation.

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| **Good Practice Initiatives**  It is suggested that there are 3 key elements into handling customer contacts:   * **A frontline team that is empowered to make decisions on operational issues to answer customer queries or resolve complaints.** In Energy, British Gas has been cited as doing so. * **A specialist team to handle contacts from vulnerable customers** – some offer this ion the Communications sector, but not all. * **Flexibility** - whilst general frontline staff may have service level agreements (SLAs) for the amount of time they spend on each call, a more flexible approach is adopted on more complex issues or when dealing with vulnerable customers, and such SLAs are dispensed with, so as to give more time and attention. |

The financial services market appears to be on the front foot in relation to the trends and good practice that exists in other sectors, e.g. understanding more about domestic abuse and its impacts upon its customers.

Training companies are cited as providing not just specific, tailored learning, but an opportunity to share good practice from the varied and diverse sectors they operate in.

**Treating Vulnerable Customers fairly**

In the financial sector, **the FCA’s Principles for Businesses** require firms to treat customers fairly, and firms are expected to exercise particular care with ‘vulnerable consumers. In its Guidance document[[72]](#footnote-72) it sets out a very succinct description of the characteristics of vulnerability:

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| “Characteristics of vulnerability may result in consumers having additional or different needs and may limit their ability or willingness to make decisions and choices or to represent their own interests. These consumers may be at greater risk of harm, particularly if things go wrong”. |

It believes that vulnerable consumers should experience outcomes as good as those for other consumers and receive consistently fair treatment across the firms and sectors it regulates. Firms should act fairly towards vulnerable consumers across all products and services. They should also be able to demonstrate how their business model, the actions they take, and their culture ensures the fair treatment of all customers.

Similar concerns are expressed by **Ofgem** in the energy sector, and it has gone as far as updating its approach with the publication of a **Consumer Vulnerability Strategy**[[73]](#footnote-73). It sees the significant changes that are occurring in the Energy market through the impact of digitalisation, decarbonisation and decentralisation as exacerbating the situation for vulnerable consumers. It also defines vulnerability as circumstances in which a consumer is:

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| • significantly less able than a typical domestic consumer to protect or represent his or her interests; and/or  • significantly more likely than a typical domestic consumer to suffer detriment or that detriment is likely to be more substantial. |

**Ofcom** already has in place rules that govern how vulnerable consumers must be treated by Providers.[[74]](#footnote-74) **General Condition 5 (GC5)** places an obligation on providers to establish, publish and comply with clear and effective policies and procedures for the fair and appropriate treatment of vulnerable customers. In addition, it has published a Guide to accompany GC5, that suggests measures providers could adopt to help make sure they treat vulnerable people fairly and give them the help, support, and services they need. Combined, these two are similar in effect to those in other regulated sectors. Offering Social Tariffs at a significant discount to the lowest priced commercial tariff, would be certainly one measure that would provide support to financially vulnerable consumers.

**Citizens Advice** has suggested a set of **cross-sector minimum standards** that Water, Energy, Financial Services and Telecoms providers should adopt that are more tailored for customers with mental health problems[[75]](#footnote-75). They point to the fact that people with mental health problems can:

* have cognitive and behavioural problems that make it more difficult to manage their finances and therefore more easily fall into debt.
* suffer higher levels of stress when communicating.
* be characterised as being change averse, and re therefore less likely to switch providers or seek to change to a cheaper or more appropriate tariff or contract.
* be characterised by a varying ability to manage essential service accounts, depending on whether the person is experiencing a better or worse period of mental health.
* be characterised by periods in which people spend large amounts of money or use a service more than usual in a short space of time, and struggle to control this spending or usage. This could affect both their usage of essential services and their ability to budget and pay essential service bills

They recommend:

* **Debt Management:** More flexibility is given to such customers in debt in terms of proactive debt support by providers; no disconnection as a means to enforce payment of arrears; providers set up free debt advice, if the customer agrees; providers to check if the customer is on the cheapest deal and if not then to contact them to switch to it.
* **Accessibility:** customers are offered at least 2 different communications channels in which to contact their provider; are offered a freephone service so not held in lengthy call queues and calls are handled by specialist trained staff; are offered written call follow-up of agreed actions or contract changes.
* **Safety net:** providers make it easier to pause or restart third party support on-line, on the phone or via an App; customers can request third party notification when agreed usage limits set by the customer are breached; provider offer to set up a third-party on-line account login.

In **Telecoms**, ADR schemes report that there has been some positive movement by some Providers in being more flexible over customers in financial difficulties, e.g. offering deferred payments, payment plans and checking the tariff the customer is on to see if the Provider has a cheaper one. However, some lag behind this good practice with rigid processes (warning, suspension of service, disconnection) that are time-fixed and do not take the individual customer’s situation into account.

Since the commissioning of this paper, and following a joint government and industry summit in response to the current cost of living crisis, **the main Broadband and Mobile operators have agreed to the following commitments with immediate effect**[[76]](#footnote-76):

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| * All providers commit to supporting their customers who may be struggling with the cost-of-living and to treat them with compassion, understanding and as individuals. * All providers commit to supporting customers struggling with their bills and to offer ways to keep them connected, such as allowing them to move to cheaper packages without charge or penalty or agreeing manageable payment plans. * All operators commit to continue to protect the connectivity of their customers known to be vulnerable as a priority. * Providers - supported by Government - commit to take steps to raise awareness of low-cost products to those claiming Universal Credit. * Mobile providers commit to considering more ways to help their customers, including exploring tariffs, options to improve existing low cost offers, and increasing promotion of existing deals. |

These commitments are very much to be welcomed in the context of the current financial crisis facing many households. However, the proof of these commitments will be seen in, not just by the provision of new or more appropriate services and communications by providers, but by the number of customers that benefit from them **in a meaningful way**. Having a Social Tariff, and not all providers do, and putting a customer on it, is a start. However, it is more about the quality of the Social Tariff and the actions taken by providers that really matter.

In April, the Government had written to major operators asking for their plans to promote Social Tariffs and for estimates of take-up over the next 12 months. Current awareness by those eligible for such discounted offers is currently less than 2%, so it would seem that the industry has a challenge of immense proportions in front of it to raise that to a significant level. It would not seem unreasonable for Ofcom to conduct some form of review at the end of that period to assess the efficacy of such plans and to assess and quantify the benefits to consumers.

The Digital Secretary has also called for more operators to offer such tariffs to those on Universal Credit. Fairness should not be exercised solely by major providers but should be engrained in all across the sector. Customers should not have to face a lottery on such fundamental issues as the provision of Social Tariffs or a fair reaction to debt or restriction or disconnection of such an essential service. Whilst using State Benefits undoubtedly targets those potentially most in need, it doesn’t necessarily capture those whose circumstances may be such that they earn too much to qualify for a benefit, but whose basic outgoings/needs outstrip their income. Eligibility for such tariffs needs to go beyond being in receipt of Universal Credit. They need to reflect financial hardship and ability to pay, and by default should be progressive in their thinking around disconnection, restriction of service, freephone contact when disconnected and ability to pay any debt.

In many respects these new commitments should already be a practical expression of the Ofcom Fairness for Customers Commitments. Their timeliness is acknowledged, but they should not be a temporary response to a world crisis but should form part of the standard practice of every Telecoms provider.

**In Energy, some of the Good Practice initiatives[[77]](#footnote-77) have included:**

* Providing a free phone line to assist customers making contact, especially on billing issues or difficulty in making payment.
* Better customer-friendly opening hours for credit support and contact centres in the evening and weekends.
* Specialist training to help agents identify and support vulnerable customers.
* Use of the Priority Service Register to help identify vulnerable customers also in financial difficulties.
* Setting up dedicated teams to support customers in payment difficulties.
* Giving “ability to pay” training to staff and enhanced customer contact monitoring to allow suppliers to act quickly and make changes to cope with any potential increase in contact.
* Suppliers investing in relationships with debt charities to further support customers.
* Regular review of repayment plans for customers in debt in line with their ability to pay.
* Suppliers setting up “Hardship Funds” to help vulnerable customers struggling to pay their energy bills.
* Interrogation of “vending data” to identify if a customer is self-rationing his/her energy consumption or is potentially running into debt.

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| **Good Practice Case Study: Energy**  A gas distribution network has developed a referral app, which is now being used as industry best practice. This gives staff immediate access to the tools needed to support vulnerable customers. Customers are able to select the service they need, and their details are sent to the relevant partner for that area. Services include safe and well visits, energy advice, accessing the Energy Help Hub, Appliance Repair Scheme, PSR, essential food delivery in partnership with supermarkets, Fuel Voucher Scheme, and a Covid Careline. As a result of these enhanced services, 1,443 partner referrals have been made. Ofgem is encouraging suppliers to consider embedding similar practices to enhance their capability to provide immediate and tailored support to vulnerable customers, utilising partnerships where appropriate. |

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| Colleagues huddle | **Collaboration within regulated industry sectors on non-competitive matters**  The **Communications Consumer Panel**, as the facilitator of the Industry Forum, has used its position to host presentations to share more insight into the issue of vulnerability and to try and broker a more open conversation between Providers on the subject. The whole issue of identifying and how a company supports vulnerable consumers, is not a competitive matter, but is one that is common to all Providers. To avoid (further) regulation, a collaborative approach seems more sensible in terms of effort, cost, and wider reputational risk for the industry. |

Energy has experienced in the past fears around trying to second guess what its Regulator expects of it, worrying about investing resources and money into system development that ultimately the Regulator deems inappropriate. The threat then is of a fine for failure. However, this is a narrow view. If a sector wishes to avoid intrusive regulation, it needs to step up to the plate, be innovative and demonstrate that what it is trying to do is in the interests of consumers and the market more widely. Similarly, the Regulator needs to accept that sometimes industry will get it wrong through no fault of its own and be prepared to support it to make changes.

As stated at the beginning of this paper, the communications sector is really one of several sub-sectors. It has no overarching trade body to represent and act as a secretariat to lead on cross-sector matters, so there is the very real likelihood that one sub-sector rarely talks to another. For example, on the face of it, **Postal Services** companies and **Broadband providers** may seem to have little in common. However, in the context of parcel tracking, customer service good practice and engaging with vulnerable consumers, there may be much which they could share. Collaboration doesn’t by default erode a company’s competitive status. Often it is a lost opportunity, and more collaboration needs to be encouraged and facilitated in the Telecoms sector. And, for smaller Telecoms Providers with less expertise or capacity in dealing with vulnerable customers, a collaborative approach across the sector would help share these important skills so that all customers stand the chance of being treated fairly regardless of who their Provider is.

**Alternative Dispute Resolution Schemes/Services (ADRs)**

ADR schemes can also play a role in this collaboration effort. **Ombudsman Services** worked with Providers when Ofcom introduced its Vulnerability requirements and has connected Telecoms and Energy companies to share good practice. Through its quarterly Sector Liaison Panel, it has shared information about debt and vulnerable consumers, engaged companies in practical exercises around case studies involving vulnerable consumers, and hosted expert guest speakers on salient topics, such as dementia. It hopes to do more in the vulnerability space by widening stakeholder input and drawing in expertise that can be shared across the Communications sector.

At the time of writing, this is in the developmental stage, but could prove to be a defining project in bringing together best practice from inside and outside the sector that could give Providers a deeper insight and understanding of the concept of Vulnerability and how to approach their vulnerable customers.

An Energy ADR scheme also states that it uses text analytics and data analysis to better understand what complainants are saying and if there appears to be underlying issues of vulnerability surrounding a particular complaint. It believes that 25% of the cases that reach it have an element of vulnerability about them. Similar analysis by Energy Suppliers suggests that 30-50% of their customer base is experiencing some form of vulnerable circumstance.

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| **Call handling good practice: a more human approach benefits call-handlers and customers**  Another tool used in the energy sector lies around the **Quality Assurance processes**, for which a Regulatory Manager is responsible. Good practice suggests that he/she should once every fortnight (or at least once a month) takes time with call-handling staff to review how they handled a call. Experts say, though, that more needs to be done in terms of frequency and in depth.  In Energy and Financial Services, staff have a capped moment after each customer call, they handle, i.e. a set number of minutes to take a break and to make notes of that interaction. Energy companies are now uncapping that time, i.e. not limiting it so much. Call-handlers are not just moving from one call to the next, in recognition of the increasing number of complex calls they are receiving and the need for them to process the impact of that call. In Energy, crisis calls (especially around affordability) are said to  be rising and Suppliers are uncapping the after-call time. Staff are also being given more **suicide awareness training** to identify their customers who have reached the point of desperation.  ADR organisations are also adopting this approach – uncapping after-call wrap-up time and using the data gleaned from such calls to understand how to deal with calls better and feeding this back into their staff training. Ultimately it is seen as a way of taking pressure off front-line staff. Commentators say that forward-thinking companies that are aware of and value the mental health of their staff translate these values into how their customers are handled. |

A broad approach across other regulated industries is to get customers to self-disclose what support they might need is by creating **a “disclosure environment”.** Thus, is done by creating an environment whereby the customer has sufficient trust in the provider that they feel they can open up about their situation. This has been particularly successful in financial services, e.g. offering an alternate format in a chat room; a quiet room in a bank away from the main public space; offering multiple languages other than English as a communication option. This has been found to be important especially around transient vulnerability as circumstances may change.

Equally, in Energy, Ofgem has imposed a licence condition[[78]](#footnote-78) to identify domestic consumers in a vulnerable situation “in a manner that is effective and appropriate”, and to treat them in a manner which takes into account their vulnerable situation.

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| **Good Practice Case Studies from Energy and Water: using software to identify consumers requiring additional support**  E.ON’s **CAST –** Care Assessment Tool – has search tags, tailored prompts, and questions, and provides social support information. Has built-in reviews to check customer information is up to date (at 3, 12 and then 24 months). Can be easily updated and reconfigured as an understanding of vulnerability grows.  PwC has **Debt Analytics** – a methodology that can be used to identify specific traits of customers who enter into arrears. This has enabled a water company to assess whether late or non-payment was something the customer chose to do or if they needed help with making their bills more affordable. It resulted in a 15% increase in customers on low-income tariffs and more tailored debt pathways. |

**What other ways can providers identify Vulnerable Consumers and publicise the support that is available?**

**The Priority Service Register**

In Energy and Water, certain vulnerable customers can elect to be put on the Priority Services Register (PSR). This is offered by all electricity and water companies. If there is a power cut or sudden lack of water supply, a customer can get extra help. This is different and additional to the priority list an energy customer can be on with its supplier. In the telecoms sector, only the latter applies, there is no sector-wide list, so if a qualifying consumer switches provider they must sign up to their new provider’s list.

Energy networks are incentivised to find and share PSR consumers with suppliers. This is difficult in respect of consumers with financial difficulties or who are self-rationing their usage. However, it is one rather “broad brush” approach to identify customers who may need extra help in some way. Energy suppliers also offer a range of services for people who are of a pensionable age, have a disability or are chronically sick, blind, or deaf.

Experts report a mixed bag on identifying PSR potential customers and then joining up the information in a meaningful way. At times, there appears to be a disparity between a customer being on the PSR and then how they are treated. For example, receiving aggressive debt recovery letters and not stopping normal debt recovery processes even though the Supplier is aware that the customer is on the PSR. And, whilst there are financial incentives for Networks to identify and sign-up vulnerable consumers on to the PSR, the same is not true for Energy Suppliers. For example, a customer on the Energy PSR is entitled to have a meter reader call once a quarter to read their meter. But this is expensive for Suppliers and so they don’t necessarily do it unless the customer asks for it, sometimes repeatedly.

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| A PSR can only be valued if the Regulator monitors not just the number on it, but also those asking for the services they are entitled to and the number that are receiving them. |

Energy Networks are only required to promote the PSR once a year. However, good practice is reported in the Gas and Water sectors where some Networks are promoting help for consumers and providing a telephone number to call on the side of their service vans - as one commentator suggested, “go to where people already are,” whether that be social media or a GPs surgery.

At the very least, assistance should be publicised clearly on the websites of Providers and on paper bills, to all customers and not just those who have already raised a request for additional support.

**Citizens Advice** conducts audits of Energy company websites to see how many clicks they have to make to access PSR information. If it is more than six, it is deemed unacceptable. Excellent practice should be to flag it on the very first page.

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| In postal services, **Ofcom**[[79]](#footnote-79), the **Communications Consumer Panel** [[80]](#footnote-80)and **Citizens Advice**[[81]](#footnote-81) have pointed to the disadvantages faced by disabled consumers, both as receivers and senders, of parcels. Whilst a Royal Mail “postie” may have some idea of the social make-up and needs of the people he/she delivers to – and that assumption may well be challengeable in a climate of increasing route revisions and speed-related delivery efficiencies – other postal operator and parcel courier services certainly do not. Speed is of the essence, even if that means a parcel is left at the bottom of a flight of stairs in a block of flats or perched high up on a wall. Either could - and does - cause great pain and mental stress to those with differing types of disability. | Man carrying packages |

A register of access requirements that was accessible by delivery staff would alleviate such problems and quite possibly lead to fewer mis-deliveries, lost parcels, complaints, and greater customer satisfaction.

Also in Energy, a consumer may be entitled to a payment under the **Warm Home Discount Scheme**, if they are on certain qualifying benefits and their supplier is part of the scheme. There are also other schemes (Cold Weather Payments and Winter Fuel Payments) which a consumer may be entitled to if on defined benefits or in receipt of a state pension. Data is passed direct from the DWP to energy companies that certain customers are in receipt of a qualifying benefit and that notification triggers the energy company to make the payment. Once again, although registering for these schemes is not an indication of vulnerability per se, it is at least an indication that the consumer may be in a more vulnerable situation that can be followed up further.

Similarly in Water, financial help can be offered to consumers who are struggling to pay their water/sewerage bill through the **WaterSure Scheme** (if in receipt of certain benefits and an essential high user on a meter) or through independent charitable trusts that many water companies have set up.

Some Telecoms Providers do flag a customer’s account if that customer is known to require additional support. However, support requirements can change over time and, whilst this approach is better than nothing, seems rather reactive than proactive. If a more systematic approach is possible in energy and water, could some similar arrangement happen in relation to **Telecoms and Postal Services** that would entitle the customer to be put on a sectoral PSR style register that would trigger access to certain other Provider benefits, such as a tariff review and/or access to a social tariff, or specific delivery requirements in respect of parcels? If Data Protection issues can be overcome in **Energy and Water**, surely, they can be overcome in Telecoms and Postal Services.

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| **Case Study – the potential in Telecoms**  Embedding utilities into Food Banks: to access a food bank, typically a person needs to be referred by the Job Centre or a charity. The **Fuel Bank Foundation**, which receives funding from Energy Networks and fines levied by the Regulator Ofgem, distributes food to those in need. They noticed that people were asking for “cold boxes”, i.e. food that could be eaten cold and required no re-heating. On enquiry, they found that people were asking for these because they could not afford to heat food up. So, in response to this, they now offer a pre-payment voucher so the recipient of the food can cook it and have a warm nutritional meal. The voucher is usually in the form of a code issued to a mobile phone, so the person can use this data voucher when they have no money. Subject to possible Data Protection issues that would need to be considered, the use of the voucher should trigger an opportunity for a Telecoms Provider identifying a customer with financial difficulties, and possibly in need of support. |

**Social Tariffs in regulated sectors**

**Social and low-cost tariffs in Telecoms**

Social Tariffs need to be better promoted in the Telecoms sector, so that customers are aware that the tariffs exist and that they offer the following price and non-price protections:

* offer discounts against commercially available prices.
* offer pricing stability (no mid-contract price rise).
* avoid early termination charges.
* have minimal initial upfront costs.
* well, promoted to raise awareness among people who could benefit from them.

Not all Telecoms Providers offer Social Tariffs, but those that do offer broadband and mobile Social Tariffs at the time of writing are set out below[[82]](#footnote-82):

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| **Product** | **Price** | **Speed** | **Eligibility** |
| BT Home Essentials | £15 a month | Around 36 Mbit/s | Various benefits (in and out of work) |
| BT Home Essentials 2 | £20 a month | Around 67 Mbit/s | Various benefits (in and out of work) |
| Country Connect Social Tariff | £15 a month | 50 Mbit/s | Various benefits (in and out of work) |
| G. Network Essential Fibre Broadband | £15 a month | 50 Mbit/s | Various benefits (in and out of work) |
| Hyperoptic Fair Fibre 50 | £15 a month | 50 Mbit/s | Various benefits (in and out of work) |
| Hyperoptic Fair Fibre 150 | £25 a month | 150 Mbit/s | Various benefits (in and out of work) |
| KCOM Full Fibre Flex | £19.99 a month | 30 Mbit/s | Various benefits (in and out of work) |
| NOW Broadband Basics | £20 a month | 36 Mbit/s | Universal Credit or Pension Credit |
| Sky Broadband Basics | £20 a month | 36 Mbit/s | Universal Credit or Pension Credit |
| Virgin Media Essential Broadband | £15 a month | 15 Mbit/s | Universal Credit |
| VOXI For Now | £10 a month | 5G where available | Various benefits (in and out of work) |

For voice-only landline services, BT and KCOM also provide social tariffs to eligible households.

Since this think piece was commissioned, the Government has announced that it will encourage broadband providers to provide social tariffs, by making it easier for them to identify who may be eligible [[83]](#footnote-83)

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| * New system allows customers to give permission to broadband providers to confirm their eligibility for cheaper deals * Plans come alongside further deals secured by Cost-of-Living Business Tsar and former Just Eat boss, David Buttress, as part of the Government’s [Help for Households](https://helpforhouseholds.campaign.gov.uk/) campaign | Man holding baby and using laptop |

**Social tariffs in Energy and Water**

In both the Water and Energy sectors, it is recognised that some cross-subsidy or socialisation of bad debt or inability to pay is necessary. This may be in the form of setting up independent trusts to provide financial support to customers who are financially in difficulties, writing-off some bad debts, promoting and funding debt advice organisations or, in the past, through offering subsidised social tariffs, usually to customers who meet certain financial criteria.

Social tariffs highlight economic vulnerability. They include those consumers who would otherwise be excluded from an essential service. They also can act as a starting point in identifying if the customer has any other circumstances that may need support and assistance from their supplier.

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| **Origins - Energy** | **Origins - Water** |
| Social tariffs started as a voluntary commitment (as in Telecoms) by the big six suppliers, who could design their own tariff as they saw fit.  There hasn’t been a formal social tariff since 2011, largely replaced by the Warm Home Discount Scheme, referred to earlier, which, technically is not a social tariff[[84]](#footnote-84). | Social tariffs began to be introduced in 2013, designed to allow companies to address the local and regional needs of their customers and now provide bill reductions to over 700,000 households in England and Wales.  The vast majority of water companies offer them. |
| **Recent actions taken - Energy** | **Recent actions taken - Water** |
| Currently there are no social tariffs in energy, the argument being that the energy price cap set by the Regulator and Warm Home Discount exist instead.  Since 2011, many households have been moved onto their supplier’s cheapest available tariff, alongside qualifying for the Warm Home Discount.  With soaring energy prices, some are calling upon the government to mandate in law an industry levy on suppliers, whereby they contribute a fixed sum based upon the number of customers they have into a social fund. Then that “pot” of social funding to be divided between the companies based upon the number of customers they have in fuel poverty[[85]](#footnote-85).  There would be winners and losers amongst suppliers in the implementation of this idea, consequently it does not meet with universal support. | Companies design schemes in consultation with their customers and organisations which represent customers.  The schemes should be broadly acceptable to the customer base and should be evidenced through engagement.  The agreed cross-subsidy is a ‘limit’ – the maximum amount companies can apply without seeking additional approval from their customer base. That limit allows for a 1.5% cross-subsidy from other customers.   * Thames Water have a goal of increasing the number of people on the tariff to 200,000 and have formalised their commitment as part of its 2020-25 Business Plan. * Severn Trent offer ‘the Big Difference Scheme’ that offers reductions on bills of between 10%-90% depending upon the circumstances of the customer, open to all customers regardless of the amount or source of their income. In 2020/21 it grew its numbers on the tariff from 10,000 to 153,850 and aims by 2025 to have 195,000 customers on it and eradicate water poverty. |
| **Who might be missing out and what can be done? Energy** | **Who might be missing out and what can be done? Water** |
| Not all customers who qualified for social tariffs have been eligible to get the Warm Home Discount.  The volatility of the energy market at the time of writing places it in a unique situation. A broadening of the number of Providers who offer such tariffs would be welcomed, as well as keeping the numbers eligible open-ended, rather than capping them from time to time. | Current guidance for social tariffs allows companies as much freedom as possible to design tariffs appropriate to their customers.  Some suggest that more guidance is needed on how the tariffs should be designed[[86]](#footnote-86), or as in Energy, that to eradicate a postal lottery of living in an affluent region where there are more customers able to contribute towards the cross-subsidy, that a national social tariff should be put in place.[[87]](#footnote-87) |

**Trust Funds**

I have already alluded to such funds above, but the individual and wider societal impact and benefit of them has been clearly shown in **Water**. For example, the Severn Trent Water Company has donated over £70 million since 1997 to the independent Severn Trent Trust Fund to help customers with water arrears **and other debts**. Its long-term impact on the lives is demonstrated in the fact that almost 8 out of 10 grant recipients go on to pay their bills successfully.

Moreover, **research by Auriga Services**, that administers charitable grants for several water companies, has shown that the benefit of these grants to customers and society translates to £3 for every £1 spent. Trust funds can also help out those that would not otherwise qualify for WaterSure or a Water company’s Social Tariff, where their income precludes them for receiving benefits, yet their essential outgoings and needs result in them being in debt at the end of each month.

**The need for innovation to support ‘Vulnerable Customers’ in regulated sectors**

“There are pockets of real innovation to support…… customers in vulnerable situations, but most progress is more incremental than transformative. Identification and sharing of good and innovative practice are increasing but are still limited, due to competition. Much vulnerability innovation isn’t known or shared. More still needs to be done to promote new services to customers who could benefit from them and also to turn effective innovation into industry-wide practice.

Vulnerability innovation risks slipping down suppliers’ agenda due to the weight of regulatory and systems change; political, economic, and regulatory uncertainty: and increased competition. The latter is reducing margins and therefore also discretionary spend for vulnerability innovation. Lack of vulnerability understanding is limiting innovation and needs to be addressed”.

This quote is taken from the **2017 Sustainability First report[[88]](#footnote-88), “Energy for all – innovate for all”, which** was part of its Project Inspire, aimed to help ensure that all energy consumers, including the millions who are potentially vulnerable are not just protected, but experience the benefits of change, including the needs of current, future and the unarticulated needs of those in a vulnerable situation.

It found that vulnerability and inclusive approaches, including ‘design for all’, were not yet properly embedded in most companies, thus limiting innovation; that more could be done to unlock the power of data safely to improve service delivery and quality of life for customers with additional needs. In the context of Vulnerability Innovation - it considered:

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| **Standard Practice:**  Companies   * Read good practice guides and performance reports. * Attend ad hoc events and conferences. * Use feedback from benchmarking exercises. * Participate in industry-led working groups * Identify issues as and when from general reading * Use online resources   **Good Practice**  Progressive companies   * Map and seek to strategically understand the vulnerabilities of their customer base. Then, proactively identify innovations to address those diverse understood needs as part of a wider company vulnerability strategy. * Participate in regional forums that bring together utilities and wider organisations. Cross-sector groups are valuable to identify and share problems and develop solutions. * Actively seek learning from other sectors. * Proactive in identifying new opportunities to seek out innovative practice. * Use external auditing, e.g. BSI’s BS18477 Inclusive Service Provision Standard. |

Doubtless there is real innovation to support communications customers in vulnerable situations, but from **Ofcom’s review[[89]](#footnote-89) of its Fairness for Customers Commitments**, it would seem that there are parallels between the state of the Communications sector in 2022 and that of the Energy sector in 2017.

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| **Good Practice Case Study: Energy**  An electricity distribution operator is using positive innovation to improve identification and support to vulnerable customers. It uses AI ‘bots’ to manage its Priority Service Register (PSR). The virtual workers (bots) detect and deactivate duplicate PSR data and retain the most up-to-date contact information for vulnerable customers. Duplicates are caused by data sharing processes and reduce the quality of data held. The bots release capacity of welfare advisors so they can provide more support to priority customers, particularly during emergencies.[[90]](#footnote-90) |

**Sharing Data**

Sharing that data requires the customer’s informed consent and to obtain that full disclosure of the uses and extent of that sharing, including with whom. In many situations, if a consumer has a problem with one utility, they may well have a problem with others, especially when it comes to vulnerability or debt.

In its report**, “Getting Support to those that need it: how to improve consumer support in essential services[[91]](#footnote-91)”, Citizens Advice** examined the potential of a more joined-up approach cross-sector.

It saw the existing situation as fraught with problems:

* Each service provider must set up and maintain its own register of consumers and their support needs.
* Each provider has a specific definition of vulnerability and their own application process to determine which consumers qualify for help.

It believed that there are unnecessary obstacles to accessing support:

* Consumers cannot sign up in one place but must contact each service provider separately.
* If their circumstances change, they need to update each provider separately.
* If they switch providers, they need to start the whole application process again from the beginning.

It concluded that the problems with the current approach are:

* Consumer experience is poor – the process of signing up with multiple providers can be difficult, time-consuming, and stressful. This can cause yet more stress when they are already under pressure and is a barrier to them signing up at all.
* It’s demanding on the support services in terms of time and resources in helping consumers go through multiple processes.
* Having to go through the process with each service provider can be a deterrent from accessing the help needed. If needs or circumstances change, then they need to repeat the exercise. Some consumers don’t recognise themselves as being vulnerable and therefore don’t seek any extra help. If they fall through the cracks, they may not react as a provider would expect and therefore the provider takes a course of action it wouldn’t if it knew the customer was vulnerable.
* Duplication of effort for providers – time and resource issues.
* Increased chance of errors imputing lots of sets of data.
* Lack of transparency over use of data.

It believed that a better approach would be via one portal or support hub where the information is gathered in one go at a single point.

It set out some principles of a better customer journey:

* A clear and consistent consent approach to customer data would increase people’s willingness to provide data, make them feel more in control and foster trust between the consumer and the providers.
* Assess vulnerability in a consistent way.
* Make better use of the data first time round, like government “Tell us once” initiative for reporting deaths to most govt depts.
* Data would be portable across providers and essential services.
* Help customers to be directed to trusted support organisations – signposting by government and service providers.
* Make it easy to update data.

It sees the benefits of a new system as:

* Fewer customers falling through the net and more consumers getting the help they need.
* A streamlined service that would be less demanding, stressful time consuming for customers in vulnerable circumstances.
* Customers are more likely to engage in a process that covers them across multiple sectors.
* Easier communication – a simple registration process would enable a more efficient communications strategy to encourage consumers to take up the support they need across essential services.
* Better engagement from support services - easier process to register consumers across multiple providers/sectors.
* More responsive support – consumers getting the right support they need even if their circumstances change.
* More accurate data.
* More trusted data handling – a simpler consent process would make it easier for consumers to understand why their data is needed and shared across sectors and more likely to engage them to get the help they need.
* More efficient use of resources

All of this points to **the Government’s Smart Data Review** and subsequent **Smart Data Taskforce** that has been established. The ability to share data cross-sector still requires legislation to enable it to be legally possible. It is understood that there will need to be data governance changes in energy which typify the complexity of the issue. Some disquiet is naturally expressed around the dangers of labelling vulnerable consumers. This would be highly discriminatory and prejudiced if done against the wishes of the consumer. It should never be done without their informed consent, and they should always have the right for their data not to be shared. The issue should not be about the vulnerability label but the support that that particular customer needs.

Having said that, the more sensitive the approach towards the customer in the first place, the more explanation that is given about the benefits to the individual for their data to be shared, the more the likelihood there is that they will understand and agree for it to be shared. Certainly, in the case of debt or physical disability, if a consumer needs additional support in one essential service, they will often need it in others.

The complexity lies in keeping consumer data secure, keeping that data up to date, erasing it when no longer pertinent and in handling that data in instances of intermittent or transitory vulnerability (e.g. bereavement).

However, it clearly has the potential to make the lives of a significant cohort of consumers across essential services, including the communications sector, a lot easier and makes sense from a business perspective. It is this writer’s hope that it will be prioritised and fast-tracked as much as possible to resolve Data Protection issues.

**Good Practice Case Study: Housing**

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| Such consumer data approaches have already borne fruit in the Housing sector. **The Peabody Group**, is responsible for over 104,000 homes and 220,000 customers across London and the Home Counties, is also a provider of an extensive range of community programmes. Since 2015, it has been running its social prescribing programme, “Positive Steps Thamesmead”[[92]](#footnote-92), in the eastern part of Thamesmead, which is a socially deprived area. Social prescribing is a way for local agencies to refer people to services and support. People can be referred from a range of agencies, including GPs and other health professionals, various public sector organisations and charities.  Social prescribing workers will take time to understand the needs of their clients and help them access the right support. They will take a holistic approach, supporting people to get help with a range of issues that affect their health, including financial pressures, (un)employment, housing, and immigration. People were turning increasingly to their GP surgeries for help on non-medical issues which was causing significant strain on the health service. Whilst largely, but not exclusively, staffed by volunteers, it is a programme that reaches out to people in the community with a host of differing issues and refers them to appropriate partner organisations that can help them deal meaningfully with whatever the issue is. The recent review of the programme to date, shows that 43% of people feel that it has made a massive difference to their lives, 48% that it was helpful and only 2% felt it was a waste of time. Without the programme, nearly 70% of people said they didn’t know what they would do without it, 11% said they would do nothing and 20% would go and ask the GP. |

The success of the programme has been measured in benefits to the community and to individual residents, both financial and otherwise, and is a good example of how identification and referral to expert support services can make a holistic difference to people that would otherwise be “sinking” under a sea of problems, whether physical health, financial or mental health.

**Innovative Understanding of Consumers’ Needs and Requirements**

Returning to the **Sustainability First** report cited earlier,[[93]](#footnote-93) Communications Providers could look at the approach taken by the authors of it and how that and their key outcomes might be transposable in this sector. They developed 5 Vulnerability Tools for the Energy sector and, whilst some may be energy-centric, there is much of general application:

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| 1. A set of 18 recommendations which as a package could form a framework to catalyse effective innovation for energy customers in vulnerable situations. 2. “A Vulnerability Flight Path” – a tool to help companies (and others) think about their internal processes and company governance arrangements and how to embed vulnerability and enable innovation for customers with additional needs. 3. Four Practical Guides to standard, good and innovative standards to help companies improve their service in the areas of:  * Identifying customers with additional needs. * Improving access. * Affordability – supporting customers on low incomes and in debt. * Security and peace of mind.  1. A high-level overview of the current regulatory framework. 2. A practical look at how smart innovation can better serve vulnerable consumers. |

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| **Takeaway: Personalisation**   * There is a lack of understanding generally about “vulnerable consumers” and this is limiting innovation in how to best support people’s additional access requirements. * Vulnerability needs to be defined widely to include permanent and transient situations and to include the physically obvious and the unseen forms it can take. * Using “blunt” definitions is not helpful when talking about vulnerability – it is better to learn about what customers’ additional access requirements are than to know what their medical diagnosis is. * Frontline staff are often key to identifying customers who need additional support, but other tools such as text analytics and data analysis can prove very effective. * Specialist teams that can offer an enhanced understanding and support so that vulnerable customers find it easier to ask for what they need. * Training from organisations with expertise from a broad base and/or representatives of vulnerable groups can aid organisations to understand better and equip their staff to address additional access requirements and solve problems that may occur with service access. * Collaboration is a key to sharing and spreading good practice. * A safe disclosure environment, whether physical or virtual, can act as a key to customers opening up about their personal situations. * A form of Priority Service Register, social tariffs, trust funds and the sharing of data with vulnerable support groups and cross-sector essential service providers, can all act as ways of identifying customers who require additional access support and a holistic approach to supporting customers when and how they need it. * All providers, both large and small, should offer tariffs and support that reflect the needs of customers in financial difficulty. * The recent commitments by Broadband and Mobile operators should not be limited to a response to the current financial crisis but should be a permanent practical expression of the Ofcom Fairness for Customers Commitments. They should form part of the standard practice of every Telecoms provider. Ofcom should conduct a 12-month review of these Commitments and the benefits delivered to consumers. |

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| Man wearing headphones using computer | **Effective complaints process:**  The importance of consistency of customer service experience |

**Telecoms service complaints**In the Telecoms sector, the main complaint areas for consumers are service quality, billing, contract issues, and customer service. Looking at ADR data, whilst some progress has been made, it would appear from the percentage of the number of cases that were upheld, or not upheld, by the two ADR schemes, that performance differed from Provider to Provider, with some huge ranges that suggest that some companies are offering their customers either a better settlement of the dispute or have handled the process of the complaint better, notwithstanding that the case has ultimately ended up as an ADR matter.

For example, in the first quarter in 2022[[94]](#footnote-94):

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| Type of Service | Percentage range of Complaints upheld by ADR Schemes | Percentage range of complaints not upheld by ADR Schemes |
| Broadband | 37-78% | 12-23% |
| Landline | 31-91% | 11-30% |
| Mobile | 44-69% | 0-31% |

What this data does show though, is that in each category of service, the range of upheld complaint cases exceeded that of the cases that failed.

In general, to build loyalty and retain customers, companies need to deliver the same experience every time they interact with customers.

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| *“Consistency is an important “umbrella quality” in that all the other qualities need to describe your every experience with a brand.*  *…Consistency sets expectations and creates predictability. And that leads to trust. When a brand earns a customer’s trust, the relationship is solid.”[[95]](#footnote-95)*. |

By creating consistency across channels and interactions, organisations are able to reduce the effort customers need to input to get what they need, and as a result, gain trust. Consistency relates back to fairness and company culture – and personalisation. It is about treating a customer fairly that takes into account their circumstances.

One of the most powerful ways to create consistency is through communication technologies that allow customers to reach their provider whenever they have questions or concerns.

* In the context of complaints, a company should be aiming for all of its customers to come away from the experience feeling that:

Operating and delivering a complaints process that is fit for purpose is a common headache across the regulated sector. Cross-sector and specific energy and water research paints a similar picture.

**Making it easier for customers to complain**

In 2016, **DJS Research conducted a study[[96]](#footnote-96) for Citizens Advice** that looked at understanding consumer experiences of complaint handling across the regulated, non-regulated and public service sectors.[[97]](#footnote-97) It wanted to understand the consumer journey, from the stage when consumers experience a problem and intend to launch a complaint, through the complaint process, until the problem was solved (or not), with the aim of making recommendations to ensure consumers got better outcomes when things go wrong.

It found that:

**Consumer satisfaction with making the complaint:**

* less than half of consumers were happy with the outcome of their complaint.
* ‘Best practice’ examples related more to individual companies than to overall sectors.
* People are happier if they are satisfied with the outcome of the complaint.
* But in contrast, issues that occur in the complaint process are more likely to lead to dissatisfaction with the outcome.
* Reflecting on the initial barriers to making a complaint, consumers have a sense that the desired outcome will never be achieved or that the process is proving too difficult to negotiate, which is most likely to lead certain groups, especially vulnerable consumers, to drop their complaint.

**What motivates consumers to make a complaint?**

The main reasons why consumers make a complaint can be grouped into two broad areas:

* The need to resolve a problem, e.g. billing issue, unprofessional service.
* The desire for the organisation to offer an apology or reassurance that the problem will be rectified so that other consumers will not suffer the same issue.

**What can prevent consumers from making a complaint?**

The main barriers to making a complaint focus on frustrations relating to the process. In particular:

* Not knowing how to go about making the complaint.
* The complexity of the process.
* The time it will take to make the complaint.
* Concerns around the fact that the outcome doesn’t warrant the amount of effort being made to complain.
* The belief that consumers are not able to take on large organisations with considerable financial and legal resources.
* The lack of visibility of the complaints procedures and information on any action taken as a result reinforces the impression that nothing will happen as a consequence of making the complaint.

**What happens when consumers make their initial complaint?**

There is no common practice that consumers follow when making a complaint:

* First point of contact is usually with frontline staff within the organisation they wish to complain about.
* Over half of complaints got resolved at this point, although consumers may be passed through several different people or departments before their complaint is resolved.
* Subsequent delays leave consumers frustrated with the process.
* Which can lead to 13% abandoning their complaint and being reluctant to make any similar complaint in the future, a large proportion of which are vulnerable consumers.
* Where the complaint is not resolved by the organisation, then there is no common process that consumers follow.

**What are consumer expectations and experiences of making a complaint?**

Generally speaking, consumer expectations are well met in terms of the process of making a complaint, although this may be as a result of low expectations to start with:

* Consumer expectations and experiences are very mixed.
* Expectations are based upon previous experience or the public reputation of the company. So, some have low expectations and can be pleasantly surprised.
* Others have higher expectations and are then disappointed when they are not met.
* Although apologies and reassurances that issues will not recur are the most expected outcomes, they are also the area in which expectations are least likely to be met.

**What support do consumers generally receive when making a complaint?**

There are two types of support that consumers generally receive when making a complaint – advice and formal referrals to other organisations:

* Advice and support from family and friends, though a quarter who receive such are likely to abandon their complaint.
* Third party impartial sources, such as Citizens Advice.
* More formal referrals to mediation or Alternative Dispute Resolution services (ADR), though consumer awareness of their existence and role was low. However, 67% of those who used ADR were satisfied with the outcome achieved, as opposed to 40% whose complaint was resolved initially by the organisation they were complaining about/to.

This chimes with **research carried out by CCWater**.[[98]](#footnote-98) It found that most customers didn’t have a problem with their water/sewerage services, but half of those that did, did not contact their water company. The most common reason for not making contact was a belief that the issue was not serious enough to warrant it.

However, low expectations about resolution were the second most commonly cited reason for not making contact. The cause of complaints ranged from administrative errors to major issues such as loss of supply. Almost one in five people (18%) classified their issue as not very serious (rated less than 5 out of 10) but, in contrast, more than three in ten people (32%) rated their problem as extremely serious (rated 10). Other key findings were:

• Two in three respondents found the water company complaint process required a moderate to great deal of effort (rated as 5 or more out of 10 on an effort scale).

• Although 44% were happy with the outcome of their complaint, 45% were not.

• Customer service when making the complaint was the top reason for this dissatisfaction, with reasons such as not feeling the company was taking ownership or having to make multiple contacts before getting an answer cited.

• Nearly half of those who were unhappy did not escalate their case with the water company from stage 1 to stage 2. As well as the barrier of effort, 40% felt nothing would change and 30% said they were unaware of the right to escalate for review.

• Although referenced by a minority (5%), accessibility, in the form of understanding the process and correspondence skills was cited as a barrier to escalation.

• 58% of respondents who escalated their case to review (stage 2) but remained unhappy after exhausting the company process were unaware of their right to escalate to CCW.

• If people were unhappy with the outcome of their initial complaint to their water company, they were likely to stay that way, either because they did not escalate their complaint or because a review (stage 2) complaint did not resolve the matter for them. Only 5% of respondents who escalated their case to review were satisfied with the outcome.

Further studies by **Ofgem[[99]](#footnote-99)** and **CCWater/Ofwat[[100]](#footnote-100)** demonstrate a consistent pattern of consumer dissatisfaction or frustration with the outcome or the process of making a complaint.

**Learning from others’ mistakes, and the way they have put things right**

Key areas from across the Water and Energy sectors that are believed would benefit consumers in other sectors, such as communications, are:

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| 1. The Complaints process needs to be consumer-focussed, well-publicised, easy to access through a variety of channels at the election of the customer. Particularly, vulnerable customers may be disadvantaged otherwise. Other barriers to access, such as lengthy phone call waiting times, need to be reduced with call-back options made available. 2. In Energy, a Supplier is obliged to write to the customer the day after the complaint is made with information about how the complaint will be handled and with details of ADR should the Supplier not resolve the matter. This is not so in Telecoms and could help bring more transparency to the process and manage customer expectations. 3. When complainants face a polite but unhelpful response from staff who don’t seem to be taking their complaint seriously enough, it can cause stress and may lead complainants to switch. Frontline staff need to show respect and empathy towards the complainant. Provider representatives should be empowered to resolve problems with the minimum of effort from the consumer.[[101]](#footnote-101) They should take the complaint seriously from the start and believe the complainant; investigate complaints properly and be proactive in exploring what may have gone wrong. 4. Specialist or dedicated teams or points of contact for vulnerable consumers with a complaint would reduce barriers to complain. 5. Customer expectations need to be managed from the outset in terms of the timescales of investigating the complaint and the potential outcomes. They should improve communications with the customer during the complaint process – including regular updates where appropriate[[102]](#footnote-102). Providers need to be reliable about re-contacting complainants when they say they are going to. Full complaint history records need to be up to date. These elements are particularly important in the absence of a single point of contact. 6. Resolution times need to be shortened as far as possible in order to have a positive impact on the overall experience. However, it needs to be case-specific depending upon the complexity of the issue. In resolving the matter, the Provider should give a transparent written response with facts and figures that people can understand. 7. Providers should provide more information about escalation processes and, in particular, alternative resolution routes (ADR). The lack of awareness of alternatives makes the process feel more stressful (if closure is not reached relatively quickly). In **Energy**, some customers escalate the complaint to more senior staff as they feel that quality of response from staff, they were dealing with is inadequate, which in some cases is driven by the lack of understating of the issue by initial response staff. A minority of unresolved complaints are referred to third parties, however, where there is a lack of ongoing communication (and thus complainants are being kept in the dark about their situation), this adds to customer dissatisfaction and prevents formal complaint closure. It is those cases that a more structured management system would be beneficial to reassure the complainant that the supplier is dealing with the issue. Closure is important, and complainants look for an explanation of what went wrong – compensation is less important. 8. There is no uniform way of measuring customer satisfaction in complaint handling. For example, some companies in **Water**, do not measure satisfaction in terms of the outcome of the complaint. The assumption is that if the customer did not pursue the matter, then they were happy with the outcome. Of course, in reality, there could be numerous reasons why the consumer didn’t follow it through, e.g. unhappy with the outcome but understands that there is no further grounds to pursue it; fatigue from the complaints process; unaware that the complaint could be escalated. Companies should measure and record customer satisfaction in terms of both outcome and satisfaction with the complaints handling process. In terms of transparency and fairness, this data should be published. 9. Greater attention should be given to identifying and recording data relating to vulnerable consumer complaints. In **Water**, some companies do not record data around the experiences of vulnerable consumers trying to navigate their complaints systems. Others do, but with a range of quality and nature in terms of vulnerability, e.g. only including customers on their PSR; customers accessing a financial help tariff; or both. So, any comparison between company performance and, more importantly, lessons learned that can be feedback to improve the complaints process for that set of customers, is lost. 10. Collaboration: learning from complaints processes outside the regulated sector, undertaking collaborative research and learnings, agreeing common definitions (e.g. vulnerable consumer), and sharing best practice rather than each provider reinventing the wheel. |

In its recent Consultation document on the **future of regulation in the postal sector**[[103]](#footnote-103), **Ofcom’s research** found that there were difficulties for consumers making a complaint or contacting parcel operators, complexities with the process itself, and unsatisfactory outcomes. The issue is serious enough for Ofcom to be contemplating tightening guidance around this, and that in itself should galvanise postal operators to be doing more in this area.

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| **Good practice – Energy Case Study[[104]](#footnote-104)**  Ofgem looked at evidence of good practice in domestic and micro-business markets and concluded that:  “Satisfaction was driven by professional staff encountered at the start of the journey, and more consistency with getting back to complainants when agreed. Staff played an important role in the complaints handling process. While there are still many improvements to be made in this area, professionalism with which complaints were dealt with was a key driver of satisfaction, together with staff being more reliable… and getting back to complainants when agreed. This helped reduce the information vacuum, and effort complainants needed to make, to get their complaint resolved. This treatment needs to be injected further into the process more consistently to drive satisfaction with complaint handling upwards.  Dissatisfaction was driven by a lack of ongoing communication, made worse by lack of clarity around resolution timescales. There have been some significant improvements in how complaints were handled, however, the areas for improvement remain consistent... There is still an issue with a lack of ongoing (and proactive) communication from suppliers. This was the main driver or the resolution gap and is exacerbated by lack of clarity around resolution timescales. This was not helped by some staff seeming unhelpful and unconcerned by the complainants’ cases when contacted.  Furthermore, upon resolution, complainants expected to receive an explanation of the problem, and a lack thereof further contributed to an information vacuum potentially created earlier in the process, when ongoing communication was lacking. The lack of ‘proper’ closure gave the complainants little or no confidence that the complaint had been fully resolved and the issue won’t happen again”. |

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| **Good Practice – Water Case Study[[105]](#footnote-105)**  The Consumer Council for Water has praised the pledges made by a group of companies across England and Wales after it challenged the whole industry to improve on the existing standard commitment of ten working days.   Most of the companies have cut their target to five working days, with Northumbrian Water proposing a more ambitious target of two working days.  By way of learnings from slightly outside the regulatory sector, CCWater commissioned a study[[106]](#footnote-106) in 2020 to understand in more detail the journey that customers follow when they contact them with a complaint or enquiry about their water and/or sewerage service. Following an increase in the number of complaints it received from those consumers, it wanted to provide customers with a more tailored journey to their particular needs, ultimately that led to an increase overall satisfaction with CCW. Its research included a five-stage study which incorporated extensive analysis of existing customer service data, and in-depth qualitative and quantitative interviews with customers, including those in a range of vulnerable circumstances.  This identified five ‘journey personas’ which customers have taken in the past, two of which were followed by ‘more complex’ cases, and three by ‘less complex’ cases. The different personas also varied according to the level of CCW caseworker required to resolve the case, the time it had continued for, and the type of outcome.  As a result of the in-depth interviews with customers who had experienced each of these journey personas and further analysis, guidance was created on how to identify what the most appropriate journey persona is for a new customer. This ‘triage’ process initially just identifies whether a case is more or less complex as this is the only distinction that can be made with the case attributes usually available at this point. As the case progresses, it can then be directed along a more specific journey pathway, for which identification is driven by the most likely outcome, and the length of time the case is likely to take to be resolved.  It also identified attributes of the customer journeys which, if improved through changes to CCW’s systems and procedures, would increase customers’ satisfaction.  Some of these are specific to the different journey personas while others apply across all customers, such as quicker response times, providing updates/regular  communication (particularly by phone), impartiality, proactivity at the outset, and provision of quality information.  Overall, the research has given CCW actionable insights into how to identify the best journey pathway for each customer, and how to optimise that journey so that they will have a better experience and be more satisfied. |

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| **Takeaway: Effective Complaint Process**   * Complaint process needs to be consumer-focussed, well-publicised, easy to access through a variety of channels at the election of the customer. * A clear understanding of the process, timescales and possible outcomes needs to be given to the customer at the outset. * Customer expectations need to be managed from the beginning. * Staff need to be empowered to resolve issues promptly, act professionally and do what they say they are going to do. * A consistent approach needs to be adopted to generate trust. * More data and analysis of how vulnerable customers experience the complaints process would enhance an understanding of how they can be treated fairly and provide insights that can be fed back into learnings for the organisation. * Companies need to understand and separate out customer satisfaction with the outcome of the complaint as opposed to satisfaction with the process itself. |

# **Conclusions and Moving Forwards in the Communications Sector: key points for consideration following this review**

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| What is universally clear from this review is that no one single regulated sector can claim to be delivering excellent customer service in every type of interaction with their customers and on every occasion. All the sectors struggle, but some individual companies have innovated in some areas and produced insights into how things can be done better.  The little “nuggets” of good to best practice have one thing in common – creativity on the part of the provider. Some have managed to move themselves away from a traditionalist mind-set, and by thinking “out of the box” have come up with ideas that serve both their customers and their businesses better.  What follows is a set of recommendations as an output of this review. | Person watching empty phone |
| **Author’s Recommendations** |  |
| **Culture and Leadership**   * Telecoms and postal services should not be considered as if they were just any other service that is on offer to the general public. In today’s world, they are essential services that offer great opportunities for Providers, but also come with great social responsibilities. As in Energy and Water, Providers should be thinking in terms of their wider societal impacts as well as how they interact with their individual customers, especially those with additional access requirements. * There is a direct corelation between the culture of an organisation and successful customer service. Equally, companies that do well in terms of customer service tend to perform better commercially. That drive to succeed and make an organisation customer-centric, must come from the top, so, it needs total buy-in by the CEO. * Customer charters are another way of enshrining the commitment to the customer in a public way. However, they are only as good as they deliver in practice. * Ideally the concepts of “fairness” towards customers and a true understanding of “vulnerability”, should be enshrined in the governance of the organisation, so that it becomes part of its DNA and cascades down through every level. It should be overseen by a senior executive or an independent non-executive director (NED) to lead/challenge decision-making on customer affairs. Some companies have “Customer Champions”, but these need to be at a very senior level to prove that their input is being taken seriously. * “Fairness” should be applied to every commercial facet and decision-making of the business, without becoming a tick-box exercise. No consumer resents a business making an honest profit from its commercial activities, but it will rail against feeling used purely as a source of revenue, whether by not being offered reasonable terms as a loyal customer, or not listened to and understood because of their circumstances. | |
| **Action Plans**   * In order to demonstrate that the Provider is on a continuous journey in the quest to deliver excellent customer service, and also to show lessons have been learned from the past, an Action Plan should be published regularly (bi-annually) detailing changes and improvements as to how it interacts with its customers. To start with, an immediate audit should be undertaken, ideally involving external independent assessors, to benchmark what the organisation has achieved so far and what its immediate priorities ought to be. | |
| **Monitoring and Reporting**   * Providers need to be transparent about their successes and their failures. They need to be innovative in the metrics they use to measure customer satisfaction and their performance. The measures need to be consumer-focussed on outcomes and include internal data as well as independent research from outside the organisation. Companies should use sophisticated tools and soul-searching in their root-cause analysis of their data. The challenges and input of any “Customer Champion” or NED need to be recorded. All of this should be published as a clear sign of the commitment of the Provider to do the right thing by its customers. * Those companies that hold themselves out to meet certain standards in a Charter or similar public document, need to have appropriate tools and metrics to measure their performance against those commitments and to publicise the results. | |
| **Collaboration**   * The picture that is painted by experts is that there is little by way of collaboration between Communications Providers around good practice or industry-wide initiatives that benefit the whole sector. No trade body exists that could act as an umbrella to promote and channel such initiatives. In energy, Energy UK does just that whilst all its members retain their competitive edge with their fellow suppliers. The Communications Consumer Panel and Ombudsman Services may, individually or together, be able to offer a platform upon which to discuss and create innovative ideas that can be shared and benefit the whole sector. | |
| **Work with External Specialists/Experts**   * Companies should proactively engage with experts in fields of vulnerability and disability to more fully understand how to identify different forms of vulnerability, how to encourage self-identification by those in vulnerable circumstances and how to fully embed a deeper understanding of vulnerability into the culture of their organisation. This should include contact points, specialist training for staff and dedicated teams empowered to deal with this group of customers. It should also include referral paths for providers to help vulnerable customers get help from advice and specialist charitable organisations. * Providers should also look at the CCWater example of a form of triage of complaints, so that all customers get a consistent service of an approach and tailored-resource commensurate with the nature of their problem. * Ofcom should look to build a relationship with the Equality and Human Rights Commission in the same way as the FCA has, to share information and expertise and as a way of developing its Fairness Commitments. | |
| **Publicising help and support**   * Companies should expand the ways and opportunities they have to publicise the different forms of help that are available to any customer, but especially people with additional access requirements or in vulnerable circumstances. It should be publicising and offering these over multi channels in a clear and unstigmatised manner. * Providers should also be forging new and closer ties with external organisations and charities that can provide advice, support, and perhaps financial assistance to those in vulnerable circumstances. * They should also be considering the Water example and set up their own hardship funds or trusts to help customers in debt to their Provider.   **Social Tariffs**   * In addition to existing requirements and efforts by Providers to assist customers struggling to afford broadband, mobile or landline contractual prices, Telecoms companies should be looking to offer Social Tariffs that are well-publicised so that customers are aware that the tariffs offer the following price and non-price protections: * offer discounts against commercially available prices. * offer pricing stability (no mid-contract price rise). * avoid early termination charges. * have minimal initial upfront costs. * well promoted to raise awareness among people who could benefit from them. * Fixed and mobile broadband can be an essential tool for all of us, but for those in challenging financial circumstances, the loss or restriction of them can create serious disadvantage in terms of essential contact with government and health services, seeking/keeping employment, or study. Those companies that offer Social Tariffs currently, base customer eligibility upon being in receipt of government benefits. Whilst this undoubtedly targets those potentially most in need, it doesn’t necessarily capture those whose circumstances may be such that they earn too much to qualify for a benefit, but whose basic outgoings/needs outstrip their income. The terms of such tariffs should reflect financial hardship and ability to pay, and by default should be progressive in their thinking around disconnection, restriction of service, freephone contact when disconnected and ability to pay any debt. * Fairness should not be exercised solely by major providers but should be engrained in all across the sector. Customers should not have to face a lottery on such fundamental issues as the provision of Social Tariffs or a fair reaction to debt or restriction or disconnection of such an essential service. * Current new commitments from major Broadband and Mobile operators are highly welcomed but should be a permanent feature offered by all operators. Ofcom should conduct some form of review at the end of that period to assess the efficacy of such plans and to assess and quantify the benefits to consumers.   **Priority Service Register**   * The Communications sector should consider creating a register held within each company that captures and maintains details about customers in vulnerable circumstances. It should be analogous to the Priority Service Register in Energy and Water but clearly not a total replica of them. Such a register in Telecoms may not be able to offer the same safeguards as its counterparts in Energy and Water, but nevertheless it could act as a central repository of customer information that would trigger, for example, more frequent communications to the customer relevant to their situation, dedicated routes for the customer to use when needing to contact their Provider, as well as the priority fault repair for customers who rely on their service or are disabled. With consent, the information could be transportable if the customer chose to switch Provider, negating the need to reinform the new supplier. * In postal services, concerns exist around the quality of service that disabled consumers are receiving. An ability for customers to be able to express their needs and for those needs to be met by delivery operatives would enhance the consumer experience and generate greater customer satisfaction. This should be applicable across all postal service operators. * Ofcom should also consider as part of its review of postal services, a requirement for all postal operators to provide a variety of contact channels for all consumers. | |
| **External Auditing and Accreditation**   * Linking back to culture and leadership, Providers should carefully consider the benefits of having regular independent audits of their processes and performance by external bodies. Ideally these should be published. It is difficult to maintain focus on a consumer-centric philosophy one hundred percent of the time and often a change in personnel, especially at a senior level, can lead to a loss of corporate memory as to why certain policies or practices were adopted and why they serve the customer and the company well. * Industry awards can be a sign that a company is doing something in a particular area of their business that is commendable. Sometimes they can be self-serving, in that the company nominates itself or pays to be considered for nomination. They also do not * cover the entire breadth of the organisation’s policies, procedures, and behaviours. Excellence in one area can be in contrast to poor performance in another. * An alternative could be to seek accreditation (e.g. BSI, Institute of Customer Service), whereby the company is given a full “health-check” before receiving the coveted award. These are rigorous in nature and time-limited, in that they are only for a fixed period (e.g. 3 years) and thereafter the company needs to be re-vetted. They are the ultimate challenge to the culture and commitment of a company to do what it says it does. * Some companies may be fearful of exposing themselves to external organisations to audit or vet their culture, processes, and performance. I have heard it said: “No one understands our company better than we do.” Also, “how dare someone tell us how to run our business.” With respect, such statements miss the point. Is it not better to truthfully understand what you do well as a business, and what you need to do better? As a patient, is better to accept a diagnosis you don’t necessarily like, take the medication and get better, than deny there is anything wrong with you, until it is too late? | |
| **Smart Data**   * Fresh impetus needs to be encouraged and to happen in the cross-sector project on Smart Data to make the ability to share, with their consent, customer details across essential services. A joined-up approach across the sectors and a more complete understanding of customers broader financial difficulties is a must if “ability to pay” is to be fully understood and taken on board. It is already too late for the those in the current financial crisis, and so progress needs to be made and as a matter of urgency. | |

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| **About the Author:**  Robert Hammond  **Photo of Robert Hammond, Author of this think piece** | Robert Hammond is a consultant with more than 22 years’ experience in the field of consumer, social and public policy. He has worked for Ofgem, energywatch, and then as a Director of Policy at Consumer Focus and Citizens Advice, in the energy, telecoms and postal services sectors.  Between 2018 and 2019, he was an Associate at the think-tank, Sustainability First, on their Fair for the Future Project, a strategic policy initiative on the political and regulatory uncertainty and risk relating to fairness and the environment in the UK Energy and Water sectors.  Robert is the independent chair of the Post Office Advisory Group, a stakeholder policy group that includes Post Office Limited, BEIS, trade unions and representative bodies as well as Citizens Advice and other consumer representatives. |

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* Communications Consumer Panel
* Ofcom Networks and Communications Group
* Essential Services Access Network
* NEA
* Non-Executive Board Member, Ofcom
* Sustainability First

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# **Annex 1**

**A sample pf customer statements about core values from Financial Services Consumer Panel research[[107]](#footnote-107)**

**Being accessible**

When I contact my bank by phone, I have to call a premium number I am kept waiting for long periods before I can speak to someone who can help me

When I try to contact my bank, I find it easy to speak to someone who can help me

**Treating customers as individuals**

* Staff read from pre-prepared scripts when I contact them
* I have to keep repeating the same information each time I have to contact my bank with a query
* All the staff I have contact with are knowledgeable
* Staff are able to access all relevant information to my needs when I contact them
* Staff listen and take account of my needs when I contact them

**Being proactive in meeting customer needs**

My bank will contact me to let me know of any changes, products or information that would benefit me

I have to find out about any changes, products, or relevant information myself

**Taking responsibility when things go wrong**

* The banks resolve issues with continuity of staff and information
* My bank always resolves I issues in a fair and satisfactory manner

I find resolving issues difficult with my bank as I have to repeat the information at each contact

# **Annex 2**

**A sample of Consumer Attitude Statements, to measure how well a provider performs against certain values: Financial Services**[[108]](#footnote-108).

Each pair comprises a negative and positive version of the same concept that can either be used as standalone statements or as anchors at opposite ends of a ten-point scale.

**Value: Accessibility; Channel: All channels**

|  |  |
| --- | --- |
| I am able to choose how I contact or do business with my bank | My bank restricts how I contact or do business with them to ways I prefer not to use |

**Value: Accessibility; Channel: Telephone contact**

|  |  |
| --- | --- |
| When I telephone my bank, I can get to speak to someone who can help me without going through lots of menus first | When I telephone my bank, I have to go through lots of menus in order to speak to someone who can help me |

**Value: Open and transparent; Channel: All channels**

|  |  |
| --- | --- |
| The information I receive from my bank about a new product’s terms and conditions is always clear and easy to understand | The information I receive from my bank about a new product’s terms and conditions is always difficult to understand |

**Value: Sensitive in difficult situations; Channel: All channels**

|  |  |
| --- | --- |
| My bank’s systems are flexible enough to deal with difficult or unusual situations | My bank’s systems are inflexible and cannot deal with difficult or unusual situations |

**Values: Take responsibility; Treat customers as individuals; Channel: All channels**

|  |  |
| --- | --- |
| My bank keeps a good record of the information relating to my problem, so I don’t have to repeat myself | I have to repeat the same information each time I speak to someone about my problem |

**Values: Take responsibility; Proactive; Channel: All channels**

|  |  |
| --- | --- |
| I believe that if the bank has made a mistake, it will automatically correct it and give me a refund without needing to complain | I believe that the bank will only refund me once I have made a complaint |

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