**The National Hubs’ – January/February 2021: Affordability of communications services and consumer debt – Consumer issues and impacts**

In January/February 2021, the Panel’s National Hubs focused on the affordability of communications services and on meeting the needs of communications consumers in debt. The Covid-19 pandemic has exacerbated social inequalities and widened the digital divide, forcing many consumers, citizens and micro-businesses to make difficult financial decisions to remain digitally connected.

In 2020, prior to the pandemic, we published research on the experiences of communications consumers from low-income households. We found that many consumers were prioritising communications payments above essentials such as food and other utilities. Our research recommendations called for providers to adopt the [‘PERFECT’ model](https://www.communicationsconsumerpanel.org.uk/research-and-reports/dont-cut-me-off-the-experiences-of-communications-consumers-living-in-low-income-households-in-the) to better support consumers, where they were not already doing so.

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**THE ‘PERFECT’ MODEL**

* **Proactivity** – make consumers aware of options available to them
* **Empathy** – empower customer service agents to deal with payment management
* **Respect** - understand a consumer’s individual needs and circumstances
* **Flexibility** – help and allow consumers to reduce communications costs
* **Ease** – provide consumers with the information required to make informed decisions
* **Clarity** – ensure that information is accessible to all consumers
* **Transparency** – provide information in plain, jargon-free language
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We continue to encourage providers to do all they can to help consumers, citizens and micro-businesses throughout this uncertain time. We welcome the extensive support that the [UK Government, Ofcom and the UK’s major communications providers put in place at the beginning of the pandemic,](https://www.gov.uk/government/news/government-agrees-measures-with-telecoms-companies-to-support-vulnerable-consumers-through-covid-19) including further subsequent support provided by individual communications providers.

To better understand how affordability of communications services and consumer debt is affecting consumers, citizens and micro-businesses, we sought views from a range of consumer-representative organisations across the UK Nations. We focused on the impacts of affordability of communications services and debt on communications consumers and how the communications sector could help. Ofcom’s representatives attended the meetings to provide participants with an overview of their [recent research on the affordability of communications services](https://www.ofcom.org.uk/phones-telecoms-and-internet/information-for-industry/policy/affordability-of-communications-services), giving participants an opportunity to raise questions or concerns and to share information on the types of issues facing the consumers they represent.

Highlighted below are key messages that emerged from participants at our Hubs across the UK Nations.

1. **Digital connectivity needs to be affordable and available to all consumers who want to participate digitally – recognising that it has become an intrinsic part of everyday life.**
2. **Many consumers, citizens and micro-businesses find it difficult to afford communications services and would benefit from a guaranteed, low-cost service.**
3. **Availability of initiatives that could make communications services more affordable to UK consumers, citizens and micro-businesses should be promoted more widely.**
4. **Communications services should be designed inclusively, eliminating unfair premiums experienced by some consumers.**
5. **Data should be shared securely and ethically across sectors to further understand the needs of financially vulnerable consumers.**
6. **Policies and practices in the communications sector should be improved on a continuous basis, to better support financially vulnerable consumers.**
7. **Alongside the need for affordable communications, digital skills must also be improved.**

A full summary of our discussions and those who took part can be found below.

1. **Digital connectivity needs to be affordable and available to all consumers who want to participate digitally – recognising that it has become an intrinsic part of everyday life.**
	* + - Being unable to afford communications services or the infrastructure required to gain a connection means that consumers are unable to participate digitally.
* In some cases, payment of money owed to communications provider is prioritised over other utilities for fear of being disconnected. This is because regulatory safeguards that protect consumers from being ‘cut off’ are in place across other essential services, but not in the communications sector.
* Digitally excluded consumers are less likely to be aware of available support, including online tools that can help to drive-down costs such as price comparison websites.
	+ Many public services have moved online requiring a digital connection and, in some cases, downloading an app, which can only be accessed via a smartphone.
	+ Adequate access – connections that are resilient, secure and fast - have become essential to citizens attending healthcare and wellbeing appointments conducted via online video consultations.
	+ Digitisation of the healthcare sector is likely to have impacted financially vulnerable consumers required to shield under the pandemic protection measures.
	+ Digitally excluded consumers, particularly throughout the pandemic, have been unable to easily access their bank accounts.
	+ Online learning is inaccessible to many consumers, causing the digital divide to widen.
	+ Recent research found that barriers to accessing education during the latest lockdown included no internet access; insufficient data allowances; and no digital devices.[[1]](#footnote-1)
	+ The UK and Devolved Governments should focus on improving digital connectivity, access to digital devices; digital skills and confidence amongst parents and carers across the country for the longer term.[[2]](#footnote-2)
	+ To achieve digital inclusion, the UK and Devolved Governments need to provide support to consumers to secure sustainable access to communications services.
1. **Many consumers, citizens and micro-businesses find it difficult to afford communications services and would benefit from a guaranteed, low-cost service.**
* Industry should provide a basic, affordable connectivity service to all UK consumers, regardless of circumstances. A standard service should align with recommended speeds across the UK and meet consumer needs, reflecting the fast-paced nature of the digital market.
* Many older consumers are socially excluded and would benefit from a guaranteed, low cost digital service.
* Consumers receiving hardware via post – to assist with working from home - have experienced significant postage charges.
* Many consumers and small businesses are unable to afford digital devices that meet their digital needs. In addition, many devices quickly become out of date as technology evolves.
* In January 2021, Digital Equality Scotland surveyed 139 Members, of whom 83% had been unable to afford their broadband and mobile packages.
* Affordability is a significant issue for farmers and crofters due to the costs associated with upgrading or installing a connection. This impacts their ability to efficiently run and innovatively expand their business model.
* Any tariffs introduced to support financially vulnerable consumers should be consistent and outline clear eligibility criteria to avoid consumer confusion – a consistent approach would also help debt advisory bodies when providing advice to consumers.
* The communications sector should consult and learn from other sectors where support initiatives have already been introduced e.g. social tariffs / price caps and automatically switching consumers onto better deals.
	+ Mobile data packages can be costly. PAYG consumers will avoid going into bad debt but will be unable to access mobile data if they cannot afford it.
	+ The ‘loyalty penalty’ – where customers who are out-of-contract pay more - should continue to be monitored. Ofcom has introduced regulations to encourage consumers to switch and negotiated voluntary commitments with the major CPs to automatically move out-of-contract ‘vulnerable’ consumers onto better deals.
	+ Connectivity initiatives will bring connectivity to many households, particularly in rural communities. These services should be affordable, particularly in areas where competition is limited.
1. **Availability of initiatives that could make communications services more affordable to consumers, citizens and micro-businesses should be promoted more widely.**
* Consumer awareness of social tariffs and other support initiatives is low. Industry needs to raise awareness of support available to financially vulnerable consumers, using accessible communications methods that will reach consumers who are offline and/or harder to reach.
	+ Industry should better promote awareness of good deals across the market, which are available to all consumers in addition to those who receive welfare benefits.
	+ Information on connectivity initiatives and available funding needs to be shared more widely. This information needs to be accessible, clear and jargon-free, particularly for individuals with additional access requirements, low literacy levels or where English is a second language.
	+ Initiatives introduced by providers to support consumers should be available UK-wide, particularly in the context of the pandemic e.g. zero-rated educational websites. The initiatives should also be consistent, ensuring that consumers who switch provider are able to receive the same support.
* Providers and other utility companies should work together to help tackle affordability and debt issues. For instance, cross-sector coordinated communications would help to raise consumer awareness of support available.
1. **Communications services should be designed inclusively, eliminating unfair premiums experienced by some consumers.**
	* D/deaf consumers pay a ‘disability premium’ or ‘poverty premium’ to benefit from additional communications requirements e.g. notetakers and/or interpreters. These additional communications requirements will also require and be reliant on a secure, reliable connection. This issue has grown since the Covid-19 pandemic where consumers with additional communications needs have been working from home and/or home schooling and household connectivity is not fit for purpose. This has also been compounded by rising domestic bills.
	* Many consumers do not qualify for communications contracts e.g. monthly tariffs and while PAYG tariffs offer an alternative, they tend to be more expensive. In addition, recent support initiatives introduced in response to the pandemic did not extend to pay-as-you-go (PAYG) tariffs.
	* Consumers on flexible contracts who are financially unstable would benefit from an alternative payment service to direct debit. Industry should consider a review of payment methods to reflect changing consumer behaviour.
	* The UK Government and Devolved Governments should provide financial support for consumers with additional communications requirements.
	* Research conducted to further understand the needs of communications consumers should capture the voices of those who are harder to reach and might have specific communications needs.
	* Any consultations processes by public bodies, should be conducted by a variety of communications channels (not digital-only) and seek to include a diverse range of voices.
2. **Data should be shared securely and ethically across sectors to further understand the needs of financially vulnerable consumers.**
	* Communications providers and other utility companies should share data to help identify consumers requiring additional support.
	* Industry should improve how consumer needs are identified and recorded.
	* Data sharing would lessen the burden on consumers who require additional support having to ‘self-identify’, which can act as a barrier due to embarrassment and/or the stigma around poverty.[[3]](#footnote-3)
	* The communications sector should seek to understand through research and other means the needs of financially vulnerable consumers across the UK and individual Nations.
	* Industry should be aware of how intersectionality can impact consumers’ life experiences to help understand and meet consumers’ needs.
3. **Policies and practices in the communications sector should be improved on a continuous basis, to better support financially vulnerable consumers.**
	* Consumers have struggled to get in contact with communications providers to switch, cancel or scale down existing services. Consumers have experienced lengthy call waiting times compounded by being unable to make changes via an online facility. Providers should ensure that a variety of accessible communications channels are available to consumers.
	* Research has found that mobile consumers are less likely to switch than other services and could pay an additional £100 per year.[[4]](#footnote-4)
	* Industry should seek to understand the reasons why customers are struggling financially. This could provide an opportunity to help consumers manage their finances more effectively e.g. offering a payment plan. Inevitably, consumers’ financial circumstances will differ, and one solution will not suit all consumers.
	* Existing forbearance policies should be extended, to reflect people’s precarious circumstances and to mitigate any ‘cliff-edge’ effect of the pandemic.
	* Industry should signpost financially vulnerable customers to debt advisory organisations.
	* Industry should ensure that switching processes are swift and simple to help consumers save money.
	* Further work is required to encourage consumers with additional access requirements to self-identify so that their providers can assist them.
4. **Alongside the need for affordable communications, digital skills must also be improved.**
* Digital poverty is wide-ranging, far-reaching and encompasses digital skills and lack of confidence. If consumers do not have the digital skills required to benefit from online activity, then a connection is futile.

**Stakeholders who contributed to the discussions are listed below.**

* **Good Things Foundation**
* **Includem**
	+ - * **Independent consumer representatives**
* **ILC-UK**
* **Money and Mental Health Policy Institute**
* **National Association of Deafened People**
* **National Farmers’ Union**
* **NFU Scotland**
* **NHS Wales Informatics Service**
* **Northern Ireland Council on Voluntary Action**
* **Ofcom**
* **Ofcom’s Advisory Committees**
* **The Race Equality Foundation**
* **RSABI**
* **Rural Health and Care Wales**
* **Scottish Government**
* **Senedd Cymru**
* **Stepchange**
* **Wales Council for Voluntary Action**
* **Wavelength**
* **Welsh Government**
* **Which?**
* **Advice Direct Scotland**
* **Age Scotland**
* **Age UK**
* **Carers Wales**
* **Carnegie**
* **Children’s Commissioner Wales**
* **Christians Against Poverty**
* **Citizens Advice Scotland**
* **CLA**
* **Competition and Markets Authority**
* **Consumer Council for Northern Ireland**
* **Consumer Council for Water**
* **COSLA**
* **Countryside Alliance**
* **DeafScotland**
* **Department of Agriculture, Environment and Rural Affairs**
* **Disability Equality Scotland**
* **Digital Office Scotland**
* **Diverse Cymru**
* **DWR Cymru**
* **Fair By Design**
* **Farmers’ Union Wales**
* **Federation of Small Businesses**
1. [Getting online: barriers and successes for the provision of online learning during the January 2021 Tier 4 lockdown - A briefing from the Children's Commissioner for Wales](https://www.childcomwales.org.uk/wp-content/uploads/2021/01/GettingOnline_ENG_270121.pdf) [↑](#footnote-ref-1)
2. [Getting online: barriers and successes for the provision of online learning during the January 2021 Tier 4 lockdown - A briefing from the Children's Commissioner for Wales](https://eur01.safelinks.protection.outlook.com/?url=https%3A%2F%2Fwww.childcomwales.org.uk%2Fwp-content%2Fuploads%2F2021%2F01%2FGettingOnline_ENG_270121.pdf&data=04%7C01%7CChloe.Newbold%40ofcom.org.uk%7C6ca302b16d71494f1ed808d8c3a47393%7C0af648de310c40688ae4f9418bae24cc%7C0%7C0%7C637474458392625024%7CUnknown%7CTWFpbGZsb3d8eyJWIjoiMC4wLjAwMDAiLCJQIjoiV2luMzIiLCJBTiI6Ik1haWwiLCJXVCI6Mn0%3D%7C1000&sdata=Oj6MK87pTKY6MD72HnmP08t85mfjXlXdtctIkwMYOPo%3D&reserved=0) [↑](#footnote-ref-2)
3. [Getting online: barriers and successes for the provision of online learning during the January 2021 Tier 4 lockdown - A briefing from the Children's Commissioner for Wales](https://www.childcomwales.org.uk/wp-content/uploads/2021/01/GettingOnline_ENG_270121.pdf) [↑](#footnote-ref-3)
4. [Out-of-contract mobile customers could be overpaying by almost £100 a year - Which? publication](https://www.which.co.uk/news/2021/01/out-of-contract-mobile-customers-could-be-overpaying-by-almost-100-a-year/) [↑](#footnote-ref-4)