

Communications Consumer Panel and ACOD response to The Citizens Advice and Citizens Advice Scotland draft work plan for 2016/17

The Communications Consumer Panel (the Panel) and the Advisory Committee on Older and Disabled People (ACOD) welcome the opportunity to respond to The Citizens Advice and Citizens Advice Scotland draft work plan for 2016/17.

The Panel works to protect and promote people's interests in the communications sector, including the postal sector, as an independent statutory body, set up under the Communications Act 2003. The Panel carries out research, provides advice and encourages Ofcom, governments, the EU, industry and others to look at issues through the eyes of consumers, citizens and micro businesses.

The Panel pays particular attention to the needs of older people and people with disabilities, the needs of people in rural areas and people on low incomes - and the needs of micro businesses, which face many of the same challenges as individual consumers.

Four members of the Panel also represent the interests of consumers in England, Northern Ireland, Scotland and Wales respectively. They liaise with the key stakeholders in the Nations to understand the perspectives of consumers in all parts of the UK and input these perspectives to the Panel's consideration of issues. Following the alignment of ACOD with the Panel, the Panel is more alert than ever to the interests of older and disabled consumers and citizens.

Response

The Panel looks forward to working with Citizens Advice (CA), Citizens Advice Scotland (CAS) and Citizens Advice Cymru (operating under CA where appropriate) during 2016/17 to ensure that consumers' and citizens' interests are promoted and protected. We welcome the fully integrated workplan published for the first time this year by CA and CAS. We appreciate the clarity you have given to the challenges you intend to tackle in the year ahead and your two strand-approach to each challenge, with day-to-day issues and future-focused policy and research goals set out clearly for comment.

We also welcome CA and CAS' plans for an even deeper dialogue with their stakeholders; and for greater accountability. We note that regular reports on progress are to be submitted to Ofcom and we would value sight of these updates, to help keep us informed of pertinent issues related to Ofcom's consumer policies.



The Panel agrees that a defining challenge is “how do you improve consumer outcomes in a world of such rapid technological change?” - and it is outcomes that are most important. We believe that it is right, too, that there should be an emphasis on data and digital tools - and attention must be paid to those people who suffer detriment because they do not have access to such tools. So we welcome CA and CAS’ focus on these areas.

Many areas identified in the draft straddle many sectors but our response is confined to those areas of the CA and CAS’ work plan that are within the Panel and ACOD’s remit.

Postal Services

We believe that it is vital to maintain a universal postal service that meets the needs of all consumers. This must be financially sustainable, fit for purpose and, crucially, affordable - recognising both changes in market conditions and in consumer behaviour (both residential and microbusiness customers). Given the absence of any meaningful competition, the Panel believes that consumers need to have a strong and active voice in the market. Continued progress on Royal Mail’s efficiency is vital - so that cost management and reduction can link directly to sustaining the universal service at an affordable price for all who choose, or need, to use it - including people on lower incomes and those who live or work in harder to reach addresses.

We have welcomed that during 2016/17 Ofcom will publish the results of its fundamental review into the regulation of Royal Mail. It is crucial that Ofcom continues to ensure that the postal services provided are high quality, affordable and accessible. We believe, too, that access to redress when complaints are unresolved should be well promoted and easy to use. To this end, in addition to the other workstreams, we have urged Ofcom to closely monitor the quality of service targets and take robust enforcement action if these are not met.

We agree that particular attention must be given to protecting consumers (and, we agree, especially consumers in more vulnerable circumstances) in the face of rapid technological change and to ensure that new technologies give power to consumers. As well as empowerment new technologies should, we believe, bring ease and benefit to consumers and should be intrinsically inclusive - leaving no consumer at a disadvantage. We welcome the planned research in this area. We agree that people who are recipients (although not necessarily purchasers of services) within the sector also deserve and require protection.

As we know from Ofcom’s Communications Market Report (CMR)¹, older consumers send and receive more items of post but send fewer parcels and packets on average than the general population. Together with disabled consumers, they are more likely to be very reliant on post. The CMR reports that the average number of items sent per month

¹ http://stakeholders.ofcom.org.uk/binaries/research/cmr/cmr15/UK_6.pdf

increases with age, with those aged 55+ sending an average of 7.9 items per month compared to 4.0 items each month among those aged 16-34.

We strongly support your intention to promote the needs of vulnerable postal users in a digital economy. The Office for National Statistics' 'Internet Access report - Households and Individuals 2015'³ - found that 32% of adults aged 65 and over had never gone online. We believe it is particularly important therefore that all consumers and citizens continue to have access to an affordable, reliable and universal postal service and that those who either can't, or choose not to, access the internet are not penalised as a result. It is also of note that older people, who are less likely than the general population to be online, are more likely to live in rural areas - the DEFRA/ILCUK 2013 Rural Ageing Research Summary Report of Findings noted that, compared to the general population, proportionately more people aged 65+ live in rural areas than in urban areas. Rural infrastructure issues can also impact on broadband speed/mobile data coverage for those people that are online.

Given the significance that the particular demographics of age and rurality has in this area of work we would be interested to see how the work of CA, CAC and CAS reflects the relative importance of these demographics in each of the nations.

The Panel will continue to protect and promote the rights of micro businesses (with 10 or fewer employees) - and while they are not referred to explicitly in the CA and CAS work plan, we would highlight that they face many of the same challenges as domestic customers in the postal sector across the UK. We would therefore like to draw attention to the impact of postal charges on micro businesses, which may need to complete the same types of transactions as larger businesses, but may not have the choices, resources or bargaining power of their larger competitors.

Parcels

As the work plan states "if yesterday's archetypal postal services customer was a person sending a letter, today's is a person receiving a parcel". However 45% of consumers have not ordered on a specific occasion because of a concern about delivery². The Consumer Futures 2013 report, *Signed, sealed... delivered? Research into parcel delivery issues in remote locations* found evidence across England, Wales and Northern Ireland that some consumers experience problems with their parcel deliveries. Specifically, online shoppers living in some postcode areas experience a range of delivery issues both during and after online shopping, including higher cost for delivery, longer delivery times and no deliveries. They are also significantly more likely to have paid for a premium delivery service that they did not then receive. In particular, shoppers on the Isle of Wight and Scilly Isles are significantly more likely to have experienced these issues than those on Anglesey, which has strong connections to mainland Wales. Additionally, shoppers in Northern Ireland are

² http://stakeholders.ofcom.org.uk/binaries/research/cmr/cmr15/UK_6.pdf

significantly more likely than those in mainland England and Wales to have experienced all of these issues. The research found that shoppers across rural, remote and island communities are significantly more likely than those in urban areas to say that they see online shopping as essential because they do not feel they have much choice in the local shops where they live. This means that those consumers who feel most dependent on online shopping are the most likely to experience delivery issues both when shopping, and after they complete their orders.

The Citizens Advice Scotland September 2015 report, 'The Postcode Penalty: The Distance Travelled' revisited research from 2012 and found that while fewer online retailers impose surcharges for delivery to the Highlands and Islands, those who do impose a surcharge actually charge more than they did three years ago. Residents of the Highlands now pay 17.6% more than in 2012 and those in the Islands pay 15.8% more.

The recent Consumer Council NI report "The Online Parcel Premium" also refers to the Millward Brown Ulster - Annual Mail and Post Office Satisfaction Survey (2014) for Consumer Futures (Post) NI which found that 39% of customers surveyed had abandoned an online purchase because of delivery restrictions or having to pay more for delivery. The Consumer Council NI highlights that 33% of online retailers have delivery exclusions for NI and only 50% of online retailers offer the same price for delivery for NI and GB customers.

We welcome the themes for CA and CAS' new post work and we await with interest the outcome of the research projects listed in the work plan - particularly promoting the needs of vulnerable postal users in a digital economy. The range of research will provide valuable evidence and insight into the direct impact of market changes on consumers and citizens - and we look forward to working with CA and CAS to benefit consumers, citizens and micro businesses in the postal sector.

We are also interested in your work on access to postal services, as the benefits of choice for consumers and new markets for businesses that might be afforded by increased access to broadband often rely upon access to the postal network. Again, the roll-out of superfast broadband and support for Post Offices as access points, are areas where there is a policy divergence across the nations and we look forward to seeing how this is reflected in your work.

Complaints and redress

It is vital that the consumers who rely most on postal services do not suffer detriment as a result of the changing market and they should be able to retain, and build, their trust in the reliability of postal services. We welcome any steps CA and CAS take in raising consumers' awareness of their rights and choices, particularly in respect of complaints and redress.

We have continued to encourage clarification of the definition of the term “regulated postal operator” and were pleased to see that as part of their wider review of postal services Ofcom intends to consider clarifying the definition of the term “*regulated postal operator*”.³ We believe that clearer, more meaningful terminology will make it easier for consumers to understand their rights and how to assert them. Regardless of whether a postal service is regulated or not, we would argue that all postal consumers/users are entitled to a universal and consistent set of complaint handling standards. We would again highlight the needs of vulnerable consumers and how important it is that they have easy access to redress when they need it. Complaints processes and Alternative Dispute Resolution services must be accessible to all for free - including disabled people who may need to use assistive technology or require information in non-standard formats.

Cross Sectoral work

It is vital that consumer-focused organisations, regulators and industry groups work together to ensure that lessons can be shared across sectors, for the benefit of consumers, citizens and businesses.

We agree that it should be far easier to switch. The Panel has long called for improvements in switching processes in telecoms and we are pleased to see action being taken by Ofcom in this area. We support the CA and CAS’ proposed cross-sectoral work on switching and on helping to engage unengaged consumers. The Panel will continue to push for swifter switching processes that are simpler for consumers and offer more guarantees - against problems such as loss of service. Participants in our recent qualitative research into older and disabled peoples’ experience of the inclusivity of communications services (*Inclusive Communications - We’re not all the same*⁴) found that while respondents were likely to escalate issues and become more assertive where necessary, they were still less likely to consider switching provider.

We welcome CA and CAS’ ambition to tackle the issue of quantifying the economic scale of consumer detriment - and using data to provide early warnings of consumer detriment. We believe early intervention in policy making is vital for the protection of consumers and citizens. We contributed to the Extra Costs Commission’s⁵ investigations into the extra

³ <http://www.communicationsconsumerpanel.org.uk/downloads/150427---communications-consumer-panel--response-to-ofcom-postal-complaints-review.pdf>

⁴ <http://www.communicationsconsumerpanel.org.uk/research-and-reports/we-re-not-all-the-same-inclusive-communications>

⁵ <http://www.communicationsconsumerpanel.org.uk/downloads/extra-costs-commission-response-to-consultation---call-for-evidence-and-ideas.pdf>

costs faced by disabled people and would welcome more evidence in this area, in order to influence policy.

We agree that lessons can be learned by telecoms providers, from other sectors in terms of debt collection practices, as highlighted by CA's recent research *Falling Behind - an assessment of debt collection practices in the mobile phone market*⁶ and welcome the proposed work with UKRN. Providers' processes should be flexible enough to allow them to adapt to the needs of consumers in vulnerable circumstances and act responsibly and fairly.

We would be interested to see the outcome of CA and CAS' research into consumer behaviour - you may be interested in the Panel's earlier work in the area of *Behavioural Economics and Vulnerable Consumers*⁷. Similarly, we look forward to your work on using open data and new digital tools to engage customers. The recent review of the codes⁸ used by CA and CAS to record consumer issues is timely and worthwhile, and the appropriate use of consumer data offers many exciting possibilities for UK consumers and citizens. We are in the process of undertaking quantitative and qualitative research into consumers' and citizens' trust in the use of their data, examining issues such as awareness, consent and control and look forward to sharing the outcomes with CA and CAS in due course.

We welcome CA and CAS' proposed work on redress - the route to which should be quick and easy for all consumers. For telecommunications, we do not believe the two Alternative Dispute Resolutions (ADR) services (Ombudsman Services and the Communication and Internet Service Adjudication Scheme) are sufficiently promoted and unless the provider issues a deadlock letter they are certainly not quick to access. We have proposed that consumers' unresolved complaints should be eligible for investigation by the ADR services after four weeks rather than the current eight weeks. We have also proposed that data from the ADR services in respect of providers' complaints volumes should be published so that consumers are better informed about overall customer service performance. We believe that these moves would help empower consumers, facilitate quicker and easier access to redress and incentivise providers to do better. We note that CA and CAS plan to compare the performance of out-of-court redress schemes and we would value the opportunity to work with you in the context of ADR in the telecommunications sector.

In summary, we fully support the workplan. The structure and approach is clear and helpful and we believe that the areas of focus are the right ones.

⁶ www.citizensadvice.org.uk/about-us/policy/policy-research-topics/consumer-policy-research/consumer-policy-research/falling-behind/

⁷ <http://www.communicationsconsumerpanel.org.uk/behavioural-economics-and-vulnerable-consumers/behavioural-economics-and-vulnerable-consumers>

⁸ <http://www.communicationsconsumerpanel.org.uk/downloads/response-to-citizens-advice-consumer-codes-review.pdf>