

Open letter

Consumer vulnerability: cross-sector information exchange and distribution

How can companies better identify the needs of consumers in vulnerable circumstances across the energy and water sectors?

The regulators of the UK Regulators Network (UKRN)¹ want to ensure that consumers in vulnerable circumstances are effectively supported by regulated companies. We know that particularly in the energy and water sectors, companies already offer similar, non-financial support services, free of charge to consumers in vulnerable circumstances. For example, companies in both sectors offer password schemes to ensure that customers can safely identify engineers on the doorstep.

The nature of different circumstances of vulnerability, including where it may be of a transient nature, means that companies need up to date, good quality information about their customers' vulnerable circumstances in order to effectively support them. By building on the existing good practice by companies and the previous work of regulators, Ofgem and Ofwat through the UKRN are working together to identify the potential benefits, opportunities and challenges to the targeted, appropriate and proportionate exchange and distribution of information about consumers' vulnerable circumstances across the two sectors.

We have completed the scoping and initial engagement phases of our work and are now looking to engage further with interested parties to take this work forward.

Building on existing work in this area

In early 2016, [the UKRN published a leaflet](#) to help consumers in vulnerable situations identify free support services available across regulated sectors. Separately, energy and water companies began a joint venture to signpost one another's free vulnerability support services for customers. Building on this collaborative approach, the [2016/17 UKRN Forward Work Plan](#) committed to exploring further opportunities in this area.

We have identified a number of potential benefits, opportunities and challenges to improving the exchange and distribution of selected information about consumers' vulnerable circumstances across the water and energy sectors.

Potential benefits and opportunities

- It could save time for consumers by reducing the number of potentially stressful interactions they need to have to inform a range of companies when they are experiencing a circumstance which may make them vulnerable, improving the customer experience.
- Companies will be better equipped with information to anticipate and respond to the needs of consumers in vulnerable circumstances; particularly in crisis situations, such as extreme flooding, where multiple regulated services may be affected.

¹ The UK Regulators Network is a member organisation which facilitates collaboration across 13 of the UK's sectoral regulators. UKRN Members are: Civil Aviation Authority (CAA), The Financial Conduct Authority (FCA), the Payment Systems Regulator (PSR), Office of Communications (Ofcom), Office of Gas and Electricity Markets (Ofgem), Water Services Regulation Authority (Ofwat), Office of Rail and Road (ORR), Northern Ireland Authority for Utility Regulation (Utility Regulator), Single Source Regulations Office (SSRO), Financial Reporting Council (FRC), NHS Improvements, Water Industry Commission for Scotland (WICS), Legal Services Board (LSB).

- Targeted and proportionate information exchange and distribution could enable collaboration and shared learning between companies in the energy and water sectors who are looking to tackle vulnerability issues.
- There may be cost savings for companies – for example, there may be less need for companies to run awareness campaigns to identify consumers in vulnerable circumstances.

Challenges

- There are data security implications associated with the exchange and distribution of sensitive consumer information that need careful management.
- Consumers need to have confidence that there is a value to them in having their information exchanged, confidence that companies' are selecting this in a targeted and proportionate way and that it is being used appropriately, and the ability to opt out of information processing they are not comfortable with.
- The rules and regulations that govern data handling and protection are complex and changing rapidly. Companies need the expertise and flexibility to adapt to this evolving framework.

Our work so far

To establish how information about customers' vulnerable circumstances is currently processed by water and energy companies, and to understand the opportunities and challenges of information exchange and distribution, we have circulated an information request to the trade bodies: Energy UK, Cornwall Energy and the Energy Networks Association, along with a selection of energy companies and all water companies.

We are exploring existing research to understand current practices and perspectives from across a wide range of sectors on the exchange and distribution of sensitive personal information. Although our work is focused on the energy and water sectors, there may be benefits to information being shared across other 'essential services' sectors and other members of the UKRN such as Ofcom have a keen interest in this work.

We have also begun engaging with some other stakeholders including:

- Consumer bodies including Citizens Advice and the Consumer Council for Water
- The Information Commissioners Office
- The Safeguarding Customers Working Group (SCWG)²
- Other sectoral regulators from across the UKRN

In the energy sector, companies will begin using a set of standardised vulnerability 'needs codes' during 2017, making it easier to process information that is shared. In the water sector, many companies have signalled that better cross-sector exchange of information could enable them to identify that a customer is in vulnerable circumstances more quickly and effectively.

Next steps

In early 2017, we will continue our engagement with a broader range of stakeholders to gather further evidence and views. We aim to publish our findings in spring 2017. At this stage we will consider whether further work should be done, and which parties are best placed to take it forward.

² This is an industry group which has developed a template privacy impact assessment and a set of standardised priority service register "needs codes" for recording information on consumers' vulnerability.



11 January 2017

If you have an interest in engaging with us on this work, please contact vulnerability@ofgem.gov.uk or UKRN@ofwat.gsi.gov.uk by 31st January 2017.

For further information on UKRN please see www.ukrn.org.uk or contact us [here](#).