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# **Consumers in vulnerable situations: the support consumers should receive in regulated markets**

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UKRN response to BEIS' recommendation for minimum standards

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## Table of contents

1. Foreword from Jonathan Oxley, UKRN Chief Executive.....	2
2. Purpose, background and further collaboration.....	3
3. The UKRN's approach .....	6
4. Summary of the support consumers in vulnerable circumstances should receive in regulated markets ....	9
5. Examples of good practice from regulated businesses .....	12
6. How each of the four regulators protects consumers who are in vulnerable circumstances .....	15

### Annexes

Annex A: How the UKRN took this work forward.....	19
Annex B: work of others .....	20

## I. Foreword from Jonathan Oxley, UKRN Chief Executive



The ongoing issues surrounding COVID-19 are having a profound impact on the consumers and citizens we serve, on our members, and the sectors we regulate.

This document responds to an earlier call from government for greater consistency of experience for consumers in vulnerable circumstances. The work that informed it was completed before March 2020, when the government and regulators began publicising the steps they were and are taking in response to the COVID-19 outbreak.

Ensuring consumers in vulnerable circumstances are treated fairly and sensitively is a core part of helping to deliver good outcomes for all consumers. It is a critical issue for each of our 12 regulator members and is central to our work at the UK Regulators Network (UKRN), more so now than ever.

We have been working with four of our members - the FCA, Ofcom, Ofgem and Ofwat – to identify the level of support that consumers in vulnerable situations, including those with mental health problems, cognitive impairments and dementia, should receive across regulated markets. (Information on support available to vulnerable consumers affected by the current crisis can be found on official regulator and government websites).

We have also identified areas where we believe further collaboration across regulators could improve the experiences of consumers in vulnerable circumstances. Although the current situation is likely to change the timing, topic and focus of our current work, we expect the areas we have identified to remain relevant.

Recognising how positively some regulated businesses have responded to the needs of consumers in vulnerable circumstances, we have also included some of the many examples of good practice that are taking place both within and across these four sectors.

Through this and other projects, UKRN aims to maximise the benefits of working collaboratively with regulators and others to ensure good outcomes for consumers.

I would like to thank Scope, Citizens Advice, the Money and Mental Health Policy Institute and all our UKRN member regulators for helping and supporting us with this initiative.



Jonathan Oxley

Chief Executive, UKRN

## 2. Purpose, background and further collaboration

### Purpose

Ensuring consumers are treated fairly and helping them get good outcomes is at the heart of regulation. Certain characteristics or circumstances may make it harder for some consumers to engage with regulated businesses and may mean they are at greater risk of harm if their needs are not met. Drivers of vulnerability such as mental or physical health problems, disabilities, caring responsibilities, mental distress, bereavement or financial difficulties can all lead to consumers being at risk of poor outcomes, particularly if regulated businesses do not provide appropriate support.

Ensuring that all consumers, including vulnerable consumers, are treated fairly by regulated businesses is central to our work at UKRN, and vulnerability is one of the central pillars of our work programme<sup>1</sup>. It is also a key priority for the FCA, Ofcom, Ofgem and Ofwat- four of our members with whom we have worked closely on this document.

Together we have identified the common support that consumers in vulnerable situations, including those with mental health problems, cognitive impairments and dementia, should receive across regulated markets currently. Chapter 4 summarises the support vulnerable consumers should receive, taking account of different regulatory approaches. It demonstrates the commonalities that exist across regulated markets and should help regulators increase focus on ensuring vulnerable consumers have good experiences, regardless of product or service.

It is important to note that the summary in Chapter 4 does not set out any enforceable guidance or obligations on regulated businesses in any relevant sector. Based on existing or proposed regulatory frameworks, the summary is not designed to be a substitute for, or to introduce standards, relevant regulatory rules or guidance. It seeks to pull together shared views on how vulnerable consumers should be treated in light of the regulatory requirements that apply in different sectors. Making rules or guidance as well as taking enforcement and compliance action remain the responsibility of individual regulators rather than the UKRN and, over time, additional protections may be introduced in some regulated markets.

We recognise that there are many examples of regulated businesses delivering support to their customers that goes beyond that described in Chapter 4. We have included some examples of the good practice that is already taking place within and across the four sectors in Chapter 5.

Chapter 3 explains the UKRN's approach to the summary and how it should be used. Chapter 6 sets out how each of the four regulators protect consumers who are in vulnerable circumstances.

### Background

Supporting vulnerable consumers is also important to the UK government. In April 2018 Department for Business, Energy & Industrial Strategy (BEIS) published a Green Paper entitled 'Modernising Consumer Markets'.<sup>2</sup> In the paper, BEIS set out the specific actions the government wanted to take place in regulated consumer markets for utilities, telecommunications and financial services, to address the challenges they considered vulnerable consumers were experiencing in these markets. The paper acknowledged all the good work by regulated businesses to support vulnerable consumers; but wanted to see more done to help, particularly for those with mental ill health, cognitive impairments and dementia who face particular risks that can lead to poor outcomes.

BEIS tasked the UKRN to work with four of its members (the FCA, Ofcom, Ofgem and Ofwat) to identify where there are benefits from introducing a set of minimum standards that these consumers can expect to receive across sectors and agree principles for improving services to these consumers. BEIS also highlighted

<sup>1</sup> <https://www.ukrn.org.uk/wp-content/uploads/2019/07/UKRN-Forward-Work-Programme-19-20-Final.pdf>

<sup>2</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/699937/modernising-consumer-markets-green-paper.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/699937/modernising-consumer-markets-green-paper.pdf)

the need to identify and share good practice of how regulated businesses are meeting the needs of consumers in vulnerable situations across the four sectors.

The UKRN found that each of the four regulators has some form of standards in their respective sectors in the form of rules/regulatory frameworks and that clear commonalities exist across these, but that such similarities may not be widely known or understood.

The UKRN and member regulators believe that setting out the support vulnerable consumers should receive across sectors at the present time is an integral part of the work needed to achieve BEIS's aims to ensure consistency for these consumers. We also considered it sensible to widen the summary to all vulnerable consumers in regulated markets and not just those experiencing mental health problems or cognitive disabilities, as suggested in BEIS' initial proposal. The UKRN and member regulators also consider that the rest of this chapter, which includes areas for further collaboration, will help regulators explore in more detail, some of the issues that affect vulnerable consumers across sectors.

In taking this work forward UKRN has worked closely with the four named regulators and our other regulator members through our Vulnerability Network, together with consumer experts including Scope, Money and Mental Health Policy Institute and Citizens Advice.

### **Areas where further collaboration could help improve consumer experience**

Regulators have a lot of knowledge and experience of engaging with regulated businesses to understand how they deal with consumers in vulnerable circumstances in practice, and the policies and procedures businesses use to provide support to their vulnerable customers.

The UKRN's Vulnerability Network provides a forum for regulators to share insights on the experiences of vulnerable consumers in their sectors, to share best practice. We will be working with the Network to continue this approach, facilitating more in-depth sharing of knowledge and experiences to inform regulators' strategies for ensuring consumers are treated fairly under their respective regulatory obligations/guidance. We will also actively seek out opportunities to engage more widely, bringing in experiences from consumer organisations and regulated businesses to inform such discussions.

Areas that are likely to benefit from regulators sharing knowledge and best practice approaches include:

- offering third party access: allowing a trusted third party (a family member or friend, for example) access to some aspects of a consumer's product and/or service or management of it in a way that is easy for consumers while still managing the associated risks, including technological advances can help support such access;
- the recording and handling of consumer information, including special categories of data under data protection law, such as health. This would build on relevant work including the UKRN's vulnerability literature review and the Money Advice Trust and Money Advice Liaison Group's forthcoming guide on GDPR and vulnerability.
- how regulated businesses take into account other vulnerable circumstances when dealing with consumers who are experiencing problem debt with their essential energy, water or communications services.

Finally, there is clearly benefit in regulators themselves exploring how they communicate with consumers, for example by reviewing their website content to ensure language used is meaningful to consumers. Citizens Advice explore the impact on consumers with mental health problems when information (in this case from regulated businesses) is confusing or absent in its Counting On It report.<sup>3</sup>

All four regulators are taking steps to achieve clear, transparent, accessible and engaging information (where such information is aimed at the general public). The need for this was further highlighted in the Public Accounts

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<sup>3</sup> A link to this report is included in Annex B.

Committee report on Consumer Protection in January this year, and the action being taken will be highlighted in the regulators' response to this.

The UKRN and its members will continue to work together on these issues and consumers and vulnerability will continue to be a key focus of UKRN's workplan going forwards. UKRN's current work plan can be found here: <https://www.ukrn.org.uk/publications/ukrn-annual-report-and-2020-21-work-plan/>

### 3. The UKRN's approach

Through collaborative discussions with regulators of the water, energy, communications and financial services sectors<sup>4</sup> and wider stakeholders, the UKRN and its members identified that vulnerable consumers should receive a similar level of support across regulated sectors.

The UKRN has worked closely with the FCA, Ofcom, Ofgem and Ofwat to create a summary of the support consumers in vulnerable circumstances should receive, set out in Chapter 4 (see also Annex A for more information on how we went about creating this).

There are clear benefits for stakeholders and consumers in summarising this support. This Chapter sets out the benefits of this work and the good practice examples identified in Chapter 5, the scope of the summary and how it should be used.

Although each regulator uses different terminology to refer to the entities that they respectively regulate (for example companies, providers or firms), we use the terms 'business' or 'regulated business' in this document to describe them.

#### Benefits

The UKRN has identified a number of benefits of this work including:

- Working to identify and summarise the support available for vulnerable consumers has proved a useful catalyst for further collaboration between regulators. It has helped generate further shared insight into how different regulators are working to improve outcomes for vulnerable consumers in their sectors.
- Setting out the support consumers in vulnerable circumstances should receive across each sector demonstrates the commonalities that exist across these four sectors and should help regulators increase focus on ensuring consumers in vulnerable circumstances experience good outcomes regardless of product or service. Chapter 6 sets out the work that each of the four regulators is undertaking to improve consumer experience within their respective sectors.
- The UKRN worked with regulators to identify areas where further collaboration may be beneficial to improve the experience of vulnerable consumers- explained in Chapter 2
- The summary, although not a substitute for individual regulator rules and guidance, will help consumers and their representatives to understand the kinds of help and support that regulated businesses in these four sectors should make available to them.
- The good practice examples identified in Chapter 5 help show how positively some regulated businesses have responded to the needs of consumers in vulnerable situations and how such needs can be met in practice.
- This work, and the experiences of the UKRN and the four regulators in taking it forward, is likely to have wider benefits, including to the UKRN's wider membership base. The UKRN plans to share these experiences and continue ongoing collaboration through its Vulnerability Network.

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<sup>4</sup> The regulated sectors identified in BEIS' Consumer Green Paper – which did not include devolved nations – the position of which varies depending on the regulated sector.

## Scope

Following consultation with its members and wider stakeholders, the UKRN summary focuses on:

- **Water, energy, communications and financial services markets:** as suggested in BEIS' Consumer Green Paper, we have focused on regulated markets, given the increased risk to, and potential impact on, consumers in vulnerable circumstances in these sectors if regulated businesses do not provide appropriate support. Some examples of research and commentary in this area are provided in Annex B.
- **All vulnerable consumers in regulated markets:** BEIS identified consumers with mental ill health, cognitive impairments and dementia as a group that may benefit from this work. The UKRN, its members and others<sup>5</sup> strongly agreed that these are circumstances that can lead to consumers being vulnerable and may affect their experiences of regulated markets. However, the UKRN and its members considered the types of support identified could also be of benefit to consumers in other vulnerable circumstances. It was agreed to widen this exercise to all vulnerable consumers and that it was possible to do so without limiting or reducing the benefits for those experiencing mental health problems or cognitive disabilities.
- **Areas to cover:** A number of areas were identified as essential to facilitating a consumer's engagement with their product and/or service provider and helping to achieve good outcomes, broadly following the stages of the consumer journey:
  - understanding the consumer's needs;
  - recording them appropriately;
  - explaining how the product or service works;
  - involving trusted third parties;
  - having appropriate communication channels;
  - equipping staff;
  - dealing with late payments and financial difficulties; and
  - information about support available and complaints handling.

These areas are designed to map against the needs and experiences of vulnerable consumers, rather than against regulatory frameworks, and are informed by the experiences of regulators and research conducted by Citizens Advice and Money and Mental Health Policy Institute.

- **Flexible and appropriate support:** The UKRN and its members agreed that the UKRN should summarise the support that consumers in vulnerable circumstances should receive under the key areas identified above in a high-level way that takes into account the different regulatory approaches in each sector and allows regulated businesses to meet the individual needs of consumers in a flexible, fair and appropriate manner.

## How the summary should be used

The UKRN's summary is designed to describe the support that should be available to consumers in vulnerable circumstances across regulated markets in a simple to understand way. We think it will assist businesses,

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<sup>5</sup> Research from Citizens Advice and Money and Mental Health Policy Institute shows that consumers with mental health problems can struggle to engage with regulated sectors and can experience poor outcomes as a result – Annex B.

consumers and their advocates to understand services available in a way that chimes with consumers' experience.

As mentioned above, the UKRN and member regulators believe that setting out the support available to vulnerable consumers across sectors is an integral part of the work needed to achieve BEIS's aims to ensure consistency for consumers in vulnerable circumstances. The work involved in putting the summary in Chapter 4 together has already helped generate further shared insight between regulators and has enabled the UKRN and regulators to identify areas where further joint work may be beneficial.

The summary includes some general principles about the types of support that we would like to see available to consumers of regulated markets who are in vulnerable circumstances. The UKRN's role is not to make or change regulator rules or to issue guidance on how to comply with such rules but to bring regulators together to share best practice and collaborate for the benefit of consumers.

Although based on existing or proposed regulatory frameworks, the summary is not designed to be a substitute for, or to introduce standards, relevant regulatory rules or guidance. Making or changing rules and the provision of guidance, setting minimum standards and enforcement or other compliance work rests with individual regulators rather than the UKRN.

Chapter 6 includes information from each of the four regulators on their respective rules and regulatory frameworks for protecting consumers in vulnerable circumstances, including the current and future work they are doing to help ensure good outcomes for such consumers.

Many regulated businesses operate above the level of support set out in the summary. This may be due to the company raising its own standards independently, specific sector rules or initiatives from consumer organisations such as Money and Mental Health Policy Institute and Scope, who may work directly with businesses to foster best practice, which is likely to operate above the level described in summary. Chapter 5 includes some examples of good practice like this.

#### **Note about current guidance consultations**

The FCA is currently developing guidance setting out its proposed view on what its Principles for Business<sup>6</sup> require of financial services business to treat vulnerable consumers fairly. This includes FCA's Principle 6 requiring firms to pay due regard to the interests of its customers and treat them fairly and Principle 7 which requires firms to pay due regard to the information needs of its clients and communicate information to them in a way which is clear, fair and not misleading.

Ofcom has set regulatory conditions which require regulated communications businesses to establish, publish and comply with policies and procedures for the fair and appropriate treatment of vulnerable consumers. It has also consulted on a guide to help communications providers treat vulnerable consumers fairly. The guide sets out a range of practical measures that providers can consider adopting to help ensure they are giving the right help, support and services to vulnerable people and meeting their obligations.

Both proposed documents provide guidance to regulated businesses about how they could comply with their obligations, but there may be other ways they could comply. Although in general the summary set out in Chapter 4 reflects these documents, this may change. The FCA and Ofcom are both currently planning to publish their respective finalised documents in 2020.

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<sup>6</sup> <https://www.handbook.fca.org.uk/handbook/PRIN/2/1.html>

## 4. Summary of the support consumers in vulnerable circumstances should receive in regulated markets<sup>7</sup>

### Understanding the consumer's needs

- Regulated businesses take steps to understand the needs of new and existing consumers in vulnerable situations.
- Regulated businesses take fair treatment of, and achieving the right outcomes for, consumers in vulnerable situations seriously.
- Regulated businesses have appropriate oversight and assurance processes in place, monitor consumer experience (including via complaints) and take action to address problems and continuously improve. This could include bringing in the experiences of consumer groups and charities to inform their approach.

### Recording information on the consumer's needs<sup>8</sup>

- Regulated businesses have appropriate systems in place to clearly record information on the needs of individual consumers in vulnerable circumstances and, where appropriate and permissible, make that information accessible to relevant staff.
- This should include any information related to regulated businesses, the additional facilities/services the consumer wants to use such as any communication channel/style preferences, enabling a third party to access billing information/make payments and the lawful basis for such.
- Regulated businesses record, hold, use, process and protect this information in line with data protection law. Regulated businesses tell consumers how their data will be held and protected.
- Regulated businesses provide privacy information, including via a Privacy Notice, explaining the approach they take to data protection and including the areas identified in this section and others such as how long data is retained for, where special category data considerations apply.

### Explaining how the product or service works

- Regulated businesses ensure they communicate clearly and simply to consumers in vulnerable situations how the products and/or services they offer works, and how they can be managed (including monitoring usage/spend, checking bills, making payments etc).
- Regulated businesses communicate information about important consumer obligations (for example payment dates/ways to pay/bill totals and breakdowns) clearly using language that is meaningful to consumers.

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<sup>7</sup> The FCA is currently consulting on guidance setting out its proposed view on what regulated financial services businesses could do, under its Principles for Business, to ensure that vulnerable consumers are treated fairly. Ofcom has consulted on a guide to help communications providers treat vulnerable consumers fairly. The guide sets out practical steps that providers can consider taking to help ensure they are giving the right help, support and services to vulnerable people in line with their regulatory obligations in that sector. The FCA and Ofcom plan to finalise their respective documents in 2020.

<sup>8</sup> This section sets out some basic aspects of data protection (some of which apply to consumers generally). The ICO has produced a guide on the GDPR: <https://ico.org.uk/for-organisations/guide-to-data-protection/> which includes a section on special category data: <https://ico.org.uk/for-organisations/guide-to-data-protection/guide-to-the-general-data-protection-regulation-gdpr/lawful-basis-for-processing/special-category-data/>

## Involving trusted third parties

- The regulated businesses' procedures are consistent with the law on mental capacity and decision-making including Powers of Attorney, recognising that capacity can fluctuate.
- In the energy, water and communications sectors<sup>9</sup> regulated businesses should give consumers who want trusted third parties to have some visibility<sup>10</sup> and/or control over their product and/or service accounts the ability to do so. This would be subject to any reasonable verification and consent procedures or clear concerns about fraud or other forms of abuse.
- Regulated businesses protect the privacy of both the consumer and the third party, sharing only data required to support the access.

## Communication channels

- Regulated businesses ensure consumers are made aware of different communication channels available to them and that these are clearly displayed and easy to find on websites and in other communications. Communication channels make it easy and quick to get through to someone who can help.
- Consumers can make their preferences known for one or more forms of communication channel, where these are available, which regulated businesses will use when contacting them about key issues (using alternative preferred methods, where given, where one preferred method is unsuccessful).
- Regulated businesses enable consumers to be given a note of any actions that either/both agreed to, in a format they can keep (either at the time of contact or in response to a live request that they provide it).

## Equipping staff

- Regulated businesses ensure all staff who have direct contact with consumers, and staff who support or facilitate such contact:
  - understand vulnerability and its potential drivers and impacts, and that it can fluctuate;
  - are aware of potential triggers to look out for;
  - communicate effectively, treating consumers with empathy and respect, listening actively and patiently;
  - are empowered to achieve the right outcomes for the individual;
  - focus on the quality and outcome of conversations rather than the time taken; and
  - understand and apply the company's processes and procedures for the fair treatment of consumers in vulnerable situations.
- Staff have access to practical help and information to support them to respond to consumers' needs, and they are aware of:
  - materials they can share with consumers relevant to their situation, including information on the business' website;

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<sup>9</sup> The FCA's draft guidance suggests businesses should make those vulnerable customers who may be unable to make decisions, or find a situation difficult, aware of the help/support available to them, including, where relevant, third party support and representation.

<sup>10</sup> For example in relation to billing information, usage or spend.

- support provided by third-party support providers, such as free debt advice services and/or mental health support, and how to signpost to it appropriately; and
- the rights consumers can exercise under data protection law and how to handle requests.

## Dealing with late payments and financial difficulties

- In the event of non-payment and it being appropriate for a regulated business to take steps to effect payment or other actions:
  - the regulated business treats the consumer fairly, transparently and sympathetically, taking into account their vulnerable circumstances;
  - regulated businesses focus on early contact and engagement, using best efforts to follow any contact preferences given and communicating in a way that reflects the consumer's needs;
  - regulated businesses explore the options that may be available/ appropriate with the consumer (including repayment initiatives with affordable payment levels, changing payment dates/intervals, engagement with free debt advice services such as setting up and actioning referrals to them)<sup>11</sup>; and
  - where appropriate, regulated businesses explore options that might help managing the consumer's payments in future (usage/spend management tools/alerts to the consumer/trusted third party, alternative deals, social tariffs etc).

## Information about support available

- Regulated businesses ensure that website information on how they support consumers in vulnerable circumstances is easy to find, including via search functions, and language used is meaningful to consumers. Using widely recognised terms such as 'mental health problem', for example, to help make clear the circumstances in which services may be available.
- Depending on the regulated sector, this could include clear information on financial protections that may be available such as social tariffs<sup>12</sup> price caps<sup>13</sup> and government schemes<sup>14</sup>) and any eligibility criteria that applies. It could include other extra help such as providing important documents in large print and Braille formats and priority support for loss of service<sup>15</sup> and how to access any of these services.
- Regulated businesses ensure that any process or sign up requirements for accessing any such support or services are straightforward, easy to understand and are clear about whether they apply to consumers experiencing mental health problems or cognitive disability.

## Complaints handling

- Regulated businesses' complaints handling processes are easily accessible and navigable for consumers. Staff communicate appropriately with consumers and understand their circumstances so that they are taken into account in considering the consumer's complaint (see also communication channels and equipping staff above).

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<sup>11</sup> In the energy sector there is the option of a prepayment meter. The appropriateness of this option would need careful assessment- for example security of supply may be key if a customer relies on supply to support a medical device

<sup>12</sup> Social tariffs are available in water and communications sectors.

<sup>13</sup> There is a default tariff cap and prepayment cap in the energy sector.

<sup>14</sup> For example the Warm Home Discount scheme in the energy sector.

<sup>15</sup> Access to Braille and Large Print can be available across sectors, access to priority support for loss of service is available in water, energy and communications sectors.

## 5. Examples of good practice from regulated businesses

In this chapter we include examples of good practice taking place by regulated businesses in the support they provide to consumers in vulnerable circumstances. These examples are different from the summary in chapter 4 – they build on it and bring it to life, showing how some regulated businesses are helping to meet the needs of consumers in vulnerable situations in practice. Some are specific to regulated businesses within a sector, others relate to more than one sector, as indicated in each example.

This is not an exhaustive selection. It may be that regulated businesses in sectors not identified are also providing the types of support described. These examples are also not the only way that consumers in vulnerable circumstances can be supported and are not designed to be a substitute for, or to introduce, standards, relevant regulatory rules or guidance.

The UKRN and its members welcome these positive examples and encourage regulated businesses to consider what more they could be doing to improve consumer experience in this area. More examples of good practice can be found in UKRN's Insight and Case Studies handout, a summary of data and insight that supported UKRN's 'Driving fair outcomes for vulnerable consumers across UK markets' event in February.

### **Energy, water and communications** **Understanding the consumer's needs:** **home visits**

Consumers who are housebound due to a physical disability, mental health problem or other reason, may find visits to their home particularly stressful and be very anxious about who is calling.

A number of regulated businesses who arrange visits to a consumer's property (to check or fix equipment, for example) offer ways that the identity of the person calling can be checked. For example, providing a contact channel the consumer or someone helping them can use to check the identity of the person with the business, or by providing unique passwords to be given at the door.

### **Cross-sector** **Dealing with financial difficulties:** **connecting with debt support.**

Experiencing financial difficulties can feel very isolating. Consumers may feel completely helpless and talking to anyone about their situation, let alone an advice agency, can feel impossible.

Many regulated businesses across the four sectors empower staff to recognise where consumers may benefit from debt advice and signpost the consumer to support from a free debt advice agency.

In addition, some energy, water and communications businesses actively offer to arrange an initial chat with a free debt advice agency. This removes some of the stress and enables the consumer to receive free impartial advice on their circumstances and options.

This can include support from organisations including National Debt Helpline, StepChange, Money Advice Trust, and local Citizens Advice offices.

## Examples of good practice from regulated businesses – continued

### **Cross sector**

#### **Equipping staff: finding the time to meet the needs of consumers**

Consumers in vulnerable situations may have different service needs. For example, they may find certain channels of communication challenging or stressful, or need more time to understand information and make decisions.

Staff that make the time to actively listen and respond flexibly to the needs of consumers can make all the difference. Recognising this, many regulated businesses across the four sectors enable staff to take extra time or flexible steps to respond to consumer needs. This gives staff the time to listen patiently and empathetically, to break information down into shorter pieces and alter customer service processes to give the consumer more time and support to understand information and make a decision.

Some of these businesses have engaged with external organisations such as Dementia UK and MIND to provide specialist training to help staff take an empathetic approach and recognise indications that a consumer may be in a vulnerable situation.

### **Cross sector**

#### **Communication**

Consumers experiencing sensory impairments, disabilities, learning difficulties or poor literacy may have particular needs that may not be met by standard communications. Using different communication channels and formats that meet their needs can really help these consumers use and manage their product or service.

To assist with this a number of regulated utilities businesses and some financial services businesses provide ready access to communications in accessible formats such as braille, large print, audio options, simpler easy-read versions of communications and BSL translations.

A number of regulated businesses in each of the four sectors provide specially trained individuals or teams so that consumers can get through to someone who understands without undue delay.

## Examples of good practice from regulated businesses-continued

### Sector- specific examples

<p><b>Financial services</b> <b>Understanding needs/support available: tools that can help</b></p> <p>Consumers who have an addiction to gambling may feel they have no control over their situation or the impact it has on them.</p> <p>Several banks have introduced optional blocks on payments to gambling firms to help customers who would benefit from greater control of their spending on gambling.</p> <p>These banks have considered how to support the needs of vulnerable customers in their product design. This initiative can empower consumers to take action to address or limit behaviours that may cause financial harm.</p>	<p><b>Energy</b> <b>Understanding needs/support available: losing service</b></p> <p>Losing service or facing significant disruptions can add to an already stressful situation for those experiencing mental health problems.</p> <p>A number of regulated energy businesses have partnerships with mental health organisations, which have helped them identify and introduce arrangements to address the needs of these customers. For example, one energy business has introduced a proactive communications initiative. It aims to contact consumers they know to experience mental health problems within the first hour of an unplanned power cut to provide reassurance and further information.</p>
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### Sector- specific examples

<p><b>Water</b> <b>Financial difficulties</b></p> <p>Consumers struggling with unpaid bills may not know that support could be available from their provider.</p> <p>Several water companies are taking innovative approaches to supporting customers in problem debt. For example, some companies offer a debt matching scheme. This means that every pound a heavily indebted customer pays off is matched; after six months, the pound is doubly matched; after two years all outstanding debt is written off.</p> <p>Many water companies also work closely with local citizens advice bureaux and other advice services to identify customers who are struggling to pay and offer support to stop problem debt building up.</p>	<p><b>Communications</b> <b>Helping the consumer get the best deal</b></p> <p>Getting a good communications deal and shopping around can be challenging, and barriers to engaging can be more prominent for some vulnerable consumers.</p> <p>In the broadband market, consumers who are out-of-contract generally pay more than those who have re-contracted or switched provider. So some consumers in vulnerable circumstances may pay more than they need to because they find it difficult to navigate the market.</p> <p>Some broadband providers have committed to undertake annual price reviews with their consumers who are identified as being vulnerable, to ensure they are on the best deal.</p>
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## 6. How each of the four regulators protects consumers who are in vulnerable circumstances

Protecting vulnerable consumers is a key priority work area for each of the four regulators involved in this work. Set out below is a brief summary of the work of each regulator, including their rules and the regulatory framework they operate in, and what they each do to ensure regulated businesses comply with their rules.

### The FCA

- The FCA has a strategic objective to ensure relevant markets function well and three operational objectives: to secure appropriate protection for consumers of financial services, protect and enhance the integrity of the UK financial system, and to promote effective competition in consumers' interests. In pursuing its consumer protection objective, the FCA is also required to consider, amongst other things, the differences between consumers.
- The FCA's approach to regulation involves a combination of high-level principles and detailed rules and guidance. It encourages regulated businesses to exercise judgment about what the principles mean for them in terms of how they conduct their business and the needs of their customers. Retail consumers are protected by the FCA's principles and rules including Principle 6 which requires firms to treat customers fairly and Principle 7 which requires firms to pay due regard to the information needs of its clients, and communicate information to them in a way which is clear, fair and not misleading.
- Understanding vulnerability is central to how FCA makes decisions. Vulnerable consumers are more susceptible to harm and generally less able to advance their own interests. [The FCA's Mission](#) sets out that different groups of consumers have different needs and the FCA considers both consumer capability and vulnerability when making decisions.
- The FCA has published Occasional Papers to stimulate debate and support decision making on key consumer issues. Since publishing its [Occasional Papers on Consumer Vulnerability](#) in 2015, [Access to Financial Services](#) in 2016 and [Ageing Population](#) in 2017 it has used its influence as a regulator to challenge the industry on its treatment of vulnerable consumers and stimulate debate on wider access issues.
- Its 2018 [Approach to Consumers](#) sets out its vision for a well-functioning market that works for all consumers, including vulnerable consumers. The aim of the FCA's approach is to ensure that the practical application of its powers and tools achieves good high-impact outcomes for consumers that make a difference.
- The FCA is currently developing [guidance for firms on the fair treatment of vulnerable customers in order to provide regulatory clarity for firms involved in the supply of products or services to vulnerable customers](#). The Guidance sets out the FCA's view on what firms should do, under the Principles for Business<sup>16</sup>, to ensure that vulnerable consumers are treated fairly and consistently across the financial services sector.

### Ofcom

- One of Ofcom's strategic priorities is to ensure customers are treated fairly, especially vulnerable people. This aligns with Ofcom's principal duty to further the interests of citizens and protect

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<sup>16</sup> <https://www.handbook.fca.org.uk/handbook/PRIN/2/1.html>

consumers from harm. Ofcom wants vulnerable people to receive a high level of customer care when dealing with communications providers, and get the help, support and services they need.

- Ofcom introduced [strengthened rules in October 2018](#) requiring communications providers to have policies and procedures in place to ensure vulnerable customers are treated fairly (supported by staff training for employees).
- Ofcom has engaged with communications providers about the new rules and to learn more about their different practices. It has also spoken to consumer groups/charities and other regulators to gather examples of good practice.
- Ofcom recently consulted on a [guide to treating vulnerable consumers fairly](#), which sets out practical steps that communications providers could consider taking, to help ensure they are treating vulnerable consumers fairly in line with their regulatory obligations. Ofcom will publish the final document in the coming months.
- In June 2019 Ofcom launched a set of voluntary commitments under its Fairness for Customers work programme. The second of these commitments specifically addresses the needs of vulnerable consumers. Ofcom will continue its work to deliver a fair deal for consumers in 2020, for example, by finalising its framework for assessing fairness and publishing a progress report on the fairness commitments, reviewing whether companies are delivering what they have promised.
- In September 2019 Ofcom set out measures that will help to protect vulnerable customers from high prices and ensure they are treated fairly, as part of its [review of broadband pricing practices](#). These include new commitments from major providers to move vulnerable customers onto better deals where they are out-of-contract. Ofcom plans to provide an update on this work in the coming months.

## Ofgem

- Supporting and protecting consumers in vulnerable situations is a key strategic priority for Ofgem and aligned with its statutory duty. To translate this duty into its regulatory approach, in 2013 Ofgem published the first Consumer Vulnerability Strategy, which examined the complex nature of consumer vulnerability.
- Ofgem has increasingly focused in recent years on protecting consumers in vulnerable situations and has recently updated its approach with the Consumer Vulnerability Strategy 2025 (CVS 2025) setting out Ofgem's priorities and outcomes it wants to see in the energy market.<sup>17</sup> Retail price protection is also part of this focus, and Ofgem have introduced price caps on prepayment and default tariffs to make sure consumers pay a fairer price for their energy.<sup>18</sup>
- There are a number of existing regulatory requirements that help protect vulnerable consumers. For example, energy suppliers are required, through their licence conditions, to treat customers fairly and make an extra effort to identify and respond to the needs of consumers in vulnerable situations. Energy suppliers and distribution network companies are required to offer free services to customers who are in a vulnerable situation and need additional support in relation to access, communication and/or safety in regards to their energy supply, also known as the Priority Services Register. Ofgem also incentivise distribution network companies through price controls and have targets to meet for vulnerable consumers, including those considered fuel poor.
- Ofgem monitors energy companies' performance on support provided to customers in vulnerable situations in its annual vulnerability reports, where it highlights poor performance and shares

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<sup>17</sup> Ofgem [Consumer Vulnerability Strategy 2025](#)

<sup>18</sup> Ofgem [About Energy price caps](#)

examples of good practice.<sup>19</sup> Where Ofgem does not see sufficient improvement, or intelligence suggests issues affecting vulnerable consumers, it is ready to take compliance or enforcement action to protect consumers' interests. Guides to the licence conditions and enforcement guidelines can be found on Ofgem's website.<sup>20 21</sup>

- Ofgem's Consumer Vulnerability Strategy 2025 identified five areas where improvements can be made for consumers in vulnerable situations in the near future. These include: (1) Improving identification of vulnerability and smart use of data; (2) Supporting those struggling with their bills; (3) Driving significant improvements in customer service for vulnerable groups; (4) Encouraging positive and inclusive innovation; and (5) Working with partners to tackle issues that cut across multiple sectors.

## Ofwat

- Improving outcomes for vulnerable customers in the water and wastewater sectors is a key priority for Ofwat.
- The Water Industry Act 1991 requires Ofwat to have regard to the interests of a number of specific customer groups – these groups are more likely to be at risk of vulnerability.
- In addition, the Act also requires Ofwat to act in accordance with the priorities and objectives of the UK and Welsh Governments, as set out in those governments' strategic priorities statements (SPSs).

The UK Government's current SPS sets Ofwat an objective to "challenge companies to improve the availability, quality, promotion and uptake of support to low income and other vulnerable household customers."<sup>22</sup> The Welsh Government's current SPS expects Ofwat to "incentivise companies to engage effectively with customers and stakeholders and deliver what customers want, having regard to the possibility that different customers may have different priorities, including vulnerable customers".<sup>23</sup>

- Ofwat has sought to improve outcomes for vulnerable customers in a number of ways through its regulation. Ofwat's 2016 Vulnerability Focus report set out three guiding principles of good practice for companies to consider when trying to address customer vulnerability:
  - Excellent and inclusive customer care for all customers;
  - Using data to understand customers, and identify and support customers whose circumstances make them vulnerable; and
  - Creating further partnerships between water companies, with other utilities and third-party organisations such as CCWater, Water UK, debt management and health charities.<sup>24</sup>
- Through its most recent price review, PR19, Ofwat challenged all companies to create plans to provide sensitive, well-designed and flexible support and services for customers in circumstances that make them vulnerable. This includes customers who are at risk of being in circumstances that make them vulnerable.
- All companies must adopt a performance commitment to register a minimum of 7% of households to their priority services register by 2024-25. Companies may choose to set a level that is higher

<sup>19</sup> Ofgem [Consumer Vulnerability Strategy: reporting on progress](#)

<sup>20</sup> Ofgem [Supply Licence Guides](#)

<sup>21</sup> Ofgem [Enforcement Guidelines](#)

<sup>22</sup> UK Government [Strategic policy statement to Ofwat: incorporating social and environmental guidance](#)

<sup>23</sup> Welsh Government [Strategic Priorities and Objectives Statement to Ofwat issued under section 2B of the Water Industry Act 1991](#)

<sup>24</sup> Ofwat [Vulnerability Focus report](#)

than this minimum level. Companies should attempt to contact a minimum of 90% of registered customers every two years to make sure they are still getting the right support.

- Ofwat's new strategy set out an ambition for water companies to transform their ability to serve customers and respond to the full diversity of customer needs, particularly those in vulnerable circumstances. For example, Ofwat has committed to work jointly with consumer bodies and regulators in other sectors to provide a more holistic support framework for customers in vulnerable circumstances; and to consider the case for new high-level licence obligations to provide binding requirements on how companies treat their customers and the most vulnerable in society.<sup>25</sup>

## What consumers in vulnerable situations should do if they don't think they are getting the support they should

Each of the above four regulators are focused on helping the businesses they regulate provide the appropriate support for consumers in vulnerable circumstances. If a consumer or someone on their behalf is concerned that this might not be happening for them as an individual, there are ways they can take this up with the business concerned.

Each of the regulators has information on what to do in these circumstances on their respective websites:

- <https://www.fca.org.uk/consumers/how-complain>
- <https://www.ofcom.org.uk/phones-telecoms-and-internet/how-to-report-a-complaint>
- <https://www.ofgem.gov.uk/consumers/household-gas-and-electricity-guide/complain-about-your-gas-or-electricity-bill-or-supplier>
- <https://www.ccwater.org.uk/make-a-complaint/>

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<sup>25</sup> Ofwat [Time to Act, Together: Ofwat's Strategy](#)

## Annex A: How the UKRN took this work forward

Since April 2018, the UKRN has explored in detail with a number of experts the potential benefits of identifying a common level of support for consumers in vulnerable situations across regulated markets and how this might look in practice. This includes via our Vulnerability Network, a network established within the UKRN framework bringing together regulators to share, explore and compare their approaches to getting good outcomes for vulnerable consumers. It consists of the following regulators and others:

- The Financial Conduct Authority (FCA)
- Office of Communications (Ofcom)
- Office of Gas and Electricity Markets (Ofgem)
- Water Services Regulation Authority (Ofwat)
- Competition and Markets Authority (CMA) (attending in an advisory capacity)
- Civil Aviation Authority (CAA)
- Financial Reporting Council (FRC)
- Information Commissioners Office (ICO)
- Legal Services Board (LSB)
- Office of Rail and Road (ORR)
- Payment Systems Regulation (PSR)
- The Pensions' Regulator (TPR)
- The Utility Regulator Northern Ireland (UREGNI)

The UKRN has also worked closely with Citizens Advice, Money and Mental Health Policy Institute (MMHPI) and Scope, to learn and reflect from the experience of consumers in vulnerable situations. This included the UKRN holding a joint workshop with Scope in July 2018 looking at the challenges experienced by consumers with disabilities, and holding a joint workshop with MMHPI in December 2018 to examine how regulators can support consumers in vulnerable circumstances, particularly those with mental ill health<sup>26</sup>.

This work has also been informed by extensive desk-based research undertaken by the UKRN, and by engagement with other UKRN members and stakeholders to understand the rules/expectations within their industries and similarities across them (noting where there are important differences, for example where more detailed rules exist for some types of business, service or product).

We have continued to engage with the BEIS Consumer Forum and working group, both instigated as a result of the Green Paper.

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<sup>26</sup> Some of the key pieces of work by these organisations on vulnerability in this context are listed in Annex B

## Annex B: work of others

As part of the desk-based research the UKRN conducted in taking this work forward, we looked at a number of publications. We include some of these below.

### Citizens Advice

- [The Mental Health Premium](#)
- [Counting on it – Cross sector minimum standards of support for people with mental health problems](#)
- [Beyond good practice guides – Improving support with essential services for people with mental health problems](#)

### Money and Mental Health Policy Institute

- [Policy note on minimum standards for mental health](#)
- [Mental Health Accessible](#)
- [Making Power of Attorney work for people with mental health problems](#)
- [Tools to support financial decision-making for people with mental health problems](#)
- [Levelling the Playing Field](#)
- [Access Essentials](#)

### Scope

- [Consumer vulnerability: challenges and potential solutions](#)
- [Disability Price Tag report](#)
- [Out in the Cold](#)

### Money Advice Trust

- [Vulnerability resources hub](#)

### Alzheimer's Society

- [Dementia Friendly Utilities Guide](#)

### Others

- [Public Accounts Committee Report on Consumer Protection](#)
- [National Infrastructure Commission Strategic Investment and Public Confidence](#)