

# Consumer advocacy at Citizens Advice

Annual report of consumer activities 2020/2021



**citizens  
advice**

# Foreword by James Plunkett

The world has changed beyond recognition in the past year. And in these historically uncertain times, our role standing up for consumers has never been more vital.

2020/21 marked our sixth year as the statutory advocate for consumers. I'm immensely proud of how our work helped to protect consumers from the worst effects of the pandemic.

£ At a time when more people are struggling to pay household bills due to the pandemic, we've **helped consumers save over £2 billion on their energy and water bills**

✉ We **helped to safeguard the post office network** by successfully arguing for the government to continue providing a £50 million subsidy to the most rural post offices

🛒 We welcomed **new Financial Conduct Authority (FCA) rules to end the loyalty penalty**, after our super-complaint in 2018. We're now calling for firms and regulators to finish the job by taking action on the loyalty penalty in other essential markets.

Measures put in place during the pandemic by the government, regulators and industry have helped consumers. But for many, they have not been enough.

Our research and insights from our advice work tell us that, despite the support in place, the financial impacts of the pandemic have been significant and have fallen unequally, with Black and disabled people particularly hard-hit across markets.

As protections come to an end, along with the restrictions that have become a defining feature of our daily lives, many people will be dealing with a more uncertain future than they could have thought possible 15 months ago.

As we recover from the pandemic we'll keep standing up for consumers, particularly those from marginalised groups and in vulnerable situations. Looking forward, we'll focus on strengthening protections for people at risk of harm as markets change and innovate.



James Plunkett

Executive Director of Advice and Advocacy

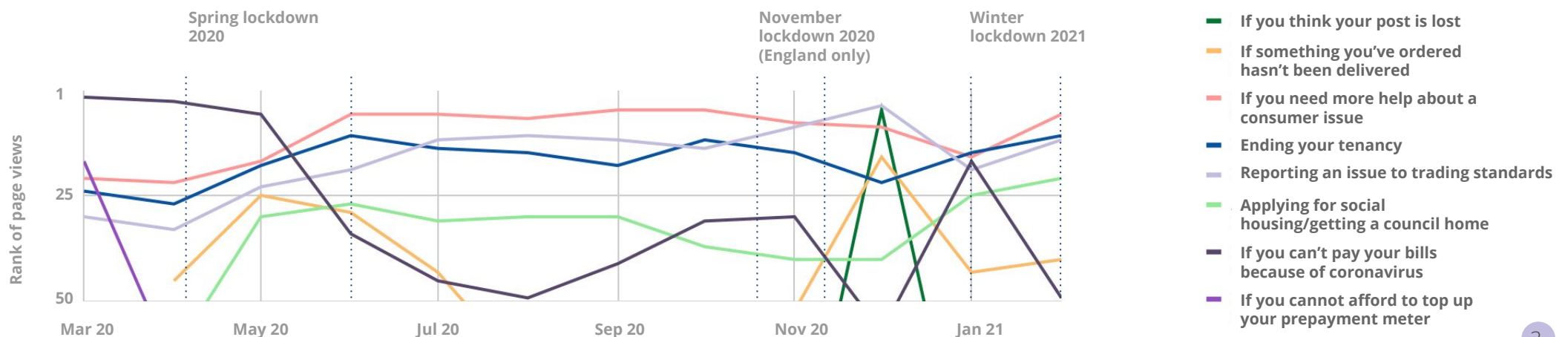
# Responding to the pandemic

The consequences of the coronavirus pandemic will be felt by consumers for years. The number and type of issues people came to us for help with varied significantly as restrictions and measures started and finished.

Citizens Advice was uniquely well placed to be able to track in real time the concerns people had. By the end of March 2020, our new advice page 'if you can't pay your bills because of coronavirus' received 227,000 views. It was only created on 20th March but was the second most viewed advice page that month. It continued to see high traffic in April 2020, with 164,000 views, making it the third most viewed page that month. Overall it received 708,000 views between March 2020 and March 2021.

On average, between March 2020 and February 2021, advice on furlough was the number one viewed page on our website.

## Citizens Advice top consumer, debt and housing advice pages during the pandemic



Other advice pages saw significant increases:

- ⚠ Between March 2020 and February 2021 there were 5.9 million views of our housing advice pages, up 22% compared to March 2019 to February 2020.
- ⚠ In March 2020 there were 45,000 views on the page giving advice on if you can't afford to top up your prepayment meter, up 1,879% on March 2019.
- ⚠ In December 2020 there were 26,000 views on the page giving advice on if you think your post is lost, up 500% on December 2019.

As the pandemic continued the challenges facing many people became clearer: We used the intelligence from our advice trends to inform the direction of our consumer work to allow us to respond quickly and work with the government, regulators and industry to introduce measures to protect people.

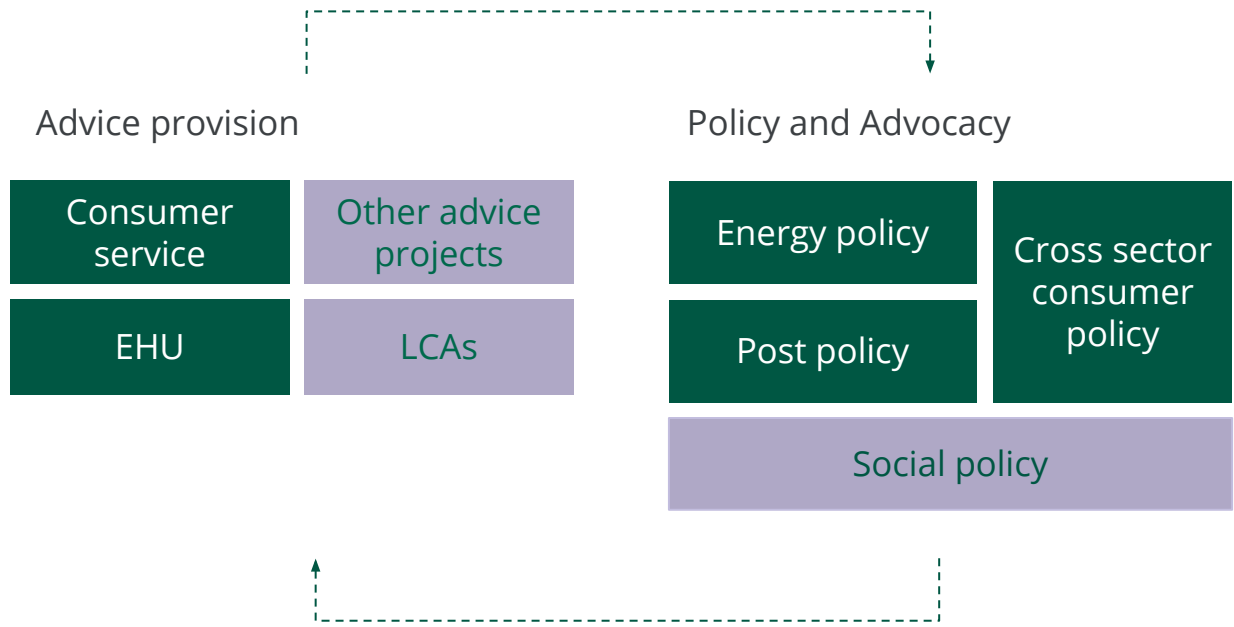
# How our advice and advocacy roles support each other

- Statutory role
- Non-statutory role

Our **Consumer Service** gives advice on all consumer issues, with specialist advice on energy and post issues.

The **Extra Help Unit (EHU)** is a specialist support service for vulnerable consumers. For more information, see page 12.

Our **local Citizens Advice offices (LCAs)** provide face-to-face advice on a range of issues in approximately 2,250 locations across England and Wales.



**Our policy and advocacy work gives us insight into the organisations and systems consumers deal with and into the emerging risks for consumers.**

This helps us provide advice and support that is up-to-date and effective.

**Our advice provision gives us unique insights into the problems people face, with real-time data.**

We use this to advocate for evidence-based policy changes that deliver the biggest improvements in outcomes for consumers.

# 7 key projects

In our energy, post and cross-sector consumer advocacy 2020/21

# Saving consumers billions on energy and water bills

Around 25% of a consumer's energy bill pays for the costs of gas and electricity networks so it is essential that they represent value for money. More people are having difficulties paying household bills in the past year because of the coronavirus pandemic. Preventing excessive profits and ensuring that services and investments are in consumers' best interests keeps these costs on energy bills as low as possible while still supporting key infrastructure changes and the Net Zero pathway.

Following our long-term campaign, Ofgem, the energy regulator, stated that consumers will save over £2 billion on energy bills through lower returns and allowances for network companies from the RII0-2 price control decisions. The regulator's **RIIO-2 settlement**, announced in December 2020, will make sure companies can access funding for essential infrastructure projects quickly. This will support net zero ambitions, while making sure consumers' money is well spent. And Ofgem's expanded **vulnerability package** will mean better help for many people who need extra support.

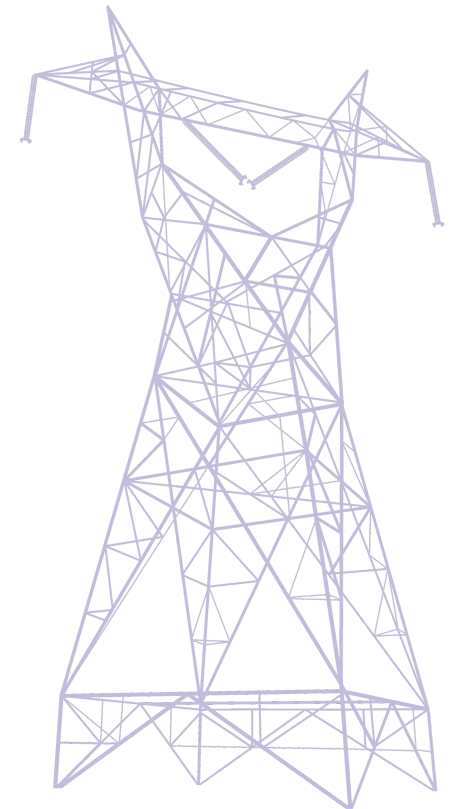
Aspects of this settlement have now been appealed to the CMA, potentially adding an additional £1.5 billion over 5 years to consumers' bills, so we continue to work to make sure the value secured for consumers is maintained.

We'll also scrutinise the business plans of the electricity Distribution Networks Operators (DNOs) to make sure they deliver services that consumers want at value for money. This includes participating in networks' customer engagement groups, which help shape the business plans.

We made a series of recommendations to Ofgem about **how to improve the enhanced engagement process** for the price control. Citizens Advice is also a member of **Ofgem's Challenge Group**, which provides ongoing scrutiny throughout the price control process.

We also helped influence the Competition and Markets Authority (CMA) to move positions during water company appeals.

Consumers saved more than £1.2 billion on their water bills compared to the funding requested by disputing companies. The CMA's Final Determinations also set an important precedent for energy network price controls, potentially saving consumers billions in excessive profits.



# Ensuring the government's net zero plans focus on consumers

The government's net zero targets will have a significant impact on energy consumers. Decarbonising our homes and businesses will include upgrading their energy efficiency, moving to low carbon heating systems and taking up new smart products and services in order to use energy in a more flexible way.

Our advocacy work is focussed on ensuring the government's net zero plans meet the needs of consumers. We called for a **net zero homes guarantee** to provide the necessary information, protection and support for people throughout the transition, with our work referenced by the BEIS Select Committee and the UK Climate Assembly.

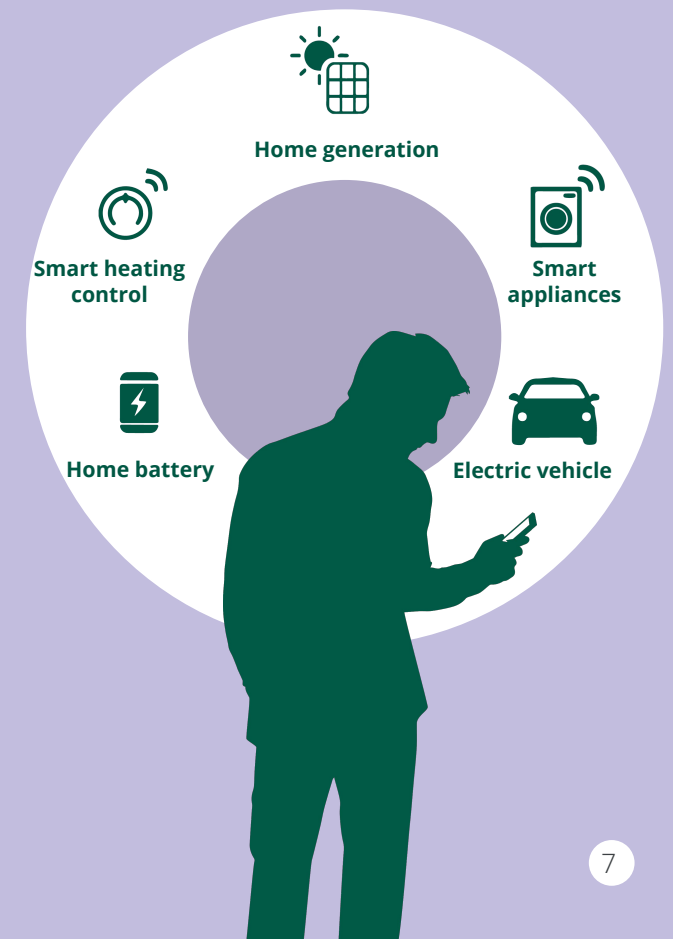
The **Lessons for net zero** report used our experience as an advice provider and consumer advocate to outline how to improve future energy efficiency and low carbon heating support schemes. The **Home truths** report used our data and insight to highlight the current challenges people face when making home energy improvements, while **Navigating net zero** outlined how to give people the confidence to invest in these new technologies.

We looked in detail at the emerging consumer experience in key areas:

- **Taking the temperature** explored consumers' views on moving to low carbon heat
- **Powering up or facing resistance?** explored how to use behavioural insights to communicate the benefits of smart appliances to consumers
- **Bringing heat networks up to standard** outlined how to close the current protection gaps being experienced by a growing number of households
- Together with industry, we published a **risk register** highlighting the consumer protection gaps with new demand side response services
- Our work on the **Electric Vehicle Energy Taskforce** has helped shape recommendations to government on the mass take-up of electric vehicles

It is essential that the costs of the transition do not fall the heaviest on those households who can least afford it. A key part of our advocacy work is scrutinising costs and ensuring there is value for money.

We published **Meeting net zero** outlining options for anticipatory investments by network companies. Our **response** to the Treasury's interim net zero report outlined how to address key challenges around fairness.



# Reducing costs to consumers from energy supplier failures

More than 20 energy suppliers have failed in the last 3 years. When this happens consumers can face stress and lose access to any credit balance they held for months at a time. People in debt to the failed supplier can face aggressive debt collection tactics. And unpaid industry bills can put up costs for everyone else.

➤ At a time when so many households are already struggling we've continued to push for reforms to protect consumers from paying the price for energy suppliers' shortcomings.

Over the past 2 years we've continued to **build on** our existing insight into the impacts of failures on consumers, and have engaged closely with Ofgem's supplier licensing review.

So far this has delivered a number of reforms we called for, including stronger entry criteria and ongoing requirements, that should mean companies have to have sound financial plans and offer a decent level of service.

In relation to the costs of failures, the Government has taken steps to limit how much of unpaid industry bills are likely to pass to consumers when energy companies fail. Finally, Ofgem has **proposed limits** on the amount of customer credit balances suppliers can hold. These should reduce the costs when suppliers fail, and put up to £65 back in every customer's pocket.

# Protecting microbusinesses in the energy market

Part of our role as the official consumer body in energy is to advocate for microbusiness customers. These are very small organisations, with 10 employees or less, and often lack energy expertise. They're at risk of paying higher costs and don't share benefit from many of the protections domestic customers have.

➤ We called for an enhanced protections through Ofgem's **microbusiness strategic review**. We were particularly concerned by bad practice among energy brokers, which can leave microbusinesses out of pocket.

Ofgem has now proposed important changes, requiring transparency about broker costs and access to alternative dispute resolution if brokers don't treat customers fairly.

We're also working collaboratively with Ofgem to help microbusinesses access up-to-date guidance. This will boost awareness of how the market operates and consumer rights. We'll base our approach on insights from **our research** looking at microbusiness preferences for communications related to energy.

Many microbusinesses have had a challenging time during the pandemic. We've co-commissioned research with Ofgem to track microbusinesses experiences generally, and in relation to energy. This will guide us in the next steps of our microbusiness advocacy.



# Safeguarding access to the post office network

During the pandemic, post offices have played a vital role keeping communities connected and making sure they have access to essential services. Many postmasters went above and beyond to serve their communities.

- ⚠️ But the cracks are showing in the post office network. Our data on post offices shows that in the last decade temporary closures and part-time outreach services have more than doubled. This is a particular problem in many rural communities.
- £ In this context, **we successfully argued for the government to continue providing a £50 million subsidy to the most rural post offices as part of its spending review.**
- We also called for further investment money to be provided for the Post Office to reduce temporary closures and part-time outreaches, and boost the Post Office's social purpose. The government provided the Post Office with £177 million of investment money.
- In 2021/22 we'll be making the case for the government to provide a multi-year subsidy to continue to support the most rural post offices as part of its comprehensive spending review.

# Making sure everyone has access to their post

Our research has found that 7 million people have struggled to access their post at some point over the last decade. And not being able to receive letters can have serious consequences:

- ⚠️ 4.7 million people have missed appointments with key services.
- 3 million people faced financial losses - averaging at £850 per person

🔧 We've engaged with charities, postal workers and MPs to raise awareness of the issue, including running a social media campaign with charity stakeholders. **We've also worked with colleagues in Wales to commission further research into the issue from a Welsh perspective,** and had positive conversations with Welsh political parties.

📄 And we're now focusing on designing a workable solution to the problem. We've created the building blocks of a new service to address post exclusion, based on qualitative research with people with lived experience of the issue.

➤ More recently, we hosted a workshop for stakeholders to feed into the development of a future service. This received positive engagement, with representatives attending from organisations including the Post Office, Royal Mail, banks and charities representing potential service users.

➤ In 2021/22 we'll be taking these insights forward to develop a service to address post exclusion that works both for users and providers.

# Finishing the job on the loyalty penalty

In 2018 we submitted a super-complaint to the CMA about the £4 billion loyalty penalty consumers pay across 5 essential markets. The CMA agreed with our findings, and found that damaging practices by firms were causing harm to loyal customers.

Since then, regulators have made good progress to prevent loyal customers being exploited in some markets. But in other markets, there is much more to do.

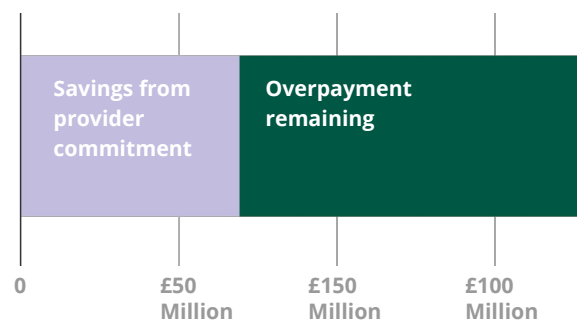
## This year:

- We found that **8 in 10 people are still paying the loyalty penalty in at least one market.**
- For people in the lowest income band, paying the loyalty penalty across all 5 markets would cost them almost 8% of their annual household expenditure. This is particularly concerning in a year where 6 million people have fallen behind on bills because of the pandemic.
- We also found that 27% of people said their ability to switch providers in at least one market had been impacted by lockdown.

## We've celebrated success

We welcomed the Financial Conduct Authority (FCA)'s **confirmation of new rules** which will ban 'price walking', meaning firms can't charge a renewing customer more than they would if they were new. This will effectively end the loyalty penalty in the insurance market, and the FCA expects the new rules to save consumers £4.2 billion over 10 years.

**Loyalty penalty remaining in the mobile handset market**



## And called for further action to be taken

We published a **report** looking at two markets where firms and regulators have not done enough to tackle the loyalty penalty. We found that, since the start of the coronavirus pandemic:

- 1 in 3 customers whose bundled mobile contract had come to an end had not switched, putting them at risk of paying the loyalty penalty.
- 42% of those whose fixed term mortgage had come to an end had not switched.

We called on mobile providers and the FCA to take concrete and enforceable action to reduce customer bills now, and finish the job on the loyalty penalty. In 2021/22 we will continue to monitor progress across markets to make sure that customers' loyalty isn't penalised.

# Other consumer projects

Our energy, post and cross-sector consumer advocacy

# Delivering specialist energy assistance and support

## Big Energy Saving Network

The Big Energy Saving Network (BESN) is a community outreach project targeted at consumers in vulnerable situations and the frontline workers who assist them.

Consumers' advice is delivered by a network of 190 Energy Champions, based in 95 organisations across Great Britain and training to frontline workers is provided by 20 Regional Energy Leads.

Between September 2020 and March 2021:

- Over 16,500 consumers received advice from a BESN champion.
- 97% of consumers received one-to-one advice. This was up from 42% of consumers last year as the delivery of the project was adapted due to COVID-19.
- We saved consumers over £4.1 million, up from £1.6 million last year. This was mainly due to the increase in one-to-one advice.
- Although the proportion of consumers switching supplier after attending a BESN event fell compared to last year, the proportion signing up for the Warm Home Discount, the Priority Services Register, or taking measures to improve their energy efficiency increased significantly.

This was based on speaking to a sample of BESN consumers.

- 73% of consumers said that the energy advice they received helped them to keep their home warmer.
- Almost 5,500 frontline workers were trained by BESN Regional Energy Leads and it's estimated that they each reached a further 10-15 people with advice.
- 94% of frontline workers felt more confident to provide energy advice to consumers, after attending the training session.

## Big Energy Saving Winter

Big Energy Saving Winter, formerly Big Energy Saving Week (BESW), is an annual national campaign to help people reduce their energy bills and get financial support. This year's campaign ran from 1 November 2020 to 31 January 2021 and it was the tenth year it has taken place. BESW is a partnership campaign between Citizens Advice, Energy Saving Trust, and the Department for Business, Energy and Industrial Strategy (BEIS).

This year we held 244 digital events and there were 39,909 visits to our campaign microsite. We also secured 147 pieces of media coverage and our paid for social media campaign achieved over 18,000 clicks or engagements.

## Extra Help Unit

The Extra Help Unit (EHU) is a specialist team of caseworkers investigating energy and post complaints on behalf of consumers in vulnerable situations. The service is telephone based and covers the whole of Great Britain, helping domestic and microbusiness consumers. In the year from April 2020 to March 2021:

- ☎ We dealt with **14,697** cases.
- 📉 This was down by 3% on last year as we encouraged referral partners to use our Ask the Adviser service (see below) only after they had sought guidance from their own colleagues.
- 📈 However, our complaints and enquiry cases were **up 16%** on last year.
- £ We got over **£2 million** in redress for consumers.

The Ask the Adviser service - for advice agencies who need specialist support - was consulted 1,382 times.

👤 "Thank god they exist, I don't know what I would've done without them I couldn't have coped. They were amazing."

*Quote from EHU client*

# Energy

## Using our insights to improve supplier performance

We use our data on energy issues to improve practice, by **sharing our insights and offering tailored advice** to poorly performing suppliers, and by working with Ofgem and BEIS to raise supplier-specific and industry-wide issues. Our engagement has secured significant improvements for customers, such as more accessible communications and better support for people unable to pay their bills.

We also use our market insight to regularly publish good practice guides on priority issues for energy companies. This year we updated our guide on **supporting people in energy debt** and released a new guide on **supporting microbusiness customers**.

## Calling out poor energy company performance

We've been more vocal about poor performance from energy suppliers, something that we monitor and publish in our quarterly **star rating**. In **Recovery or Ruin?** we highlighted the need for good quality service to support customers through the pandemic. This includes accurate billing, accessible service channels and help for people who fall behind on their bills.

As the energy market changes and innovates to meet the challenge of achieving net zero emissions, in **Future Proof**, we set out key challenges and opportunities for energy suppliers in providing great customer service in the longer term.

## Supporting energy consumers in the pandemic

During the pandemic we put in place enhanced monitoring of energy contacts to our service. This identified additional risks faced by people in vulnerable circumstances and helped shape - and monitor the impact of - the **industry agreement** between BEIS and energy suppliers.

We followed this up with a good practice guide for energy suppliers and networks on **supporting customers affected by the pandemic**.

We also **conducted research with consumers** about their experiences during the early phase of the pandemic. This helped ensure Ofgem put in place **new permanent support** for people struggling to pay for their energy.

## Looking to the future

In 2020 we completed our **Future Energy Consumers** programme of research, which ran between 2018-2020. It explored issues relating to future market design and how consumers might engage with new energy products and services.

To complement the insight we had gained from this research, we held a **series of workshops** with stakeholders to refine **our vision for a future energy market** that is inclusive by design, encourages innovation, treats people fairly and is accessible to all.

# Post

## Guiding people through the postal market

We worked with our Expert Advice team to update post-related training materials for advisers working on the **Consumer Helpline**, which supported 549,000 people this year.

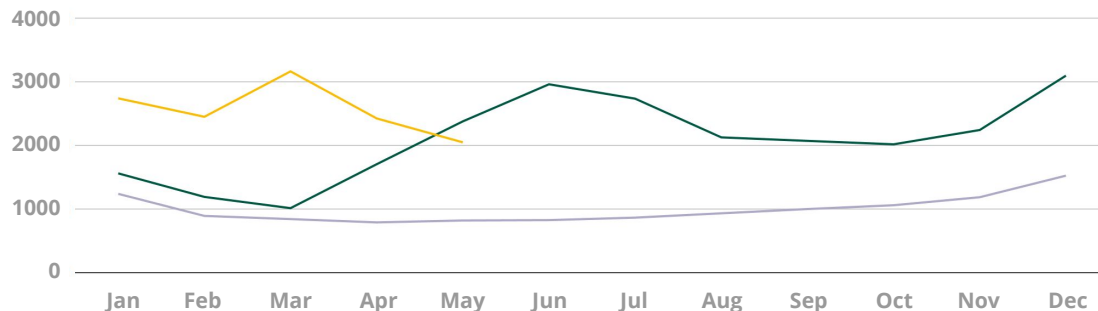
We also increased our monitoring of trends in the postal sector. We now track data on Citizens Advice web page views and the Consumer Service, and carry out regular consumer tracking research on post issues.

This helped us to identify emerging issues such as parcel-related scams, and a rise in parcel problems during the pandemic.

We also found that **16.5 million people were affected by Royal Mail letter delays** at the beginning of the year. We used this finding to persuade Royal Mail to guarantee a minimum delivery floor and change their communications to keep customers informed.

Throughout the pandemic we used **blogs, media appearances** and **social media** to highlight issues affecting consumers, and give people information on how to protect themselves.

## Consumer Service parcel cases



## Protecting people in the postal market

We used **our response to Ofcom's Call for Input** on its review of postal regulation to call for an agile and consumer-centred approach to regulation.

Our research showed that post remains important for people in managing their lives, and the pandemic has accelerated people's reliance on parcel deliveries. Yet 42% think the cost of sending letters and parcels is unaffordable, while 77% have experienced a parcel delivery problem in the last year.

Our response highlighted the need to ensure the postal service is universal and affordable, and protect consumers in the parcels market.

For many people online shopping has become a lifeline. However, **our recent research** found that 2 in 5 disabled people experienced a problem with their parcel delivery in a single week. This builds on **our work in 2019**, when we started asking parcel companies to improve their services for disabled customers.

In April 2021 DHL Parcel became the first parcel company to introduce an **easy-to-use system for disabled people** to tell their parcel company about any additional delivery needs, using technology from HelloDone. Disabled customers can now let their driver know they'll need more time to get to the door, or ask them to leave their parcel in an accessible safe place.

# Cross-sector

## Supporting those hardest hit by the pandemic

Our **research** showed that **6 million people** fell behind on at least one household bill as a result of the pandemic, with Black people and carers particularly likely to fall into covid-related debt. We compared and **benchmarked support across markets** to identify gaps and began a programme of work to advocate for and secure protections for consumers struggling with bills across essential markets.

We found that **2.3 million** people were behind on their broadband bill and that 1 in 6 struggled to afford broadband during the pandemic. We worked with Ofcom to **design voluntary agreements for firms** to protect customers in telecoms debt. We also convened a roundtable with providers, regulators and other experts to push forward the debate on the need for a social tariff in the broadband market.

For the **2.8 million** energy consumers behind on a bill, we worked with Ofgem to **design robust protections** for customers in debt as a result of the pandemic and secured permanent support for customers struggling to pay their bills. Looking beyond the pandemic, in October 2020 we called for government to set up an **essential services taskforce** to modernise the identification of vulnerability and improve data-sharing across markets.

Our report **Debt at the close of 2020** sets out the cross-sector impact of the pandemic on the nation's household debt, and called for further support for people in covid-related debt.

# Equity, diversity and inclusion

## Embedding equity, diversity and inclusion into our consumer work

We have committed to making our advice and advocacy more inclusive as an organisation. In our consumer work, this means continuing to provide high quality advice, working to better understand the experiences of marginalised people across markets.

We are increasingly focusing our efforts on investigating policy challenges which disproportionately affect groups with protected characteristics. We found that disabled people and Black people were over twice as likely to be impacted by a lack of access to post, so we called for the government to set up an **'Address and Collect'** service to help people receive their post safely. We have also commissioned research looking at the demographics of digital exclusion, which is due to be published shortly, and have begun research into racial discrimination in the pricing of general insurance products.

Equity, diversity and inclusion considerations are now built into our research design to ensure we can better understand how issues affect marginalised groups. During the pandemic, we commissioned regular polling to gauge the ongoing impact on households, and invested in a sample boost for Black and ethnic minority respondents. We were able to see the unequal impact of the crisis on groups with protected characteristics, particularly on levels of household debt and ability to pay bills.

We are committed to further evolving our processes around inclusive research and advocacy, and will be piloting research with people with lived experience of key consumer issues in the coming year.

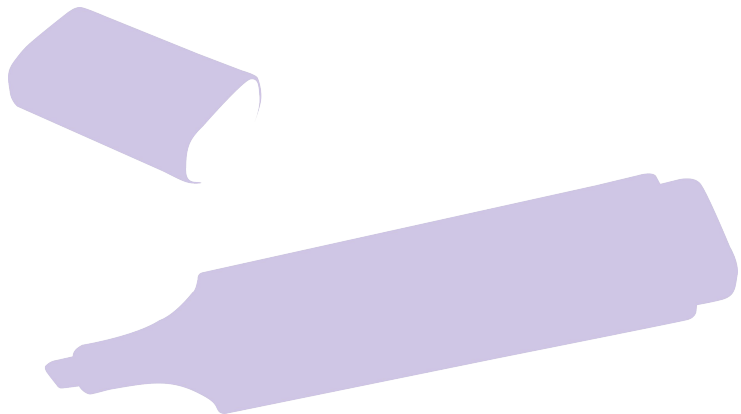
# Finances

This table shows grant funded expenditure, in £, on consumer advocacy by activity for the year ended 31 March 2021.

## Planned

	GB	Scotland	Total
Energy	3,589,300	139,800	3,729,100
Post	1,067,600	31,000	1,098,600
Cross-sector	786,300	58,300	844,600
Directorate	190,300	9,300	199,600
<b>Total</b>	<b>5,633,500</b>	<b>238,400</b>	<b>5,871,900</b>

*Includes staff related costs*



The Scottish Government's contribution to our GB work is shown in the Scotland column. Expenditure by Citizens Advice Scotland is reported separately in its annual consumer report.

## Actual

	GB	Scotland	Total
Energy	3,589,300	139,800	3,729,100
Post	1,067,600	31,000	1,098,600
Cross-sector	786,300	58,300	844,600
Directorate	190,300	9,300	199,600
<b>Total</b>	<b>5,633,500</b>	<b>238,400</b>	<b>5,871,900</b>

## Funded delivery programmes - Energy

Big Energy Saving Week and Big Energy Saving Network

Total
1,848,800



# Free, confidential advice. Whoever you are.

We help people overcome their problems and campaign on big issues when their voices need to be heard.

We value diversity, champion equality, and challenge discrimination and harassment.

We're here for everyone.



[citizensadvice.org.uk](https://citizensadvice.org.uk)

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