

## Money and Mental Health submission to Energy UK's Commission for Customers in Vulnerable Circumstances

The Money and Mental Health Policy Institute is a research charity, established by Martin Lewis to break the link between financial difficulty and mental health problems. This response to Energy UK's Commission for Customers in Vulnerable Circumstances sets out evidence from our research and policy work on how energy providers can best support the needs of the 11.8 million adults across the UK who will experience a mental health problem each year. Money and Mental Health's research is informed by our Research Community, a group of over 5,000 people with lived experience mental health problems. All quotes are from members of the Community who have participated in our research.

Our response covers questions 1, 2, 3, 5 and 6 of the Commission's call for evidence. In addition to this response, we recommend that the Commission reviews our reports *Seeing through the fog*,<sup>1</sup> which explores how mental health problems can affect a person's financial capability, and *Levelling the Playing Field*,<sup>2</sup> which examines how these challenges may affect a person's ability to navigate markets for essential services, including energy.

### Background

- One in four adults are experiencing mental health problems at any time.<sup>3</sup> This equates to nearly 12 million consumers across the UK.<sup>4</sup> Across a lifetime, half of us will be affected.<sup>5</sup>
- People experiencing mental health problems are less likely to be in employment, and when they are in work this is more likely to be temporary or low-paid.<sup>6</sup>
- For many, this will mean that essential services account for a greater proportion of their expenditure.
- Mental health problems can have an impact on our cognitive and psychological functioning, affecting our ability to control impulses, shortening our attention spans, impairing short-term memory and reducing our ability to problem solve and plan ahead.<sup>7</sup>
- These, in turn, can have a significant impact on our ability to manage money, and to navigate markets for essential services. In short, mental health problems can make it much harder to manage essential services and to get a good deal – when those affected are often also less able to afford the premiums associated with being a less engaged consumer.

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<sup>1</sup> Holkar M. *Seeing through the fog: How mental health problems affect financial capability*. Money and Mental Health Policy Institute. 2017.

<sup>2</sup> Evans K and Holkar M. *Levelling the playing field: How regulators can support consumers with mental health problems*. Money and Mental Health Policy Institute. 2017.

<sup>3</sup> McManus S et al. *Adult psychiatric morbidity in England, 2007. Results of a household survey*. NHS Information Centre for Health and Social Care. 2009.

<sup>4</sup> Money and Mental Health calculated using Office for National Statistics, *Population Estimates for UK, England and Wales, Scotland and Northern Ireland: mid-2016*.

<sup>5</sup> Mental Health Foundation. *Fundamental facts about mental health 2016*. 2016

<sup>6</sup> Mental Health Taskforce. *The Five Year Forward View for Mental Health*. NHS England. 2016

<sup>7</sup> Holkar M. *Seeing through the fog*. Money and Mental Health Policy Institute. 2017.



- People experiencing mental health problems are three times as likely to be in problem debt,<sup>8</sup> and half of people in problem debt also have a mental health problem.<sup>9</sup>
- A recent survey of 451 members of Money and Mental Health's Research Community found that six in ten (60%) pay more for heating and electricity when they are unwell.<sup>10</sup>

### 1. Are the areas of vulnerability identified in this call for evidence the correct areas for the Commission to focus on?

We are pleased to see that commissioners will explicitly consider mental health problems. In defining this area of interest, we would encourage the commissioners to deepen their understanding of mental health. All of us have mental health, at any time - just as all of us have physical health. This need not be problematic - as with our physical health, we may be generally well. However, as with our physical health, we may, at times, experience poor mental health, which may be sufficiently severe to warrant the clinical diagnosis of a mental health problem or condition.

The links between mental health problems and financial difficulty are complex, and flow in both directions. We would thus urge the commission to both consider how energy providers can a) better meet the needs of people experiencing mental health problems, and; b) minimise the risk that their actions have a negative impact on customers' mental health. The latter is particularly important in collections processes, as half of all people in arrears on gas bills (53%) and nearly six in ten of those behind on electricity payments (59%) are experiencing a mental health problem.<sup>11</sup>

Some people with mental health problems will, at times, simply be too unwell to manage their energy supply alone. The support that friends, family members, carers and mental health practitioners provide at this time is invaluable. However too often, complex systems and concerns about data protection mean that energy suppliers are unwilling to speak to these customer representatives, causing additional and unnecessary distress. We would urge the Commission to explicitly extend its remit to ensure that the needs of carers are recognised in its work.

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<sup>8</sup> Jenkins R et al. Debt, income and mental disorder in the general population. *Psychological Medicine* 2008; 38; 1485-1493

<sup>9</sup> Jenkins R et al. Mental disorder in people with debt in the general population. *Public Health Medicine* 2009; 6, 3: 88-92.

<sup>10</sup> Online survey of Money and Mental Health Research Community, 16 March - 26 April 2018. Base for this question: 421 people with lived experience of mental health problems

<sup>11</sup> Jenkins R et al. Mental disorder in people with debt in the general population. *Public Health Medicine* 2009; 6, 3: 88-92.

## 2. In your experience, how can particular vulnerabilities impact a customer's ability to interact with their energy supplier?

### **Communicating with energy suppliers**

People with mental health problems often experience difficulties with certain communication channels, most commonly using the telephone or opening post. Many people with mental health problems also report struggling to understand the terms used by essential services providers in their communications. Inaccessible communications can mean that customers do not receive essential information from their providers, or struggle to seek support when problems develop. Being forced to use an unsuitable communication channel can have a serious impact on customers' mental health, as well as their ability to effectively engage. For some this can trigger panic attacks or suicidality

*"I have massive anxiety about talking to strangers on the phone. I frequently end up feeling at best exhausted or at worst suicidal afterwards."*

On the telephone, problems can be aggravated by having to navigate menus or remember account security details. Making decisions over the telephone can be particularly difficult for consumers experiencing mental health problems, who may need longer to consider decisions if their illness affects their ability to understand and weigh up information. Consumers with mental health problems frequently report being pressured by call handlers to make decisions more quickly than is comfortable for them. There is also a widespread perception that call handlers do not understand mental health problems, and that reliance on scripted conversations prevents them from offering adequate support to customers experiencing difficulties. Short term memory issues caused by mental health problems can also limit the usefulness of phone calls, making it difficult to remember the agreements reached or required action points.

*"I generally become very stressed and unable to think clearly when I'm contacted by phone so I often finish a call being clueless as to what's been discussed!"*

Problems with post are also common. Many people report feeling intimidated or threatened by letters about arrears or late payments. An aggressive tone can have a severely negative impact on people's mental health. In some cases, consumers respond by physically hiding letters and failing to engage at all. Some people also reported being distressed by marketing materials sent by providers, worrying that they are unexpected bills.

Avoidant behaviours are a common symptom of anxiety. Some people with mental health problems report never opening or checking their bills, because they find this too stressful. Others, who are usually engaged, may find this slips during periods of acute poor mental health. When people are very unwell, particularly when a person is hospitalised for their mental health, engaging with essential services management can be practically impossible. 77,000 people were admitted to hospital for treatment of mental health conditions in England in

2016/17, and the average length of stay was 51 days.<sup>12</sup> Disengagement can lead to missed payments, penalty charges and even legal action.

Energy providers can take practical steps to address these problems, such as providing customers with a transcript of phone conversations or designing envelopes that are less hostile. Steps like these can reduce the negative psychological impact of communications by telephone or letter, and make these communications channels more accessible for people with mental health problems. However, adaptations like these will not be sufficient for some people, particularly those with more severe phobias. Alternative communication channels, such as webchat, text messages or in-app notifications, could be more accessible for those who struggle to use the telephone or to open post. However, our research suggests that energy providers rarely use these alternative channels to contact customers with mental health problems. Email is more commonly used but this is often a one way or limited channel, so customers cannot always raise queries in this way.

“I find it very daunting to contact service providers... to the point where I will put it off for weeks. I find the automated call handling disconcerting and long lists are difficult to concentrate on so I often have to ring off and try again several times before I know what option to choose. By the time I get through to someone I already feel really stressed and frazzled... They often make you listen as they read off a script that really clearly doesn't relate to your query at all. No wonder that next time I feel daunted about contacting them and often put it off for weeks.”

### **Understanding bills**

Many people with mental health problems report struggling to understand their bills for essential services, with 72% of respondents to a recent survey of 434 people with lived experience of mental health problems saying they had been surprised by the size of a bill, or received an unexpected additional charge. Only a quarter (25%) of respondents were confident they understood energy bills, while nearly half (45%) said they were not confident in their understanding.<sup>13</sup>

These difficulties are likely not unique to people with mental health problems, but can be more acute for this group due to the negative impact that mental health problems can have on cognitive and psychological functioning.<sup>14</sup> These problems can be exacerbated by the way that tariffs are structured or bills are designed. Research Community members have highlighted jargon and the complexity of information contained in some bills as particularly problematic. Others report feeling overwhelmed and unable to distinguish the key message from bills. People with lived experience of mental health problems also reported being confused by tariff pricing structures, additional charges that do not appear in headline deals, differences between estimated and actual billing and instances where prices rise part way through a contractual period.

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<sup>12</sup> Number of and mean length of admissions where main speciality was adult mental health. NHS England. Hospital Admitted Patient Care Activity, 2016-17. 2017

<sup>13</sup> Money and Mental Health online survey of 434 people with lived experience of mental health problems, 1 September - 6 October 2017. Base for this question: 335

<sup>14</sup> Holkar M. Seeing through the Fog. Money and Mental Health Policy Institute. 2017.

“I am far from being a simpleton, but bills are often so entangled with legal jargon to cover the company's backs that it is too easy to misunderstand the basics that the customer needs to be able to understand. The same can be said for statements and contracts; it's not just the 'small print', the whole bill, statement, contract becomes a minefield of gobble-de-gook.”

### **Accessing specialist support**

Energy providers often offer specialist support to customers identified as vulnerable. However, our research suggests that few people are offered additional support by essential service providers because of their mental health, and that many are unaware that such support is available. Two problems seem to be at the heart of this.

Firstly, despite nuance in the definitions of vulnerability used by energy providers, recognising that it may be transitory and that anybody can be affected, vulnerable consumer policy responses have tended to focus on identifying and supporting consumers with relatively consistent problems, such as sensory impairments or physical disabilities, or with degenerative conditions associated with old age. This approach does not work well for people experiencing mental health problems, which frequently fluctuate. Even those with the most serious conditions can be well for years at a time, not requiring any additional support, only to suddenly become acutely unwell.

Secondly, access to support continues to rely largely on vulnerable consumers disclosing information about their problems. Many people, however, either don't realise that their symptoms amount to a diagnosable mental health problem, or struggle to overcome the stigma around seeking help. Only a minority of people with a mental health problem at any given time will be receiving treatment and support.<sup>15</sup>

Furthermore, the deep societal stigma around mental health problems means that disclosing these illness can be particularly difficult for people. Only one in four members of the Money and Mental Health Research Community report that they have disclosed their mental health condition to an energy provider. Fewer than half of these respondents said that they had received additional support from their provider after disclosing.<sup>16</sup> Other consumers, who are willing to disclose information about their mental health, complain that there is no simple way to do this, and it can often rely on using the telephone. Some report negative experiences of disclosure, such as being asked to repeat sensitive personal details on multiple occasions before any action is taken, or seeing no appreciable benefit after disclosing.

“I would have no problem with it (disclosing information about a mental health problem) if it was over the internet either email or a web form.”

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<sup>15</sup> Four in ten (39.4%) adults with a common mental disorder (different types of depression and anxiety) are receiving any treatment. McManus S et al. Adult psychiatric morbidity in England, 2007. Results of a household survey. NHS Information Centre for Health and Social Care. 2009.

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“It’s embarrassing having to ask for help so usually I don’t bother I’ll just try and struggle through.”

### 3. What, in your experience, are the key things that commissioners need to understand in relation to particular vulnerabilities and how these might impact a customer’s ability to engage in the energy market?

Most people with mental health problems understand that they “should” be more engaged consumers: more than two thirds (69%) recognising that switching suppliers is the key to getting the best deal on essential services.<sup>17</sup> But for many, this is simply too difficult, particularly when they are unwell. When depressed, people often lack the motivation to pursue hobbies, sex and other pleasurable activities. At these times, engagement in essential service markets can require superhuman levels of effort. Eight in ten (82%) of our survey respondents said they found the thought of switching and shopping around exhausting.<sup>18</sup>

For others, anxiety drives risk aversion and prevents people from switching. Some reported sticking with their current providers for fear of making a bad decision, or facing some unexpected penalty for switching. Three quarters (72%) of our respondents reported knowing that better deals are available, but not being sure which providers they can trust,<sup>19</sup> and a third (30%) said that they would rather stick with the provider they know, even if it was more expensive, rather than risking the unknown.<sup>20</sup> Only 15% of our respondents reported not wanting to switch because they are happy with the services they currently receive.<sup>21</sup>

Mental health problems can affect cognitive processes such as working memory and attention switching ability, which are used to weigh up different options. As a result, people with mental health problems may struggle to compare complex products or tariffs across multiple providers, or doing so may require substantial mental effort. Nearly three quarters of respondents to our survey (72%) reported that they find it hard to identify the best deal, and eight in ten (80%) said they struggle to compare deals when there are many different options.<sup>22</sup> Respondents commonly cited complexity in the market as an important factor, particularly when products are structured in different ways. This includes tariffs incorporating both fixed and variable elements, such as prepayment meters that include a standing charge, so are difficult to compare on a like for like basis. Other examples include non-financial competition, through credentials such as customer service, renewable energy provision or enticements such as cinema tickets or gifts.

“It can be difficult as my brain is not able to process the information. I keep revisiting the different sites to remember who has said what as I do not retain details for very long.”

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<sup>17</sup> Money and Mental Health online survey of 434 people with lived experience of mental health problems, 1 September - 6 October 2017. Base for this question: 348.

<sup>18</sup> Ibid. Base for this question: 351.

<sup>19</sup> Ibid. Base for this question: 350

<sup>20</sup> Ibid. Base for this question: 350.

<sup>21</sup> Ibid. Base for this question: 350.

<sup>22</sup> Ibid. Base for this question: 349.

“The energy companies' various tariffs make it almost impossible to compare like for like. It is hard enough living and coping in the real world without complicated calculations.”

A perverse incentive against switching is also created where support for vulnerable consumers is not consistent across the market. Consumers receiving Warm Home Discount, for instance, may have a strong disincentive to switch, as other providers may apply different entitlement criteria or may have exhausted their limited supply of discounts. More generally, consumers with mental health problems who are receiving additional support may face a disincentive against switching if they would have to disclose information about their mental health to a new provider, in order to receive the equivalent support.

**5. Can you share any examples of best practice to support customers in vulnerable circumstances, either within energy or other relevant sectors?**

Our [Best practice checklist for energy and water suppliers](#) contains some suggestions of ways that firms could best support customers experiencing mental health problems, and those who care for them. A copy of the checklist is included in this submission.