

Money and Mental Health's submission to Ofgem's consultation on framework for consumer standards and policy options to address priority customer service issues

Introduction

The Money and Mental Health Policy Institute is a research charity established by Martin Lewis to break the vicious cycle of money and mental health problems. We aim to be a world-class centre of expertise developing practical policy solutions, working in partnership with those providing services, those who shape them, and those using them, to find out what really works. Everything we do is rooted in the lived experience of our Research Community, a group of thousands of people with personal experience of mental health problems.

This written submission has been informed by the experiences of our Research Community, as well as our wider body of research.¹ Unless otherwise specified, all quotes in this response are drawn directly from the Research Community.

Background

- In any given year, one in four people will experience a mental health problem which affects their cognitive and psychological functioning.² Over a lifetime, this proportion rises to nearly half the population.³ However, we do not always know when we are unwell, or receive treatment. Over a third (36%) of people with a common mental disorder have never received a diagnosis, and 62% are not currently receiving treatment.⁴
- Common symptoms of mental health problems, like low motivation, unreliable memory, limited concentration and reduced planning and problem-solving abilities, can make managing money and interacting with essential service providers significantly harder.⁵ As a result, it is estimated that people with mental health problems pay up to £1,550 more per year for essential services than people without mental health problems.⁶
- Customers can often be unaware of the support that essential service providers, like energy companies can offer. For example, fewer than three in ten people with mental health

¹ For example, Holkar M, Evans K and Langston K. Access Essentials. Money and Mental Health Policy Institute. 2018; Holkar M. Time to act. Money and Mental Health Policy Institute. 2022; D'Arcy C. Bombarded: reducing the psychological harm caused by the cost of living crisis. Money and Mental Health. 2022.

² McManus S et al. Adult psychiatric morbidity in England, 2007. Results of a household survey. NHS Information Centre for Health and Social Care. 2009.

³ Mental Health Foundation. Fundamental facts about mental health. 2016.

⁴ McManus S et al. Mental health and wellbeing in England: Adult Psychiatric Morbidity Survey 2014. NHS Digital. 2016.

⁵ Holkar M. Seeing through the fog. Money and Mental Health Policy Institute. 2017.

⁶ Rogers C, Poll H and Isaksen M. The mental health premium. Citizens Advice. 2019.

problems have been told what additional support their essential services provider can offer to customers with mental health problems.⁷

- People with mental health problems are three and a half times more likely to be in problem debt than those without, and half (46%) of adults in problem debt also have a mental health problem.⁸ People with mental health problems are nearly four times more likely than people without to be behind on energy bills.⁹
- Mental health and financial problems can form a devastating, self-reinforcing cycle. Over 420,000 people in problem debt consider taking their own life in England each year, and more than 100,000 people in debt actually attempt suicide.¹⁰

Approach to addressing priority customer service issues

Question 1: Do you agree with our assessment on what good looks like for the issues consumers are facing relating to the priority issues of contact ease and identification and support/advice for consumers struggling with their bills. Are there any issues missing?

We believe that Ofgem has identified the key issues that customers are experiencing in the two priority areas and agree with the assessment of what good looks like. In particular, the focus on communication methods that meet the needs of vulnerable customers is very welcome.

Contact ease

In our previous research, we have found that interacting with an essential services provider, like an energy company, can be a stressful experience, particularly if you are struggling with your mental health. Four in ten (37%) people with mental health problems experience significant anxiety when dealing with essential service providers.¹¹ A key issue in the research was contacting your provider, especially when something has gone wrong. A first barrier to this, as Ofgem has identified, is finding the contact details. Common symptoms of mental health problems like low motivation and reduced attention spans can make it harder to navigate through websites and poor web design can further exacerbate this. Therefore, being able to easily and clearly identify contact methods would benefit many people with mental health problems.

⁷ Holkar M. Time to act. Money and Mental Health Policy Institute. 2022.

⁸ Holkar M. Debt and mental health: a statistical update. Money and Mental Health Policy Institute. 2019.

⁹ Bond N and D'Arcy C. The state we're in: money and mental health in a time of crisis. Money and Mental Health Policy Institute. November 2021.

¹⁰ Bond N and Holkar M. A silent killer: Breaking the link between financial difficulty and suicide. Money and Mental Health Policy Institute. 2018.

¹¹ Holkar M, Evans K and Langston K. Access Essentials. Money and Mental Health Policy Institute. 2018.

"I tend to then overthink the problem and start searching for answers on websites and often can't find the answers."

Expert by experience

Three quarters of people with mental health problems have serious difficulties using at least one communication channel, and in particular more than half (54%) really struggle with the phone.¹² Communication methods that meet the needs of vulnerable customers is therefore crucial. Once consumers with mental health problems have managed to navigate getting in touch with their provider, we heard from people about how long waiting times can lead to them dropping out of the journey or becoming further agitated and being unable to communicate well with the staff member. Having a timely response to queries can therefore be of great benefit to people with mental health problems, including those who might struggle with concentration or managing their emotions due to their condition. We also found that being given clear expectation management can help relieve some of the anxiety of waiting in a queue, for example being told how long the wait is for a response or until they speak to someone on the phone.

"I put things off as long as possible and get stressed – this leads to me developing a stutter when I talk to people. If things don't go according to the script in my head I either burst into tears or get aggressive and have to put the phone down."

Expert by experience

Identification and support/advice for customer struggling with their bills

The issue of identifying and supporting those struggling with their bills will impact many people with mental health problems - our research has found that half of people in problem debt will have a mental health problem,¹³ and people with mental health problems are nearly four times more likely than people without to be behind on energy bills.¹⁴ We know that despite the help that is available to support customers who might be struggling, people often aren't aware of this. For example, fewer than three in ten people with mental health problems have been told what additional support their essential services provider can offer to customers with mental health problems.¹⁵ As highlighted above, there can be many barriers to getting in touch with your energy provider if you are experiencing financial difficulties and mental health problems. It's therefore key that firms identify those who are struggling and make proactive contact. Firms

¹² Holkar M, Evans K and Langston K. Access Essentials. Money and Mental Health Policy Institute. 2018.

¹³ Holkar M. Debt and mental health: a statistical update. Money and Mental Health Policy Institute. 2019.

¹⁴ Bond N and D'Arcy C. The state we're in: money and mental health in a time of crisis. Money and Mental Health Policy Institute. November 2021.

¹⁵ Holkar M. Time to act. Money and Mental Health Policy Institute. 2022.

have a range of data that would allow them to tell how customers are using their energy and whether they are self-rationing, self-disconnecting or missing payments. However, in research we did at the beginning of last year as prices were starting to sky rocket, we found that just one in three (34%) Research Community members had received any communication from their provider about the rising cost of energy and how they could help.¹⁶

We support the inclusion of "through a range of communication methods" in what 'good' could look like for proactive engagement given the issues we have identified with different communication channels. We believe that further to this, 'good' would be routinely recording and using the customer's preferred communication channel. We welcome the inclusion of firms engaging "with consumers sensitively and compassionately". Our past research has highlighted the devastating impact that poorly worded and aggressive debt communications can have on people with mental health problems.¹⁷ Rather than lead to people getting in touch it only further entrenches them in debt. Unfortunately we have heard examples from the Research Community of such communications during the current cost of living.¹⁸ Furthermore, energy bills are complicated and symptoms of mental health problems can make it harder to process information, so firms sending clear information would be very beneficial.

"[My energy provider] are constantly sending emails and have passed it through to a debt collection agency already who are also sending very scary letters. Their staff on the phones are also very rude and don't listen to what I have to say before trying to impose their solution rather than working with me to resolve the issue."

Expert by experience

"My energy company are causing me great anxiety at the moment and definitely making my mental health worse! I don't want to be in court for not paying my bills, or worse still in jail, when I have tried everything to sort it out. I don't know what to do next, how to fix it or who to turn to."

Expert by experience

Finally we know that people with mental health problems are more likely to be on lower incomes than people without, for example people with common mental disorders like anxiety or depression face an annual income gap of £8,400 on average.¹⁹ Additionally, four in ten (41%) of the people Citizens Advice help with debt have mental health problems and are struggling with

¹⁶ Money and Mental Health survey of 298 people with mental health problems. January 2022. Base for this question: 297.

¹⁷ Holkar M and Bond N. A silent killer: Breaking the link between financial difficulty and suicide. Money and Mental Health. 2018.

¹⁸ D'Arcy C. Bombarded: reducing the psychological harm caused by the cost of living crisis. Money and Mental Health. 2022.

¹⁹ Bond N and D'Arcy C. Mind the income gap. Money and Mental Health. 2020.

a negative budget.²⁰ Therefore we agree with Ofgem's assessment that 'good' should include customers being provided with tailored support that meets their needs and debt paths that match their situations.

Identifying vulnerable customers

One key issue where it would be useful to have more direction from Ofgem on what 'good' would look like is in the identification of vulnerable customers, in particular around the disclosing of needs. Ofgem's MCR on supporting customers in vulnerable situations highlighted some key areas of improvement in how firms are identifying and supporting vulnerable customers.²¹ We have found that only a small minority of people with mental health problems have ever disclosed to their essential service provider - for energy this was only 12%.²² There are many barriers to disclosing a mental health problem, such as stigma, bad past experiences, concerns over how the information will be used and not thinking it would make a difference.²³ We have produced a set of best practice guides that set out what 'good' looks like for encouraging, managing and recording disclosures of mental health problems.²⁴ This includes creating routing pathways to disclosure, and having the policies and procedures in place to record and act on such disclosures.

Question 2: Do you have any views on potential options to address priority issues and do you agree with the extra requirements we are proposing? Please supply evidence to support your response.

Contact ease

We welcome the suggestions that Ofgem has put forward to deal with the current issues customers face with ease of contact. In particular it is good to see that firms would have to offer a free alternative method to the phone such as a dedicated email address or webchat. The phone can be a barrier too far for many people with mental health problems, but it is often the main way that customers can get in touch or feel like they will actually have their issue resolved. Our concern would be that these alternative methods are not treated with the same importance or urgency as the phone by the energy company, and we would want customers to be able to

²⁰ Martin J and Lane J. Negative budgets: a new perspective on poverty and household finances. Citizens Advice. 2020

²¹ Ofgem. Ofgem completes review of how suppliers support customers in vulnerable situations. <https://www.ofgem.gov.uk/publications/ofgem-completes-review-how-suppliers-support-customers-vulnerable-situations>.

²² Bond N and D'Arcy C. The state we're in. Money and Mental Health. 2021.

²³ Fitch C, Holloway D and D'Arcy C. Disclosing environments Guide one. Money and Mental Health Policy Institute. 2022.

²⁴ The three best practice guides on disclosures can be found here - <https://www.moneyandmentalhealth.org/best-practice/disclosure/>.

speak to an actual person if they are using the webchat (although a bot can be beneficial at initially directing customers to the right teams).

Only offering a non-free number could be a barrier to people on low incomes who might be liable to charges if they are not on a fixed contract, so it is good to see Ofgem mandate that this would have to be a free number. The requirement for the number to be easy to locate is appreciated but this should also be the case for the other contact methods, such as email and webchat.

We support the extended availability of the phone and alternative methods in both the options. Many people are unable to get in touch during standard 9-5 hours due to work commitments. Our preference would be for them being open/monitored 24/7 to allow customers to get in touch at a time that best suits them. There is a connection between poor mental health and being unable to sleep,²⁵ and recent research has shown the impact that the cost of living crisis is having on people's sleep.²⁶ People may be awake and thinking about their energy bills and being able to get a response during this time could be of great benefit.

Finally, the ability to distinguish customers who are vulnerable and require extra support would be welcome given the issues we highlighted earlier with how people with mental health problems may become agitated, particularly if they struggle to manage their emotions due to their condition, or drop off while in long waits. We would want this to be part of the proposals outlined in option 2 also, and additionally apply to the alternative methods. The list of examples is good, but we would want people who are struggling to access the companies' services, for example due to their mental health, to be given the right support. The risk with this approach is that it relies on customers to "identify as being vulnerable" which might exclude those who struggle to communicate their needs, are wary of disclosing or are unaware they are in such a situation - for example, over a third (36%) of people with a common mental disorder have never received a diagnosis.²⁷

Identification and support/advice for customer struggling with their bills

We support the proposal for firms to have to start contacting and offering tailored repayment plans at the earliest opportunity. This would move some of the burden we identified above away from customers who have to work out what support is available and then get in touch, to firms who have to proactively tell those who are struggling with their bills. We think that the

²⁵ Morphy H, Dunn K, Lewis M, Boardman H, Croft P. Epidemiology of Insomnia: a Longitudinal Study in a UK Population. *Sleep* 2007; 30:3, 274-280.

²⁶ 30% of UK adults reported having poorer quality sleep - Mental Health Foundation. Mental health and the cost of living crisis. 2023.

²⁷ McManus S et al. Mental health and wellbeing in England: Adult Psychiatric Morbidity Survey 2014. NHS Digital. 2016.

trigger of two missed payments for those paying monthly and one for those paying quarterly is sensible. However, while there are many reasons why someone who pays monthly might miss one payment and not be at risk of financial difficulty, this could be an opportunity to reach out with a more general message about the support that is available. We believe it would be beneficial for Ofgem to include a reference to having a supportive tone and minimising distress in the communications being sent out in order to encourage more customers to engage.²⁸ As three quarters of people with mental health problems struggle with at least one communication channel, knowing the communication preference of a customer would help firms to know which method would lead to a successful engagement. Firms should also be using data on customer usage to spot other opportunities to proactively reach out to customers who might be struggling with their bills to offer support. Finally, we strongly welcome the proposed ending of minimum repayment rates given the financial difficulty many customers with mental health problems will be in.

Question 3: Do you have any evidence that suggests that we should be considering additional and/or different rules beyond what we have proposed? Please supply evidence to support your response.

The recent issues with forced-installation of PPMs highlighted that firms have been failing to adequately identify customers who are in vulnerable circumstances.²⁹ Our previous research has also found that energy companies, and other essential service providers, don't always understand or respond to the needs of customers with mental health problems, including when they are protected by the Equality Act.³⁰ We would welcome more action from Ofgem on what firms need to do to identify and support customers in vulnerable circumstances. For example, requiring firms to have training for frontline staff on vulnerable circumstances, including mental health problems, to make sure that staff can understand some of the common needs and how to best support customers in such circumstances. This would reduce any inconsistencies customers might experience when speaking to different staff at different times and allow them to get the right outcomes. Ofgem could also mandate that firms should collect information to monitor outcomes (similar to what had been included in the recent PPM code of practice) so that firms (and Ofgem) can better spot where customers are not being supported. Some of this could come in the form of guidance and we welcome the mention of more guidance on this

²⁸ Ofgem should use its research on debt communications published in 2021 and its good practice guide on supporting customers in payment difficulties to highlight why this is needed. Ofwat included reference to minimising "psychological distress" in its *Paying Fair* guidelines - <https://www.ofwat.gov.uk/wp-content/uploads/2022/05/Paying-fair-%E2%80%93-guidelines-for-water-companies-in-supporting-residential-customers-pay-their-bill-access-help-and-repay-debts.pdf>.

²⁹ For example, see our response to Ofgem's call for evidence on PPM rules and protections - <https://www.moneyandmentalhealth.org/wp-content/uploads/2023/03/Money-and-Mental-Health-Response-to-Ofgems-Call-for-Evidence-on-PPM-rules-and-protections-.pdf>.

³⁰ Holkar M. Time to act. Money and Mental Health Policy Institute. 2022.

issue in the consultation document. However, this is a good opportunity to consider where the rules could be strengthened.

Question 4: Do you agree with our proposed approach of introducing reputational incentives in our priority areas? Please supply evidence to support your response

We think the proposal of adding a new rule for firms to prominently display hyperlinks to customer service data from third parties on their websites could be beneficial. Given the changes to the energy market and prices over the last few years, there is a lack of price competition in the market at the moment. This means that encouraging more non-price competition would benefit customers who would be able to switch to firms who have better customer service levels. Price is not the only thing that customers will consider when thinking about whether to switch. Especially if they have been given a good level of service from their current supplier, for example if they disclosed their mental health condition and were given appropriate support. However, the limit with this approach is that there are many barriers to switching, particularly for customers whose circumstances can make this more difficult, such as experiencing a mental health condition.³¹ Therefore reputational incentives can be a useful addition to Ofgem's arsenal but the threat of non-financial incentives would be more likely to drive change from suppliers.

Assessment and monitoring of the immediate options

Question 5: Do you agree with what we have set out in the assessment chapter? Please provide supporting evidence with your views. For evidence regarding additional costs, please provide quantitative data.

We understand that these changes could lead to an increased financial and regulatory burden on firms. However, we believe that this is necessary in order for firms to be providing customers with the level of customer service that they are required under the principles in the Standards of Conduct set by Ofgem. Firms should have already been investing in these areas but Ofgem has been forced to intervene given the harms many customers are experiencing. As mentioned in the consultation document, improving the ease of contact and being more proactive will likely lead to more customers coming forward and getting the right solution, rather than firms spending money on trying to chase those who are struggling. By intervening earlier, firms may see a reduction in the amount of difficult calls and stressed customers. We are sceptical of this reducing the attractiveness of the market given the unfavourable conditions at the moment which would be a greater repellant. Customer service levels have been higher with new entrants

³¹ Holkar M and Evans K. Levelling the playing field. Money and Mental Health Policy Institute. 2017.

to the market or smaller firms compared to the established big six,³² and non-price competition is currently crucial.

Question 6: Using the list of prospective data items we present in the monitoring chapter as a guide, what other additional data items could we aim to collect and from what data sources? Do you consider there are any challenges you may face when collecting/providing these? If so, please provide any supporting evidence you have.

We welcome Ofgem's proposals for data items that could be used to monitor the key areas. For example the data on training of staff and customer satisfaction of vulnerable customers receiving support is very close to our work. We think that in addition to the proposal to confirm the availability and visibility of the priority freephone contact number, this should also include the alternative contact methods like email or webchat.

More broadly we support Ofgem's proposal to increase existing monitoring activities to identify issues earlier and be more proactive in responding to them. The further use of customer experience data (both quantitative and qualitative) in consumer policy work is very welcome.

Consumer Standards Framework

Question 7: Do you have any comments on the factors that should be considered in determining whether to use principle-based or rule-based approach to setting standards?

We welcome Ofgem setting out its thoughts on the balance between principles and prescriptive rules, and broadly agree with the factors that should be considered when determining which approach to take.

A principles-based approach can enable regulation to respond to different approaches from firms, as well as to wider consumer or economic changes and emerging harms. It can also lead to a diversity in approach which can be good in circumstances where different approaches can lead to the same levels of good customer service. This approach can also avoid firms having to follow out of date prescriptive rules that actually do more harm than good. However, given the openness of principles, it requires more guidance and proper monitoring and enforcement from regulators to ensure firms are achieving the right outcomes. Otherwise, bad practice might only be identified and acted upon when it is raised by consumer organisations. As the consultation document sets out, principles need to be clear, specific, enforceable, measurable and achievable.

³² For example Uswitch Energy Awards [2019](#), [2021](#) and [2022](#), and [Which? best energy suppliers 2023](#).

The key to whether prescriptive rules are more appropriate is if there is a risk of harm to consumers due to a diversity in approaches by firms. Prescriptive rules should be regularly reviewed, however, to ensure that they are still leading to good outcomes. Although this may just require changes to the rules rather than changing to broader principles. The proposal for enhanced protections for consumers in vulnerable situations is therefore welcome. We would hope, however, that this does not put the onus on the individual to disclose their needs, which can be difficult for many people with mental health problems,³³ for example only 12% have ever disclosed to their energy company.³⁴

The proposed mix of mandatory and voluntary standards could be effective in dealing with emerging issues, but could also risk a lack of action from firms until the rules are made mandatory. Ofgem should closely monitor whether firms are following the voluntary standards and encourage further action where needed.

Question 8: Do you agree with our early view of reputational based incentive options for winter 2023 and the potential incentive options for development over the longer-term? Please provide explanations to support your responses.

As mentioned in our answer to question four, reputational based incentives could help improve services given the lack of price-competition in the market at the moment but might be limited when compared to regulatory or financial options. We support the longer-term proposals, especially the use of MCRs and fixed financial penalties. We welcome the introduction of a customer satisfaction survey and its potential use in incentives and penalties.

³³ For example see our best practice guides on disclosures - <https://www.moneyandmentalhealth.org/best-practice/disclosure/>.

³⁴ Bond N and D'Arcy C. The state we're in. Money and Mental Health. 2021.