

## Money and Mental Health's submission to the Public Accounts Committee's Inquiry on the regulation of water, energy and broadband

### 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. This written submission has been informed by the experiences of our Research Community, a group of around 5,000 people with personal experience of mental health problems, as well as our wider body of research.

Each of the three regulators currently take various approaches to regulating their markets and achieving their statutory responsibilities towards consumers. These cut across how they define and communicate the customer experience, monitor and ensure compliance, and identify and address problems facing customers at higher risk of harm. This can be due to existing powers but also organisational cultures. While we have welcomed many of the changes that the regulators have introduced, there is still more that could be done. This divergence in approach can then lead to differing experiences for customers with mental health problems across these markets.

### Defining the customer experience

#### The overall approach to regulation

When regulating a market, regulators can take a prescriptive, a principles based or an outcomes based approach, each with pros and cons. The three regulators take differing approaches with elements of each. Across regulation there is a move towards an outcomes approach which by definition sets out what the expected customer experience should be. For example, the Financial Conduct Authority (FCA) includes four main outcomes as part of its Consumer Duty.<sup>1</sup> Ofgem have set out plans to move closer to an outcomes approach and recently had a call for input on what these outcomes could be.<sup>2</sup> An outcomes approach does have its own restrictions, for example while it sets out the end-point, it can leave significant divergence in how firms get there. A principles approach can more clearly define this, e.g. treat vulnerable customers fairly, while a prescriptive approach can be clearer on what firms should not do in order to avoid causing harm.

It's also important to recognise that there is currently a focus on reducing regulation in order to create or facilitate economic growth. This includes the recent government review of Ofgem which said that promoting economic growth would be on equal footing to protecting

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<sup>1</sup> <https://www.fca.org.uk/publication/finalised-guidance/fg22-5.pdf>

<sup>2</sup> <https://www.ofgem.gov.uk/sites/default/files/2025-11/Consumer%20outcomes%20CFI%20final.pdf>

consumers,<sup>3</sup> as well as the plan to replace Ofwat and other water-related regulators with a single regulator.<sup>4</sup> This creates challenges for the regulators as sometimes encouraging economic growth can come at the expense of consumer protections. However, as we explore below, stronger and clearer consumer protections can help build consumer trust which in turn can help create economic growth.

### The approach to vulnerable customers

Beyond this overarching approach, each regulator has a different definition of vulnerability, which also differ from the definition adopted by the FCA. These definitions are clearly set out by Ofgem and Ofwat;<sup>5</sup> however, Ofcom does not include this in key requirements or guidance.<sup>6</sup> While a difference in definition is natural given the variation in how markets function, it can lead to divergence in people with mental health problems' experiences of navigating these markets and interacting with their providers.

The three regulators also take different approaches to what is required by firms when it comes to how they support customers in vulnerable circumstances.<sup>7</sup> In water and energy, each company offers their customers a Priority Service Register (PSR), which are required by the regulators. There is the Priority Faults Repair Scheme in telecoms, but this does not function in the same way and requires proof of vulnerability, which the PSRs do not. While Ofcom and Ofwat provide guidance to firms on how to support vulnerable customers (as does the FCA),<sup>8</sup> Ofgem does not. In Ofwat's guidance, it sets out minimum expectations which provides more expectations on firms; however, telecoms firms are not required to follow Ofcom's guidance. In financial services, the FCA's approach is closer to Ofwat than Ofcom. Unlike the other

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<https://www.gov.uk/government/publications/ofgem-review-2026/ofgem-review-final-report#ministerial-foreword>

4

<https://www.gov.uk/government/publications/a-new-vision-for-water-white-paper/a-new-vision-for-water>

5

<https://www.ofgem.gov.uk/sites/default/files/2025-04/Final%20CVS%2015042025-20250414111309.pdf>;

<https://www.ofwat.gov.uk/regulated-companies/vulnerability/service-for-all-vulnerability-guidance/#background>.

<sup>6</sup> For example its guidance on treating vulnerable customers fairly -

<https://www.ofcom.org.uk/siteassets/resources/documents/consultations/category-2-6-weeks/167170-proposed-guide-for-treating-vulnerable-consumers-fairly/associated-documents/2022-treating-vulnerable-customers-fairly.pdf?v=391412>.

<sup>7</sup> For a table comparing the different support available across essential services see table one in

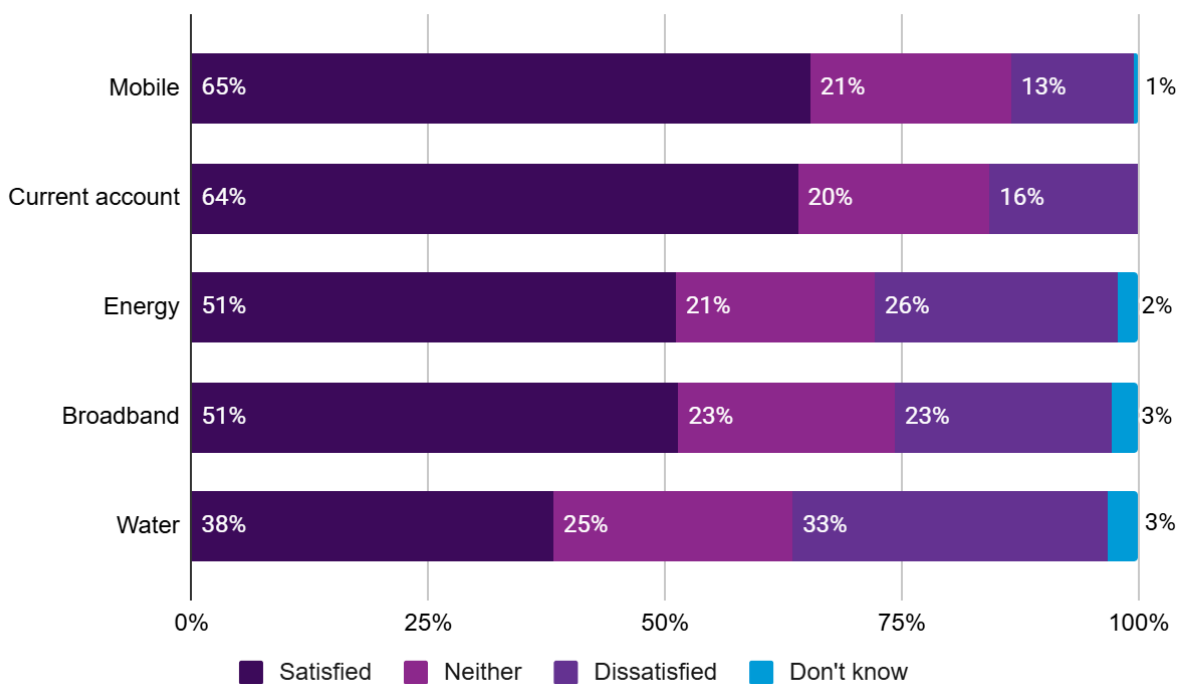
<https://www.moneyandmentalhealth.org/wp-content/uploads/2026/04/Stuck-on-Repeat.pdf>

<sup>8</sup> Service for all guidance from Ofwat and Ofcom's guidance on treating vulnerable customers fairly.

regulators Ofgem has a, recently updated, Consumer Vulnerability Strategy which sets out key aims and outcomes, as well as expectations for firms.<sup>9</sup>

These variations mean that consumers with mental health problems and other vulnerable circumstances will experience different approaches to how they are supported in the three markets, as well as financial services. This is reflected in a survey we conducted with our Research Community - a group of 5,000 people with lived experience of mental health problems - in October 2025. As shown in figure one, satisfaction rates ranged from 65% saying they were satisfied with their mobile provider to 38% for their water provider. Banking services, where there is a high expectation of firms, have the second highest satisfaction. Although mobile has the highest level of satisfaction, broadband comes lower which reflects consumer research by Which?.<sup>10</sup>

**Figure 1: How satisfied Research Community respondents are with their essential service provider**



Source: Survey of Money and Mental Health's Research Community, carried out 3rd-26th October 2025. Bases for these questions range from 175-179.

<sup>9</sup>

<https://www.ofgem.gov.uk/sites/default/files/2025-04/Final%20CVS%2015042025-20250414111309.pdf>

<sup>10</sup>

<https://www.which.co.uk/policy-and-insight/article/broadband-companies-customer-service-who-is-failing-consumers-a7KoO6S8D0Hm>

However, within a sector or even within a company, people's experiences can vary greatly. Views on an essential service provider can be affected by a range of factors, such as the support they provide customers in vulnerable circumstances or in financial difficulty, the level at which bills increase and wider company behaviour such as sewage discharge in water.

We believe that where regulators are clearer and stronger on their expectations, that there is more progress on supporting vulnerable customers. For example, financial service firms increasing the involvement of people with lived experience when designing products, services and communications,<sup>11</sup> and water companies producing publicly available vulnerability strategies.<sup>12</sup> However, there has often been limited equivalent action from telecoms companies beyond some firms signing up to voluntary commitments.<sup>13</sup> This is also reflected by the work of our Mental Health Accessible consultancy programme which works closely with individual essential service providers to ensure their services work well for people with mental health problems. We have had significant engagement in this programme from all sectors except for telecoms. Although Ofcom says that their approach allows firms to be more innovative in their approaches, which we recognise can be beneficial, it is harder to see this in action given the lack of engagement from the sector.

While each sector does require a more bespoke approach to how they support vulnerable customers given the service they provide, our research has consistently found that people with mental health problems face similar challenges and issues across them.<sup>14</sup> Therefore there are similar solutions each sector can take which are not always reflected in the approaches that regulators take. For example, we set out a list of reasonable adjustments all essential service providers should offer their customers with mental health problems,<sup>15</sup> as well as best practice guides for providers to make it easier for people to disclose their needs.<sup>16</sup>

## Cross-sector solutions

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<sup>11</sup> <https://www.fca.org.uk/publications/good-and-poor-practice/delivering-vulnerable-customers>

<sup>12</sup>

<https://www.ofwat.gov.uk/regulated-companies/vulnerability/water-company-final-vulnerability-strategies-2025/>

<sup>13</sup> For example

<https://www.gov.uk/government/publications/telecoms-consumer-charter/telecoms-consumer-charter>

<sup>14</sup> For example

<https://www.moneyandmentalhealth.org/wp-content/uploads/2018/06/Money-and-Mental-Health-Access-Essentials-report.pdf> and

<https://www.moneyandmentalhealth.org/wp-content/uploads/2022/02/MMH-Time-to-Act-Report-WEB-030222.pdf>.

<sup>15</sup>

<https://www.moneyandmentalhealth.org/wp-content/uploads/2022/03/MMH-The-Equality-Act-and-MH-Guide-WEB-3.pdf>

<sup>16</sup> <https://www.moneyandmentalhealth.org/best-practice/disclosure/>

Ofgem and Ofwat have also been more proactive in thinking about cross-sector solutions to some of these issues. One of these is the sharing of information about the support people need in these services, reducing the burden on individuals to disclose to multiple providers. Both Ofgem and Ofwat have played a facilitating role in the steps that have been taken to share PSR information between the water and energy sectors. However, this has not expanded to telecoms. The current PSTN switch-off highlights a real need for this data sharing to also include telecoms.<sup>17</sup> The Department for Business and Trade did put forward plans for this in 2024<sup>18</sup> but progress seems to have stalled. We believe that there is a real need to make this a priority as set out in our recent report *Stuck on repeat*.<sup>19</sup> This work will need the involvement of government departments, the essential services regulators and the Information Commissioner's Office.

### **The approach to customers in debt or in financial difficulty**

There are also variations when it comes to customers who are in debt or at risk of falling behind on their bills. While Ofwat has produced clear guidelines for firms to follow,<sup>20</sup> Ofcom covers this in its voluntary guidance on vulnerable customers and Ofgem published best practice.<sup>21</sup> Our 2025 report, *Connection lost*, highlighted the different approaches the three sectors take to debt collection and the impacts that these can have on people with mental health problems.<sup>22</sup> Across water, energy and telecoms, people with mental health problems are more likely to be in arrears than people without, and threatening debt collection can have a significant negative impact on people's mental health. It is essential that regulators set out clear expectations for firms on how they can collect debts in a way that encourages customers to engage and does not cause psychological harm.

There are also differences in what financial support is available to customers. While water and telecoms have social tariffs, energy does not. However, while social tariffs are required in water, they are not in telecoms. Additionally, social tariffs in both water and telecoms vary from company to company. Some of these limitations sit outside of the current powers of regulators, but we believe regulators need to work with government to ensure people who need financial support can access it. This includes creating a single social tariff in water, mandating social

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<sup>17</sup>

<https://www.ofcom.org.uk/phones-and-broadband/vulnerable-customers/ofcom-fines-virgin-media-23.8-million-for-putting-vulnerable-customers-at-risk-of-harm>

<sup>18</sup>

<https://assets.publishing.service.gov.uk/media/664c909dbd01f5ed32793f75/smarter-regulation-delivering-a-environment-for-innovation-investment-and-growth-print-ready.pdf>

<sup>19</sup> <https://www.moneyandmentalhealth.org/wp-content/uploads/2026/04/Stuck-on-Repeat.pdf>

<sup>20</sup> <https://www.ofwat.gov.uk/regulated-companies/vulnerability/paying-fair-guidelines/>

<sup>21</sup>

<https://www.ofgem.gov.uk/sites/default/files/2022-09/Good%20practice%20for%20supporting%20customers.pdf>

<sup>22</sup> <https://www.moneyandmentalhealth.org/wp-content/uploads/2025/04/Connection-lost.pdf>

tariffs in telecoms, introducing a social tariff in energy and utilising data sharing to better target or even automate support.

Beyond financial support, the three markets currently function differently when it comes to how consumers can switch in order to get better deals. Water is a regional monopoly meaning consumers cannot switch without moving regions, while the volatility of energy prices has meant that consumers are wary about switching.<sup>23</sup> In telecoms, there is more opportunity for consumers to switch or negotiate for a better deal and Ofcom has introduced changes which has made this process easier.<sup>24</sup> However, our research alongside Citizens Advice has highlighted how the way the current market operates on a ‘hidden deals’ basis greatly disadvantages people with mental health problems who can struggle to haggle with their providers or switch.<sup>25</sup> This might go against Ofcom’s Fairness for Customers commitments which includes customers getting a fair deal.<sup>26</sup>

### Monitoring, enforcement and responding to emerging harm

The varying level of requirements on firms is then reflected in how each of the three regulators takes a different approach to monitoring and enforcement. While regulators can generally be slow to respond to emerging harms, the speed at which the three regulators have enforced their rules has varied. The longer a regulator takes to address poor practice, the greater the risk and scale of harm. For example, Ofwat followed the recent introduction of a customer focused licence condition by launching an investigation into whether South East Water has complied with it.<sup>27</sup> While it was welcome that Ofcom fined Virgin Media for failing to adhere to rules around vulnerable customers during the PSTN switch-off, this came at the end of 2025 for issues between August 2022 and December 2023.<sup>28</sup> Additionally Ofgem has only just finished its investigation into British Gas’ unfair treatment of prepayment meter customers which goes

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<sup>23</sup>

<https://www.energy-uk.org.uk/wp-content/uploads/2025/02/Electricity-Switching-Report-January-2025.pdf>

<sup>24</sup> For example

<https://www.ofcom.org.uk/phones-and-broadband/switching-provider/simpler-broadband-switching-is-here>

<sup>25</sup>

<https://www.citizensadvice.org.uk/policy/publications/hidden-deals-haggling-and-mental-health-in-the-telecoms-market/>

<sup>26</sup>

<https://www.ofcom.org.uk/phones-and-broadband/access-to-decent-broadband/fairness-commitments>

<sup>27</sup>

<https://www.ofwat.gov.uk/ofwat-opens-investigation-into-south-east-water-following-repeated-outages/>

<sup>28</sup>

<https://www.ofcom.org.uk/phones-and-broadband/vulnerable-customers/ofcom-fines-virgin-media-23.8-million-for-putting-vulnerable-customers-at-risk-of-harm>

back to 2018.<sup>29</sup> Although Ofgem did launch several market compliance reviews in quick succession in 2022 and 2023, these mainly ended with agreements with firms to make changes rather than stronger enforcement action.<sup>30</sup> In financial services, the FCA is yet to use its enforcement powers against a firm for failing to comply with the Consumer Duty despite several reports on different parts of the Consumer Duty outlining the existence of poor practice in the market.<sup>31</sup>

One way for firms to be aware of emerging issues impacting customers, including those at risk of harm, is through consumer research. Each regulator conducts and publishes consumer research on different areas, although they have taken different approaches to how they have used these to push firms to do more. For example, Ofwat set out how firms can improve in response to the issues raised in research on billing journeys.<sup>32</sup> Beyond research, regulators can engage with consumer organisations and charities to understand the issues that they are seeing. Again there are variations across the three regulators, as well as the FCA, with some having a more formalised network of organisations. However, sometimes regulators can be alerted to issues outside of regular monitoring and these channels, suggesting limitations with their approaches. A particular example is the prepayment meter scandal which was raised by an investigation by the Times which then led to action from Ofgem.<sup>33</sup>

### Next steps

While each regulator has taken important steps to improve the experience of customers in vulnerable circumstances that we have welcomed, it's clear that the differences in approaches between the regulators is leading to inconsistent experiences for customers. People with mental health problems do not distinguish between markets in an economic theory way, but rather as essential services that they use and rely on everyday. Customers do not know whether one regulator takes more of an outcomes based approach or encourages innovation in support rather than prescribing what to offer. Instead they want to be able to access the services they need, get a fair deal, interact with their provider in a way that works for them and be able to easily access support when they need it. We hope that this inquiry will lead to more consistency

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<sup>29</sup>

<https://www.ofgem.gov.uk/press-release/british-gas-agrees-settlement-relation-ofgems-investigation-unfair-treatment-prepayment-meter-customers>

<sup>30</sup> For example

<https://www.ofgem.gov.uk/press-release/market-compliance-review-customers-struggling-bills> v

<sup>31</sup> For example

<https://www.fca.org.uk/publications/good-and-poor-practice/consumer-understanding-good-practice-areas-improvement>

<sup>32</sup> [https://www.ofwat.gov.uk/wp-content/uploads/2026/02/Ofwat\\_Billing-Research\\_Full-report\\_Final.pdf](https://www.ofwat.gov.uk/wp-content/uploads/2026/02/Ofwat_Billing-Research_Full-report_Final.pdf)

<sup>33</sup>

<https://www.thetimes.com/business/energy/article/british-gas-prepayment-meter-debt-energy-bills-investigation-wrgnzt6xs>



in approach and regulators being empowered to protect consumers and stamp down on poor behaviour by firms where needed.