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Consultation Response:

# Ofgem Consumer Vulnerability Strategy Refresh

Response by the Money Advice Trust

Date: November 2024

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# Introduction

## About the Money Advice Trust

The Money Advice Trust is a charity founded in 1991 to help people across the UK tackle their debts and manage their money with confidence.

The Trust's main activities are giving advice, supporting advisers and improving the UK's money and debt environment.

In 2023, our National Debtline and Business Debtline advisers provided help to 127,390 people by phone, webchat and our digital advice tool with 2.38 million visits to our advice websites. In addition to these frontline services, our Wiseradviser service provides training to free-to-client advice organisations across the UK and in 2023 we delivered this free training to 800 organisations.

We use the intelligence and insight gained from these activities to improve the UK's money and debt environment by contributing to policy developments and public debate around these issues.

Find out more at [www.moneyadvicetrust.org](http://www.moneyadvicetrust.org).

## Public disclosure

Please note that we consent to public disclosure of this response.

# Introductory comment

We welcome the opportunity to comment on the Ofgem consumer vulnerability strategy.

We have set out some of our thoughts in our responses to the questions below.

- ✓ We agree that it is not a priority to update the vulnerability definition. However, the surrounding definition does need improvement to allow firms to consistently understand and practically apply the definition. We have set these out in detail.
- ✓ We very much support the proposal to retain the five themes of the Consumer Vulnerability Strategy. Again, we have set out some suggestions on the proposals in detail.
- ✓ We very much support Ofgem's proposal to retain '*working with partners to solve issues across multiple sectors*' as a cross-cutting theme. We believe a cross-cutting theme is a very good idea to ensure that vulnerability is not siloed but looked at in the round by government departments, regulators and consumer groups.
- ✓ We would like to see Ofgem ensure that government is prioritising work on data sharing initiatives across government and regulators. A universal PSR should be an achievable aim, at least across utilities. However, whilst this is vital, there needs to be further work to ensure that the benefits of registering for the PSR are real and valuable to consumers.
- ✓ We agree with the proposal for annual supplier presentations to Ofgem. We would like to see more compulsion on utility suppliers to adopt successful innovations and good practice examples universally. We do agree with the proposals for a live strategy to be included on the Ofgem website.

# Responses to individual questions

Question 1: Do you agree that we should not prioritise updating the vulnerability definition? If you disagree and think that we should update the vulnerability definition, please provide reasoning for prioritising this activity.

There are two elements to the vulnerability definition: (1) the wording of the definition itself (which we agree is *not* a priority to update); and (2) the surrounding explanation and context that Ofgem will routinely provide alongside the definition in its publication (which *does* need improvement to allow firms to consistently understand and practically apply the definition).

In terms of **definitional wording**, refinements can always be made – and here Ofgem’s definition could reflect a greater emphasis on (a) the role that *a firm plays* in creating or minimising detriment and (b) that vulnerability is not only about responding to individual customer circumstance but is also about anticipating and acting at the *aggregate level* to avoid harm among key customer base/target market groups.<sup>1</sup>

However, given the other strategic priorities that need addressing, we feel the above points (and some further emphases which we outline below) could be made in the **surrounding explanation and context** that Ofgem routinely provides alongside the definition. This is because firms will use this explanation to interpret, operationalise, and apply the definition in their working practice, as well as embedding the explanation in their organisational culture.

Consequently, what is critical here is (i) not just the definition, but its regulatory explanation; and (ii) how Ofgem then establishes the degree to which a firm has both operationalised this into their working practice, and embedded this in their shared working culture in a way which is relevant and meaningful to staff in a range of roles (e.g. facing and non-customer-facing).

One ‘test’ that Ofgem or firms might apply to address (ii) above is to ascertain whether staff in an organisation can – in relation to their role – answer three core questions.

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<sup>1</sup> For example, the definition could read (with changes in green):

We define vulnerability as when **the** personal circumstances and characteristics of **an individual consumer or consumer group** combine with aspects of the market to create situations where **they are**:

- significantly less able than a typical domestic consumer to protect or represent **their** interests;
- and/or significantly more likely than a typical domestic consumer to suffer detriment or that detriment is likely to be more substantial, **particularly where a firm is not acting with appropriate levels of care.**

- ✓ **Vulnerable to what?** What harms, detriment, difficulties, problems, or exclusion are our customers vulnerable to at the individual customer-facing level (for staff working in such proximal roles) or at the aggregate customer base/target market level (for staff in a more distal role involving data, policy, or strategy)? If firms or staff do not know this basic information, then they will not be able to provide effective support. However, this information and insight is only achieved through anticipatory thinking about the types of harm/detriment a customer/customer group may be vulnerable to, and thinking ahead about the help that a customer may require.
- ✓ **Supported how?** What type of support is the firm able (and not able) to provide an individual customer or aggregate customer group to avoid or minimise harm? In an organisation with a strong vulnerability culture, staff should all know (a) the 'internal menu' of extra help available to provide individual customers with, or (b) the 'internal strategies' at the aggregate customer level for designing and delivering journeys and services that prevent harm among key vulnerable customer groups.
- ✓ **If not us, then who?** There will be some types of support that a firm will *not* be able to provide internally, and where staff will need to know which external organisations to signpost, refer, or engage with. To decide between support they *can* and *cannot* provide to an individual customer or aggregate customer group, it can help firms to ask themselves if the required support is (a) *relevant* to the service or products they are providing?;<sup>2</sup> (b) *reasonable* in terms of the degree of change, adaptation, or cost involved?; (c) *realistic* in terms of the support being consistently provided to current and future customers who have this need?; and (d) *required* by regulation or law.

Arguably, where staff in a range of organisational roles can answer these three questions - '*vulnerable to what?*', '*supported how?*', '*if not us, then who?*' – in a way that is meaningful to their role and action taken, then a good foundation culture on vulnerability is likely to exist.

## Question 2: Do you agree with our proposal to retain the five themes of Consumer Vulnerability Strategy 2025?

We very much support the proposal to retain the five themes of the Consumer Vulnerability Strategy.

Affordability, debt and fuel poverty remain key concerns. As a debt charity, we would always emphasise the importance of the debt and affordability theme, "*supporting those struggling with bills*", but we appreciate that we are awaiting the outcome of the Ofgem call for input on affordability and debt.<sup>3</sup> We will therefore not repeat our response to the call for input at this stage. We believe that there is a strong argument that there should be a smart target to track a reduction in overall debt and arrears as part of the debt strategy workstream.

<sup>2</sup> There will be situations where support not related to a customer/customer groups' use of a service or product is required (e.g. for safeguarding purposes, emergency, or threat-to-life scenarios), and this will require external intervention.

<sup>3</sup> <https://moneyadvicetrust.org/wp-content/uploads/2024/05/Money-Advice-Trust-response-to-the-Ofgem-Affordability-and-debt-call-for-input-1.pdf>

We have two important observations regarding: (a) clarification to Theme 1 (“Improving identification”), and (b) small wording and scope change to Theme 3 (‘Customer Service’).

In Theme 1 “**Improving identification and smarter use of data**”, considerable emphasis is placed on ‘identifying vulnerability’ – however, without firms having a *clear sense of the support required* by individual customers/customer groups identified as being vulnerable, then identification in itself simply becomes an ‘act of counting’. We would strongly encourage Ofgem to require firms to (a) more clearly define, promote and review the ‘menu’ of support they can provide to customers in both everyday and emergency scenarios.

Furthermore, while inclusive design is definitely an important tool in relation to vulnerability, it is still a mistake for firms *to solely rely* on a broad inclusive design approach to meet the needs of every vulnerable customer. We have worked with firms who have embraced a largely inclusive design approach, but where despite key customer groups (such as those with mental health problems) making up a large minority of the customer-base, specific support needs for these customer groups (such as taking anxiety conditions or panic disorders into account during energy supply interruptions) or information to help staff in contact with such customers is not in place.

Additionally, in Theme 1 (as in all the themes), reference is made to the importance of data, analysis, and outcome measurements, but no direction is made to it being critical for firms to *segment this analysis* by either condition or support need. Consequently, as we have seen in many firms in this sector, there is insight into vulnerability as a broad customer/analytical group, but this often masks the very different experiences, satisfaction, or outcomes that separate customer vulnerable groups may have.

Finally, Theme 1 (p41) makes reference to ‘energy data sharing’ and consumer consent, but while we are aware this is a separate data project, some readers may (wrongly) conflate this with the wider work taking place at Ofgem on sharing support needs/special category data via the Support for All and Share Once Support Register initiatives.

In Theme 3 “**Driving significant improvements in customer service**”, we would like to see *accessibility* being given much more prominence as a key component of customer service to vulnerable consumers. Whether a disabled or vulnerable customer is trying to complete an everyday account management task or journey, or whether more rarely they find themselves in the midst of an emergency or incident situation, these customers will need a service that is:

- ✓ accessible for them to use (through its delivery, adjustments, and staff training);
- ✓ accessible to interact with (via the channels available to them); and
- ✓ accessible to understand (through its communications).

Given that disability is highlighted in the Ofgem strategy as a key driver of vulnerability to detriment, it was surprising to both see that accessibility was only mentioned three times in the overall document, and that a stronger emphasis was not given to the delivery of accessible services.

While ‘inclusive design’ is referenced multiple times in the document (which is welcome) and does conceptually overlap with accessibility concerns, inclusive design does have a slightly different focus in its attempt to ensure that new design processes and projects consider and work from the outset for as many consumers as possible (including, but not limited to disabled consumers). In contrast, work on accessibility often has to focus on making adjustments to existing journeys, processes, products and services (that were not designed from the outset with disabled consumers in mind) so that these disabled consumers can use and benefit from them. While representing a slight definitional distinction on paper, this has important consequences in practice for disabled consumers.

### Question 3: Do you agree with our proposal to retain ‘working with partners to solve issues across multiple sectors’ as a cross-cutting theme?

We very much support Ofgem’s proposal to retain ‘*working with partners to solve issues across multiple sectors*’ as a cross-cutting theme. We believe a cross-cutting theme is a very good idea to ensure that vulnerability is not siloed but looked at in the round by government departments, regulators and consumer groups.

It is important, however, that this partnership work is not only focused on the manifold technical, legal, and regulatory problems that we need to overcome, but also includes voices that remind and challenge energy and other essential service partners about what disabled and vulnerable customers practically need and want from often such complex system changes.

While this is an obvious point to make, it is critical to remember that in trying to solve the technical challenges of delivery, we can overlook or obscure the ‘human problem’ that vulnerable or disabled customers really need us to solve. Consequently, we must define our purpose and develop our designs for system changes and improvements not only with our operational, legal, and regulatory specialists, but alongside the very consumers who are experiencing the social problem and harm we are trying to address. If we do not do this, we may successfully solve the technical problem but deliver a solution that either does not practically work for the consumer, or does not foresee future problems and difficulties.

It is therefore critical to involve people with lived experience, and this requires more than consultation, or representation of their views through consumer or specialist charities but embedding people with this lived experience within the core design team. This ensures – in addition to the skills that individuals bring - that the central design problem to address is not overlooked, and that there is always lived experience in project discussions alongside technical, legal, and regulatory expertise. Importantly, this lived experience can be found both among consumers, as well as staff and employees of essential service organisations.

One way to achieve this among firms would be to adopt the **Vulnerability Academy**<sup>4</sup> model that the Money Advice Trust has now been running for 12 cohorts with essential service firms (primarily from financial services to date, but historically with water, energy, telecoms and other sectors also participating in this programme), and for two cohorts with regulatory bodies (covering all key essential services sectors, as well as data protection and other agencies).

<sup>4</sup> [Vulnerability Academy | Money Advice Trust](#)



This model – undertaken in partnership with UK Finance, and also with the UK Regulators’ Network – brings together participating firms with other practitioners, policy makers, technical specialists, and people with lived experience, and over a six-month programme provides participating firms with the opportunity to develop their skills and knowledge in designing, delivering, and evidencing effective services to vulnerable consumers.

Based on this, the Money Advice Trust would be willing to work with Ofgem to develop and provide such a programme specifically for the energy sector and its key partners, and to help the sector achieve its strategic and collaborative ambitions on vulnerability.

In addition, we would like to see Ofgem ensure that government is prioritising work on data sharing initiatives across government and regulators. A universal PSR should be an achievable aim, at least across utilities. However, whilst this is vital, there needs to be further work to ensure that the benefits of registering for the PSR are real and valuable to consumers.

Currently, we see the PSR referenced as the solution for identifying and supporting vulnerability, but we understand it is not robust enough to be used to identify peoples’ needs for support, or to be used for data matching. It is vital that the universal PSR has tangible benefits for consumers in vulnerable circumstances when they register. Alternatively, the PSR should be used just for priority services providing emergency support such as in electricity blackouts whilst a better vulnerability solution is put in place.

#### Question 4: Do you agree with our proposed outcomes?

We agree with the broad outcomes stated in the document.

In relation to vulnerability data-sharing (under **Theme 1**), we would urge Ofgem to:

- (a) align their design work with the ten principles outlined in the Money Advice Trust’s publication ‘*A once in 25 years opportunity: ten principles for designing vulnerable consumer data-sharing programmes*’<sup>5</sup> (which is referenced in the consultation document);
- (b) to consider how the ‘Support for All’ and ‘Share Once Support Register’ projects (which are currently focused on energy, water, and telecoms) can be designed in a way that allows future engagement, compatibility, and data portability with vulnerability data-sharing projects within banking and financial services (most notably, the Support Hub<sup>6</sup> initiative from Experian which features leading UK banks such as Lloyds, HSBC, and Nationwide, and allows customers to share *non-financial* vulnerability support needs with selected firms via an already built, tested, and accessible ‘Tell Us Once’ portal).

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<sup>5</sup> [A once in 25 years opportunity: ten principles for designing vulnerable consumer data-sharing programmes](#)

<sup>6</sup> Experian [Support Hub](#)

Given that vulnerable and disabled consumers rely on financial services as much as energy, water, and telecoms, and given that Support Hub has been labelled a 'Priority Service Register for financial services', it would be a significant shortcoming for consumers if there was not some form of dialogue and alignment between these initiatives over time.

Additionally, we note Ofgem's interest in potentially reviewing the objectives and operation of the Priority Service Register (P40) and would strongly recommend that this takes place as this has consequences not only for improvements in current operation and service delivery, but also for the subsequent design and development of the forthcoming multi-sector Share Once Support Register (which is likely to build on any existing PSR activity, including changes and improvements made to it).

However, we would recommend this review of the PSR is undertaken jointly or in collaboration with Ofwat, who – in their most recent vulnerability strategy guidance consultations – have also indicated they will undertake such a review.

### Question 5: Do you have any comments on our definitions of success or metrics to monitor progress and delivery of the outcomes?

Where a metric aims to measure 'support' to vulnerable consumers this should distinguish between the type of support available and the proportion of consumers who are:

- (a) known to be eligible for this support;
- (b) aware that this support exists;
- (c) who take-up and receive that support; and
- (d) the practical difference this provision and the take-up of support makes to other key outcome metrics (e.g. such as satisfaction, complaints, repayment).

In addition, we have a specific comment to make in relation to Theme 2. The "success" for theme 2 includes:

*"1. Improvements in the number of customers on repayment plans vs in arrears;"*

This should be "demonstrably affordable" repayment plans, not just repayment plans imposed upon customers that may be unaffordable in the long run. In some cases, in our experience, people will agree to a payment plan they cannot afford where the alternative is the threat of a PPM being installed or court action.

## Question 6: Do you agree with our proposals for annual supplier presentations to Ofgem on how they are delivering good outcomes for their consumers in vulnerable situations?

We agree with the proposal for annual supplier presentations to Ofgem. We welcome this as an additional scrutiny and questioning tool for the regulator, but would recommend that Ofgem puts the following parameters into place for the presentations:

- (a) standardised structure and section headings for each supplier to follow (to allow transparency of findings, as well as comparison between suppliers);
- (b) requirement that presented data are segmented by key vulnerability demographics, conditions, support needs, or other relevant factors (rather than presenting 'vulnerable' vs 'non-vulnerable');
- (c) an emphasis on suppliers presenting data on financial and non-financial vulnerability; and
- (d) a framework for not only incentivising good outcomes for vulnerable customers, but also remedying and enforcing action where a firm is delivering poorer or bad outcomes for their vulnerable customers.

Furthermore, we would also want Ofgem to ensure consumer bodies and representatives are part of the scrutiny panel, in order that consumers' interests and needs are prioritised and fully articulated.

In addition, summaries of the presentations should be published and accessible to consumers, perhaps on the proposed strategy pages on Ofgem website. If these presentations are intended to be held in front of Ofgem and consumer groups, then we would also urge Ofgem to publicly invite energy customers to attend.

## Question 7: Do you agree with our proposals for reporting the findings from these presentations, and for the inclusion of the key SOR metrics and research be included?

We agree with these proposals but believe Ofgem should go further. We would like to see more compulsion on utility suppliers to adopt successful innovations and good practice examples universally. Ofgem should be able to impose requirements on suppliers to adopt best practice across the board, rather than the presentations serving just to showcase best practice from any one supplier.

Whilst it is helpful for Ofgem to be able to ask suppliers to adopt measures voluntarily, if this fails, then it can be a long-drawn-out process involving full consultation before a measure can be adopted as a mandatory licence condition.

## Question 8: Do you agree with our proposals for a live Strategy on the Ofgem website?

We do agree with the proposals for a live strategy to be included on the Ofgem website. This should also highlight and showcase elements of good practice by individual suppliers. However, the strategy should be easily accessible on the website and designed in such a way that is easy for consumers to navigate.

We believe that it is vital for Ofgem to have the power to decide that an element of good practice implemented by a particular supplier should become universally applicable. There should be inbuilt flexibility for Ofgem to require all suppliers to implement and adhere to any specific particular element of good practice once identified.

## For more information on our response, please contact:

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