

Consultation Response

Ofgem

Draft Consumer Vulnerability Strategy 2025

August 2019

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About Age UK

Age UK is a national charity that works with a network of partners, including Age Scotland, Age Cymru, Age NI and local Age UKs across England, to help everyone make the most of later life, whatever their circumstances. In the UK, the Charity helps more than seven million older people each year by providing advice and support. It also researches and campaigns on the issues that matter most to older people. Its work focuses on ensuring that older people: have enough money; enjoy life and feel well; receive high quality health and care; are comfortable, safe and secure at home; and feel valued and able to participate.

About this consultation

Ofgem, the energy regulator, are consulting on their updated Consumer Vulnerability Strategy (CVS2025). When finalised, the strategy will build upon existing work delivered under the 2013 Consumer Vulnerability Strategy, and will set out priorities to help protect gas and electricity consumers in vulnerable situations until 2025.

Key Points and Recommendations

- Those in vulnerable situations will only self-identify for support if they believe the service they will receive is worth having. Firms need to instil a corporate culture that ensures that vulnerable customers are listened to, understood and supported appropriately.
- There should be an expectation on energy companies to identify eligible customers and offer support.
- Suppliers need to ensure that Priority Service Registers (PSRs) reflect the current support needs of their customers and how these may have changed since they initially registered.
- Ofgem and the energy industry should explore partnership working so that professionals can signpost eligible people to support services.
- Firms are not expected to identify every customer who could be in some way vulnerable but they should 'design out' vulnerability and ensure products and services cater for the needs of all customers.
- We believe it is a crucial responsibility of Ofgem to address affordability within the energy sector and advise Government of the benefits in doing so.
- Price caps should be embedded as permanent approaches to making energy more affordable for the most vulnerable.
- Ofgem should consider the implementation of a 'Duty of Care' for energy suppliers to their customers. A new duty would help drive improvements in treating customers fairly and help reduce detriment.

Introduction

Age UK welcomes the draft strategy and Ofgem's approach to protecting older and vulnerable energy customers. We support in principle the five themes and outcomes within

the draft strategy and this response provides further emphasis and detail into how they should be defined and delivered.

Age UK understands the difficulty that many older and vulnerable households have in securing an energy supply that adequately caters their needs and is affordable. Older people will often have higher energy consumption compared to other groups due to health and mobility difficulties but will often be paying more than they need to, due to being disengaged with the energy market. We support continuing attempts by the regulator, industry, consumer groups and the Government to drive engagement with the energy market. Age UK provides free and information advice on energy matters and has produced detailed factsheets about [getting the best energy deal](#), [help with heating costs](#) and how to [save energy and pay less](#). Our long-standing Warm and Well¹ programmes support the some of the most vulnerable households through a mixed approach of income maximisation, home energy checks and installation of energy efficiency measures.

Question 1: Do you agree with the five priority themes and the outcomes we will aim for (as set out in chapter 3-7 and annex 2)?

Theme 1 - Improving identification of vulnerability and smart use of data

Outcome 1A - We want energy companies to act swiftly to provide support to the people who need it. To ensure they can do this, we want them to regularly maintain and proactively update the data they hold on their customers, including their priority services register (PSR) data.

A lack of a standardised approach across the energy industry in identifying, promoting and supporting those at risk means a lack of clarity and potential confusion for consumers. Only a third (33%) of respondents to Age UK's Your Voice Engagement Panel Survey¹ thought that energy suppliers have policies and procedures in place to support people in vulnerable circumstances². Increasing awareness is crucial but industry and Ofgem also need to help increase trust and confidence in suppliers. Less than half (42%) of respondents to the Your Voice Survey said they would feel comfortable sharing this information with energy suppliers³. Ofgem and industry should engage consumers to understand why vulnerable groups are often unwilling to divulge information and address any barriers to disclosure. One reason why people may be reluctant to disclose information could be because they fear being discriminated against as a result. Revealing a diagnosis of dementia could, for example, raise fears that that suppliers will insist on dealing only with someone with a power of attorney. As well as removing any such barriers, suppliers should fund awareness raising campaigns to publicise both the financial and non-financial support offered by energy suppliers.

¹ Age UK's Your Voice panel is a self-selected panel and in May 2019 the panel consisted of 766 people aged 50+ years. The panel is not representative of the 50+ population and is particularly weighted towards those aged over 75 and those perhaps less likely to engage with other research or panels. For example, in this survey 45 per cent of panellists are aged 75+ compared with only 22 per cent of those aged 50+ across England. The panel also aims to include 'seldom heard' voices so we recruit panellists through a wide range of sources offering a choice of how to take part – online, by post or by telephone – whatever suits the individual panellist's needs/preferences. Fieldwork took place in May 2019 and 566 panellists answered the question "People can be in vulnerable circumstances for various reasons, e.g. a long-term illness, a disability or life-changing event such as a bereavement. Which, if any, of the following service providers (prompted) do you think, have policies and procedures in place to support customers in vulnerable circumstances? Panellists were then asked "If you were in vulnerable circumstances, which of the following service providers (prompted), if any, would you feel comfortable sharing this information with so that they can take this into account when they are dealing with you?" 556 panellists responded.

Ofgem may also wish to consider the performance commitments recently established by Ofwat⁴ which require water companies to achieve a minimum number of customers on their PSR. Licence requirements for energy suppliers could set similar targets. However, it is not just a question of increasing numbers on a list, but also of ensuring that the support provided is actually helpful. Suppliers need to ensure that PSRs reflect the current support needs of their customers and how these may have changed since they initially registered. Ofgem should also be monitoring each supplier's responsiveness and prioritisation of those on their PSRs in the event of supply disruption and heating and hot water failure. Ofgem should assess the level of extra support offered and whether it was relevant and proportionate to the customer's needs and the situation. During periods of cold weather in 2018, Age UK received several calls from older people who were struggling with reconnection. We would also be interested to hear about suppliers' performance in supporting those in vulnerable circumstances during the recent power outages.

Outcome 1B - We want to see evidence that there has been an improvement to support consumers to self-identify, for example through best practice guides that are easy to access and understand.

We support an expectation on energy companies to identify eligible customers and offer support. Providers should ensure that the support that is offered will meet the needs of these customers - people will only self-identify if they feel the support they will receive is actually useful to them and sensitively provided. It is worrying that respondents to the Your Voice Survey with a disability were less likely than those without to feel comfortable sharing information in vulnerable circumstances. Firms need to be sensitive to an individual's desire for privacy, and make it clear that:

- disclosure is voluntary and can be withdrawn or changed at any time
- support is and will always be free and that there are no hidden costs
- membership of a register will not negatively affect them if they wish to switch supplier
- sensitive information will not be shared unless agreed
- what the process and safeguards are if someone wants a friend or family member to act for them.

Firms should have processes in place to allow customers to disclose their vulnerable circumstances and support needs by the method they feel most comfortable with, with an understanding that many will prefer non-digital methods of communication. There are multiple contact points when customers can be engaged. At point of sale, whether that be on the phone, their own website or on a price comparison site. Promotion of support services should feature prominently in bills and other written communications. Ofgem and suppliers should look at the ease with which consumers can navigate websites to find information about getting help, support and registering for a PSR. There is an opportunity to promote support services when smart meters are being installed.

Ofgem and the industry should explore partnership working with health and social care staff, social workers, housing associations and advice organisations so that professionals can signpost eligible people to support services.

Ofgem should share best practice examples from across the industry to establish what are the most effective messages and platforms for engaging customers to self-identity.

Outcome 1C: We want to see better use of data across regulated sectors to enable more holistic and targeted support for consumers in vulnerable situations.

We support efforts to improve data-sharing across regulated sectors to ensure that older people do not have to repeatedly register for support services. Eligible customers should be targeted for financial and non-financial support through a blended approach of using cross-sectoral supplier-held data and information from the Department for Work and Pensions. Solely relying on proxies such as receipt of income-related benefits would exclude the estimated 40% - 1.3 million older people – who are eligible for Pension Credit but are not claiming it⁵. There should be an understanding that some of the most vulnerable and least engaged customers will not be claiming all the benefits they are entitled to.

Whilst there are significant practical barriers in sharing data, we hope that with the required will from regulators, government, and industry and consumer groups, these challenges can be overcome. Consumers will need to be reassured that their personal information will be held securely which is why we prefer the sharing of supplier-held information to be more reflective of support needs rather than of specific conditions and vulnerabilities.

Theme 2 - Supporting those struggling with their bills

Outcome 2A: We want consumers to have access to affordable energy.

While more consumers are managing their accounts online with many tariffs online-only or discounted when managed online, those in the most vulnerable circumstances may be less likely to do so. The following case study from Age UK's National Information and Advice line illustrates some of our concerns that older customers with characteristics of vulnerability can be penalised for not using online services.

I have just listened to an item about charges if you cannot use on online account. I have been with [an energy company] for many years. I am 81 and blind so cannot read my own meter. I have been told that with an online account my bill will be £67 direct debit but now I must pay £81 per month. This cannot be fair but they will do nothing about it. I have complained but they are not interested. Think it should be made known what they are doing.

It is the responsibility of Ofgem to work with industry to understand and support those customers who are not able or comfortable with using online services, and to consider whether practices such as penalising a blind person for not being able to read their own meter are consistent with the Equality Act. Charging higher prices to already vulnerable customers can expose them to a further degree of harm and financial difficulty in keeping themselves warm and well at home.

The expansion of 'big data' means firms have new opportunities to personalise prices for individual consumers or groups of consumers. While this can bring savings to consumers, there is also a risk that those with specific or high energy use will pay higher prices or be excluded. We are concerned about the risk that opaque algorithms result in unfair outcomes. There should be a 'presumption of transparency' principle, under which consumers (or their representatives) can challenge firms' pricing decisions if they feel they have been treated unfairly. Ofgem should monitor the market for harmful and illegal personalised pricing and exclusion, and ensure that consumers not online can engage with the market and get a good deal.

We would like to see Ofgem taking a longer-term view of price protections for all vulnerable customers, beyond the lifecycle of the current price caps. The prepayment meter price cap is due to expire at the end of 2020 and we support the Competition and Market's Authority view that it should be extended beyond that point⁶. The Government are due to decide whether the default tariff cap should be extended beyond next year till 2023. Embedding these price caps as permanent rather than temporary measures to improve the affordability of energy will help support those with long-term vulnerabilities. Permanent price caps will also help send a message to the public and industry that the issue of affordability is being addressed in the long-term. Price protections which support the least engaged customers will also benefit those that are or at risk of being in fuel poverty. We supported the extension of the safeguard tariff to those receiving the Warm Homes Discount and support extension of it to include those on suppliers' PSRs.

We do have concerns with the decision to set a higher cap for those using prepayment meters. These customers are already paying higher unit costs for their energy compared to those with a credit meter and now face supporting the cost of the smart metering programme even though many will not have had one installed.

Whilst the price caps are welcome, we note that customers on default tariffs will still face paying more for their bills this winter than they were in January 2019 when the cap first came into force. Given that the average difference between average standard variable tariffs and market cheapest tariffs is approximately £381⁷ (with disengaged customer likely paying even more), the level of financial protection offered by price caps needs to be significant to make a difference to people's lives.

Outcome 2B: We want to see better support for consumers who are at risk of self-disconnecting and a decrease in the number of self-disconnections

We agree that suppliers need to provide better support for their customers at risk of or who have self-disconnected or self-rationed. Recent cold winters and hot summers will have a significant impact on the ability of low-income and fuel-poor households to adequately heat and cool their homes. Excess winter deaths in 2017/18 were at their highest level since 1975/76⁸. The number of excess winter deaths for older people in England and Wales increased by 43% between 1991/2 (32,100) and 2017/18 (45,900)⁹. Whilst factors other than energy prices also contribute to excess winter deaths¹⁰, sustained periods of extreme weather will test the finances of older people and leave them more exposed to related health conditions.

Rationing of energy usage leads vulnerable customers to adopt unsafe coping strategies which the following case study illustrates:

Maude, 68 lives alone and has recently been diagnosed with Vascular Dementia. She was referred by the Alzheimer's Society to her local Age UK to see if she had any eligibility to any benefits or entitlements. Maude lives on a low income, is eligible for a small amount of Pension Credit Guarantee, and was struggling with her heating bills and Council Tax. She was leaving her heating off to make sure she had enough to pay all of her outgoings and not go into debt.

Age UK believes that all energy suppliers, whatever their size, should join the Energy UK Safety Net¹¹ and pledge never to disconnect a vulnerable customer at any time of the year. If some fail to do so, Ofgem should consult on making no-disconnection compulsory. Ofgem should also shadow compliance with the requirements of the Energy UK Safety Net

to ensure that pledges to enhance protections for vulnerable customers are also compliant with the domestic Standards of Conduct. Suppliers should be also be proactive in their efforts to support customers who have defaulted into use of a prepayment meter back to using more affordable means of energy supply.

Whilst there are concerns about consumers rationing their energy consumption when they can more actively monitor their usage, there are potentials for it to be used to assess vulnerabilities. In time as the smart meter programme and interoperability develops, companies should be able to use customer data to monitor usage, disconnections and rationing. Firms should respond to periods of lower than expected usage to contact customers to make sure they are on the best tariff and whether they wish to be on a PSR.

Outcome 2C: We want consumers in payment difficulty to be proactively supported, including by being put on an affordable payment plan. We want to see more consumers become debt-free for their energy debt as a consequence, and the levels of debt to come down overall.

Outcome 2D: We want new gas connections for consumers who are not on the gas grid to be better targeted, to make sure those who need it most can benefit from the scheme and save on their heating bills

We support efforts to move households not supplied by the gas grid to more affordable alternatives. These households are often in rural areas and may be some of the least energy efficient properties. Ofgem has shown the link between not being gas connected and fuel poverty, with heating oil customers facing a 45% increase in prices per litre between August 2015 (34.21p) and July 2019 (49.51)¹². Households not on the grid already face a severe lack of consumer protection due to alternative forms of energy not being regulated – as well as concerns about the consistency of supply and possibility of fraud and theft of their heating source. Ofgem should continue to promote the Fuel Poor Network Extension Scheme and in the interim provide information and advice to households about the potential savings made through collective purchase schemes and switching suppliers to find the best deal. Moves to more affordable forms of heating must also coincide with central government funding for domestic energy efficiency and the development of low-carbon heating alternatives.

Theme 3 - Driving significant improvements in customer service for vulnerable groups

Outcome 3A: We want energy companies to have a corporate culture that focuses their efforts to identify and support consumers in vulnerable situations.

Age UK believes that age should not automatically be equated with vulnerability. Many older people are capable and self-reliant and do not wish to be seen as 'vulnerable'. However, as we age, we are more likely to experience circumstances that increase the risk of vulnerability (for example, bereavement, cognitive decline or difficulties with activities of daily living (ADL), and many of us will experience several of these at the same time.

Providing a consistent approach at all points of contact will be a reflection of an organisational wide culture that is focused on supporting older and vulnerable customers. Firms should develop a culture that encourages customers to identify vulnerabilities and support needs, and ensure that doing so does not lead to adverse outcomes, e.g. exclusion from products or services or over-charging. Firms will need to develop strategies for how they manage the impact of vulnerability on their customers; with strong

governance from senior leaders through to training frontline staff to both identify and assist those at risk. Vulnerability is not only about consumers being at greater risk of harm, but also about experiencing a greater degree of harm when things go wrong. Whether an individual is considered vulnerable or not will also depend on the nature of the decision or transaction in question. For example someone may be at risk of low income if they are expected, without prior knowledge, to take over the responsibility for their energy supply after the death or incapacity of spouse or partner.

Outcome 3B: We want industry have systems to better target and to tailor their customer service to consumers with specific needs.

Firms should look to understand not just the causes of vulnerability but offer support for the detriment caused by it. The design of telephony systems and scripts can all make a huge difference to the experience of the individual and the outcomes they receive. Firms are not expected to identify every customer who could be in some way vulnerable but they should 'design out' vulnerability, by studying typical situations and testing their systems to make sure they have anticipated and developed appropriate responses to all reasonably foreseeable customer needs. Firms should use data to understand how factors of vulnerability (e.g. income, health, housing tenure) impact on affordability and energy usage.

We support efforts to improve support for those that hold legal instruments – powers of attorney, deputyship and guardianship for older people - and are now responsible for managing their energy supply. Companies should be understanding of the vulnerabilities around temporary and permanent moves to care homes and hospitals and look to pause contracts to prevent customers going into arrears.

Outcome 3C: We want new companies entering the market to be able to provide an adequate level of customer service to consumers in vulnerable situations.

What does good customer service look like – right support, training, marketing, what other examples?

Whilst the recent fragmentation of the energy market can provide greater choice and competition for many consumers, newer entrants may not be able offer the same level of support to older and vulnerable customers. Customers may not be able to access the Warm Homes Discount Scheme and the Energy Company Obligation. The following case study from an Age UK adviser helps demonstrate this:

Client's energy supplier does not offer support to those not in the Warm Homes Discount Scheme Broader Group. Information was given to client about switching energy companies, but she has recently switched and does not want to switch again.

Newer firms may only offer online only services and support which may not be suitable for those with certain disabilities. Newer market entrants need to assure both the public and Ofgem that they welcome and will support customers from all corners of the market. We support Ofgem's view that newer entrants need to understand vulnerability and demonstrate that those in vulnerable circumstances are not disadvantaged by their products and services.

Outcome 3D: We want consumers to be effectively identified as eligible for priority services; and for them to receive consistent and high quality priority services in a timely way.

Outcome 3E: We want consumers to have easy access to relevant information on how well energy suppliers support consumer needs, which they can take into account when switching.

We support Ofgem taking a proactive approach in its supervision and enforcement of licence conditions to treat customers fairly and support those in vulnerable situations. Good customer service will help drive consumer engagement with suppliers, for example, by following up after a problem to make sure it is resolved. Customers can quickly become disengaged and lose trust in their supplier if they don't feel their needs and wishes are being listened to, understood and acted on. This includes ensuring that they are on the tariff most suited to their needs and wishes. There is an expectation that consumers need to switch to secure the most affordable energy deal but older and vulnerable customers face significant barriers in doing so. Ofgem's Engagement Survey shows that those 65+ are the age group least likely to be engaged with the energy market, compare prices or switch supplier¹³.

Price comparison websites are a key way of engaging with complex markets. There is an assumption that all customers will use these sites but older people who are digitally excluded face missing out on a more affordable tariff. Market research by Ofcom is limited, surveys on use of comparison sites only interview those up to the age of 64. What the research does show is that only 29% of those aged 55+ had used a price comparison website in the last 12 months to see if they could find a better deal for their utilities supply (gas, electric, water)¹⁴. We support Ofgem's view¹⁵ that older people faced with an increasingly fragmented and complex energy market, need reassurances about the continuation of any support and discounts they receive when they switch supplier. Ofgem should consider requiring firms to inform vulnerable customers who are switching, that they can also request similar support from their new supplier. Ofgem should work with consumer groups, advice organisations and the Ombudsman to help sign post people to the correct support and advice that is tailored to their needs.

Theme 4 - Encouraging positive and inclusive innovation

Outcome 4A: We want all consumers (particularly those in vulnerable situations) to have access to affordable energy and suitable services. We want products and services to be designed to meet the needs of a wide range of consumers (including the most vulnerable).

We strongly support this outcome. Firms can increase an older person's vulnerability by failing to understand their needs or designing products and services that do not work well for people in retirement. This can stem from a misguided belief that it is not possible to include older people in market research or by inadvertent exclusion, for example by conducting research exclusively online.

Housing tenure can have a significant impact on the affordability of energy. Ofgem and the industry need to consider how those living in the private rented sector, social housing or in park homes may not be able to use credit meters or install energy efficiency measures. These households may already be at greater risk of fuel poverty than owner-occupiers.

Ofgem should promote the benefits of energy efficiency to landlords and how it will allow them to comply with current and future minimum energy efficiency standards.

Outcome 4B: We expect suppliers and networks to demonstrate innovative measures to support consumers in vulnerable situations.

The needs and wishes of older and vulnerable customers need to be considered at all stages of the design process. Products, services and support should be designed inclusively, so that their standard offer is accessible to the maximum range of consumers, including those with vulnerabilities. Smart lighting could be regarded as an example of positive universal design – helping all customers to reduce energy consumption and supporting those with vulnerabilities through using motion sensors to turn on lights at night-time.

Theme 5 - Working with others to solve issue that cut across multiple sectors

Outcome 5A: We want to achieve greater understanding and consistency across essential services markets for more joined up action to improve the experience of consumers in vulnerable situations.

We support the extension of the recent UKRN PSR data-sharing pilot¹⁶ and the ambition for data-sharing between water and energy suppliers by 2020. We hope that in time and with the right systems and safeguards in place, data-sharing could be expanded to include other relevant essential service providers. This will require a standardised approach to supporting vulnerability across different sectors and we would support efforts by the UKRN to conduct further data-sharing pilots.

Outcome 5B: We want to further improve our information sharing approach with the third sector, which will help target our policy, compliance and enforcement actions and support organisations who provide advice to energy consumers.

Firms should not marginalise or exclude vulnerable customers, but where necessary should direct them through 'warm' transfers to specialist teams or external partners (including debt advice agencies and well as local projects such as Age UK's Warm and Well programmes).

Outcome 5C: Through E-Serve, we will continue to improve the operation and effectiveness of the government social programmes.

Outcome 5D: We will work with government on common consumer challenges to complement its social policy measures.

Question 2: Do you agree with our approach on affordability? While we recognise this is a concern for many consumers in vulnerable situations, we think addressing wider affordability pressures is mainly a matter for government to address.

We believe it is a crucial responsibility of Ofgem to address affordability within the energy sector. The regulator is in an unparalleled position to understand the impact of affordability pressures on those in vulnerable circumstances. Ofgem should be advising Government of the wider benefits – on health, personal finances and carbon emissions – of making energy more affordable and homes more efficient.

Age UK would support discussions around the development of social tariffs for the most vulnerable energy customers. A pooled approach – cross-subsidy by both bill payers and the government - would reflect the fluid state of vulnerability and how many of us will experience it in our lifetimes. Older and vulnerable consumers are facing retail energy costs which increased 22% between January 2012 and June 2019 (average standard variable tariff from big 6 suppliers)¹⁷. Whilst the Warm Home Discount Scheme is welcomed by many of the most vulnerable households, the level of support, £140, has remained the same since 2014/15 and is assumed to stay at that amount until 2020/21. Many older and vulnerable people may not receive support due to not registering during the application period, missing out on their supplier's funding allocation, are not eligible for either the core or broader group or their supplier does not offer it.

A lack of engagement combined with loyalty to their energy supplier will lead older people to pay more than they need to. Research by Citizens Advice shows that older people are 16% more likely than those aged 18-64 to have been on the same energy contract for the last four years¹⁸. Energy was not a sector that was part of the CMA's investigation into the loyalty penalty in essential service markets. Ofgem should work with the CMA to explore how the older and vulnerable customers are at greater risk of paying a loyalty penalty and how protections for these customers can be strengthened to prevent further development of a two-tier market between the most and least engaged consumers.

Question 3: What more could be done through energy regulation to assist consumers in vulnerable situations in the longer term? How should any such further measures be funded?

Age UK is calling for a national, central government funded energy efficiency infrastructure programme to bring all homes up to a decent standard. England is the only UK nation without a centrally funded programme and the Government with the support of Ofgem, need to show ambition and leadership to make energy efficiency a national infrastructure priority. We believe this is the only sensible and long-term solution to fuel poverty, excess winter deaths and to reduce carbon emissions.

The programme should be area-based and driven and implemented by local public, private and third sector partners, working together with communities and individuals. The programme should initially target the poorest and most energy inefficient homes.

Age UK through its Warm and Well Programme¹⁹ supports older people with income maximisation and home energy checks which deliver energy efficiency measures into homes. The following case study helps illustrate its work:

Mrs. Kaur is in her 70's and lives alone in a large house. She has very little family in the area and is currently unable to use her car to get out and about. Mrs. Kaur was referred to Age UK following a hospital discharge, as she had recently been admitted after becoming stuck in the bath for a long period, without her lifeline. After returning home, the weather had become considerably colder and it was becoming very difficult to stay warm in her home and recover from the spell in hospital.

The home is large and is difficult to heat. All radiators are located on external walls and there are significant drafts and cold air coming through gaps around the front and back wooden

doors. Only one room was being used and heated and the remaining parts of the house were colder.

During Mrs. Kaur's assessment, Age UK advised that installing heat reflector panels on all of the external radiators will greatly improve their heating efficiency and would reflect 45% of the heat back into the room. A total of 14 radiator panels were fitted to all external wall radiators in several rooms throughout the house. During the fitting, it became evident that the heat reflector panels were effectively reflecting heat back into the room and the temperature of the home was increasing without turning up the heating system. Insulation foam and draught excluders were fitted around the frames of the wooden front and back doors. The gaps and cold draughts entering the property were eliminated and greatly improved the efficiency of the heating in the home. During the assessment, Mrs. Kaur was also supplied with energy saving lightbulbs to use in lamps and a nightlight on the landing which would help improve lighting during the evening and prevent trips and falls.

This case study shows the value of installing inexpensive energy efficiency measures and the positive impact they can have on the health, wellbeing and finances of older people. The industry should explore show similar schemes, which use a targeted local approach, provide energy efficiency benefits to the most vulnerable.

Question 4: Do you agree with our proposals for the first year of the strategy?

Ofgem Priorities

- Create an analytical framework to consistently assess the impact of our policies on particular groups of consumers in vulnerable situations. This will enable us to assess consumer groups at risk in a more targeted way and propose tailored mitigations.
- We aim to strengthen protections to protect consumers in vulnerable situations from self-disconnecting their pre-payment meters.
- Consult on our proposals for the future energy retail market
- Consider formalising the Ability to Pay principles in our rulebook to provide targeted support to consumers facing payment difficulty.
- Propose a requirement on gas network companies to adhere to a vulnerability principle, similar to the obligation that we have placed on gas and electricity suppliers.

We strongly support all these priorities. However, Ofgem should go further to consider the current work being undertaken by the Financial Conduct Authority in exploring a 'Duty of Care' for financial services companies to their customers²⁰. Many older and vulnerable energy customers are exposed to serious detriment such as paying the loyalty penalty or expensive standard variable tariffs. Implementation of a new duty could provide a new understanding of what it means to treat customers fairly as part of suppliers' licence conditions. The cultural change brought by adherence to a new duty would help build on recent positive approaches to support vulnerable customers. It would also help reflect the fluid state of vulnerability and that many consumers will be vulnerable at some point in their lives. A new duty has the potential not just to make enforcement of existing licence conditions easier but to prevent detriment and make markets work better for consumers.

Other priorities Ofgem should consider include:

- Addressing major anomalies and inconsistencies in the current eligibility criteria for the PSRs across the industry. Ofgem should also aim to enhance monitoring and

reporting of PSRs. Auditing arrangements must also require licensees to monitor and report on efforts to identify vulnerable customers and promote services to them.

- Ensure older and vulnerable customers are being prioritised in the event of supply disruption and have access emergency repairs or equipment for heating, hot water and cooking.
- Review the impact of the smart meter programme on vulnerable customers.
- Develop options for automatic compensation for vulnerable customers/customers on a PSR, e.g. slow repairs, missed appointments.

¹ <https://www.ageuk.org.uk/our-impact/programmes/warm-and-well/>

² Age UK Your Voice Engagement Panel Survey – 14th Edition

³ Age UK Your Voice Engagement Panel Survey – 14th Edition

⁴ <https://www.ofwat.gov.uk/wp-content/uploads/2019/07/PR19-draft-determinations-Reporting-guidance-%E2%80%93-Common-performance-commitment-for-the-Priority-Service-Register.pdf>

⁵ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/757268/income-related-benefits-estimates-of-take-up-2016-17.pdf

⁶ https://assets.publishing.service.gov.uk/media/5d405962e5274a4016893bd0/Final_Decision_PPPC.pdf

⁷ <https://www.ofgem.gov.uk/data-portal/retail-market-indicators>

⁸ <https://www.ons.gov.uk/peoplepopulationandcommunity/birthsdeathsandmarriages/deaths/bulletins/excess-wintermortalityinenglandandwales/2017to2018provisionaland2016to2017final>

⁹ <https://www.ons.gov.uk/file?uri=/peoplepopulationandcommunity/birthsdeathsandmarriages/deaths/datasets/excesswintermortalityinenglandandwalesreferencetables/2017to2018provisionaland2016to2017final/reftablew201718.xls>

¹⁰ <https://www.ons.gov.uk/peoplepopulationandcommunity/birthsdeathsandmarriages/deaths/bulletins/excess-wintermortalityinenglandandwales/2017to2018provisionaland2016to2017final>

¹¹ <https://www.energy-uk.org.uk/our-work/retail/safety-net.html>

¹² <https://www.boilerjuice.com/heating-oil-prices/>

¹³ https://www.ofgem.gov.uk/system/files/docs/2018/10/consumer_engagement_survey_2018_report_0.pdf

¹⁴ https://www.ofcom.org.uk/_data/assets/pdf_file/0026/149840/adults-media-use-attitudes-2019-data-tables.pdf

¹⁵ https://www.ofgem.gov.uk/system/files/docs/2018/10/consumer_engagement_survey_2018_report_0.pdf

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