

# Consumer advocacy and advice at Citizens Advice

Annual report 2021/22



# Foreword

**Citizens Advice has a unique position in the consumer protection landscape, providing advice and advocacy as part of a single organisation. In recognition of this, I am proud to introduce this report which for the first time presents together our work across consumer advocacy and the consumer service.**

This year is a significant milestone in Citizens Advice's role in the consumer protection landscape, marking ten years since we launched the consumer service, directly helping people to understand their rights and to resolve the issues they face. In that time we have provided one-to-one advice to almost 7 million people, and have helped tens of millions through our website.

Through the data and insights we collect from the consumer service we help drive consumer protection activity by working with partners at a national and local level, and through our advocacy work we look to address the underlying problems driving consumer harm.

Now more than ever, people need our services. As rising energy prices led to 31 energy companies failing in 2021, we had large numbers of consumers turning to us for help navigating the chaos. We are now in the middle of a cost of living crisis and 2022 has seen us break unwelcome records for demand for our advice.



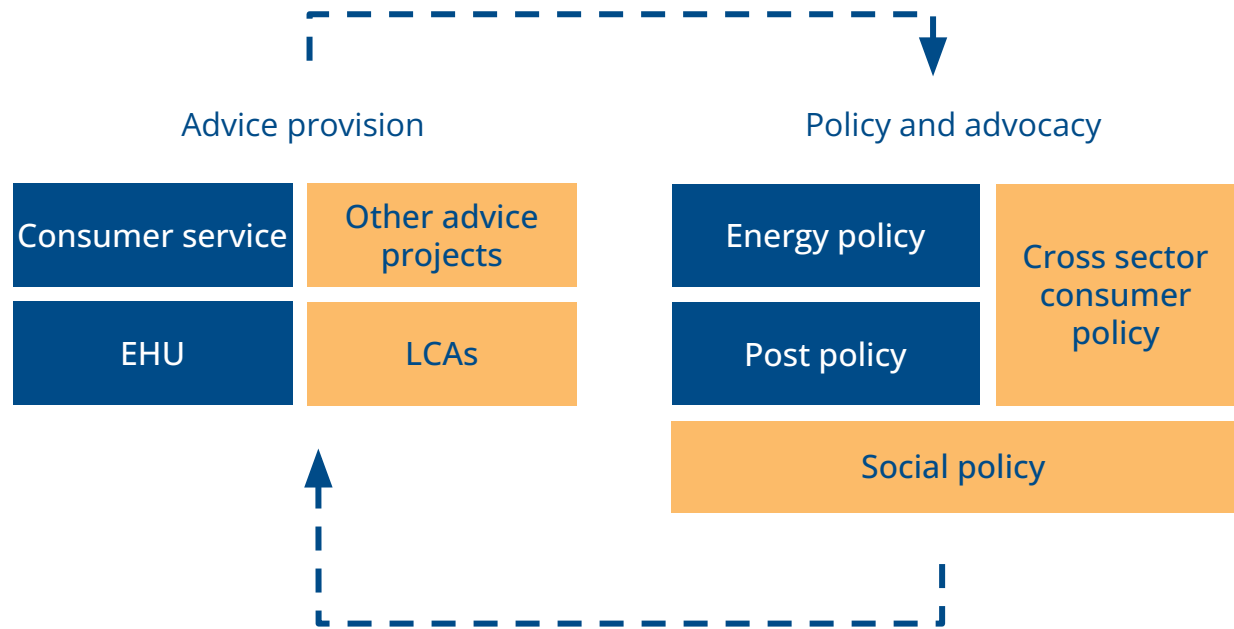
Each day brings more stories of people making heartbreaking decisions. This reminds us of the critical importance which consumer markets play in everyone's lives and of the impact of each pound wasted through mis-selling, poor quality and overcharging. More and more products and services are now essential for modern life and squeezed budgets raise difficult questions about how consumers can continue to access the services they need.

Things are likely to get worse before they get better. At these times, it is worthwhile to pause and look back with pride at what has been achieved before returning to the challenges of the year ahead. In that spirit, I would like to extend my thanks to all the staff involved in consumer advice and advocacy at Citizens Advice.

**Dame Clare Moriarty**, CEO Citizens Advice

# How Citizens Advice's advice and advocacy roles support each other

- Statutory role
- Non-statutory role



Our **local Citizens Advice offices (LCAs)** provide face-to-face advice on a range of issues in approximately 2,300 locations across England and Wales.

Our **consumer service** gives advice on all consumer issues, with specialist advice on energy and post issues.

The **Extra Help Unit (EHU)** is a specialist support service investigating complaints for domestic and micro business energy consumers, and postal service users, who are in vulnerable circumstances across Great Britain. The service is managed by Citizens Advice Scotland.

Our **advice provision** gives us unique insights into the problems people face, with real-time data.

We use this to advocate for evidence-based policy changes that deliver the biggest improvements in outcomes for consumers.

Our **policy and advocacy work** gives us insight into the organisations and systems consumers deal with and into the emerging risks for consumers.

This helps us provide advice and support that is up-to-date and effective.

# An introduction to the consumer service

The Citizens Advice consumer service provides information on consumer issues and advice to help solve problems related to general **consumer, energy or postal services**. The consumer service is a free service, provided via a dedicated phone line, e-mail and web chat. In 2021/22, we answered **951,202 contacts** from consumers across all of our channels.

We help people with consumer related problems - for example, people who aren't sure about their rights in negotiations with traders, have been mis-sold faulty goods or services, are struggling with energy bills or have been subject to scams.



**We empower people to resolve problems themselves**, helping to reduce the likelihood of similar issues arising in the future.



**We make high quality referrals** meaning that partners can focus their efforts on cases that need additional support. Access to intelligence through a centralised database means that activity is informed and targeted.



**We provide an essential source of intelligence for the wider consumer landscape** through the information we collect from clients. Trading Standards and other partners - including Competition and Markets Authority (CMA) and Financial Conduct Authority (FCA) - securely access data either through referrals or a dedicated portal.



**We regularly provide information to the energy regulator Ofgem and to BEIS** through regular reporting, meetings, and ad-hoc sharing, via our policy team. Both organisations use our data to track the impact of key events such as the pandemic, supplier failures and the cost of living crisis. This is critical for helping them understand and address issues across the sector, including affordability concerns and customer service failures.

The Citizens Advice public website consumer pages provide general advice on consumer problems.

In 2021/22:

- **8.8 million individual users visited our consumer advice pages**, which provide information on consumer rights and how to resolve issues
- **Over 400,000 users visited the 'report to trading standards' page**, which links to our contact channels to ensure people can get help or report issues through to our partners

We pass information and referrals on to partners including:

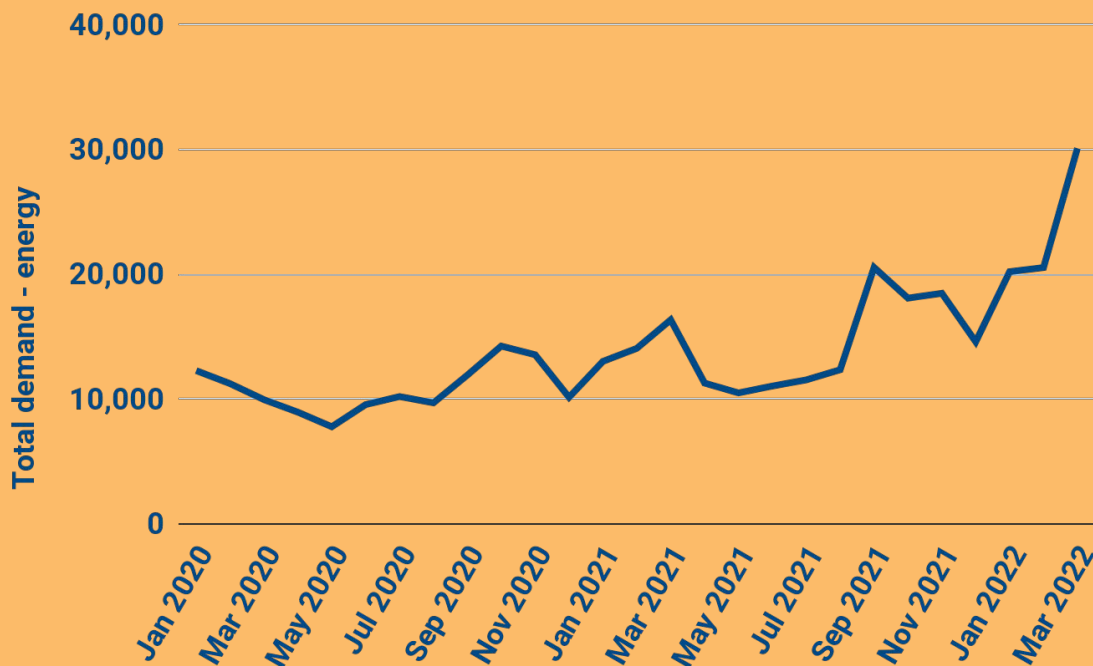
- local Trading Standards (TS) office
- major energy and postal partners
- local Citizens Advice offices
- Action Fraud
- Energy Ombudsman
- Information Commissioner's Office

# How we are helping clients impacted by cost of living

The cost of living crisis has left households across the country struggling. Latest figures show that inflation has risen to 7% - the highest it's been in 30 years - and could reach 10% by the end of the year. On top of this energy prices are predicted to increase even further in October to approximately £2800 a year.

Citizens Advice is uniquely placed to pick up on the warning signs of people struggling under the pressures of rising bills. These circumstances have been continually driving demand across the consumer service as well as our other advice services.

## The number of monthly contacts to the Consumer Service about energy issues



In recent months we have seen record numbers of people requiring referrals to crisis support such as food banks and charitable support, and support with fuel debts.



In March 2022, 314,000 people sought our advice, more than at any point since the start of the pandemic.



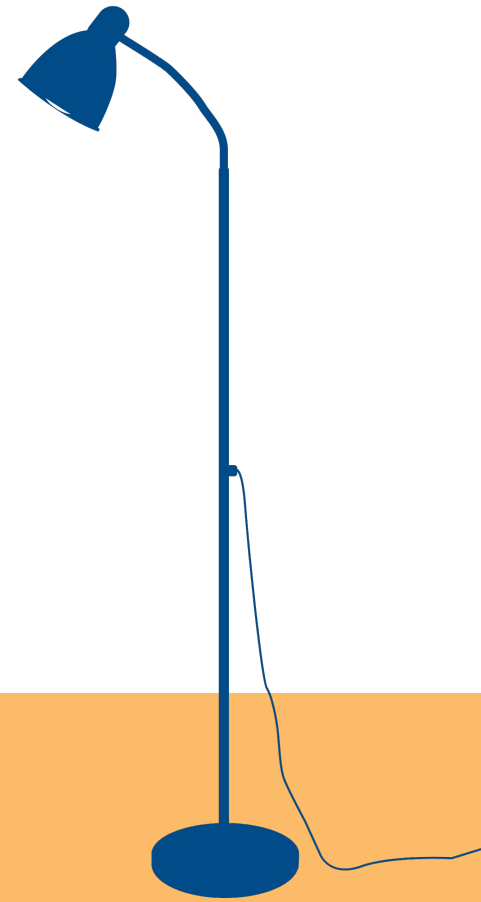
Between January and April 2022, the consumer service received more cases of pre-payment meter users disconnecting themselves than in the whole of 2021 combined.

Although these records are unwelcome, we are able to use our consumer service data to show the government and the general public the scale of the crisis.

Before the recent announcement of further government support, we estimated that in October 2022 ten million individuals would have faced a monthly average budget shortfall of £45 after paying their energy bills.

Through insights such as these, from the consumer service and our research, we are able to make the case for further intervention to help people through this difficult period.

# Energy



# Delivering specialist energy assistance and support

During an incredibly challenging year for energy consumers, Citizens Advice was there to provide people with support and advice. Thanks to extra funding from BEIS, we were able to help more people than ever before.

**3.3 million**

unique page views of our energy web pages (excludes adviser visits)

**3.06 million**

views of our social media advice content via our targeted ads on Facebook, Twitter and other social media platforms

**127,046**

energy contacts answered by consumer service advisers via telephone, webform, email and web chat

**22,000**

people received advice from a Big Energy Saving Network (BESN) community champion, resulting in estimated **£2.7m in savings**

**6,565**

frontline advisers, who work with consumers in vulnerable situations, received training from a BESN regional lead

**7,851**

people received in depth support via the Energy Advice Programme. 96% of these clients were in fuel poverty and our advisers reported **income gains of over £2.2m**

Through our Big Energy Saving campaign, we worked with a range of partners including Energy Saving Trust, Trussell Trust and Post Office Limited to provide people with advice, including information about low or no cost energy efficiency measures

We established a new partnership with the Fuel Bank Foundation, enabling us to provide emergency fuel vouchers through our network of local Citizens Advice offices

We made good progress on strengthening referrals between our different advice services, providing people with more joined up support

In December 2021, [Citizens Advice](#) was appointed by BEIS as the **consumer advocate and advice provider for people served by heat networks**. We will officially take up this role once the new Energy Security Bill has passed.

# View from our statutory advice services

## Working with partners

The consumer service are able to refer qualifying people to escalated complaints teams at energy suppliers. This can help resolve problems quicker.

Clients in vulnerable circumstances will be referred to the **Extra Help Unit** (EHU) for additional support. It is a referral only service, with 90% of its referrals coming from the consumer service.

Where people have tried and failed to settle a complaint with their energy company, we can also refer people to the **Energy Ombudsman**. The Ombudsman will carry out an impartial review of the complaint and issue a resolution.

## Extra Help Unit

The EHU is a specialist team of caseworkers investigating energy and post complaints on behalf of consumers in vulnerable situations. The service is telephone based and covers the whole of Great Britain, helping domestic and microbusiness consumers.

In the year from April 2021 to March 2022:

- The EHU dealt with **16,996 complaints and enquiries**, equal to a 16% annual increase in new cases.
- They obtained over **£2.9 million in redress** for individual consumers, which was up 45% compared with the previous year.
- Advice agencies contacted their specialist support service - Ask the Adviser - 1,896 times for advice. This is a 37% increase on contacts from the previous year.

"I felt it was a good choice for me to be passed onto the EHU, I had tried multiple times by myself and spent hours on the phone to no avail. I was relieved to not have to be ignored by the energy company and for the issue to be resolved in the way it was, I would have never anticipated the positive outcome that was achieved."

- EHU client

## How our advice helped Baljit\*

Baljit was receiving very high quarterly estimated energy bills. Despite contacting the supplier on many occasions, the company continued to insist that the bills were accurate.

As Baljit is partially sighted, the supplier sent someone to examine the meter. Instead of helping to resolve the matter, the estimates then increased further and the supplier said they would apply for a warrant for non payment of the bill.

We referred Baljit to the Extra Help Unit. The EHU ensured Baljit's supplier issued accurate bills, reduced payments to the correct level, oversaw the installation of a smart meter and ensured they received an apology.

\*Client's name and certain details have been omitted or changed to preserve their anonymity.



## Supporting people through the energy market turmoil

In 2021, 31 energy companies failed as wholesale gas prices rose, affecting over 4 million households. These failures caused confusion and stress for affected customers, with many experiencing increases in costs. We ensured that people were provided with advice and support, and we shared insights rapidly with Ofgem, suppliers and government to identify and resolve emerging problems.

In **Market Meltdown** we analysed why so many suppliers failed, leaving a bill for consumers of over £2.6bn. It explored how Ofgem's failure to reform and enforce its rules helped lead to the crisis, and outlined the steps to ensure the market can support the needs of consumers and our country's net zero goals in future. Ofgem subsequently commissioned an **independent lessons learned review**, which reached similar conclusions. We also provided evidence on the crisis to the subsequent inquiry by the BEIS Select Committee and to the National Audit Office.

Ofgem also launched a programme to improve supplier resilience, which we've engaged with closely. This work is taking forward some of our key recommendations including tougher oversight and steps to tackle the cost of failures.

The current cost of living crisis has seen record numbers of people struggling to pay their energy bills. Using insight from our clients, **Red Alert** laid out the pressure on people's budgets and **Crunch Point** outlined how to protect people from the worst of the crisis, particularly the need to target support at those on the lowest incomes who are most at risk.

This helped lead to new support being put in place for people, including additional benefits payments and energy rebates. We've worked with government and industry to support the delivery of the new Energy Bill Support Scheme and reformed Warm Home Discount.

We also published **Taking too much?**, on how to improve the third party deductions scheme which enables low income households to pay for energy via their benefits, and highlighted the **challenges facing microbusinesses** following Ofgem's review of protections for these customers.

Looking ahead, we're keen for reforms to the energy retail market that mean it works better for everyone, enables innovation and supports decarbonisation. We've **engaged with the Government's review** of its retail market strategy as it prepares to deliver its Energy Security Bill in the coming year.

## Delivering value for money energy infrastructure

After wholesale costs, the biggest part of an energy bill covers payments to Energy Networks - the companies that own and operate the pipes and wires that transmit energy around the country and into our homes. Our advocacy work in this area is focussed on preventing excessive profits and ensuring that services and investments are in consumers' best interests. This helps keep these costs as low as possible, while still supporting key infrastructure changes and the Net Zero pathway.

We have consistently argued that networks have been making too much money - more than is needed to cover their costs. Ofgem agreed with us, and reduced the returns that networks could make for the next price control (RIIO-2). Some of the companies appealed the outcome, but Citizens Advice successfully **intervened** to oppose these appeals, including appearing in front of the Competition and Markets Authority (CMA).

We estimate that, if the companies had won their appeals, it would have cost consumers an extra £1.5bn. Importantly the CMA's decision sets a useful precedent for future decisions which will make it harder for customers to receive a bad deal.

The Electricity Distribution price control process is underway. We published comprehensive reports on the **draft** and **final** business plans of the Distribution Network Operators (DNOs). At Ofgem's open hearings about the plans, Citizens Advice challenged the networks over a number of issues including rates of returns and expected outperformance. These plans are asking for over £25bn in expenditure and detailed scrutiny is important in getting the right result for consumers ahead of Ofgem's final decisions in 2022.

Our future work in this area will focus on wider reform to help make the system more balanced, leading to more efficient outcomes for both networks and consumers, and to fairer prices for the essential bills that we all need to pay.

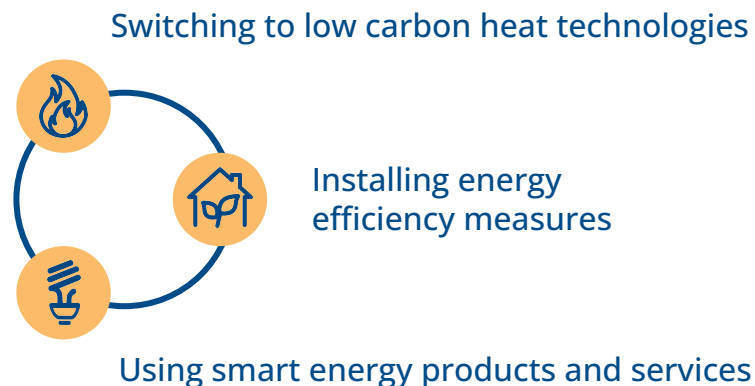
We are constantly engaging with the energy industry to improve outcomes for consumers. Examples from 2021/2 include:

- The introduction of improved consumer protection via reforms to connection charges - following our **research** into potential implications without a high cost cap
- Working with the Electricity System Operator to develop its consumer strategy
- Publishing research on **DNOs' Environmental Action Plans** to help guide improvements
- Representing the consumer voice in various industry code modifications designed to manage the impact of supplier failures

# Putting people at the heart of the Net Zero transition

Achieving the government's climate change goals will require changes to every single household and business. Citizens Advice's advocacy work focuses on ensuring the government's net zero plans meet the needs of consumers. We know that public trust and confidence will be crucial to ensuring people make the necessary adaptations.

**The changes most households will have to make will include:**



This year saw the government publish a number of key strategies as well as host the COP26 conference. We spoke at a wide range of events and **wrote to the Prime Minister**, together with our coalition of consumer bodies and business organisations, making the case that the transition must be designed around the needs of consumers.

Our **Rough Trade** discussion paper explored how we seek to tackle the range of trade offs between the needs and interests of different groups of consumers over who pays.

In **Look before you LAEP**, we outlined how to tackle the emerging postcode lottery of local area energy plans by ensuring there's greater transparency around governance, engagement and cost.

A key focus of our work this year was identifying how and where to future proof the consumer protection framework. This will ensure people feel confident and supported as they make changes to the fabric of their home or how they use energy in their home. We used **evidence and insight** from the thousands of consumers who contact our consumer service for help and advice about home energy improvements as well as commissioned research.

Our **Net Zero Protections Puzzle** report laid out the current confusion and gaps people face when trying to install energy efficiency measures or shift to low carbon heating. It recommended establishing a single mandatory accreditation scheme for businesses and firms who want to be active in this market.

The **Smartening up** report identified the key outcomes the government must get right in order to build people's confidence in smart home technologies. Some of our recommendations have already been included in the Energy Digitalisation Taskforce report.

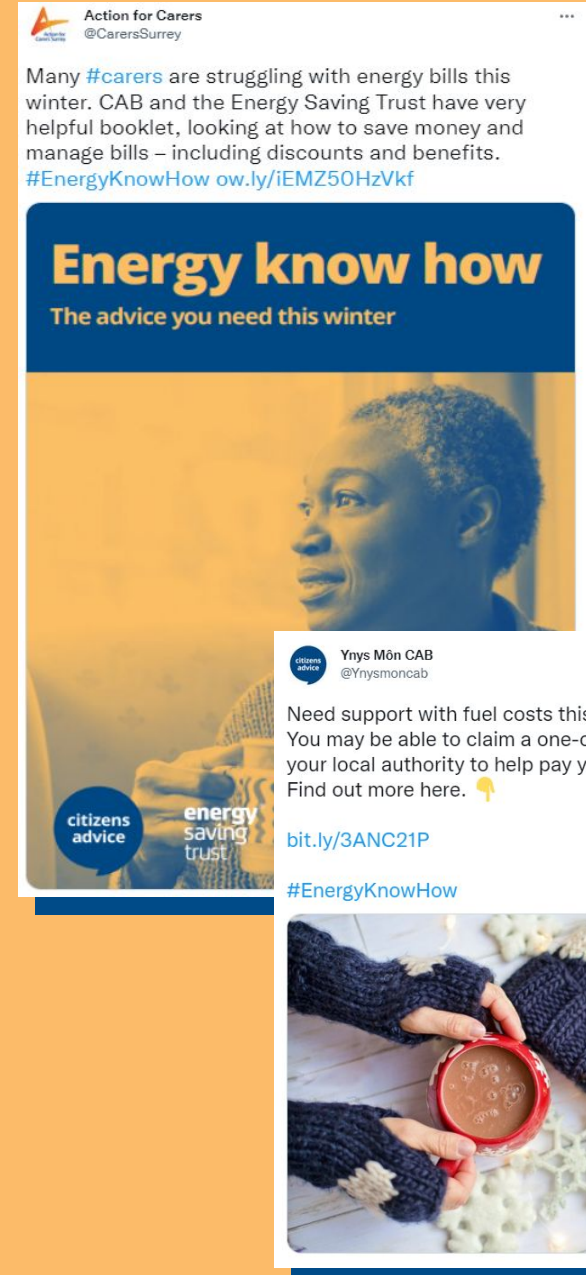
# Empowering energy consumers

Citizens Advice's online advice content provides people with information and advice about how to find a way forward. As the cost of living crisis hit households, we ensured that people using our website, who were worried about their energy bills, were better connected to advice on debt, the benefits system and support available to help with bills.

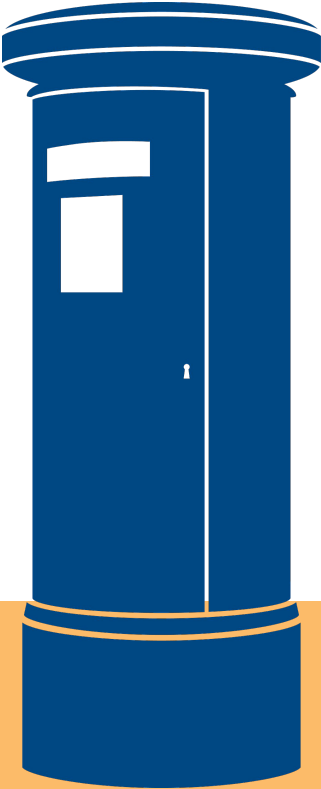
We publish a series of different products to support people as they navigate the energy market. This includes quarterly rankings of customer service and complaints performance of suppliers serving **households** and **small businesses**. The aim is to help people make informed decisions when they're considering switching tariff or supplier.

In 2021/22 Citizens Advice launched the **smart meter checker**, which helps people identify whether their smart meter is connected to the smart meter communications network and if smart services will continue to be available after they switch supplier. It is helping inform and support people while the programme to upgrade first-generation smart meters is underway.

We use insights from our advice services to identify and share good practice with the energy sector. In 2021/22 we published good practice guides on **people struggling to pay their energy bills** and **consumers on heat network** - encouraging companies to improve the support provided to their customers.



• **Post**



# The view from our consumer service

## Key issues

The number of issues relating to post has increased overall from the previous year.

In 2021/22 there was an increase in the top two issues and a new entry at number three:

1. lost mail
2. delayed mail
3. post surcharge (new entry)

## Referrals

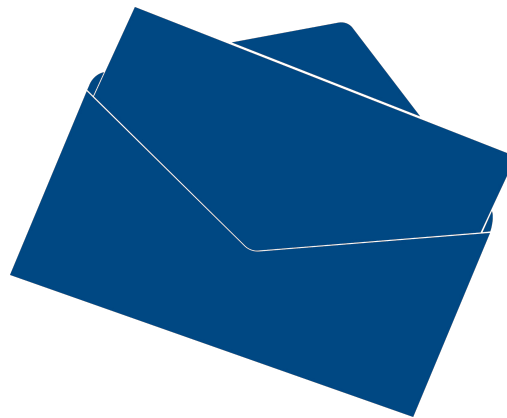
As in the energy sector, the consumer service is able to send referrals to the Extra Help Unit where additional support is needed for an issue with a regulated postal product.

The service is also able to send referrals to Royal Mail, to escalate through their complaints processes where the defined criteria are met.

## Working with partners

We share data with post partners via a monthly extract of anonymised data. This extract gives an overview of all cases to help partners understand common issues and challenges. This can help with informing any planned activity or work.

The data partner for post is **Ofcom** as well as the internal departments such as policy.



## How our advice helped Maya\*

Maya signed up for a mail redirection service for 6 months.

Someone then changed this redirection without her knowledge and her post started going elsewhere - she only found out when she received a new credit card statement in the post that had been set-up in her name using her old address without her consent.

We advised that a formal complaint should be made to Royal Mail. We also recommended that she quote the terms of the redirection agreement, as these stated adjustments could not be made to a redirection in any circumstances. We also offered a referral to Royal Mail if her initial contact with them was not successful.

Maya was able to fully resolve this matter to her satisfaction, thanking the consumer service for helping her and saying she would rate it 'ten out of ten'.

\*Client's name and certain details have been omitted or changed to preserve their anonymity.

## Protecting and strengthening the universal service

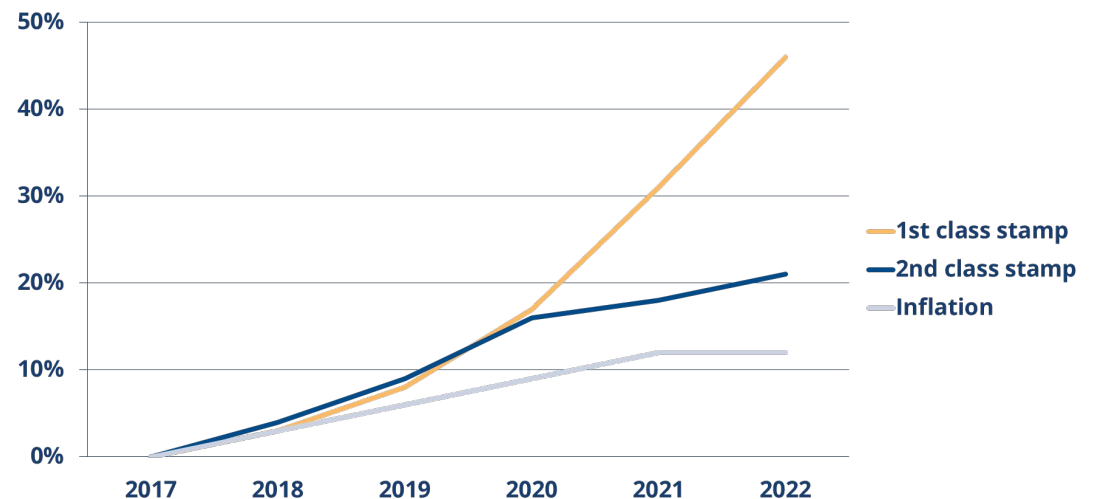
Millions of people rely on the universal postal service to manage their day-to-day lives. 2 in 3 receive communications from health providers such as hospitals by post only, and 7 in 10 people say they'd feel cut off from society if they couldn't send or receive post. This year, we continued our work to protect and strengthen the universal postal service, submitting a [consultation response to Ofcom's review of postal regulation](#). We called for Ofcom to take a more proactive approach to preventing harm for postal users and focus on positive consumer outcomes.

The number of people having to cut back on essentials such as food or heating to afford postage stamps has tripled since 2018. And in 2021, Citizens Advice found that the cost of sending letters and parcels is unaffordable for 2 in 5 people. While there is a price cap for 2nd class stamps, this isn't the case for 1st class stamps. The price of a 1st class stamp has increased by almost 50% in just 5 years, now costing a record 95p. Citizens Advice has called for Ofcom to carry out a full review of the affordability of post. We'll continue to make these arguments in the year ahead, especially as households brace for further squeezes on their incomes.

Taking out a mail redirection helps people to keep their mail safe when they move home, protecting them from missing important letters or becoming victims of fraud. But Citizens Advice has found that only a third of people (35%) redirect their post when they move. Many low-income consumers are priced out of this essential service.

Since 2018, Citizens Advice has called for changes to make redirections fees fairer and more accessible. In our response to Ofcom's call for inputs in May 2021, we argued that more people should be eligible for a discount and that this discount should be increased. In November 2021, Royal Mail agreed to introduce a wider and more generous discount which will help more people on the lowest incomes take out a redirection. We'll continue to work with Royal Mail and Ofcom to promote and preserve this much-needed discount.

### Percentage increase in stamp prices, compared to 2017



## Protecting consumers in the parcels market

Parcel delivery is an essential service, but it is failing consumers. Recently, our research found that almost **3 in 5** (58% of) consumers had had a parcel delivery problem in the past 3 months. Of those who had purchased something online, **7 in 10** had had an issue.

In 2021, our [Sorry we missed you](#) report showed the link between the exploitative working conditions of delivery drivers and poor consumer outcomes. In the last year, we also submitted responses to [Ofcom's call for inputs and consultation for its review of postal regulation](#), setting out evidence around consumer detriment across a range of parcel services and how the market as a whole is malfunctioning.

This was alongside regular monitoring of consumer problems from internal sources such as the consumer service, and externally through regular polling. Our regular data monitoring function has also allowed us to report trends in our data to stakeholders, such as the Consumer Protection Partnership.

Our research has shown that disabled consumers, those who are time-poor, and those with specific access needs experienced disproportionate levels of detriment compared to the general population. We also highlighted that complaints processes are inadequate and causing further consumer detriment when it comes to delivery services. Our consultation response used consumer service case studies as qualitative evidence to strengthen our arguments.

In November 2021, we published a [parcel company league table](#) that ranked the top 5 parcel operators based on a number of criteria: consumer detriment, complaints, accessibility, and trust. These scores for each of these criteria were determined by looking at several sources of data, both internal and external. The consumer detriment metric was based on data from polling, the consumer service, and Method52, a tool that captures complaints on Twitter. We used the Consumer Service data by drawing out the number of cases per 500,000, which contributed to each company's overall score around consumer detriment.

In 2022, after Citizens Advice's submission to the call for inputs and the publication of the league table, Ofcom announced plans to introduce a new condition to improve delivery services for disabled consumers and additional guidance on complaints for parcel operators. The regulator cited Citizens Advice research in its decision.



## Shining the spotlight on letter delays

Widespread letter delays, coupled with another increase in 1st class stamp prices, have left consumers paying more for less at a time when household purses are already feeling pinched.

Citizens Advice found that **almost 15 million people** across the UK were left waiting for letters over the Christmas period in 2021. As a result a staggering 2.5 million people missed important documents, health appointments, or were unable to pay a fine or bills, sometimes resulting in further penalties. In December 2021 someone viewed our **web advice page on what to do if your post is damaged, lost or delayed by Royal Mail** every 5 minutes. This was the second year running that we called out Royal Mail delays.

Our research and insight on letter delays was quoted by MPs in **oral** and **written** questions to the postal services minister and in the **debate pack** ahead of the Westminster Hall debate on the Performance of Royal Mail in June 2021.

In May 2022, **Ofcom announced an investigation** into Royal Mail's quality of service. We'll **continue** to call on Ofcom to proactively hold Royal Mail accountable for delivery of a reliable and affordable postal service. And we'll continue to track letter delays and work with stakeholders to highlight the importance of receiving letters on time.

## Making sure everyone has access to their post

In 2020, our **Millions Without Mail** report discovered that 7 million people had struggled to access their post in the previous decade. Since then, we've been working hard to design a solution to the problem. We've designed a service called 'Address & Collect' - which would allow people who can't access their post, to collect their letters from a post office and give out an address to services.

Address & Collect has been developed using insights from research with potential users of the service - to firstly design the service, and later to test the service we had designed. We also ran workshops and focus groups with charities and other stakeholders to stress test our ideas and make sure they were feasible.

We've been engaging with various stakeholders including local offices and charities to better understand how the service should run and how we can best design a referral process. Last year we ran a focus group with 8 local offices to plan how a service to help people access their post could work. We looked at the role local offices could play as referral partners and worked collaboratively to design a suitable registration process.

We'll keep working closely with Post Office Ltd and Royal Mail to secure a solution to this problem. And we'll continue calling on industry and government to work together to get a solution up and running.

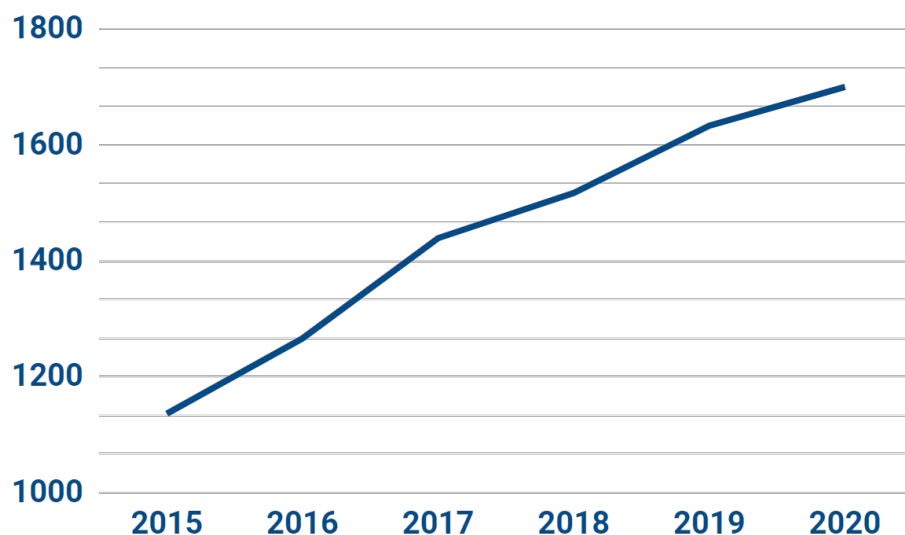
# Fixing the cracks in the post office network

Post offices remain a vital part of the community. Our research shows 9 in 10 people across Great Britain have used a post office in the last year. 1 in 5 visit a post office once a week - around 1 in 4 in people in rural areas.

But in many places it can be difficult for post offices to remain economically viable. In recognition of the vital role they play the government has provided a subsidy to support around 4,000 post offices, including 3,000 rural 'last shop in the village' branches. This year we successfully argued for the government to provide a multi-year subsidy to continue to support the most rural post offices.

## Total number of outreach post offices

(March each year, UK)



Despite the welcome ongoing subsidy, our analysis reveals significant gaps in the post office network which indicates that further action is needed. Many people have experienced local post office closures, and 1 in 3 rural post offices in Britain are now provided as part-time outreach services.

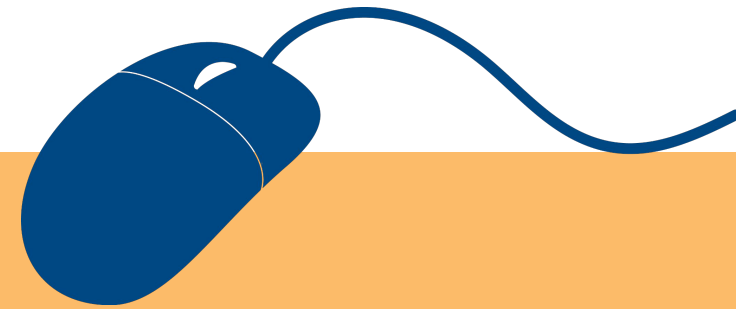
In 2022, our new **Gaps in the network** report confirmed that post office closures and outreach services make it significantly harder for people to access services. When services are lost people are forced to take on the additional costs and inconvenience of travelling further to access post office services - something which can be particularly challenging in rural areas and for those who face barriers to travelling long distances.

Many people find outreach post office services inadequate. Provision is too infrequent, opening hours inconvenient, queues too long, and vital services missing.

The impact goes beyond individuals, as communities are deprived of what was once a thriving social hub and source of support. Neighbourhood small businesses also find their needs are no longer met. There are additional economic losses when the 'honeypot' aspect of the post office - drawing people in to use other local businesses - vanishes.

In 2022/23 we'll be interviewing post office operators about their experiences and views on the underlying causes of the post office closures and shift to outreach services that we've seen. We will share these insights and work to develop recommendations with the Department for Business, Energy and Industrial Strategy and Post Office Ltd.

# • **Cross-cutting consumer**



# The view from our consumer service

## Key issues

The service provides advice on all stages of the life cycle of consumer issues - from pre-shopping guidance to help engaging the trader, through to alternative dispute resolution or other tribunals such as court, where appropriate.

There were increases in the number of complaints in 2021/22, about:



Used cars



Roofing, roof sealing and chimney repairs



Upholstered furniture

These were also the top 3 general consumer goods and services which we received complaints from consumers about this year.

*"Your incredible support allows this service to prioritise investigations into unfair trading and fraud. Without you advising consumers, we would not have the capacity to follow up such cases."*

Partner satisfaction survey

## Working with partners

We have referral and data relationships with Trading Standards departments in all Local Authorities in England and Wales, while those in Scotland also have access to data that relates to traders based in their nation.

Each local Trading Standard (TS) is notified directly of all cases in their area, and cases that meet their criteria for action are sent as a referral.

In 21/22, we uploaded more than 400,000 complaint cases about a specific consumer problem, with around 60% of these being referred to Trading Standards.

Where required, further investigation and enforcement action may be necessary. Some complaints require immediate referral and partner action, such as product safety where a client has been injured, or suspected doorstep crime. It is essential that partners are provided this information urgently, to allow them to disrupt the offences while they are taking place, as well as providing support for the victims.

## How our advice helped Gwen\*

Gwen engaged a trader to complete roofing repairs. After accepting a small deposit, the trader then proceeded to demand further payments before starting the work, including transporting her to the bank to make these payments.

When work was undertaken, it was of a poor standard and caused some additional damage to the property. In addition to advice being provided about her rights, we were able to refer the case to Trading Standards who were able to investigate.

They were ultimately able to secure a judgement against the trader which included a suspended sentence and unpaid work, and Gwen was also awarded a substantial amount to compensate her for her losses.

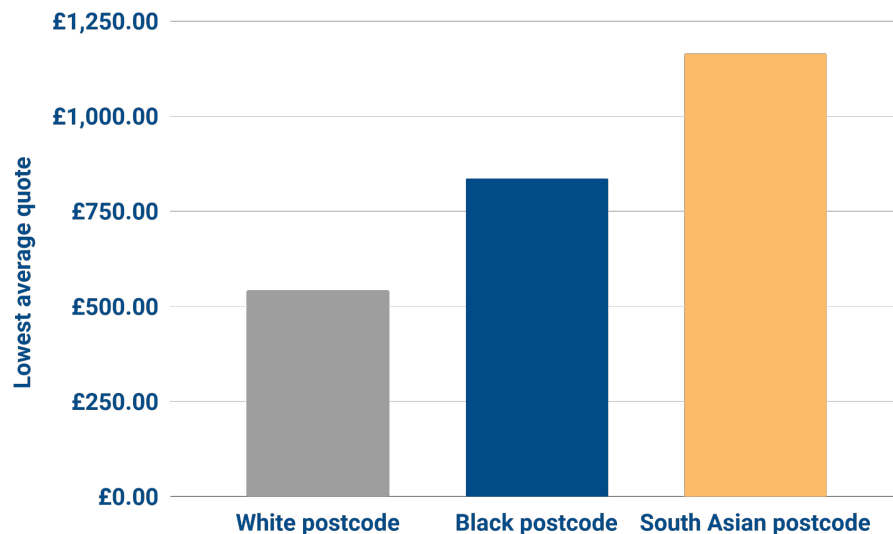
\*Client's name and certain details have been omitted or changed to preserve their anonymity.

# Discriminatory pricing

We have uncovered a worrying trend that suggests people of colour are being charged more for their car insurance than white people. In March we published research our report on **Discriminatory Pricing** which found an **'ethnicity penalty' of £280 a year** operating across the car insurance market.

We began by looking at how much 18,000 people we helped with debt reported paying for car insurance. We found that people of colour report spending on average £250 more than white people for car insurance. When we carried out a regression analysis we found that these results weren't driven by age, gender or income.

## Results from our mystery shopping showing difference in average quotes for car insurance



To dig further into these results, we worked with a research agency to conduct an in-depth mystery shopping exercise in 8 postcodes across England. We found a significant price difference between customers living in different areas. In all the areas we tested with a high proportion of Black and South Asian people in the population, customers were quoted at least £280 more for car insurance, compared to areas where the population is largely white.

We know that insurers use hundreds of pieces of information to set their prices, so we also tested some common risk factors like crime rate. None of the geographical risk factors we tested could account for the difference in price.

These results are deeply concerning, but the causes of the correlation between ethnicity and price are still unclear. That's why we're asking the FCA to get to the bottom of what's really going on in insurance and make sure that firms are acting in line with the Equality Act.

We began this process by **hosting a productive roundtable** discussion with insurers, industry bodies, members of the treasury and regulators. We will **continue to engage closely** with stakeholders to build solutions that can act as a blueprint for the future of digital regulation.

This research represents the first phase of a broader program of work designed to understand the impact digital markets are having on our clients.

## Highlighting the risks of Buy-Now-Pay-Later credit

The pandemic saw a huge shift in retail sales to online shopping, a trend which has only partially reversed. Increased digitisation of consumer markets creates new opportunities and novel risks for consumers, which we've been investigating across several markets - including consumer credit.

In a very short space of time, BNPL has become a standard payment option for retail purchases, particularly those made online. Around 17 million people in the UK have now paid for something using BNPL. While splitting and delaying payments works for some people, our research highlights the widespread risk in this rapidly expanding unregulated market.

### Of people who used BNPL in the 12 months prior to Spring 2021:



**2 in 5**

used a BNPL product without realising



**2 in 5**

didn't fully understand at least one element of what they were signing up for



**1 in 4**

went on to regret using BNPL

Our **research** found that 1 in 10 BNPL users have ended up chased by debt collectors - just over half of whom subsequently turned to another form of borrowing to pay off their debt, such as a credit card or loan. Our research also identified that people who belong to minority groups are disproportionately likely to face problems related to BNPL services.

As the market continues to expand, there is a risk these issues will be felt more widely. We have responded to HM Treasury's consultation on the scope of regulation to make sure BNPL users can expect parity in the type of protections they get compared to other forms of credit.

We will also be responding to the FCA consultation on what regulation specifically looks like around products such as BNPL which are largely used online. To inform our response to this we have commissioned behavioural insights research identifying how firms across various markets use nudges, sludge and dark patterns to shape consumer understanding and decision making.

We've also found that **1 in 12 people are now using BNPL to pay for essentials**, and that BNPL users as a whole are less confident in their ability to pay essential bills in the coming months. As the cost of living crisis continues, people on low incomes may have no choice but to become "survival borrowers" and turn to BNPL and similar forms of credit to make ends meet and put food on the table. We will continue to monitor the ways that the cost of living crisis impacts consumers.

## Better protections for online gambling

As consumers spend more time and money online, we are concerned that regulation is not keeping pace with the new challenges and risks this shift brings.

Our **Evening the Odds** report showed that online gambling is easy to get into but hard to get out of, in part due to the way that online gambling products and services are designed. Product design means that it is far easier for people to open an account and gamble than it is to close one and withdraw winnings.

With product 'nudges' encouraging consumers to spend both more time and money on the site than they may have intended to. This creates a situation where people find it harder to stay in control of their gambling and unlike physical betting shops, the websites don't close. We found **1 in 3 gamblers said they mainly gamble between the hours of 7pm to 5am.**

With gambling being more accessible than ever before, we found that current 'safe gambling' features - being 'opt in' - are not effective. **Only 13% of online gamblers have used time on site reminders and 17% have used money spent reminders** - despite these features being helpful when used.

In order to address the risks posed by online gambling, we suggested safety features should be the default setting. Safety settings are a powerful tool in allowing customers to take greater control over their gambling.

As we await the gambling white paper, we're continuing to call for government to address the current nudge and sludge by making safety features the default, and ensuring it's as easy to close accounts and walk away, as it is to sign up.

## Scams Action

Our Scams Action service provides help and support in relation to online scams.

This is done via multi-channel one-to-one advice, an online tailored advice tool and awareness raising, driven by our significant reach and trusted brand.

Delivering the online scams services in parallel with the consumer service ensures that clients get the most appropriate advice and support, and that partners have access to all data to inform their work.

Since launch in July 2019:

- We helped over **240,000** clients with one-to-one advice
- Over **1.7 million** users have viewed the online content
- Conducted campaigns and awareness raising with a number of key partners, including **National Cyber Security Centre**, the **FCA** and **City of London Police**
- Participated in a number of initiatives across the fraud prevention landscape, such as the **Joint Fraud Taskforce**, to provide insight and help in the fight against this type of crime

Information from this service feeds into **Scams Awareness Fortnight**. The campaign has gone from strength to strength in recent years. The number of participating organisations has nearly tripled over the past 6 years, from 165 organisations in 2013 to over 450 in 2021. During the campaign period and immediately after we've consistently seen increased calls to the Consumer Service and reports to Action Fraud.

# The impact of our advocacy work

## Our cost to consumers

It's essential that we provide value for money for consumers. The table below shows what our advocacy levy funding costs per household where it can be easily calculated:

	Our 2021/22 funding	Estimated annual cost per household	% of an average £1,277 energy bill of as 31 March 2022
Energy advocacy	£3.8m	7 pence*	0.005%
Postal advocacy	£1.1m	4 pence**	N/A

\* Based on the approximate contribution made by GB household energy consumers only (by volume). Non-domestic consumers also contribute towards the levy.

\*\* Based on dividing the cost of the postal levy evenly amongst GB households. All GB households are covered by the Universal Service Obligation, and are therefore recipients of postal services in some form.

## How our work makes a difference for people Examples from 2021/22

- The FCA's changes to insurance pricing went live on 1 January 2022, which were a direct result of Citizens Advice's work on the Loyalty Penalty. The FCA estimate the benefit to consumers will be over **£4bn over 10 years**.
- In October 2021, the CMA largely ruled against transmission and gas distribution companies in their appeals against their price control, accepting Citizens Advice's key arguments on suitable rates of return. Had the companies been successful, consumers would have paid an extra **£1.5bn in network costs**.
- As energy prices rose from 2021 onwards, Citizens Advice published insight and evidence making the case for targeted support for households on the lowest incomes. In Autumn 2021 the Government announced an additional **£500m for the Household Support Fund** and reduced the Universal Credit taper rate to enable families keep around **£1,000 each year**. Reforms to energy schemes that we've called for over a number of years mean more households will benefit from the ECO energy efficiency scheme, and the Warm Home Discount scheme will be better targeted in England and Wales.



# • Consumer service



# This year in numbers

**951,202**

contacts answered by the service across all channels (phone, email and webchat)

**38,759**

contacts answered via webchat

**8.8 million**

webpage visits to our consumer pages - an increase of 27% on 2020/21

**53%**

of clients found out about the consumer service through the website or internet search

**413,551**

total consumer goods and services cases added to our database and made available to our enforcement partners

**60% of these** referred to Trading Standards for further action

**13,827**

vulnerable energy clients referred to the Extra Help Unit for additional support

**70,367**

clients signposted to local Citizens Advice in England and Wales for wider advice needs

**94%**

of partners were satisfied or very satisfied with the work of the consumer service

**8 in 10**

consumers surveyed were satisfied or very satisfied with the service

We helped consumers save a total of

**£141 million**




through the advice provided by the consumer service

## The people we helped

Throughout 2021/22, our consumer service has continued to help people facing issues with goods and services, as well as providing advice on the energy and postal sector.

In total we answered **951,202 contacts** across all channels (phone, webchat, webform and e-mail). This represented a **16% increase** on the previous year.

Looking across different sectors, the breakdown was:

-  86% general consumer issues
-  13% energy issues
-  1% postal issues

**Multi-channel delivery** allows flexibility for clients, and forms part of our aim to make the service as easy to access as possible:

- Over **207,000** of all contacts (**21%**) were answered via digital channels (webchat, webforms and email) in 2021/22, with significant increases in people seeking help with energy issues
- **74%** of clients get the advice they need to resolve their issue in their first contact with an adviser
- The remaining **26%** return as we can provide ongoing support where required

In 2021/22:

- More than **60%** of complaint cases about specific consumer issues were referred to our partners in Trading Standards
- Almost **75,000** clients were signposted to local Citizens Advice offices for wider advice needs
- Over **10,000** clients were connected to certified Alternative Dispute Resolution (ADR) providers, who independently assess the circumstances and either help reach consensus or make a decision on what should happen to resolve the matter

Where a criminal element is suspected, or clients have additional support needs, we refer on to an appropriate partner.

# The impact of our advice

## We're helping those that need us

Each year we run a survey to understand how well we deliver our service and how impactful our advice is in helping drive positive outcomes.

Of consumers surveyed in 2021/22:

- **8/10** were **satisfied or very satisfied** with the service
- **9/10** said they would **use the service again**
- **8/10** said it was **easy or very easy to access** the service
- **Over 60%** stated that their problem was resolved between five and 25 weeks after calling the helpline
  - ➔ This remains highest for energy issues (68%). We have direct referral routes into energy companies and, as a highly regulated sector, suppliers have clear processes to follow based on Ofgem licence conditions
  - ➔ **3 in 5** clients across all sectors who managed to reach a successful outcome said it could not have been done without our help
  - ➔ The average value people placed on the amount they saved or recovered was in excess of **£1000**

## We're helping people save money

The average amount estimated by consumers that reported a saving following our help in 2021/22 was:

**£1,296**

- ➔ £1,346 for general consumer
- ➔ £752 for energy
- ➔ £403 for post

These represent increases for our general consumer and energy figures, which in turn contributes towards an overall rise of around £80 per person on average.

We use the figures above within our established financial modelling methodology to estimate the overall savings generated for consumers as a result of the advice delivered by our helpline. And the return on investment that this represents.

**In 2021/22, the consumer service helped save consumers a total of over £141 million.\***

This is a conservative estimate. It does not include savings generated to consumers as a result of information accessed via the website.

\*Using a methodology for calculating savings agreed with the Department for Business Energy Industry and Strategy.


## The view from a delivery centre


The consumer service is delivered through centres within our local Citizens Advice network. Some of these also deliver other nationally funded Citizens Advice services, such as the Witness Service contact centre and specialist debt advice.


Each day, on average each centre typically receives around:

- **450 to 500 calls**
- **100 webforms**
- **30 to 40 webchats**




Consumer service advisers:

 **receive dedicated training** to develop subject knowledge and understanding of legislation, regulations and the consumer landscape.

 **provide tailored advice** for specific problems based on the client's individual circumstances through as many contacts as needed.

 **refer to individual partner protocols** for decisions on whether to refer cases, with each of our 250+ partners having differing requirements.

Management teams at each of our centres have a number of responsibilities to ensure that the service is delivered in line with expectations:

-  Delivery centres closely monitor and manage the quality **case records and referrals** to ensure the intelligence we share with partners is of greatest value.
-  Performance data is used in real-time, and retrospectively, to **optimise the experience of those accessing our service**.
-  Advisers are offered **regular feedback, coaching and training**, aiding their development and quality of output, along with focused **wellbeing support**.

"The consumer service has provided a number of challenges over the past 12 months, mainly stemming from the increased social anxiety affecting our clients. From the number of energy suppliers ceasing to trade, along with a vast number of scams affecting clients financially, to simply not being able to contact traders to resolve issues. Our advisers have faced challenges day after day, all with an unprecedented resilience and gusto. We are proud to be delivering the consumer service and look forward to resolving the challenges ahead."

**Lisa McClain, Head of Digital Operations**  
Citizens Advice Caerphilly Blaenau Gwent

# Finances

Planned	GB	Scotland	Total
Energy	£3,683,600	£139,800	£3,823,400
Post	£1,057,000	£31,000	£1,088,000
Cross Sector	£794,500	£58,300	£852,800
Directorate	£196,800	£9,300	£206,100
<b>Total</b>	<b>£5,731,900</b>	<b>£238,400</b>	<b>£5,970,300</b>

Actual	GB	Scotland	Total
Energy	£3,683,600	£139,800	£3,823,400
Post	£1,057,000	£31,000	£1,088,000
Cross Sector	£794,500	£58,300	£852,800
Directorate	£196,800	£9,300	£206,100
<b>Total</b>	<b>£5,731,900</b>	<b>£238,400</b>	<b>£5,970,300</b>

The tables shows levy funded expenditure, in £, on consumer advocacy and levy funded advice services, known as the Big Energy Saving Network, by activity for the year ended 31 March 2022. The Scottish Government's contribution to our GB work is shown in the Scotland column.

Planned	Total
Funded energy advice programmes	£2,404,300*

Actual	Total
Funded energy advice programmes	£2,464,300*

\* Includes £90,000 for Citizens Advice Scotland to coordinate the Big Energy Savings Network delivery in Scotland.

# Citizens Advice helps people find a way forward.

We provide free, confidential and independent advice to help people overcome their problems. We are a voice for our clients and consumers on the issues that matter to them.

We value diversity, champion equality, and challenge discrimination and harassment.

We're here for everyone.

[citizensadvice.org.uk](https://citizensadvice.org.uk)



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