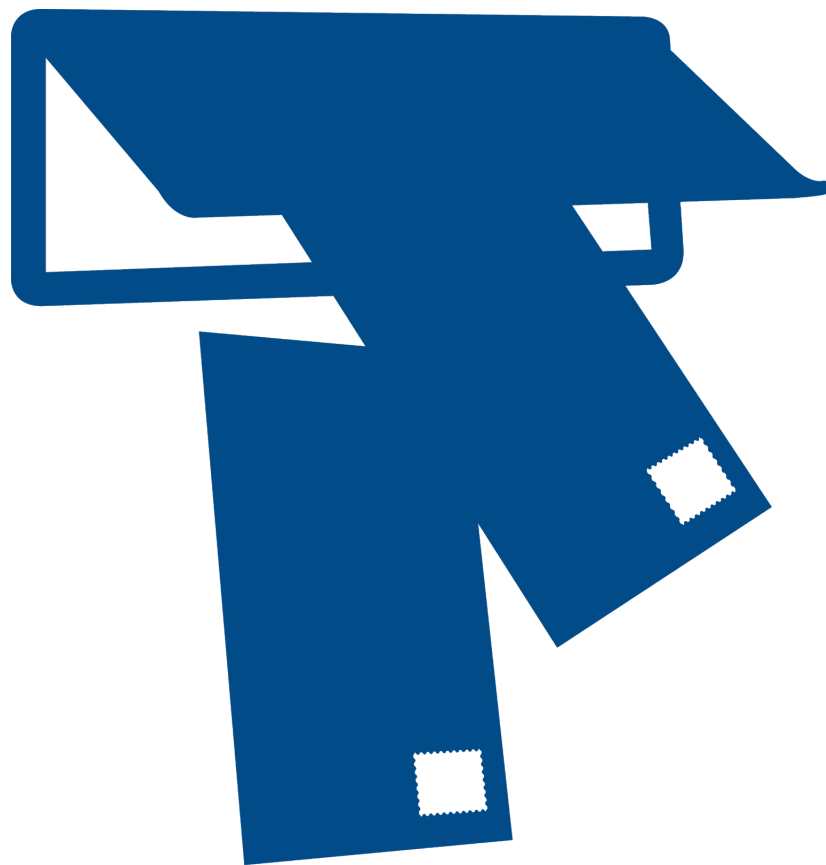


A new redirection?

How to make mail
redirections fairer and more
affordable for consumers



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Summary

Moving house is a difficult and expensive time. So it's understandable that arranging for mail to be redirected can seem like an afterthought. Yet consumers who don't do so are exposed to potential problems, such as missing medical appointments and payment deadlines or, in severe cases, fraud.

Royal Mail offers a mail redirection service which covers almost every UK household. Our research with over 4,000 consumers indicates that the redirections service is working well for those who use it. Around 1 in 2 (50%) people have used the service before and 95% say it is easy to set up.

But the cost and lack of affordable payment options are discouraging certain consumers. The price of a 3-month redirections package has increased by more than 70% since 2012, while the price of 1st class stamps has risen just 12% over the same period. People who find it hard to make ends meet are nearly 5 times more likely to say they wouldn't be able to afford the service at current prices.

The price structure is also outdated and unfair, charging a fee for each different surname. This means that people with 2 different surnames - such as renting housemates, unmarried or gay couples - pay twice as much as a married couple with the same surname. This affects a significant number of people: 1 in 3 UK families have "non-traditional" structures - that is, something other than a married heterosexual couple. Our research shows that 2 in 3 people who would be affected by the per-surname charge say it could stop them using the service.

We've identified 4 changes to make redirections fairer and more affordable.

- 1. Royal Mail should change the cost of mail redirections from a "per surname" to a "per household" basis.** The current structure is out of step with modern industry practice and consumer expectations.
- 2. Royal Mail should offer consumers the option of paying for mail redirections in monthly instalments.** Consumers want the option to pay in this way, and it would particularly help those on low incomes.
- 3. Royal Mail should explore concessionary rates for consumers on the lowest incomes.** A discount rate limited to those least able to pay could increase take up and ease financial pressure.
- 4. Ofcom should specifically include the mail redirection service in its next review of the affordability of universal postal services.** Mail redirection is part of the Universal Service but was not referenced in its 2013 assessment.

Background

Citizens Advice is the statutory consumer advocate for post. Our role is to ensure postal services and post offices meet the needs of consumers in a way that is fair and accessible for all, with particular regard for vulnerable consumers.

The mail redirection service

- Royal Mail provides a redirection service for consumers moving house in the UK. It enables mail sent to their former address to be rerouted to their new address.
- The service is available for **most residential addresses** in the UK. Certain high turnover multiple occupancy addresses are excluded from redirections - for example, university halls of residence and retirement homes.¹
- Consumers pay an **upfront fee per last name** based on the length of time they want to use the service. Before the end of the purchased length of redirections, consumers are notified and given the option to renew. There are 3 packages available:²
 - Up to 3 months - £33.99
 - Up to 6 months - £46.99
 - Up to 12 months - £66.99
- Most Royal Mail post items will be redirected under the service, including mail and parcels, but there are **restrictions for certain items** which cannot be redirected, such as mail from government departments related to benefits.
- Awareness of the service among consumers is high overall, with almost 9 in 10 (88%) stating they have heard of it. However, 1 in 2 (49%) consumers **did not use it** the last time they moved home.
- Most redirections users applied online (49%) or in person at the post office (26%). A very small number (1%) applied by phone. Users **overwhelmingly report it being easy to set up** (95%).
- Consumers taking out mail redirection are **very satisfied** with the service they receive. And of those who decided to use it the last time they moved, more than 6 in 10 (61%) say it was “good” or “very good” value for money. 27% thought it was “average” value for money.

¹Clause 9 [Terms and Conditions for the Royal Mail Consumer Redirection Service](#).

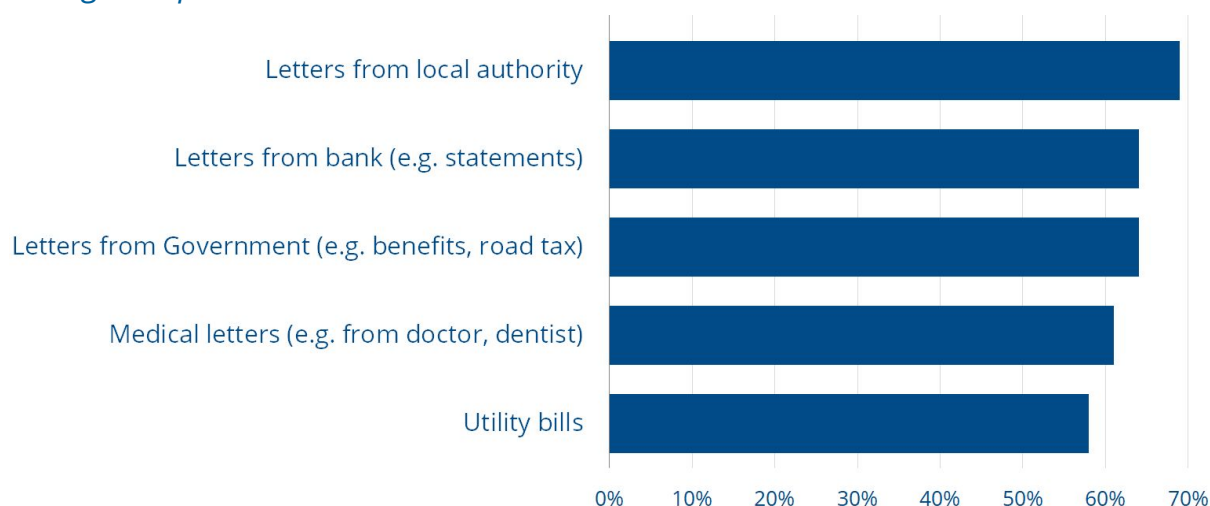
² [Prices](#) as at 18 July 2018

1 Not redirecting mail can cause serious problems

Digital communication is now dominant in our society. But some consumers do not or cannot engage online and many of us still receive important items by post, such as utility and phone bills, medical appointments and bank statements. And most people prefer this method: almost 8 in 10 people say that getting bank statements or other financial documents by post is important to them.³ If these items aren't getting to the correct address, it can create issues for the intended recipient.

Many important communications still arrive by mail

Figure 1. Percentage of consumers who tend to receive important communications through the post



It's not uncommon for things to go wrong with post when moving house

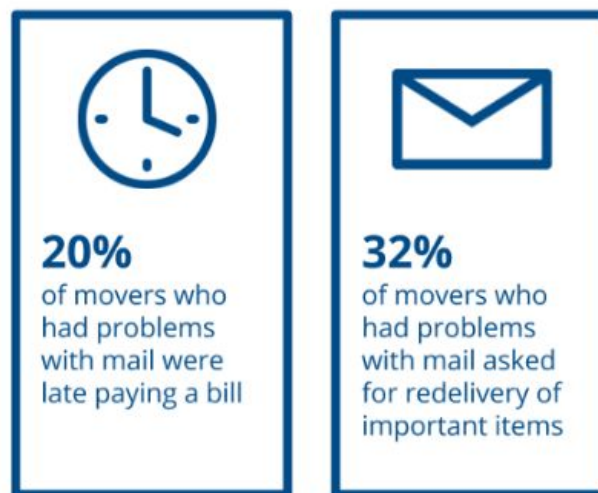
Our research shows that almost 1 in 5 (19%) recent movers had problems with their mail when relocating. Disabled consumers and those receiving benefits were more likely to report difficulties. The most common type of problem experienced was important letters not arriving (11%), and 1 in 10 (10%) home movers had important letters delayed by more than a few days.

³Breaking Blue, ['The future of consumer needs for postal services'](#), research report for Citizens Advice (2016).

Only a small number of people (2%) told us they had their identity or money stolen using post delivered to their former address. However, home mover or “previous occupier” fraud is becoming more common in the UK. Statistics from fraud prevention service Cifas indicate that previous occupier fraud increased by 5% between 2015 and 2016.⁴ According to Cifas, this type of fraud accounts for close to 1 in 10 (9%) of ID fraud cases.

When important post is misdirected there can be significant consequences for consumers

Of those home movers who had problems with their mail when moving, almost a third (32%) had to spend time and effort arranging for important post to be re-delivered and 1 in 5 (20%) were late paying a bill or submitting important documents. A smaller number (8%) missed out on money or an opportunity to claim money due to issues with receiving mail at their new address.



Our qualitative research shows that people can experience significant detriment if they have problems getting mail at their new address. These included fraud, financial difficulties, delays in receiving important documents and money or time spent retrieving mail from a former address. Some participants missed vital letters related to medical services. For example, one person who recently moved house had details of an important physiotherapist appointment sent to their former address. When they didn't respond to the letter or show up to the appointment, the physiotherapist discharged them and they had to return to the bottom of the appointment list - meaning a longer wait for medical help.

⁴ <https://www.cifas.org.uk/newsroom/home-mover-fraud-rises-five-per-cent-new-figures>

Some people narrowly avoided problems through the goodwill of service providers willing to waive late fees for not paying bills sent by post, or occupants of a former address recognising important letters and forwarding them on. Yet this was not always the case, as in Pauline's story below.



Case study: Pauline, 32

"Still finding it stressful... feels like it is never-ending"

Pauline doesn't use the internet so for her, post is vital for receiving bills and other financial information. Last year her family was given only a few weeks' notice before having to vacate their property and found the whole moving process very stressful. She hadn't heard of the redirection service and so didn't take it out when moving house.

As Pauline had moved into a housing association property managed by the same local council, she assumed the council would automatically update her address details. In fact this didn't happen, and her council tax bill was sent to her previous address.

The family only became aware of the missing bill just before Christmas when Pauline's husband was notified by his workplace that the council had taken the missed payment out of his wages, as well as a £70 court charge. Due to the unexpected fee, they fell behind on other bill payments, including rent and the next council tax payment.

2 Updating contact details when moving isn't always straightforward

Updating address details seems like a simple solution to ensure that mail gets where it's supposed to. In fact, the most common reason cited by consumers for not using the redirection service is that they have notified all relevant contacts themselves. Yet several factors make this process less than straightforward.

Moving house is difficult for most consumers

Almost 8 in 10 (79%) people say they find the process of moving house fairly or very stressful. In interviews, consumers told us that this is often driven by having to sort out many issues at once within a relatively short time-frame. House movers need to set aside time to update their address details with all the different organisations and service providers they deal with, in between other complex tasks such as finding a new place to live and arranging for furniture and other personal items to be relocated. It's understandable that it might become an afterthought or even forgotten altogether.

It can be hard to remember who to contact

The sheer number of relations that consumers have with a range of different service providers, companies, organisations and individuals can make it difficult to remember and notify them all of a change of address. For example, consumer organisation Which? provides a checklist for movers with up to 33 different types of contacts to potentially inform, while a similar list on money.co.uk suggests up to 50.⁵

Although not everyone will likely have that many, most house movers will need to notify several important contacts such as their bank, employer, pension fund, GP, the DVLA, local authority and electoral register. And in many cases, people have more than 1 provider, such as for bank accounts or pensions.

A number of interview participants told us that it is easy to forget to inform some organisations and service providers when moving house. One person, for example, only realised they had missed some contacts when collecting mail delivered to their previous address. This can be compounded by the fact that some providers communicate with consumers on an infrequent or annual basis.

⁵See Which?, [Moving house checklist](#), and money.co.uk, [Moving House: change of address checklist](#).

Updating contact details can be time-consuming

The 2 main methods used to update contact details are via telephone and online. Interview participants told us that generally it is more straightforward updating online. We found similar results when conducting checks of different service providers - updating contact details online was easy for 29 of the 34 providers we tested, taking between 5-10 minutes. When using the telephone, participants tended to have a more frustrating experience as they tried to get through to speak to somebody and ended up on hold for lengthy periods.



"Just basically trying to find out the department, who deals with what, I think that's the problem. So when you're calling up and you're put through to so many different departments just to change something as simple as your address."

Mary, 24

Not every organisation or service provider will provide consumers with different options to update their details. In some cases a phone number is not available, while other service providers require customers to call them or verify in person. Individual consumer needs may change how easy or difficult they find the process. For example, some people may find it more convenient or preferable to change their address online, while others may be unwilling or unable to use the internet. Overall, the impression participants gave was of a time-consuming process taking place over several days, particularly for those working full-time.



Case Study: James, 50

"I could get my mail redirected but I didn't think that I had enough mail to bother with that. But I really wish I had."

James moved from his own property into socially rented accommodation last year. He didn't take out mail redirection and only began updating his address details with service providers and organisations the week he moved house.

When James rang his bank he was informed that he couldn't update his address over the phone, and would need to go in person to the local branch instead with documentation showing proof. He then had to wait until he had the valid documentation.

This was a problem as James had lost his bank card and could not get a replacement sent to his new address. His energy bill could only be paid by card, so he had to rely on friends to make sure he still had heating or electricity. After 3-4 weeks, James received his new driving licence details from the DVLA and was able to resolve the situation by making a trip to the bank.

Updating details doesn't always prevent problems

Even where consumers spend time updating their address details, things can still go wrong. Of the 16 people we interviewed, more than half had issues with organisations still sending items to their former address. For example, one participant still had phone bills going to her old flat after telling her provider she had moved. She had to spend almost an hour on public transport to collect mail from the new occupant. Redirections can act as a vital “backstop” in these situations to ensure that any mail going to the old address reaches its intended recipient, who can then take action to rectify the problem.



Case study: Samara, 50

When Samara moved house she didn't take out redirections, but made efforts to update her address details with individual service providers. At the time she felt that this process was quite straightforward. However, despite sending a confirmation letter of the changes, Samara's bank had not updated her records properly. As a consequence, bank and financial statements were still being sent to her old residence.

Samara's husband noticed the mistake weeks later when accessing their online account, which had the previous address details. There had been 3 instances of fraudulent activity on the account, including flight and shopping purchases, which may have been linked to the missing mail. Samara was able to resolve the matter by contacting her bank, and received compensation.

3 The mail redirection service should be affordable for consumers

Moving house can be expensive - estimates place the average cost at between £2,117 - £10,210 for owner-occupiers and £1,446 for renters.⁶ Households that want to ensure their mail reaches their new address by using the redirection service must factor into their budgets the upfront cost of this service at what is already an expensive time in their lives. There are no alternative mail redirection service providers to Royal Mail, so it's important that prices remain at affordable levels for consumers who need to use it.

Affordability is about the impact of cost on the consumer

At the simplest level, affordability refers to items or services being cheap enough for people to buy. Ofcom sets out its key guiding principle to assessing whether postal services are affordable for consumers as follows:⁷

Have regard to the consequences for a consumer of either:

- a. Sending post at current prices, or
- b. Choosing not to send post because of current prices.

In other words, universal postal service prices may be considered unaffordable if consumers frequently suffer adverse consequences as a result either of paying to send post or of not sending post and foregoing the value of the communication. This is a useful framework for considering whether consumers have issues with the cost and pricing structure of mail redirections, because it goes beyond the question of whether an individual can pay for the service.

Affordability is a regulatory requirement

Both the EU Postal Services Directive 1997 and the Postal Services Act 2011 require universal postal services to be affordable.⁸ Ofcom has incorporated this affordability requirement into its Postal Services Order 2012, and includes redirection services which must be offered “at affordable prices” and “on fair and reasonable terms”.⁹

⁶My Big Move, '[Cost of moving house in 2018](#)' and Shelter, '[Over a quarter of a million families forced into debt from moving home so often](#)'.

⁷Ofcom, '[The affordability of universal postal services](#)' (2013).

⁸Art 3(1) [Postal Services Directive 1997](#) (consolidated), s 31 [Postal Services Act 2011](#).

⁹[Designated USP Condition 1.7](#).

Consumers also think affordability is important

Consumers expect essential services such as post not to be priced out of reach of those who rely on them. More than 8 in 10 (84%) consumers think Royal Mail should ensure its redirection service is affordable for people who need to use it. As redirection is an upfront cost that comes at an already expensive time, the price factor is particularly acute.



Mail redirection in the UK is expensive historically and internationally

Each year, Royal Mail reviews its product prices and decides whether to adjust them, with a view to ensuring the sustainability of the universal postal service.¹⁰ Beyond the affordability requirement, the current regulatory framework for postal services allows Royal Mail considerable freedom when setting prices.¹¹

Media attention often focuses on regular increases to stamp prices. However, since 2012, mail redirection service annual price increases have significantly outstripped those of 2nd and 1st class stamps. In 2012 a consumer could take out redirections for up to 3 months for £19.50. Today the same package costs £33.99, an increase of 74%. Over the same period, the price of a 1st class stamp increased by 12%. And when Royal Mail last raised the price of mail redirections in 2017 the average percentage increase across all three packages was 6%, well above the 2.7% annual inflation rate.¹²

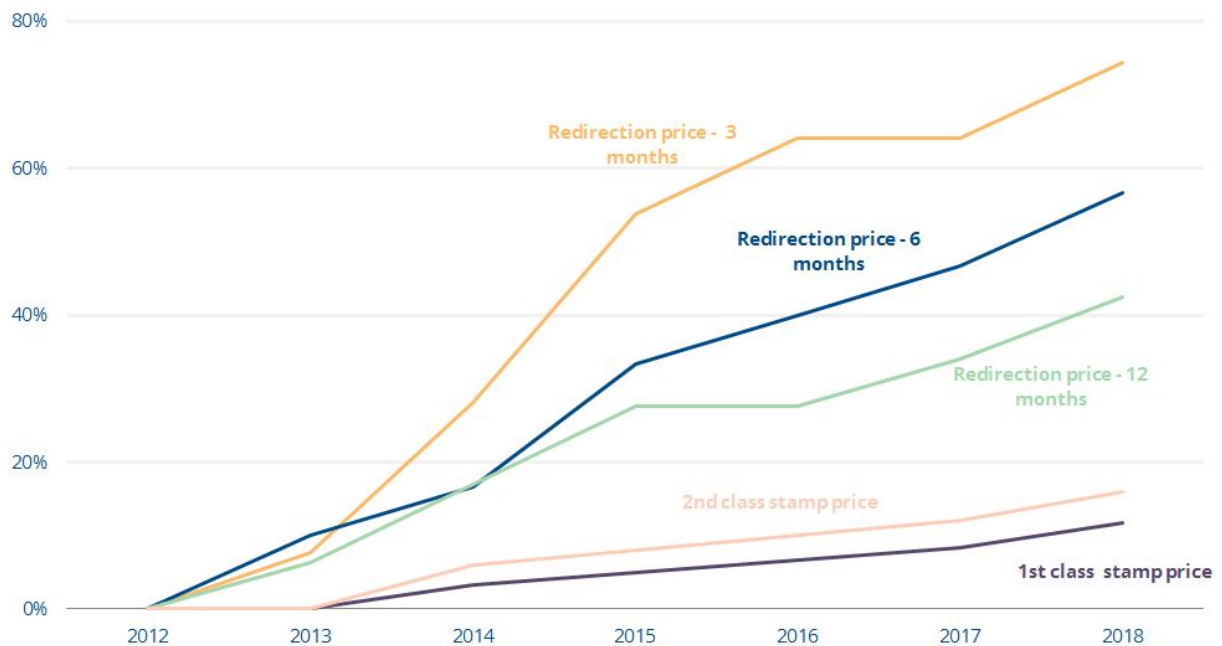
¹⁰See Royal Mail's latest [price change announcement](#) made in February 2018, to commence from 26 March 2018.

¹¹Only 2nd class ordinary and large letters and 2nd class small parcels are subject to price controls via a safeguard cap. See [Designated USP Conditions 2](#) and [3](#).

¹²ONS, '[Statistical Bulletin: Consumer price inflation, UK](#)', (December 2017).

Since 2012, mail redirection prices have increased substantially, more than those of 2nd and 1st class stamps

Figure 2. Percentage increase in cost of mail redirections, 1st and 2nd class stamps on 2012 prices

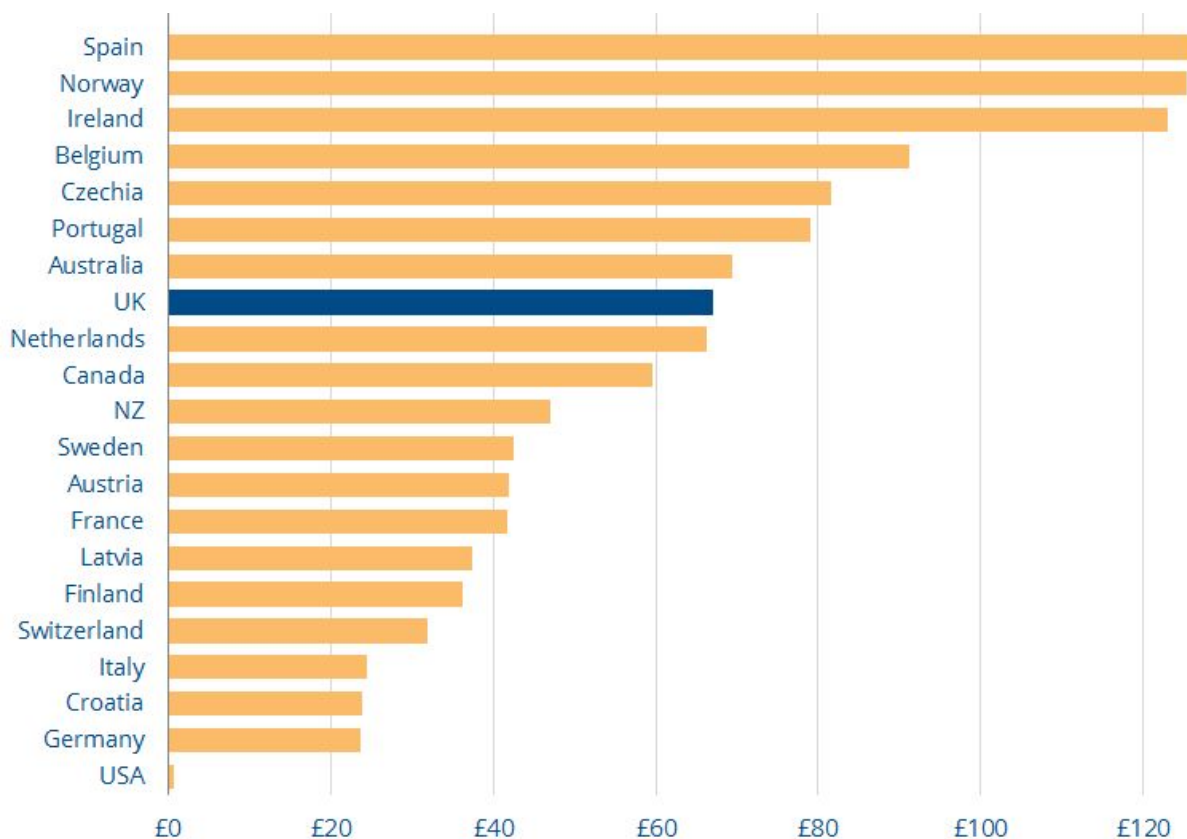


Consumers in the UK also face higher prices for mail redirections than those in many European or similar Anglophone countries. At least 9 EU countries plus countries like Canada and the USA provide 12 months of mail redirections at a cheaper price than Royal Mail.

Of the EU countries with populations and economies comparable to the UK, only Spain's 12-month redirection service is more expensive. In Germany and Italy it costs around £24, while consumers in France can take out 12 months of coverage for £41.50, less than the £46.99 it would cost to take out a 6-month package in the UK.

The UK's mail redirection service is among the more expensive services in Europe

Figure 3. Cost of mail redirection service for 12 months (converted to GBP)¹³



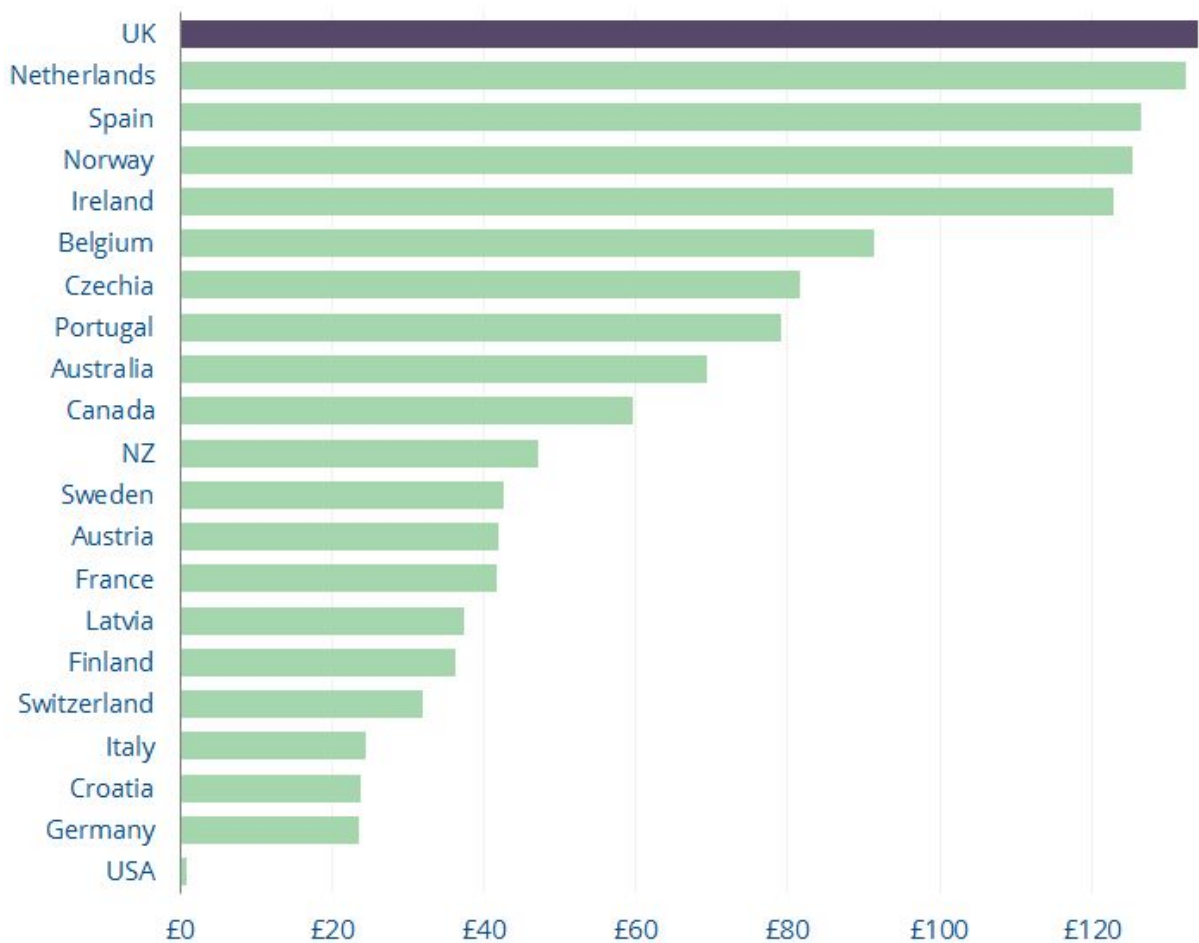
The way payment is structured makes mail redirection even more expensive for some UK consumers. Royal Mail charges per surname, so that 2 people who have different last names will need to pay *double* the price that 2 people who share a surname pay.

In many countries, payment is made per household instead. For example, in Ireland up to 8 people can be covered for 12 months for £122.39. In the UK this would cost £535.92 if all 8 had different surnames - more than 4 times the price. Although UK redirections appear cheaper than in several other countries, adding the cost of just 1 additional surname makes it more expensive than any other country in the chart.

¹³Mail redirection prices derived from national postal operator websites and converted into GBP based on June 2018 exchange rate. Not every national operator offers a 12-month redirections package - where this was the case we calculated the cost of 12 months coverage by combining the longest available packages e.g. 2x 6 months service. Redirection services between countries may vary in what is able to be forwarded, (e.g. parcels, newspapers). Countries with a population of less than 1 million are excluded. Of the EU countries with populations greater than 1 million, we were unable to determine pricing information online for redirection services in the following: Bulgaria, Estonia, Greece, Hungary, Lithuania, Poland, Romania, Slovakia and Slovenia.

When adding additional surnames, mail redirection in the UK is even more expensive compared to other countries

Figure 4. Cost of 12 months mail redirection service for 2 surnames in household in select EU/Single Market and other large anglophone countries (converted to GBP)



4 Prices and payment structures are putting some consumers off

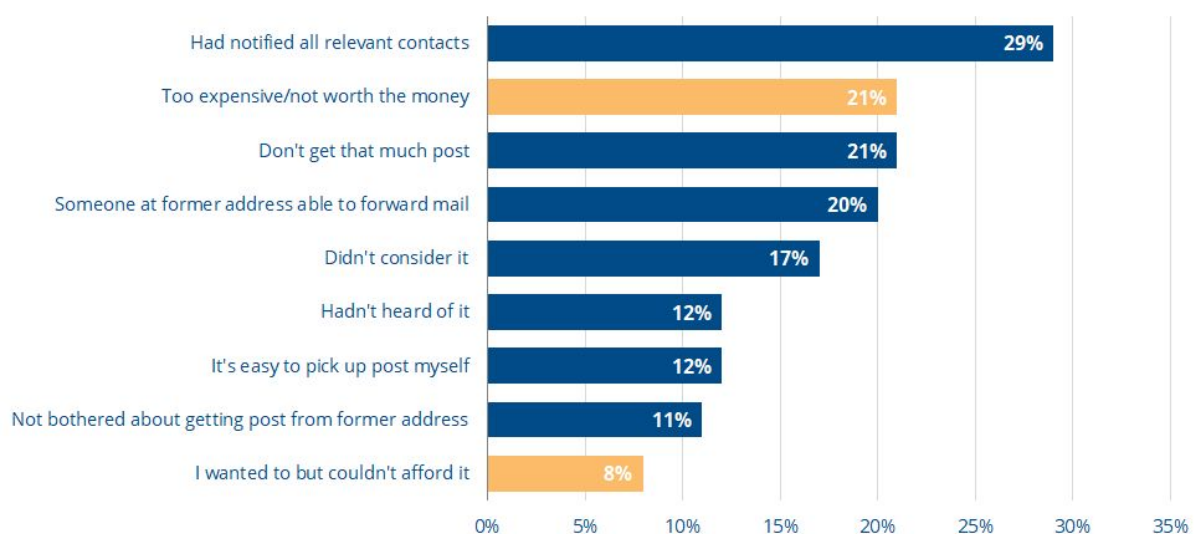
Our research shows that some consumers have concerns about the cost of the mail redirection service and the way payment is structured. These concerns are more prevalent among those who are less financially secure. For some, the cost of redirections puts them off using the service when they move house, while for others it means purchasing a shorter length of service than they would like.

Cost isn't the only reason for not using redirections - but it is a key reason

The top 3 reasons consumers cite for not using the mail redirection service last time they moved are that they'd already notified all relevant contacts (29%), they don't get that much post (21%) and that it's too expensive or not worth the money (21%). Vulnerable consumer groups are more likely to say it was too expensive - this was the number 1 factor for renters (23%) and the second most common response for disabled people (25%), those earning less than £25,000 (25%) and those on benefits (23%) after "notified all relevant contacts". Additionally, almost 1 in 10 (8%) consumers say they wanted to use the service when moving but couldn't afford it. People who say they find it difficult to make ends meet are over 7 times more likely to say this than those who find it easy.

Cost is a key reason why home movers don't use redirections

Figure 5. Reasons why consumers didn't take out redirections when they last moved



Around 3 in 10 (29%) consumers say they avoided taking out the redirection service by making sure they had notified all relevant contacts of their change of

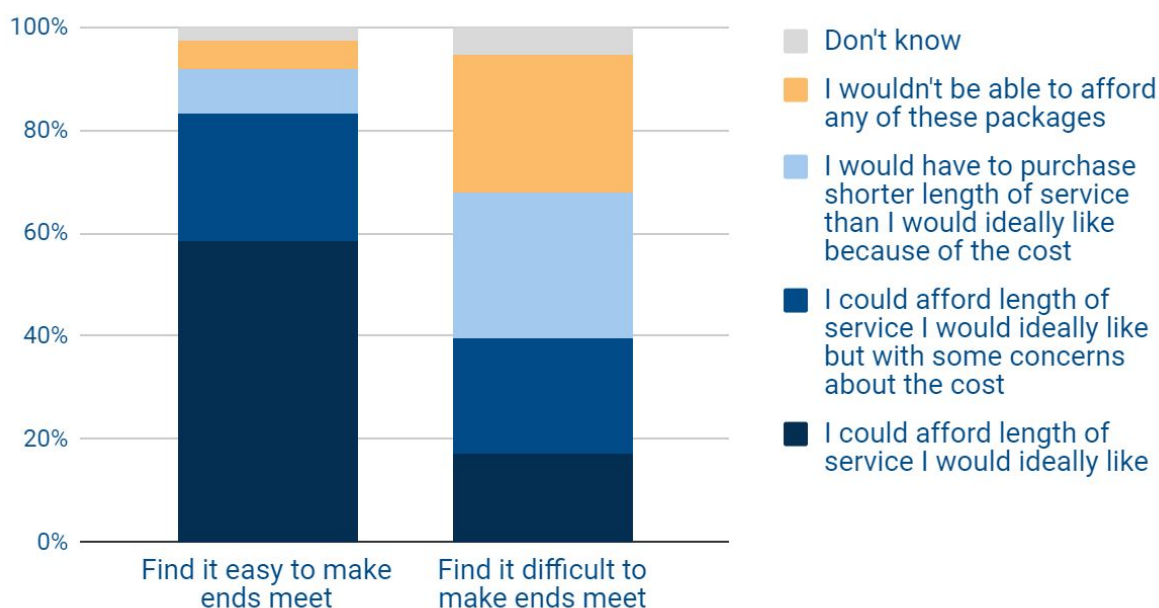
address. Yet it isn't always easy for consumers to remember every organisation or service provider they need to contact, and even when they do so there is still the potential for post to get misdirected.

The price also puts off some future home movers

When asked about using the redirection service in the future based on current prices, more than a quarter (29%) of consumers say that they would either take out a shorter length of service or not use it at all due to the cost.¹⁴ This impact is more pronounced for those who say they find it difficult to make ends meet in their household. These consumers are nearly 5 times more likely to claim they wouldn't be able to afford any of the redirections packages at current prices than those who say they find it easy to make ends meet.

Consumers who find it difficult to make ends meet are more likely to say they would struggle to afford redirections

Figure 6. Feasibility of taking out redirection service based on current prices for consumers who say they find it easy or difficult to make ends meet



Current redirection prices could also make budgeting when moving house more difficult for some consumers. 2 in 3 (65%) consumers earning less than £25,000 per year say that purchasing the service they'd ideally like would make it harder to save money, while 45% say it would make it harder to pay for essentials.¹⁵

¹⁴ Excludes those who would not use the mail redirection service regardless of the cost.

¹⁵ Excludes those not currently saving any money; excludes those who do not pay for essentials.

5 Charging per surname unfairly increases costs for some consumers

As Royal Mail charges mail redirection users per last name, a family with more than 1 last name must pay the full cost of redirections for each additional name. This means that one family can face a higher cost than another family for the same service covering the same number of - or fewer - people. For example, a couple with different last names would pay £133.98 for 12 months' redirection, while a married couple and an adult child sharing a surname only pay £66.99.

In 2017, 1 in 3 (32%) UK families had “non-traditional” structures - that is, something other than a married heterosexual couple.¹⁶ These include cohabiting opposite sex couples, same-sex couples and lone parent families. In all of these cases it is more likely that some members will have different last names. Indeed, more than 2 in 5 (43%) respondents to our survey say they live in a household with someone having at least one additional surname - and this increases to more than half (55%) for those who have moved house within the last two years. Even among married heterosexual couples, it has become more common to retain separate surnames - a 2016 YouGov survey found that 14% of women would prefer to hold on to their last name after marriage.¹⁷

Part of Royal Mail's universal service obligations require it to offer a mail redirection service “on fair and reasonable terms”.¹⁸ We believe that the current terms of this product are unfair, as some families are charged more based on their personal decision to maintain different surnames. On this interpretation, the terms of the mail redirection service can be seen as inconsistent with Royal Mail's universal service obligations.

For many, this makes the service less appealing

When surveyed, close to half (47%) of consumers told us that the surname charge could affect their decision to take out mail redirections next time they move. Understandably, this sentiment was greater among those impacted, with almost 2 in 3 (64%) people with 1 or more additional surnames in their household saying it could stop them using the service.¹⁹

¹⁶ONS [Statistical Bulletin: Families and Households, 2017](#). A family is a married, civil partnered or cohabiting couple with or without children, or a lone parent with at least one child. Children may be dependent or non-dependent.

¹⁷ <https://yougov.co.uk/news/2016/09/13/six-ten-women-would-like-take-their-spouses-/>

¹⁸ [Designated USP Condition 1.7](#)

¹⁹ Excludes those who would not use the mail redirection service anyway.



47%

Of consumers say this could put them off using the mail redirection service



2 in 3

Consumers with >1 surname in household say the extra cost could stop them using the service

It's striking that many survey respondents chose to include unprompted additional comments about the surname charge for mail redirections. The sample of quotes below illustrates a general perception of unfair treatment as well as concerns about additional costs among consumers in households with multiple last names.

We asked people what they thought of the pricing of the mail redirection service. This is what they told us.

"Very unfair and antiquated to charge per surname"

"As a gay cohabiting couple, having to pay per surname is **unfair** compared to married couples"

"We are a family with three different surnames. **The cost per surname is prohibitive for us**"

"The surname [charge] is a real problem - my partner has a different surname. **I also have Power of Attorney for a relative who has a different surname. This makes redirection very expensive.** I think this aspect of the service needs to be reconsidered"

"I would feel like **I am being penalised for not sharing a name** with my husband. I might choose not to use it just because it annoys me"

"I have two kids with each a different surname that are different to mine. That makes three surnames, and even though they are my own kids, **Royal Mail would like us to pay triple for the redirection service and I find this completely unacceptable.** I will not use the service on principle, regardless of the cost, as long as that is the case"

6 Installments and concessionary rates would help consumers

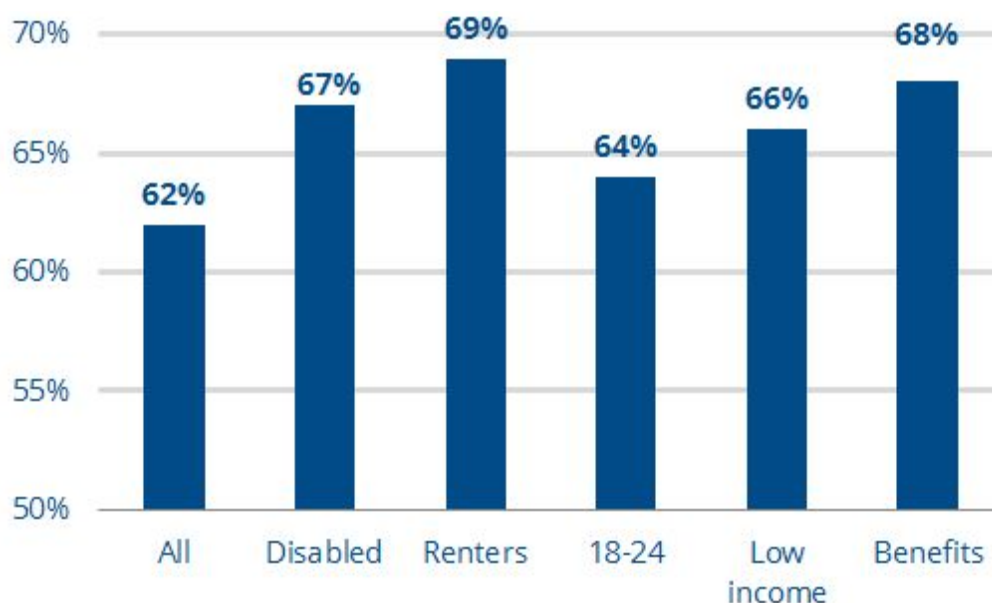
Consumers want the option to pay monthly

Currently Royal Mail requires users to pay the cost of the redirection service in full upfront. However, 3 in 5 (62%) consumers say they would be interested in paying for the redirection service by instalments.²⁰ Vulnerable consumer groups such as benefits recipients, disabled people and low income consumers are slightly more likely to show interest in instalment payments.

Among those interested in paying by instalments there is a clear preference for paying on a monthly basis. This could be because wages, bills and rent are usually paid on a monthly basis, so monthly redirection payments would be easier to fit into a household budget.

A majority of consumers would consider paying in instalments

Figure 7. Percentage of consumers interested in paying for redirections by instalments



Instalment payments would allow consumers to break up the upfront cost of redirections and spread it over the length of the service, helping them to manage their finances during the expensive process of moving house. Currently the only way for consumers to minimise the cost of redirection is to take out the shortest length of service. Although the 3-month option is the cheapest at £33.99, it is also poor value - the equivalent monthly cost is £11.33, more than

²⁰ Excludes those who would not purchase this service at all.

twice as expensive per month than the 12-month package (£5.58). Yet close to half of consumers who say they find it difficult to make ends meet (45%), those receiving benefits (47%) and those on low incomes (48%) say they would be most likely to choose the 3-month package when moving.

Consumers are more likely to use redirections if offered a concessionary rate

Postal operators in Australia and New Zealand mitigate the impact of relatively high redirections prices on those least able to pay by offering select vulnerable consumers a concessionary rate. In Australia, some benefits recipients and state pensioners are entitled to a 40% discount on the full price of each package.^{21 22}

We surveyed a split sample of consumers on different redirection price points to assess the impact of a concessionary rate on willingness to take out redirections. When asked about future use of the service in a 'price blind' question (where the cost of the service was not referenced), around 3 in 5 (63%) consumers say they are likely to use redirections for their next move. This drops to just over half (51%) for consumers shown the current prices for the different service packages.

However, people shown concessionary rates 40% cheaper than current prices were less likely to change their minds, with 59% saying they would still probably use the service for their next move. This impact is more pronounced for younger people, renters, consumers receiving benefits and those on low incomes.

A cheaper redirections service is more attractive to movers

Figure 8. Percentage of consumers likely to use redirections for their next move



²¹ Concessions are age and health-related. This includes holders of Australian Health Care Cards, who qualify by receiving at least one of the qualifying benefits, including out-of-work, disability, carer or severe financial hardship payments. Details on qualifying benefits accessed via <https://www.humanservices.gov.au/individuals/services/centrelink/health-care-card/eligibility>.

²² Holders of pensioner, veterans and postal concession cards are also eligible: <https://auspost.com.au/receiving/manage-your-mail/redirect-hold-mail/redirect-mail#tab3>

Conclusion and recommendations

Royal Mail's redirection service plays an important role for people moving home. Our research shows that users are satisfied with the service, but that some consumers don't take it out because they are put off by the high cost and the lack of affordable pricing structures. Without redirections, these consumers are exposed to potential significant detriment from delayed or misdirected mail when moving house.

We recommend 4 changes to make the redirection service fairer and more affordable for consumers.

1. Royal Mail should change the cost of mail redirections from a “per surname” to a “per household” basis.

The surname charge unfairly discriminates against consumers who have certain family structures, and it is out of step with international practice and modern community expectations. Our evidence suggests it is also putting some consumers off using redirections, either out of concerns for the additional costs or simply on principle.

Switching to a single charge per household would mean consumers don't have to pay more just because they don't share a last name with their family members. The number of individuals covered under 1 household could be limited to a certain family size (for example 4 or 8 people), with a discounted rate for additional persons.

After viewing an advance draft of this report, Royal Mail wrote to Citizens Advice on 7 August 2018 acknowledging that the per-surname charging structure should change to make it 'more reflective of society'. It has not yet provided further details of how it intends to implement these changes or when they will come into effect. Citizens Advice will continue to monitor the redirection service to ensure consumers feel the benefit of these changes.

2. Royal Mail should offer consumers the option of paying for mail redirections in monthly instalments.

We've shown that consumers want the option to pay for redirections in instalments, and that breaking down the upfront cost would make it easier for consumers to budget during an expensive and stressful period in their lives. It could also make home movers who take out the 3-month redirection package more likely to opt for the better value 12-month package, minimising their exposure to detriment from potential problems with their mail.

Royal Mail does not currently have a system in place to enable customers to pay for services in instalments. If putting in place such a system proves impractical, it could instead structure the cost of its 3 and 6-month redirections packages so that they are in proportion to the 12-month package. That way, consumers wouldn't be penalised for having to take out a shorter length of service due to the upfront cost.

3. Royal Mail should explore concessionary rates on the price of mail redirections for consumers on the lowest incomes.

As an essential service, mail redirection shouldn't be priced beyond the reach of those who need it. Yet our research shows that the high upfront cost of redirections could cause financial difficulties for consumers least able to pay, and is putting some people off taking it up.

A reduced price made available to recipients of means tested benefits could offer a solution to this problem. The means-tested discount rates offered by Australia Post and New Zealand Post show this is possible, while in other essential service markets in the UK there are similar concessionary schemes for financially vulnerable consumers. For example, Transport for London offers individuals who can prove they receive means-tested benefits 50% off the adult fare rate on buses and trams, and BT Basic offers those receiving specific income-related benefits a reduced-cost phone service.^{23 24}

4. Ofcom should include the mail redirection service in its next review of the affordability of universal postal services.

Affordability is a regulatory requirement for mail redirection. We've shown how the cost of redirections has increased significantly since 2012 despite more modest stamp price increases and relatively low levels of inflation. Mail redirection in the UK is also expensive compared to other European and developed Anglophone countries.

In its 2013 assessment of the affordability of postal services Ofcom did not reference mail redirection. We call on the regulator to look at this service as part of their next affordability review, in light of recent price increases and the cost issues identified in this report. Looking further ahead, Ofcom should consider redirections in any future affordability reviews. This will be particularly important should Royal Mail fail to take timely action on any of our above recommendations.

²³ <https://tfl.gov.uk/fares-and-payments/adult-discounts-and-concessions/bus-and-tram-discount>

²⁴ <https://btplc.com/inclusion/ProductsAndServices/BTBasic/Overview/index.htm>

Appendix - research method

Unless otherwise referenced, the findings referred to in this report are from the following research studies.

YouGov Surveys

Citizens Advice commissioned YouGov to undertake an online survey of 4,107 GB adults between 18 December 2017 and 17 January 2018. The sample was divided between those who had moved house within the past 2 years (2,002) and those who had last moved longer ago, or who had never moved (2,105).

The survey examined and compared how consumers respond to standard and concession pricing models for Royal Mail's redirection service, while also gathering insight into their priorities and behaviours when moving home. When questioned about the price of redirections, the sample was split in two. One half answered questions based on the standard prices, while the other answered questions based on a 40% concessionary rate applied to the standard prices.

| Standard pricing | Concessionary pricing |
|------------------------|------------------------|
| <i>Sample: (2,022)</i> | <i>Sample: (2,055)</i> |
| 3 months: £33.99 | 3 months: £19.99 |
| 6 months: £46.99 | 6 months: £27.99 |
| 12 months: £66.99 | 12 months: £39.99 |

The report also uses results from an online, self-completion survey conducted by YouGov from 6-15 March 2017. The survey collected a total of 2,009 interviews among those who had moved to a new address within the last 2 years.

Depth interviews

Citizens Advice carried out 16 telephone interviews between 8 December 2017 and 19 January 2018 with people who'd experienced problems with their mail when moving house, and who had not used mail redirections. Participants were either disabled, in receipt of benefits, or renters, and were either aged between 24-34 or 45-62. All participants referenced in this report have been anonymised.

Checks of ease of updating contact details when moving house

Citizens Advice reviewed the ease of updating address details with a range of different service providers and organisations, including pension funds, banks, utilities and subscription services. Checks were performed online (48, of which 34 were unique) and via telephone (26).

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