

# consumer futures: the research

## **The world is changing for consumers.**

- ▶ We are a more diverse group than ever, with different needs, experiences, expectations and motivations.
- ▶ We are increasingly better informed about our rights as consumers and use the media, the internet and social networking sites to make our voices heard – individually and collectively.
- ▶ We expect more from both private and public sector providers, and care about the how our choices affect other people and our environment.

## **But while most consumers enjoy greater choice, voice and influence, disadvantaged consumers are being left further and further behind.**

- ▶ They have less choice, if any at all.
- ▶ As customers they are less attractive to providers and have little consumer power.
- ▶ Consequently, disadvantaged consumers often pay more and receive less across a whole range of goods and services.

On 1 October 2008, a new era of consumer advocacy will begin. The government is investing significantly in the creation of a new statutory consumer advocacy body, combining the strength and expertise of three existing organisations – energywatch, Postwatch and NCC – ‘to create, not a mouse too meek to challenge us, but a lion which will, I hope, roar on behalf of consumers’.

## **Consumer Futures lays the foundations for this new era of consumer policy advocacy, providing evidence-based thought leadership on:**

- ▶ what it means to be a disadvantaged consumer in the 21st century;
- ▶ the nature and extent of consumer disadvantage; and
- ▶ how best the new National Consumer Council can represent and address disadvantaged consumers’ needs.

# The forums

In the summer of 2007, NCC held eight deliberative forums in urban, semi-rural and rural areas of high deprivation in England, to give disadvantaged consumers an opportunity to tell us about their lives and the problems they experience. Each forum involved 20 to 40 people, selected to represent the population of the area. Forums were held in:

Peckham, London; Jaywick, Clacton-on-Sea; Restormel, Cornwall; Byker, Newcastle; Leigh, Lancashire; Birmingham; Leeds; Mansfield, Nottinghamshire

The forums, lasting around three hours each, were facilitated on an open discussion model so that participants could talk about what was important to them as consumers.

## The findings

The forums highlighted significant consumer disadvantage affecting individuals and the areas in which they live. Evidence also pointed to people suffering disadvantage because the areas they live in are deprived of public and private investment. This creates a cycle of disadvantage within poorer communities.

The nature and extent of consumer disadvantage is considered by those affected to be a long-term problem. Few people saw much prospect of improvement in their lives or in the areas where they live, and most were pessimistic about their future as consumers.

## Hit harder

In some respects, the experiences of disadvantaged consumers are similar to those of all consumers. They have similar good and bad experiences of public and private sector goods and services, and identify the same frustrations. They are, however, hit harder by a range of everyday consumer problems,

which create a chain reaction of associated difficulties and are more difficult for them to recover from.

## More vulnerable

The forums also identified a number of specific problems that disadvantaged consumers are more likely to experience, because the situations and circumstances in which they live make them particularly vulnerable.

## Time poor/cash poor

Disadvantaged consumers have far fewer resources to resolve consumer problems, and frequently face higher costs in doing so. Therefore, they are unlikely to seek redress when they get a raw deal or are treated badly, and unlikely to be successful when they do.

## Invisible, isolated and ignored

In disadvantaged areas, consumers' problems are further exacerbated by a sense of isolation and disconnection from the rest of society. They feel stigmatised by where they live, and are often physically isolated as well. Despite strong ties to their communities, many are ashamed and afraid when they walk around their neighbourhoods. Few feel connected to, or recognised by, civic and political processes; they

believe they are forgotten and unrepresented by those in power. As a result, they have little control over their future and see little potential for their lives to improve.

Many problems faced by disadvantaged consumers are commonplace, but can be much harder for them to resolve, often because they lack the knowledge, experience and confidence to assert their rights.

Some consumer problems, however, are a particular feature of consumer disadvantage, and the Consumer Futures forums illustrate the ongoing impact of these factors. Disadvantaged consumers are routinely confronted by problems and difficulties not faced by those living in more affluent areas. These problems often take a disproportionate amount of time, money and energy to address, and frequently remain unresolved.

# Harder hit

Many of the problems experienced by disadvantaged consumers are similar to the general consumer experience. They include:

- ▶ bank charges;
- ▶ billing mistakes and confusion over bills;
- ▶ call centres;
- ▶ access to GP services; and
- ▶ access to NHS dental care.

These problems are nothing new, but there is evidence that they have a disproportionate impact on disadvantaged consumers.

## Bank charges

The charges made by banks for unpaid direct debits and cheques, and unauthorised overdrafts, generate a huge volume of consumer complaints. The strength of the consumer backlash against them has been obvious in recent months.

Disadvantaged consumers are often more vulnerable to these charges. They tend to have less experience of banking and electronic payments. Where they use direct debits, they are often forced to do so because other payment methods are not available, or because of financial disincentives for paying in other ways. They are frequently unaware that a direct debit can be paid out earlier than the nominated date, where this falls over a weekend or a Bank Holiday, and payments made unexpectedly on a Friday, before wages have been paid in, can cause particular difficulties.

Disadvantaged consumers – whose incomes are generally lower than average, unpredictable and inflexible – can be hit with charges of £30 or £35, often as a result of very small shortfalls in cash. This

by itself can be enough to topple a tightly balanced budget, resulting in a chain reaction of unpaid bills and escalating penalty charges.

There has been a widespread and widely reported trend of consumers' increasing success in reclaiming penalty charges, and a series of challenges to their legality. Most participants in the forums knew that it was possible to claim back penalty charges and some knew that they might not, in fact, be lawful. Yet they had not attempted to reclaim the charges made against them, believing that banks did not value them highly enough as customers to respond to their complaints.

## Billing mistakes and errors

Many consumers find bills, especially those relating to utilities and communications services, difficult to understand, and can find themselves owing money without understanding why. At its simplest, this can be caused by estimated bills that fall far short of actual use, resulting in unexpectedly high bills at the end of a billing period. Many disadvantaged consumers struggle to monitor how much they owe or what services they actually receive.

Inexperience and lack of confidence in arguing their case, especially when suppliers are quick

to threaten disconnection or refer unpaid bills to debt collectors, meant some forum participants had paid bills that they believed to be inaccurate or unjustified. These consumers fell into debt or went without essential services, sometimes paying bills they were not even sure they owed.

## Call centres

Call centres have become one of the biggest consumer bugbears of our time. Complaints relating to poor customer service were widespread among forum participants. The rapid growth of call centres in public services, as well as in the private sector, means that consumers have little choice but to deal with them.

Call centres are unpopular with most consumers, and there is evidence that the reliance on them is even more detrimental to disadvantaged consumers, for a number of reasons.

The forum discussions confirmed previous research indicating that disadvantaged consumers prefer face-to-face interaction, particularly where there is a problem. They are less confident about telephone transactions and find it harder and more time-consuming to get problems resolved this way. Issues that could have been easily addressed by

popping into a local shop or office can escalate when they have to be addressed via a call centre. Experiences of having to make multiple calls, being unable to speak to someone with the authority to deal with their problem, repeating the same information to several different people each time they called, being left on hold for long periods, and finding that promised actions were not followed up, were all common complaints. There was widespread agreement within the forums that call centres make it far harder to resolve problems.

In addition, having to telephone meant that people incurred extra costs, which can be disproportionately high for disadvantaged consumers. It was not unusual for forum participants to have limited access to landline telephones either because they did not have one at home or, more commonly, because they couldn't use a landline phone during office hours. Often the only way they could contact a call centre was using a mobile, where 'freephone' numbers may not apply – and often on a pay-as-you-go basis, which is generally more expensive. While some companies' call centres will call people back on landline numbers, many, especially in public services, will not return calls to mobiles.

For pay-as-you-go mobile phone users, time spent talking, or on hold, to a call centre left them without phone credit for their normal everyday usage.

A minority of people did not have access to either a landline or a mobile phone, so contacting a call centre meant a trip to a public phone box, where being unable to talk to the right person, being put on hold for long periods or being asked to call back is particularly problematic.

### **GP Appointments**

Problems getting GP appointments, especially outside surgery hours, can be a feature of life for many consumers, regardless of their circumstances or where they live. Dealing with over-zealous receptionists and inflexible appointment systems means many consumers are unable to see their doctor when they feel they need to.

The forums showed that difficulty getting to their GP was a significant problem for many participants, who had chronic, often serious, health problems themselves, or were caring for young children. Without mobile phones, those who were in employment or who had to take children to school were often unable to call the surgery at the allotted time to make an appointment unless they took the whole day off or kept their children off school.

When they did get through, few had the confidence and energy to hold their ground against receptionists who, they felt, took their gatekeeper role too seriously. Being questioned about their need to see a doctor made people feel that their integrity was in doubt and that they were being accused, albeit obliquely, of time-wasting. Having their judgement challenged by someone who didn't know them further undermined their confidence. Some interpreted not getting an appointment as an indication that they were seen to be over-reacting and not ill enough to see a doctor.

For most consumers, being unable to get a GP appointment is worrying and distressing. Evidence from the forums shows that, for disadvantaged consumers, the consequences can be more serious. Awareness of health information services, such as NHS Direct, was very low and very few people had

sought this kind of help when they were unable to see their GP. In general, they faced a stark choice – using emergency health services inappropriately, or self-medicating and hoping for the best. While some people were prepared to take this kind of chance with their own health, they were nervous, and they felt guilty about risking the health of their children or other people they were cared for.

### **NHS Dentists**

Like many other consumer problems identified in the forums, the patchy availability of NHS dentists is a well-documented issue. Predictably, it was a theme in all eight of the Consumer Futures forums. Participants were acutely aware that NHS dentists in their area had closed, switched to private practice and not been replaced, or closed their books to new patients.

People in the forums felt strongly that their access to NHS dentists was restricted because of the areas they lived in. In part, they recognised that their areas were unlikely to attract new provision. They also felt that they were not desirable as patients and that dentists would not want them on their books.

As paying for private treatment was not an option for any of the forum participants, being unable to get NHS dental care meant not having access to any dental provision. Adults had got used to ignoring dental problems and self-medicating. Parents, however, felt strongly that they were letting their children down by not taking them to the dentist.

# More vulnerable

While many consumer problems faced by people in the forums were common, others were a particular feature for disadvantaged consumers. These include:

- ▶ doorstep selling;
- ▶ pre-payment meters;
- ▶ access to fresh, healthy food;
- ▶ social housing; and
- ▶ public housing.

While door-to-door selling has become far less common than it used to be, doorstep sales people remain a feature of life for most of the people in the forums. Living in neighbourhoods where many people are likely to be at home during the day means they are targeted for goods and services sold on the doorstep, ranging from toys, books and cleaning products to orthopaedic beds and hearing aids. Utilities and telecoms companies also use doorstep selling to encourage people to switch providers or sign up to new contracts.

The high risks of consumer detriment attached to doorstep selling are well-documented: an OFT investigation in 2002 resulted in moves to enhance consumers' rights in relation to transactions completed in the home. Despite this protection, doorstep selling continues to be widespread and is often intrusive, unscrupulous and, at times, aggressive.

People were worn down by the frequent disruption of cold-calling, and by the time they had to spend getting rid of determined salespeople. The practice, by utilities and telecoms companies in particular, of tricking people into signing up to a new company by telling them they are simply requesting further information, remains rife. People also talked of signing contracts simply to get rid

of a salesman, intending to cancel it immediately.

They were also prey to tricks and rogue practices, either because they were taken in by pressure tactics or because their resistance was worn down. There is evidence that, feeling unwanted and rejected as consumers, and unused to being targeted and actively courted as customers, some of the forum participants were particularly vulnerable to this.

## Pre-payment meters

Pre-payment meters are a valued payment method for people on low incomes, enabling people both to spread the costs of gas and electricity in small cash amounts and to link usage with spending; but they are also widely criticised. The main complaints are that they are more expensive per unit of energy used than other payment methods, and that both the meters and the payment cards needed to operate them can be unreliable.

There was a strong sense of unfairness in our forums that people using pre-payment meters, generally those who are poor and/or in debt, have to pay more than people who are better off and can pay their bills in other ways.

Tales of money having been put on payment cards failing to register on the meter were also common.

In these cases, losing the money involved, which could only be reclaimed by putting a complaint in writing, was the least of consumers' problems. Reporting faults with pre-payment meters, now that gas and electricity showrooms have been replaced with call centre-based customer services, meant spending valuable time and incurring additional costs making calls. Several people had found companies unreliable in responding to complaints and solving problems.

Frequently, they also had to make a further trip to top up the card again. When these problems occurred at night when shops were closed or children were in bed, people had to wait until the following day to top up their cards.

## Access to healthy food

People in several of the forums, especially those in rural and semi-rural areas, complained of not having access to a reasonable range of affordable fresh food. Without a supermarket in their immediate area, many had to rely on convenience stores or face the additional time and costs involved in making a journey to the nearest town. Local convenience stores often had a limited range of goods and restricted opening hours. Parents, in particular, were angry

that they had taken on public health messages about healthy eating but were unable to act on them.

Participants in one of the urban forums did have a local supermarket – one of the big chains – but were almost unanimous in their criticism of it. They were critical of the prices, quality and range of produce. Above all, they were furious at the poor customer service they received and, in particular, the rudeness of the staff. Because this was the only remaining supermarket in the area, and other local shops had closed down, they felt they were a captive market and were treated accordingly. They believed strongly that they were not valued as customers because they did not have the option of taking their business elsewhere. Consequently, although they perceived the poor service of this supermarket as part of a conscious evaluation of their worth as customers, they had no choice but to continue shopping there, however badly they were treated.

### **Social housing**

The vast majority of the forum participants lived in social housing, rented from their local authority, an Arms Length Management Organisation (ALMO) or a Housing Association. The degree to which people experienced problems with their housing provider varied, but the themes were consistent.

The biggest issues were:

- ▶ failures to respond to requests for repairs;
- ▶ inappropriate responses to problems; and
- ▶ poor quality work by sub-contractors.

Many people gave examples of having to report faults with their properties several times before their housing provider responded. In addition, there were examples of bizarre responses to complaints, which suggested a focus on process rather than people. Finally, people were irritated that they had no control over the contractors sent to work in their houses. In most instances problems related to contractors who were unreliable, turned up late or didn't complete work to a satisfactory standard. There were, however, examples of contractors being rude, aggressive and abusive to tenants.

All of these issues were experienced more by people who rented their homes from an ALMO, where lines of accountability were unclear and people were unsure who they should complain to. Some saw this chain of contracting out – from local authority to ALMO to private company – as a cynical attempt to deflect responsibility for tenants.

### **Public transport**

Some of the people who took part in the forums had cars, but most relied on public transport for their journeys. For them, public transport is an essential lifeline to employment, shopping, social and leisure activities. Limited, expensive and unreliable transport was a consistent theme in all of the forums, including in some of the urban areas, where access to the town centre could be difficult even though it wasn't far away.

Unreliable services generated the most complaints. Not knowing when, or even whether, buses and trains were going to arrive caused frustration and anxiety. Being unable to rely on the timetable

also meant people found it impossible to plan journeys, had to allow extra time, and were often late or missed appointments altogether.

Limited services were also an issue. Many people in the forums, especially those living in rural areas, faced long periods when no public transport service was available. No service in the early mornings made it difficult for people to get to work without a car. Services that stopped at 7pm also meant people felt 'trapped', unable to go out in the evenings unless they could afford a taxi to get home.

Finally, cost was a factor – people complained about the price per journey, especially when they had to pay for children. The price of bus or train fares could make journeys to school or the shops prohibitively expensive.

Cost issues were further exacerbated by the fact that, in some areas, more than one bus company operated the same route. If the timetable was shared between the companies, and tickets were not transferable, people were unable to take advantage of cheaper return fares.

### **Time poor/ cash poor**

One of the most enduring themes of the forums was the extent to which the daily grind of keeping on top of their day left people with little time, money or energy to enjoy themselves or improve their lives.

Financial poverty was a reality for most of the people who took part in our forums. Managing on a low income took a great deal of time and effort, against the constant backdrop of avoiding falling, or being lured, into debt.

Being short of money was a significant factor in time poverty. Women, particularly, felt their lives were a constant round of problem-solving and expecting new problems to arise. Men, especially those with young families, were caught in a cycle of working long, often unsociable, hours in low-paid jobs which left them little time to spend at home.

Time and money spent dealing with call centres and time wasted because of limited, unreliable public transport were highlighted as particular factors in causing both time and cash poverty.

Being time-poor and cash-poor also left little time and energy to spend resolving consumer problems and receiving redress. There was a strong feeling among many forum participants that providers – especially big businesses – deliberately made complaining difficult in the hope that people would just give up.

Examples of being ‘given the run-around’ included:

- ▶ insisting on complaints being made in writing;
- ▶ inefficient call centres, staffed with people who cannot solve problems; and
- ▶ contracting out local government services.

In addition, most people involved in the forums had had experience of being given an inadequate response when they had tried to complain. Often they did not feel they had been believed; some had had their version of events directly challenged. This was compounded by sales and customer service staff whose understanding of customer’s rights was limited.

The difficulty, time and cost of pursuing a problem, combined with uncertainty over the outcome, meant that many people didn’t bother to assert their rights or complain because the perceived hassle outweighed the benefit.

Others had pursued a complaint, but even if they had successfully resolved it, the costs incurred were more than the amount they were owed.

The result of all this is that people with limited resources end up absorbing financial losses or costs, and accept the long-term consequences of doing so. Where people have limited access to services or are tied into contracts with suppliers, they are unable even to take their business elsewhere, and have to continue using services that have treated them badly.

### **Invisible, isolate and ignored**

Another striking theme throughout the forums was the extent to which people felt that their voices were unheard, their views unrepresented and their needs ignored.

Many people in the forums felt they got a raw deal from both public and private services, that other people and areas generally ‘did better’. While some people expressed a strong sense of injustice about this, most were resigned to the situation. They felt they had very little, if any, ability to effect change. To a large extent this attitude stems from frequent experiences of not being listened to by service providers.

Their experience as consumers also led them to believe that providers did not want to attract them and actively distanced themselves, both geographically and culturally, by shifting their

emphasis away from face-to-face contact.

People felt disconnected from civic processes, believing that the officials who are supposed to represent them were not interested in their lives or views. As a consequence, they feel that policy is not shaped to help them and that the areas they live in are forgotten or ignored. They were often aware of a stigma attached to living in their area, which they believe influences the way they are treated by other people and service providers.

This sense of isolation is made more profound by the extent of environmental decay in their neighbourhoods. Although many people had lived in the same area for many years, and knew and liked their neighbours, they were still ashamed of the state of their streets; some had stopped inviting friends or family to visit.

Communal areas were frequently vandalised, and parents were afraid to let their children play in local parks because of the prevalence of gangs and drug culture. Many women were afraid to go out after dark and there were some areas where people were too scared to venture out, even in daylight.

For most people, these factors added up to widespread community apathy, where despite sometimes having a strong sense of community, people were forced to act primarily as individuals. Most recognised that their neighbourhoods lacked the community spirit, or the energy, to make a difference.

Consequently, they weren’t optimistic that life would improve in the future or that they would be successful in making their voices heard.

# Making a difference where it really counts

Consistent with NCC's other research, the forums showed that people don't have unreasonable expectations of service providers. All they wanted was to be – and to feel – fairly treated, and to have their views heard and represented.

## Fair treatment

People had clear suggestions as to how NCC could intervene to make this happen. Bank charges and overdraft fees were a particular concern:

- ▶ Standardise fees so that people are not disadvantaged by being a customer of a bank with higher charges.
- ▶ Make more effort to inform people of when they might incur charges.
- ▶ Give people a chance to avoid charges – text them 24 hours before a payment is due, or when the date of a direct debit has changed.

Respectful and reliable customer service was felt to be important. People asked for banks to treat all customers as if they are valued, and to implement basic standards that people can rely on when they deal with service providers. This point was frequently related to call centres. People wanted standards such as always being given the (real) name of the person they're speaking to, and ways of checking that actions have been followed, or complaining when they haven't, without starting from scratch. Most importantly, people wanted providers to apologise when they have made a mistake and to attempt to make amends.

People felt particularly vulnerable to pushy doorstep salesmen, persistent telephone cold-calling, and misleading sales. Clearer rules about how this type of marketing is conducted, and monitoring to ensure that rules were followed, would be of real benefit. People also felt that salesmen should have more of a responsibility to inform them of the negative aspects or clauses in a contract, rather than selling it only on the basis of its advantages.

Sub-contracted services were confusing, with people saying they made their lives more complicated; they couldn't tell where to complain when things go wrong. This applied most starkly to social housing provided by ALMOs, where people often felt they were passed back and forth from local authority to ALMO without being able to establish lines of accountability. Clear delineation and communication of responsibilities to tenants would make a huge difference.

Transparency and accuracy in billing would help people balance their budgets. People want service providers – utilities and telecoms companies in particular – to provide much clearer information about how bills are calculated, and to present this information more clearly on bills. This would help them to spot and rectify mistakes,

and help them to understand – and learn from – unexpectedly high bills.

Contracts should be clearly disclosed, without jargon. There was a strong sense that contracts over-emphasise the positives and are far less forthcoming about the negatives. People want the small print to be given equal billing with other terms and conditions, and contracts to be written in much clearer English.

## Being heard

People made six simple requests:

- ▶ Listen to us.

*“...something more like you're doing here [deliberative forum], and people actually listened and did something, things would be better.”*

- ▶ Talk to us face-to-face.

*“...because if it's not face-to-face people won't believe they'll do anything.”*

- ▶ Come and see how we live.

*“...they should send people to live in the community to find out for themselves – it's ok listening to us, someone needs to be there to see what it's really like.”*

- ▶ Help us make our voices heard.

*“It's difficult for us to get anywhere, to say what we want.”*

- ▶ Give us feedback - no more 'fake listening'.

*"They make a big deal about collaborating and listening to everyone, which they do but in the final [council] decision the weighting given to local people is 20%. We're the ones who have to put up with it, why isn't it 80% for us and 20% for them? It's an indication of the fundamental problem. They're communicating with us in the sense that they're getting our views, but they're not listening and responding appropriately."*

- ▶ Be honest with us.

*"...if you can't do anything for people, tell them you can't."*