

consumer futures

Understanding disadvantage

Our research

What?

Eight deliberative forums. These are broad discussion groups, lasting around three hours and facilitated so that participants talk about what matters to them.

Where?

In urban, semi-rural and rural areas of high deprivation in England.

- *Peckham* – traditional working class area of south London. Now includes many diverse communities.
- *St Blazey* – small town near south Cornish coast, close to Par and the Eden project.

Previously dominated by local mining industries.

- *Byker* – inner city urban area in the east end of Newcastle upon Tyne.
- *Jaywick* – small seaside village on the Essex coast.
- *Leigh* – town within the Greater Manchester area, close to Wigan.
- *Worksop* – town in rural Nottinghamshire, formerly a major coal mining area.
- *Birmingham* – large city in West Midlands area, often considered second city of UK.
- *Leeds* – large city in West Yorkshire.

Who?

Between 20 and 40 people, selected to represent the population of the local area.

People at the Birmingham and Leeds forums were drawn from black and minority ethnic communities only.

The world is changing for consumers.

- We are a more diverse group than ever, with different needs and expectations.
- We are better informed about our rights, and use the media and internet to make our voices heard.
- We expect more for our money and care about how our choices affect other people and the environment.

But while most consumers enjoy greater choice, voice and influence, some are being left behind.

- They have less choice.
- They are seen as less attractive as potential customers and have little consumer power.
- They often pay more and receive less for goods and services.

Last year the National Consumer Council (NCC) launched a new initiative, Consumer Futures, to help us better understand consumers and how we can make a difference to them. Consumer Futures focuses on three key questions:

- What does it mean to be a consumer today?**
- What do we mean by ‘consumer disadvantage’?**
- How can we represent consumers and address consumer disadvantage?**

To help us answer these questions, we held a number of deliberative forums in areas of high multiple deprivation, to give people living there a voice and help us understand the issues they face.

The deprivation of an area is rated according to income and employment; health and disability; education, skills and training; barriers to housing and services; and living environment and crime.

This booklet summarises the overall findings of our research. It covers the issues that most affected the people we spoke to. The people we refer to in our findings are those who took part in the deliberative forums, living in areas of high deprivation.

What are the key issues?

The forums highlighted some common issues that affected the consumers we spoke to.

Hit harder by everyday problems

People often faced the same everyday issues we all face. These included dealing with bank charges, misunderstandings and glitches with bills, and access to GP services. However, they can be hit harder by these difficulties and find them more difficult to resolve and recover from.

Vulnerability

People often face particular problems because the situations in which they live make them more vulnerable. These include doorstep selling, using pre-payment meters and a lack of access to fresh and healthy food.

The rest of this booklet gives more detailed information about these findings.

Time-poor, cash-poor

Consumers living in deprived areas have fewer resources to resolve problems when they arise, but often face higher costs in doing so. They are time poor and cash poor and this makes them less likely to

seek redress. A separate booklet in this series – *Time-poor, cash-poor* – gives more detail on this issue.

Invisible, isolated and ignored

In deprived areas, people often have a sense of isolation and disconnection from the rest of society. Some feel stigmatised by the areas they live in and many are ashamed and afraid when walking around their neighbourhoods. Few feel connected to civic or political processes and many feel they have been forgotten and are unrepresented. They therefore don't see much potential for improvement. A separate booklet – *Ignored, isolated, invisible* – gives more detail on this issue.

bank charges

'They charge you for charging you.'

'I was in tears because I didn't have enough money to get through the rest of the week.'

The charges made by banks for unpaid direct debits and cheques, and unauthorised overdrafts, generate a huge volume of consumer complaints.

The people we spoke to are often more vulnerable to these charges. They tend to have less experience of banking and electronic payments, and are often forced to use direct debits because other payment methods are not available or are more expensive. They are frequently unaware that a direct debit can be paid out earlier than the nominated date, where this falls over a weekend or Bank Holiday. When this happens and payments are taken out before expected, it can cause difficulties.

The people we spoke to – whose incomes were generally unpredictable, as well as lower than average – can be hit with charges of £30 or £35, often as a result of very small shortfalls in cash. These payments can be enough to topple a tightly balanced budget and can result in a chain reaction of unpaid bills and escalating penalty charges.

Consumers have had increasing success in reclaiming penalty charges in recent months. Most people in the forums knew that it was possible to claim back penalty charges and some knew that the charges might not be lawful. Despite this, few had attempted to reclaim the charges made against them, believing that banks did not value them highly enough as customers to respond to their complaints.

In January 2008, The Office of Fair Trading took the banks to the High Court to rule whether bank charges over £30 are unfair and illegal.

billing mistakes and confusion

'I was with NTL and changed over to Virgin Media. I had a direct debit with NTL, and the next thing Virgin sent me a bill for £350. I said I was not going to pay that and then they cut off the telephone, the television and my email, so I was unable to contact my family and friends for weeks... you cannot talk to the outside world.'

Many consumers find bills, especially those relating to utilities and telecommunications services, difficult to understand. They can find themselves owing money without understanding why. This can be caused by estimated bills that have fallen far short of actual use, resulting in unexpectedly high bills at the end of a billing period. Service-bundling can also result in confusion where there is a lack of clarity around supply and use. Many people 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 people had paid bills that they believed to be inaccurate or unjustified. These consumers fall into debt or go without essential services, to pay bills they are not even sure they owe.

call centres

'You can't get through to a human being... you're there two days later... and your phone bill... sky high and you haven't even spoken to nobody.'

'You don't understand them, they don't understand you and all this time your bill is going up.'

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 many consumers and the people we spoke to faced further difficulties as a result of their dealings with them.

They prefer face-to-face interaction and were less confident about telephone transactions, finding it harder and more time-consuming to resolve problems this way. Issues that may previously have been addressed by popping into a local shop, branch or office, can escalate unnecessarily when dealt with via a call centre.

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 gripes. There was widespread agreement within the forums that call centres make it far harder to resolve problems.

In addition, having to use call centres meant that people incurred extra costs, which can be disproportionately high for some. It was not unusual for forum participants to have limited access to landline telephones, because they did not have one at home or couldn't use a landline phone

during work hours. Often the only way they could contact a call centre was by using a mobile, on which even calls to 'freephone' numbers can be charged. Typically they were on pay-as-you-go tariffs, which have higher call rates.

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 use and out of touch with friends and family.

A minority of people did not have access to either a landline or a mobile phone, so used 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 services and NHS dental care

'You have to ring at 8.30 when you are taking children to school – it's impossible.'

'It's worrying if you are poorly and you've had two heart attacks as I have, and you have to wait until the next day to be seen. You start to panic.'

Problems getting GP appointments, especially outside surgery hours, can be a feature of life for many consumers.

Getting to their GP was a significant problem for many people, who often had chronic health problems or were caring for young children. Those who were in employment or 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 day off work or kept their children off school.

When they did get through, being questioned about their need to see a doctor made people feel that their integrity was in doubt and that they were seen as time-wasters. Some felt that not being given

an appointment was an indication that they were over-reacting and not ill enough to see a doctor.

The consequences of not being able to get a GP appointment could be particularly serious for the people we spoke to. Awareness of health information services, such as NHS Direct, was low; 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 felt guilty about risking the health of their children or other people they cared for.

People were acutely aware of the shortage and patchy coverage of NHS dentists. They felt strongly that their access to NHS dentists was restricted because of the areas they lived in. They believed this was because 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 become 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.

credit

'You feel reeled in, you get into debt, you can't get out and you go mad with it.'

'When you get a credit card or any credit, you have the best intentions to use it wisely, and then bills just come in. I'll think "I'll buy my shopping on the credit card this week but I must make sure I put it back the week after", and it just accumulates like that.'

Credit was often marketed to the people we spoke to, whether they were in a position to make use of it or not. They had the opportunity and inducements to borrow, although they also recognised that borrowing could present them with problems, such as finding it difficult to make repayments or get out of debt.

Escalation of debt was an issue – people accumulated credit and then found it difficult to get out of their situation. People recognised that they should only borrow what they could afford to pay back, but they also wanted to be able to trust lenders to act responsibly.

doorstep selling

'They just won't take no for an answer.'

'He got me to sign a contract under false pretences. It's just not right. You think you are just signing for some literature.'

'Now I just don't open the door to anyone anymore.'

While door-to-door selling has become far less common in recent years, it continues in some areas and can be intrusive, unscrupulous and, at times, aggressive.

Neighbourhoods that are characterised by people likely to be at home during the day are often targeted for a range of goods and services sold on the doorstep, 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.

People we spoke to were worn down by the frequent disruption of cold-callers and the time they had to spend getting rid of determined sales people. Doorstep selling by utilities and telecoms companies, in particular, remains rife in these areas. People described how they felt tricked into signing up to a new company when they thought they were simply requesting further information. Others talked of signing contracts simply to get rid of a salesman, intending to cancel immediately.

pre-payment meters

'It was a brand new meter... They promised me it would all be sorted out for Friday, so on Friday I was crying my eyes out saying "please help", because I would have no electric over the weekend... In the end it worked, but this was after two weeks and all my money. Every penny I had was going in that meter and I never got any money back.'

Pre-payment meters are a valued and effective payment method for people on low incomes. They enable people to spread the costs of gas and electricity in small, cash amounts and to link usage with spending. But they are also widely criticised for being more expensive per unit of energy used than other payment methods, and for unreliable meters and payment cards.

There was a strong sense of unfairness 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 which failed 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 their 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 while incurring additional costs making calls. Several people 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 and children were in bed, people had to wait until the following day to top-up their cards, leaving them without energy overnight.

access to fresh, healthy food

'Healthy foods aren't affordable. It would be better if we could buy them locally and cut out the middlemen.'

'Just because we live on a council estate doesn't mean we eat junk.'

Being unable to access a reasonable range of affordable fresh food was a problem for people in several of the forums, especially those living in rural and semi-rural areas.

Many people did not have a supermarket in their immediate area and had to rely on convenience stores or face the additional time and costs involved in making a journey to the nearest town. The 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 large national 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, they had no choice but to continue shopping there, however badly they were treated.

social housing

'You don't know when the workmen are going to appear. Most of them have no identification on them... When I pointed this out to one lad, saying he shouldn't be here because no one notified me that he'd be in my property, he told me to f*** off. It makes you feel absolutely terrible. They've forgotten that even if you're only a tenant, whilst you're a tenant it's still your property.'

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

The biggest issues were:

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

Many people gave examples of having to report faults with their properties numerous times before their housing provider responded. In addition, there were examples of inappropriate 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 also examples of contractors being rude, aggressive and abusive to tenants.

All of these issues were experienced to a greater degree 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 'passing the buck'.

public transport

'The bus service works perfectly, but only Monday to Friday, not at the weekends or after 6pm when most people need it.'

'I have to walk through a dark park at night and get another bus or pay for a taxi.'

Although some of the people who took part in the forums had cars, the majority relied on public transport for their journeys. For them, public transport was an essential lifeline to employment, shopping, social and leisure activities. Yet 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 whether buses and trains were going to arrive caused frustration and anxiety. Being unable to rely on timetables 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, made more problematic by poor reliability. Many people in the forums, especially those living in rural areas, faced long periods when no public transport service was available. Lack of 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 – with people complaining 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 disproportionately expensive.

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

What next?

Our forums show that people living in areas of high deprivation are hit harder by a range of everyday consumer problems, and are particularly vulnerable to practices such as doorstep selling and cold calling. They find it harder, and more costly, to pursue consumer complaints, and feel that their voices are unheard.

Consumer Futures will use the evidence collected from the forums to develop a new definition of 'consumer disadvantage' that accurately reflects the people who are likely to be affected and the reality of their lives; encourage policy-makers, private and public sector service providers, and other consumer bodies to recognise this definition and use it to reduce the impact of consumer disadvantage; and make recommendations to the new National Consumer Council, which comes into being on 1 October 2008, on how best to place the needs of disadvantaged consumers at the heart of its work.