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Reality of Life and Choice

Linda Lennard, Centre for Consumers and Essential Services (CCES), Leicester Law School, University of Leicester



Reality of choice: energy

- Two-tier retail market
- Factors include:
 - income level
 - type of employment
 - rented housing
 - internet access
- Some can't switch e.g. debt
- Lack of trust and concern about risk – especially for people on low incomes and other vulnerable situations

Reality of choice: communications

- Increasing complexity of tariffs
- Promotional discounting: only for new customers
- Different contract ends with different dates:
 - early termination charges
 - hassle/costs getting handset unlocked
- Low-income households more likely to be impacted by the broadband loyalty penalty
- Consumers on low incomes much less likely to change contracts in the first 4 years than higher earners

Reality of choice: financial services

- People in vulnerable circumstances more likely to be long-standing customers of home insurance and probably paying too much
- Credit needs not being met: need for new products to help financially excluded and financially vulnerable people
- Many of the best interest bank and savings accounts can only be opened/managed online
- Across all UK adults, 14% were non-users of the internet in 2017, unchanged since 2015 according to Ofcom

Reality of life: distressed decisions

- Time is precious especially in difficult times
- Consumers faced with 10 to 12 decisions just in comms, energy and financial services, let alone anything else
- Almost anyone can be in vulnerable situation e.g.
 - Claiming or appealing disability benefit
 - Fighting for support for child on autistic spectrum
 - Being a carer and trying to hold down a job
 - Trying to make ends meet, food, rent, travel
- Need for certainty when life is uncertain

Groundhog Day?

- Progress in recognising reality of risk factors and vulnerability
- Some welcome action especially on improving frontline help, information, ease of switching and bills
- But much of the difficult stuff is still to do
- We have been talking about complexity of information and bundling, differential pricing, loyalty penalties, lack of suitable products: for how long?
- And endlessly exhorting consumers to switch

Moving on from Groundhog Day

- Rather than putting the onus on consumers - change corporate behaviour: provide clear information, stop confusion marketing, and poor deals
- Intervene when companies are not playing ball
- Accept that switching isn't the answer to everything and that it may well just be more hassle at a difficult time
- Consider some form of price regulation in some sectors such as energy
- Essential services should be making life easier, not more difficult

Contact details

- Centre for Consumers and Essential Services, Leicester Law School, University of Leicester LE1 7RH United Kingdom
- Tel: 44 (0)116 252 2363
- E-mail: cosmo.graham@Leicester.ac.uk
linda.lennard@blueyonder.co.uk
- Web: <http://www2.le.ac.uk/departments/law/research/cces>

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