

**Auriga Services Ltd Response to  
Commission for Customers in Vulnerable Circumstances  
Call for Evidence 2018**

Please find Auriga's response to the Commission for Customers in Vulnerable Circumstances, launched by Energy UK.

We provide evidence to help improve the understanding of vulnerability, enabling improved support for customers.

**Introduction to Auriga Services Ltd**

Auriga Services has over 20 years' experience supporting consumers in regulated industries. We have a unique overview of the energy landscape in terms of consumers, suppliers, regulators and government. As a not-for-profit organisation committed to helping the most vulnerable in society, we want to ensure that as many vulnerable customers are protected as possible.

As an organisation that works directly with people in vulnerable circumstances, we have a comprehensive understanding of the risk factors that contribute to consumer vulnerability in the energy industry.

We are an Advice UK member and operate under licence of the Financial Conduct Authority (FCA) to give debt advice and counselling. We are also members of the Institute of Money Advisors (IMA).

Since our inception we've helped 1.8 million people to reduce their financial hardship, working closely with our clients to meet our main objective of 'Changing Lives Every Day'. By 2020, Auriga will have helped 2 million people. We work predominantly with customers in potentially vulnerable circumstances who are in arrears. This involves:

- **Delivering, managing and administering major trust funds and assistance schemes for Severn Trent, Thames Water and United Utilities.** These are independent charitable trusts to help individuals struggling to pay their water bills and to access extra assistance. They also provide organisational grants to fund local money and debt advice agencies. The charitable trusts are independent from the water companies.
- **Services for utility companies who recognise that many vulnerable customers need more attention.** In addition to the trust funds and assistance schemes, we manage social tariffs, administrate ECO and HHCRO and Warm Home Discount obligations, and provide training for front line staff on the different aspects of vulnerability and effective support.
- **Schemes for utilities, local authorities, the NHS and charitable organisations across the UK covering money and debt advice.** We provide money and debt advice, welfare benefits support, emergency payments and income maximisation services by phone, email, at home and in local outreach centres. Auriga identifies and realises the income and grants for individuals. This can vary in scale from assisting with applications to appeals and tribunal representation.

- **Forging strong partnerships and collaborations with other organisations to improve support and understanding of vulnerability and utilities.** At a national level we provide effective input into research, plans and implementation relevant to customers in vulnerable circumstances. Our current priority is a nationwide intervention to improve the well-being of every renal failure patient in the UK by providing money advice, debt and welfare support and income maximisation. This will be actioned through a collaborative partnership between multiple utility companies, trust funds and Kidney Care UK (see section 2 for more about this).

### 1. Are the areas of vulnerability identified in this call for evidence the correct areas for the Commission to focus on?

The types of vulnerability that have been identified are the most common categories and obvious ones to consider.

Under the heading of 'wider vulnerable circumstances', we advise the Commission to include the presence of the following other personal circumstances/characteristics which present significant risk factors:

- **Caring responsibility.** There are 6.5m people with significant caring responsibilities in the UK. 1 in 8 adults provide unpaid care for family and friends<sup>1</sup>.
- **Literacy or numeracy problems.** 1 in 7 adults lack the literacy skills expected of an 11 year old and just under half of adults have the numeracy attainment age of 11 or below<sup>2</sup>.
- **Risk of abuse or neglect.** A good example is our work with Gloucester City Council. We take referrals from the Local Authority and make emergency welfare payments, often to those with complex needs including a risk of homelessness or suffering from domestic abuse. Working alongside community-based support services in other schemes we also recognise the prevalence of financial abuse of older people and are alert to signs it may be taking place.
- **Non-standard requirements.** For example, armed forces personnel returning from abroad, ex-offenders, care home leavers and recent immigrants.
- **Any issue that prevents easy communication.** This can include a lack of English language skills, computer illiteracy or being deaf, blind or mute.
- **Being 'older old', for example over 80.**
- **An emotional "trigger point".** A death in the family for example that switches an individual from being able to cope, to not managing.
- **Those with damaging habits including addiction.**

From our experiences, these circumstances and characteristics increase the likelihood of a customer being at a disadvantage or suffering loss.

These issues or stressful situations may cause people to make poorer decisions than normal or feel less empowered than usual.

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<sup>1</sup> Issues highlighted by the FCA in Occasional Paper 8

<sup>2</sup> Issues highlighted by the FCA in Occasional Paper 8

However, there are a vast number of customers who may fall into the wider bracket of financial vulnerability due to a lack of financial literacy that needs to be learnt. Whilst many of these people may not be in typically vulnerable circumstances, the lack of knowledge can provide a disadvantage – just as many people may not fully understand all feedback given by an electrician or car mechanic for example.

One of the key learning points from our perspective is recognising that vulnerability is dynamic and can be due to the characteristics of the market, the particular circumstances of the individual consumer, or a combination of the two.

## 2. In your experience how can particular vulnerabilities impact a customer's ability to interact with their energy supplier?

In 2017, Auriga Services received funding from the Money Advice Service under their 'What Works Programme' to deliver a project to develop the financial capability of people diagnosed with renal failure within University Hospital Birmingham (UHB). Together with contributions from Severn Trent Trust Fund and UHB themselves, we worked to identify the most effective ways to help patients improve their financial situation.

Our delivery methods included face to face advice, drop-in money management sessions, one to one information sessions on financial capability, welfare benefit entitlement and realisation and referrals to grants or trusts. The project was highly successful and helped to secure over £1.5 million in real financial gains for over 260 patients, averaging out at almost £6,000 per patient.

The learnings from this project were revolutionary in the industry. As reported by an Assessor from the Money Advice Service, "it's completely unique due to the distinct lack of evidence about financial capability interventions in the healthcare setting".

In terms of vulnerability, notable findings included:

1. **Attitudes to savings.** Being diagnosed with renal failure dramatically altered patients' willingness and ability to save. This was partly due to their decreased income from not being able to work and partly due to the fatigue, pain, and emotional struggles caused by the condition. After being given budgeting support from Auriga, the patients were more likely and more willing to sustain their saving habit and in some cases their contribution to household income or for child maintenance. The most emotionally vulnerable customers are the least likely to proactively contact their energy suppliers.
2. **Need to stay home long-term.** People with renal failure spend considerable amounts of sitting or lying at home after treatment or when feeling ill and can have high utility bills for keeping warm and clean. This can be seen as a vulnerability in itself – not only does a large amount of time at home often lead to isolation and loneliness, but patients who require a lot of household energy often struggle to pay their bills. This shows that those who are at home for long periods, due to a mental or physical ailment may be suffering in silence and unlikely to interact with their supplier, but may be the most in need of support.

## 3. What in your experience are the key things that commissioners need to understand in relation to particular vulnerabilities and how these might impact a customer's ability to engage in the energy market?

Our experience managing water company trust funds and administrating social tariffs and obligatory schemes for energy companies has provided us with an understanding of some of the reasons people don't engage with their supplies. These include:

1. **Feeling embarrassed by their situation.** In our experience, we've found that some customers hesitate to get in touch with their water supplier because they are embarrassed of being in debt. This can mean that the problem can worsen because the customer does not want to contact the company and discuss their options.
2. **A lack of understanding about bills / finances.** Financial literacy can make it very difficult for customers to understand the bills they receive. They may also not realise the seriousness of their situation which can prevent them from actively getting in touch.
3. **Difficulties in communication.** Whether the difficulties lie in a physical, mental, emotional or language barrier – finding it hard to communicate can mean that these customers are less likely to let a company know there is a problem.
4. **Conversation topics that trigger a negative emotional response.** Certain topics of conversation may be particularly difficult to some vulnerable customers. For example, for someone who is recently bereaved of a partner who always used to manage the bills, talking about their water or energy bill can be incredibly distressing. These people may therefore choose not to engage with the company, so they don't have to put themselves through the conversations.
5. **Denial of their true situation.** Some people may understand their situation, yet not want to believe or involve themselves in it. For these people, ignoring the problem is easier than engaging with their suppliers. This can cause the problem to worsen over time.
6. **Feeling like they're being treated differently or patronised.** Some customers may expect their supplier to treat them in a negative manner because of their situation. Other customers don't like being identified as "vulnerable" due to their perceived vulnerability being temporary (e.g. short-term illness). These people may therefore choose not to engage with their supplier because they don't want to feel patronised or pitied.
7. **The wrong channels of communication.** Some customers have preferences for their communication. For example, many customers prefer to communicate through email or send a letter because to some, a phone call can seem too invasive. This may mean that customers choose not to ring up, because they don't want to speak over the phone.
8. **A lack of time or the right time to get in contact.** A lack of engagement can be sometimes due to logistics. Many of the most vulnerable people spend a lot of time in hospital – kidney dialysis patients for example. Many people also undertake full time caring duties which may often leave them very little time to engage with suppliers.

#### 4. What key trends should commissioners be aware of?

From our experience, we have witnessed the following trends in how companies help their vulnerable customers:

1. **Digital technology.** Customers should be able to access practical, jargon free information and help through a range of communication channels. Many customers are used to and prefer, interacting with organisations through a range of media including WhatsApp, Facebook Messenger, Email and Online Chat. This flexibility allows customers to choose the medium right for them, allowing them to remain in control and comfortable.
2. **Training.** Many utility companies are providing specialist training to front-line staff to allow them to quickly identify customer vulnerability through subtle clues. This training can allow abstract insights to be captured during conversations. However, the training is particularly important for the staff themselves, as dealing with vulnerable customers on a daily basis can be emotionally draining so further training can ensure all staff are supported and able to continue providing an excellent service.
3. **Communication mechanisms.** There are many reasons why vulnerable customers struggle to communicate with their supplier. Companies are therefore introducing processes to ensure those with physical difficulties are able to communicate in a different way – e.g. braille. Many companies are finding that having in-house, or supply-chain translators can also make it easier to support those customers with a language barrier effectively.
4. **Community Hubs.** South Staffordshire Water have recently opened a community hub at the heart of one of their most deprived communities. This is open to any South Staffs customer and other community organisations. South Staffs Water staff are available in the hub to provide face-to-face support to help customers with any problems with billing and to answer any questions about the water company.
5. **Collaboration.** Some companies develop collaborative partnerships with charities and other specialist support organisations with regards to customer vulnerability. These partnerships can also allow further opportunities to arise, including the development of charitable trust funds and industry-wide knowledge sharing.

#### 5. Can you share any examples of best practice to support customers in vulnerable circumstances, either within energy or other relevant sectors?

Auriga Services manage the Severn Trent Trust Fund, United Utilities Trust Fund, Thames Water Trust Fund and a separate assistance fund for Thames Water. These schemes provide grants to customers who are in need, poverty and distress and struggling to meet their water bill payments, as well as further assistance payments to cover the costs of essential household goods and fees for bankruptcy and Debt Relief Orders (DROs). In addition, awards to organisations are made, primarily to fund local partner agencies to deliver money advice services.

In 2016, in partnership with the trustees of each trust fund, Auriga commissioned Ecorys to undertake a Social Return on Investment (SROI) analysis to quantify the social value created by the collective investment in the schemes, in providing grants and assistance to vulnerable customers in England.

The SROI highlighted that these schemes deliver a transformational impact and exemplifies their industry-wide best practice. For example:

- 82% of beneficiaries believed that the support they had received from a scheme helped their ability to pay their water bills going forward

- A number of individual beneficiaries commented via consultations that their involvement with the schemes had ‘transformed’ their view of their water company
- Over 60% of the beneficiaries reported that their mental health had improved since receiving support from the scheme, with 36% adding that the mental health of their partner or family had improved
- In total, the monetary benefits for the three companies’ schemes culminated in the following outcomes:
  - £34.8m in health outcomes
  - £7.2m in housing outcomes
  - £2.1m relationship outcomes
  - £2.9m employment outcomes

This meant that overall, every £1 invested in the schemes returned over £3 in social return.

*“It was only when my husband’s illness deteriorated and we were unable to work that I had to ask for help. If I am ever in the position of wealth or employment I would donate to the charity to thank them for their help ... this gave me hope and maintained my faith in human nature...”*

#### 6. What are the particular challenges that suppliers face in identifying and supporting customers in vulnerable circumstances via different channels e.g. telephone, online?

From our experience working with utility companies, we have seen numerous benefits that are reaped when suppliers use multiple channels of communication with their vulnerable customers. However, the challenges of this approach can include:

1. **Internet connection.** If a customer is chatting online and their internet drops out. This can cause great distress and frustration to get back to the same advisor and not having to re-tell their story and circumstance.
2. **Hesitancy opening up.** Some staff find that customers are less likely to open up on the phone, as speaking to someone and having them hear the emotions in their voice can seem too intimate and uncomfortable.
3. **Technological ability.** There are some customers who only feel comfortable writing letters or speaking over the phone. For this reason, making them use a method of communication they are not used to can be harmful and counterproductive.
4. **A lack of consistency.** When a customer contacts a company, they spend a lot of emotional energy in explaining their situation. If they have to contact the company multiple times, a vulnerable customer does not want to have to explain their situation over and over to different people. It is therefore important that every communication method allows for service consistency – including, allowing the customer to speak to the same adviser where possible. Or at the least, receiving the same level of high service and a good case file to allow every adviser to have up-to-date knowledge of the customer’s situation.