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26 June 2020

Dear xxxxxxxx,

Helping consumers to stay connected

The current pandemic has meant individuals across the nation have had to make significant adjustments to the way they live their lives. More so than ever, access to telecoms services has - and will continue to be - a lifeline. Together, the telecoms industry has allowed people to connect with friends and family, work from home, home school children, and access support and advice, including medical or other professional help.

We welcome your swift action and support – in response to the Government’s request – in committing to work with customers who find it difficult to pay their bill as a result of Covid-19 to ensure that they are treated fairly and appropriately supported. We also welcome the consensus amongst industry at the recent ministerial meeting that there should be additional continued support for consumers who are struggling to pay their bills.

As you know, one of Ofcom’s priorities is to ensure customers, especially vulnerable customers, are treated fairly. General Condition C5 sets out the requirement for providers to meet the needs, and for the fair and appropriate treatment, of consumers whose circumstances may make them vulnerable. Consumers who are in arrears are likely to be in financially vulnerable circumstances.

We recently consulted on our draft vulnerability guide and we will publish our final guide in July. This will set out the measures providers could adopt to help ensure they treat vulnerable people fairly and give them the help, support and services they need. On debt, we explained in the draft guide that we expect providers to take extra measures to ensure that customers in debt are treated fairly by, for example, giving consumers time to get support and signposting support available, as well as offering tariff advice and payment options.

The effects of the pandemic will continue to impact people’s lives, even as infection rates decline and the economy begins to reopen. Continuing the good work you are already doing to ensure that consumers remain connected and are well supported as the demands on telecoms services remain high is imperative. The financial pressures many individuals and families will feel as a result of the pandemic mean that ‘business as usual’ practices may not fit the current needs of consumers.

As a result of the current situation, we are looking for providers to go further than the measures and examples of good practice included in the draft guide for treating vulnerable customers fairly over a limited period from **1 July to 30 September 2020**. To that end, we consider it is helpful for us to set

out our views on what we consider to be **fair and appropriate treatment** of consumers who may be vulnerable over this period.

1. Providers should be proactive at engaging as a matter of priority with consumers that are struggling to pay their bills and consumers should have confidence that they will receive the support they need.

It is important that consumers who are, or who may in the future, be struggling to pay their bills contact their provider to discuss support options available to them. However, we do not think the burden should fall to consumers alone. To that end, we want providers to make reasonable efforts to contact consumers who they identify as having difficulty to pay their bill for a supportive conversation about the best way forward.

It is important that providers are supportive during what may be difficult conversations about personal circumstances and should signpost wider debt advice available where the consumer may benefit.

Providers should also seek to strengthen their relationships with consumer bodies or organisations seeking to support consumers that are struggling to pay their bills to ensure any information to support the work of these organisations is accurate and timely.

2. Where a consumer who is struggling to pay their bill engages with a provider, we want providers to demonstrate a heightened level of forbearance and offer consumers early financial support in line with what is in their best interest.

For consumers who can make a contribution towards paying their arrears, it's in their best interest to do so. These consumers should be offered:

- a realistic and reasonable payment plan which is flexible and repayable over a period of time that meets the consumer's need; or
- a cheaper, basic or social tariff, for example, where a consumer is in debt and on a high out of contract tariff.

Where a consumer is unable to make contributions towards their bill, they should be offered payment holidays or payment deferrals.

Providers should offer other support that meet the needs of that consumer's specific circumstances, including helping the consumer understand any additional costs involved in any agreed plan, and to clearly explain any consequences of non-payment.

3. Where a consumer is actively engaging and seeking support from their provider, their level of service should be protected, they should not incur any penalty charges and they should not have the threat of disconnection.

As set out in our draft guide for treating vulnerable customers fairly, we want consumers to have time to get help, support and debt advice without the threat of enforcement action or disconnection and be offered reasonable payment terms. Over this time limited period, we expect providers to go further so where consumers are actively seeking support, we expect providers to:

- not impose any service restrictions (unless the consumer has agreed to it and it is in their best interest);
- waive any late payment penalty charges that have been incurred or early termination charges where a consumer moves to a different tariff;
- limit debt collection activity to what has been agreed as part of the consumer's payment support plan; and
- remove any risk of disconnection.

4. The risk of disconnection could cause substantial disruption at a time of increased reliance on telecoms services. We would expect providers to consider disconnecting consumers only as a last resort option.

General Condition C3 sets out that measures providers take to effect payment or disconnection should be proportionate and not unduly discriminatory. Given the unusual nature of the current circumstances, previous practices relating to debt collection and disconnection may not be appropriate. We want providers to consider carefully the risk of disconnecting consumers before taking action.

We recognise that in some cases the route to disconnection may be the only option left for providers, for example, where despite reasonable efforts, the provider has been unable to contact a consumer that has missed multiple payments. In such circumstances, providers should consider:

- whether a 'lifeline' service allowing a consumer to still receive incoming calls and dial out to emergency numbers, can be maintained;
- only commencing debt collection activities after a sufficient period of time, for example, 3 months, to allow consumers to get help; and
- only disconnecting consumers as a last resort and after a sufficient period of time, for example, 3 months following their first missed payment.

Next steps

It is important that consumers have some certainty in what may be a difficult period of time. We understand that you may already be or planning to offer the types of things described in this letter

and we look forward to hearing about the steps you are and will be taking over the coming weeks. We ask providers that this support is offered to consumers from 1 July to 30 September 2020. It may be appropriate to review our expectations of the sector before this; in which case we will do so and ensure you are kept updated.

To inform this, it important for us to continue to monitor the issue of debt and disconnection in our sector closely as the current situation develops. We ask for the active engagement with us on this issue to continue. I have asked the team here to discuss with you the best way to take this forward.

I look forward to our continued engagement on issues around debt and disconnection. Please do let me know if you have any questions or thoughts on what I have included in this letter.

Yours sincerely,

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