

Improving the consumer landscape and quicker switching

BIS consultation

Chartered Trading Standards Institute response

June 2016

About The Chartered Trading Standards Institute

The Chartered Trading Standards Institute (CTSI) is a professional membership association founded in 1881. It represents trading standards officers and associated personnel working in the UK and also overseas – in the business and consumer sectors as well as in local and central government.

The Institute aims to promote and protect the success of a modern vibrant economy and to safeguard the health, safety and wellbeing of citizens by empowering consumers, encouraging honest business, and targeting rogue traders.

We provide information, evidence, and policy advice to support local and national stakeholders.

We have also, as part of our recently revised remit, taken over responsibility for business advice and education concerning trading standards and consumer protection legislation. To this end, we have developed the Business Companion website (www.businesscompanion.info).

The CTSI Consumer Codes Approval Scheme was launched in 2013, superseding the OFT scheme (www.tradingstandards.uk/advice/ConsumerCodes.cfm).

CTSI is a member of the Consumer Protection Partnership, set up by central government to bring about better coordination, intelligence sharing and identification of future consumer issues within the consumer protection arena.

We run events for both the trading standards profession and a growing number of external organisations. We also provide accredited courses on regulations and enforcement.

A key concern for CTSI is that of resources. UK local authority trading standards services enforce over 250 pieces of legislation in a wide variety of areas. They have suffered an average reduction of 40% in their budgets since 2010 and staff numbers have fallen by 50% in the same period.

This response has been composed by CTSI Lead Officer for Energy and Climate Change, Steve Playle. Should you have any queries or wish to discuss the response please do not hesitate to contact Steve at loenergy@tsi.org.uk

Chartered Trading Standards Institute
1 Sylvan Court, Sylvan Way
Southfields Business Park
Basildon, Essex, SS15 6TH
Tel: 01268 582200
www.tradingstandards.uk

Improving the consumer landscape and quicker switching: call for evidence

Rather than answering the consultation in full, we instead include our general thoughts on relevant aspects of the call for evidence below.

Vulnerable consumers

CTSI are concerned that there has been little or no consideration of vulnerable consumers within the consultation. With rising numbers of UK consumers falling into this category through ageing, disability or mental capacity, and mental illness, vulnerable people need help with understanding the increasingly complex jargon used in the utility, banking and financial sectors. We also feel that consideration needs to be given to this group when looking at how to tackle the steady drift towards consumer accounts being almost wholly managed online in these sectors. CTSI feel there should be a specific assessment of this group's unique needs in this and every consultation.

'Tariff creep'

CTSI are also concerned about the growing issue of 'tariff creep'. This is where businesses attract new customers with attractive deals and then when the deal expires, consumers end up paying more money for the same goods/services.

Businesses rely on the fact that some savvy consumers will switch to a better deal but the majority will stay put as the original deal expires. CTSI views this practice as uncompetitive. We suggest that perhaps the solution lies in encouraging businesses to provide a written confirmation to the consumer when a deal ends, stating very clearly in large bold print on page one what the increase in cost will be if they stay put for the next 12 months based on the previous 12 months usage.

Ombudsmen

Question 7 specifically talks about the use of the term 'Ombudsman'. Consumers often do not understand what exactly the term 'Ombudsman' means and what powers an Ombudsman scheme has. It is likely many consumers will mistakenly assume that Ombudsman services involve Government control.

A good example of this is the Double Glazing and Conservatory Ombudsman Scheme (DGCOS) which appears, to the average consumer, to be a reputable and independent Ombudsman scheme. In reality though, it is simply a marketing technique to sell products using a former BBC frontman who has clearly been paid a sum of money to add extra credibility to the brand. CTSI appreciates that double glazing isn't in the scope of this consultation but we feel this example demonstrates that the use of the term 'Ombudsman' needs to be properly controlled across all business sectors.

21 day switching

The consultation asks whether reducing the time that the switching process takes is important. CTSI believe that 21 days is not an unreasonable amount of time to switch supplier, however, we are concerned that any switch is carried out properly and is right the first time round for the consumer, without errors that can then cause further unwarranted delays.

Also important is that any overpayments made by consumers, or credits on accounts that remain when switching one supplier for another, are quickly reimbursed. We know that at present this doesn't always happen and our members have reported their own experiences where reimbursements can take over five weeks to be processed following the switch to an alternate supplier. CTSI feel that cases like this are unacceptable and that this is an area that should be explored further by Government.

Consumer Law

Section 2.5 refers to the enforcement of consumer law. At present, any penalties issued by the regulators for breaches of relevant codes or standards are issued against the business entity who will pay the fine and move on. CTSI feels it is time to attach personal responsibility to senior managers and Directors of businesses and consider if their poor conduct/lack of control may render them unfit to be a Director of a company.

Chartered Trading Standards Institute June 2016