

A government
for all consumers

Which?

What Which? wants from the next government

Which? wants more consumer power to be unleashed in private markets and public services.

We believe this is the best way to help people cope with the rising cost of essentials, to rebuild consumer trust in business and to end the abuse of unearned dominance by firms and service providers that are failing their customers.

But in doing so, the next government does not have to prioritise between the interests of struggling consumers and good businesses.

It can tread a path that meets the needs of both and supports sustainable growth in the economy.

By putting the interests of consumers at the centre of policy making, in private and public markets, the Government can help the best businesses to grow, make service providers more responsive and efficient, and support innovation that benefits all. Policy should support businesses and service providers that treat their customers fairly, by stopping the competitive advantage gained by those that do not play by the rules.

Which? works to drive consumer demand to the best goods or services and forewarning people of the worst. That approach has been central to our success as a social enterprise for more than 50 years, and is why we believe that regulation is a tool of last resort.

Today, government intervention is necessary when essential markets do not work well enough for consumers; in many areas of life, people need more help to deal with very large organisations and to make increasingly complex choices.

At the same time there needs to be major investment, planned by the Government, to modernise the vital infrastructure on which consumers depend, including energy, transport, communications and water. This capital spending must be more tightly controlled as the bulk of costs will be passed through to customers' bills.

Policy makers must also find ways to enable more consumers to engage in markets collectively as well as individually. People need more control of their personal data, to more easily use it to make better choices. Consumers should be given more power to come together in groups to demand a better deal or bring rogue traders to account.

Getting all this right will require the next government and independent regulators to understand real consumer behaviour, to hear and act on consumer concerns, and to give them a bigger say in how decisions are made.

Which? wants those forming the next government to give priority to promoting healthy competition in the essential markets of financial services, energy, food and communications; to empowering consumers in public services; and to ensuring publicly funded institutions and the Government itself work in the interests of all consumers.

- 1 Better banking**
Promote competition to drive up standards, make fees and charges fair and transparent, introduce a national savings strategy, and ensure that all retirement income products are value for money.
- 2 Affordable energy**
Ring-fence domestic supply from generation businesses, make pricing easily comparable, and switch to a local approach to delivering energy saving measures.
- 3 Honest food**
Develop a national strategy for the future of food production, make it easier for shoppers to compare prices, and maintain strong, independent food standards agencies.
- 4 Transparent telecoms**
Reform the retail market in mobile and broadband, making it easier for consumers to switch.
- 5 Power for people in public services**
Reform complaints handling, release more public sector data sets to enable better informed choices, and strengthen consumer protection in higher education.
- 6 A government for all consumers**
Ensure the interests of consumers are given the priority they deserve by placing a consumer minister at the heart of government; establish a new independent body to ensure that regulators are improving the lives of consumers and keeping infrastructure costs under control.

Better banking

Since the crisis in 2008, the banks have lost the confidence of British consumers, and lost their way as the providers of services essential to every household and the economy.

The industry has failed to regain trust despite significant regulatory reform, and it continues to be dogged by bad practice, with further mis-selling scandals emerging and low levels of customer satisfaction.

For many consumers, confidence in their own financial health remains low, with the rising cost of essentials hitting living standards hard. Millions of people are either cutting back on savings or increasing their personal debt, further weakening their financial resilience, and there is an urgent need to do more to encourage savings and boost retirement incomes. But the early success of auto-enrolment demonstrates how government, industry and employers can work together to encourage behaviour change so that more consumers save for the future.

Despite a series of initiatives designed to bolster competition in banking, including faster switching and divestments required by the European Commission, a handful of the biggest banks with the worst records for customer service remain dominant. Pricing remains opaque or complicated, making it difficult for consumers to choose the best products for them. Action has been taken by the regulator to address unfair fees and charges in the credit market, but problems persist in other product areas.

The disruption of customer services through regular IT failures, alongside the rapid growth of digital banking and mobile payments, has demonstrated both the potential for change and the critical role that the payments system plays in everyday banking. The payments system infrastructure, owned by the incumbent banks, has long been recognised as a barrier to innovation and entry for new challengers.



11.5 million people struggle to save regularly, and a further 2.5 million people don't save but could afford to

Three in 10 (32%) people trust day-to-day banking services and this falls to **just two in 10 (19%)** for trust in longer term financial products

Which? wants the next government to:

- promote more effective competition in retail banking, with the aim of driving up service standards, transparency and consumer-focused innovation. A priority should be to reform the ownership and operation of the UK's payments system, and to enable greater mobility around the banking system by consumers, for example by setting out a long-term plan for the introduction of portable bank account numbers.
- commission a review of all the fees and charges levied in the financial services sector, ensuring they are fair, comparable and transparent. This review should examine a wide range of financial services products, including overdrafts, the insurance market and mortgages.
- create a comprehensive savings strategy to encourage consumers to create a 'savings buffer', working with industry and employers to positively influence consumer behaviour, building on the success of auto-enrolment pensions. For those that are in a position to save, the aim should be to create a 'savings buffer' of three months' essential spending. As part of this, the Government should put consumers in control of their savings and pensions by compelling providers to make it easy for people to see all of their pensions and savings in one place.
- set the pension charge cap at 0.5%, ensure retirement products are subject to strong governance, and enable a government-backed provider such as NEST to offer a high quality, affordable scheme drawdown option at the point of retirement. The government must ensure that all retirement income products are fit-for-purpose and offer value for money.



Six in 10 (62%) people agree it is difficult to compare the total cost of financial products and services, as the fees and charges vary so much

Four in 10 (41%) people say they could not last three months without their main source of income

Affordable energy

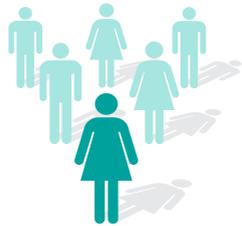
It is almost universally acknowledged that the energy market is not working well for consumers.

Although the Competition and Markets Authority (CMA) is carrying out an investigation, there remains much to do for the next government, regulators and suppliers.

Consumer trust in the energy market is at a very low ebb. Energy prices persist as the top financial concern for consumers, with eight in 10 worried about the cost of their energy. The average annual bill is now more than £1,300, as the cost of energy puts increasing pressure on already stretched household budgets.

Despite recent reforms, people tell Which? that they think the retail market remains too complicated with just 8% of people finding the current tariff structures easy to understand. Consumers find it virtually impossible to spot the cheapest deal and it remains too difficult or too slow to switch. The largest incumbent suppliers still control over 90% of the market and while switching levels have started to increase, and smaller, independent suppliers are starting to grow, both remain at low levels.

At the same time the Government is advancing a number of large national programmes that will cost consumers billions, including major investments in lower carbon power generation, smart metering and energy efficiency. There is not enough independent scrutiny and oversight in the system to assure consumers, who ultimately foot the bill, that these programmes are being delivered in the most efficient and cost effective manner. The Government has assumed that competition in the market is able to control costs.

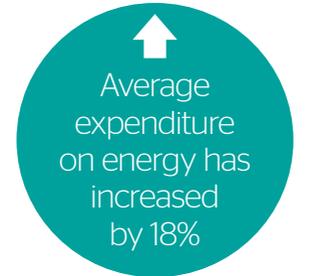


Just one in six people (22%) trust energy companies to act in customers' best interests

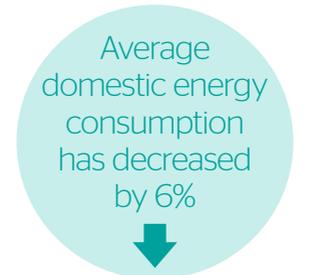
Seven in 10 (72%) people are worried about the cost of their energy

Which? wants the next government to:

- require the ring-fencing of supply businesses from upstream generation businesses, increasing transparency in wholesale markets and ending the self-supply of electricity and gas by the major generators to their domestic supply businesses. The Government should also ensure that there is increased transparency in wholesale price reporting so that all the volumes and prices across the various trading platforms are made publicly available, helping to restore consumers' trust that retail prices reflect the cost of wholesale energy costs.
- reform the way energy is priced so consumers can easily compare tariffs, encouraging switching, increasing competition and driving down prices. The Government should introduce simple unit pricing for energy, scrapping the existing system of standing charges that make comparisons with other tariffs difficult and which also penalise low users who still have to pay daily charges regardless of their consumption.
- along with simpler pricing, consumers need a credible benchmark - a 'price to beat' - against which to compare prices so that they know when to switch. Energy suppliers would compete against this 'price to beat', which would be set and regularly updated by the energy market regulator. This would not be a return to full price regulation, but could take a number of forms with one option being for the Government to introduce a regulated default tariff that acts as the benchmark. The aim should be to deliver choice for those that want it while ensuring fair prices for those who do not engage.
- switch to a local, community-based approach to advising consumers and delivering energy saving measures, including insulation, working in partnership with businesses and trusted intermediaries, with national co-ordination and oversight from the government. The Government should also find ways to reduce the costs of the smart meter rollout, including through this area-based approach.



Since 2008



Honest food

Food prices continue to be one of consumers' main concerns.

The retail sector points to regular 'price wars' as evidence of strong competition, but Which? has repeatedly highlighted problems with misleading special offers and overly complicated unit pricing that make it difficult for consumers to find the best value products.

UK consumers also expect a secure supply of safe food that is honestly labelled, but the framework for overseeing food standards and policy is becoming ever more fragmented at both a central and local level, with consumer interests increasingly marginalised. Many government departments have food responsibilities but there is a lack of co-ordination and strategy between them, particularly with regard to the future of food production and enforcement.

The horsemeat scandal highlighted how weak controls, along with poor anticipation of risks and economic pressures on supply chains, are putting consumers at risk. The health impact of what we eat also continues to be a major concern with two thirds of the population overweight or obese.



Three quarters of people are shopping around more to get the best prices and half are now shopping at discount supermarkets

Only a third (36%) of people are confident the food they buy contains what is stated in the ingredients

Which? wants the next government to:

- involve consumers in developing a national strategy for the future of our food production, ensuring that consumer views and interests are central to decision making, including where new technologies and techniques may be introduced.
- lead initiatives to tackle rates of obesity and diet-related disease, including ensuring more responsible promotions, industry-wide take up of traffic light nutrition labelling and reducing unacceptable levels of fat, sugar and salt in foods.
- make it easier for shoppers to compare the price of food products by simplifying the way that unit pricing is displayed, reforming price marking legislation. The Government must also ensure that the rules on pricing practices are up to date and effectively enforced, so that consumers can have confidence that products marked as special offers genuinely offer better value for money.
- enable people to make more informed food choices by requiring clear, user-friendly country of origin labelling on meat and meat products.
- maintain strong, independent national food standards agencies, that are real consumer champions and can lead law enforcement efforts to stop food fraud, improve safety and tackle unhealthy practices. This will also protect the international reputation of the food industry. The Food Standards Agency should also be the UK's lead representative at international food standards negotiations, tasked with ensuring that countries with less rigorous standards are not able to dilute those that protect consumers in the UK.



Nine in 10 people say they would be concerned if local council cuts meant that some food businesses were no longer being inspected

Six in 10 people are worried about the price of food

Transparent telecoms

Broadband and mobile phone communications are increasingly seen by consumers as essential to their lives.

Consumers report worryingly low levels of confidence in the telecoms industry, with mobile providers only trusted to act in the best interests of their customers to the same extent as banks, and there are areas of significant consumer frustration and detriment.

Despite the recent infrastructure investments and the continued roll out of 4G and high speed broadband, issues such as mobile coverage and reliability and quality of broadband speeds persist. Consumers struggle with the complexity of mobile pricing structures as well as a lack of transparency due to the bundling of individual services. The majority of mobile contract consumers have a handset bundled into their pay monthly service charge, making it difficult to understand the unit price for calls, texts and data. As a result, people question the value of their mobile contract.

Meanwhile, problems with mobile switching mean that there are significant barriers to people moving providers. Consumers may incur unnecessary costs, like paying to unlock their mobile sim, and spend unnecessary time coordinating the switch because, unlike in energy or banking, they have to contact both their current and new provider to switch.



Eight in 10 (80%) people say that providers should automatically unlock a phone when the contract comes to an end, and a similar number (82%) say that providers should unlock phones for free at the end of the contract

Competitive offers seem to be reserved for new customers or those attempting to switch, while existing customers lose out. Our research shows consumers who threaten to switch are usually offered preferential deals in order to stay.

Where the regulator has sought to intervene and champion the interests of the consumer, the regulatory appeals system in telecoms has been used to prevent change. The current system encourages lengthy and expensive litigation and holds back decision-making.

Which? wants the next government to:

- reform the retail market in mobile and broadband, making tariffs clearer and more comparable, including the separation of handset and service charges, and ensuring companies are only allowed to advertise broadband speeds that the majority of their customers will actually be able to achieve.
- make it easier to switch by moving to a gaining provider-led system and making free unlocking of handsets compulsory. There would be more incentive for suppliers to focus on retaining customers at all parts of the journey, rather than the end-point, if consumers did not have to contact their existing provider before switching.
- make the regulatory appeals system simpler, more efficient and less open to abuse.



Nine in 10 (88%) people think the actual broadband speed is an important piece of information to have available when choosing an internet provider



Just three in 10 (32%) people with a mobile phone contract were very confident that they got the best tariff for their usage when they took it out

Power for people in public services

While people have more choice than ever before in public services, our research has found power asymmetries too often persist between providers and professionals and the people who use services. Many consumers feel disempowered and uninvolved in critical decisions, such as those made about their health and care.

Too often, people feel unable to raise concerns or complain when services are not good enough, and find that when they do, their feedback is not taken into account to improve the experiences of others and ensure problems do not recur. At its worst, this can have disastrous consequences, for example in healthcare.

Although some progress has been made, there is still too little transparency in relation to public sector performance, meaning people cannot adequately access key information about the quality and nature of their services.

Reforms to undergraduate higher education mean many students are now contributing more than ever to the costs of their degree, and there is a renewed emphasis on choice and competition, maintaining and improving quality standards and driving new innovations in undergraduate provision. Yet the market needs further reform to support students to make informed choices and to protect student interests in a more competitive – and potentially more volatile – market, particularly in light of our research showing that three in 10 first-year students think their course is poor value for money. Half of students who have a student loan do not think that their university experience is worth the money that they will pay back in full, and students are working on average one quarter fewer hours than recommended in quality guidelines.

Our research with older consumers of social care has illustrated that both the service users and their relatives feel disempowered about domiciliary and residential care, often making decisions at a point of crisis without feeling that they are properly informed about the options available to them.

After the next election a capped cost model for financing care will be introduced. Although this is a welcome step forward, our research has shown that there are strong behavioural barriers to engaging with future planning for care costs, and that the complexities built in to the operation of the new system could make these worse.



Three in 10 students said that they might have chosen a different course if they knew what they did now about the academic experience

Two thirds (68%) of people feel they have real, meaningful choice when choosing childcare or a university, **but only one in five (19%)** feel they have a choice of hospitals and **just 3 in 10 (30%)** a choice of GPs

Which? wants the next government to:

- reform public services complaints handling to give people the confidence to speak out when services are not delivering in the way they should. It should ensure there is a stronger link between people's complaints and regulatory inspections of public services, requiring regulators such as the Care Quality Commission and Ofsted to set out a process through which serious complaints trigger an inspection.
- support people to get a resolution to their complaint when providers are unresponsive, by creating a single web and telephone public services complaints portal and creating a single ombudsman to further improve access. The Government should also establish a super-complaint power in public services to enable designated bodies to submit complaints to the regulator on behalf of groups of consumers where there is evidence of systemic issues affecting the quality of public services, in the same way that exists in private markets.
- release more public sector data sets that are consistently presented and verified, enabling intermediaries to produce reliable information and advice services that can be used to drive better informed choices by consumers of public services.
- ensure that student interests are better protected in higher education through an improved Key Information Set; the introduction of a standardised contract; and greater powers for the regulators, including the power for the Quality Assurance Agency to remove degree awarding status from failing institutions.



Just a quarter (25%) of people trust care homes or home care services to act in their best interests

Eight in 10 (79%) people would be more likely to complain about public services if they felt it would make a difference to other people's experience

A government for all consumers

In central government, Which? believes that the issues of greatest concern to consumers, and a genuinely cross-departmental approach to tackling these, will only be given the priority they deserve if the minister for consumer affairs is once again given a seat at the Cabinet table, as was the case in 1972 when the post was first created.

Much has been made in recent years of the potential for data to transform the lives of consumers. More public datasets have been released, and the beginning of a process - 'midata' - designed so that large businesses hand back to consumers the data held on their personal consumption. This will enable people to make better, more informed choices and is now underway in private markets such as banking and energy.

But there has not been enough progress in bringing about a revolution in the availability and practical applicability of data for the benefit of consumers and essential markets, while the prevalence of nuisance phone calls driven by unscrupulous firms dealing in data has shown what can go wrong when consumers lose control of their personal data. The next government must step up efforts to protect the privacy of consumers' data, while giving them greater opportunities to benefit from understanding and using data on their use of services.

Meanwhile, the publicly funded institutions set up to protect consumers have been reorganised in recent years with reforms to the competition regime, consumer regulation and enforcement. The CMA was created, and a new responsibility was placed on local Trading Standards services to tackle national consumer problems.

But concerns remain about the disjointed approach to tackling consumer detriment across key markets. With consumers bearing the cost of an expected £151 billion investment in energy, transport, communications and water, more needs to be done to ensure that these costs are monitored and appropriately scrutinised.



Consumers are bearing the cost of an expected £151 billion investment in energy, transport, communications and water

Which? wants the next government to:

- place a consumer minister in the Cabinet and at the heart of government, to protect and promote consumer interests across Whitehall. This minister should be given responsibility for driving through reforms on behalf of consumers across government, whether in essential markets such as personal finance and energy, public services such as higher education or health and social care, or the regulatory and competition regimes.
- use its powers to require the providers of essential services such as energy, banking and telecoms to give consumers back the data they hold on their consumption, to enable people to more easily find the best deal for them.
- ensure the right balance is struck between enabling decent businesses to carry out direct marketing activity where consumers have given their consent for their personal data to be used, and preventing the abuse of their privacy by unscrupulous businesses.
- establish a new independent body to sit across the economically regulated sectors, accountable to the consumer minister for a yearly appraisal of regulatory performance in improving consumer outcomes. This would sit alongside the CMA's annual assessment of competition in each sector. This new body should be tasked with working with the National Audit Office to establish a consistent approach for estimating, across regulated sectors, the cumulative impact of planned infrastructure spending and policy costs on consumer bills. An assessment of these impacts should then be published alongside each National Infrastructure Plan.
- require the CMA and all sector regulators to carry out routine cross-economy analysis of the state of competition and consumer protection in core markets, listening to consumers and consumer advocates, and taking action where required.
- improve the way consumer law enforcement is delivered locally, regionally and nationally, with a focus on ensuring that consumers can be guaranteed a minimum level of service and adequate expertise wherever they live. The CMA should be given lead responsibility for consumer law enforcement, making full use of its powers and achieving a more effective coordination and resourcing of action by other bodies.
- make it easier for consumers - both individually and as part of a group - to take action themselves to bring rogue traders to account and obtain redress.



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Which? is the trading name of Consumers' Association - a registered charity No' 296072