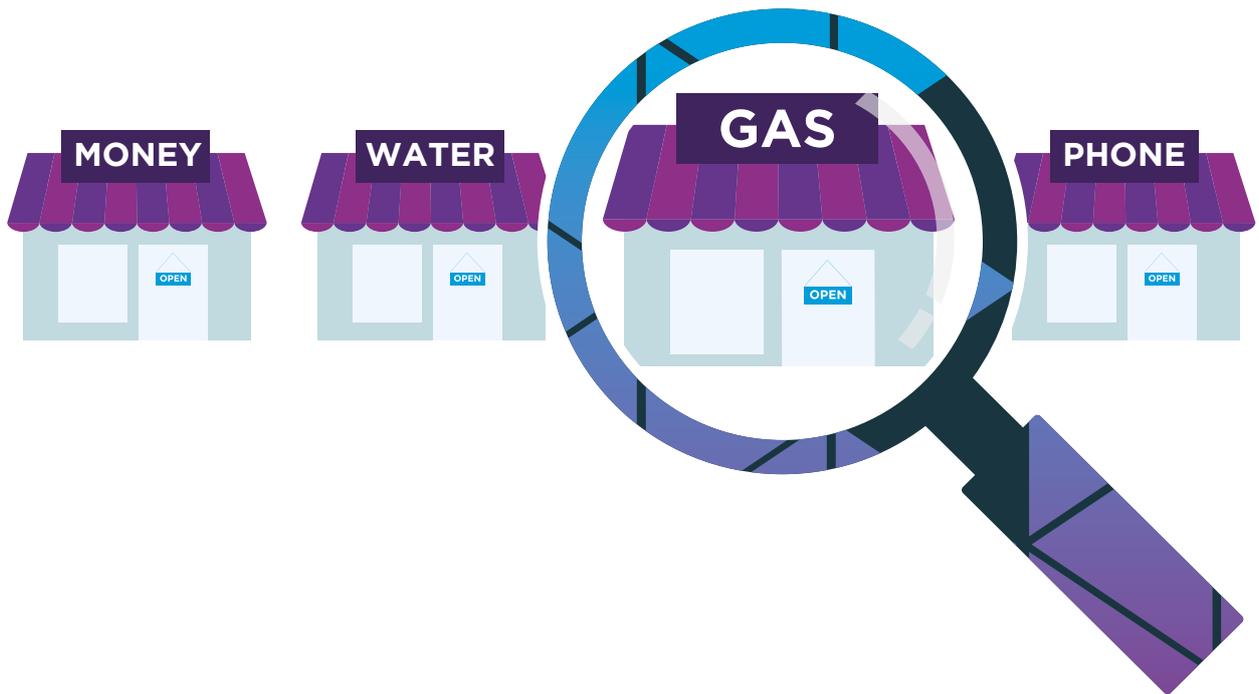




MONEY AND
MENTAL HEALTH
POLICY INSTITUTE



LEVELLING THE PLAYING FIELD

How regulators can support consumers
with mental health problems

Merlyn Holkar and Katie Evans

Contents

Executive summary	5
Introduction	7
Section 1 – The Regulators’ roles	9
1.1. The challenges of supporting vulnerable consumers	9
1.2. Current approaches to vulnerable consumers	10
Section 2 – Mental health and markets	13
2.1. A shifting population	13
2.2. Universal design	14
Section 3 – Choosing services	16
3.1. Disengagement	16
3.2. Comparing options	16
3.3. Contacting suppliers to organise a switch	17
Section 4 – Using services	20
4.1. Communications	20
4.2. Support from friends and family	21
4.3. Disclosure	22
Section 5 – Paying for services	26
5.1. Disengagement	26
5.2. Understanding bills	26
5.3. Payment options	27
5.4. Exclusion	28
5.5. Collections activity	28
Section 6 – Meeting the challenges	31
6.1. The policy opportunity	31
6.2. Immediate opportunities	32
6.3. Longer term	34

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About the authors

Merlyn Holkar is a research officer at Money and Mental Health. Merlyn holds a BA in Philosophy, Politics and Economics from the University of Warwick. Before joining Money and Mental Health, Merlyn worked in the Policy and Campaigns department at Contact a Family.

Katie Evans is Head of Research and Policy at Money and Mental Health. Katie joined Money and Mental Health from the Social Market Foundation, where she led a programme of work around financial services and regulated consumer markets. Katie has also worked as an economic consultant.



Executive summary

In any given year, one in four people will experience a mental health problem which can affect their cognitive and psychological functioning, and make it significantly more difficult for them to navigate markets for essential services – water, energy, financial services and telecoms.

Mental health problems can mean consumers are more likely to face problems choosing, using and paying for essential services.

- Symptoms of mental health problems can make it harder for people to be engaged consumers, to compare options and to switch between providers.
- People with mental health problems experience difficulties communicating with their providers, managing their accounts and getting support when problems develop.
- Mental health problems can make it harder to understand complex bills and to make payments. Some consumers are choosing more expensive payment options, to retain control over their expenditure. For others, insensitive collections activity can have a negative impact on mental health.

This means that people experiencing mental health problems are more likely to pay over the odds for essential services, to struggle to seek support or redress, to miss payments and to be in problem debt.

The energy required to manage these services also exerts a significant toll on people's mental health, particularly when they are already unwell. Management of essential services is a source of significant anxiety, and in some cases suicidality.

Mental health poses specific challenges for regulators because these conditions often fluctuate, and there are significant barriers to disclosure, including a high prevalence of people experiencing mental health problems who are not aware of the fact, which makes targeted interventions relatively ineffective.

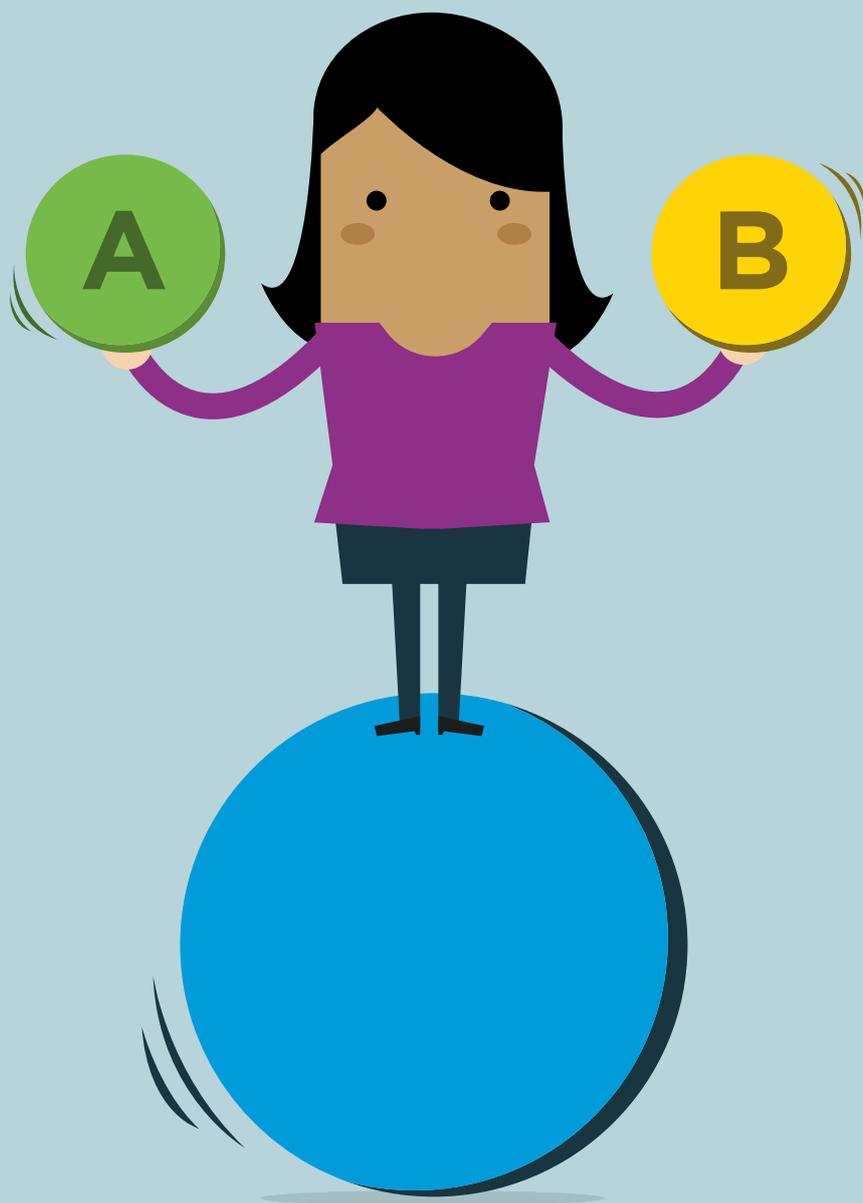
Technology is fast changing the ways in which consumers interact with these markets. Against the backdrop of a decade of squeeze living standards there is an opportunity for ambitious policy change to improve outcomes of essential services markets for vulnerable consumers, including people with mental health problems.

In the short term, we call on regulators to:

- Develop their understanding of mental health, produce clear objectives on consumer vulnerability and generate metrics to measure progress, at both the provider and market levels.
- Improve the accessibility of essential services for people with mental health problems, for example by simplifying bills and promoting the use of alternative communication channels.

Looking forward:

- The new Centre for Data Ethics and Innovation should explore the potential of consumer data driven artificial intelligence to improve market outcomes, and consider the regulation necessary to ensure this is a positive force for consumers.
- Regulators should collaborate to develop minimum standards of accessibility and support for people with mental health problems, which can be expected across essential services.



Introduction

All of us rely on 'essential services' – financial products which allow us to pay the bills, energy which heats and lights our homes, water to drink and the telecoms that keep us connected. Without access to these services it is impossible to participate fully in modern society. In recognition of their importance, these markets are highly regulated. While the products and services we rely on are provided by private firms, there are strict rules about the way these companies can operate to protect consumers' access to these services.

In any given year, one in four consumers will experience a mental health problem, which may affect their ability to access and engage in these markets. In this report, we present new research which suggests that consumers experiencing mental health problems are systematically disadvantaged across these markets. We find that they are more likely to pay over the odds, experience poorer services, and are more likely to end up in financial difficulty as a result.

In our earlier report, *Seeing through the fog*, we set out the ways in which mental health problems can affect our cognitive and psychological functioning, and, as a result, our financial capability. Here we expand that work, to consider what consequences mental health problems can have for our wider experience as consumers. We explore how and why consumers experiencing mental health problems experience specific difficulties in choosing, using and paying for essential services. These problems are systemic, affecting consumers across the range of essential services markets, and across providers. The scale of the problem is such that a new regulatory approach to supporting vulnerable customers is required – with consequences both for regulators and for government.

In this report we describe the specific challenges facing regulators of essential services as they attempt to support consumers in vulnerable circumstances, before expanding on the particular issues that must be addressed to support consumers experiencing mental health problems in the third, fourth and fifth sections of the report. The final chapter assesses what more regulators and government could do to help.

Defining essential services

In this report, we focus on four sectors and their regulators – water, energy, telecommunications and financial services – following the example of the National Audit Office. These industries are distinct in that we all rely on them to sustain and facilitate our lives on a daily basis.

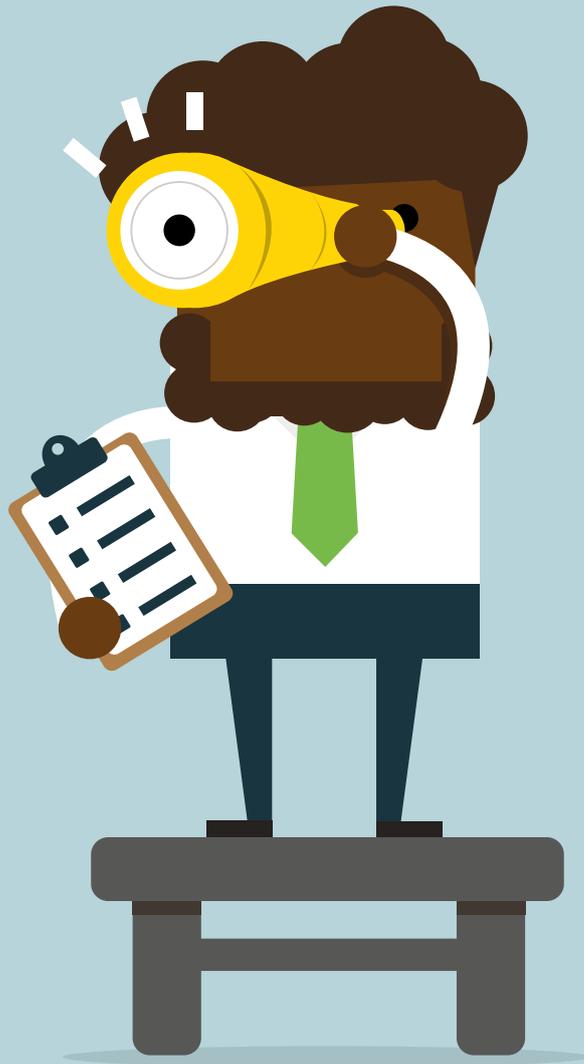
Other markets are also subject to regulation – such as legal advice. As the issues in these markets are subtly different, we have not considered them in this publication, although some recommendations may read across.

One industry which is difficult to categorise within this framework is public transport. Although public transport use is not universal in the same way as water and energy, it is arguably essential to ensure some people are able to access life in society. As the regulation of this sector, however, is quite different to that of the sectors discussed above, we have chosen to exclude it from this report.

Methods

This report draws on quantitative and qualitative research conducted with the Money and Mental Health Research Community, a group of over 4,000 people who either have lived experience of mental health problems, or care for someone who does.

We conducted two online surveys, asking 434 people with lived experience of mental health problems and 75 people who care for somebody with a mental health problem, about their experiences accessing essential services. Further to this, we held an online focus group with eleven people with lived experience of mental health problems, to explore these issues in more depth. Unless otherwise stated, verbatim quotes in this report are taken from these two surveys and focus group.



Section One: The Regulators' roles

Regulators play a vital role in promoting consumer interests in markets where providers have price-setting power, or where access to services is essential. The UK's financial services, water, energy and telecoms markets arguably have both of these characteristics and, over the past decades, their regulators have grappled with ways to ensure customers are treated fairly. In practice, this can be seen as having two parts: firstly, ensuring consumers are offered a fair price, and secondly, ensuring they are able to access the services they need and protected from those who would harm them.

1. Paying a fair price

Many essential services markets have elements of monopoly which can leave consumers paying above the odds. In the water market, for instance, consumers have no choice over their supplier – and thus cannot leave if they are dissatisfied. Other regulated markets are dominated by a handful of large firms. In these circumstances, consumers can end up paying above the odds for services.

Regulators keep a close watch on the prices consumers are being charged, and may take action to tackle structural barriers to competition, like lack of price transparency, which cannot be resolved by individual providers alone. Regulators may also take steps to nudge consumers to pay attention to prices and switch; for example, by forcing insurance providers to supply a comparison with the previous year's price, to help consumers see how much more they are paying, or by notifying the consumer of the cheapest energy tariff available to them on bills. In extremis, regulators may take direct action to regulate prices, when competitive pressures are particularly subdued, as in the case of standalone landline telephone services.¹

2. Ensuring fair access

Given the essential nature of these services, they are also regulated to ensure that consumers will be able to access them. This may include setting minimum service standards, like the universal broadband service obligation overseen by Ofcom. It can also include broader measures, like setting out how complaints should be handled, how customers in arrears should be treated, and what support customers must be offered when making decisions, which ensure that customers are protected from harm resulting from the behaviour of unscrupulous firms. In some markets, regulators may require firms to obtain licences to supply services to the public, as a way of setting the rules to play. Enforcing and updating these standards as necessary is then a key part of the regulator's role.

1.1 The challenges of supporting vulnerable consumers

These activities are particularly important for consumers in vulnerable circumstances. These are consumers who, due to personal characteristics such as age or disability, household circumstances such as bereavement or illness, or due to the behaviour of firms, may either be more reliant on the service (for example, requiring water or energy for ongoing medical treatment at home) or less able to actively engage in the market to further their own interests. Part of the regulators' remits are to drive improvement in for these customers.

Regulating these markets, however, is far from straightforward. For the consumer, the important thing is often that the lights come on, that water comes out of the tap. Day-to-day, we have relatively little contact with our essential services providers, even though the services they are providing are essential to our wellbeing. We may care whether there is a local

1. Ofcom. Statement: Review of the market for standalone landline telephone services. 2017.

bank branch available to us, and whether we can get signal in our living room, but for many consumers these differentiating factors are relatively unimportant in their day-to-day lives. This means that demand-side competition in these markets is often relatively weak. Despite constant campaigns calling on consumers to switch, and regular reminders of how much they could save, many people routinely pay more than they need to.²

Some of the steps regulators could take to encourage competition across the market may cause detriment to certain subgroups. In the current account market, for example, stronger competition encouraged by interventions like the development of the Current Account Switch Service, has tended to be driven by improved offerings for the most engaged customers. Meanwhile those who have not switched continue to pay above the odds.³

A recent report from the National Audit Office illustrates the difficulties that regulators face in navigating these trade-offs.⁴ The report specifically noted that, while each of the regulators in the UK's four essential services markets has established a strategy for vulnerable consumers and improved their understanding of the issues facing vulnerable consumers, none has yet translated its broad obligations and aims into detailed objectives. In some cases, this seems to be driven by a lack of clarity about where the role of regulators ends, and that of government begins. Where regulatory decisions will mean privileging one group above another – for example, to protect vulnerable

consumers – this is arguably social policy, and not a decision that regulators have relevant powers to make. We have seen greater willingness from government in recent years to intervene directly in these regulated markets – most notably in the high-cost credit cap the FCA was instructed to introduce from 2015 to tackle 'payday' lending⁵, and in recent proposals to cap the costs of standard variable and default tariffs for energy.⁶ However, big questions remain about the relative rights of consumers and firms, and how strong we want regulation to be in these markets.

1.2 Current approaches to vulnerable consumers

In recent years, regulators have shown a preference for principles-based regulation, allowing for flexibility and innovation within certain parameters, rather than setting precise rules for providers to follow. However, they have reserved the right to make more prescriptive regulatory interventions, where there is clear evidence of bad practice or negative outcomes. Recent examples include proposed measures to address persistent credit card debt from the FCA⁷ and Ofgem banning providers from forcibly installing prepayment meters when this risks traumatising a vulnerable customer.⁸

Looking closely at how essential service regulators define vulnerability in their respective sectors, and the approaches they have taken to supporting vulnerable customers in recent years, it is apparent that they have taken differing stances, and levels of action in this area.

2. Richards B. Should switch, don't switch: Overcoming consumer inertia. Social Market Foundation. 2015.

3. Competition and Markets Authority. Retail banking market investigation: Final report. 2016.

4. National Audit Office. Vulnerable consumers in regulated industries. HC 1061, Session 2016-2017. 2017.

5. Financial Conduct Authority. Policy statement PS14/16: Detailed rules for the price cap on high-cost short-term credit. 2014.

6. Department for Business, Energy & Industrial Strategy. Draft Domestic Gas and Electricity (Tariff Cap) Bill. 2017.

7. Financial Conduct Authority. CP17/10: Consultation on persistent debt and earlier intervention remedies. 2017.

8. Ofgem. Decision to modify gas and electricity supply licences for installation of prepayment meters under warrant. 2017.

Approaches to vulnerable consumers across regulators

Service regulator	Definition of vulnerability and approach to support vulnerable customers
<p>Financial services (FCA)</p>	<p>In 2015 the FCA published an Occasional Paper on Consumer Vulnerability. This defined vulnerability in financial services markets, set out the scale of vulnerability in the UK and sought to provide firms with practical help and good practice examples, for supporting vulnerable customers.</p> <p>In late 2017 the FCA published FCA Mission: Our Future Approach to Consumers, a consultation document building on the work of the Occasional Paper and setting out a framework for regulating retail financial markets. The document sets out four specific outcomes, which underpin this vision, and suggests indicators that could be used to measure progress on each.</p>
<p>Energy (Ofgem)</p>	<p>In 2013 Ofgem published its consumer vulnerability strategy, this defined vulnerability in the energy sector and set out Ofgem's approach to identifying and tackling consumer vulnerability. The strategy also set out an initial programme of work, and outlined desired outcomes in each area.</p> <p>Ofgem recently clarified providers' responsibilities towards vulnerable consumers by adding a broad vulnerability principle to their license conditions, and they publish data annually on providers' performance in relation to their social obligations, including levels of debt and non-financial support provided to vulnerable customers.</p>
<p>Water (Ofwat)</p>	<p>In 2016 Ofwat published a Vulnerability Focus Report, developing the definition of vulnerable customers laid out in legislation and seeking to broaden providers' understanding of consumer vulnerability. The report highlights good practice, and demonstrates improvements in the support providers are offering customers identified as vulnerable, but suggested that uptake of such support remained low and that many vulnerable customers were being underserved. Alongside the report, Ofwat produced a practitioners' pack, consolidating their findings and providing practical advice and resources for providers.</p>
<p>Communications (Ofcom)</p>	<p>Ofcom has some specific duties towards vulnerable customers, which are laid out in legislation, and has set out a high level approach to supporting vulnerable consumers, including a broad definition of vulnerability. Ofcom has published access and inclusion data on market outcomes for vulnerable consumers, such as take-up of services and levels of debt.</p>

These efforts are encouraging. Two consistent problems, however, remain. Firstly, despite nuance in regulators' definitions of vulnerability, recognising that it may be transitory and that anybody can be affected, vulnerable consumer policy responses have tended to focus on identifying and supporting customers with relatively consistent problems, such as sensory

impairments or physical disabilities, or with degenerative conditions associated with old age. Secondly, access to support continues to rely largely on vulnerable consumers disclosing information about their problems – a factor which is particularly problematic for people experiencing mental health problems, as explored in the next chapter.



Section Two: Mental health and markets

One in four adults will experience a mental health problem each year⁹ – equivalent to nearly 12 million consumers.¹⁰ People with mental health problems are more likely to be living on a low income than those without.¹¹ This means that essential services will often account for a higher proportion of expenditure for people experiencing mental health problems. These illnesses can also have a profound effect on the way our brains process and use information, as well as influencing psychological factors like our motivation or ability to engage. These, in turn, can have a significant impact on our ability to manage money, and to navigate markets for essential services. In short, mental health problems can make it much harder to manage essential services and to get a good deal – when those affected are often also less able to afford the premiums associated with being a less engaged consumer.

Common cognitive impacts associated with mental health problems include:

- a lack of motivation – when a person is finding it difficult to complete routine self-care tasks, like washing, eating and getting dressed, checking whether they are getting the best deal on essential services is not a priority;
- short attention span – many mental health problems are associated with difficulties concentrating, which can make searching through a wide variety of tariffs or suppliers, or carefully scrutinising a bill, much harder;

- unreliable memory – a very common symptom of many mental health problems, and a side-effect of some treatments. It can make remembering when bills are due or when your tariff or contract ends, very difficult;
- impulsivity – which can lead people to take out inappropriate contracts without fully understanding the consequences;
- and reduced planning and problem solving ability – which makes it difficult to work out the best in a range of complex offers.

As a result, people with mental health problems can experience difficulties when choosing, using and paying for essential services, and are at an increased risk of detriment in these markets. However, these effects can vary substantially from person to person, and between different mental health conditions, so it is unhelpful to make assumptions about specific individuals' ability to navigate markets for essential services.¹²

2.1 A shifting population

With so many customers affected by these conditions, it is clear that considering ways to make managing essential services as simple as possible to avoid detriment to this group is a must.

This is further complicated, however, by the fluctuating nature of mental health conditions. Even those with the most serious conditions can be well for years at a time – so the “one in four” is not a static group. By some

9. McManus S et al. Adult psychiatric morbidity in England, 2007. Results of a household survey. NHS Information Centre for Health and Social Care. 2009.

10. Money and Mental Health calculated using Office for National Statistics, Population Estimates for UK, England and Wales, Scotland and Northern Ireland: mid-2016.

11. Mental Health Taskforce. The Five Year Forward View for Mental Health. NHS England. 2016.

12. Holkar M. Seeing through the fog: how mental health problems affect financial capability. Money and Mental Health Policy Institute. 2017.

estimates, almost half of us will be affected at some point in our lives.¹³ Many people, however, either don't realise that their symptoms amount to a diagnosable mental health problem, or struggle to overcome the stigma around seeking help. Only a minority of people with a mental health problem at any given time will be receiving treatment and support.¹⁴

This makes the population of people experiencing mental health problems quite different to other groups of 'vulnerable consumers' which economic regulators have a specific duty to support. There are particular difficulties in identifying people experiencing mental health problems. These illnesses thus pose a challenge to regulators' existing vulnerability strategies, which rely on identifying the people affected, and then offering specific adjustments. With this enormous consumer group, however, this simply is not a practical approach. It is entirely possible that a substantial number of the consumers who are not currently engaging in these markets are effectively unable to do so, at least some of the time, due to their mental health. To avoid detriment to people experiencing mental health problems in these markets, a more ambitious approach is required.

2.2 Universal design

When designing services for those with additional needs, there are broadly two possible approaches. The first is to design services for the typical consumer and then to consider how it could be adapted for those with extra needs. An alternative approach is to consider the needs of the most disadvantaged user and design for them, in such a way that the product is accessible to everyone. A simple example of this principle in action is the electric toothbrush: originally designed for people with motor neurone disease, but now widely used. Another everyday example is the dropped kerb: rather than complicating wheelchair design so users could go up and down kerbs to cross roads, we have integrated lowered kerbs into every road, particularly around pedestrian crossings. This dramatically improves accessibility for wheelchair users, but also helps parents with children in prams, and even people using wheeled suitcases. Rather than asking those at a disadvantage to find another way or to do something special, we adjusted the norm.

When it comes to meeting the additional needs associated with mental health problems, the latter approach has much to recommend it. Recent research demonstrating the scale of potential vulnerability also suggests it might be a pragmatic approach: the Financial Conduct Authority's Financial Lives survey suggests that as many as 50% of consumers demonstrate at least one sign of potential vulnerability at any given time.¹⁵

This would, however, represent a dramatic shift in the way we conceive of market regulation and the duties of firms in the UK. Through the following three chapters, we present further evidence on the problems people experiencing mental health problems face choosing, using and paying for essential services, to develop the case for a shift in our approach to regulation.

13. Mental Health Foundation. Fundamental facts about mental health 2016. 2016.

14. Four in ten (39.4%) adults with a common mental disorder (different types of depression and anxiety) are receiving any treatment. McManus S et al. Adult psychiatric morbidity in England, 2007. Results of a household survey. NHS Information Centre for Health and Social Care. 2009.

15. Financial Conduct Authority. Understanding the financial lives of UK adults: Findings from the FCA's Financial Lives survey 2017. 2017.



Section Three: Choosing services

People with mental health problems can experience a range of difficulties, which can make it harder for them to choose the right product or to get a good deal. For some, these are problems comparing options and finding a new deal. Others are able to make a choice, but encounter practical barriers when trying to switch providers. This means that consumers with mental health problems are likely to consistently pay more for essential services – a particularly problematic outcome when this group are more likely to be living on lower incomes.

The problems outlined in this chapter help to explain why information remedies are only partially effective at driving competition, and why a subset of consumers are persistently disengaged from essential service markets, or make sub-optimal choices.

3.1 Disengagement

Most people with mental health problems understand that they “should” be more engaged consumers: more than two thirds (69%) recognising that switching suppliers is the key to getting the best deal on essential services.¹⁶ But for many, this is simply too difficult, particularly when they are unwell. When depressed, people often lack the motivation to pursue hobbies, sex and other pleasurable activities. At these times, engagement in essential service markets can require superhuman levels of effort. Eight in ten (82%) of our survey respondents said they found the thought of switching and shopping around exhausting.¹⁷

For others, anxiety drives risk aversion and prevents people from switching. Some reported sticking with their current providers for fear of making a bad decision,

or facing some unexpected penalty for switching. Three quarters (72%) of our respondents reported knowing that better deals are available, but not being sure which providers they can trust,¹⁸ and a third (30%) said that they would rather stick with the provider they know, even if it was more expensive, rather than risking the unknown.¹⁹ Only 15% of our respondents reported not wanting to switch because they are happy with the services they currently receive.²⁰

“Things like bank account, gas and electric etc just baffle me. I never change them for fear of costing myself more money.”

3.2 Comparing options

Mental health problems can affect cognitive processes such as working memory and attention switching ability, which are used to weigh up different options. As a result, people with mental health problems may struggle to compare complex products or tariffs across multiple providers, or doing so may require substantial mental effort.

Nearly three quarters of respondents to our survey (72%) reported that they find it hard to identify the best deal, and eight in ten (80%) said they struggle to compare deals when there are many different options.²¹ Respondents commonly cited complexity in the market as an important factor, particularly when products are structured in different ways. This includes tariffs incorporating both fixed and variable elements, such as prepayment meters that include a standing charge, or flat rate mobile phone contracts, which then charge

16. Money and Mental Health survey of 434 people with lived experience of mental health problems. Base for this question: 348.

17. Ibid. Base for this question: 351.

18. Ibid. Base for this question: 350.

19. Ibid. Base for this question: 350.

20. Ibid. Base for this question: 350.

21. Ibid. Base for this question: 349.

a variable rate beyond a certain usage threshold and so are difficult to compare on a like for like basis. Other examples include differing contract lengths in telecoms and non-financial competition, through credentials such as customer service, renewable energy provision or enticements such as cinema tickets or gifts.

"It can be difficult as my brain is not able to process the information. I keep revisiting the different sites to remember who has said what as I do not retain details for very long."

"I find the process of hunting for deals overwhelming. My brain can crash, then I'll just take whatever deal is closest to me. Or I'll get stuck, and not be able to take any deal. Last time I needed a new mobile it was awful, it took me more than six months to decide which deal to get."

"The energy companies' various tariffs make it almost impossible to compare like for like. It is hard enough living and coping in the real world without complicated calculations."

A perverse incentive against switching is also created where support for vulnerable consumers is not consistent across the market. Consumers receiving Warm Home Discount, for instance, may have a strong disincentive to switch, as other providers may apply different entitlement criteria or may have exhausted their limited supply of discounts. More generally, consumers with mental health problems who are receiving additional support may face a disincentive against

switching if they would have to disclose information about their mental health to a new provider, in order to receive the equivalent support.

3.3 Contacting suppliers to organise a switch

Many people with mental health problems, particularly anxiety disorders, are phobic about using the telephone.²² This can be a significant barrier to market engagement, particularly where customers must make a telephone call to cancel an existing contract before switching. The mobile phone market appears to be particularly problematic for this, with customers often having to call and cancel their contracts to obtain the PAC code needed to transport their number. Respondents to our survey report missing out on the best deals because they can't cope with the pressure of haggling, or being pressurised by their providers when calling up to cancel, and in some cases feeling unable to switch as a result.

"I can't haggle as I need to. My anxiety takes over and I give in."

"I struggle with salespeople trying to get me to stay with them when I've decided to go elsewhere. That's a real problem. Those people just don't get it that "no" means no."

"My worst problem is changing mobile phone providers. Most insist on you ringing them to cancel and make it virtually impossible to cancel by email or letter."

22. NHS Choices. Social anxiety disorder (social phobia). <https://www.nhs.uk/conditions/social-anxiety/>. (last accessed 07 December 2017).

Choosing essential services – summary of challenges for regulators and government

The immediate challenge: Make switching more accessible	In the longer term: Reduce systematic disadvantage created by current market design
<ul style="list-style-type: none">• At present, some relatively straightforward factors prevent people with mental health problems from engaging in the market as fully as other consumers. Raising minimum service standards across essential services markets, including providing common standards for additional support, encouraging providers to offer a range of communication channels and considering ways to share data around disclosed support needs, could all address problems identified by consumers with mental health problems.	<ul style="list-style-type: none">• Some consumers, through no fault of their own, are less able to advocate for themselves in markets, and get a poorer deal as a result. In the short term these consumers can be protected through interventions like price caps, though these risk distorting the market. More efficient in the longer term, would be to redesign the competitive mechanism to reduce the amount of legwork consumers are expected to undertake to level the playing field.



Section Four: Using services

In recent years essential service providers, guided by their regulators, have significantly improved the accessibility of services for certain groups of vulnerable customers, such as those with visual impairments, hearing problems or physical disabilities. However, our evidence suggests that basic accessibility needs are not being met for many consumers with mental health problems. Many people with mental health problems experience difficulties communicating with their providers, managing their accounts and getting support when problems develop.

4.1 Communications

People with mental health problems often experience difficulties with certain communication channels, most commonly using the telephone or opening post. Many people with mental health problems also report struggling to understand the terms used by essential services providers in their communications. Inaccessible communications can mean that customers do not receive essential information from their providers, or struggle to seek support when problems develop. Being forced to use an unsuitable communication channel can have a serious impact on customers' mental health, as well as their ability to effectively engage. For some this can trigger panic attacks or suicidality.

"I have massive anxiety about talking to strangers on the phone. I frequently end up feeling at best exhausted or at worst suicidal afterwards."

On the telephone, problems can be aggravated by having to navigate menus or remember account security details. Making decisions over the telephone can be particularly difficult for consumers experiencing mental health problems, who may need longer to consider decisions if their illness affects their ability to understand and weigh up information. Consumers with mental health problems frequently report being pressured by call handlers to make decisions more quickly than is comfortable for them. There is also a widespread perception that call handlers do not understand mental health problems, and that reliance on scripted conversations prevents them from offering adequate support to customers experiencing difficulties. Short term memory issues caused by mental health problems can also limit the usefulness of phone calls, making it difficult to remember the agreements reached or required action points.

"I generally become very stressed and unable to think clearly when I'm contacted by phone so I often finish a call being clueless as to what's been discussed!"

Problems with post are also common. Many people report feeling intimidated or threatened by letters about arrears or late payments. An aggressive tone can have a severely negative impact on people's mental health. In some cases, consumers respond by physically hiding letters and failing to engage at all. Some people also reported being distressed by marketing materials sent by providers, worrying that they are unexpected bills.

"My water company keeps sending letters about their pipe insurance they want me to buy, every time I see a letter with their logo on I think I'm about to receive a huge bill."

Providers can take practical steps to address these problems, such as providing customers with a transcript of phone conversations or designing envelopes that are less hostile. Steps like these can reduce the negative psychological impact of communications by telephone or letter, and make these communications channels more accessible for people with mental health problems. However, adaptations like these will not be sufficient for some people, particularly those with more severe phobias. Alternative communication channels, such as webchat, text messages or in-app notifications, could be more accessible for those who struggle to use the telephone or to open post. However, our research suggests that essential service providers rarely use these alternative channels to contact customers with mental health problems. Email is more commonly used but this is often a one way or limited channel, so customers cannot always raise queries in this way.

"I find it very daunting to contact service providers... to the point where I will put it off for weeks. I find the automated call handling disconcerting and long lists are difficult to concentrate on so I often have to ring off and try again several times before I know what option to choose. By the time I get through to someone I already feel really stressed and frazzled... They often make you listen as they read off a script that really clearly doesn't relate to your query at all. No wonder that next time I feel daunted about contacting them and often put it off for weeks."

4.2 Support from friends and family

Across the UK, nearly a million people care for someone experiencing a mental health problem. Nearly half of all carers provide support with financial matters and paperwork.²³ Often this support is provided remotely: only 17% of those who care for someone with a mental health problems live in the same place, compared to 53% of those caring for someone with another long-term condition.²⁴

Unfortunately, systems to allow carers to safely offer support to people with mental health problems when managing essential services are underdeveloped. As a result, carers are often denied access even in emergency situations, such as when the person they care for has been hospitalised. Others rely on risky workarounds, which put both parties at risk.²⁵ Formal powers of delegation, such as Power of Attorney are not implemented consistently, and informal delegation often relies on the customer being able to confirm that the third party is acting with their consent, which can be difficult if a person is very unwell or some distance away. More broadly, existing systems for delegating decision-making power are insufficiently flexible for people experiencing mental health problems, who often find their own capability fluctuates. This can be disempowering, preventing people from managing their own affairs when they are capable of doing so.

"Although my children have Lasting Power of Attorney, call handlers always want to verify it with me and just confirming it can be a huge hurdle and cause a lot of distress."

23. Survey of Carers in Households 2009/10. NHS Information Centre for Health and Social Care. 2010.

24. Ibid.

25. Murray N. Strength in Numbers. Money and Mental Health Policy Institute. 2016.

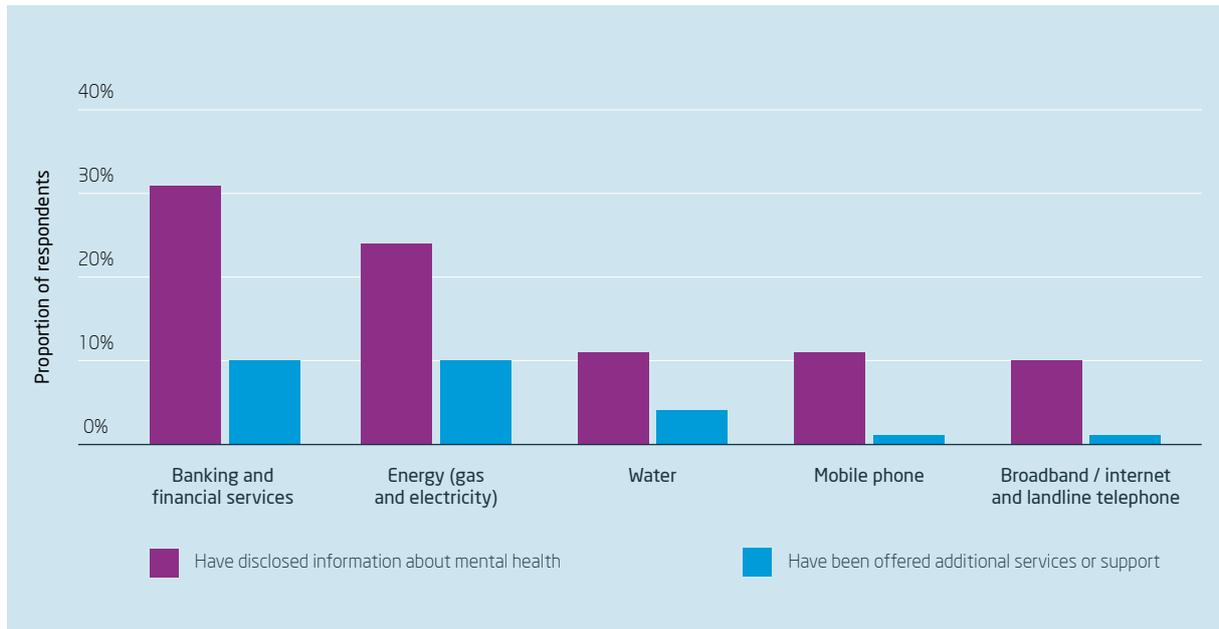
"When I feel OK, as I do at the moment, I can deal with the essential services myself. When I don't feel well, it would be easier for my husband to deal with them, but as my name is on the bill they don't want to know."

4.3. Disclosure

Essential service providers often offer specialist support to customers identified as vulnerable. However, our research suggests that few people are offered additional support by essential service providers because of their mental health, and that many are unaware that such support is available.

As illustrated in Figure 1, only a small minority of respondents have received additional support because of their mental health, even in financial services and energy – the two sectors where comparably more people disclose information about their mental health problems.

Figure 1: The proportion of respondents who have disclosed information about their mental health to essential services providers, and the proportion who have been offered additional support



Source: Money and Mental Health survey of 434 people with lived experience of mental health problems. Base for this question: 335

Part of the problem is relying on consumers disclosing information about their problems to identify those in need. This may be an effective strategy for identifying

some vulnerable consumers, but people experiencing mental health problems often do not feel comfortable disclosing information about their health problem.

Reasons for not disclosing

Previous Money and Mental Health research, based on a survey of nearly 5,500 with lived experience of mental health problems, found that only 18% of respondents had told a creditor that they have a mental health problem. The most common reasons for not disclosing were as follows:

- **60%** – I wasn't aware that it would make any difference to how the organisation dealt with the debt
- **55%** – I do not like telling people about my mental health problem(s)
- **52%** – I did not believe they would treat me sensitively and sympathetically if I told them about my mental health problem(s)
- **40%** – I was concerned about what they would do with the information about my mental health problems²⁶

Results do not add up to 100% as respondents could pick more than one option

Others, who are willing to disclose information about their mental health, complain that there is no simple way to do this, and it can often rely on using the telephone. Some report negative experiences of disclosure, such as being asked to repeat sensitive personal details on multiple occasions before any action is taken, or seeing no appreciable benefit after disclosing.

"I would have no problem with it (disclosing information about a mental health problem) if it was over the internet either email or a web form."

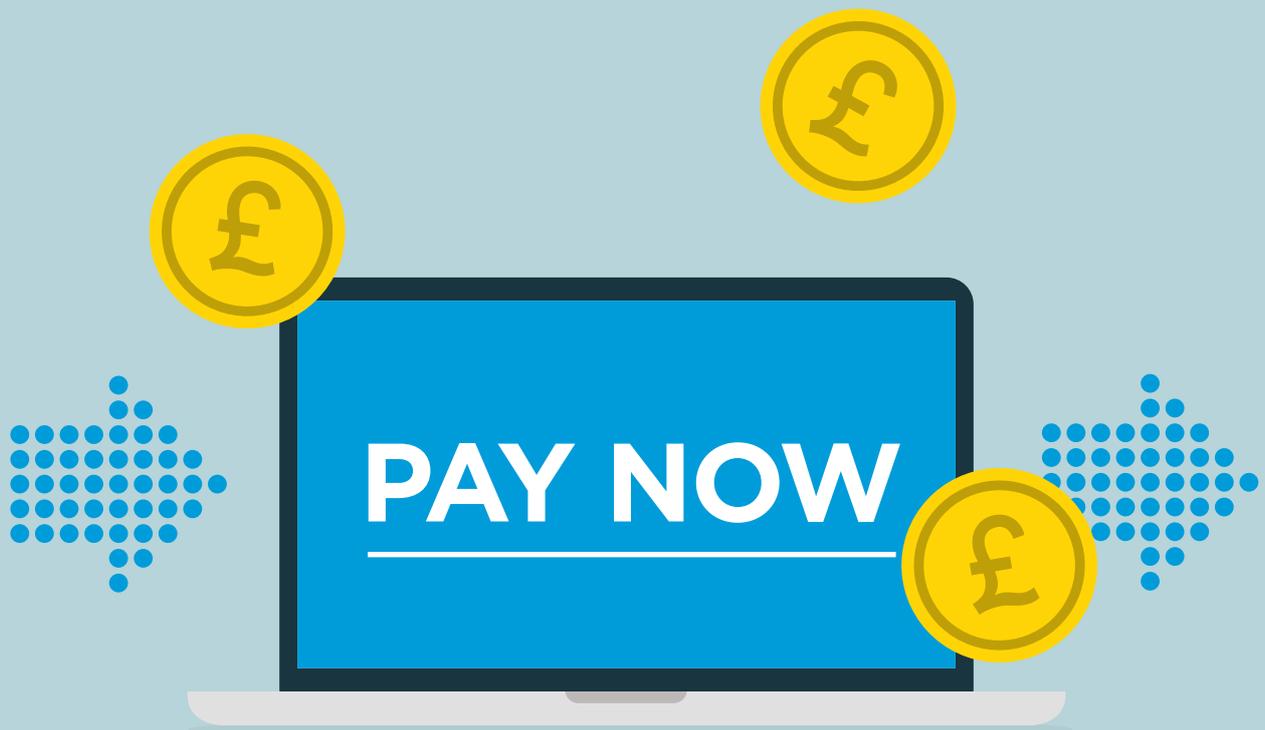
"It's embarrassing having to ask for help so usually I don't bother I'll just try and struggle through"

"I've done it (disclosed) with my bank. They didn't have a clue how to handle it."

26. Money and Mental Health survey of 5,413 people with mental health problems on the links between money and mental health problems 14 March – 15 April 2016.

Using services – summary of challenges for regulators and government

The immediate challenge: Improving accessibility of essential services	In the longer term: Ensure a consistent response to mental health problems
<ul style="list-style-type: none">• People with mental health problems experience substantial difficulties when using essential services, often struggling to contact suppliers and to secure the help they deserve. While developing more detailed strategies for vulnerable customers in response to the NAO report, regulators have an opportunity to drive up standards of service provision for these consumers.	<ul style="list-style-type: none">• In the longer run, additional benefits would be provided if consumers could have a clear sense of what they should expect if they disclose a mental health problem to an essential services provider. Consistency could help encourage disclosures, as well as driving up standards and enhancing competition on service quality.• Existing provisions for the delegation and sharing of decision-making responsibility are often unsuitable for people with fluctuating mental health conditions. The government must consider alternative ways of sharing power which work for people with mental health problems, those who care for them, and for essential services companies.



Section Five: Paying for services

People with mental health problems are three times as likely to be in problem debt as those without.²⁷ Some people disengage from their finances when unwell, and can quickly fall behind with payments, whilst others, who are usually engaged, struggle to understand their bills and can be vulnerable to mistakes. Even for those who are engaged and understand their bills, many find that the payment options available to them are unsuitable due to low and unstable incomes. Such problems with payments can, in turn, put further pressure on people's mental health.

5.1 Disengagement

Avoidant behaviours are a common symptom of anxiety. Some people with mental health problems report never opening or checking their bills, because they find this too stressful. Others, who are usually engaged, may find this slips during periods of acute poor mental health. When people are very unwell, particularly when a person is hospitalised for their mental health, engaging with essential services management can be practically impossible. 77,000 people were admitted to hospital for treatment of mental health conditions in England in 2016/17, and the average length of stay was 51 days.²⁸ Disengagement can lead to missed payments, penalty charges and even legal action.

"When I'm ill, I don't open official letters, I can't deal with them because I feel anxious and scared."

5.2 Understanding bills

Almost all (95%) of our respondents report having been surprised by the size of an essential service bill.²⁹ For people with low financial resilience, this can lead to falling behind with payments or emergency borrowing. Many people with mental health problems also report struggling to understand their bills for essential services, as illustrated in Figure 2. These difficulties are likely not unique to people with mental health problems, but can be more acute for this group due to the negative impact that mental health problems can have on cognitive and psychological functioning.³⁰

These problems can be exacerbated by the way that tariffs are structured or bills are designed. Respondents to our survey highlighted jargon and the complexity of information contained in some bills as particularly problematic. Others reported feeling overwhelmed and unable to distinguish the key message from bills. Respondents also reported being confused by tariff pricing structures, additional charges that do not appear in headline deals, differences between estimated and actual billing and instances where prices rise part way through a contractual period.

"I find my mobile bill the hardest to understand, so many hidden charges."

"I am far from being a simpleton, but bills are often so entangled with legal jargon to cover the company's backs that it is too easy to misunderstand the basics that the customer needs to be able to understand. The same can be said for statements and contracts; it's not just the 'small print', the whole bill, statement, contract becomes a minefield of gobble-de-gook."

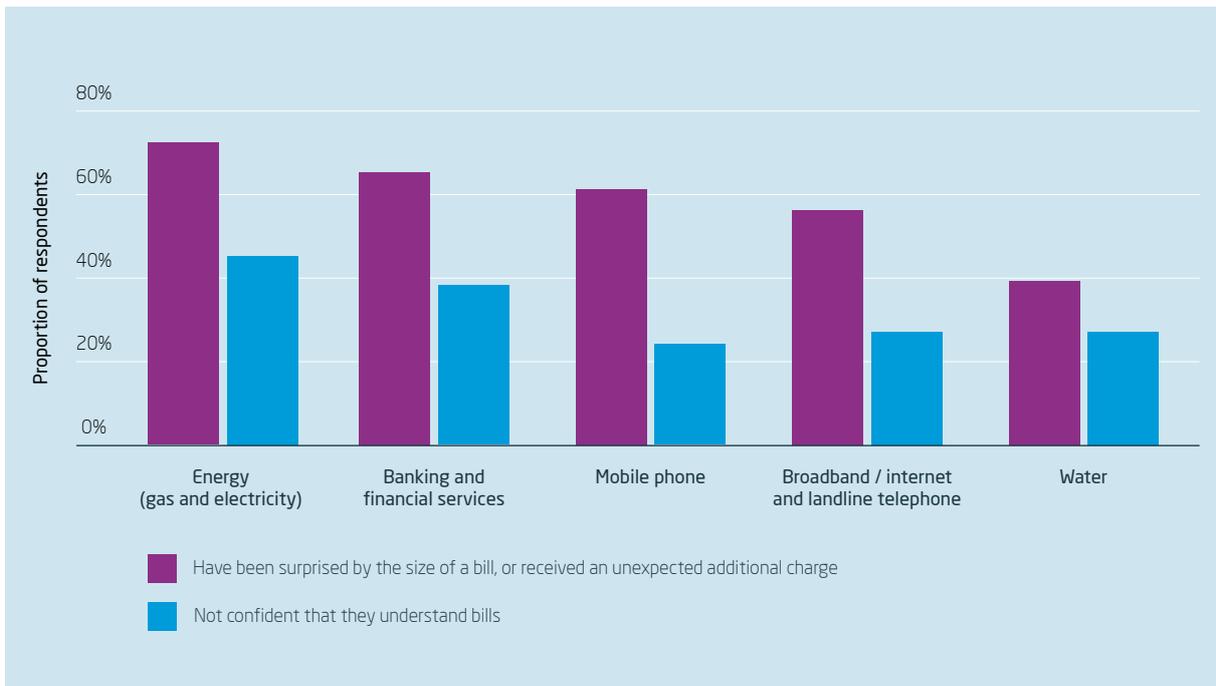
27. Jenkins R et al. Debt, income and mental disorder in the general population. *Psychological Medicine* 2008; 38; 1485-1493.

28. Number of and mean length of admissions where main speciality was adult mental health. NHS England. Hospital Admitted Patient Care Activity, 2016-17. 2017.

29. Money and Mental Health survey of 434 people with lived experience of mental health problems. Base for this question: 369.

30. Holkar M. Seeing through the fog: how mental health problems affect financial capability. Money and Mental Health Policy Institute. 2017.

Figure 2: Proportion of respondents who have been surprised by the size of a bill, or received an unexpected additional charge, and proportion who are not confident that they understand bills



Source: Money and Mental Health survey of 434 people with lived experience of mental health problems. Base for this question: 366

5.3 Payment options

Limited payment options can cause further problems for people with mental health problems. Direct debits are invaluable for many, because they ensure that bills are paid on time, even when people are acutely unwell. However, they can be too inflexible for those with irregular incomes, who may find it harder to guarantee that they have enough to pay on a specific day of each month.

For others, quarterly billing or irregular changes in direct debit amounts can mean that people struggle to keep track of their essential service usage and receive unexpectedly large bills, which can cause stress and confusion. Some people with mental health problems are choosing more expensive billing options, such as prepayment energy meters, to avoid these drawbacks of quarterly billing, putting additional pressure on their household finances.

"I have pre-payment meters for my gas and electric as I can't cope with the idea of a bill coming in, for me it is one less worry."

"My benefits come every fortnight, which means I can't set up monthly direct debits because I don't know that I'll have the money in my account."

"Direct debits not taken on agreed date or amount taken vastly increased, cause significant financial crisis and no food or energy to keep well."

5.4 Exclusion

Some customers with mental health problems report rationing consumption or self-disconnecting from essential services because of money worries. Others describe cutting back on food to pay the bills. This may be attributable to the difficulties that people with mental health problems face trying to get a good deal, the inaccessibility of support services, and the fact that people with mental health problems are more likely to be living on a low income. Such exclusion can leave people isolated, and take its toll on their mental and physical health.

"I practically freeze in winter and never turn on lights for fear of bills I may not be able to meet."

5.5 Collections activity

Falling into debt and being contacted by a collections team is always likely to be an unpleasant experience, but it need not be traumatic. Previous Money and Mental Health research has highlighted the negative impact that excessive contact from collections teams, unreasonable treatment and repossessions can have on people's mental health. When contact from collections teams is perceived to be excessive in volume, or intimidating in tone, this can lead to feelings of anxiety, paranoia and exhaustion. Where bad practice occurs it can have a profound impact.³¹ Respondents to our survey raised examples such as being charged administration fees that are larger than the original debt and being offered payment plans that they perceived to be unaffordable. Recent research from a coalition of advice charities, assessing creditors' use of enforcement agents, has drawn attention to a range of bad practice, such as enforcement agents using aggressive and threatening behaviour and failing to adhere to the correct rights of entry.³²

31. Holkar M and Mackenzie P. Money on Your Mind. Money and Mental Health Policy Institute. 2016.

32. Johnson S et al. Taking Control: The need for fundamental bailiff reform. AdviceUK, Christians Against Poverty, Citizens Advice, Money Advice Trust, StepChange Debt Charity, The Children's Society and Z2K. 2017.

Paying for services – summary of challenges for regulators and government

Immediate challenges: Facilitate consumer understanding and protect those in arrears	Longer term challenges: Identifying consumers experiencing difficulties and offering proactive support
<ul style="list-style-type: none"> • Complex tariffs and billing structures may be a symptom of strong competition as firms compete to design contracts which meet the needs of specific customer segments. However they can also be a barrier to competition. A careful balancing act is needed to ensure this form of competition does not disadvantage vulnerable consumers and that support is provided where consumers do not understand pricing structures. • Consumers are rarely more vulnerable than when they are experiencing difficulties paying or are in arrears. Half of people in arrears are also experiencing a mental health problem. Driving up collections standards across the UK is essential. 	<ul style="list-style-type: none"> • Existing approaches to supporting consumer vulnerability, which rely upon disclosure, are ineffective, particularly for consumers experiencing mental health problems. This makes it difficult to provide proactive support, and instead vulnerability is only identified when a person is already in substantial difficulties, if at all. Over the longer term, regulators should explore how firms could use data proactively to identify those in need of greater support and work across industries to build positive defaults which help consumers avoid financial difficulties.



Section Six: Meeting the challenges

Our research has highlighted the wide range of issues people experiencing mental health problems face in markets for essential services. With a quarter of consumers experiencing a mental health problem in any given year, we have to admit that markets which do not work for these consumers are not working at all. Rather than encouraging consumers to engage, we need to think about ways to make market engagement dramatically easier for consumers. Additionally, with the same problems emerging in the water, energy, telecoms and financial services markets, there is much to gain from an integrated response. In this section, as well as considering the steps that individual regulators could take, we explore what the government could do to support fairer markets through the upcoming Consumer Markets Green Paper. These recommendations aim to support both regulators and government to meet the challenges set out at the end of chapters three, four and five of this report.

6.1 The policy opportunity

This discussion seems timely. More than thirty years after the privatisation of telecoms, energy and water provision in the UK, and the 'Big Bang' liberalisation of financial services, significant concerns remain about the fairness of these markets. After a decade of stagnant pay, the poor value these markets offer to consumers is a growing political issue.

As well as facing increasing pressure to ensure consumers are getting a fair deal, regulators are also having to consider how to manage rapidly changing marketplaces. The growing use of consumer data, for example, could transform these markets within a relatively short space of time. Open Banking, which will provide the infrastructure to allow consumers to safely share their current account transactions

data with a range of third parties, for example, is expected to significantly disrupt established patterns of competition.³³ The introduction of smart meters offers similarly exciting possibilities in the energy market. Bringing these technologies together, we may begin to see a new bundling of services, new aggregation and intermediary players, and a very different type of competition across energy, financial services and telecoms, within the next five years.

This technology could make it easier for consumers who are currently inactive to get a better deal, by making the work of searching and switching much easier. Using customer data, it would be possible to provide tailored recommendations based on a customer's exact, rather than estimated usage, making comparing complex tariffs significantly easier and strengthening competition.

They will only do so, however, if they are taken up by a significantly large number of people, and not exclusively by customers who are currently engaged. In a worst case scenario, these types of tools could exacerbate existing inequalities in these markets by making it easier for engaged customers to get an even better deal, while those who struggle to engage are left even further behind. The full scale of these challenges will only become apparent as the technology develops and tools become available to consumers – but in the meantime, both regulators and government have an opportunity to begin setting the rules of the game to ensure that in this market revolution, customers are put first.

In the remainder of this report, we offer a series of recommendations for ways that regulators could take action, both immediately and looking ahead, to support consumers with mental health problems.

³³. Competition and Markets Authority. Retail banking market investigation: Final report. 2016.

6.2 Immediate priorities

1. Develop understanding of mental health

Over the past few years regulators have made significant progress in building their understanding of consumer vulnerability. Mental health problems, however, remain a blind spot for some regulators in their vulnerability strategies. Given the number of consumers affected, this is not acceptable. **Regulators should develop their understanding of mental health problems.**

2. Clarify objectives and measure progress

In response to the NAO report, regulators will be considering what more they can do to translate their vulnerability aims into clear objectives, and to measure progress against these. **Regulators should develop metrics which can be used to measure individual providers' progress as well cross-market improvements, and can be used to both to incentivise improvements and to hold firms to account.**

3. Universal principles in services design

Many of the difficulties with essential services outlined in this report will affect other consumer groups too. In these cases, **regulators should consider universal design interventions, that target specific problems experienced by vulnerable consumers, but also benefit consumers more broadly, where possible setting positive defaults when consumers are inactive.** Examples could include:

- Simplifying billing – Regulators should work with providers and people with mental health problems to explore ways of designing bills that are easier to understand for consumers experiencing mental health problems.
- Communications choices – Regulators could make services more accessible by promoting the use of alternative communications channels such as webchat.

4. Arrears and collections

The buildup of problem debt is one of the most tangible negative outcomes in essential service markets. For customers with mental health problems, it is often a symptom of the problems choosing, using and paying outlined above, but it can also be a trigger or aggravator of mental health problems.

Regulators already monitor levels of problem debt in their sectors and set standards for affordability and collections practices, but if they are serious about tackling problem debt they should also examine providers' financial incentives. By monitoring the profitability of customers in problem debt, regulators can better understand providers' behaviour towards these customers, and can identify segments where firms have a perverse financial incentive to maintain or increase the number of customers in problem debt.

Regulators should create an incentive structure that encourages providers to tackle problem debt more efficiently, or ideally to prevent it from being built up altogether.

Research suggests that where collections are required, existing legislation is not being properly implemented. In recognition of the fact that at least half of those contacted by collections agents will be experiencing mental health problems, **the government should task an independent statutory body with regulating the bailiff industry, including the ability to set standards of practice, monitor compliance and take enforcement action.**

5. Make it simple and safe to care

Existing data protection legislation does not prohibit sharing of data where this is in the best interests of a consumer, or is with their explicit consent. At present, however, too often firms concerned about risks of sharing data refuse to deal with third parties, even in an emergency. This leaves people relying on unsafe workarounds like sharing passwords and can ultimately facilitate financial abuse and fraud. **Collaboration between the Information Commissioner's Office (ICO), government and regulators, should consider in what circumstances sharing data is appropriate, and devise best practice guidance to reassure firms about their ability to help.**

The existing structure of Power of Attorney also offers insufficient flexibility to appeal to people experiencing mental health problems, meaning many are left without an appropriate legal delegation method. **Government should review the existing Power of Attorney framework and consider how to make it fit for a variety of needs in a digital society.**

6.3 Longer term

1. Universal design for essential services markets

In the longer term, we should be looking beyond individual service provision to consider how the principles of universal design could be applied to ensure that all consumers are able to benefit from competitive prices. At present, those who lose out are usually those who are least able to engage, often for reasons beyond their control like mental health problems, previous financial difficulties or digital exclusion.

New technologies offer the potential to remove the need for consumers to actively search for providers. Algorithms fed with complete market information about available products and a user's usage and financial data could undertake a much more robust search than a human, and do so much more frequently at lower costs.

Regulators should carefully consider how to maximise the benefits of automatic comparison and AI in their markets, while also guarding against the risks associated with unscrupulous comparison providers or intermediaries.

Transparency in algorithms is likely to be critical in this matter.

The new Centre for Data Ethics and Innovation should explore the potential of consumer data driven AI to improve market outcomes, and consider the regulation necessary to ensure this is a positive force for consumers.

If, as predicted, consumers increasingly buy bundled essential services in future, regulators may need to collaborate to consider how this changes market power dynamics and ensure that aggregators are not able to abuse market power. Where aggregators bring together essential services providers across existing market lines, regulators will need to collaborate to ensure consumers are adequately protected. This integration of markets may also bring opportunities to better support consumers experiencing mental health problems. For example, using one aggregator to deal with all essential services could not only reduce the amount of engagement required of a consumer, it could also provide a single repository point for disclosure of additional needs, and a secure mechanism by which data can be shared with carers. **The new Regulators' Pioneer Fund should be used to explore the potential around aggregation and intermediaries, particularly for vulnerable consumers, to ensure that it is not just active consumers who benefit from innovation.**

2. Minimum standards

Mental health problems affect people's consumer behaviour and the way that they interact with all sorts of essential service providers, regardless of the particular provider, or the regulator sitting above it. Inconsistent approaches to these problems may confuse people with mental health problems, or make it harder for them to engage with support. As essential services are increasingly bundled, or accessed through intermediaries across market boundaries, consistency will become all the more important.

Regulators should collaborate to develop minimum standards of accessibility and support for people with mental health problems, that can be expected across essential services. These would be designed to safeguard customers with mental health problems against the most significant accessibility barriers, or practices that would otherwise cause significant harm to this consumer group. Beyond these minimum standards, regulators should encourage competition and innovation to drive improvements for people with mental health problems.

3. Proactive support for consumers

Moving towards a universal design approach across regulated industries will help to reduce the need to rely on disclosure. Regulators and the government, could, however, go further, and work to proactively identify consumers who would benefit from additional support. While this activity would need to be carefully moderated to ensure proactive interventions are genuinely helpful to consumers, work of this type could have a significant preventative impact. **One of the new 'data trusts' recently announced by the government should provide access to anonymised consumer transaction and service usage data to allow researchers to better understand consumer usage patterns and to develop innovative solutions.**



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