

Eliminating the poverty premium by 2028: The Fair By Design General Election Manifesto

[A quarter of households experience at least one type of poverty premium](#) in any given local area in Britain. The poverty premium means poorer people pay more for products and services than those who are better off. This includes energy, high-cost credit and insurance. People on low incomes also [pay more depending on how they pay for things](#), for example, paying to access cash via fee-paying cash machines. The cost of the poverty premium to a typical parliamentary constituency is [£4.5 million per year](#). [Here you can find out more about how much the poverty premium costs for each constituency](#).

Our mission is to eliminate the poverty premium by 2028

[Fair By Design](#) is dedicated to reshaping essential services, like energy, credit and insurance, so that they don't cost more if you are poor.

Tackling the poverty premium is an effective and achievable solution to protect people on low incomes and raise living standards through the cost-of-living crisis, making everyone better off.

Action to eliminate the poverty premium would put on average [£430 back into the pockets of over 3.5 million households](#) on low incomes, often without requiring any additional funding from the Treasury.

Despite the clear benefits, there is a lack of clarity on who has accountability to tackle poverty premiums. We want to close the gap between social and regulatory policy and bring more accountability into Government and regulators.

This manifesto outlines a series of policy asks to be taken forward by the next Government to eliminate the extra costs paid by families on low incomes. We have consulted with a range of stakeholders, including people living in poverty, to develop credible policy proposals which place people at the heart of policy-making and do not have to mean extra funding from the Treasury.

Our proposals represent a unique opportunity to tackle structural, long-term issues that lead to exclusion and penalise millions living in poverty.





The proposals

Energy

- 1) Introduce [a new social tariff](#) in the energy market, targeted at low-income consumers who are struggling with energy costs / living in poverty.
- 2) Government to work with Ofgem, the energy regulator, to require energy companies to stop charging customers more if they pay for energy on receipt of bill rather than direct debit.

Financial inclusion

- 3) Government to develop a national financial inclusion strategy with clear timeframe and outcomes. This should include:

Giving the Financial Conduct Authority (FCA), the financial services regulator, a new cross-cutting “must have regard” requirement for considering financial inclusion across its work. The FCA should also be transparent about where it can act and where others are better placed to act on financial inclusion, reporting to Parliament annually. This would provide clarity about who has accountability to tackle poverty premiums.

- 4) Ensure that everyone has *free* access to their own cash locally, wherever they live.

Insurance

- 5) Require the FCA to investigate [how well the insurance market is meeting the needs of low-income consumers](#), including how it is producing poverty premiums. The FCA should find out where and why people on low incomes are charged more for factors outside of their control, such as where they can afford to live. The car insurance market is of particular concern here.
- 6) Following the FCA investigation, Government should undertake a review of potential interventions, consulting on what social policies may be needed to tackle the poverty premium in insurance.
- 7) Government to work with FCA so that it stops insurance companies from charging customers more because they can only afford to pay monthly for their insurance.





Credit

8) Government to introduce a new Fair Banking Act, which would expand the provision of affordable and ethical lending via partnerships between commercial banks / building societies and community development finance institutions (CDFIs), credit unions as well as other purpose-driven banking institutions.

9) Expand the [No Interest Loan Scheme \(NILS\) pilot](#) into a wider roll out across the country, pending the result of the evaluations.

Payment systems

10) Require the Payment Systems Regulator (PSR) and utility regulators to work to ensure utility companies offer flexible, cheaper ways for people to pay bills; e.g., via [customer-controlled payment flexibility schemes such as Request to Pay¹](#).

Poverty premium across markets

11) The Competition and Markets Authority (CMA) to be required to re-start its work to measure the poverty premium across markets, to ensure action can more readily take place where it finds people on low incomes paying more for essential services.

Equalities

12) Bring forward the Socio-Economic Duty, in Section 1 of the Equality Act 2010, to ensure regulators and other public bodies have to take steps to address socio-economic inequalities.

We are keen to share the rationale and evidence behind these policy proposals. For further information, please contact:

Camila Azevedo, Head of External Affairs, Fair By Design
c.azevedo@barrowcadbury.org.uk / 07379408587



[Fair By Design](#) is dedicated to reshaping essential services such as energy, credit, insurance and payments so that they don't cost more if you're poor – also known as the poverty premium. Fair By Design collaborates with regulators, government and industry to design out the poverty premium. Fair By Design is managed by the Barrow Cadbury Trust on behalf of a group of foundations. Our Venture Fund provides capital/funding to grow new scalable ventures to innovate the market and design out the poverty premium. Ascension manages the Fair By Design Fund. Find out more on fairbydesign.com

¹ *Request to Pay is a secure messaging framework. It a new flexible way to manage and settle bills between businesses and organisations as well as amongst people. For each request message, the payer will be able to pay in full, pay in part, ask for more time or decline to pay and begin a dialogue with the requester. It gives more control to the person or organisation being asked to pay and gives the biller all of the information to reconcile a payment when it arrives. Read more here on requesttopay.co.uk*