

Citizens Advice service
Social policy impact report
2009/10



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About us

What we do

The Citizens Advice service provides free, confidential and impartial advice to help people resolve their problems. As the UK's largest advice provider, we are equipped to deal with any issue, from anyone, spanning debt and employment to housing and immigration, plus everything in between.

During 2009/10 we helped 2.1 million people with 7.1 million problems. But we're not just here for times of crisis – we also use clients' stories anonymously to campaign for policy changes that benefit the population as a whole.

How we're structured behind the scenes

There are 394 Citizens Advice Bureaux across England and Wales, all of which are registered charities. Citizens Advice itself is also a registered charity, as well as being the membership organisation for bureaux. Together we make up the Citizens Advice service. Of the 28,500 people who work for the service, 21,500 of them are volunteers and 7,000 are paid staff.*

Through the training, information systems and operational support it provides, Citizens Advice equips bureaux to deliver the highest quality advice to their local residents. In turn, client evidence submitted by bureaux alerts Citizens Advice to widespread problems that require action at a national level.

How the public knows us

The Citizens Advice service offers information and advice through face-to-face, phone and email services, and online via Adviceguide.org.uk. Between them, Citizens Advice Bureaux make face-to-face advice available from over 3,500 locations including high streets, community centres, doctors' surgeries, courts and prisons.*

* Figures correct at 1 April 2010.

Introduction

From our national advice work, Citizens Advice gathers evidence to campaign for change at policy level. We estimate that we helped just over nine million people through our policy work in 2009/10.

We would not achieve the influence that we do without evidence from bureaux, nor without their participation in campaigning activities. Nearly 90 per cent of bureaux took an active part in campaigning at some level through the year.

Some of our achievements include:

- Two months notice for tenants whose landlord is facing possession action for mortgage arrears.
- 50 Department for Work and Pensions (DWP) benefit claims lines are now free of charge to mobile phone users.
- Mortgage lenders cannot charge people who keep to plans to repay mortgage arrears.
- 40,000 people per year claiming tax credits who are late reporting relationship changes will no longer be asked to pay back money they were entitled to.

This period has been unusual, however, in the turbulence of the political environment. The recession led to numerous consultations from the Labour Government as they sought urgent ways to manage the economy, while the change of government at the election in May has led to major changes in policy and direction, which means yet another flurry of consultations.

The reforming energy of the coalition Government offers many new opportunities for us to voice the concerns of our clients and to influence new policies. At the same time, however, it means that some of the progress made with the previous government has stopped with the change of emphasis at Westminster: there has been little progress on debt relief orders and pensions since the election, for example, and moves to legislate against poor practices by lettings agents have been dropped.

The challenge for the year ahead is to work constructively with Government to manage the impact of public spending cuts so that the most vulnerable people in our society are protected from further hardship as a result of reductions in services, cuts to benefits, rising prices and increases in unemployment.

9 million
people helped through
our policy work in 2009/10

Benefits and tax credits

Cost of calling government from a mobile phone

What was the problem?

Most government services are now accessible primarily by telephone. While efforts have been made to reduce costs by the use of 0845 (local rate) and some 0800 numbers, these are only cheap or free from landlines, whereas the poorest people are likely to rely on pay-as-you-go mobiles. Phone numbers that are free to landlines can cost up to 40p a minute from mobiles, resulting in average call costs of around £16.00.

This was causing a range of problems:

- People don't claim benefits if they can't afford the telephone claim.
- Claimants don't report changes in circumstances because they can't get through, or can't afford to listen to long recorded messages.
- People queue at bureaux to use the phones.
- Debt – some of the most vulnerable people find they have high call costs when they can least afford it; these bills, coupled with the lack of benefits, lead to debt and distress.
- Discrimination – people with physical disabilities and mental health problems are often worst affected.

What did bureaux do?

Citizens Advice Bureaux across the North of England – co-ordinated by Leeds CAB – spent four months in 2008 researching this problem. They devised questionnaires, surveyed clients, collected personal stories, challenged government statements and explored possible solutions.

What did we do?

Following on from our 2007 report *Not getting through*, Citizens Advice supported

Leeds bureau to publish the report, *Hung up*, based on the work done by northern bureaux. We facilitated distribution of the report and joined the Leeds team in face-to-face meetings with officials. We raised the issue at stakeholder meetings, specifically with Sir Leigh Lewis, Permanent Secretary to the DWP.

What were the results?

In January 2010, the DWP announced agreement with mobile phone companies that 50 of its main helplines will be free of charge to all users. The Department reports that the introduction of the free dial service from mobile phones has had a significant impact on the origin of calls into their 0800 benefit claim services. Measured in the first week of December 2009, before the introduction of the service, 15 per cent of calls came from mobiles, 47 per cent from landlines and 38 per cent from payphones. Measured again in the first week of June 2010, the proportions were 52 per cent, 30 per cent and 18 per cent. This is saving money for those relying only on mobiles, and clearly making life much more convenient for millions of callers who can now call free from their mobile phones.

What still needs to be done?

Other government departments have taken steps to reduce the cost of calling from mobile phones, but HM Revenue & Customs (HMRC) is the last to make significant improvements. It claims that longer term developments will resolve this problem, but we will continue to lobby on the issue.

Benefits and tax credits

ESA: raising concerns over the work capability assessment

What was the problem?

In October 2008, employment and support allowance (ESA) replaced incapacity benefit (IB) for new claimants who are unable to work due to ill-health. We predicted a number of problems with the benefit, and immediately started to monitor the evidence from bureaux, which built up gradually as more people claimed the new benefit.

Between March 2009 and March 2010, we saw an increase of 40 per cent in enquiries about incapacity benefits (combining ESA and IB), and by the autumn of 2009, it was clear that the assessment for the benefit was causing major problems for people with serious illnesses and debilitating conditions. Twenty per cent more claimants were being assessed as fit for work than predicted by the government, while fewer were being allocated to the work-related activity group, which was designed to support them to find work.

We found that:

- Seriously ill people are inappropriately subjected to the work capability assessment (WCA).
- The assessment does not effectively measure fitness for work.
- The application of the assessment is producing inappropriate outcomes.

A CAB in London saw a man in his fifties who had been working until he was persuaded to go to see his GP after feeling ill for some time. He was immediately referred to hospital where he was admitted with heart disease and required a triple bypass. About three weeks after he'd been discharged he started to feel extremely ill again. He

went back to hospital and after a series of new tests was diagnosed with cancer. He was told that the efficacy of the medication he was taking for cancer would reduce over time and his life expectancy was likely to be quite limited. Although he was advised to continue taking regular exercise, he found walking and breathing difficult, was in constant pain and suffered a number of uncomfortable side effects from both his cancer and heart medication. At his WCA he was found fit for work on the basis that he remarked how he walked daily (although not far and not without discomfort) and could raise his hands above his head (once). None of his medical consultants could believe the decision.

What did we do?

We released two reports. The first – *Limited capability* – was published in association with a related report by Macmillan Cancer Research, and raised concerns over the way the benefit was delivered.

The second – *Not working* – highlighted the inadequacy of the medical assessment for the benefit. It showed that bureaux around the country are seeing people found fit for work when their medical condition makes returning to work impossible in the short term. Eighteen other charities endorsed the report, which received media coverage on the day of the launch including the BBC *Six O'Clock News* and several national newspapers. The issue continues to generate interest across the media.

We secured an early meeting with Professor Malcolm Harrington, who is leading an independent review of the WCA.

What did bureaux do?

Bureaux from all over the service told us of problems for their clients. As well as sending in stories, a number of advisers attended workshops and brought anonymised medical reports from the clients' doctors. The level of detail in the cases used in the report was critical in showing the real life impact of failures of the new benefit.

What were the results?

The report enabled us to secure meetings with ministers and senior DWP officials, and the current Minister for Employment has acknowledged our role in raising awareness of the ongoing problems. The previous government's Secretary of State made direct interventions to adjust the revised WCA, but we are still very concerned that the revised assessment will not deliver the right outcomes for clients.

What still needs to be done?

We continue to raise our concerns about the WCA with officials, ministers and MPs. We will contribute evidence to the Harrington Review and other consultations on this issue.

We have designed a survey for bureaux, to test the accuracy of the assessment process, with emphasis on the effectiveness of Atos Healthcare (the private firm employing the health care professionals who conduct the medicals).

We want to see:

- decision makers trained to make balanced decisions based on all the evidence, not just the Atos report
- independent measurement of the application of the WCA, to ensure consistency
- recognition of the real-world effect of different disabilities or illnesses on individuals.



Benefits and tax credits

Tax credits – overpayments and notional entitlement

What was the problem?

On occasion, people may receive government money in benefits or tax credits, which – for various reasons – may need to be paid back: this is called an overpayment. In the tax credit system, we were seeing frequent problems for families who were late in reporting a change in their family circumstances, and then received demands for overpayments, sometimes totalling several thousand pounds.

When a lone parent, for example, failed to notify that his/her partner had left, the government would seek to recover all the money received after separation. In many cases, the lone parent would still have been entitled to the same amount of money – or more – if s/he had reported correctly and submitted a new claim. Even so, the government had no mechanism to offset the overpayment against the actual entitlement. Bureaux saw clients who were being pursued for as much as £10,000 with no way of repaying the money.

What did we do?

For about two years, together with organisations such as the Low Incomes Tax Reform Group (LITRG), Child Poverty Action Group (CPAG) and TaxAid, we wrote to ministers and highlighted the hardship caused by families in this position. We requested that the overpayments could be offset against money that would have been due if the new claim had been put in at the right time – something that would not cost the exchequer money, but would ensure families received monies to which they were entitled.

We met with the Treasury minister responsible for tax credits and worked with officials to

look at how the problem might be resolved. Citizens Advice provided case examples to highlight how the problem most affects those on low incomes.

What did bureaux do?

Local bureaux challenged the recovery of individual overpayments, and submitted cases to Citizens Advice.

What were the results?

In December 2009, the pre-Budget report announced that the Government would offset overpayments arising from late reporting of relationship changes, against money to which the claimant would have been entitled if they had reported the change on time. For many claimants the overpayment would be wiped out completely, as they were effectively entitled to the same money before and after the household change. Claimants facing this situation in future should have the issue picked up as it occurs.

What still needs to be done?

More work might need to be done to ensure claimants struggling to repay overpayments from the past are identified.

Benefits and tax credits

Other work on benefits and tax credits

HMRC debt collection practices

For a number of years, Citizens Advice has been highlighting the different approaches to tax credit overpayment recovery, practised by different sections of HMRC. Families with overpayments on current awards faced fixed recovery rates set with the intention of preventing hardship, but families with overpayments on 'old' awards were sent letters demanding repayment within 30 days. Not knowing they could negotiate, many felt forced to repay at higher rates than they could afford. Some faced 'double' recovery, as different overpayments could be recovered at the same time.

We lobbied for more equitable recovery practices, caps on recovery rates for families on the lowest incomes and clear guidance about when debts should be written off on grounds of hardship.

At the end of March 2010, HMRC changed its practice on the recovery of these debts. New guidance included systems to ensure that only one overpayment would be recovered at a time, and affordable payment plans could be set up more easily. Where someone's financial situation meant they were unlikely to be able to pay for a predictable period, clear guidance advised that recovery could be put on hold or even remitted. These changes will make a tremendous difference to thousands of the 1.3 million households overpaid each year, who need to be able to repay at affordable rates.

Housing benefit back-dating

Following our lobbying over the previous 18 months, in February 2010 the DWP finally announced that HB backdating would not be reduced to three months as originally intended. The period for which a claim can be backdated will therefore remain at six months for those of working age. This could help up to 600,000 HB claimants struggling with rent arrears, where they have good cause for not making an earlier claim.

Local housing allowance direct payments

In 2009, we had raised concerns with the DWP about vulnerable tenants falling into rent arrears because their local housing allowance (LHA) was paid to them, and not directly to the landlord. We were consulted on potential amendments to guidance, and in January 2010, DWP amended local housing allowance guidance to local authorities on direct payment. The guidance emphasises the need for a joined up approach between homelessness and housing benefit departments over decisions on whether a client has difficulty managing their financial affairs and therefore needs LHA paid directly to the landlord.

Consumer

Improving regulation of private parking firms

What was the problem?

Enquiries to bureaux in England and Wales about parking rose 52 per cent in the three years from April 2006 to March 2009. Bureaux evidence told us that clients were experiencing disproportionate action against them by private parking companies, often for minor breaches of parking rules, or indeed for genuine mistakes in interpreting them.

A CAB in Gloucestershire reported an elderly lady who found her car being clamped before she had even left the car park. She was immediately charged £250 which she was told also covered towing away. She told the clammer she had to go and get the money from the bank, but on her return a tow truck dropping off another car was preparing to load hers. There were no obvious signs, the clampers had no ID, no photograph was taken of the car to show the alleged breach of parking rules, her receipt didn't contain details of the clampers and there was no separate charge for clamping without towing away. Her complaint was rejected by the clamping firm, whom the bureau described as rogues and cowboys.

The key problem was that the regulator for the industry, the Security Industry Authority (SIA) was not making the best use of its regulatory powers. Although individuals working for private parking companies were required to be licensed by the SIA, the businesses themselves were not. There was no satisfactory means of appeal or redress for customers who felt they had been unfairly treated and it seemed that the objective of private parking firms was only to make money, not to ensure fair parking.

What did we do?

In October 2008 we submitted written evidence to the Home Affairs Select Committee's inquiry into wheel clamping on private land and in April 2009 we responded to the Home Office's consultation on licensing of private parking businesses. We recommended that licence conditions for clampers must include setting the level of fees and determining when fees may be charged, as well as requiring firms to have an adequate complaints handling process.

In September 2009 we highlighted our concerns about the private parking industry in *Evidence journal*, which was circulated widely to external audiences including Trading Standards Institute, the Office of Fair Trading and the Home Office. In this article, we drew attention to the possibility of dealing with some of the practices of these companies – such as providing poor or obscure signage, failing to provide full information about parking rules, and aggressive demands for payment – by using the 2008 Consumer Protection from Unfair Trading Regulations (CPRs).

In November 2009 we issued a press release and participated in media work to raise awareness of the issue in advance of the Policing, Crime and Private Security (PCPS) Bill which was shortly to be announced.

What did bureaux do?

Bureaux submitted a large amount of good quality evidence which alerted us to the scale of the problem and enabled us to provide excellent case studies to support our arguments.

What were the results?

As we hoped, the Crime and Security Act 2010 included a requirement for businesses as well as individuals to be licensed by the SIA. A code of practice would be produced with which businesses must comply as a condition of their licences. It was proposed that this would include a cap on charges for clamp release and towing, time limits on towing cars after being clamped and rules about signage. The legislation also specifically required the Secretary of State to make regulations to enable people whose cars are clamped or towed to appeal against this.

As a result of reading our article in *Evidence journal*, Wolverhampton Trading Standards contacted us to discuss the possibility of taking action against private parking

companies in their area using the CPRs, and to ask for our support in doing so. They went on to successfully prosecute a company which was treating people unfairly.

As this report went to print the Government announced that clamping would be banned on private land under a new Freedom Act. The section of the Crime and Security Act dealing with clamping and towing will be rescinded.

What still needs to be done?

We will follow the progress of the Freedom Bill, to be published in November 2010. Once clamping is banned we will monitor the alternatives being used and whether they are fair and reasonable.



Credit and debt

Mortgage arrears charges

What was the problem?

In 2007 we published, *Set up to fail*, which looked at the experiences of CAB clients with mortgage and secured loan arrears. We found that many mortgage lenders continued to add charges to the mortgage accounts of people who were trying their hardest to repay their arrears. We believed this was unfair and disproportionate, and that mortgage lenders were unreasonably trying to wring out profit from consumers in financial difficulty.

A CAB in Cumbria saw a woman who had fallen into arrears on her mortgage due to a reduction in working hours. She made an arrangement to repay £30 per month on top of her mortgage, but the lender charged her £40 per month, which was added to the total balance of the loan, on which the client was paying interest. The lender informed the CAB adviser that this charge would continue until the client was no longer in arrears. This meant that by the time the client had paid off the arrears, the balance would have increased by £880.

What did we do?

In *Set up to fail* we recommended that the Financial Services Authority (FSA) should prevent mortgage lenders from continuing to add default charges to someone's account if they were keeping to an arrears repayment arrangement.

We fed in our ideas to the FSA's mortgage market review, and then responded to its consultation on arrears and approved persons.

What did bureaux do?

Bureaux drew our attention to the problem by sending in evidence reports. The FSA came into our office twice to search our database for evidence on mortgage arrears charges to inform its work on this issue.

What were the results?

The FSA agrees that adding charges to the accounts of people who stick to repayment arrangements is unacceptable. It has updated its rules to prohibit lenders from doing so.

In late 2009 the FSA fined GMAC RFC Limited £2.8 million for failing to treat customers in arrears fairly. It ordered the company to pay redress worth up to £7.7 million (plus interest) to those customers who paid excessive or unfair charges.

What still needs to be done?

Although mortgage lenders may no longer add arrears charges to the accounts of people who have made repayment arrangements, there are still many other charges made by lenders which we believe are unfair or disproportionate. We continue to encourage the Government and regulators to look at charging structures more widely.

Credit and debt

Other work on credit and debt

Action against irresponsible lending

As the Consumer Credit Bill (now Consumer Credit Act 2006) was passing through Parliament in 2005-06, we lobbied for it to include an amendment which would place a duty on lenders to lend responsibly.

This amendment was duly put down and as a result the Act introduced reforms which allow the Office of Fair Trading (OFT) to take into account irresponsible lending when determining fitness to hold a consumer credit licence. This power came into force in 2008, and we worked closely with the OFT, taking part in a stakeholder group to discuss their draft guidance. We responded to the consultation on the guidance in 2009. Final guidance was published in 2010 and this will allow the OFT to withdraw consumer credit licences from firms which engage in irresponsible lending.

Debt relief orders and pensions

In late 2009, Citizens Advice, AdviceUK, the Consumer Credit Counselling Service (CCCS) and the Institute of Money Advisers (IMA) wrote to the Minister for Insolvency to highlight the problems faced by people who are excluded from debt relief orders (DROs) because they have pensions worth more than £300. We carried out two surveys of advisers to provide evidence to back up our argument. As a result of this, the Insolvency Service published a consultation on DROs and pensions in March 2010. It cited evidence that we had provided that the rules needed to be changed. Citizens Advice responded to this consultation and provided materials to help individual bureaux submit their own responses. We await the results.

Unsolicited credit limit increases

We provided evidence to the Department for Business, Innovation & Skills (BIS) on the practices of credit and store card providers, and called for the abolition of unsolicited credit limit increases. We told them we were concerned that providing customers with these unsolicited increases encourages greater spending and unaffordable borrowing, and can cause considerable detriment to vulnerable consumers. Although a complete ban has not been introduced, the Government has secured an agreement that credit and store card providers will observe a ban on limit increases for consumers at risk of financial difficulty. The credit providers have agreed to work with debt advice agencies to make sure that they are able to effectively identify people in this situation. In addition, the new EU Consumer Credit Directive, which comes into force in February 2011, will introduce a new requirement for credit providers to undertake an assessment of creditworthiness prior to any significant limit increase.

Credit and debt

Other work on credit and debt

Regulation of sale and rent back

Sale and rent back schemes are where a borrower facing repossession sells their home to a private landlord at a discount, then rents the property as a tenant in order to remain living in it. In our 2007 report *Set up to fail*, we recommended that sale and rent back schemes must be regulated. Shortly before the publication of this report, together with Shelter and the Council of Mortgage Lenders, we wrote to HM Treasury expressing our concerns about these schemes and calling for them to be regulated. We also highlighted our concerns to the OFT, as we believed that some of the ways in which sale and rent back schemes were being marketed were unfair.

In 2008 the OFT undertook a market study, which recommended that sale and rent back should be subject to statutory regulation. In April 2009 the Treasury consulted about this and we responded, again calling for strong regulation. It was announced in June 2009 that the scope of FSA regulation would include sale and rent back, and an interim regulatory regime was introduced from July 2009. In November 2009 we responded to a consultation about the full regime and we welcomed its implementation in June 2010.

Orders for sale

In 2009 we published a report, *Out of order*, which criticised the use of charging orders and orders for sale for enforcing consumer credit debts. Evidence from this report was then cited by the Ministry of Justice (MoJ) in its January 2010 consultation on orders for sale, which sought views on whether to introduce a minimum financial threshold for applications for these orders. We responded to this, repeating that we do not think orders for sale should be used to enforce consumer credit debts. We also provided materials to help bureaux respond to this consultation and we await the results.

Support for mortgage interest

Together with Shelter, AdviceUK and Money Advice Trust (MAT), we lobbied the Government to ensure that it did not change the rate of SMI, which provides payments towards mortgage interest for people on certain benefits. This led to a commitment in the pre-Budget report to keep the standard interest rate for SMI at its current rate of 6.08 per cent until October 2010 rather than reduce it in line with reductions in the base rate. This will help up to 100,000 people stay in their homes.

Self-help debt advice

Following the publication in 2008 of *With a little help from my friends*, a joint report with AdviceUK, the IMA and the MAT, we set up and chaired a working party which developed a good practice model to help clients deal with their own debt problems. Thanks to funding from BIS, CASHflow (as this model is now called) was piloted between October 2009 and April 2010. During this time more than two thousand clients went through the CASHflow process. In May 2010 it was made available to all not-for-profit debt advice agencies.

CASHflow has successfully driven up standards in self-help debt advice by helping people to negotiate with their creditors themselves, allowing advisers to concentrate on helping people who cannot do this. The success of CASHflow was confirmed in May 2010 when it won two industry awards: the IMA's money advice initiative of the year award and *Credit Today's* money advice award.

The free-to-client debt advice sector provides self-help debt advice services to over 500,000 people each year. CASHflow will directly help these clients, and indirectly help the other 150,000 CAB debt clients who need extra help from an adviser.

Common financial statement good practice checklists

We participated in a MAT-led working party to develop good practice checklists for advisers and creditors to follow when completing, submitting and responding to the CFS. The aim is to improve communications and encourage best practice in making and responding to payment offers. By following the checklists, advisers and creditors will avoid having to contact one another to clarify simple matters or confirm what a letter means. As a result, everyone involved will spend less time in protracted negotiations and more time helping new clients.

This work also applies when people are dealing directly with their creditors. As a result, it will benefit nearly everyone who seeks advice from a face-to-face debt advice provider – nearly one million people each year.

Influencing creditor policy and practice

We continue to engage effectively with credit providers to highlight examples of their policy and practice which result in detriment to CAB clients. As a result of this work, we have persuaded a number of creditors to change the content of their letters to people in financial difficulties, to make them clearer and more encouraging. We have also persuaded one major high street lender to accept offers of repayment in line with the CFS and to fundamentally change their approach to negotiating unsecured debt repayments.

Essential services

Notification of price increases by energy suppliers

We have continued to raise the issue of retrospective notification of fuel price rises with Ofgem, the regulator for gas and energy suppliers. Under current gas and electricity supply licences, fuel suppliers must inform customers of price rises, but they are allowed to do this up to 65 days after the price rise takes effect. Suppliers are obliged to inform customers that they are entitled to switch suppliers in order to avoid a price rise, but often the information provided is not made prominent.

We have written to Ofgem about this on several occasions and we raised it again in our response to their consultation *Energy Supply Probe – proposed retail market remedies* in May 2010. In response to continuing pressure from us, along with other consumer groups and MPs, Ofgem decided to look again at the issue and it recently consulted on how to change the licence conditions for suppliers. Meanwhile, the Energy Bill 2010 includes a provision to enable Government to make changes to licence conditions in relation to notification of price increases should this become necessary.

Change of TV Licensing telephone numbers to 03 prefix

We responded to a consultation by the BBC Trust, in which we raised the issue of the cost of telephone calls to TV Licensing helplines. Many of these had numbers which began with 084 and could therefore be very expensive to call from mobiles. As a result of the consultation, the BBC Trust recommended that all such telephone numbers should be changed to begin with 03, meaning that they would be charged at standard rates and would be included in all free call packages on mobile phones. This recommendation was taken up by TV Licensing and all numbers were changed by January 2010.



Complaints handling by phone and broadband providers

In October 2008, Ofcom, the regulator for communication services, consulted about the complaint handling by phone and broadband companies. In our response we argued that there should be a single Ofcom-approved code of practice for complaints, instead of each provider having its own individual code. We said that this single code should set out minimum standards that a provider's complaints handling procedures must comply with and that a key part of this must be ensuring that people on low incomes or vulnerable consumers can make complaints easily. In July 2010 Ofcom announced that they would establish a single mandatory code of practice which will come into force in January 2011. This will require providers to ensure complaints handling is transparent and accessible to all.

Doorstep mis-selling by energy suppliers

In May 2009, Ofgem launched a consultation about proposed ways of improving the markets for gas and electricity, including strengthening the rules around sales and marketing. This issue was something we had raised on numerous other occasions including in response to Ofgem's *Energy Supply Probe* in 2008. In our consultation response, we again set out the serious problems that can result from poor sales and marketing practices, especially aggressive or misleading doorstep sales. Following this sustained pressure from Citizens Advice and other consumer groups, Ofgem introduced a revised licence condition in 2009 governing face-to-face and telephone-based marketing practices and in January 2010 a new requirement came into force for written estimates to be provided prior to face-to-face sales.



Legal

Civil recovery

What was the problem?

Over recent years Citizens Advice has monitored the growing use by high street retailers and their agents – predominantly one called Retail Loss Prevention (RLP) – of threatened legal action in the civil courts against those accused of shoplifting or employee theft. Many cases involve young, mentally ill or otherwise vulnerable people, and the value of the goods allegedly stolen is often very small. In many cases, it is highly questionable whether there was any criminal intent, and in some the alleged ‘theft’ appears to have been no more than an honest mistake.

The legalistically-worded letters sent out by the ‘civil recovery’ agents demand substantial sums as ‘compensation’ for the cost of dealing with the alleged incident, and threaten court action and escalating costs if the demand is not paid. But very few if any unpaid/contested demands are actually pursued by means of the threatened court action – of more than 600,000 such demands issued since 2000, only four (0.007 per cent) have resulted in a court order in favour of the retailer following a contested trial. This could well be because there is in fact no obvious legal authority for such ‘civil recovery’ demands. In short, the agents and their retailer clients rely on enough recipients of a demand being sufficiently ashamed and/or intimidated to pay up without challenge.



What did we do?

We monitored these cases and in December 2009 we published a report called *Unreasonable demands?*, which was featured on Radio 4's *Today Programme* and generated a number of media appearances – some of them involving direct debate with the chief executive of Retail Loss Prevention.

We used the report to initiate discussions and correspondence with the Home Office, the MoJ, the OFT, the Office of the Information Commissioner (OIC), the Solicitors Regulation Authority (SRA), the Association of Chief Police Officers (ACPO), the Law Commission, and the British Retail Consortium, while a number of peers and constituency MPs have also expressed their concerns.

What did bureaux do?

Bureaux responded to our call for evidence on this issue by sending in case examples, and many worked sensitively with clients to build up detailed case histories, which contributed significantly to the strength of our evidence. Others supported clients to speak to the media.

What were the results?

This campaign achieved a number of changes, including significant alterations in RLP's presentation of its practices; the issuing of new guidance to retailers by the British Retail Consortium and new ethical guidance to solicitors by the SRA; and engagement by ACPO and ACPO Scotland. This could affect up to 100,000 people per year.

What still needs to be done?

We have become aware of two new civil recovery agents, and RLP appears to be planning to expand its business, while increasing numbers of cases are being seen in bureaux. We are considering a follow-up report and will continue to campaign on this issue.



Other policy activities

Employment

Unpaid Employment Tribunal awards

Since 2001, Citizens Advice has reported three times on the problems for workers who are awarded compensation at an employment tribunal, but who then face another battle – and significant further expense – to force the employer to pay the award. On 6 April 2010, the new Employment Tribunals Fast Track Scheme was launched: for a single fee of £50, a worker can instruct a High Court Enforcement Officer to act on their behalf to secure the award.

Pay and Work Rights Helpline

As a result of ongoing work on the importance of awareness of workplace rights, BIS launched the Pay and Work Rights Helpline in September 2009. This confidential helpline provides help and advice on government-enforced employment rights, including the national minimum wage, the right not to have to work more than 48 hours a week and the rights of those paid by an employment agency or gangmaster.

Housing

Safeguarding private tenants when landlords fall into mortgage arrears

We lobbied for over a year with Shelter, Crisis and the Chartered Institute of Housing to win this campaign. The legislation was eventually achieved via a private members' bill which was successfully steered through Parliament by Brian Iddon MP and Lord Best despite the tight pre-election timetable. The Mortgage Repossessions (Protection of Tenants) Act will come into force from October 2010 and will provide some peace of mind for 324,000 tenants at risk of eviction if their landlord were re-possessed.



Legal

Remission of court fees

In 2007, the MoJ introduced a new system for applications for fee remission on grounds of low income or hardship. CAB evidence showed that there were three main problems with the new scheme:

- Problems for clients in providing evidence to support their application.
- The rigidity with which court staff interpreted guidance on proof of income.
- The new system is unfair to people with dependent children, the partners of people in receipt of qualifying benefits for automatic full remission of fees, and disabled people.

In 2008, following a meeting with MoJ staff, we provided an analysis of the main themes in our evidence about fee remission. In autumn 2009, following independent research on the scheme, MoJ consulted Citizens Advice about proposed changes to the scheme which would have addressed the issues raised in our evidence. Following the election, however, the MoJ decided it could not afford to implement most of the changes, with the exception of introducing improved guidance and training on the scheme for court staff. This should be in place by November 2010.

Improving access to civil legal aid

In July 2009, we published *No time to retire – Legal aid at 60*, which outlined barriers to access to civil legal aid, and solutions as to how these could be overcome. We used the findings from this report to feed into the previous Government's review into the delivery of legal aid by Sir Ian Magee.

The review recommended that all funding for advice, including that from Legal Services Commission contracts, should be pooled to ensure that more public money was used to fund advice, rather than spent on bureaucracy. The new coalition Government has announced a fundamental review of legal aid which aims to create a stable and sustainable system providing access to justice for those who need it most. We will be contributing our ideas to the review later this year.



List of acronyms

ACPO

Association of Chief Police Officers

BIS

Department for Business Innovation & Skills

CCCS

Consumer Credit Counselling Service

CFS

Common financial statement

CPAG

Child Poverty Action Group

CPRs

Consumer Protection from Unfair Trading Regulations

DRO

Debt relief order

DWP

Department for Work and Pensions

ESA

Employment and support allowance

FSA

Financial Services Authority

HB

Housing benefit

HMRC

Her Majesty's Revenue & Customs

IB

Incapacity benefit

IMA

Institute of Money Advisers

LHA

Local housing allowance

LITRG

Low Incomes Tax Reform Group

MAT

Money Advice Trust

MoJ

Ministry of Justice

Ofcom

The regulator for communication services

Ofgem

The regulator for gas and energy suppliers

OFT

Office of Fair Trading

OIC

Office of the Information Commissioner

PCPS

Policing, Crime and Private Security (Bill)

RLP

Retail Loss Prevention

SIA

Security Industry Authority

SMI

Support for mortgage interest

SRA

Solicitors Regulation Authority

WCA

Work capability assessment

Our aims

- To provide the advice people need for the problems they face.
- To improve the policies and practices that affect people's lives.

Our principles

The Citizens Advice service provides free, independent, confidential and impartial advice to everyone on their rights and responsibilities. It values diversity, promotes equality and challenges discrimination.

Have you found this publication useful? Please share your thoughts at
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