



# Consumer Agenda 2015-2016

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# Context

The Consumer Council is an independent consumer organisation, working to bring about change to benefit Northern Ireland (NI) consumers. Our aim is to 'make the consumer voice heard and make it count'.

The Consumer Council campaigns for high standards of service and protection and a fair deal for all. It also carries out research, gives advice and publishes reports and other publications. It deals with individual complaints about buses, trains, planes, ferries, natural gas, electricity, coal and water.

Consumer spending accounts for 60 per cent of the value of our economy, so confident and optimistic consumers are essential in driving NI forward as a strong and competitive region.

The focus for most families is on managing their household budget and making ends meet. This 'kitchen table' economy is not recovering as quickly as the wider economy with only one in ten (13 per cent)<sup>1</sup> NI consumers feeling the 'green shoots' of recovery. While more consumers are keeping up with financial commitments than had been the case a year ago, there remain big issues to be faced.

Impacts are being felt differently across NI. We see regional differences in consumer confidence and different groups of consumers have different concerns, including:

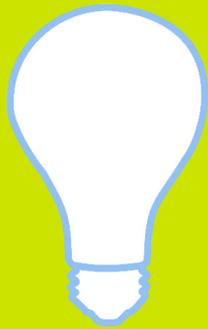
- Almost three in ten consumers are worried about making ends meet now and almost half have run out of money at least once in the last two years;
- The highest levels of fuel poverty in the UK – both households and businesses express real concerns about the cost of energy; and
- Bank branch closures which affect over two thirds of consumers who access services over the counter at least once per month<sup>2</sup>.

The problems may be obvious but the remedies are complex. We need focus, commitment and effective partnerships to support and rebuild consumer confidence. The government needs to engage and consult with consumers in a meaningful way when considering changes to services.

The Consumer Council has a proven track record of delivering for consumers. In this manifesto we set out issues where the Consumer Council can work with you to help deliver real improvements for NI consumers.

<sup>1</sup> Consumer Council Consumer Outlook Index, 2014  
<http://www.consumercouncil.org.uk/consumer-outlook>

<sup>2</sup> Ibid



**Energy**

## 1 Natural Gas

Sixty eight per cent of homes in NI are still reliant on home heating oil as a source of heating. Despite the significant recent drop in the price of oil, natural gas still provides more overall long term benefits and protection for consumers in NI.

**The NI Executive should provide clear incentives and support for households and businesses who choose to convert to natural gas across NI and ensure that in existing natural gas licence areas and emerging areas (Gas to the West) the number of connections is maximised.**

## 2 Competition

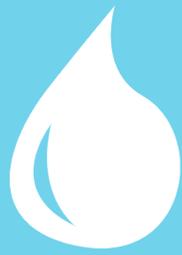
Competition has continued to develop in both the natural gas and electricity markets. However, switching rates are dropping. Although competition brings benefits for consumers in terms of price, service and innovation it can be confusing and evidence shows that vulnerable and less savvy consumers do not always see the benefits.

**Political parties and politicians should engage with the Consumer Council, Utility Regulator and the energy industry to promote the benefits of shopping around and switching supplier and highlight the safeguards new European consumer protection measures (IME3) bring.**

## 3 Security of supply

There is increasing concern around NI's security of electricity supply in both the short and long term. The concerns are due to the delay in delivering a planned second North/South Interconnector, the EU 2016 restrictions being placed on generation at the Ballylumford and Kilroot power stations and a fault on the Moyle Interconnector.

**We want the NI Executive to take steps to ensure there is no further delay in the delivery of the proposed North/South Interconnector and the issues with the Moyle Interconnector are resolved, so that any proposed threat to NI's energy supply is addressed at the lowest possible cost to consumers.**



**Water**

## 1 Long term decisions

Most consumers are satisfied with the services provided by NI Water most of the time. They simply expect them to work. Consumers support a sustainably managed water environment that is vital to the services they enjoy and helps NI's economic development.

**The NI Executive must agree and implement the Long-Term Water Strategy and ensure Government investment enables the continued development of NI Water's services.**

**The NI Executive should lead a robust review of the deferment of domestic water charging that keeps the consumer at the centre of all decisions in providing the long-term financing of NI Water.**

## 2 Flooding

Consumers want investment to provide sustainable flooding solutions and improved assistance for those affected by flooding.

**We want the NI Executive to provide a grant scheme for individual household flood protection.**

**We want the NI Executive to continue to prioritise investment in flood risk management schemes at a local and regional level to provide integrated drainage solutions.**

**We want the NI Executive and the NI Assembly to continue to support the development of community flood resilience plans.**



**Transport**

## 1 Public Transport

Many consumers would like to be able to use public transport more frequently than they currently do. If services are frequent, represent value for money and are available for the journeys people need to make there will be greater opportunity to achieve modal shift from the private car onto public transport.

**The NI Executive should review all transport provision (public transport, health and education) against the travel needs and types of journeys consumers require in order to identify opportunities for better integration and joined up service delivery which will lead to improved public transport provision and more efficient use of resources.**

## 2 Air Travel

Air travel is 'an essential element of family and economic life' in NI as recognised by the Northern Ireland Affairs Committee in its report on air passenger duty in July 2011. There are approximately seven million passenger journeys to and from NI annually with approximately 78 per cent of journeys to or from other UK airports<sup>3</sup>.

**Given NI consumers' dependence on air links with other UK airports, Air Passenger Duty (APD) should be reduced or removed in line with the Republic of Ireland Air Travel Tax equivalent (currently zero). The Consumer Council calls on the NI Executive to consider the potential benefits of further devolution of APD and ensure the UK government takes steps to protect NI connectivity with key UK hub airports.**

<sup>3</sup> Civil Aviation Authority Passenger Statistics



# Postal Services

## 1 Parcel Deliveries

More than one in three consumers in NI shop online at least once a month. However, two in five shoppers in NI have abandoned a purchase as a result of having to pay more or a restriction on delivery to NI.

The 'Statement of Principles for Parcel Delivery'<sup>4</sup> sets out best practice for businesses on how they can ensure delivery charges for consumers in remote communities across the UK are clearer and more transparent.

**MLAs and the NI Assembly should widely promote and support the use of the UK Statement of Principles by all online retailers to ensure they are extensively applied.**

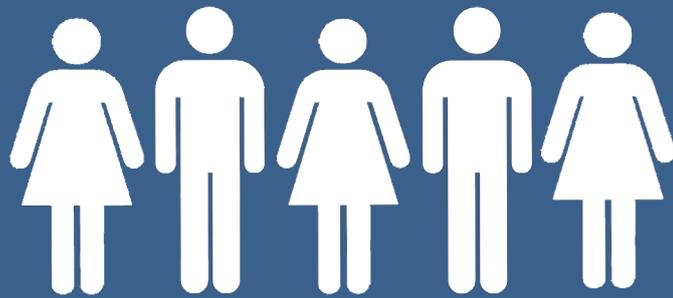
## 2 Sustainability of the Post Office Network

There has been a considerable decline in the traditional Post Office income streams as customers' preferences change towards digital alternatives and Post Office Limited faces significant pressures as competitors assert their presence.

The volume and margins associated with government services have reduced and new business in this area has not materialised at the level anticipated. Failure of central, devolved and local government use of the Post Office as a front office for government will ultimately have a significant impact on the network's viability. Devolved government support for the Post Office network is therefore integral to the future sustainability of the network in NI.

**The NI Executive should explore how it can support the Post Office network through increasing the provision of government services through its network.**

<sup>4</sup> Parcel Delivery Checklist by Consumer Council, 2014  
[http://www.consumercouncil.org.uk/filestore/documents/Statement\\_of\\_Principles\\_FINAL.png](http://www.consumercouncil.org.uk/filestore/documents/Statement_of_Principles_FINAL.png)



# Consumer Skills

# 1 Consumer Rights

Confident, informed consumers are essential to growing the economy, boosting business competitiveness and reducing consumer detriment.

In October 2015 the Consumer Rights Act will come into force representing a massive overhaul and strengthening of consumer rights. For these changes to be truly effective there will need to be a joined up campaign delivered by the Department of Enterprise, Trade and Investment (DETI) Consumer Affairs Branch, Trading Standards Service and the Consumer Council aimed at ensuring NI consumers and businesses receive the information, training and support necessary to understand and exercise their rights and responsibilities.

**The NI Executive must recognise its role in helping all consumers, particularly those in the most deprived areas; living on a low income; older consumers and younger consumers to become better informed and more confident when buying goods and services.**

# 2 Consumers Online

With more than one in three NI consumers shopping online at least once a month, it's important consumers understand their rights and how to stay safe when buying over the internet.

It is also important to ensure other consumers, i.e. older consumers, those on a low income and those who face barriers due to disability or lack of confidence are not left behind by technological advancements.

**We want the NI Executive to support and resource a joined up awareness raising campaign about scams, identity theft, safer methods of payments and Consumer Contracts Regulations 2013. There also needs to be commitment from government departments, the public sector and businesses to continue providing consumer information and contact options in a manner and medium which suits them best, including offline.**

# 3 Consumer Skills

Consumers have the right to expect any service they receive (including public services) to offer best practice in terms of the provision of Information, Access, Redress, Representation, Fairness, Choice and Safety<sup>5</sup>.

**We want the NI Executive to embed the seven Consumer Principles in the development of service level agreements, customer care policies and as part of policy decision making processes.**

<sup>5</sup> These represent the seven Consumer Principles in place since the early 1970s which are used as a yardstick as to how consumer focused a business or public sector provider is. [www.consumerfocus.org.uk/assets/3/files/2009/07/Consumer-whats-in-a-name.pdf](http://www.consumerfocus.org.uk/assets/3/files/2009/07/Consumer-whats-in-a-name.pdf)

## 4 Alternative Dispute Resolution (ADR)

As a result of an EU Directive, the UK is required to implement ADR mechanisms for all market sectors from July 2015. The new requirements aim to give European consumers greater access to redress, outside of court, should something go wrong with their bought goods or services. UK-wide legislation is planned to implement the ADR Directive, even though consumer affairs is devolved to NI. This approach risks undermining some consumer protections already in place in NI for energy and water consumers in particular.

Around 80 per cent of businesses would be unlikely to use ADR unless it is made mandatory. This means that the benefits of ADR, both for the consumer and the competitiveness of our economy through more customer-responsive business practices, may not be realised.

**The Consumer Council recommends that the Directive is implemented in a way that recognises the specific consumer landscape and issues which exist in NI and builds upon the consumer protection and structures already in place.**

## 5 Business Skills

Fewer than half of local businesses (45 per cent) report finding it easy to keep up-to-date with consumer rights issues. Small and medium-sized enterprises (SMEs) account for 99.9 per cent of all businesses in NI and are impacted also in that they are in many ways no more sophisticated than consumers when it comes to purchasing goods and services.

**The NI Assembly should support a joined-up and cohesive awareness raising campaign delivered jointly by DETI funded organisations in addition to business representative bodies and trade associations to ensure adequate protection, and consistency of guidance to consumers and businesses.**



# Money Affairs

## 1 Financial Capability

Consumers in NI have lower levels of financial capability and less choice of financial products than the rest of the UK. Eleven per cent of consumers in NI<sup>6</sup> do not have a personal current account (PCA), compared to six per cent in the rest of the UK, and levels of savings in NI are significantly lower; 52 per cent of households in NI have no savings at all, compared to 32 per cent across the UK<sup>7</sup>.

**We want the NI Executive to agree the Financial Capability Strategy and provides support to implement and deliver the action plans of the cross departmental strategy.**

## 2 Competition

NI has four major local banks, which together hold 66 per cent of the market share for PCAs<sup>8</sup>. Many of the top-rated banks at a UK level do not have a high-street presence in NI, and some new entrants do not offer their PCA in NI. Despite the launch of the Payment Council's seven day switching guarantee, NI consumers are not yet interested in switching bank accounts as they fail to see the financial benefits of doing so.

**The NI Assembly should call on the Competition and Markets Authority (CMA) and Financial Conduct Authority (FCA), in undertaking their collaborative investigation into the PCA sector, to ensure that the differences in the NI market are fully taken into account and that NI consumers are wholly represented.**

**The NI Assembly should ensure that any improvements recommended by the NI Select Affairs Committee inquiry into the NI banking structure are taken forward, and work with the banking sector to apply measures to increase competition.**

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<sup>6</sup> Family Resources Survey, November 2013

<sup>7</sup> Ibid

<sup>8</sup> Danske Bank Evidence to the Northern Ireland Affairs Committee on Banking, 2013

### 3 Bank Branch Closures and Community Banking

By February 2015, 77 branches (31 per cent) of the big four banks will have closed throughout NI. Having access to a bank branch is important with 68 per cent of consumers visiting their branch at least once a month. Credit Unions and Post Offices play a significant role in NI communities; 34 per cent of the population of NI save with a Credit Union, compared to only two per cent in the rest of the UK. However, NI Credit Unions do not get the same funding as their counterparts in GB to provide additional services, such as PCAs.

The Post Office network is filling the void that bank branch closures have generated, particularly in rural areas, and is incentivised to do so. In the wake of bank closures there is scope for Credit Unions, Post Offices and community finance initiatives to play a bigger role in serving low-income and financially excluded groups.

**The NI Executive should consider the impact bank branch closures will have on consumers, particularly the elderly and disabled, and hold banks to account when announcing closures to ensure they are doing enough to support customers who are affected.**

**The NI Executive should consider how it can support community banking initiatives, including Credit Unions and the Post Office network, to contribute to improving financial inclusion in light of ongoing branch closures.**

### 4 Consumer Confidence

The payments crisis that affected NI consumers from 19 June to 16 July 2012 and beyond has had far reaching consequences for many. Although the scale of this has not been repeated there continues to be regular interruptions to service due to IT problems across all banks. Consumers lack faith in the banks' IT systems and are dissatisfied with the confusing information provided by the banks.

**The NI Executive should support the recommendations made in the Consumer Council's 'Payment Pending'<sup>9</sup> report to restore confidence amongst banking customers who are affected by on-going IT problems across all banks.**

<sup>9</sup> Payment Pending, 2012

[http://www.consumercouncil.org.uk/filestore/documents//Ulster\\_Bank\\_Report.pdf](http://www.consumercouncil.org.uk/filestore/documents//Ulster_Bank_Report.pdf)



**Food**

## 1 Attitudes to food

Nine in ten NI consumers are worried about the cost of their food and grocery shopping. They report difficulties affording a healthy balanced diet; perceive special offers to be associated generally with food that is high in fat, sugar and salt; are more in favour of discounts against single items rather than multi-deals and would like to see more discounts against essential items.

Whilst many consumers hold negative perceptions about the cost of their food they consistently demonstrate confidence in the local agri-food sector and are keen to support local farmers and producers.

**We call on MLAs, the NI Assembly and food industry representatives to support strategies aimed at helping consumers eat well and healthily whilst also making their food budget go further.**

## 2 Food costs and experiences

Joint research currently being undertaken by the Food Standards Agency in NI (FSA) and the Consumer Council is examining food promotions and we will work with food retailers to ensure more special offers meet consumers' needs and the priorities outlined in the Fitter Futures for All Strategy.

**We want MLAs and the NI Assembly to consider further research is to be conducted to establish the cost of an essential food basket that any household should expect to have as a bare minimum.**

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