

A consumer agenda for government

Making markets work for consumers

The logo for Which? is a red square with the word "Which?" in white. The word "Which" is in a bold, sans-serif font, and the question mark is slightly larger and positioned to the right of the word.

Which?

Introduction: making markets work for consumers

Which? works across consumer markets to make individuals as powerful as the organisations they deal with in their daily lives. When markets are not working effectively, we seek the right solutions to benefit consumers as a whole, and empower people to make change happen directly. Effective competition is a powerful force to give consumers a wide range of quality products and services at the right price. But, in many essential parts of the economy, markets are not working effectively enough for consumers with people facing poor service and bad practice that goes unpunished.

The consumer economy is vast, covering a huge range of products and services. Some of these are of vital importance and the way we experience them can have a huge impact on our everyday lives, such as arranging long-term care for someone, finding a good deal on gas and electricity, and buying a home. We want the next Government to champion consumer interests, driving an agenda that will raise standards where they are not good enough while boosting consumer confidence.

Consumer spending accounts for more than 60% of the economy, equal to £100 billion a month. Maintaining consumer confidence is critical to the success of the UK economy. During this period of change, as the UK enters negotiations to leave the EU, the voice of industry and big business will be important. But to ensure we have a thriving economy, the voice of consumers must also be heard.

The next Government will need to work with consumer groups, businesses and regulators to set out an agenda that delivers for consumers and maintains their confidence. Which? wants all political parties to make manifesto commitments to reform essential markets so that they work better for consumers; ensure that consumers' concerns are properly heard in the boardroom; and that maintain and enhance vital consumer rights and protections as we leave the EU.

**Consumer spending
accounts for more than**



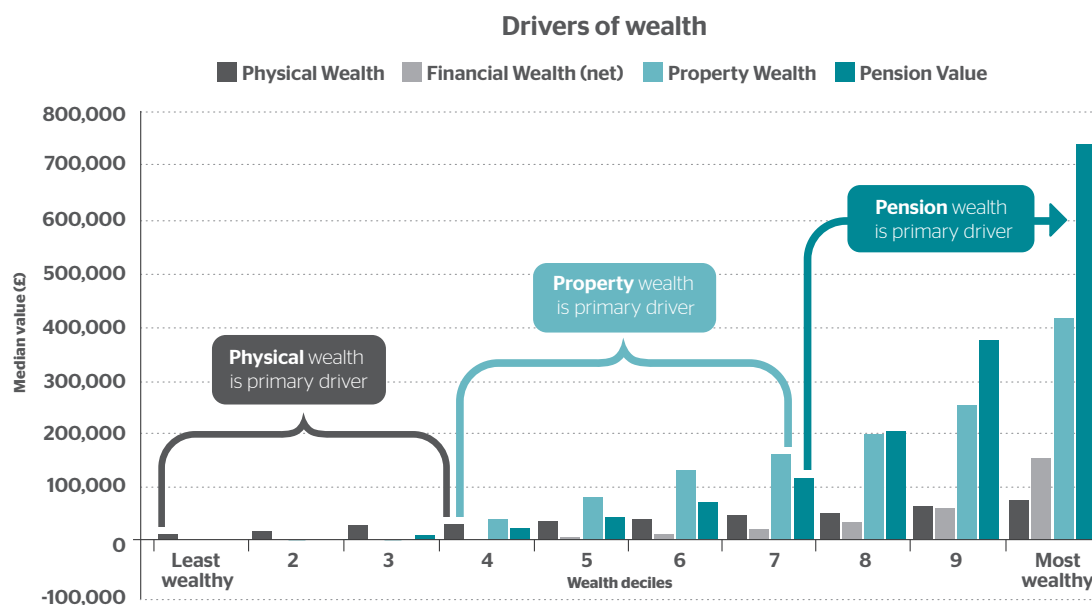
equal to



Maintaining consumer confidence

The most significant issues for consumers, both now and in the future, will be shaped by trends in incomes and wealth. After a period where cost of living concerns had dipped, consumers are once again feeling increasingly concerned about their financial security, with almost five million working people now worried about their financial position. Income distribution is unequal, but wealth appears to be becoming more skewed towards older consumers. While older generations have successfully built up wealth through housing and pensions, many younger people are struggling to do the same. This has important implications for the next Parliament, from the difficulty of funding care for older people to the increasing importance of long-term savings for younger consumers.

Key drivers of wealth distribution are property and pensions, which are skewed towards older consumers



Physical wealth: Value of all contents and possessions (e.g. furniture, appliances, vehicles)

Financial wealth: Money in current & savings accounts, ISAs, stock and shared, excluding liabilities

Property wealth: Market value of household's main property & any other properties owned

Pension wealth: Accrued values in all pensions (including pensions in payment), except for state pension

Alongside this, consumers, particularly working people, are increasingly concerned about how well consumer markets, such as energy, banking, telecoms and rail, are working for them. When asked which consumer issues the next Government should prioritise, key public concerns were focused on social care (65%), energy prices (51%), financial fraud and scams (31%), home buying and selling (27%), saving enough for retirement (21%) and rail services (20%). The forthcoming election presents an opportunity for all parties to address these issues directly, and in doing so, to maintain consumer confidence into and beyond the next Parliament.

The top 3 consumer issues were:



Social care for older people (65%)



Energy prices (51%)



Financial fraud and scams (31%)

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| Other issues consumers felt the Government should prioritise: | Home buying and selling | 27% |
| | Ensuring people save enough for retirement | 21% |
| | Rail services | 20% |
| | Bank fees and charges | 14% |
| | Unsolicited nuisance calls | 13% |
| | Broadband speed & service | 10% |
| | Mobile phone service | 2% |

Populus, on behalf of Which? spoke to 2130 nationally representative UK adults via an online poll between the 19th and 20th April 2017.

Respondents were asked to select up to three consumer issues they believe the Government should prioritise next, out of a prompted list of ten issues.

However priorities differed by age:

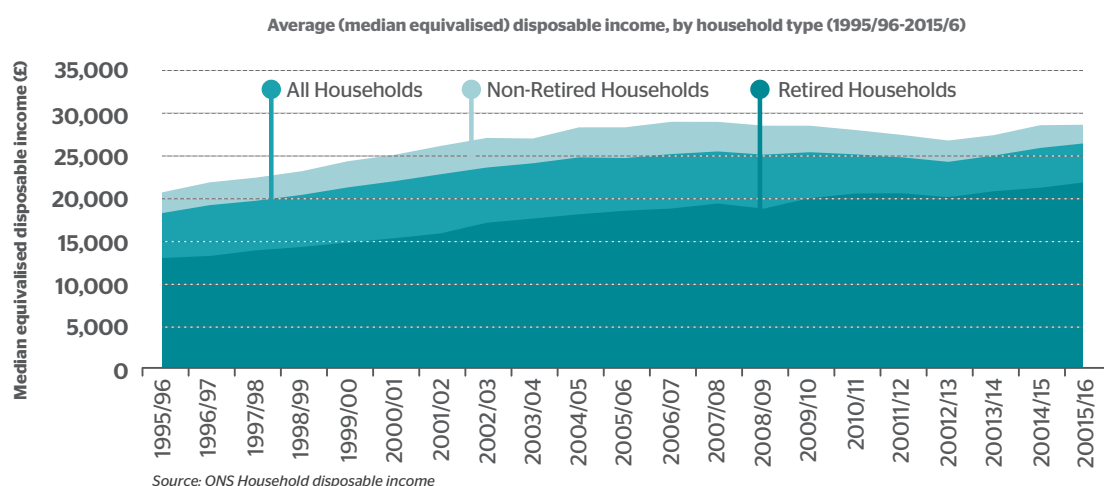
- **For younger consumers** (18-24 year olds) home buying and selling was their top issue (18-24 year olds: 54%). Followed by: social care for older people (44%); financial fraud and scams (36%), and rail services (36%).
- **Consumers aged 25-34 years** were also more likely to say home buying and selling was a top issue (45%) than older age groups. This was joint top priority for them along with social care for older people (47%), followed by energy prices (33%). Rail services (25%) and financial fraud and scams (24%) came joint third.
- **For those approaching or at retirement age (65+)** eight in ten (83%) said that social care should be prioritised. This was followed by energy prices (63%) and financial fraud and scams (42%).

There were some differences by gender, although the top three priorities were the same.

- **Women were more likely than men to say that rail services (23% v 17%) and energy prices (54% v 48%) should be prioritised.**
- **Men were more likely than women to say that social care for older people should be prioritised (70% v 61%).** For men, home buying and selling (30%) was joint third along with financial fraud and scams (31%).

Although average household income has exceeded pre-crisis levels, incomes for the non-retired have not

In recent years, earnings growth has been overtaken by rising inflation and consumers' purchasing power has been eroded. Despite the average household income now exceeding the pre-financial crisis levels, this is not the case for working households. There has also been a steady reduction in the savings ratio, which is now at levels similar to those of the 1970s, increasing financial vulnerability for many households. Over the last year, fuel and energy prices have once again replaced public spending cuts as consumers' biggest concern. There has also been a drop in consumer trust in some essential markets, such as the rail sector (down 11% since last year) and the food sector (down 10% since last year). Consumer concern about the impact of Brexit has also risen over the last eight months, from 39% to 50%.



Digital consumers and connectivity

The way people are using and consuming digital technology has also changed, with broadband connectivity now considered an essential. Consumer behaviour and the proliferation and widespread use of data is changing the whole way a range of goods and services are being designed, marketed and sold. In the next Parliament, this will deepen as new technologies such as AI, machine learning, and virtual and augmented reality reach maturity. However, 12.5 million households remain frustrated with poor broadband, with many consumers struggling to access a decent broadband speed, while Britain ranks 54th in the world for 4G. The online economy has developed at remarkable pace but online fraud is a threat to consumer confidence, and is now the most common crime in England and Wales. Consumers are increasingly concerned with a third (31%) saying tackling financial fraud and scams should be a priority for the next Government. This number increases to two in five people (42%) in the over 65s.

The vote to leave the EU has brought into sharp focus many wider concerns about whether the UK economy is working as it should for everyone. Many consumers are frustrated with dysfunctional markets and new solutions will be required to maintain consumer confidence. At the election, all parties have the opportunity to address these issues by setting out an agenda that delivers for consumers. It is critical that all political parties look to work with consumer groups, businesses and regulators to set out an agenda that addresses these challenges and opportunities in their manifestos.



12.5 million households remain frustrated with poor broadband



Britain ranks 54th in the world for 4G

Which? is therefore calling on all political parties to commit to policies in their General Election manifestos that:

1 Reform essential markets

Utilities

Which? wants the next Government to:

- Clearly set out its position on competition in the energy market and commit to ensuring that any interventions will be aligned to this and will lead to better consumer outcomes.
- Ensure that any energy price cap is time limited, does not lead to higher overall prices, and does not stifle improvements to energy company performance or innovation.
- Agree with the energy regulator clear criteria to monitor the success of any direct interventions, as well as new criteria for monitoring good consumer outcomes in the energy market.
- Deliver new investment in smart metering, energy efficiency, energy generation and district heating cost effectively and transparently.
- Implement the Digital Economy Act and ensure that Ofcom continues to deliver critical consumer focused reforms to the broadband and mobile markets, including introducing gaining provider led switching, automatic compensation, and tackling the performance of Openreach.

SEAN SAID:

“It’s deeply concerning that some companies are happy to take advantage of customers they could easily offer cheaper packages to. This is not a sign of a business that cares about its customers.”

Housing

Which? wants the next Government to:

- Conduct a review into reforms of home-buying to make the process easier, particularly for the buyer, and by examining the role that professions, such as estate agents and conveyancing, play.
- Introduce a new redress process to tackle issues when things go wrong with new build properties.

POLLY SAID:

“We were encouraged to put our home up for sale as we were told any offers we made would not be taken seriously. Our house was sold within two weeks so the race was on for us to find a new home. Prices were increasing weekly and we were left with less and less to spend. The house we were buying was a probate property, so we expected a little hold-up but didn’t expect the process to be nearly as long and stressful as it was.”

Public services

Which? wants the next Government to:

- Commit to improving people's experience of care homes by ensuring that any breaches of consumer law are tackled, the information available to people is improved, the market is regulated effectively, and that competition is effectively driving quality and value for money for residents.
- Reform public service complaints handling by creating a single public services ombudsman for England.
- Open up more public sector data sets to drive more informed choices by consumers of public services.
- Hold the new higher education regulator to account by making sure it puts students first, improves information for prospective students, and acts if universities breach consumer law.

JULIUS SAID:

“Choosing a care home can be fraught with difficulties – especially for lay people. There are so many different things that have to be taken into account. It is very easy to forget to ask questions about some aspects of a care home's services.”

Food

Which? wants the next Government to:

- Tackle rates of obesity and diet-related disease by introducing more effective controls on marketing and promotions, introducing mandatory traffic light nutrition labelling, and reducing unacceptable levels of fat, sugar and salt in foods.
- Strengthen national and local food enforcement, introducing new measures to ensure high safety and quality standards as we leave the EU.
- Ensure that consumer interests are reflected in future food and farming policy.

Travel and transport

Which? wants the next Government to:

- Establish a mandatory, statutory Transport Ombudsman that all train companies and airlines must join; ensure that passenger rights are protected as we leave the EU; and establish a new UK-based compensation scheme covering all airlines that fly to and from the UK.
- Strengthen the powers and duties of the Office of Rail and Road (ORR), so that it more clearly puts the rights of passengers first.

JOANNE SAID:

“My journey home is often late, which means that I don't get to see my children before they go to bed. I don't feel particularly safe travelling on such overcrowded trains as there is often not even room to hold on to anything. Plus, it is so hot and stuffy.”

CHRISTINE SAID:

“As a mother and grandmother, I accept that a healthy diet is a personal responsibility. But I also feel extremely strongly that retailers have an essential part to play. I was appalled to see the huge amount of chocolate and other unhealthy items at checkouts and till areas, effectively pressuring customers to buy them while compromising our health.”

Legal services

Which? wants the next Government to:

- Ensure that better legal services are delivered for consumers by reforming the way that the sector is regulated.

Financial services

Which? wants the next Government to:

- Ensure that banks' unarranged overdraft charges are brought into line with their arranged overdrafts and that the Financial Conduct Authority (FCA) remains committed to reviewing these punitive fees.
- Play a central role in delivering the new pensions dashboard by 2019 requiring all pension schemes to be involved.
- Create a savings strategy and explore new ways of encouraging everyone to save for their retirement.

JOHN SAID:

“I've been stuck in an overdraft trap for a long time now. The charges mean I can never get out of it.”

Personal data, fraud and nuisance calls

Which? wants the next Government to:

- Ensure that the Government's Joint Fraud Taskforce sets out an ambitious agenda for tackling fraud and scams in the next Parliament. This should ensure that the Government leads new cross-industry activity to deliver improved approaches by businesses to handling customer data including how this data is kept safe, how to respond to a data breach and how to ensure people get appropriate redress.
- Ensure that the Payment Systems Regulator (PSR) implements stronger rules to protect consumers from bank transfer scams.
- Reform the regulation of claims management companies (CMCs) and require businesses, rather than consumers, to pick up the costs of CMCs' charges when they are at fault.
- Introduce director level accountability for direct marketing and ensure that telecoms providers drive forward network level solutions to tackle nuisance calls and texts.

BARBARA SAID:

“It seems a never-ending battle to try and stay safe from fraudsters.”

RICHARD SAID:

“A friend transferred money to a lawyer to buy a house, but the money never arrived as the account details were intercepted and changed when communicated via email.”

2 Bring consumers' views into the boardroom

Which? wants the next Government to:

- Establish a Government-led working group with industry and consumer groups to ensure that consumer engagement is a key part of good corporate governance.



3 Deliver a consumer protection regime that is fit for the future

Which? wants the next Government to:

- Use the opportunity presented by Brexit to rapidly reform the UK's enforcement regime, improving the way that it is delivered locally and nationally, and ensuring that enforcement agencies make full use of their powers.
- Introduce a new national regime for product safety that ensures effective enforcement, market surveillance and appropriate standards for goods.
- Make cross-border enforcement a central priority in the EU negotiations and in other trade deals, so that consumers are protected when purchasing products and services around the world.

BRIGITTE SAID:

“I had an affected dryer. We had to wait five months and pay £99 for a replacement. If we had waited for repair it would have taken close to eight months. At the time my partner was going through treatment for bowel cancer and I couldn't cope with the uncertainty. We also have twins, so I have a lot of washing.”



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