

CONSUMER CHAMPIONS

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THIS CHRISTMAS, THINK HARD ABOUT YOUR FINANCES. A PAYDAY LOAN DEBT WOULD BE A BAD START TO 2014.

IF YOU ALREADY HAVE A LOAN YOU ARE STRUGGLING TO PAY BACK, ASK A CAB ADVISER ABOUT WORKING OUT A PAYMENT PLAN WITH YOUR LENDER.



THE NATIONAL ASSISTANCE FOR CREDITORS SERVICE (NACS) IS A CHARITABLE COMPANY REGISTERED IN SCOTLAND.




Buying a used car? Check it don't regret it!



BIG ENERGY SAVING WEEK

Worried about rising energy bills? Help is at hand.

For more information visit www.bigenergyweek.org.uk
or call 0300 123 1234
(0800 600 2282 in Scotland)




The Postcode Penalty
How some online retailers are disadvantaging Scottish consumers



By Sarah Beattie-Smith, Policy and Parliamentary Officer

SHORT REPORT 2012

PAYDAY LENDER YOU 1 0:09:59

PAYDAY LOANS: FIGHT BACK AND WIN YOURSELF EXTRA TIME

That payday loan may have saved your budget, but your own wallet is also saving. It could be back to you, not the payday lender. Why not visit your local Citizens Advice Bureau for support?

Now CAB can help you work 'till you're hot' by negotiating a payment plan with lenders. This will allow you to spread your repayments over a longer period. The CAB can help you tackle Continuous Payment Authorisation. Come to CAB and see how the fight back starts now.

Helpline: 0800 600 2282
Email: cab@cab.org.uk
Web: www.cab.org.uk





Help OAG is registered charity 01022206



Offline and left behind
Digital exclusion amongst Scotland's CAB clients



By Sarah Beattie-Smith, Policy and Parliamentary Officer

EVIDENCE REPORT 2013

Citizens Advice Scotland (CAS), our 61 member bureaux and the Citizen Advice Consumer helpline form Scotland's largest independent advice network.

Advice provided by the Scottish CAB Service is free, independent, confidential, impartial and available to everyone. We are champions for both citizens and consumers and In 2012/13 we helped over 314,000 people deal with over a million issues. Our financial gain for clients in this year was £120,705,471.

Our bureaux deliver frontline advice services through more than 200 service points across the country, from the city centres of Glasgow and Edinburgh to the Highlands, Islands and rural Borders communities. This network of dedicated staff and volunteers is ideal to represent and assist the consumers in Scotland in all transactions and services they operate in.

Our vision is paramount to all our goals in the consumer landscape as well as being simple but robust:

“A fairer Scotland where people as citizens and consumers are empowered and their rights respected”

Fraser Sutherland Policy Officer Citizens Advice Scotland March 2014

The citizens advice service in Scotland dealt with over one million issues for over 314,000 people in the year 2012/13. Our telephone helplines Citizens Advice Direct and the Citizens Advice Consumer Service dealt with over 248,500 issues and our bureaux network nearly 800,000 issues. The financial gain for our clients in that time was nearly £121 million.

The work of our service helps clients access the advice they so dearly need, but we do so much more. We provide information, advice, support, education and empowerment. A lot of that is due to the additional consumer responsibilities we have taken on over the past two years.

For me that means the well-known and well trusted Citizens Advice Service in Scotland has become THE champion for both consumers and citizens across the country.

Our new functions have allowed us to create a new way of working and enabled us to increase our capacity to help consumers and citizens of Scotland and to bring about change for our clients. We can now drive consumer education down into local communities and roll out local issues that have a national aspect throughout the country because of our well established and well trusted network of Citizens Advice Bureaux. With over 200 service points across Scotland no-one else could do that.

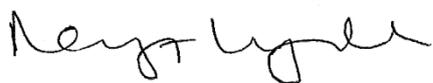
Our work has already increased the connection between the issues of our clients and the solutions and that is clear in our recent work on benefits, payday loans, energy, delivery charges, used cars, and employment issues. This document outlines some of our work in these areas.

Our approach is to roll out consumer education and campaigns both *through* the bureaux network and *from* the bureaux network as well as being able to develop and deliver local community activities. This bottom up approach means it's the issues that client present with that we can campaign on and bring about change.

Whether it's someone with a delay in their benefits who gets into debt or someone who's had had their hours cut and is struggling to pay their energy bills, we can analyse issues, highlight problems, find new policy solutions, and seek to make any changes that are necessary. And we can take the direct experiences of our clients to those who can make change that happen whether that be regulators and industry or policy makers and legislators.

That clear and direct link means the consumers and citizens of Scotland now have a stronger and louder voice through us.

I believe our place in the heart of communities across Scotland, means the public can continue to depend on us to work in the interest of the consumer just as we have worked in the interests of the public for now 75 years. But with the same result – supporting, advising, and empowering our clients.



Margaret Lynch
Chief Executive

Check it don't regret it!

- **The issue**

In November 2013, Citizens Advice Scotland in partnership with Citizens Advice (England and Wales) and the Trading Standards Institute launched a national consumer education campaign on used cars. The campaign had a strong focus on empowering consumers including what to look out for when buying a used car and what consumers can do when things go wrong; including turning to the Citizens Advice service for advice.

This topic was chosen because used car sales is the most common issue our specialist consumer helpline (CACS) advises on. Our research found that 100 Scots were seeking our help with a car they bought every week which equated to £600,000 worth of used car sales. Even more shocking was the finding that in one in ten cases, the car was unsafe to drive and a considerable safety hazard to the buyer and other road users.

“Buying a car can be one of the biggest purchases anybody makes and it’s important that you get a fair deal. There are a number of quick and easy steps people can take to make sure they are buying a decent motor, taking the car for a test drive can really help you decide if the car is right for you.” John Cleland, Racing Driver and responsible dealership owner

- **Our actions**

To launch the campaign in Scotland CAS teamed up with former racing driver and local garage owner, John Cleland, who provided us with a genuine faulty car that we used for consumer education to point out typical faults in older cars. This helped secure prime time media coverage on TV, radio and in print.

The Citizens Advice service worked closely with the Trading Standards Institute to develop resources that consumers would find easy to use at a garage or private sale. As part of this package of resources, a self-check and top tips guide was published and was given out in CAB across Scotland as well as being available online for download.

We also highlighted the strong consumer rights that people have when buying a used car and that consumers should not assume there was nothing they could do when being fobbed off by a rogue trader.

- **What we continue to do**



Our 'faulty car' continues to be used in programmes for education at Edinburgh College and we are very pleased that our top tips messages are being promoted by numerous organisations across the country. CAS will continue to emphasise the rights education work to consumers to ensure they are well equipped when buying a used car.

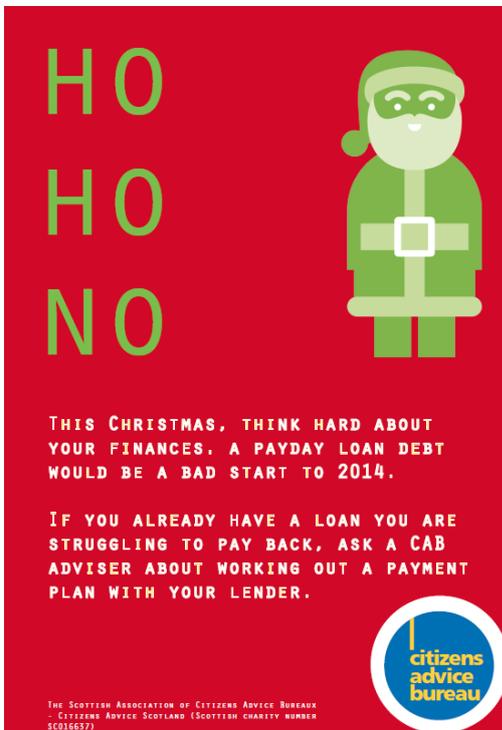
CAS are committed to action at a Scottish level and have a productive relationship with the Scottish Motor Trade Association where we can act together to drive out bad traders from the market. CAS and the SMTA have been in discussions about a used car sale code for their members to keep to and we will support them as they develop this.

Also in response to the campaign, the UK Government set up a Used Car Commission which will look in detail at the issues raised and will be reporting in June 2014.

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Mayday Payday

- **The issue**



CAS is committed to tackling the problems in the payday loan sector. CAB clients bring 100 payday loan issues a week to Scottish bureaux (a third more than the year before) this reveals the often devastating impact high-interest short-term credit can have on vulnerable consumers.

To better understand the challenges facing borrowers CAS ran a public survey throughout 2013 of payday loan users to get the reality of borrowing from a high-cost lender. The results of this survey revealed that only one in three lenders were

checking borrower's financial backgrounds and less than half failed to highlight that payday loans were not suitable for long-term financial problems. Both these findings contradict commitments made by the industry in November 2012.

- **Our actions**

In November 2013, CAS published a report card which highlighted the failures of payday lenders to keep to their own charter of conduct. This was accompanied by a list of ten recommendations that the UK Government, Scottish Government, regulators and the payday lenders themselves could introduce to mitigate the worst effects of poor lending practices. At the same time we were invited to give evidence to the Competition Commission on their investigation into the payday lending market where we highlighted evidence of poor financial checks and illegal debt collection practices.

We wanted to reach the public too, so in December 2013 CAS ran a mass consumer education campaign on the dangers of payday loans such as bank accounts being emptied without warning, quickly mounting

debts and damage to borrower's credit ratings. We also promoted credit unions and community finance initiatives as real alternatives to high cost lending. We reminded the public about their rights and responsibilities and provided them with somewhere to turn to.

In January 2014, we convened a roundtable with some of the largest payday lenders and their trade associations. This has resulted in an ongoing dialogue with much of the industry and we are able to encourage best practice. We are disappointed that one large online lender continually refuses to engage with us directly on the trends we identify in their practices.

Our campaign received strong backing from across the political spectrum for the actions we are taking to protect consumers from the excess of payday lenders.

“Payday loan companies are profiting from the cost of living crisis. For too many families, there is simply too much month left at the end of the money. No one knows that better than those who work in CAB across the country and who see 100 people a week turning to them for help. They are in a unique position not just to quantify the problem, but to explain exactly what is going on behind the scenes, so I am pleased to be able to highlight some of the evidence from its payday loan report card.” Kezia Dugdale MSP, December 2013

- **What we continue to do**

In addition CAS work closely with the Financial Conduct Authority (FCA) on their regulation of the sector. This involves reporting traders but also shaping regulation policy. CAS will feature on a select group that will inform the regulators work on a price cap as announced by the Chancellor or the Exchequer.

CAB are heavily involved in this campaign and came up with innovative methods to get out message out to consumers. This includes developing ground-breaking relationships with football teams in our 'Loan Goal' campaign. The clubs spread the message of debt advice and the Citizens Advice service on match day to attending supporters. This means we are reaching young men, a section of the public who take out payday loans but don't necessarily seek advice when things go wrong.

Rural Deliveries

- **The issue**

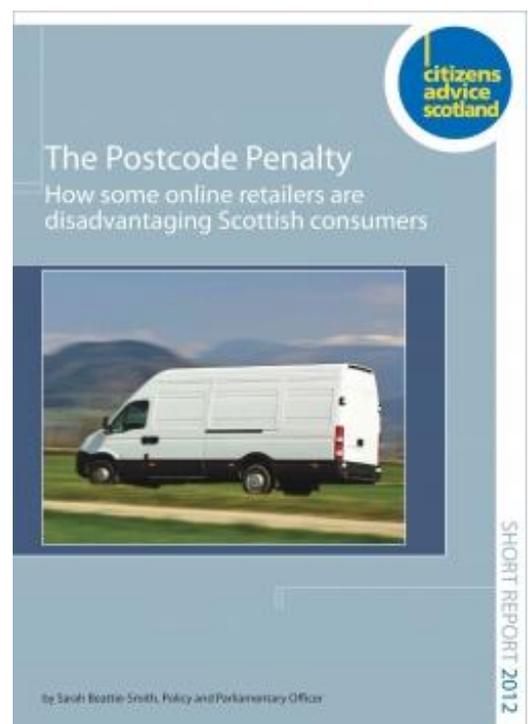
Our bottom up approach means issues for local bureaux can expand into a national campaign. This was epitomised in our work to highlight unfair delivery charges in rural areas. Skye CAB identified the need for support to numerous clients regarding high charges from courier deliveries, which was then rolled out as a campaign across the Highlands and Islands.

It then became a national issue after CAS surveyed over 3000 customers who faced problems with surcharges, late delivery or not being able to buy online as couriers refused to deliver at all. Many consumers identified great frustration and a feeling of powerlessness to take any action. After studying over 500 traders' practices we revealed that poor service for rural customers was endemic especially with online purchases.

Rural consumers have continually pointed out they don't expect 'special treatment' they just want fair and transparent dealings with traders where traders charge proportional charges or offer Royal Mail alternatives to keep costs affordable.

- **Our actions**

Our report 'The Postcode Penalty' received great media interest and secured political interest including a debate on the issue on the House of Commons at the end of 2013. Dues to the issues raised in this work CAS worked in partnership with Consumer Focus Scotland (now Consumer Futures), the OFT and the trading standards community (led by Highland Council) to identify potential solutions.



Extensive lobbying resulted in a working group set up by the Scottish Government to address the issue. This generated a statement of principles, setting out best practice for retailers which launched at the end of November and was supported by the Scottish Retail Consortium. This work will clearly benefit the thousands of people who are unfairly discriminated against because of their postcode. Our direct action has had a positive result. The Citizens Advice service in Scotland has delivered for consumers fair practices for what were unfair costs.

CAS worked closely with Sir Robert Smith MP on his private members bill debated in September 2013. This bill would make it compulsory for websites to declare the presence of surcharges to rural areas before consumers start to browse. The bill itself was launched at Westhill CAB in Aberdeenshire and this event received extensive local media coverage in an area hit by such surcharging.

- **What we continue to do**

CAS continues to monitor the progress of the statement of principles and examine potential further measures to benefit consumers and retailers (for example a trusted trader scheme).

We are also now considering the impact of this practice on business owners in remote areas. We launched a survey of small business owners in partnership with local Chambers of Commerce which received 250 responses. This has allowed us to get further evidence of the impact on businesses in rural areas that are also affected by the issue when ordering supplies and being charged extra for delivering to customers.

We will analyse these results and set out recommendations for change later in 2014.

“I’m very pleased that someone is highlighting this issue. The CAB service has established a great campaign here, fighting for basic fairness and consumer rights. Give them the facts and evidence they need to make that fight even stronger. Or if you are happy to be over-charged, you could just sit back and let the rip-offs continue. It’s your choice!”

Lisa Harris, Harris Home Furnishings, West Highland Free Press, February 2014,

Help with Energy Problems

- **The issue**



Evidence across the Citizens Advice service in Scotland revealed significant problems for clients with their energy bills and supply. In 2012/2013 we helped assist over 12,000 Scots with energy issues - a rise of a third on the previous year. The average energy bill in Scotland

is now double what it was eight years ago and average incomes have failed to keep up.

Our publication “Advice in Detail: Energy” looked in detail at fuel related problems reported by clients. This identified that the biggest area of fuel problems are fuel debts, but also revealed concerns surrounding billing and off-grid supply. Issues such as higher costs on pre-payment meters; difficulties buying oil or solid fuel by remote consumers and confusion in understanding bills were also significant areas of concern.

- **Our actions**

CAS sits on the Scottish Government fuel poverty forum, chairs the SSE customer forum for Scotland and continues to feed into both UK and Scottish Government policy on energy costs and efficiency.

At the end of January 2014 CAS ran the annual Big Energy Savings Week in Scotland. This involved 20 events across eight areas focussing on public information stalls on how to save energy and cut bill costs. Using the ‘Check, Switch, Insulate’ message we wanted to make sure consumers were aware of the action they could take to tackle high energy bills.

We ran roadshow events which enlisted the support of many other partners including energy companies, Energy Saving Trust and the Extra Help Unit which supports vulnerable consumers with their energy problems. There has been great local coverage of this issue and many CAB have made dedicated window displays informing consumers of their rights and how to get help when needed.



CAS also rolled out Energy Best Deal in Scotland which provides face to face advice for over 1,200 consumers about how to source the best energy plan for their needs and highlighted possible areas of support they could get. Our advice actions and support on energy issues has given Scottish consumers £243,000 in financial gain by advising on debts, lowering energy bills and helping access government funding. This is a 15% increase on the same measure in the previous year.

- **What we continue to do**

The problems brought to bureaux often impact on the vulnerable and those in fuel poverty. That's why the Citizens Advice service in Scotland will continue to provide advice to clients in need. We are dedicated to helping consumers with their energy issues.

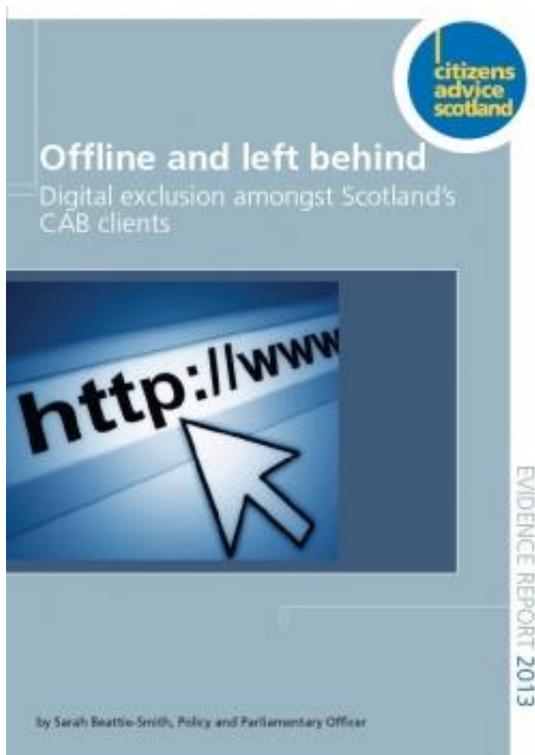
Energy Best Deal + is commencing across the country this year. The project achieved an average saving of £123 per client in our pilot, and we believe that this is a project that makes a real difference to help consumers lower their costs. Considering the past success, we will also continue to support the annual Big Energy Savings Week.

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Digital Participation

- **The issue**



UK Government strategy sets an expectation that 80% of benefit applications will be completed online by 2017. Case evidence from bureau suggested that this would cause difficulties for many of our clients. Therefore CAS undertook an unprecedented study of benefit clients to examine their access and ability on using internet services.

Through our bureaux network, a survey of 1,200 clients was carried out and revealed a huge gap between current internet access and ability and what would be needed to meet the 2017 target. Only half the

clients had internet access at home and three-quarters said they could not apply for a benefit online without significant support. A further 72% said they would struggle to apply for a job online due to a lack of computing skills.

- **Our actions**

This research is detailed in the CAS report 'Offline and left behind' which details our support for helping people get online but details that setting a fixed target of 80% is unachievable and will only force vulnerable people into difficult circumstances when applying for state support.

Our report received strong support from across the political spectrum and its findings have been highlighted in a number of debates both in the House of Commons at and Holyrood.

• What we continue to do

CAS has continued to work with others including Ofcom, the Royal Society of Edinburgh, the Carnegie UK Trust, the Scottish Government's digital team and the DWP at UK Policy level to discuss digital literacy and participation.

Local action remains important and CAS helps produce local briefings for bureaux to use with their council and other funders with a view to finding local solutions to digital access problems. Action in the past has included better provision in local libraries and support for IT training programmes.

The key findings published in 'Offline and left behind' include:

- *Only half (54%) of CAB clients have an internet connection at home.*
- *36% of respondents said they never used the internet and a further 11% said they hardly ever used it.*
- *Just a quarter (24%) said they would be able to apply for a benefit on their own with no problems.*
- *A total of 76% of CAB clients said they would struggle to apply for a benefit online including 39% who said they could not apply online at all.*
- *Nearly three quarters (72%) of CAB clients said they would struggle to apply for a job online, with just 28% saying they could complete an online application on their own with no problems.*
- *Almost half (49%) of those CAB clients who said they would be completely unable to complete a benefits application online said that their main barrier was that they had never used a computer before. Another 16% said that their main barrier would be health related, including physical disability (5%) or mental health problems (4%).*

Scams Awareness Month

- **The issue**

We all know that scammers and fraudsters operate in Scotland but protecting the most vulnerable in society from financial loss and fear is a difficult task. Research has shown that only 5% of victims report it to the relevant authorities or seek help. The CAB service in Scotland helps over 4,000 victims every year and cases can range from small one-off scams to large multi thousand pound frauds.



We also know that it is a common misconception that elderly people are the only group vulnerable to scams when in reality the highest percentage of victims are aged 35 to 44. There was a need to reach all of the public with an education and empowerment campaign not just a select part of society.

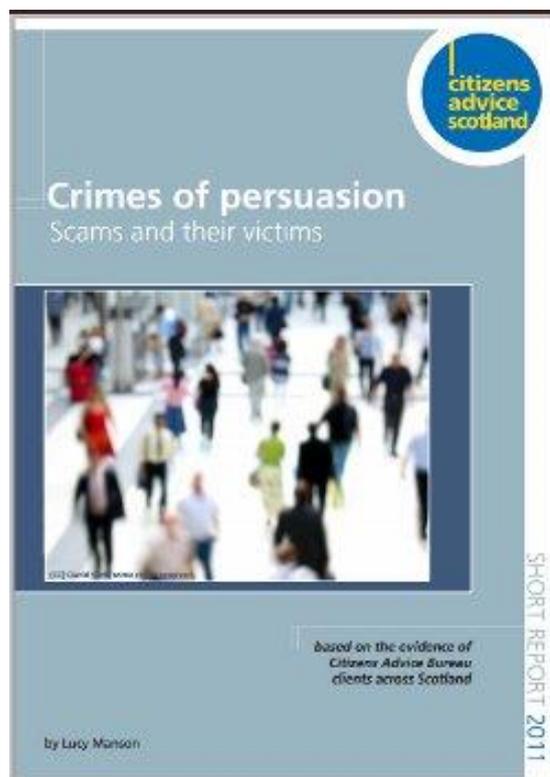
As a result of our campaign the bureaux network received double the number of enquiries about scams in 2013 compared with the year before and our consumer helpline received 10% more contacts than the previous year...showing people are more willing to report and not be victims.

- **Our actions**

In May 2013 we helped educate consumers in how to avoid becoming a victim of a scam and what the tell-tale signs are. This focussed on three simple steps that consumer should follow if they have been a victim of a scam no matter its size. 'Get advice' from your local CAB or Consumer helpline, 'report it' to the police and 'warn others' to protect your friends and family.

A number of bureaux held their own local events in addition to the national campaign throughout May 2013 which involved local police and trading standards to highlight how to keep yourself safe from scammers. As a result of our campaign the bureaux network received double the number of enquiries about scams in 2013 compared with the year before and our consumer helpline received 10% more contacts than the previous year.

Our twin approach of education and empowerment means that people are now more willing to report scams and not be victims. We want to reach the public where and when we can and our unique network of bureaux can help us do just that.



- **What we continue to do**

In May 2014 we will be repeating Scams Awareness Month again to highlight our message of how consumers can best protect themselves from being a victim and what to do when things go wrong. We are planning this year's events with a wide range of partners including trading standards, police, community organisations and campaign groups.