

# Interim response to the consultation on Empowering and Protecting Consumers

A response from Citizens Advice Scotland



September 2011

**citizens  
advice  
scotland**

## Advice that works

As a frontline organisation, Scottish citizens advice bureaux see thousands of clients every day, with an average of 350 consumer issues each day of the year. In 2009/10, Scottish CAB advised on almost 550,000 new issues across the country.

## A trusted brand

Citizens advice bureaux have been an integral part of communities across the country for over 70 years. An Ipsos MORI poll of Scottish CAB clients in 2009 found that 98% felt able to trust the service and were satisfied with the service provided, while 86% agreed that the Scottish CAB service was the 'leading advice agency in Scotland'.

## Part of the community

The service is anchored in local communities right across Scotland. Operating through more than 200 service points, the network is the only independent advice and advocacy network with truly national on the ground coverage.

## A strong voice for consumers

We are already a powerful force for change, campaigning at national and local levels. The service is in an exceptional position to undertake advocacy and research on consumer issues with our extensive client base of nearly 270,000 clients each year. The advocacy undertaken by the service directly extends from the problems brought to citizens advice bureaux.

## An integrated service

Citizens Advice Scotland believes that authentic, dynamic, smart, responsive and empowering action for consumers is more efficient and effective if it is delivered in an integrated way. Frontline evidence about consumers' experiences and views gleaned from delivering information, advice and education is ploughed quickly into advocacy and policy feedback. Advice, empowerment and advocacy are interlinked and should be provided within an integrated system, placing the consumer at the heart of advocacy.

## Ready for the future

The Citizens Advice service across Great Britain has developed a robust model for providing an integrated service for consumers incorporating advice, empowerment and advocacy. This model builds on the many existing strengths of the service and puts in place a system that will empower consumers in the months and years ahead.

This is Citizens Advice Scotland's interim response to the UK Government's consultation on 'Empowering and Protecting Consumers'. We will produce a full response to the consultation later in September outlining more detail on the points outlined in the interim response.

### **About the service**

Citizens Advice Scotland and its CAB offices form Scotland's largest independent advice network. Citizens Advice Scotland (CAS) is the umbrella organisation for Scotland's network of 81 Citizens Advice Bureau (CAB) offices. These bureaux deliver frontline advice services throughout nearly 200 service points across the country, from the city centres of Glasgow and Edinburgh to the Highlands, Islands and rural Borders communities.

There are 2,200 volunteers in the service who provide almost 13,000 hours of their time each and every week. Paid staff provide a further 15,200 hours of work each week in management, support, administration and specialist advice work. There are citizens advice bureaux in 30 of the 32 local authorities in Scotland, making the network the only independent advice and advocacy body in the country with truly national on the ground coverage.

### **Empowering and Protecting Consumers**

The Government is proposing a number of reforms to the current consumer landscape to ensure that consumer advice, representation and enforcement are delivered effectively and efficiently. The Government proposes that almost all central government funding for consumer information, advice, advocacy and education will transfer to the Citizens Advice service [CAS and Citizens Advice England and Wales (Citizens Advice)] based on its high recognition and trust among the public as well as its track record of effective advocacy. Our main points in this interim response:

- We support the Government's proposals for reform of the consumer landscape and are putting plans in place to deliver on our new responsibilities.
- Citizens advice bureaux in Scotland already provide consumer advice on thousands of consumer issues each year and the service has a long track record of being a strong Scottish voice for consumers, at both a local and national level.
- Advice, empowerment and advocacy are interlinked and should be provided within an integrated service. This places the consumer at the heart of advocacy.
- The Citizens Advice service has developed a robust model for providing an integrated service for consumers incorporating advice, empowerment and advocacy.

Consumers in Scotland are bracing themselves for difficult times. The financial crisis and recession have already reduced incomes and decreased consumer confidence; reductions in public spending and the welfare budget will put even more pressure on consumers. Faced also with rising food, fuel and utility costs, consumers in Scotland need a clear and effective consumer model for advice, empowerment and advocacy.

### **Consumer issues in Scotland**

The issues facing consumers in Scotland can differ from those in the rest of the UK – we know this as we advise thousands of consumers each day across the country. Our understanding of consumers is grounded in the evidence gained from front-line advice.

#### ***Rurality***

Consumer issues are influenced by the distinct socio-demographic and geographic make-up of Scotland. The rurality and remoteness of many areas of Scotland mean that many consumers in these localities face choice and access issues in the energy, communication and retail sectors that do not affect consumers in other areas of the UK. One in eight remote rural households does not have access to a car which is likely to increase consumer problems.

#### ***Fuel poverty***

The climate of Scotland has an influence on the issues that consumers face. Scottish fuel poverty – where a household spends more than 10% of its income on fuel - is running at 32.7% compared with 20.1% in the rest of the UK (*UK Department of Energy & Climate Change August 2011*). The average household income spend on electricity and gas in Scotland has doubled in the last five years, from 8% to 14%. The recent hike in fuel prices promise to impact on consumers in Scotland more strongly than in the rest of the UK.

#### ***Health***

A third of households in Scotland contain at least one person with a long-standing illness, health problem or disability, while one in eight households contain at least one person who requires regular help or care. Consumers in Scotland are disproportionately affected by ill health with a greater proportion of people claiming sickness and disability benefits than in the rest of the UK. Health problems can cause poverty and increase consumers' costs of living.

#### ***Finances***

The Scottish Household Survey reveals some insight into how consumers are coping with their finances. In 2010, one in eight people in Scotland said that they are not coping well with their finances, rising to 29% of single parents, 21% of young people, and 22% of people living in relatively deprived areas.

Three in ten households across Scotland had no savings or investments, with this figure rising to 55% of social rented households and 64% of single parent households. There are many households in Scotland that are vulnerable to financial difficulties.

### ***Debt***

Consumers in Scotland continue to be disproportionately affected by debt problems. Scotland has six of the top 10 UK towns most in debt (*Experian, March 2011*), and personal insolvency is rising. In the first quarter of 2011/12, there were 5,319 personal insolvencies – a 25% increase on the previous quarter (*Accountant in Bankruptcy 2011*).

### ***Internet use***

Access to the internet, and the ability to make best use of it, is now a key component of being an informed and empowered consumer. It also offers consumers access to lower prices for services. However, use and access to the internet is lower in Scotland than across the UK. The Scottish Household Survey found that around a third of households in Scotland do not have access to the internet, with less than half of households with an income of less than £15,000 having access to the internet. 37% of all Scottish households, and only 14% of rural households in Scotland, have access to cable broadband, compared to 49% of all households across the UK as a whole.

### ***Transport***

The Scottish Household Survey shows that almost a third of households have no access to a car, rising to 56% of households in relatively deprived areas. A lack of accessible transport can lead to choice and access issues for consumers. These figures suggest that a majority of households in relatively deprived areas have no access to a car and/or no access to the internet, thereby constraining their choices as a consumer.

### ***A distinct legal and political system***

Scotland has a distinct legal and political system which influences the way in which consumer issues affect people across the country. Whilst consumer policy is reserved to the UK Parliament, many issues that affect consumers are devolved to the Scottish Parliament, including housing, legal services, health and social care. Advocacy for consumers in Scotland must address the Scottish Parliament on devolved issues and represent consumers in the UK Parliament with a distinctively Scottish voice.

### ***Advocating for Scotland's consumers***

A detailed understanding of consumers in Scotland and their issues is needed to advocate on their behalf. Our understanding of consumers, grounded in the evidence gained from the thousands of consumers who seek frontline advice every day, allows the service to have a strong voice on their issues. .

### **If you need information or advice, go to Citizens Advice**

The Government proposes that the Citizens Advice service should in future have responsibility for publicly-funded national advice and education of consumers. We welcome this proposal and have put in place plans to fully realise this responsibility in the near future.

### ***Consumer advice***

Citizens advice bureaux are already leading providers of consumer advice in Scotland. As a frontline organisation, Scottish citizens advice bureaux see thousands of clients every day, with an average of 350 consumer issues each day of the year. In 2009/10, bureaux advised on over 128,000 consumer issues, including:

- Consumer debt (69,097 new issues)
- Utilities and communications (24,186 new issues)
- Financial products and services (17,848 new issues)
- Consumer goods and services (16,963 new issues)

Research undertaken by Consumer Focus Scotland (*Cause for Complaint?* 2010), found that citizens advice bureaux had a higher profile than other advice agencies on consumer issues. The survey found that 49% of respondents would approach a bureau for debt advice; 16% would use a bureau for credit agreement advice; and 10% would use a bureau for advice on a builder issue.

Research undertaken by the Scottish Consumer Council in 2002 found that 90% of consumers had heard of citizens advice bureaux and that 63% of consumers said they would use a bureau for a consumer complaint.

### ***Holistic advice***

Citizens advice bureaux deal with a client's situation as a whole, rather than one issue in isolation. Our experience shows that clients often have a multiplicity of issues – whether it is consumer, benefits, debt, housing, or employment, etc. – and that dealing with one issue may not address the root cause of the client's problems. Bureaux are experts at diagnosing and dealing with the client's whole situation rather than focussing only on their immediate presenting problem.

In addition, our advice and advocacy reflect the ethos of the service, which aims to empower our clients not only as consumers of goods and services but also in relation to their rights and responsibilities as citizens.

### ***Advice that works***

The advice provided by citizens advice bureaux is well known and trusted. In an Ipsos MORI survey of our clients:

- **98%** said they felt able to trust the confidential service and were satisfied with the way that they'd been treated by CAB service staff overall
- **97%** praised the service for helping people to get fair treatment and agreed it offered advice and support across a range of issues
- **86%** agreed that the Scottish CAB service was the 'leading advice agency in Scotland'.

In a parallel survey of the general public, one in five had used a CAB for advice in the last three years, and the vast majority were satisfied with the service they received.

### ***Consumer Direct***

The Consumer Direct telephone helpline will be transferred to the Citizens Advice service in April 2012. This will provide clarity for consumers and ensure that all consumer advice is integrated into the same system. The database of Consumer Direct enquiries will augment the advocacy work of the Citizens Advice service through the additional evidence and opportunity for analysis this offers.

### ***Extra Help Unit***

The Government proposes that the Extra Help Unit, currently run by Consumer Focus, be transferred to the Citizens Advice service. This is a natural fit as the vulnerable consumers that the Extra Help Unit helps with utility or postal issues are often the clients that bureaux help on a range of other issues. For example, a client dealing with fuel debt is likely to be facing other problems that also need resolved, such as benefit problems, multiple debt, rent arrears and so on. The integration of the unit within the Citizens Advice service will ensure that all the issues facing vulnerable consumers will be dealt with holistically.

### ***Consumer education***

The Government proposes that the OFT's consumer education roles should be transferred to the Citizens Advice service. Bureaux already play a role on both a national and local basis in providing consumer education, and accordingly we welcome this proposal. We believe that the service is ideally placed to build on our role within local communities. The network of bureaux, and the trust the public has in the citizens advice brand, will enable the service to give national prominence to consumer education campaigns as well as to promote campaigns at a local level through front line advice services.

**The Government proposes that the Citizens Advice service should be the lead national, publicly-funded consumer advocate, building on its very well known brand and high levels of public trust.**

Advocacy is not a new concept to the service. We are already a powerful force for change, campaigning at national and local levels. We conduct policy research on consumer and other issues, and have a strong track record of changing policy and improving people's lives.

### ***An exceptional evidence base***

The service is in an exceptional position to be able to undertake advocacy and research on consumer issues with our extensive Scottish client base of nearly 270,000 clients each year. With the roll out of our electronic case recording system, we are now able to collect much greater detail on:-

- the profile of clients seeking advice
- the problems that they experience
- the type of advice they required
- the outcome of the advice that they received
- any signposting they received, and
- the financial gain from that advice.

Advocacy needs to have an evidence base and our current evidence on consumer issues is second to none in Scotland. However, working with our colleagues in England and Wales, we are aiming to have a unified case recording system for the whole of GB within the next two years. Our new system will also encompass all of the client evidence obtained from the Consumer Direct telephone service, which will operate the same recording system as the rest of the Citizens Advice service. This will provide us with an unparalleled database and a vast wealth of information from which to undertake policy work both Scottish focused and GB wide.

All of our evidence is used to meet the twin aim of the service: to exercise a responsible influence on the development of social policies and services, both locally and nationally. We use our evidence to ensure that politicians, civil servants and private companies know the impact of their policies and practices on consumers locally and nationally, and work with policy makers on solutions.

In addition, due to the unique bureau network, CAS is able to quickly ascertain (and react to) the impact of any change in policy on both a local and national level, and how this affects significant and vulnerable sections of society. The service is in an unparalleled position to identify consumer problems and advocate on behalf of consumers as they happen, locally, regionally and nationally. Using our evidence base, we are able to put the consumer at the heart of advocacy.

### ***A local and national voice***

A unique aspect of the bureau network is the ability of the service to speak for consumers on both a local and national level. Many consumer problems occur on a local basis, such as rogue builders and small scale scams. CAB are able to advocate on behalf of clients at this local level, while CAS are able to advocate on national issues using the experiences of clients from across the country. The Citizens Advice service can make use of its local structure to find local solutions to local problems.

In addition, the proposals will ensure a closer working relationship with trading standards, both locally and nationally. Nationally, using the information from the Consumer Direct database, Trading Standards will be provided with detailed and analytical data regarding individual rogue traders, as well as trends and patterns in business practices. Locally, individual CAB will work closely with Trading Standards to take action against local traders as appropriate, but also to work together on joint campaigns.

### ***Clarity for consumers***

The Government wants greater clarity for consumers about who is championing their rights. An integrated service – involving advice, empowerment, and advocacy – will leave consumers in no doubt about who is championing their rights. The high levels of recognition and trust in the service mean that our advocacy would be even more identifiable and accessible for consumers than it is currently.

Even so, there is already a high level of awareness of our advocacy work. In an Ipsos MORI survey of our clients, more than 6 out of 10 were aware that the CAB service ‘influences government and other large organisations’ through its behind-the-scenes advocacy work. And in a stakeholders survey carried out in 2006, almost 100% of MPs and MSPs considered we influenced both social policy and government, and around 80% of Westminster and Holyrood civil servants felt that we did. These proposals will reinforce our role as an integrated service, and to be seen more widely than our client base as an authoritative voice speaking on behalf of consumers.

### ***Advocating for people, not just consumers***

Our experience is that our clients rarely face one problem in isolation. Dealing with only the presenting problem risks ignoring its causes and effects. A consumer issue can often be caused by problems with benefit entitlement, employment pay, poor health, or debt. Likewise, a consumer issue may in turn cause the above problems. Citizens advice bureaux offer a holistic approach in dealing with a person's situation.

This principle extends to advocacy work. We advocate for the person – not just the consumer – to ensure that we provide a voice on all of the issues that they face. We bring together insight from across the full range of our work to make links between sectors and problems to ensure that our advocacy best represents our clients.

We are also intending to widen our evidence base through a series of measures including engaging directly with the public through our website, using social media and so on, to augment and supplement our existing database.

### ***Sectoral advocacy***

We believe that sectoral advocacy should be included within an integrated consumer service. A strong consumer voice and evidence base is needed to provide regulators with a balanced perspective in each of these sectors.

We would be ideally placed to provide sectoral advocacy both on a bottom-up basis – through our extensive contact with consumers – and a top down approach through our well established relationships with regulators and business.

The service would be able to bring a new local presence to sectoral advocacy. The bureau network is able to identify and address problems locally, meaning that localised sectoral issues are not missed through national advocacy.

Furthermore, our strong evidence base will allow us to identify market failures, both in relation to the cause and impact. Our experience in analysing our existing database will allow us to identify parallels between the sectors and to assist in future proofing.

### ***A model for advocacy***

The Citizens Advice service has designed an advocacy operating model which will meet the needs of consumers and the principles set out by the Government. The model includes advocacy on regulated and non regulated industries, research and investigations, and capacity to provide both local and national empowerment.

We believe that the advocacy operating model will meet the Government's principles and provide a number of key benefits for consumers:

- **Making use of the brand:** using awareness and trust of the Citizens Advice name to exert a responsible influence on policy and practice
- **A consolidated evidence base:** the Citizens Advice service can analyse the data from hundreds of thousands of bureau clients to identify the key consumer problems and the people most likely to experience them
- **A Scottish voice:** our analysis of GB data will allow us to identify particular Scottish problems, and develop solutions that will work in a local setting and take account of Scottish legal and economic differences
- **Local empowerment:** the Citizens Advice service can make use of its local networks to find local solutions to local problems
- **Partnership working:** closer working arrangements at both local and national level with Trading Standards and other relevant partners
- **Cross sectoral intelligence:** the Citizens Advice service can bring together insight from across the full range of its work, making links between sectors

Citizens Advice Scotland believes that authentic, dynamic, smart, responsive and empowering action for consumers is more efficient and effective if it is delivered in an integrated way. Frontline evidence about consumers' experiences and views gleaned from delivering information, advice and education is ploughed quickly into advocacy and policy feedback. Advice, empowerment and advocacy are interlinked and should be provided within an integrated system.

An integrated consumer service will strengthen consumer representation by helping the Citizens Advice service to:

- Understand what consumers need and identify the right issues.
- Find the right policy solutions for the long and short term, thinking ahead to pre-empt emerging issues
- Harness the strength of our brand to help change policy, practice and consumer's lives
- Use our physical network and reach of our website to disseminate advice to consumers and to supplement our evidence base

### ***An integrated model***

Working with Citizens Advice England and Wales, we have developed a robust business model for integrating consumer empowerment functions. Our planned model links advice, empowerment, education and advocacy. We aim to help more people, on a wider range of topics, through a wider range of delivery mechanisms, including electronically, phone and face to face.

We aim to empower more people to utilise our advice and information to help themselves. Evidence – including client stories and statistics – that is gained through advice provision feeds into policy, research and investigations and will allow the service to advocate on behalf of consumers to policy makers, markets and businesses. Our client evidence will also be supplemented by external research, and an expanded evidence base. This evidence will also feed into education and empowerment of consumers. Our model emphasises the importance of an evidence base for advocacy and education.

We believe that the integrated model will meet the Government's principles and provide a number of key benefits for consumers:

- **Putting the consumer at the heart of advocacy:** consumer advocacy will extend directly from the problems that consumers seek advice upon

- **A clear link between evidence and advocacy:** frontline evidence about consumers' experiences and views gained from delivering advice will be fed directly into advocacy on behalf of these clients.
- **Strengthening the front line:** back office savings from consolidation will be put into front line policy, advocacy and empowerment functions
- **Delivering more cost-effectively:** we can take advantage of economies of scale and integration with existing services, while reducing duplication in the system

### ***Local empowerment***

Local empowerment is included within our planned model. Using our extensive bureau network, we will empower local communities by delivering local campaigns, and education programmes. We will work closely with local trading standards to tackle rogue traders and support local consumers to become informed and empowered. Consumers will be placed at the heart of our model.

### ***Partnership working***

Working in partnership with regulators, consumer groups and private companies will be a key element of our approach locally, nationally and across the UK.

We hope the changes will create a new impetus for other organisations that are on the side of the consumer to work together and with us. With persistently high levels of consumer detriment, a challenging economic environment and significant reductions in public expenditure affecting the level and nature of public services, it is essential that, together, we work to deliver the most efficient and effective system to look after the interests of consumers.

**For Scotland and Wales, the Government's aim is to ensure that it creates a structure which provides consistency of advocacy provision for consumers while recognising the national, regional and local differences which may exist and also respecting the devolution settlements in each case.**

We are designing a consumer service that provides consistency of advice and advocacy across GB while also meeting the needs of consumers in Scotland. We recognise that issues facing consumers in Scotland can differ from those in the rest of the UK – we know this as we advise thousands of consumers each day across the country. Last year, CAB dealt with 22 new issues for every 100 households in Scotland.

While being part of the Citizens Advice family, Citizens Advice Scotland is nevertheless an independent charitable organisation based in Scotland, working for the welfare of the people of Scotland. We are not a satellite of a wider UK organisation. Our work is solely concerned with the welfare of people in this country, and accordingly, we have ensured that the model meets the specific needs of those living in Scotland. There are a number of key reasons why Citizens Advice Scotland will provide a consumer model that works for Scotland:

- Citizens advice bureaux in Scotland make up the only advice and advocacy network that has truly national on the ground coverage. Our service meets the needs of local communities across the country, as well as the country as a whole
- Citizens Advice Scotland has an evidence base on consumers that is second to none in Scotland, including statistics and analysis on over half a million new problems last year. Our advocacy is directly linked to the thousands of clients that seek advice each and every day ensuring that our advocacy is always evidence based
- Consumers in Scotland trust the Citizens Advice service. 98% of clients felt able to trust the service and were satisfied with the service provided, while 86% agreed that the Scottish CAB service was the 'leading advice agency in Scotland'
- 100% of MPs and MSPs considered we influenced both social policy and government, and around 80% of Westminster and Holyrood civil servants felt that we did.
- Citizens Advice Scotland has expertise in a wide range of subjects, both reserved and devolved. We are able to deal with the person as a whole, rather than dealing with isolated issues

- Working across the Citizens Advice service, we will be able to contrast and compare the Scottish experience with the rest of GB. We will lead on issues that are relevant to Scotland, highlighting regional as well as national differences.
- Citizens Advice Scotland contributes to political debate at both the Scottish and UK Parliaments with a distinctively Scottish voice. The trust that clients have in the Citizens Advice name ensures that we have a powerful voice for consumers

This consultation marks an important juncture for consumers in Scotland. At a time of low economic growth and public sector cuts, consumers are attempting to cope with rising prices alongside reductions in income. It is essential that a clear model of consumer advice, empowerment and advocacy is developed for the people of Scotland.

We believe that the Government's proposal that the Citizens Advice service be responsible for future Government funded consumer advice and education is the right way forward for consumers. We also support the proposal for the Citizens Advice service to act as the lead consumer advocate. Advice, empowerment and advocacy are interlinked and should be provided within an integrated model.

Our main points in this interim response include:

- We support the Government's proposals for reform of the consumer landscape and are putting plans in place to deliver on our new responsibilities.
- The Citizens Advice service in Scotland has a long and successful history of providing consumer advice to clients and advocating on their behalf at a local and national level.
- The service is in an exceptional position to be able to undertake advocacy and research on consumer issues with our extensive client base of nearly 270,000 clients each year. Advocacy needs to have an evidence base and our evidence on consumer issues is second to none in Scotland.
- Advice, empowerment and advocacy are interlinked and should be provided within an integrated service. This places the consumer at the heart of advocacy.
- Citizens Advice and Citizens Advice Scotland have developed a robust model for providing an integrated service for consumers incorporating advice, empowerment and advocacy.
- Our model will provide a closer relationship with Trading Standards, both locally and nationally.
- The Citizens Advice service is ready to provide a consumer model that meets the needs of consumers in Scotland.



Citizens Advice Scotland and its member bureaux form Scotland's largest independent advice network. CAB advice services are delivered using service points throughout Scotland, from the islands to city centres.

**The CAB service aims:**

to ensure that individuals do not suffer through lack of knowledge of their rights and responsibilities, or of the services available to them, or through an inability to express their need effectively

**and equally**

to exercise a responsible influence on the development of social policies and services, both locally and nationally.

The CAB service is independent and provides free, confidential and impartial advice to everybody regardless of age, disability, gender, race, religion and belief and sexual orientation.

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