

News Release

Scots “Switched On” to Switching - but not all can!

SCC calls on banks, energy and telecoms suppliers, and their regulators, to up their game in Scotland

Strictly embargoed until 00.01 hours on Tuesday 6th May 2008

Many of Scotland's consumers are happy to switch providers across a range of household services with the aim of getting better deals on price and quality. However, key groups are still being left behind:

- Disabled people
- Older consumers
- Those living in the Highlands and Islands
- People on lower incomes
- Those without access to the Internet.

The findings come in a major new report by Scotland's foremost consumer watchdog, the Scottish Consumer Council. The SCC survey of 1,000 consumers in Scotland examined whether they'd switched suppliers or would consider switching suppliers of gas, electricity, telephones, internet, home insurance, personal banking services and mortgages.

The SCC also found that:

- People in Scotland were markedly less satisfied with the switching process than those in England and Wales.
- There is minimal movement in the personal banking services market.
- Many people still think it's not worth the bother.
- Many people are making very quick decisions to switch, often on the doorstep. People who are loyal to particular companies are often getting worse deals than new ones.
- Consumers in Scotland are, on the whole, moving between small groups of suppliers.

The SCC says that it is the poorer and more vulnerable Scots who are finding it most difficult. SCC chair, Douglas Sinclair says suppliers are missing a trick by not working harder to persuade people on lower incomes to move:

“The relative lack of mobility between suppliers for people on low incomes seems to be down to a reluctance of some providers to make them welcome. This is ignoring the fact that things like electricity and gas are essential and, however small the household budget, people make sure they have enough to pay their bills. There are huge commercial benefits to be had from tailoring services to reach out to the low-income market.”

SCC makes a series of recommendations to allow consumers a better deal from service providers, including the removal of all barriers to people switching mortgage provider and the setting up of a UK Trust Fund, paid for by a levy on industry, to support consumers experiencing fuel poverty.

And SCC’s Douglas Sinclair says it is time for the Scottish Parliament to start holding regulators to account to ensure Scots don’t lose out.

“Our vision is for every consumer in Scotland, no matter where they live or how much money they have, to have the confidence and the opportunity to make informed choices about which companies they receive different services from. In a genuinely open, fair and competitive marketplace the consumer will be served well.

Even though policy on energy, telecoms and banking regulation are all reserved to Westminster, the Scottish Government’s Economic Strategy will be helped if all UK regulators get better at working in the devolved environment and put more effort into raising their profile and service for Scottish consumers.”

Key Findings: Deprivation and Geography

The research findings indicate that people in lower economic groups are less likely to switch than those in more affluent groups; and that people living in the Highlands & Islands are less likely to switch than those in the Lowlands of Scotland:

Proportion (percentage) of respondents making switches:

	By Social Status		By Region	
	ABC1	C2DE	Lowlands	Highlands & Islands
% Switching Utility Provider	64	56	61	49
% Switching Financial Service Provider	39	27	33	29

Recommendations

The SCC makes a series of 33 recommendations which include:

UK & Scottish Government	<ul style="list-style-type: none">• should set up a Trust Fund from a levy on industry to support people in fuel poverty
UK regulators & trade associations for providers	<ul style="list-style-type: none">• should raise their profile and strengthen their presence in Scotland
OFT, Regulators and Suppliers	<ul style="list-style-type: none">• should ensure all consumers, including existing customers, are offered equal access to offers on pricing and services
All UK regulators	<ul style="list-style-type: none">• should publish the extent to which they have worked with Scottish Government and Stakeholders
FSA, Ofcom and Ofgem	<ul style="list-style-type: none">• should conduct annual reviews for Scotland of their effectiveness• review the standard of price comparison websites and ensure those not on-line have equal opportunity to compare prices
FSA and Ofgem	<ul style="list-style-type: none">• should establish Advisory Committees for Scotland
Ofcom	<ul style="list-style-type: none">• should launch a major consumer awareness programme on switching on switching ISP and broadband providers
Banking Industry	<ul style="list-style-type: none">• should make bigger and better efforts to providing transparent and accessible account information
FSA	<ul style="list-style-type: none">• should eliminate barriers to switching mortgages for existing as well as new customers
Scottish Parliament	<ul style="list-style-type: none">• should hold UK regulators to account when their activities impinge on the social, economic and environmental wellbeing of consumers in Scotland

Notes to Editors

A press briefing will be held at 9.30am in the Hopkins Suite, Millennium Hotel, George Square, Glasgow on Tuesday 6 May. The SCC's Chair, Douglas Sinclair and the report author will be available for interviews at this time.

About the Scottish Consumer Council was set up by the government in 1975 to promote the interests of consumers, particularly those who experience disadvantage in society. While producers and suppliers of goods and services are usually well organised when protecting their own interests, individual consumers very often are not. The people we represent are consumers of all kinds: they may be council tenants, patients, parents,

solicitors' clients, public transport users, or simply shoppers in a supermarket. We speak up for them by communicating with the professions, industry, business, local authorities and central government, using careful research and persuasive lobbying.

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