Policy Position Paper

Consumer Issues

(UK)

July 2022

Competitive markets must work for older people and offer real choice of goods and services that meet their needs and preferences at fair prices.

Key Issues

Older consumers account for around £319 billion in household spending every year – representing over half (54%) of the UK's household consumer spending (ILC-UK, 2018). Despite this, older people face significant barriers when engaging with consumer markets, particularly the nearly 3 million who do not use the internet.

Vulnerable circumstances

Older age should not be automatically equated with vulnerability, but age does increase the exposure to vulnerable circumstances such as poor health, digital exclusion, and reduced income – with many of these experienced at the same time. Vulnerable circumstances can lead to greater risk of harms such as financial exclusion or not getting the best deal. These poor outcomes can also be exacerbated by supply side factors such as complexity, distribution channel, and inadequate product design. Firms can make older people more vulnerable than other groups by failing to understand their needs or designing products, services, and processes that do not work well for this cohort. For example, someone with poor health and limited mobility may be able to manage their money on a day-to-day basis if they have an accessible local bank with well-trained staff but may become vulnerable to exclusion and fraud if that branch closes and alternatives are not available.

Affordability

Essential services such as energy, water and telecoms need to be as affordable as possible for older people, particularly those on the lowest incomes. Financial support or social tariffs are available to help with the cost of many essential services, but they are often poorly promoted to those that would most benefit. Additional support should also be available to those that face higher bills due to health conditions, a disability or caring for someone that does. Many people on low incomes will also miss out on means-tested financial support due to not claiming linked benefits or having an income just above the eligibility threshold.

Poverty premium and the loyalty penalty

Many low-income households pay a 'poverty premium' for access to essential goods and services. For example, those that have to spread the cost of payments over the length of a contract often pay more than those that can afford to pay up-front. High prices may prevent people from getting a level of coverage or service appropriate to their needs. Consumers also often suffer from reduced product information or a weaker bargaining position with many firms benefiting from and exploiting the behavioural biases of consumers. Loyalty penalties (whereby existing customers end up paying higher costs than new customers) remain a concern across a range of essential service markets. Loyal customers are more likely to be in vulnerable circumstances and older people are also disproportionately impacted.

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Consumer Protection

Business has a vital role to play in treating customers fairly and ensuring that products and services support wellbeing and resilience in later life. Regulators must ensure firms do this through robust supervision and enforcement. New regulatory frameworks such as the Financial Conduct Authority's (FCA) Consumer Duty aim to set a higher standard for firms in their treatment of customers.

Online platforms and marketplaces are failing to keep their users safe from dangerous products, fake and misleading reviews, and exposure to scams. New regulatory and legal frameworks are needed to improve online consumer protection and outcomes including keeping customer data secure and giving consumers meaningful control over how it is used.

Public Policy Proposals

- The Government and regulators should work with businesses in key markets to ensure they deliver good outcomes for customers, e.g. by ensuring fair pricing and access to products.
- The Government must ensure access to social tariffs in all essential services markets (water, energy, communications) and regulators must ensure firms are actively and meaningfully promoting their availability.
- Regulators must require businesses to provide offline access options for digitally excluded customers, especially in essential service industries. Firms must work with customers and consumer representatives to remove barriers to online access.
- Regulators should actively monitor personalised pricing and ensure that it does not result in age discrimination or other forms of unfairness. Consumers should be able to challenge firms' pricing decisions if they feel they have been treated unfairly.
- Regulators should commit to regular reviews of the experiences of older customers in their specific sector, while firms and the market research industry should reflect the diversity of the older population when devising and marketing products and services.
- Given the harm to older people caused by continued poor sales practices, selling of goods and services through cold calling should be banned altogether.
- The Government must ensure that local Trading Standards are appropriately resourced to carry out their enforcement duties, provide consumer advice, and combat doorstep crimes.

Want to find out more?

Age UK has agreed policy positions on a wide range of public policy issues. Our policies cover money matters, health and wellbeing, care and support, housing, and communities. There are also some crosscutting themes, such as age equality and human rights, age-friendly government and information and advice.

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