

## **Media Release: Evidence to enforce rules to protect electricity consumers**

Published: Wednesday, 19 July 2023

### **Retailers need to do better at helping consumers during a crisis**

#### **More evidence for strict, enforceable rules to protect electricity consumers**

A new study examining how consumers are treated by electricity retailers, particularly during states of emergency, shows consumers remain vulnerable to the whims of retailers.

“This is just more compelling evidence that consumers are not getting the consistent and fair treatment they deserve from retailers who right now can choose how they apply the Electricity Authority’s voluntary consumer protections,” said Deborah Hart, chair of the Consumer Advocacy Council.

“Our report, undertaken by FinCap, the people helping those facing financial challenges, lays bare how weak the Consumer Care Guidelines are.

“Some retailers are good, some are bad - it’s all very inconsistent and that’s not fair on consumers who simply need power. Without strict, enforceable rules, with penalties, retailers can easily do what they choose when dealing with their customers.”

The Council asked FinCap to review how protections for consumers who are struggling to pay bills were working. The Consumer Care Guidelines are the key safeguards for consumers in terms of how retailers should treat them. FinCap interviewed its mentors across urban and regional centres and with Māori and non-Māori organisations, and analysed data on disconnections provided by the Electricity Authority.

#### **The key findings**

- The electricity required for a healthy home is unaffordable for many.
- There was low knowledge of the guidelines or trust in them working for consumers.
- Retailers can be very inflexible when establishing payment plans for arrears without regard to what is realistic.
- Accessing help from contact centres is often difficult, but much easier for financial mentors who know the language to use to explain issues and get cut through.

- There were no controls over how retailers acted during recent storm events or during the pandemic.

“It’s concerning that financial mentors are able to get better treatment when contacting call centres than consumers simply because they know how to discuss problems, they know the magic words to use,” said Hart.

“It was also of concern that during recent storm events and the pandemic the retailers’ responses were uncertain and inconsistent. This caused great frustration and confusion at a time when customers needed help the most.

“As the report notes; ‘there was nothing in place to prevent an electricity retailer disconnecting a customer for not paying their bill: when they were sick with Covid-19 or when they needed power to be able to clean up after a system outage during Cyclone Gabrielle’.”

FinCap Chief Executive Ruth Smithers said: “Electricity is an essential service; without it we’d all struggle to stay healthy and participate in our communities. It is unacceptable that some whānau financial mentors work with can’t get an account set up and the power turned on in 2023.

“More work is needed to make sure we all have warm water, warm meals, and warm homes when we need them. Whānau working with financial mentors are often juggling difficulty paying a range of creditors. It almost always won’t be resolved overnight.

“We need clearer standards around the support electricity providers must provide whānau to keep the heater on while their financial mentor helps them navigate back to financial wellbeing,” said Smithers.

“It’s obvious that some retailers are doing the right thing and helping their customers get through the aftermath of Cyclone Gabrielle. However, overall, the FinCap investigation strengthens the case for protections that ensure all retailers treat customers fairly and consistently when they are facing challenges,” said Hart.

[Put on hold? Cyclone Gabrielle, Covid-19 disruption and business as usual - Full report \(PDF, 588 KB\)](#)

[Visit the FinCap website\(external link\)](#)

### Examples: Comments by FinCap advocates

**Knowing the ‘magic words’:** “I would say it very much depends on who you get at a call centre. A lot of times too a client doesn’t know what to ask for or what to say. They won’t say they are in hardship, just ‘I don’t have money’ and they don’t get the same response that we do.” - Financial mentor in Christchurch.

“I know what words to use, your average joe consumer does not.” - Legal advocate in a regional city.

**Treatment after Cyclone Gabrielle:** “It’s about half and half, some are getting support and help, some are getting mucked around. I said if they’re getting mucked around then refer them to me and when I’m ringing the power company, they are actually awesome. But prior - I’ve had clients, who have been affected who have turned around and said, ‘why didn’t they just do that in the beginning.’” - Financial mentor in area affected by Cyclone Gabrielle.

**Often electricity retailers are inflexible on collection demands:** “Energy providers are willing to accept payment arrangements but only on their terms. Not based on the client’s actual financial position and what they actually can afford and there are no arrangements to separate arrears from current usage.” - Financial mentor in a North Island rural centre.

**Pre-pay problems:** “The cost of prepay is higher and punishes my clients who are unable to source other energy contracts. It is the last resort... all my clients in the past who had prepay would put that on before they had food.” - Financial mentor in a North Island rural centre.