

IE Hub Response to Ofgem Consultation:

Improving **Debt Standards** in the Domestic Retail Market

Foreword

At IE Hub, we believe that improving debt standards in the domestic retail market is crucial to ensuring fair and consistent outcomes for consumers, particularly those in vulnerable financial situations. As a digital platform designed to simplify the process of managing affordability, we empower individuals to securely share their income and expenditure (I&E) data with multiple creditors, reducing stress and ensuring sustainable repayment plans.

We welcome Ofgem's focus on improving debt standards and have provided insights based on our experience supporting financially vulnerable consumers across various sectors, including energy.

Strengthening Consumer Protections

Consumer Debt Outcome

IE Hub fully supports Ofgem's proposed consumer debt outcome:

"Domestic customers in, or at risk of, debt or arrears receive proactive, tailored, and consistent customer service that meets their needs and helps them sustainably manage their debt or arrears."

This vision aligns with our approach, ensuring that affordability assessments are conducted holistically, equitably, and with the consumer's best interests at heart. To achieve this outcome, suppliers must engage proactively, design inclusive financial support mechanisms, and ensure accessibility in all interactions.

IE Hub contributes to these aims through:

- **Accessible tools** – Our platform is designed for ease of use, with a reading age of 7 – 11 years, and ReciteMe accessibility features to support customers with additional needs.
- **Proactive engagement** – Consumers can update and share their financial data seamlessly, allowing suppliers to act early and prevent debt from escalating.
- **Holistic insights** – By capturing a full financial picture, including debts and vulnerabilities, we ensure repayment plans are realistic and sustainable.

Standardising Affordability Assessments

A Fairer Approach to Debt Repayment

Currently, affordability assessments vary widely across suppliers, often resulting in inconsistent repayment plans that don't reflect a consumer's true financial situation. IE Hub advocates for a standardised approach to ability-to-pay assessments, ensuring fairness and consistency across the sector.

Our collaboration with energy suppliers such as Utilita and Utility Warehouse enables:

- Tailored repayment plans based on real-time financial data.
- Identification of additional support, such as social tariffs and grants.
- A seamless "tell us once" process, reducing consumer stress and ensuring efficient debt management.

We recommend adopting the Standard Financial Statement (SFS) as a consistent affordability assessment framework. This approach ensures that consumers are assessed fairly and that their financial data can be shared with multiple creditors, avoiding repetitive assessments and providing a holistic view of their financial health.

Strengthening Support Mechanisms

Debt Repayment Offers from Trusted Third Parties

We support Ofgem's call for suppliers to engage with credible third parties when assessing repayment offers. Through IE Hub, consumers can share their I&E data with creditors and charities, ensuring repayment plans are sustainable and reflect their full financial circumstances.

Improving Third-Party Authorisation Processes

We have observed instances where automated processes result in suppliers incorrectly contacting us instead of the consumer. This highlights the need for improved training and better data-sharing practices to ensure effective communication while protecting consumer privacy.

Expanding Warm Referral Pathways

Referrals to appropriate support services can be a lifeline for vulnerable consumers. IE Hub's referral mechanisms enable consumers to access:

- Income maximisation tools.
- Additional financial support services.
- Expert guidance on managing debt.

Our data shows that 78% of IE Hub users discover they are entitled to an additional £462 per month, significantly improving their ability to meet essential costs. Expanding the use of warm referrals across the energy sector will enhance consumer trust and encourage engagement.

Channel Choice for Consumer Engagement

While dedicated phonelines for vulnerable consumers are vital, digital channels also play an important role. Many consumers, particularly those experiencing mental health challenges, prefer digital interactions over phone calls. IE Hub provides a digitalfirst approach, allowing consumers to engage at their own pace while ensuring additional support is available through our charity partnerships, including Scope, the UK's leading disability charity.

Aligning Priorities for Greater Impact

To ensure meaningful improvements in debt standards, we recommend prioritising:

- **Standardisation of affordability assessments** – Using the SFS framework to provide consistency across all creditors and sectors.
- **Enhanced consumer data access** – Consumers should have the ability to retain and share their affordability assessments with multiple organisations to streamline support.
- **Improved referral pathways** – Ensuring that consumers can access all available financial and non-financial support services.
- **Proactive data sharing** – Suppliers should work collaboratively to develop a holistic view of consumer financial circumstances, preventing debt escalation.

Conclusion

IE Hub remains committed to improving affordability assessments and debt standards in the energy sector. We welcome Ofgem's focus on driving meaningful change and would be happy to share further insights, case studies, and data to support this consultation.

By collaborating with suppliers, regulators, and financial support organisations, we can create a system that better serves consumers, particularly those at risk of financial hardship.

For further discussion or data insights, please contact beth@iehub.org or mark@iehub.org