

# FACT SHEET

## Vulnerable consumers

### ((( Introduction

The Authority has produced this fact sheet to outline assistance vulnerable consumers should expect from their electricity retailer.

The *Guideline on arrangements to assist vulnerable consumers* (Guideline) has further information and is available at [www.ea.govt.nz/consumer/mdvc](http://www.ea.govt.nz/consumer/mdvc)

### ((( Who is a vulnerable consumer?

A domestic electricity consumer is defined<sup>1</sup> as vulnerable if:

- for reasons of age, health or disability, the disconnection of electricity to that domestic consumer presents a clear threat to the health or wellbeing of that domestic consumer; and/or
- it is genuinely difficult for the domestic consumer to pay his or her electricity bills because of severe financial insecurity<sup>2</sup>, whether temporary or permanent.

### ((( How is vulnerable consumer status decided?

Consumers are responsible for informing their retailer if they, or someone living at the property, are vulnerable. The retailer keeps a record of those consumers, and may ask for proof of their status.

In addition, retailers have a responsibility to take reasonable steps to ask if vulnerable consumers are living at a property. They must also make information available so that consumers know to tell the retailer if they, or someone living at the property, are vulnerable.

The consumer needs to inform their retailer if a vulnerable consumer no longer lives at the property.

### ((( What does having vulnerable consumer status mean?

Vulnerable consumer status ensures the retailer is aware of the consumer's situation and some do more for their vulnerable consumers than the Guideline provides.

However, as a minimum, vulnerable consumer status means that, although a consumer can still be disconnected, a referral to Work and Income should be included in the disconnection process. Alternative payment arrangements should also be offered to the consumer, and to the alternate contact, if applicable.

### ((( What is an alternate contact?

An alternate contact could be a family member, friend or social agency who has agreed to assist the consumer if a disconnection or payment issue is pending. The alternate contact's role could be to communicate with the consumer to ensure that they fully understand the situation, or even to provide financial assistance to the consumer to prevent a disconnection.

### ((( What is a referral to Work and Income?

Before disconnection takes place, the retailer should refer the vulnerable consumer to Work and Income. Work and Income will help the vulnerable consumer get the financial or other assistance they are entitled to. However, the retailer should try to negotiate an alternative payment option with the consumer first and must obtain the consumer's consent before they contact Work and Income.

<sup>1</sup> Definition is as per the Guideline.

<sup>2</sup> Severe financial insecurity also includes low income.

## ((( Is monthly the only way to pay?

No. Most retailers offer a range of payment options and information is usually available on retailers' web sites.

For example, retailers should:

- offer a prepayment option, or help consumers switch to a retailer that does;
- offer smoothed payment options, whereby the cost of electricity is averaged out over a year, and approximately the same amount paid each month. This prevents unexpectedly high winter bills;
- offer a variety of repayment arrangements. These should not create adverse credit situations for the retailer and should minimise hardship for the consumer; and
- accept redirection of income. Where agreed by all parties, a portion of a consumer's income may be redirected to assist with electricity bill payments.

In addition, retailers should:

- help consumers find the right tariff for their electricity usage; and
- inform consumers of budgeting as well as other advice and assistance from social agencies (this should be communicated to all consumers at least once a year).

## ((( What is a bond?

Bonds are used by retailers to recover debt when a consumer has not paid a bill. If asked for a bond, a consumer should be given an explanation as to why it is required. The Authority recommends that the bond should not exceed \$150, and that it is refunded after 12 months of the consumer paying all bills on time, unless there is a good reason otherwise. If the bond is not refunded, retailers should tell consumers why.

## ((( Disconnection process

### What should retailers do before disconnecting?

Before disconnection, the retailer should make reasonable efforts to contact the consumer. This includes:

- making sure all notices referring to disconnection contain certain information, such as the retailer's contact details for credit help, the retailer's dispute resolution processes, and the cost of disconnection and reconnection;
- phoning the consumer, including outside normal working hours if necessary;
- making use of other contact options, such as mobile phone calls, texts, faxes, and a visit to the consumer's property (which may be the disconnection visit);
- contacting alternate contacts, where given; and
- making sure no one living at the property is medically dependent.

### How much notice should be given before a disconnection?

A consumer should receive:

- a final warning specifying disconnection time frames;
- a notice of disconnection at least seven (7) days prior to disconnection, with an additional three (3) days allowed for delivery; and
- a final notice no less than 24 hours, nor more than seven (7) days before disconnection.

If the consumer does not stop the disconnection (e.g. by paying their debts), but the disconnection does not take place within the specified time, the retailer should issue another final notice before actually disconnecting the electricity supply.

## **((( What charges apply?**

Some retailers charge a fee for disconnection and reconnection. Retailers should tell consumers whether charges apply and how much they are. Any warnings regarding potential disconnection should include explicit details of the charges that might apply.

## **((( What if I am to be disconnected, but haven't been contacted?**

If the retailer has been unable to contact a consumer before disconnection, the retailer should make sure that their representative disconnecting the property<sup>3</sup>:

- makes an effort to contact the consumer (unless it would be a health and safety risk) and advises them to contact the retailer (providing information on how to do this if necessary); and
- determines, once contact with the consumer has been made, if there are reasons why the disconnection should be put on hold. For example, the consumer could clearly be a potentially medically dependent consumer, in which case the retailer should follow the Guideline on arrangements to assist medically dependent consumers<sup>4</sup> and not disconnect.

## **((( What if no one is at home when they come to disconnect the property?**

If there is no one home, or trying to contact the consumer could be a health and safety risk, the retailer may disconnect the property.

## **((( What if there is a medically dependent consumer at the property?**

If a potentially medically dependent consumer is later found to be living at the disconnected property, the retailer should reconnect the property as soon as reasonably practical, and follow the Guideline on arrangements to assist medically dependent consumers.

## **((( How long before reconnection can be made?**

Once the consumer has satisfied the requirements for reconnection (such as repaying any debt), the retailer should restore the consumer's electricity supply as soon as reasonably practical.

## **((( When shouldn't a retailer disconnect?**

The retailer should not disconnect a consumer's electricity for debt when:

- the debt relates to another service, such as the telephone;
- the consumer is using the retailer's internal dispute resolution scheme, or that of an independent consumer complaints resolution scheme, such as the EGCC<sup>5</sup>, to dispute the amount of debt which they are about to be disconnected for; and/or
- the consumer (or someone living at the property) is medically dependent.

However, none of these circumstances prevents the retailer from attempting to recover the debt.

<sup>3</sup> In regards to advanced meters with remote disconnection functionality, if the retailer has been able to contact the domestic consumer, then remote disconnection is acceptable; however, if the retailer has not been able to contact the domestic consumer, then a representative should be sent to the property when it is being disconnected.

<sup>4</sup> The Guideline on arrangements to assist vulnerable consumers is available here [www.ea.govt.nz/document/11671/download/consumer/mdvc](http://www.ea.govt.nz/document/11671/download/consumer/mdvc)

<sup>5</sup> Electricity and Gas Complaints Commission.

## ((( Table outlining an approximate disconnection timeline<sup>6</sup>

Note: This table outlines the disconnection process. It provides background information and is not prescriptive.

<b>Day 1</b>	<b>Bill issued</b>
<b>Day 14</b>	<b>Bill overdue</b> Note: The domestic consumer is no longer eligible for a prompt payment discount.
<b>Day 24</b>	<b>10 days overdue – first reminder</b> When 10 days overdue, a first call is made to the domestic consumer or a reminder notice is issued. Note: At this point some retailers take the initiative for placing domestic consumers with a history of disconnection on an accelerated disconnection process, which enables the consumer to obtain help more quickly to avoid falling further into debt.
<b>Day 34</b>	<b>Notice of disconnection</b> A notice of disconnection is issued to the domestic consumer if no payment has been received. The notice of disconnection is received by the domestic consumer at least seven days prior to disconnection, with the retailer allowing an additional three days for delivery.
<b>Day 44</b>	<b>Final notice is given</b> The final disconnection notice is received by the domestic consumer no less than 24 hours nor more than seven days before the disconnection date.
<b>Day 48</b>	<b>Domestic consumer disconnected</b>

<sup>6</sup> This table is from the Protocol between electricity retailers and social agencies available at:  
[www.ea.govt.nz/act-code-regs/code-regs/guidelines/market-guidelines](http://www.ea.govt.nz/act-code-regs/code-regs/guidelines/market-guidelines)