

28 June 2023

Dear Chief Executive Officer,

## **The rising cost of living – our expectations of firms**

Consumers across the country continue to deal with increased costs of living, and we know many are already experiencing financial difficulty. [FCA research](#) in January this year indicates 11% (5.6 million) of UK adults have missed payments on any domestic bills or any of their credit commitments in 3 or more of the previous 6 months.

As regulators, we have been actively working to ensure firms within our respective sectors are supporting customers in financial difficulty, and that they can be held to account where they are not meeting the right standards.

As economic circumstances continue to change, we urge firms to show restraint on pricing, and where the prices of goods and services have risen as a direct consequence of increased input costs, we want to see firms in our respective sectors pass on any relevant reductions as soon as possible.

We will also continue working together to ensure firms in our respective sectors are supporting customers in financial difficulty recognising that consumers are dealing with multiple payments across multiple regulated sectors which can create an additional burden.

So we are setting shared expectations across our regulated sectors which make clear how we want firms to deal with customers in financial difficulty. We expect all firms across the regulated financial services, energy, water and communications sectors to:

- Consider the customer's situation, recognising that they may have multiple debts and may be dealing with multiple creditors across sectors, and reflect this in the support you offer.
- Proactively raise awareness of the support available to consumers, and, when customers reach out or indicate they are at risk of falling into financial difficulty, or you otherwise become aware of this, provide support early. This early support can make a big difference to customer outcomes.
- Make it easy for customers to get the support they need, for example by providing different channels for customers to get in touch, recognising that customers in vulnerable circumstances may have particular needs, and proactively promoting social tariff options where these are available.
- Tailor support so it is appropriate to the customer's circumstances (including their ability to pay and whether they are in vulnerable circumstances). Consider using an objective/standardised measure to assess the customer's financial circumstances to help minimise the burden of them having to provide different information to different firms.

- Make referrals and provide information at the right time so customers can access advice and support that meets their needs (such as [Money Helper](#) and the Government's [Help for Households](#) and websites).
- Monitor customer outcomes and take action to put things right if they go wrong.

We as regulators are committed to continuing to work together to ensure we have a joined-up view across different sectors and that we understand the consumer's perspective. As the increased cost of living continues to put pressure on household finances, the support measures we outline above are essential tools to help customers avoid falling into debt or provide support when they are in debt.

As an immediate next step, we will also consider what our shared expectations are in relation to debt collection across different sectors.

Yours faithfully,

Dame Melanie Dawes - **Ofcom**

Jonathan Brearley - **Ofgem**

David Black - **Ofwat**

Nikhil Rathi - **Financial Conduct Authority (FCA)**

**Regulator CEOs**