Memo to the Electricity Authority

Financial Mentor focus group workshop - reflections on the proposed Consumer care guidelines' likely impact

December 2020

This memo should be read in the context of the draft proposed consumer care guidelines version released by the Electricity Authority for consultation on 29 October 2020. An electronic copy can be found at this link.

Executive summary

In December 2020 a focus group of Financial Mentors was formed to provide the Electricity Authority with insights as to the likely impact of their proposed Consumer care guidelines (**the proposed guidelines**). Overall, the Financial Mentors involved welcomed the proposed guidelines and thought they would generally bring about better outcomes. This feedback was based off their experiences working with people to overcome issues with money where there is a risk of harm due to difficulty paying electricity bills or difficulty accessing sufficient electricity.

At a higher level the key themes of feedback were:

- The Financial Mentors considered the referrals to them in the proposed guidelines were appropriate and would be worthwhile for retailers when Financial Mentors help people find ways to meet the costs of essential electricity use.

- They also considered aspects that could be seen as 'early assistance' in the proposed guidelines could mean harm is avoided and less people may be in crisis when first contacting their services. This was seen as likely to reduce strain on their services.

- Generally, the Financial Mentors supported many of the key interventions woven into the customer journey throughout the guidelines and thought they could be effective at preventing or mitigating harm for consumers.

- If the proposed guidelines are implemented a pain point that was identified as remaining was where people are denied a contract due to a credit check. The Financial Mentors thought the proposed guidelines will not avoid harm but may help with pathways to solutions.

- A related remaining pain point that was identified is some of the people they assist have no choice but to sign up to a prepay connection which may cause harm through automatic disconnection.

- The Financial Mentors highlighted disrespectful and unconstructive interactions from electricity retailer's staff could undermine the guidelines intended outcomes.

- In general, the Financial Mentors were also concerned that retailers would not consistently align with the proposed guidelines. They favoured mandatory as opposed to voluntary guidelines and consistent retailer consumer care policies to make achieving good outcomes simple in practice.

- The Financial Mentors welcomed the proposed guidelines including recommendations that retailers make proactive contact by varied communication channels which escalate as the risk of harm from disconnection or out of control debt intensifies.

This remainder of this memo discusses the feedback from the Financial Mentors in greater detail.

About this report

The Electricity Authority has recently proposed new Consumer care guidelines for electricity retailers operating in Aotearoa. Financial Mentors work with their clients to find pathways to address debt issues and address any issues with accessing the essentials. They see the lived experiences of the people they work with and have offered insights as to how businesses' conduct may or may not help achieve the Electricity Authority's aims.

The Electricity Authority has worked with FinCap to seek feedback from Financial Mentors in a focus group workshop and this follow up report. The purpose of this work is to allow the Electricity Authority to assess the likely impact of replacing the existing guidelines with the proposed guidelines. The Electricity Authority has proposed applying the new guidelines to all consumers and wants to check the proposed guidelines will meet the needs and improve the experience of consumers who are medically dependent, experiencing vulnerabilities or experiencing payment difficulties.

About Financial Mentoring

Financial Mentors work with people and whānau throughout Aotearoa. Their services are free and confidential for people and whānau to access in order to address or avoid problems with money. Financial Mentors do this work within more than 200 organisations serving communities throughout Aotearoa.

Financial Mentor's initial assistance involves working to draw up an overview of a person's financial position. From there Financial Mentors help to work out what that person's goals are, then follow this by identifying the options available for managing money and debt to achieve those goals and then, where necessary, provide assistance to take up those options. The work generally ranges from a single one-off session for a person or whānau facing a crisis through to in depth and ongoing assistance. Some services may also offer community education to groups or specialist temporary or ongoing Total Money Management for people otherwise unable to manage their money.

About FinCap

FinCap (the National Building Financial Capability Charitable Trust) is a registered charity and the umbrella organisation supporting the work of Aotearoa New Zealand's 200 local free financial capability and budgeting agencies, which annually support more than 70,000 people in financial hardship. Our input involves training Financial Mentors, hosting and analysing data from client interaction, supporting networking and communicating and advocating around issues affecting those agencies.

FinCap's role in this work

To be clear, FinCap's role in this exercise is to summarise the feedback from the five Financial Mentors invited to participate in the focus group workshop based on criteria set by the Electricity Authority. FinCap has in a separate capacity made a submission of our organisation's recommendations to the formal consultation process related to the proposed Consumer care guidelines.

How feedback was gathered through the focus group workshop and follow up

In December 2020 five Financial Mentors attended a focus group workshop at the Electricity Authority offices. At the Electricity Authority's request these five were from a mix of services around Aotearoa. Each Financial Mentor prepared three deidentified examples on a standardised template which detailed the experience of someone they had worked with recently at their service. A brief description of each example and some other relevant information gathered is included in **Appendix 2**. These examples offer insight as to the range of experiences which require this work from the Electricity Authority and what the Financial Mentors were drawing upon when providing feedback.

In the focus group workshop, the Electricity Authority provided an overview of their role as a regulator and an overview of their work on the proposed guidelines so far, highlighting the changes they had proposed.

Each Financial Mentor then selected one of their examples and provided a briefing to the room on the circumstances of the person involved and the challenges they faced. There was general discussion where Financial Mentors' questions to each other revealed the difference in challenges faced across different services in different regions.

From there the Financial Mentors completed two further tasks. These involved the Electricity Authority asking them to assess what impact the proposed guidelines would likely have in situations where the person in their example would encounter potential harm.

In both exercises the Financial Mentors were instructed to assume energy retailers would comprehensively implement the recommendations in the proposed guidelines. The tasks focused on the customer journey and anticipated pain points identified from the Electricity Authority's earlier stakeholder consultation process.

There was discussion throughout the completion of these tasks where Financial Mentors clarified aspects of the guidelines. The Electricity Authority also asked some additional questions at the end. In the week following, the Financial Mentors repeated the tasks for the other two examples they had prepared that were not discussed in the workshop. The feedback and insights gathered throughout this process are drawn on below to answer questions posed to FinCap by the Electricity Authority.

Acknowledgements

FinCap wishes to acknowledge the five Financial Mentors who provided the feedback to make this report possible.

We also acknowledge the Electricity Authority for their efforts to recognise and address issues with people being unable to access electricity and for recognising the expertise of Financial Mentors and their services.

We also acknowledge those working in the electricity industry who have been focused on keeping the lights on for all whānau across Aotearoa.

Analysis of insights from Financial Mentor's work

General themes – respectful communication, early assistance, and housing

Across all feedback from the Financial Mentors there were two consistent themes for achieving better outcomes. All retailer's interactions when people have difficulty with payment or are underusing electricity need to be consistently supportive and respectful. Early intervention wherever possible is also crucial to avoiding harm when people have these experiences.

The Financial Mentors had different experiences in working with electricity issues. One Financial Mentor noted most of the people they work with receive assistance with electricity through Work and Income with ease and they could not recall having to deal directly with a retailer for people in their region. However, that Financial Mentor did note they often saw electricity debts showing up at debt collection despite no issues being raised with them at earlier stages of the customer journey. Others noted the Work and Income offices in their area would often refer people with these sorts of issues to them before offering assistance.

> *"I recognise that customers also have an obligation to be forthcoming with their creditors and to pay their bills, but there are often obstacles to this whether it be due to mental health issues, high stress (and subsequent avoidance) or comprehension issues. The retailer also has a duty to ensure that if payments are missed, they are enquiring about why, and working to find a way for the customer to be able to pay them and not fall further into hardship through high debt levels."*

Those who had contacted retailers with or on behalf of the people they work with had often found that some retailers' staff made decisions that were inconsistent with what other staff at the same retailer had said. Often, they would also encounter situations where retailer staff had been judgemental, rude or deliberately unhelpful towards people who have difficulty paying. They conveyed that this disrespect to people experiencing issues is a major barrier to people feeling confident to contact their retailer at an early stage or at all when they are keen to avoid harm but are having difficulty.

Across the examples many Financial Mentors identified issues that meant the people they work with are afraid to contact retailers. These included mental health issues, trauma from family violence, stigma towards people with low incomes and a common perception that disclosing problems with payment could risk more harm through triggering quicker disconnection. Many of the Financial Mentors had also experienced calling a retailer and requesting the same action as the person they were working with had previously requested only to receive a completely different and more helpful response. They found this frustrating as it upset people who were already having a tough time and lowered their confidence for attempting to resolve issues without assistance in the future.

> "[Will this part of the guideline be effective?] *Yes, if retailer is understanding. No if the retailer has a bias judgement."*
>
> *"She was afraid and not confident to interact with company, wouldn't push back."*
>
> *"The client was tired of being passed to each or many operators and no one listening to what she was calling about originally."*

"Problems arise when you speak to multiple call centre operators. The creditor [was] *not listening to the client's financial situation or* [showing] *willingness to work to achieve a better outcome."*

Financial Mentors receive 'strengths based' training so they can work appropriately with people who have a diverse range of lived experiences. A training module for this has been developed by the Ministry of Social Development (**MSD**). In the workshop it was suggested that retailer's staff who speak to customers also undergo this training to ensure they know how to build rapport with and show respect to people having difficulty paying. Such training could also see referrals to support services that are better arranged by retailer staff and therefore more successful. Given that MSD may often arrange payment to retailers and is involved in funding a lot of Financial Mentor's work across Aotearoa, the Electricity Authority could consider whether it would approach MSD and see what options are available to make this training available to retailer's staff.

> Recommendation: The Electricity Authority explore options for requiring training of retailer staff to ensure communication with people who experience difficulty paying is respectful and constructive.

Some Financial Mentors also described standardised letters, emails or text messages sent by retailers as 'nasty,' or 'dirty' in tone, implying that this discouraged good rapport between customer and retailer. Aspects of the proposed guidelines recommend retailers convey willingness to engage with customers, but this may need to go further to ensure it is received as genuine.

> Recommendation: The Electricity Authority encourage retailers to ensure all communications are constructive as opposed to threatening in order to encourage good rapport.

Financial Mentors often see people when debts are out of control and people are in crisis with few options left to address issues with money. Throughout the feedback exercises the Financial Mentors pointed to ways earlier assistance being offered to people would mean disconnection or debt collection could be avoided. The Financial Mentors were concerned there was less prescription around early intervention in the proposed guidelines as they believed this would lead to the people they help not consistently receiving the opportunity to address issues early.

Otherwise, access to housing where it is affordable to maintain a healthy temperature was regularly raised as a factor contributing to issues with payment in the examples. Other housing related issues raised included landlords being a barrier to the installation of a smart meter that would allow better options for payment. While the Electricity Authority and retailers are not responsible for housing issues these limitations on whānau which may see them compromise health because of difficulty to pay for electricity should be factored into decisions aimed at avoiding harm.

> Recommendation: Retailers and the Electricity Authority aim to reduce harm caused by energy inefficient housing instead of ignoring these issues as part of a holistic approach to consumer care.

Potential for the proposed Consumer care guidelines to support delivery of the intended outcomes

The proposed Consumer care guidelines begin with stating that the document has a purpose of supporting retailers to:

- build better relationships with domestic consumers,
- help those consumers access and afford suitable constant electricity supply, and
- minimise the harm to those consumers who may have insufficient access to electricity or difficulty paying.

Throughout the exercises the Financial Mentors were generally positive about the guidelines but on occasions struggled with the instruction to assume the guidelines would be followed by retailers, given their experiences in their work. This was largely due to the experiences of unhelpful, inconsistent, or judgemental customer service they or the people they had worked with had faced.

When the Electricity Authority's raised common feedback from several stakeholders in the consultation so far, the group clearly welcomed mandatory guidelines being put in place as well as a standardised Consumer Care Policy across all retailers. They said that at a practical level these would simplify the path to ensuring a person they work with has a better outcome and create less hesitation because expectations on all the parties involved would be clear across similar issues with different retailers.

One Financial Mentor noted that the voluntary nature of the guidelines could be an issue in getting consistency. They were more familiar with guidelines for lending businesses around responsible lending which include mandatory requirements. While it was not uncommon for them to see non-compliance in that space, they knew there were clear avenues for follow up where a lender had caused someone they were working with harm. They were not confident a voluntary code would give them the same clear opportunities to address harm caused by electricity retailers not following the proposed guidelines.

Some of the Financial Mentors had experienced great outcomes with electricity issues with retailers or with Work and Income for some of the people they work with but still saw inconsistency in what was offered and outcomes generally. The Financial Mentors were clear the proposed overarching principle 'A: *Respect and constructive engagement underpin the consumer experience'* could be undermined by inconsistency in respectful communication across retailers or within businesses. The above recommendation around strengths-based training could address some of these concerns.

> *"*[I] *support* [retailers publishing consumer care policies]*! - Can we rely on it though? I would love to quote it!"*

The Financial Mentors strongly supported retailers publishing consumer care policies. These would help them more efficiently identify what options are available to the people they work with. They could also contain commitments that would help them navigate contacting the retailer to help people find a sustainable way forward with payment.

> *"The power company allowed the debt to grow to an unreasonable level, that prevented any form of repayment option being available to these clients, and they were disconnected from their power supply.*
>
> *Clause 7)b)ii –*[recommends retailers include] *'We communicate with you in a timely and clear fashion'* [in their consumer care policy]. *This family would have been greatly benefited by a proactive and considerate communication policy followed by their retailer - one that gave the*

opportunity for all parties to develop a relationship that would help to prevent huge debts and eventual disconnection."

The group also welcomed a common ask from earlier submissions that consumer care policies could be standardised across all retailers. They supported this as it would enable more efficient understanding about what could be expected from all retailers. It could also lead to more constructive conversations where retailers and Financial Mentors are more likely to be 'on the same page.' The people they work with often face a range of issues and less time being spent deciphering the nuances between policies would free up time to address other debt issues that are getting in the way of people paying for the essentials.

> Recommendation: The Electricity Authority consider making mandatory requirements in the proposed guidelines that flow through to standardised consumer care policies across retailers so that it is simple for consumers and external support agencies to consistently work with retailers.

Some of the feedback from the Financial Mentors was also relevant to realising an aspect of Principle B 'Retailers have a right to be paid…' As discussed below and in **Appendix 2**, Financial Mentors were confident referrals to them would lead to better communication between retailers and their customers and more payment to retailers from people experiencing financial issues and other vulnerability. This is because Financial Mentors focus on ensuring the options they present to the people they work with prioritise paying for the essentials over other debts. Some Financial Mentors also commented that the rapport they build with the people they assist means that people will ask for their help again to work out how to pay if disconnection is a risk in the future.

Potential impact of the proposed guidelines across the 'Consumer journey'

When a customer signs up or is denied a contract

The Financial Mentors noted that many of the people they work with were at risk of experiencing harm when denied a contract due to their credit rating while trying to sign up with a retailer. It was noted that Aotearoa can be a tough country to live in for some and it is not hard to end up with an unfavourable credit rating because of factors out of people's control.

Some had also assisted people other than those in the workshop examples where they had seen bonds as a barrier to signing up as well as situations where people never had bonds returned after consistent payments. The workshop examples included people who had to have the power account in someone else's name, had no choice but a prepay account which put them at greater risk of going without electricity or who would face difficulty getting signed up to an electricity account when moving. Generally, the Financial Mentors thought that the recommendations in Part 4 of the proposed guidelines would not necessarily solve these issues but would improve the experience:

> *"Retailers may not be able to relax credit rules, but they can explain the situation to the consumer and point them to a pre-pay option."*
>
> *"[Prepay] would give them regular payments, but certainty of supply is an issue. This would also stop the accumulation of debt."*
>
> *"The outcome may not change but the experience ought to be much improved, in that helpful advice will be given along the way. "*

> *"A person with bad credit should not be punished by electricity companies when power is a necessity. Pre-pay should not be so costly when its many peoples' only option."*

Sub clauses of 23 in the proposed guidelines recommend a retailer tell a person the reason for denying them a contract and that retailers refer people to Financial Mentors when they are struggling to find a retailer. Clause 22 encourages retailers to recognise when people are working with support services in good faith and factor this into their decision whether to offer a contract. These were commended by the Financial Mentors. One who often assists people with bankruptcy said it is frustrating and often impossible to get a straight answer from any business that is a potential employer or service provider about how or why they will react a certain way to someone who is insolvent, and these guidelines could overcome that issue.

> *"Note that external agencies cannot guarantee the client will pay, but it does show on the part of the potential customer a willingness to address their issues. They are working on affordability and the long-term ability to maintain payments."*

> "[On historical credit issues] *When retailer takes this into account but acts with good faith, they turn a bad customer into a good customer."*

Recommendation: The Electricity Authority maintain the recommendations to give clear information and referrals for assistance in part 4 of the proposed Consumer care guidelines.

Recommendation: The Electricity Authority explore other mechanisms it could implement in these guidelines or otherwise to ensure people can always access a suitable electricity supply contract.

The Financial Mentors also noted the proposed guidelines recommending that retailers record people's preferred communication channels and alternative contacts at sign up could avoid harm escalating.

One Financial Mentor worked in a service where the people they assist will often need other support workers too. They said to ensure people's safety, a retailer should be able to act when they have the persons permission to speak with a mental health support worker and a person's Financial Mentor when payments do not go to plan. Otherwise, engagement could break down and lead to an uncontrollable debt or disconnection that would cause serious harm to someone who is unwell.

The Financial Mentor also noted many of the people their service assists would not be able to comprehend a text message or a letter from their retailer as literacy challenges or not being able to read English can be barriers to these forms of communication. Another Financial Mentor noted that the person in their example could not use a phone for text messages and had issues with reception for calls. Identifying preferred contact methods early and checking they are up to date regularly as recommended in Part 3 and Part 5 of the proposed guidelines were seen as simple ways to avoid issues and harm escalating due to unsuccessful communication.

Recommendation: The Electricity Authority retain and stress the importance of having multiple people listed as contacts where requested and multiple preferred contact methods recorded from sign up onwards.

The Financial Mentors also noted that structure or features of some electricity contracts could lead people to more harm. Break fees had impacted a person in a situation a Financial Mentor was aware of where a door-to-door sale of a contract had a term of two years. This did not align with the person's rental term, but the retailer did not accept a continuation of the contract at a different property when the person moved. This meant they were at risk of payment difficulty due to a large break fee.

Similarly, Mentors raised that signing up to retailers that offered bundled products like a television on sign up or a combined mobile or internet plan could be inappropriate. These could create unmanageable break fees or barriers to overcoming issues with payment that arose where they wanted to stop receiving and paying for some of the bundled products that were not essential. As well as part 9 of the proposed guidelines that addresses fees, some commented part 4 could encourage retailers to not pose these risks in the first place by making people aware of other pricing contracts that may be more suitable for their needs.

One of the Financial Mentor's services offered Total Money Management support where the service arranged a person's financial affairs in situations where appropriate. For instance, where people's ongoing physical or mental health mean they cannot comprehend or administrate paying bills. The service could not access the lowest prices for those in Total Money Management because it required direct debit which is not possible in this system. This inability to access the most suitable pricing could arise in many scenarios where people cannot gain affordable access or confidently utilise certain banking features.

> Recommendation: The Electricity Authority ensure retailers are working to get whānau the most appropriate plans for their homes from sign up onwards and encourage more flexibility of payment methods accepted to best help people access suitable pricing.

Business as usual account management

The group of Financial Mentors pointed to early assistance as important to avoid unmanageable arrears levels and shared that many of the people they work with are uncomfortable with contacting their retailer. They were encouraged by initiatives like clause 28 in the prosed guidelines which recommends that retailers proactively check in regularly with their customers and offer assistance where appropriate. They believed proactive outreach from retailers would give people opportunities to address an issue before it was out of their control. In some instances, this would mean people did not end up needing Financial Mentor's assistance because a crisis was avoided. In others, the Financial Mentors thought referrals to them before a crisis would mean the people they are working with had more time and options to avoid hardship.

In the tasks assessing how the people in their examples may be impacted by the guidelines many commented that proactive building of rapport would mean people feel more comfortable raising problems with payment with their retailer earlier.

> *"Focus more on building relationships, rather than only contacting to seek payment."*

> *"Earlier intervention (positive rather than accusatory) would benefit the client greatly, make them more comfortable reaching out to their company, and in turn, help the retailer get paid.* [My] *client is scared to contact the company until desperate, so initiating contact may open communication channels to resolve the issues."*

Recommendation: The Electricity Authority maintain the recommendation that all customers are contacted at least annually by the retailer and that the objective of the contact is to build rapport so that customers feel comfortable to raise issues then or when they arise later.

Given the barriers to communicating that people in many of the examples experienced and the need to cover lots of ground quickly through a conversation the Financial Mentors stressed the importance of being able to have a conversation to resolve issues. Communication initiatives like bots or live chat were seen as barriers to people engaging when experiencing vulnerability.

Recommendation: The Electricity Authority consider requiring a contact person be available to discuss issues over the phone at retailers where people are having problems with payment.

Often the people Financial Mentors work with budget on a weekly or fortnightly basis to balance their books in alignment with income payments and avoid the risk of missing payments. The Financial Mentors recommended that options like weekly and fortnightly payment always be made readily available.

In one of the examples a Financial Mentor had helped a person arrange fortnightly payment to help them cope with debts they found overwhelming. This was the main reason for the person in the *Mrs Pickle* example in **Appendix 2** needing a Financial Mentor's assistance. Unfortunately to achieve this the retailer insisted that the person or their Financial Mentor had to manually call to make a fortnightly payment that helped them stay on track. This was very burdensome compared to the smooth pay options made available by other retailers.

All retailers allowing invoicing or payment to align with weekly or fortnightly income payments could provide a way for people to greatly lower the risk of arrears becoming unmanageable when they are having difficulty paying for the essentials. At times, this way of managing payment may be through redirections from Work and Income payments, where people choose this for the purpose of ensuring they don't miss payments for essentials. The Financial Mentors felt retailers should never put barriers in the way of people choosing to implement payments in these time increments.

Some of the Financial Mentors had also seen instances where smooth pay amounts had changed for a person they were working with who had not received sufficient notification to realise this would happen or any notification at all. When in a direct debit arrangement this could result in someone not having the money for food they expected, or a person's hardship being compounded through incurring a default fee from the bank where a direct debit failed unexpectedly.

Recommendation: The Electricity Authority require that retailers make consistent weekly or fortnightly invoices or payments available to all consumers to help avoid arrears becoming unmanageable.

In a few of the examples, people who were assisted by the Financial Mentors services were in a situation where a consumer in the household had turned off their hot water cylinders with the intention of avoiding issues with payment. One of the Financial Mentor's service had worked with The Sustainability Trust and heard that this does not save money and could put people at risk of legionnaires disease beyond the other health risks posed by not having warm water.

Given this was common even in this small sample of examples, the Financial Mentors thought retailers should check in with their customers and make sure they convey that help is available where the information on consumption that the retailers hold possibly indicates underconsumption. They pointed out that some will go through great hardship to avoid missing a payment like going without heating in a region where winter temperatures do not get above freezing on some days. In one example the Financial Mentor stated a shift in consumption would have arisen after a person moved out of the household that was a high user. The Financial Mentor said this life event was an ideal time for a retailer to proactively let the person that remained in the household know that help was available.

> *"Simon is keen on making sure his bills are paid and won't voluntarily enter into a dialogue with his electricity provider about his personal circumstances unless a relationship has been developed, and even then, will do his best to keep his bill paid because of its essential nature and his own personal responsibility."*

Recommendation: The Electricity Authority make firm recommendations that energy retailers monitor for potential underconsumption and take steps to check if assistance is needed where this is identified.

When payment difficulties are anticipated or arise

Almost all said the proposed guidelines in part 6 would be very or completely effective at mitigating or preventing harm that the people from their examples could face where retailers aligned with the recommendations. This is because the group generally believed the proposed recommendations in part 6 of the guidelines would create opportunities for harm to be avoided if followed.

As discussed above, the Financial Mentors noted that the way retailer staff communicated would play a big part as to whether the recommendations in this part were successful in achieving the guideline's aims. They believed positive engagement would lead to payment where possible.

> "[It] *Can be horrible to negotiate any payment plans or arrears, this is always when the customer will seek advice or advocacy from supporting agencies as they feel they are not being listened to."*

> *"Payment will be the reward for being given a chance."*

> *"Good faith leads to payment."*

The Financial Mentors welcomed the pause on repayment for 14 days when a referral is made to them and stated that at times more time than this would be needed to find the best way forward. One Financial Mentor said that with the person they are assisting's agreement they will often make contact and organise a temporary payment plan of a small amount with a retailer to establish rapport and show good faith while it takes time to address underlying issues. The 14 days is therefore helpful, but more could be in the proposed guidelines to flag that all experiences will be different, and the retailer should act in good faith where a support worker like a Financial Mentor is working with the client.

> *"Having a clear process and timeline for missed payments will help to ease some client concern about being disconnected. Pausing the repayment process if a referral is made is vital – budgeting/financial mentoring services can help the client address the crisis (perhaps including accessing grant funds), and ongoing planning, but this is not*

immediate. Fourteen days would be a minimum necessary to get support established."

"Mary's journey would change significantly as the guidelines will allow her the much-needed time to seek assistance to have her bill paid."

Recommendation: The Electricity Authority expand the guidance in clause 40.h. to recommend that retailers work in cooperation with Financial Mentor's recommendations for a pathway forward.

In one example a Financial Mentor had seen a debt of $5,000 accrue ahead of a whānau being disconnected and felt there was not sufficient and respectful earlier attempts to help the whānau from the retailer. Others commented they often see electricity debts reach $1,000 before people end up at their service. Based on this discussion, the group considered the proposed guidelines should also include a consistently prescribed circumstance where all retailers always offer assistance to all customers. The actions described in the 'Day 22' section of clause 38 may achieve this but the Financial Mentors felt it could be more explicit that all the assistance under clause 40 be offered before further collection action can be progressed.

"Had the retailer developed a relationship with the customers that were clearly struggling to pay their electricity bills, they may have avoided this lose-lose situation where John and Sally had their power cut off, and the retailer was not paid a large sum of money. Earlier intervention in this case may have meant that they were warned of the consequences of non-payment and offered mutually agreeable terms to ensure payments were made, or that at least debt levels were minimised. They may also have accepted a referral to a support agency when offered by the retailer and used this opportunity to get support in ways to increase their income, receive food parcels to free up money to pay the power bills, and stabilise their financial situation in the long term."

"If customer care policy of monitoring payments and unpaid debt is followed, the client would not accrue thousands of dollars in debt before the retailer takes action, as it stands this makes it more difficult for the bill to be paid, and the retailer does not receive their payment, and adds to the stress level of the household. Lose-lose situation for all parties."

"No allowance is made for addressing immediate need of the client, and preventing further issues, such as having a system for identifying missed or reduced payments and enacting a conversation with the customer around what support can be offered, whether their payment plan is appropriate, or whether they need an external referral – before a client gets to the stage where they are heavily behind in payments and accruing large debts."

Recommendation: Ensure there is an explicit expectation that all customers are consistently offered adequate assistance as early as possible when payment difficulty might be arising in order to avoid unmanageable debt arising.

Comments were also made that commended the referral to Work and Income being put as a last step on the list in 40.j. for assistance at this stage of the customer journey. This was in the context of other comments that some Work and Income offices take several weeks to get an appointment and that some people earn just over the threshold to receive assistance so are ineligible for this support but still need assistance. It was also discussed that some Work and Income offices will just refer to Financial Mentors at an appointment anyway so a different order could result in an unnecessarily slow and frustrating process for the people that Financial Mentors assist.

A Financial Mentor also pointed out that bills being paid through Work and Income advances which turn into deductions on each income payment may not address underlying issues but instead further reduce income while issues continue. People who are receiving assistance from Work and Income while looking for employment could also end up with several outstanding debts causing them hardship when transitioning into work.

> Recommendation: The Electricity Authority maintain the order of assistance offered in clause 40.h of the proposed guidelines.

Subclause 42.a. was also explicitly welcomed as some of the Financial Mentors had seen instances where a payment plan is changed without notifying the customer. This caused harm as the change was not budgeted for and meant electricity payments did not go through or payments for other essentials were missed, all of which can culminate into a debt spiral. This and other retailer actions like putting up prices just ahead of higher consumption over winter were noted as ways retailer's actions cause hardship for the people Financial Mentors work with.

On a practical level, the Financial Mentors also noted the people they work with will often not answer calls from private numbers as they are often harassed by debt collectors. They recommended that if a phone call is a preferred contact method that the call is not from a private number to increase the chances of engagement.

> Recommendation: The Electricity Authority encourage retailers to not make any calls related to the proposed guidelines from private numbers.

Disconnection and reconnection

> *"The new policy rightly states that this will be a last resort option instead of the first outcome. Procedures need to change and allow a process to find the root of the problem as to why the payments have been missed. Better communication is needed to help address, deliver and work in a united way for the process* [around assistance] *to change for the better."*

The group also believed the proposed guidelines' recommendations in part 7 would be effective at mitigating or avoiding harm in almost all cases. The exception included the one workshop example where the person a Financial Mentor was working with had seen no choice but a prepay connection. The Financial Mentor noted the person had to get assistance with food to keep the power on which demonstrated how any additional expense elsewhere would see the person automatically disconnected. Generally, the group were concerned that prepay was the only option for the people they work with who are experiencing severe payment difficulty or vulnerability.

> Recommendation: The Electricity Authority addresses the difference in protections where prepay meters automatically disconnect when credit runs out in recognition that some very vulnerable customers have no choice but to be on prepay and end up disconnected.

In several of the examples the Financial Mentors believed there was a risk that the person they work with would not receive and understand retailer's earlier attempts to contact and offer assistance. The Financial Mentors welcomed additional methods of contact ahead of disconnection as a backstop. In one situation the Financial Mentor suspected the person was an unconfirmed Medically Dependant Customer and was relieved someone might visit the person's home when disconnection was looming.

They welcomed the part of the recommendations in 52.b, 54.e, 59.d.i. that say retailers should send a retailer to the property as this might mean the person that they work with would realise what is happening and be sent on a different pathway away from a harmful disconnection. In several of the examples where they anticipated this could make a difference, serious vulnerabilities were at play meaning disconnection could be very harmful.

A Financial Mentor also encouraged the Electricity Authority to develop more guidance to ensure that when disconnection is imminent, questions are asked by retailers using an appropriate and effective communication style to determine whether someone in the home is medically dependent. They discussed another person they work with who may not realise they might be able to flag the risk to their child's health.

> *"A home visit before disconnection (potential literacy issues, no access to internet) would be very important to this client. Maybe some clarification to customers surrounding MD* [medically dependent] *customers (privacy client concerns). A home visit is essential in some cases. This may identify health needs, the client may genuinely not have had warning due to literacy, access or health. Disconnection also increases debt. If disconnection was possible, a home visit may be the first warning the client is aware of. Client doesn't want to be disconnected, and wants to work on repaying arrears, and may not realise urgency."*
>
> *"Reasonable actions to ensure the customer or any consumer resident is not or may not be an MDC* [medically dependent consumer] *is open to interpretation. Perhaps a retailer should be required to ask the customer (if contact is established), not just if someone in the house is medically dependent on power (because this wording may not be clear to the customer, or they may think their issue doesn't apply).*
>
> *For example, if Simon's son has asthma, and he needs his room and living space to be kept warm, does the customer know whether this does or not qualify as MDC? Does the retailer know about the asthma? Is the client given information about the process for applying for MDC and what that means for them? Will the customer incur a cost in accessing MDC status, as when at disconnection point they may not have the money available to spend on a doctor's visit?"*
>
> *"Making at least five customer contacts is important, as due to stress or other health issues, a client may not be aware of this process unless multiple contact attempts are made at different times and through different mechanisms. A home visit should also be made to ensure that there is not a potential MDC residing there, and that potential safety issues are addressed (turning off of appliances, ensuring that wellbeing is not endangered, as weather events/climate/extreme cold can be localised and cannot be accurately judged on safety of disconnection from afar)."*

Recommendation: The Electricity Authority develop more specific guidance on better ways for retailers to question openly whether there are medically dependent consumers in a home before disconnection.

Generally, the Financial Mentors also saw the five contacts by two different methods as an effective way to mitigate the risk of a disconnection occurring and causing harm. Many people's circumstances could mean earlier attempts to contact do not work on occasions and these further opportunities to understand the issues and seek assistance were seen as important.

> *"Client has no internet, and literacy issues. Client finds difficulties with proactive communications from retailer. Issues are dealt with after the fact."*

> *"Pays in person, has a cell phone, he can't use texts, can't go and pay if unwell. One time he sees people is paying* [at the post office]*, collecting food and seeing* [the Financial Mentor]*."*

> *"He misses requests to contact if they are in written form. He also was on the wrong plan. Peter is unable to understand his bills without someone explaining to him. If Peter's literacy difficulties and limited technical abilities were recognised early, then a plan would be put into place by the power co. to offer alternative contacts."*

> Recommendation: The Electricity Authority maintain the requirements to make five attempts to contact and undertake a home visit before disconnection to avoid the most vulnerable experiencing significant harm. The Electricity Authority also consider if some equivalent is needed where vulnerable people are disconnected automatically on pre-pay.

The Electricity Authority has received feedback from several stakeholders in relation to the recommendations in clause 54 of the proposed guidelines. This clause sets out several steps to implement ahead of disconnecting an uncontracted premise. An uncontracted premise could arise where the electricity is left on when a customer moves out.

A couple of examples discussed by the Financial Mentors demonstrated how harm could arise where there are no protections in place. The Financial Mentors also provided feedback that they could see many scenarios where a consumer could be receiving electricity at an uncontracted premise given the barriers that people can face to accessing services. They welcomed protections that aimed to avoid people being harmed by disconnection when this arises.

> *"Sometimes Mary struggles due to the contract not being under her name."*

In one of these examples, parents had separated and the person who had the electricity account had moved out but left the electricity account in their name. They did this as the other parent would struggle to sign up to a new retailer due to their credit rating. The home was cold and the remaining parent and children needed electricity to stay healthy. The parent still in the home does struggle to pay at times and struggles to interact with the retailer about this because their name is not on the account. They could receive little information if a disconnection was approaching or not know if the parent who has left the home decides to close the account out of frustration or maliciously due to a breakdown in their relationship.

In another example a person in a flatting arrangement ended up in debt because flatmates were unreliable. Similar scenarios could arise where a consumer in a flat could not have access to an electricity account in someone else's name and end up having the account closed without warning which would compound their mental health issues. They may struggle to get electricity in their name after a disconnection due to other credit reporting issues they face.

These examples show how problems can arise where consumers can end up put at risk of significant because of actions of a person who was the customer at a premises. The issues seem linked to people not being able to sign up because of credit checks or other vulnerability that makes the logistics of administering this hard. As those sign-up issues are not resolved by the proposed guidelines, protections that aim to identify what is going on at an uncontracted premise would provide an opportunity for engagement to avoid harm.

> Recommendation: The Electricity Authority include protections aimed at intervening to avoid harm caused by disconnection where it is not known whether a person who is medically dependent or experiencing vulnerability is a consumer at the premises. Home visits could be necessary in cases where there many barriers to communication.

The Financial Mentors also welcomed part 9 of the proposed guidelines meaning that unreasonable fees would not compound the harm of a disconnection and reconnection where a person already faced severe financial hardship and ended up disconnected despite all earlier efforts.

> *"A disconnection will undoubtably be stressful and overwhelming for a customer regardless, but if any harm here can be reduced it should. Disconnection fees being charged only based on costs incurred would also benefit them. High disconnection costs punish those that are already struggling, particularly when they do not reflect costs. Disconnection should be a last resort and the costs externally scrutinised to ensure that already vulnerable people are not being penalised unduly."*

> *"Reducing fees to align with costs incurred for clients already obviously in crisis is important, as in this situation if Simon is already behind in his power bills, a significantly larger debt will obviously be more onerous for him to overcome."*

Like at other stages the Financial Mentors also welcomed referrals for their assistance at this stage of the customer journey where other offers of early assistance have not been successful.

> *"If, as part of the customer care policy and support processes, a disconnection notice is accompanied by referrals to external agencies, harm can be minimised as much as possible where it relates to safe living spaces, and ensuring the issues are addressed to an extent that this situation is avoided in the future."*

> *"With ongoing support, the financial mentor and retailer can monitor the client's progress."*

> *"Referral to external services would have also been beneficial at this point (preferably earlier but offered at multiple trigger points in the customer journey), as had they been referred earlier, an arrangement may have been able to be made, and disconnection may have been avoided."*

Potential impact of the proposed guidelines including recommendations to refer to Financial Mentors

From the feedback provided it was clear the Financial Mentors' assistance helped reduce harm across the examples discussed. Those in the workshop had not received a direct referral from an electricity provider to their memory. They saw this as a missed opportunity as they can facilitate a win-win when people are having difficulty with electricity payments. With their involvement, barriers to communication can be overcome so that the person they are working with can maintain suitable access while the retailer receives payment. Financial Mentors can also then go on to work as experts with the person involved to find solutions to a range of debt issues with other businesses that could be the underlying cause of a whānau struggling to pay for the essentials.

One Financial Mentor stressed that wherever possible they get the person they are working with to lead a call to a retailer and they will sit with them for support. However, where the person has given permission, they will take over a call when people on either side of the phone get frustrated to keep things polite and on track because a win-win is the focus.

> *"We all want the same thing - we facilitate it, without us nothing happens."*

Some were unhappy that they have seen situations where different conduct from a retailer would have meant a problem did not arise but were none the less happy to receive referrals and undertake their role. They noted that to achieve better outcomes more often the guidelines should encourage earlier offers of referrals for support where the issue was not at crisis point and where the retailer gives their customers and Financial Mentors time to resolve issues. These earlier referrals could enable significant harm to be avoided when more options are available for resolving issues with money. Although the Financial Mentors thought the more vulnerable people that they work with might still not take up interventions until a crisis, they believed overall less people would end up in a debt spiral due to electricity debt where the guidelines encourage earlier action.

> *"They [retailer staff] are rude to us and I think ' do they want to be paid!?'"*

Some of the Financial Mentors were annoyed with the way some retailer staff had treated them or the people they work with when other retailer staff had been constructive. This can be challenging as Financial Mentors are trained to be constructive when negotiating regardless of this conduct and know the alternative to a realistic arrangement for payment is a situation where the retailer and their customer both end up with bad outcomes. They also work to ensure that people they work with can pay the essentials before other debts and this can take a lot of negotiation to get to that point. The Electricity Authority instructing retailers to co-operate with Financial Mentor's recommendations for a pathway forward could lead to better outcomes.

The Financial Mentors also noted that the time it will take to work with someone towards a way forward could vary. For example, in some areas it may take three to four weeks for a person to get an appointment they need with Work and Income. While early action should be taken to refer people for support, the Electricity Authority could consider how best to ensure retailers do not cause problems for Financial Mentors by attaching unrealistic time constraints to referrals. In some cases more than the proposed 14 days of paused repayment processes following a referral (Part 6, 40.h. of the proposed guidelines) would be needed to arrange a way forward as discussed in an earlier section of this memo.

The people working with Financial Mentors often have multiple issues to be dealt with simultaneously. Issues were raised around time being wasted due to onerous wait times when contacting electricity businesses. One of the Financial Mentors commented that they often had to abandon a joint call with the person they were working with to a retailer where decisions could be made on the spot because long call wait times may take up a whole session without leading to an outcome. It was noted this is not a unique issue to electricity retailers but that dedicated escalation points for Financial Mentors being made available would help them and the people they work with to efficiently engage and find a way to make payment. Some services across a range of industries currently offer these escalation points including some retailers.

> Recommendation – The Electricity Authority consider if they can encourage retailers to provide a dedicated contact for Financial Mentors to contact in relation to the issues the proposed guidelines seek to address.

Some of the Financial Mentors were also aware that MoneyTalks is receiving referrals from electricity retailers but were not aware of these flowing on to them. MoneyTalks is a phone service provided by FinCap where the public can call to arrange assistance from Financial Mentors or other support services where appropriate. Some pilots are underway where businesses have streamlined ways of referring their customers to MoneyTalks. Two electricity businesses have had the most referrals of any of the providers across the industries worked with. If the Electricity Authority is interested, FinCap can see if these businesses are happy to discuss the impact of these arrangements so far.

> Recommendation – The Electricity Authority have a discussion with MoneyTalks and the electricity businesses piloting streamlined referrals to Financial Mentors to understand the impact of this work.

Other relevant insights

One of the examples raised by a Financial Mentor involved a person and their children being victims of family violence. The perpetrator in this example had also controlled arrangements around money and turned off the hot water at times in an attempt to have more money at their disposal. This would put the children's health at risk.

The Financial Mentor noted that issues like being unable to get a contract because of credit checks showing up the flow on impact of the victim accessing credit to work around the abuse would continue to challenge this person from accessing the essentials without support. The Electricity Authority could look to consider whether the proposed guidelines can recommend actions that retailers take to identify, avoid enabling, appropriately refer and avoid discriminating against people who face financial issues due to abuse.

> Recommendation: The Electricity Authority consider how the proposed guidelines can recommend actions that mean retailers can address harm arising from family violence.

Conclusion

Overall, the feedback from the Financial Mentors welcomed and saw the value in the initiatives the Electricity Authority has taken in the proposed guidelines. Throughout the guidelines there are a number of intervention points where electricity retailers may refer to their services and they felt these are appropriate. The Financial Mentors supported these referrals and believed they would lead to better outcomes for customers and retailers.

The Financial Mentors were concerned as to whether the guidelines could overcome the day-to-day barriers that the people they work for face with the attitudes of retailer staff members not being respectful or constructive. They also were not convinced retailers would align with the guidelines in every individual case but did accept the guidelines would avoid harm where followed. Making aspects of the guidelines mandatory and standardising the consumer care policies of retailers were seen as ways the Electricity Authority could alleviate the anticipated inconsistency in retailers practice that the Financial Mentors were concerned would arise and cause avoidable harm.

Issues related to sign up for electricity for people who have issues with credit checks as well as people having no choice but pre-pay products which they would find difficult to manage were identified as outstanding areas of likely consumer harm. The Financial Mentors felt these issues needed addressing but thought they would not be avoided where the guidelines are followed.

The Financial Mentors were pleased to have the opportunity to have their expertise and experiences drawn upon in the formulation of the proposed guidelines that will impact the work they do. We thank the Electricity Authority and hope that the regulator and other decision makers will repeat a feedback process like this in the future. Financial Mentors can provide valuable insights as to where initiatives that seek to address harm that arises from hardship will work in practice.

Appendix 1

List of recommendations

Recommendation: The Electricity Authority explore options for requiring training of retailer staff to ensure communication with people who experience difficulty paying is respectful and constructive.

Recommendation: The Electricity Authority encourage retailers to ensure all communications are constructive as opposed to threatening in order to encourage good rapport.

Recommendation: Retailers and the Electricity Authority aim to reduce harm caused by energy inefficient housing instead of ignoring these issues as part of a holistic approach to consumer care.

Recommendation: The Electricity Authority consider making mandatory requirements in the proposed guidelines that flow through to standardised consumer care policies across retailers so that it is simple for consumers and external support agencies to consistently work with retailers.

Recommendation: The Electricity Authority maintain the recommendations to give clear information and referrals for assistance in part 4 of the proposed Consumer care guidelines.

Recommendation: The Electricity Authority explore other mechanisms it could implement in these guidelines or otherwise to ensure people can always access a suitable electricity supply contract.

Recommendation: The Electricity Authority retain and stress the importance of having multiple people listed as contacts where requested and multiple preferred contact methods recorded from sign up onwards.

Recommendation: The Electricity Authority ensure retailers are working to get whānau the most appropriate plans for their homes from sign up onwards and encourage more flexibility of payment methods accepted to best help people access suitable pricing.

Recommendation: The Electricity Authority maintain the recommendation that all customers are contacted at least annually by the retailer and that the objective of the contact is to build rapport so that customers feel comfortable to raise issues then or when they arise later.

Recommendation: The Electricity Authority consider requiring a contact person be available to discuss issues over the phone where people are having problems with payment.

Recommendation: The Electricity Authority require that retailers make consistent weekly or fortnightly invoices or payments available to all consumers to help avoid arrears becoming unmanageable.

Recommendation: The Electricity Authority make firm recommendations that energy retailers monitor for potential underconsumption and take steps to check if assistance is needed where this is identified.

Recommendation: The Electricity Authority expand the guidance in clause 40.h. to recommend that retailers work in cooperation with Financial Mentor's recommendations for a pathway forward.

Recommendation: Ensure there is an explicit expectation that all customers are consistently offered adequate assistance as early as possible when payment difficulty might be arising in order to avoid unmanageable debt arising.

Recommendation: The Electricity Authority maintain the order of assistance offered in clause 40.h of the proposed guidelines.

Recommendation: The Electricity Authority encourage retailers to not make any calls related to the proposed guidelines from private numbers.

Recommendation: The Electricity Authority addresses the difference in protections where prepay meters automatically disconnect when credit runs out in recognition that some very vulnerable customers have no choice but to be on prepay and end up disconnected.

Recommendation: The Electricity Authority develop more specific guidance on better ways for retailers to question openly whether there are medically dependent consumers in a home before disconnection.

Recommendation: The Electricity Authority maintain the requirements to make five attempts to contact and undertake a home visit before disconnection to avoid the most vulnerable experiencing significant harm. The Electricity Authority also consider if some equivalent is needed where vulnerable people are disconnected automatically on pre-pay.

Recommendation: The Electricity Authority include protections aimed at intervening to avoid harm caused by disconnection where it is not known whether a person who is medically dependent or experiencing vulnerability is a consumer at the premises. Home visits could be necessary in cases where there many barriers to communication.

Recommendation: The Electricity Authority consider if they can encourage retailers to provide a dedicated contact for Financial Mentors to contact in relation to the issues the proposed guidelines seek to address.

Recommendation: The Electricity Authority have a discussion with MoneyTalks and the electricity businesses piloting streamlined referrals to Financial Mentors to understand the impact of this work.

Recommendation: The Electricity Authority consider how the proposed guidelines can recommend actions that mean retailers can address harm arising from family violence.

Appendix 2

Overviews of the 15 examples discussed in the workshop

Sara – working with a Financial Mentor in a major city

Sara has recently split up with her partner. She has children ranging is ages from one to eight. Sara and her kids are living in emergency accommodation while they wait for social housing. Sara has debts totalling over $75,000. Most of these personal loans from finance companies are in her own name but some are shared with her ex-partner. Some of the loans are secured against a car and household chattels. Sarah has two small debts with debt collectors (one from a large telecommunications company and one from one of the main energy companies). Currently Sara pays $170 per week to the emergency housing provider, which includes power and internet. When she moves to social housing she will need to manage her own power account.

Sara's issues with consumer debt had seen her struggle to pay for essentials like food and power. Her Financial Mentor noted that when presenting options for ways out of hardship the priority was ensuring access to the essentials. A likely pathway for Sara to choose in this situation would be bankruptcy as that would free up Sara to afford the essentials. They noted the risk that Sara would not be able to access a post-paid power account given her bad credit rating and use of bankruptcy as a way forward. This may cause moderate harm for Sara and her children through the risk of prepay disconnection where ends don't meet.

Slava – working with a Financial Mentor in a major city

Slava migrated from Europe about a decade ago with his wife and children. For several years Slava had a job with a large salary. However, over a year ago he had issues with his mental health that led to him resigning from his job. A few months ago he was feeling a lot better and applied for a job. However, at the same time he was diagnosed with cancer and told he wouldn't be able to work for at least several months. By the time he and his wife came to see me they owed around $70,000 in consumer debt and rent arrears. Slava entered bankruptcy and his wife entered a No Asset Procedure. They are now on a Jobseeker benefit and Slava's wife works part time. They are barely getting by financially and are hoping to obtain social housing.

Slava and his family are receiving assistance to get food from the Financial Mentor's service and from Work and Income while they await a social house that will alleviate their budget deficit. The Financial Mentor noted that prepay will likely be the only option for this whānau when they do move and this could cause moderate harm. Work and Income had provided grants to keep the lights on in their current post pay account in the past. The Financial Mentor noted that disconnection would likely be avoided on the post pay account as Slava is comfortable approaching the service to find out his options when having difficulty.

Ummu – working with a Financial Mentor in a major city

Ummu is on a sole parent benefit. She has a teenage son. She has had a bad run over the last few years. She split with her husband, she lost her job and she was diagnosed with lung cancer. Over this time she has accumulated $25,000 in consumer debt ($10,000 on a credit card and $15,000 on a personal loan). She runs a car, has internet access and has a gym membership. Her main expense is *rent, which is more than $400 per week. Ummu is in financial difficulty because she is trying to make payments on her loans as well as pay for essentials such as food and power.*

The Financial Mentor stressed payments on loans were getting in the way of paying for food and power. For this reason, it was likely that they would work through a No Asset Procedure so Ummu is able to put more income to essentials. Work and Income had previously helped with arrears when Ummu had fallen behind on the electricity account. The Financial Mentor noted the risk of disconnection is lower because they believe that Ummu would be comfortable to approach them when stuck.

Mrs Pickle – working with a Financial Mentor in a rural town

Mrs Pickle had experienced difficulties in the past when using two separate power companies for her gas and electricity. Mrs Pickle went to her local budget service as she was very frustrated with the outcomes after attempting to address her debt with her power company. Mrs Pickle had attempted to line up paying her gas/power by alternating between the different bills with the same provider each month. This was unsuccessful, Mrs Pickle was denied the best way for her to manage payments because she had arrears accumulating.

Mrs Pickle felt the power company would not hear her or her needs that needed addressing until her Financial Mentor was involved. A lack of information and help from her provider was apparent in that they did not provide the tools necessary to help Mrs Pickle get stability or clear direction for moving forward. Mrs Pickle is struggling to keep her current arrangement and the company did not have a smooth pay or easy payment plan to help ease the financial pressure.

This Financial Mentor noted they had acted as a backstop where communication had broken down between the energy retailer and Mrs Pickle. This had resulted in a win- win where disconnection was avoided and the retailer received payment.

Miss Sunrise – working with a Financial Mentor in a rural town

Miss Sunrise has experienced financial hardship over the years with her power company as the benefit has been her only income. During COVID-19 and the winter months, Miss Sunrise was using an oil heater to keep warm as the environment was not sufficient to maintain warmth at her rental. Miss Sunrise had been in regular contact with her power provider as she looked out for any changes in costs, but the creditor was very poor at communicating. A reduction in the regular amounts being paid by direct debit by the company came as a surprise and saw Miss Sunrise's debt build which created further hardship. Miss Sunrise sought assistance with her local budget service as she felt no one was listening to her and was extremely frustrated. Miss Sunrise wanted this payment to be higher not lower, so when winter arrives again she will have gained a surplus instead of future debt.

The Financial mentor noted the impact of being likely to have to catch up on payments would be an advance from Work and Income meaning stress from less income in the future as the advance is repaid.

Miss Blue – working with a Financial Mentor in a rural town

Miss Blue was living with her partner until a relationship breakdown. They are both liable to a mortgage jointly, but the ex-partner no longer pays anything towards this. The customer has many debts and is trying to juggle all creditors.

Miss Blue has been a customer with one of the larger providers for some time now. Originally, she was on a Smoothpay Plan but her direct debit had defaulted due to insufficient funds. The company cancelled her payment arrangement immediately and sent Miss Blue a bill for more than $1000 which demanded immediate payment. Clearly the payment arrangement highlighted the client was experiencing some form of hardship and unable to deal with the issue by herself. The mentor and Miss Blue called the creditor and asked for a two-week extension until her financial situation was more clear. The mentor, Miss Blue and the company discussed options including that the customer seek an advance with Work and Income but the mentor noted that this is not always successful for all clients as their total income means they are ineligible.

The Financial Mentor noted that a letter with unrealistic demands for payment undermined Miss Blue's confidence to contact the company alone and arrange a realistic solution.

Simon Hart – working with a Financial Mentor in a semi-rural area with very cool winter temperatures

Simon is a solo parent with children at home who he is the main caregiver of. He is working part-time and is on a Sole Parent Support benefit, with minimal family support and he is recently separated. He is renting an older, poorly insulated home he struggles to keep warm enough (heated solely by electricity). During winter, he heats his child's bedroom only because of the cost of their heating, to ensure his child is kept warm, as his child has asthma. The home's older style heat pumps are not suitable for the cold temperatures in the region and are therefore not efficient to run in winter. Because of his high energy costs, he relies on support with food in order to instead pay electricity costs and goes without necessities for himself to ensure these bills are paid. He is looking for an alternative, but the rental market in the region is competitive, expensive and homes are often of low quality.

The Financial Mentor noted poor housing driving up costs was the biggest issue for this whānau but that aspects of the guidelines that limit fees and recommend retailers check that whānau are on suitable pricing plans could reduce the strain. They commented that Simon may go without food in winter to keep up with electricity payments. The consumption of that household had changed dramatically since Simon's former partner left and they hoped the electricity company would follow up on this given the potential risk to wellbeing behind the numbers. They also commented they felt that Simon was unlikely to raise the issues proactively with the retailer as his mental health was worsened by the shame he felt about the difficult financial situation. They stressed intervention would mean that Simon would still struggle but would-be receiving support to keep paying and work on the other issues with a Financial Mentor, especially in situations where the retailer reaches out proactively.

John and Sally – working with a Financial Mentor in a semi-rural area with very cool winter temperatures

John and Sally have two children and are renting. John has chronic, long-term health issues from cancer and works seasonally. Sally works part time in an industry that is often low paid. Their income level is just above thresholds for getting support through Work and Income. They pay $300 a week in *rent for a very small, uninsulated home, which they moved to due to lower costs. Job changes due to the effects of COVID-19 have exacerbated issues. They have no family support nearby.*

The mentor noted that the debt grew to $5000 and this made a sustainable solution impossible. Early intervention and referrals could have avoided the whānau ending up disconnected.

Joseph Green – working with a Financial Mentor in a semi-rural area with very cool winter temperatures

Joseph lives on his own in a flat with a small mortgage. Joseph is on a benefit due to health issues rendering him unable to work, which are not likely to resolve. Due to his very limited income, he limits his heating (sometimes entirely), not using heating at night. He is often unwell. He had been having ice on the interior of his windows but has had insulation provided through the Healthy Homes scheme which has helped with this issue, however his home is still cold. He has longstanding struggles with paying his power bills and relies on support for food just to survive. The Winter Energy Payment he gets for part of the year is not enough to help him to afford his electricity bills, and his flat is too small to take in a boarder for extra income as Work and Income has suggested he consider.

The Financial Mentor is worried Joseph is an unconfirmed medically ddependant consumer, they think he gets further sickness from underheating his home. They also said assisting Joseph is not easy but the backstop of a home visit could make all the difference where communication breaks down and he is facing disconnection.

Jeremy Barker – working with a Financial Mentor in a service that specialises in complex issues in a major city

Jeremy has serious and debilitating mental health issues. He lives alone in a council flat and relies on mental health support workers to help him with day-to-day life. Jeremy has a history of bad credit and his power was disconnected due to arrears. Because of his poor credit, he can only access a pre-paid power company and as a result, he is now paying $45/week for power. This is a quarter of the money that he receives in the hand each week. Jeremy is struggling to feed himself and is relying on food parcels to get by. He feels helpless and trapped with this power company and stated he "has no other choice."

The Financial Mentor noted Jeremy needs food parcels because ends aren't meeting. They were concerned that prepay power will just mean that Jeremy barely ever has the power on.

Kristine Paul – working with a Financial Mentor in a service that specialises in complex issues in a major city

Kristine is a refugee from a Latin American country. She is a single mum with small children. She speaks very little English. She was with a larger electric company and her bills were high. She didn't know she could change and relied on the Financial Mentor to explain it to her and change her over to a smaller, more affordable company as she did not speak enough English to do it herself.

The Financial Mentor noted that when other support to communicate is not available Kristine has to rely on her child who is under 10 to translate. There are big barriers to her understanding what notices mean which put her at risk of disconnection.

Peter Turner – working with a Financial Mentor in a service that specialises in complex issues in a major city

Peter is a smart and lovely man who has lives alone in a council flat. He has some mental health issues and was chronically homeless until a few years ago. He is technically illiterate and when I met him did not have a smart phone, email or computer access. He came to me because we held a session with Sustainability Trust on how to save money on power and Peter had concerns his bill was too high. He had been with the same large retailer since being homed and finds the bills difficult to read. He was not aware of power switch or the many options available and also felt anxious around his perception of the process of switching companies. We found out he often turns his hot water heater off to save money, putting himself at risk of Legionnaires Disease. He has existing health issues as well.

The Financial Mentor was concerned that if a company were not proactive in supporting Peter to understand what notices contained then Peter could end up at risk of disconnection.

Mary Tanner – working with Financial Mentor at a kaupapa Māori wrap around service in a major city

Mary was referred by the gambling foundation to help with her and her partners finances. Mary's partner lost his job and required help with applying for a benefit. During this time waiting for their benefit to be approved they had no income and all the bills had fallen into arrears. Being on a limited income, Mary had to make decisions each week about paying for her electricity bill or putting food on the table. Mary and her partner have now separated and she is left to pay for the arrears on her own. The power credit [an initiative where ERANZ members waive $120 of electricity costs for people working with Financial Mentors] *has helped with lowering some of this debt.*

The Financial Mentor noted that complications arise because Mary has a credit rating that means she is unable to get a contract. The electricity account is still in her ex-partners name as he wants his children to have what they need. They also noted that Mary's housing is cold and damp which leads to the whānau all moving into the lounge in winter.

Tracy May – working with Financial Mentor at a kaupapa Māori wrap around service in a major city

Tracy is a mother of four children all aged one to six--years-old and was in an abusive relationship. Tracy would constantly fall into arrears with the electricity due to her ex-partner controlling the finances and putting his needs before their family. Tracy would seek help from Work and Income and other community agencies to keep the electricity from being disconnected. After several requests for assistance Work and Income ordered Tracy to seek budget advice in order to receive further assistance from them.

The Financial Mentor also noted that Tracy's children had eczema and asthma which were not helped by being in a cold and damp Kāinga Ora home common in that city. Also, the whānau had been disconnected many times and that her credit rating could put her at serious risk of not having a post pay constant supply of electricity for her and her children in the future. Work and Income had been great at helping this client leave an abusive relationship and set up a redirection to keep the power on in the future but the financial issues that remain from the abuse and the associated credit rating will continue to challenge Tracy and her children. The Financial Mentor also noted the experience of family violence meant that Tracy was generally afraid of calling creditors when in financial trouble.

David Mitchell – working with Financial Mentor at a kaupapa Māori wrap around service in a major city

Due to mental health issues David has been diagnosed with depression and anxiety. He left his job 12 months ago and is receiving the Job Seekers benefit. David is now in financial hardship due to unreliable flat mates that up and left his rental home without paying their share of the living costs. As a result of this David is in arrears with his electricity bill, rent and credit card which is impacting on his anxiety and wellbeing. David maxed out his credit card to cover the living expenses but is no longer able to continue to do so. The power credit [an initiative where ERANZ members waive $120 of electricity costs for people working with Financial Mentors] *helped alleviate some of his stress and we are currently working together to clear his underlying debt.*

The Financial Mentor noted that where there is the time and adequate notice about available assistance then David was likely to take these opportunities to find a pathway for avoiding disconnection. They noted however that on occasions mental health may impact David's ability to maintain interaction with retailer and that the retailer's approach to communicating could either improve or worsen David's mental health.

Summary of some demographics in the examples:

Age

25-29 years	4
30 – 34 years	2
35-39 years	1
40-49 years	4
50-59 years	4

Cultural background

Pākehā	7
Māori	3
Pasifika	2
Asian	1
European	1
South American	1

Gender (main person working with Financial Mentor)

Women	8
Men	7

People in household

Single Occupant	4
Two Occupants	3
Three Occupants	4
Four Occupants	2
Five or more Occupants	2

Medical Dependency

Possibly Medically Dependent Customer (unconfirmed and likely unregistered with provider)	1
Not Medically Dependent	14