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Telcos and credit providers fail consumers during COVID-19, says new scorecard

Telecommunications and credit and personal finance providers were found to be joint wooden spoon winners in a 2020 Sector Scorecard developed by Consumer Policy Research Centre and Roy Morgan.

By delivering the joint worst customer experience overall these sectors have let down their customers when they most needed support. This highlights the need for increased consumer protections both during and beyond the pandemic.

The Consumer Policy Research Centre partnered with Roy Morgan Research to understand the impact of COVID-19 on consumers across several key industry sectors:

- Energy providers
- Telecommunications providers
- Private rental providers
- Mortgage providers
- Credit and personal finance providers
- Insurance providers

Monthly surveys between May and December 2020 asked whether consumers had engaged with applicable providers in those sectors in some way over the previous 4 weeks. The Scorecard includes a representative sample of over 6,900 from across Australia of Australians aged over 18.

Consumer Policy Research Centre CEO Lauren Solomon said, “Weak and piecemeal hardship protections, poor customer service culture and the challenge of largely offshore customer service staff, all contributed to leaving telco consumers lacking the support they deserve from an essential utility sector,”

“The self-regulatory era of yesteryear for this sector needs to end. Telco products and services are now the gateway to almost every other facet of our lives. There is a higher degree of responsibility to the community.” said Ms Solomon.

“Telco providers ranked extremely poorly on user experience and accessibility which is disappointing and ironic, given their core business is communications. Australians deserve better from these companies.”

Credit and personal finance – including the burgeoning Buy Now Pay Later market – was found to be an equal worst performer as the pandemic ground on. “We know that as time went on, consumers exhausted available resources and increasingly turned to credit to make ends meet. Young people have been particularly exposed by glossy, fast-credit that extract significant premiums by way of fees and charges,”

“We’re seeing this show up in our scorecard, with consumers outing this sector as providing some of the least fair and transparent information in contracts or agreements.” said Ms Solomon.

The Scorecard did find some brighter spots for consumers. Quick concerted action to adopt sector-wide deferral of mortgage repayments has put the mortgage providers head and shoulders above the pack. Noting however, the relatively more resilient financial position of consumers with a

mortgage. “We also saw positive shifts in the experiences of tenants as governments introduced eviction moratoriums and rental relief grants.”

“Above all, this research demonstrates the benefit to the community when proactive support and protections are delivered when times get tough. It’s what consumers need and expect.” Lauren Solomon said.

A range of policy responses are required to address the issues raised in the survey including:

- Introduction of clear, effective consumer protections in the telco industry via the Consumer Safeguards Review, currently with the Federal Government.
- The development of a vulnerability strategy for the telecommunications sector by ACMA, just as we are seeing in energy with the AER and ESC, along with direct regulation of hardship policies and support.
- Transparent recording and publishing of customer service rankings for industry by essential service regulators.
- Implementation of Hayne Royal Commission recommendations.
- Application of credit regulation to buy-now-pay-later products and services.
- More consistent, clear entitlements and support for renters in payment difficulty post-pandemic.

To download Sector Scorecard visit <https://cprc.org.au/publications/consumer-insights-series-sector-scorecard>

CPRC CEO, Lauren Solomon is available for interview on request

