



## **The Consumer Council for Northern Ireland response to The European Regulators Group for Postal Services Work Plan for 2021**

### **The Consumer Council**

1. The Consumer Council is a non-departmental public body (NDPB) established through the General Consumer Council (Northern Ireland) Order 1984. Our principal statutory duty is to promote and safeguard the interests of consumers in Northern Ireland.

### **Consultation Response**

2. The Consumer Council welcomes the opportunity to respond to The European Regulators Group (ERGP) for Postal Services Work Plan 2020/21.
3. The Consumer Council welcomes that the ERGP recognises the need to focus on user needs and preferences so consumers and SMEs are adequately protected when using postal services whether that be as senders or receivers of letters and parcels.

### **Strategic Pillar I - Revisiting the postal sector**

4. It is important that the ERGP continues to assess the technological evolutions, changing users' needs, the emergence of new business models and the rapid growth of e-commerce which is affecting the postal market. It is vital that when assessing these areas that the ERGP ensures that the regulatory framework and any proposed changes adequately protects consumers especially those who are more vulnerable.
5. Consumers in Northern Ireland reliance on traditional forms of mail is decreasing in favour of faster alternatives such digital communication. However, vulnerable consumers continue to place significant importance on using a postal service as a means of communication.
6. The Consumer Council published a report which looks at the experiences and attitudes of vulnerable consumers and businesses to the postal service in Northern Ireland. This shows the

importance of the universal postal service to consumers and businesses. Our research<sup>1</sup> shows that the average number of letters and parcels a Northern Ireland consumers sends per month is three items. The average number of items sent by a consumer with a disability is four compared to three from someone without a disability. A consumer living in a rural area sends four items per month compared to three in an urban area. Also consumers in Northern Ireland are net receivers, namely they receive more mail than they send. Monthly mail volumes average around 13 letters and four parcels for each consumer. However, those aged 65+ think they receive an average of 21 letters a month compared to just seven for 16 – 34 year olds.

7. This is further evidence which strengthens the argument that any redesign of the EU regulatory framework must fully meet their all consumer needs and provide adequate protection. This framework should be built with needs of vulnerable consumers at the centre of any proposals.

#### **Strategic Pillar II - Promoting a competitive EU postal single market**

8. The Consumer Council believes competition is important as it can deliver a number of benefits for consumers which include:
  - Lower prices;
  - Increased choice; and
  - More innovate products which better meet consumer needs and preferences.
9. This means the regulatory environment must promote competition in the postal market in a way which benefits consumers.
10. Additionally, in the global world of e-commerce it is essential that various law makers and regulators take a global view of the potential issues that work against the benefits consumers should be receiving when accessing goods when they shop online.
11. One example which is and will become increasing important for consumers in Northern Ireland with the UK leaving the EU is customs. Customs arrangements must be designed in a way which do not create barriers for Northern Ireland consumers accessing goods online which rely on the postal system for delivery from other parts of the UK and other international locations. It must

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<sup>1</sup> To be Published - The Universal Postal Service and Northern Ireland consumers (March 2020)

mean consumers in Northern Ireland do not experience delays, incur additional charges and/or have reduced access to goods because online traders feel customs administration is too burdensome.

### **Strategic Pillar III - Empowering end-users and ensuring a user oriented universal service**

12. The Consumer Council agrees with the ERGP's focus on empowering end users so they can make informed choices and so they benefit from changing business models. As the postal market moves more towards a receiver oriented postal market driven by e-commerce, it is essential that consumer rights are protected and when any issues causing consumer detriment arise these are effectively dealt with in a timely manner.
  
13. Consumers in Northern Ireland have long experienced higher delivery charges when shopping online within the UK when buying goods from some GB traders. One in three online retailer applies a surcharge or delivery restriction when delivering to Northern Ireland<sup>2</sup>. There are currently no regulatory solutions as this part of the market is unregulated. This disempowers consumers in Northern Ireland and reduces consumer choice. This suggests regulation and monitoring of the market has not kept up with the changing business models and has not been able to quickly identify and respond to consumer detriment in the parcel part of the postal market. This has resulted in Northern Ireland consumers being negatively affected by higher for too long. The market on its own has not addressed this issue and more intervention is required. With this in mind, the ERGP's work in this area is vital and should deliver a solution to this issue.
  
14. The Consumer Council understands that the EGRP will review the scope of the universal service obligation by considering changing user needs. The Consumer Council's recent research offers some insight into what consumers in Northern Ireland need from a modern universal postal service. These include:
  - Most consumers consider it important that the mail arrives the next working day;
  - Almost 9 in 10 believe that track and trace should be standard for parcels; and
  - Almost 7 in 10 consumers believe that track and trace should be standard for letters.

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<sup>2</sup> <https://www.consumercouncil.org.uk/sites/default/files/2018-07/Online%20Parcel%20Premium%20Report.pdf>

15. The Consumer Council's research also tested a number of scenarios to explore what changes to the universal postal service consumers in Northern Ireland would be willing to accept. Some key findings include:

- Only 15% are willing to accept delivery to central and secure collection and 67% oppose it;
- Delivery 3 weekdays a week is considered acceptable by 19% and 64% would be unwilling to accept;
- Over a third (34%) support the idea of one single price replacing 1<sup>st</sup> and 2<sup>nd</sup> class; and
- Limited support (14%) for delivery to unstaffed digital collection point such as lockers.

16. The Consumer Council understands that the ERGP will also consider consumer protection within the postal market, for instance, pricing, compensation and complaints in the context of a transition towards a more receiver oriented market.

17. The Consumer Council agrees that consumers must be protected in these areas and the outcome of a review must update consumer protection in these areas. For instance, The Consumer Council found in its research into complaint procedures that postal operators and parcel brokers should review their complaint procedures to make sure they are visible, transparent and easy to use for all consumers.

18. Additionally, along with Citizens Advice and Citizens Advice Scotland, The Consumer Council developed a best practice guide for complaint handling in the postal market. The Consumer Council would recommend that ERGP takes account of this guide and uses it to improve complaint handling in the postal market. The ERGP should work towards regulators making clearer to all operators what is expected and how best to implement more effective complaint handling practices across the postal market. These newer requirements should not be confined to the universal service provider considering the changes in the postal market.

### **Conclusion**

19. If you wish to discuss any aspect of this response or The Consumer Council's research please contact me on 028 9025 1637.

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