

Consumer Scotland briefing on the Universal Service Obligation for postal services

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1. About us

Consumer Scotland is the statutory body for consumers in Scotland. Established by the Consumer Scotland Act 2020, we are accountable to the Scottish Parliament.

Key recommendations

A full list of recommendations can be found in [Consumer Scotland's response to Ofcom's review of the universal postal service](#)

1. Ofcom should undertake a detailed review of whether the User Needs Assessment provides sufficient evidence to support the proposed changes set out in the consultation document, given that the 2.5 day model has not been specifically tested with consumers. Ofcom should publish the reasons for its assessment on this matter and should commit to:
 - gathering further consumer evidence on the 2.5 day model specifically
 - giving further consideration to whether there is an appropriate, alternative model to the 2.5 day proposal that could better meet consumer needs, particularly with regards to the predictability and frequency of delivery.
2. Ofcom should ensure that the needs of remote and rural consumers are adequately assessed, including those in Quality of Service exempt island regions (all of which are Scottish).
3. Ofcom should revisit its position on QoS targets in Scotland's islands and commit to a process to explore the potential for introducing some form of new minimum Quality of Service target for the three currently exempt postcode areas in Scotland.
4. Ofcom should undertake analysis on Royal Mail's postcode-level performance, including whether remote Scottish postcodes face poorer delivery against targets, to assess if extra safeguards are needed for remote consumers in a revised USO model.
5. Ofcom should set out its expectations for how consumers should be informed of changes to the USO, particularly the alternate delivery days for second class post, including the implications for them and the actions they need to take to make sure that mail reaches its destination at the right time.

6. Ofcom should immediately commence detailed work to set out how the affordability of postal services will be protected for consumers. This should include setting out a commitment to protect existing safeguard caps within the new USO arrangements.
7. UK Government and Ofcom should conduct a review of a range of additional regulatory tools that it may be beneficial for it to have available to it to quickly secure compliance by Royal Mail against the new QoS regime. Ofcom should provide its assessment on this matter to the UK Government for its consideration.

2. Introduction

Consumer Scotland recognises the challenge to the ongoing delivery of the Universal Service Obligation (USO) for postal services. Letter volumes dropped from 14 billion in 2011/12 to 7 billion in 2022/23¹. We recognise the implications of this trend for the financial sustainability of the USO provider, Royal Mail, and that the financial sustainability challenges of delivering a USO for a postal market with evolving user needs is a global challenge.

In this context, there is a need to consider any changes that may be required to align the provision of the USO with evolving consumer needs within the postal sector.

This briefing is based on our response to Ofcom's consultation on reform to the Universal Postal Service. It is informed by multiple evidence sources including:

- research on low income, rural consumers;
- quantitative survey research with consumers on proposed changes;
- affordability analysis; stakeholder engagement including with rural and remote representatives; and
- ongoing bilateral engagement with advocacy bodies, Royal Mail and Ofcom.

3. The Postal USO

The postal USO remains an essential service for many consumers in Scotland as well as in the rest of the United Kingdom. Research by Consumer Scotland demonstrates that postal services are still important for consumers and they value all the aspects of the USO².

The postal service provides important benefits to UK society and the economy³. The postal service provides a vital link between consumers and businesses and essential services, such as provision of financial services, energy, telecoms, health services and advertising materials⁴. It also provides a mechanism for many small businesses to undertake critical administration to support their businesses⁵⁶. In addition, the post service also provides a communications and logistics safety net for consumers, especially those in vulnerable circumstances⁷. For example, those who are digitally excluded may not be able to easily access essential services online and rely on letter contact.

In recent years, the universal service has not worked as well as it should have done for consumers. The cost of stamps has risen substantially in the past 5 years (124% from 2020 to 2025 for First and 34% for Second) whilst Royal Mail have repeatedly missed their Quality of Service targets leading to fines of more than £15 million.

When postal services don't work as they should, there are risks of causing consumer harm. This can range from:

- **Minor inconvenience** including delayed awareness of health, financial or legal letters or delays to social post causing frustration
- **Harm** including turning up for hospital appointments that have been cancelled, delays to large print or braille letters or energy debt accrual
- **High levels of detriment** including missed essential hospital appointments, financial penalties from late payments, debt recovery action

4. Ofcom's proposals for USO change

Ofcom has proposed a series of reforms to the Universal Service Obligation which will change how postal services operate within the UK. The proposals include⁸:

- A move to alternate weekday delivery of second class stamps whilst maintaining the 3 day delivery target. This would also remove Saturday as a delivery day for second class post.
- A reduction in Quality of Service standards from 93% to 90% for First Class to be delivered by next day. For Second Class, a reduction from 98.5% to 95% to be delivered within three days.
- Introduction of a 'tail of the mail' target which would introduce a backstop of 99.5% of mail delivered within 3 days (First Class) and 5 days (Second Class).
- A continuation of the Second Class price cap (i.e., Second Class stamp) for the next three years alongside universal pricing across the UK and a six day delivery for First Class service.

With these proposals for USO reform, consumers are now being asked to accept a reduction in the postal service they receive.⁹ This includes:

- fewer delivery days for second class mail
- slower deliveries for some second class post (particularly those posted at the end of the week) and
- lower quality of service targets for both first and second class post.

5. Consumer Scotland's key concerns with the proposals for USO change

Limitations in consumer needs assessment on proposed changes

Consumer Scotland has highlighted a number of weaknesses in the evidence base used for decision-making to inform changes to the USO. In particular, the User Needs Assessment carried out by Ofcom does not appear to explore in any depth, questions which deal specifically with dimensions of variability, consumer understanding or impact of a change to an alternate day model. Critically, the 2.5 day (alternate week) model for second class post has not been specifically assessed and tested with consumers as part of the User Needs Assessment.

Consumer Scotland's research on the proposed USO changes showed a significant minority of consumers were either unhappy with or would experience detriment because of the changes.

The research found:

- **45% of consumers were unhappy with the proposal's impact on essential administrative mail** with 18% of people saying it would cause significant difficulties and Second Class would no longer meet their needs and 27% reporting a major inconvenience
- **Six in ten consumers thought the latest acceptable delivery day for second-class mail (at a cost of 85p) posted on Wednesday would be Saturday**, but under new proposals this would now be Monday – two days later than currently.

Consumer Scotland also asked consumers for their perspective on the alternating (variable) delivery model that Ofcom has proposed. Again, essential administrative mail was the biggest concern than personal mail:

- **47% of consumers reported an impact from increased variability of postal service.** 28% of consumers said that variability would be a major inconvenience and 19% said it would cause substantial difficulties and no longer meet their needs.

Research with low income and rural consumers

Consumer Scotland's qualitative research with low income and rural consumers and the changes to the USO highlighted consumer concerns for the 2.5 day proposed model. In principle, research participants were content with a slight reduction in delivery days by removing Saturday as a delivery day. However, there was opposition about the proposed reduction of delivery days to 2.5 days as they felt that the alternating day model would be confusing and difficult to keep track of. This was of most concern to those running a small business, those who were digitally excluded and those who prefer online record keeping. For those in the most remote regions, there were concerns that there would be long wait times when combined with already very poor Quality of Service.

Quality of Service Standards

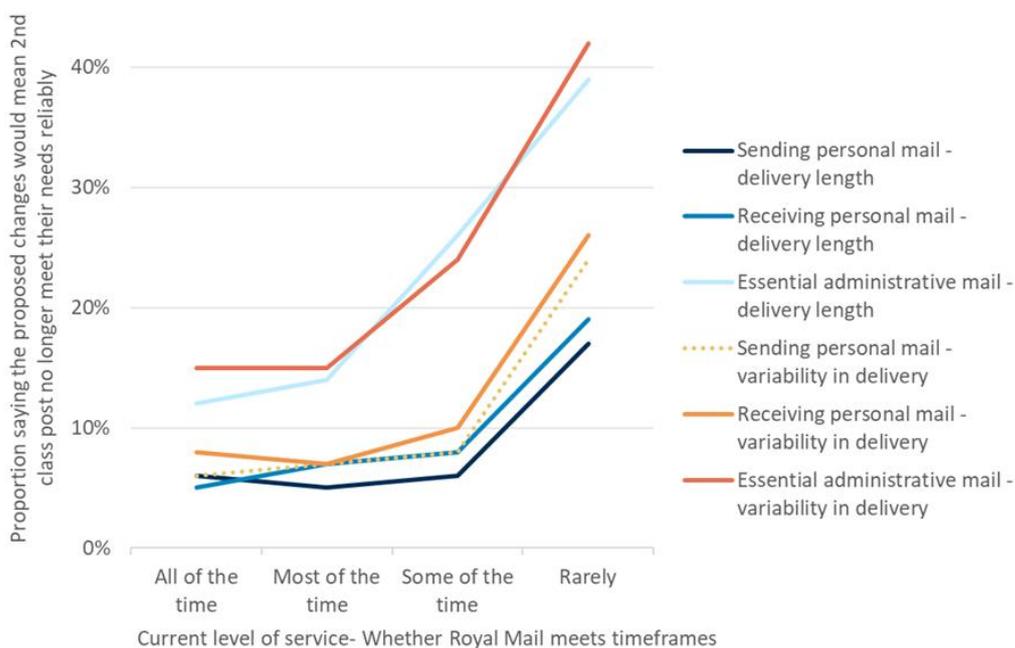
As noted above, the existing USO is not meeting consumer needs in providing a reliable postal service. Royal Mail has missed its Quality of Service targets over several years¹⁰. This has led to fines of £5.6 million for missed delivery targets in 2023 and £10.5 million in 2024. Despite these penalties, Royal Mail has continued to miss its Quality of Service targets and is now under investigation by Ofcom for its performance in 2024-25.

Our quantitative research with consumers showed that poor quality of service impacted on consumers' views on the proposed USO changes. When asked about the level of service they received, most consumers (61%) said they received the current D+3 second-class post Monday to Saturday service most or all the time. However, the situation was different in the Highlands where 17% said they rarely received post in line with existing Quality of Service standards – significantly higher than the Scottish average (8%).

The research found that those who regard their current service as poor were more likely to say that the proposed changes would mean that Second Class post would no longer meet their needs.

Chart 1: Consumers with perceptions of poor service quality are more likely to say that changes to Second Class would no longer meet needs reliably

Consumer views on whether proposed changes would meet their needs reliability in relation to their current perceptions of service quality



Source: Consumer Scotland/IFF polling of consumers’ views on the proposed USO changes (published alongside this response)

Base: All (n = 1004 Scottish adults)

There are challenges for Quality of Service standards for remote areas of Scotland. Consumer Scotland analysis confirmed a moderate correlation between performance and remoteness when all postcode areas (including those exempt from QoS standards) were included. There is currently no Quality of Service standard for 3 island communities in Scotland: Na h-Eileanan Siar, Shetland and Orkney.

Table 1 shows the breakdown of First Class Quality of Service for exempt areas

Table 1 shows the breakdown of quality of service for exempt areas from Quality of Service standards for 2024/25

Postcode Area – 1 st Class	Unadjusted
HS Hebrides	31.3
KW Kirkwall Mainland	74.7
KW Kirkwall Island	30.5
KW Kirkwall	53.9
ZE Lerwick	28.6

Source: [Quarterly Quality of Service & Complaints Report](#)

2.5 day model

Consumer Scotland has highlighted concerns about the impact of the proposed 2.5 day alternate week model for Second Class post on consumers. Our assessment is that there are some inherent risks in the model which have not been sufficiently mitigated through regulatory tools to ensure that Royal Mail is incentivised to meet its targets in a revised system.

An additional impact of the changes is that second class post will become a slower service over the weekend due to the removal of both Saturday post and Saturday as a processing day. Although this is still covered by 'D+3' in the regulations, consumers will experience it as a slowing day in service. This is because post sent at the end of the week will take at least an additional day to arrive. This has a number of implications for consumers:

- It is an actual reduction in the speed of delivery for some post, which means that consumers will be receiving a diminished service but with limited clarity or protection over the price they will be asked to pay for this reduced product
- The differing speeds for second class mail, depending on the location of both sender and the recipient, may be confusing for consumers. Consumers may view the product as being less reliable and harder to plan around.

Affordability

Under the Ofcom proposals, there is little clarity of how much consumers will have to pay in future for a reduced service. The price of stamps has increased substantially over the past 5 years. In 2020, the cost of a First Class stamp was 76p. Now to access the same service, consumers have to pay £1.70 (April 2025), an increase of 124% (79% when adjusting for inflation). The cost of a Second Class stamp was 65p in 2020 and has risen to 87p, a 34% increase (7% when adjusting for inflation).¹¹ The cost of a book of First Class stamps is now £13.80 (from £6.08 in 2020). Consumers are being asked to accept these changes without being provided with sufficient clarity of or protection on the price they will be expected to pay for the reduced USO. This has an implication for determining what constitutes reasonable consumer needs under the USO given the intrinsic trade-offs for consumers between reliability and ability to pay (affordability) and reliability and willingness to pay (value for money).

Compliance tools

Consumer Scotland has identified the need for a broader assessment to ensure that Ofcom has sufficient tools to achieve compliance by Royal Mail – particularly to ensure Royal Mail delivers against its regulated Quality of Service targets. This is particularly important as the proposals set out in the consultation, will reduce the service to consumers, using a delivery model that has a degree of experimental design.

It is not clear whether the current enforcement regime provides Ofcom with the tools it needs to incentivise Royal Mail to achieve its regulatory requirements under the proposed model. The regulator should therefore consider what further powers it may require to secure quick and significant improvements in compliance by Royal Mail in any new USO regime.

For further detail and analysis, see Consumer Scotland's full [consultation response to Ofcom's review of universal postal service](#)

Reference List

- ¹ Ofcom (2025) [Consultation: Review of the universal postal service and other postal regulation](#)
- ² Consumer Scotland (2025) [Response to Ofcom consultation on the review of the universal postal service](#)
- ³ Royal Mail (2019) [Royal Mail's response to Statement of Strategic Priorities for telecoms, radio spectrum and postal services](#)
- ⁴ Citizens Advice (2025) [The full package: What consumers need from a changing postal service](#)
- ⁵ FSB (2024) [Press Release | Scaling Royal Mail back is not the way to improve services, small firms say after Ofcom paper](#)
- ⁶ Thinks/Consumer Scotland (2025) [Post and low-income rural consumers |](#)
- ⁷ Consumer Scotland (2023) [Review of the literature and policy on the UK postal market](#)
- ⁸ [Protecting the postal service for the future - Ofcom](#)
- ⁹ Ofcom (2025) [Consultation: Review of the universal postal service and other postal regulation](#)
- ¹⁰ Ofcom (2024) [Ofcom fines Royal Mail £10.5m for poor delivery performance](#)
- ¹¹ Citizens Advice (2025) [Citizens Advice responds to Royal Mail stamp prices 2025](#)