



## Money and Mental Health response to Ofwat's emerging strategy for regulating water and wastewater companies in England and Wales from 2020 onwards

### Introduction

The Money and Mental Health Policy Institute is a research charity established by Martin Lewis to break the vicious cycle of money and mental health problems. We aim to be a world-class centre of expertise developing practical policy solutions, working in partnership with those providing services, those who shape them, and those using them, to find out what really works.

We know that experiencing a mental health problem can make keeping on top of water bills and dealing with water companies particularly difficult. Therefore, we are pleased to have the opportunity to respond to the consultation on Ofwat's emerging strategy for regulating water and wastewater companies in England and Wales. Here, we set out evidence from our research and policy work on how Ofwat can ensure the needs of vulnerable consumers are reflected in their emerging strategy.

Everything we do is rooted in the lived experience of our Research Community, a group of 5,000 people with personal experience of mental health problems. As part of this consultation response, we carried out a survey between 16 and 21 August 2019 of 131 members of our Research Community, about their experience of dealing with water companies, and their thoughts on what companies can do to better support customers experiencing mental health problems. All quotes are from members of the Community who have participated in our research.

Below we respond to Q1, 3 and 4 posed by the consultation on Ofwat's emerging strategy. In addition to this response, we recommend that Ofwat review our reports *Levelling the Playing Field*,<sup>1</sup> which explores how regulators can support consumers with mental health problems and *Minimum standards for mental health*<sup>2</sup> which looks at how essential services firms can ensure that people with mental health problems have equal access to vital services. Both reports are attached to this submission.

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<sup>1</sup> Holkar, M and Evans, K. *Levelling the playing field*. Money and Mental Health Policy Institute. 2017

<sup>2</sup> Evans, K. *Minimum standards for mental health*. Money and Mental Health Policy Institute. 2019

## Background

- In any given year, one in four people will experience a mental health problem.<sup>3</sup> However, we do not always know when we are unwell, or receive treatment. Over a third (36%) of people with a common mental disorder have never received a diagnosis, and 62% are not currently receiving treatment.<sup>4</sup>
- Common symptoms of mental health problems, like low motivation, unreliable memory, limited concentration and reduced planning and problem-solving abilities, can make it harder for people to engage with their water supplier and advocate for themselves.<sup>5</sup>
- Four in ten (37%) people who have experienced mental health problems exhibit significant levels of anxiety when dealing with essential service suppliers like water or energy companies. This is indicative of at least a mild phobia of this situation. Symptoms can include breathlessness, sweating or shaking.<sup>6</sup>
- All of this contributes to an increased risk of detriment from water suppliers. People with mental health problems are three and a half times more likely to be in problem debt as those without.<sup>7</sup>
- Half (46%) of adults in problem debt also have a mental health problem.<sup>8</sup> Within the water market specifically, 52% of people in debt on their water bill have a mental health problem.<sup>9</sup>
- The psychological impact of difficulties communicating with water suppliers, understanding bills and poor affordability, can be particularly acute for people who are experiencing mental health problems. The additional pressure of worrying about mounting debts or the threat of debt collectors can wear away at people's resilience and reduce their chances of recovery.
- Mental health and financial problems can form a devastating, self-reinforcing cycle. Over 420,000 people in problem debt consider taking their own life in England each year, and more than 100,000 people in debt actually attempt suicide.<sup>10</sup>

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<sup>3</sup> McManus S et al. Adult psychiatric morbidity in England, 2007. Results of a household survey. NHS Information Centre for Health and Social Care. 2009.

<sup>4</sup> McManus S et al. Mental health and wellbeing in England: Adult Psychiatric Morbidity Survey 2014. NHS Digital. 2016.

<sup>5</sup> Holkar M. Seeing through the fog: How mental health problems affect financial capability. Money and Mental Health Policy Institute. 2017.

<sup>6</sup> Holkar M, Evans K and Langston K. Access essentials. Money and Mental Health Policy Institute. 2018.

<sup>7</sup> Holkar M. Debt and mental health: A statistical update. Money and Mental Health Policy Institute. 2019.

<sup>8</sup> Ibid.

<sup>9</sup> Jenkins R et al. Mental disorder in people with debt in the general population. Public Health Medicine 2009; 6, 3: 88-92.

<sup>10</sup> Bond N and Holkar M. A silent killer: Breaking the link between financial difficulty and suicide. Money and Mental Health Policy Institute. 2018.

**Question 1: Based on the draft in our discussion document, what do you think should be included in a shared vision for the sector? What are the collective aspirations it needs to achieve?**

Ofwat's emerging strategy identifies customer relationships as a key area of focus from 2020 onwards. Within this, the strategy recognises vulnerable consumers as a key group where substantial improvements are required to develop customer relationships, meet customer expectations and keep pace with other regulators. A crucial step towards this would be committing to improve accessibility in the water sector, specifically through introducing minimum standards of service for customers experiencing mental health problems, dementia and other cognitive impairments.

Mental health problems can have wide-ranging effects on a person's ability to navigate and manage essential services. Common challenges include:

- Reduced short term memory, meaning bills or warnings about supply outages may be forgotten
- Increased impulsivity, which can make engaging with staff in anxiety-inducing situations more difficult
- Social anxiety and communication phobias, which can mean post goes unopened, or that it is impossible to contact providers over the telephone
- Low motivation and depleted energy, making engaging with a provider to resolve issues practically impossible
- Reduced problem solving and planning abilities, which can affect a person's ability to find a solution to any problems, for example reduced ability to pay.<sup>11</sup>

As a result of these challenges, people with mental health problems can face difficulties getting appropriate support from water providers, difficulties communicating with water providers, difficulties understanding their bills, and are ultimately more likely to be in arrears. These issues affect people across essential services markets, regardless of the particular supplier, or the regulator sitting above it. Ofwat should continue to collaborate with other regulators through the UK Regulators Network to ensure cross-market consistency in these standards for consumers.

Many people experiencing mental health problems never tell their essential services providers about their illness - sometimes because they are worried about stigma or discrimination; sometimes because they don't know that any extra help is available; or sometimes because they have had a poor experience when disclosing to a provider in the past. Research with the Money and Mental Health Research Community found that just 17% of respondents had ever told their

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<sup>11</sup> Holkar M, Evans K and Langston K. Access essentials. Money and Mental Health Policy Institute. 2018.

water supplier about their mental health problems.<sup>12</sup> Water companies can and should do more, with Ofwat support, to encourage disclosures and ensure people with mental health problems are offered appropriate support through the Priority Services Register.

However, this approach will never be sufficient to avoid unnecessary harm to consumers living with mental health problems. Some people may never want to share this information with their water provider, and others may be unaware that they are experiencing mental health problems at all; over a third of people experiencing a common mental disorder have never been diagnosed.<sup>13</sup> This means that Ofwat and water suppliers must consider ways to improve accessibility for all consumers, not just those who have disclosed a vulnerability.

Greater clarity about minimum expectations could help Ofwat improve conduct among smaller and underperforming suppliers. The language of 'minimum standards' makes clear that consumers should always be able to expect a certain level of service and support, but also provides space for aspiration towards a higher standard and flexibility about how the standards could be met.

Three areas where we would be keen to see Ofwat introduce minimum standards to improve accessibility for people experiencing mental health problems are:

### **1. Offering appropriate support when customers disclose a mental health problem**

Ofwat have made concerted efforts to incentivise water suppliers to identify and provide for vulnerable consumers by encouraging a focus on increasing the number of customers on suppliers Service Registers (PSR). Although the PPS system is already well-established in the water sector, it is not clear that this meets the needs of people experiencing mental health problems well. Two-thirds (66%) of respondents to Money and Mental Health's survey said their water company had never offered them additional help.<sup>14</sup>

Ofwat should encourage firms to work to increase access to and take-up of:

- **Alternative communication channels** - Half of people with mental health problems (50%) find using the telephone distressing.<sup>15</sup> Ofwat should ensure firms make alternative communication channels available to customers in this situation so they can report faults, ask questions and raise complaints like other customers. This may also encourage disclosure.

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<sup>12</sup> Money and Mental Health Survey. Base for this question: 122 people with lived experience of mental health problems.

<sup>13</sup> McManus S et al. Mental health and wellbeing in England: Adult Psychiatric Morbidity Survey 2014. NHS Digital. 2016.

<sup>14</sup> Money and Mental Health Survey. Base for this question: 119 people with lived experience of mental health problems.

<sup>15</sup> Holkar M, Evans K and Langston K. Access essentials. Money and Mental Health Policy Institute. 2018.



- **Information provided in alternative formats:** Providing information in alternative formats — such as easy read — can be enormously helpful to people who find engaging with written communications and post more difficult when experiencing a mental health problem. Only one in eight (13%) respondents to our survey reported that their water company had offered to send their bill in a different way.<sup>16</sup>
- **Third party support:** Help to manage essential services from a trusted friend or family member can be invaluable to people living with mental health problems, particularly in helping to resolve problems when the customer is too unwell to contact the water provider themselves, or helping to avoid forgotten or missed bills through third party billing.<sup>17</sup> Only 7% of respondents to our survey had been offered this.<sup>18</sup>
- **Reminders of important communications and bills** sent through a secondary communication channel where the customer's contact details are known. Many people with mental health problems struggle to engage with post, and so we would encourage Ofwat to amend its guidance to companies around PRS adjustments to include reminders sent by a secondary communication channel. This will help ensure that important messages get through.

*"I need reminding now and again. I always pay but sometimes I'm late because I've not realised it should have been paid, if I'm having a bad spell." - Research Community member*

*"Currently, \_\_\_\_\_ Water has massive website issues which means any time I need to do something I need to telephone them. I can't use the telephone, so my Partner (who is officially named as someone who can speak to them too) has to talk to them and they always get stroppy about it." - Research Community member*

## **2. Ensuring services are accessible to people with mental health problems, whether they disclose or not**

- **Key functions should be accessible by more than one communication channel -** People experiencing mental health problems can struggle with different forms of communication: some people have difficulties using the phone, others with opening post, and others still with online channels. Offering multiple channels of communication allows people to engage in the way most suitable to their needs.

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<sup>16</sup> Money and Mental Health Survey. Base for this question: 119 people with lived experience of mental health problems.

<sup>17</sup> Bond N, Evans K and Holkar M. A little help from my friends. Money and Mental Health Policy Institute. 2019.

<sup>18</sup> Money and Mental Health Survey. Base for this question: 119 people with lived experience of mental health problems.



- **Customers should be reminded of key information from conversations which take place verbally or online:** Many mental health conditions and the side effects of some medications mean that people can have difficulties remembering and retaining key pieces of information.<sup>19</sup> A simple note of a webchat or summary of a phone conversation can help customers experiencing these difficulties remember the actions agreed and prevent unnecessary anxiety.
- **Communications to customers should contain clear action points, especially bills and notifications of arrears or extra support services:** Difficulties with memory, motivation and clarity of thought mean the effects of many mental health problems can make it more difficult to understand what you are required to do, and to follow through on actions. Careful formatting of bills and other communications can make it much easier to engage and increase the likelihood that the customer completes required actions.
- **Communications should draw the customer's attention to the most important information:** This would assist people who, due to the effects of their mental health condition, might struggle with concentration or understanding complex information.

*"The key thing for me is that my very first water bill at this new address was 8 pages long with a variety of bill amounts shown ranging from £125 to £381 being due. I couldn't fathom it as was just expecting a confirmation saying your direct debit of £24 a month has been set up as agreed with a total for the year. I read through all the pages trying to make sense of it and in the end found a page showing the direct debit agreed. When I called to complain and asked why all pages were identical in their background design, font size etc, the advisor said, if there are 8 pages you only need to read page 8. The other pages, he said are just how we calculate the bill." - Research Community member*

### **3. Protecting people in problem debt, to prevent psychological harm**

The emerging strategy places significant emphasis on affordability of water supply, and Ofwat set significant incentives to encourage suppliers to ensure affordability, and we are glad to see Ofwat encourage suppliers to be more proactive in identifying and supporting customers who may be at risk of financial difficulty. However, while we appreciate the strategy is a draft high level document, we are nonetheless disappointed to see little reference to supporting customers in arrears within the draft itself.

We surveyed our Research Community, and found that three quarters (73%) of respondents with experience of mental health problems felt the amount they paid for water and wastewater services was expensive.<sup>20</sup> Over half of people who responded (54%) said they had struggled to pay their

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<sup>19</sup> Holkar M. Seeing through the fog: How mental health problems affect financial capability. Money and Mental Health Policy Institute. 2017.

<sup>20</sup> Money and Mental Health Survey. Base for this question: 125 people with lived experience of mental health problems.



water bill at some point.<sup>21</sup> Despite this, only 1 in 10 respondents (12%) who had struggled to pay their water bill had ever been signposted to free debt advice by their water company.<sup>22</sup> This suggests that water companies could make significant improvements in the ways they identify customers at risk of financial difficulty, and also in how they support them.

Mental health problems can make it harder for people in problem debt to understand arrears notices, to ask for help, and to locate and access free debt advice. Collections and enforcement activity can lead to serious psychological distress, with frequent phone calls and letters sometimes leaving people feeling trapped and with no way out.

*“I received letters threatening court action which was stressful. Eventually I used credit cards to pay the water bill and that simply made the problem worse.”* Research Community member

Given that half of customers in financial difficulty also have a mental health problem,<sup>23</sup> Ofwat must ensure that people who fall behind on their water bills are treated fairly, and that collections practices do not cause unnecessary psychological distress which can raise the risk of suicide. To achieve this, Ofwat should encourage suppliers to:

- Signpost customers in problem debt to free debt advice more effectively. Information on bills and arrears notifications should be prominent, ideally placed at the top of letters, before details of balances due or sanctions
- Offer a warm referral (e.g. ability to book an appointment) with free debt advice services
- Use only regulated collections and enforcement firms, or those who comply with similar industry standards.

*“I moved in to a new place and didn't get a water bill for about a year. When I got it it was hundreds of pounds and I couldn't pay it. They sent threatening letters and people to my door. This was obviously not helpful and sent me into a breakdown and I ended up in hospital.”*  
Research Community member

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<sup>21</sup> Money and Mental Health Survey. Base for this question: 126 people with lived experience of mental health problems

<sup>22</sup> Money and Mental Health Survey. Base for this question: 57 people with lived experience of mental health problems and difficulties paying their water bill.

<sup>23</sup> Holkar M. Debt and mental health: A statistical update. Money and Mental Health Policy Institute. 2019.



**Question 3: Do you think long term aspirations and targets will be effective in driving the sector forwards? What should they cover and how should they work in practice?**

Long term aspirations which focus on supporting customers in vulnerable circumstances are an effective tool to drive the water sector forward. One long term target to serve the needs of vulnerable consumers should be for the sector to adopt the minimum standards described above. We believe any future long term shared vision to meet the needs of vulnerable consumers should take forward and compliment the support offered under the Priority Services Register.

**Question 4: Do you think we're focusing on the right areas in which to drive transformational change, as we've set out on pages 26-29? E.g. innovation, the natural environment, customer relationships**

We are pleased to see a focus on customer relationships and innovation as key areas for transformational change. The water industry is significantly out of step with other regulators in building customer relationships, personalising the service they receive and meeting their needs.

Water suppliers already engage with Customer Challenge Groups (CCG's) to develop their services and ensure robust scrutiny. However, it is important that CCG's are representative of a diverse customer base, including people experiencing mental health problems. Reaching out to more marginalised groups requires significant and concerted efforts, and we welcome Ofwat's proposal of partnering with experts on how to use the customer voice in company decision making.

Ofwat's emerging strategy makes a commitment to building their own understanding of consumer vulnerability, to equip them to drive companies to build the relationships they need with their customers too. Money and Mental Health welcome the opportunity to share our insights on consumers with mental health problems, to help drive forward meaningful and sustainable transformation within the industry.