



The voice for water consumers
Y corff sy'n rhoi llais i ddefnyddwyr dŵr

**CCW's response to the Water Services
Regulation Authority (Ofwat) -
Customer Protection Code of Practice
- Consultation on Proposed Authority
Amendment - CP0007**

1. Introduction

- 1.1 CCW is the independent voice for business and domestic water consumers in England and Wales. We welcome the opportunity to respond to this consultation.
- 1.2 Ofwat is consulting on its proposal to further amend the Customer Protection Code of Practice (CPCoP) in order to align it with the previous market code decisions on liquidity and bad debt measures as a result on COVID-19. The aim is to ensure that protections remain in place for those non-household (NHH) customers seriously affected by COVID-19, while enabling retailers to recover and manage debt from NHH customers whose businesses are operating and are able to pay their water bill. The change seeks to separate NHH customers into the following three categories:
- 'COVID-19 Affected Customers' - These are NHH customers whose business premises are vacant, and are flagged as such, due to COVID-19 restrictions. These customers will continue to receive the current protections introduced under amendment CP0006 – Inability for retailers to disconnect; charge interest or late payment fees; and carry out debt enforcement practices. For the purposes of our response, we refer to these customers as Group 1;
 - NHH customers who are affected by COVID-19. These customers' business premises remain open but the NHH customers are struggling to pay due to the restrictions. Retailers will be required to offer all these NHH customers a 'COVID-19 Repayment Scheme', with this tailored to meet individual circumstances. For the purposes of our response, we refer to these customers as Group 2;
 - NHH customers unaffected by COVID-19. These customers will be expected to continue to pay as normal, and will no longer be subject to the protections introduced by CP0006. For the purposes of our response, we refer to these customers as Group 3.

2. Response to specific questions

- 2.1 **(1) Do you think the Change Proposal will achieve the following policy aims:**
- a. Covid-19 Affected Customers should continue to be protected.**
 - b. Customers who are operating normally and can pay should be subject to normal debt recovery processes.**
 - c. Retailers should take the necessary steps to differentiate between those customers who genuinely need support and those who should be expected to pay.**
- 2.2 We are supportive of the change proposals for NHH customers in Groups 1 and 3. However, we want a different approach to that in the consultation for those in Group 2.

- 2.3 We agree that 'COVID-19 Affected Customers' (Group 1 customers) must continue to be protected, and we support the protections staying in place in the CPCoP. As these NHH customers have vacant business premises, due to COVID-19 restrictions, and are not receiving an income, it would not be reasonable for normal debt recovery practices to resume.
- 2.4 While the definition of 'COVID-19 Affected Customer' appears clear in the change proposal consultation itself, we are concerned that this terminology may cause confusion for those NHH customers that are affected by COVID-19, but do not have business premises that are temporarily vacant. To help with the practical application, and to make this clearer to NHH customers, we want to see the terminology being revised (including in the legal drafting) to ensure the distinction between different customer groups. We believe it would be clearer to call those customers in the first group, 'COVID-19 Seriously Affected Customers'.
- 2.5 We are concerned about the change proposal for Group 2 customers. For those NHH customers with business premises that have remained open during the restrictions but are struggling to pay, we want to see an extension of the protections under CP0006 until 31 July 2020. The proposal is clear that retailers should take the necessary steps to differentiate between those who need support, and those who should be expected to pay. However, extending the protections for another two months will allow for:
- Retailers to have more time to correctly identify those NHH customers who belong in Group 2; and
 - NHH customers whose business premises remain open, but have suffered a significant decrease in their business activity, to be better prepared financially for payment collection activities to resume.
- 2.6 It is vital that retailers correctly differentiate between those customers who should be in Group 2 & Group 3, so as to ensure that those who are struggling to pay receive the necessary support. When determining customers' circumstances, we expect retailers to be making decisions based on robust evidence, to ensure that repayment terms are being fairly applied, and that they are flexible in their approach. We would urge Ofwat to take action against any retailers that are failing to correctly abide by the stated policy aim.
- 2.7 Our concerns around the policy aims for Group 2 customers are compounded by the fact that many of these NHH customers will have been impacted differently by COVID-19. Evidence from the NFU confirms that while some businesses will have closed to the public, because of the nature of agriculture, they will likely have continued to use more water than a 95% reduction in normal use. For example, amenity horticultural premises and garden centres are (or have been) closed to the public but the production of plants (and the water needed to grow them) has continued. For these

businesses, access to bespoke and agreed payment plans is very important. If we see evidence that this policy objective is not being met, we would urge Ofwat to revisit the CPCoP so that customer protection is strengthened.

- 2.8 We support the proposal that those customers in Group 3, who are continuing to operate normally and can pay their water bill, should be subject to normal payment terms and conditions. However, whether or not a customer falls within this group needs to be carefully determined, and a clear process should be in place to resolve disputes between customers and retailers on this point.
- 2.9 **(2) What is your view of the proposal that the protections relating to disconnection, suspension of enforcement, late payment, and interest charges will only automatically apply to COVID-19 Affected Customers?**
- 2.10 We agree that NHH customers in Group 1 must continue to receive the above stated protections.
- 2.11 However, we are concerned about the impact of removing these protections for NHH customers who transition from being a 'COVID-19 (Seriously) Affected Customer' to Group 2, once their business premises re-open. These NHH customers are likely to be in a financially vulnerable position for some time. We believe that these customers should be treated differently from others in Group 2, and should benefit from an extension of the protections, from the date they transition.
- 2.12 As stated in Question 1, we urge Ofwat to ensure that existing protections remain in place until 31 July 2020 for all Group 2 NHH customers. We do not believe that the proposed date of 1 June 2020 provides sufficient time for retailers to identify those customers who should be included in this group. This extended period will allow for greater scrutiny of customers to fully understand their needs, and differentiate between those NHH customers who should be in Groups 2 and 3.
- 2.13 An extension of the protections for Group 2 customers will also allow an opportunity for those who are financially struggling to go on a repayment plan without the added pressure of payment collection activity and/or disconnection for non-payment resuming. This group will have businesses within it that are struggling in varying degrees, so we would like to ensure that every customer has had sufficient time to financially recover.
- 2.14 We also strongly feel that those NHH customers that can evidence they are financially impacted by COVID-19 restrictions should not have to face difficulties in securing payment terms that take into account their financial position.
- 2.15 Regarding customers with multiple sites, a different approach to the one stated in the consultation may be required. While overall charges will have reduced if some of the

sites are vacant, the NHH customer's financial position may not be healthy enough to negate the need for the protections afforded to Group 1. We would ask that Ofwat revisit this point, and consider whether individual vacant sites should still receive this protection.

- 2.16 **(3) What do you think should be included in a COVID-19 Repayment Scheme? Do you have any examples of similar schemes that you have offered and/or have considered as a result of COVID-19? Please provide details.**
- 2.17 We would expect the repayment schemes to set out in clear, transparent and understandable terms, the financial help and support available to NHH customers and for how long.
- 2.18 The scheme should clearly state the criteria that NHH customers will have to meet in order to qualify, the level of evidence that needs to be provided in support of an application, and the rationale and timescale behind the decision made by the retailer.
- 2.19 The scheme should also be clear how interest and/or any outstanding late payment charges have been included in the repayments. If it has not, it should be clear when this will be due.
- 2.20 In the event of a disagreement on the payment terms reached, the scheme should clearly state how the NHH customer is able to contest the decision, and what type of evidence needs to be provided in support of this.
- 2.21 For the duration of NHH customers being on a repayment plan, the inclusion of a commitment from the retailer that they will not commence debt recovery action and/or disconnection proceedings, should be clearly stated.
- 2.22 We would welcome a commitment for the retailer to regularly review the terms of the repayment plan to ensure that the NHH customer remains in a position to keep to the payment terms, and does not require a review of the terms on offer.
- 2.23 In the event that the NHH customer cannot keep up with repayments, the scheme needs to be clear what the consequences are.
- 2.24 For NHH customers (post 1 August 2020, subject to the timetable in the change proposal be altered) that have moved from Group 1 to Group 2, we believe a 'grace period' should apply in order to allow an opportunity those customers to financially recover (e.g. a period of 1 month) before payment collection activity resumes.
- 2.25 **(4) What are your views on our proposals to require Retailers to clearly provide a method of contact on websites, as set out in section 4.3?**

2.26 We support the proposal for retailers to provide a method of contact, both electronic and dedicated phone number, on their website. The different types of support and protection that will result from this change proposal will necessitate the need for readily accessible information to be available for NHH customers. It is therefore vital that this can be sought via direct contact with the retailer as easily as possible.

2.27 We also support the requirement on retailers to inform customers of the protections available to them, via a prominent position on their website. This is particularly important given that the protection available will be different depending on the customer 'category'. We will continue to work closely with Ofwat on reviewing retailers' website and their communication with NHH customer.

2.28 **(5) What is your view of the legal drafting for the Change Proposal (see appendix 1)?**

2.29 In our view, the legal drafting makes clear the requirements on retailers resulting from the change proposal. However, as stated above, for the avoidance of doubt and to reduce any confusion for NHH customers, we want to see the term 'Covid-19 Affected Customers' changed to 'Covid-19 Seriously Affected Customers'. This change must apply in the CPCoP and in the legal drafting. This will help to clearly distinguish between NHH customer Groups 1 and 2. As stated above (in answer to question 1), the legal drafting must clarify the protections in place for all groups of customers.

2.30 **(6) Do you consider that the Change Proposal promotes and facilitates the General Principles of the CPCoP (section 4 of the CPCoP)?**

2.31 Overall we consider that the additional changes we propose, set out in our answers to the above questions, better promote and the general principles of the CPCoP set out in section 4 of the code.

2.32 We agree with requiring retailers to put on their websites:

- in a prominent place, a notice on the protections for Group 1 customers (including a clear definition of the NHH customers that are Covid-19 Affected Customers);
- clear information on their Covid-19 repayment plan; and
- contact details that a NHH customer should use to contact its retailer (including at least one electronic way of contacting the retailer and a dedicated telephone number).

It is vital to ensure that NHH customers are left in no doubt of the help and support they must receive from their retailer(s). These requirements promote and facilitate the general principles. We urge retailers to ensure all this information is shared with NHH

customers in a timely manner, and the information must be complete, accurate and not misleading.

- 2.33 We do not agree that protections should be removed for Group 2 customers by 1 June 2020, for the reasons stated in Questions 1 & 2. Therefore, we would urge Ofwat to consider our revised proposal to ensure this fully promotes and facilitates the CPCoP general principles.
- 2.34 **(7) What is your view on our assessment that the impact of implementing the changes on Retailers systems will be low? What is your view of the proposed implementation date of the Change Proposal being 1st June 2020?**
- 2.35 We are not in a position to comment directly on retailers' existing systems and processes. However, from the information in the consultation, particularly as this is based on retailers' responses to the CP0006 consultation, it would appear that Ofwat's assessment is sensible. Given the nature of the requirement we too would not expect it to be onerous for retailers to update their websites to ensure NHH customers are fully informed of the help and support available to them during the pandemic. We have made our expectations clear about the importance of NHH customers not missing out on the help they need because of poor retailer communication.
- 2.36 We do not agree with all the changes proposed taking effect from 1 June 2020, and believe this should be extended to 31 July 2020 for the reasons stated above. We strongly believe that removing the protection from disconnection; the inability to charge interest or late payment fees; and the inability to apply debt enforcement procedures for all NHH customers, other than the 'COVID-19 (Seriously) Affected Customers', is too soon. Removing this protection any earlier for Group 2 customers will leave them vulnerable to payment collection activities when their revenue may well be significantly decreased. We agree that the protections for Group 1, 'COVID-19 (Seriously) Affected Customers', should be retained.
- 2.37 **(8) Do you consider that the amendment to Part I 13 of the Operational Terms is still required to protect Self Supply Retailers from disconnection?**
- 2.38 To date, since market opening, we have received few complaints from self-supply retailers about wholesaler service delivery. However, it is likely that a number of self-supply business premises will currently be vacant (e.g. pub premises). It may not be reasonable that these business premises will lose protection against disconnection, when this will endure for others NHH customers in Group 1. We are interested in the views from self-supply retailers and their representatives, as to whether or not they concur with our position on this.

Enquiries

Enquiries about this consultation should be addressed to:

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