

Clear Business Water Ltd's response to CP0007

Dear Sirs,

Please see below Clear Business Water Ltd's response to CP0007, "Covid-19 and the Business Retail Market: Proposal to accept a Customer Protection Code Change Proposal"

1. Do you think the Change Proposal will achieve the following policy aims:

a. Covid-19 Affected Customers should continue to be protected.

Yes.

b. Customers who are operating normally and can pay should be subject to normal debt recovery processes.

Yes.

c. Retailers should take the necessary steps to differentiate between those customers who genuinely need support and those who should be expected to pay.

Yes.

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?

We agree with the proposal to only continue to apply these protections to Covid-19 Affected Customers. Their inability to pay has been caused by circumstances beyond their control so they shouldn't be subject to the normal measures taken by retailers to recover unpaid charges. We agree that those customers who can afford to pay, should continue to pay. Retailers should be able to collect payment from these customers and thereby reduce their own increasing bad debt risk. The normal measures relating to late payment and interest charges, enforcement and disconnection should be used carefully on a case by case basis, taking into consideration the particular circumstances of the customer and any relevant evidence that can be provided.

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.

We believe that a Covid-19 Repayment Scheme should contain basic details about the repayment plan options retailers can offer, in addition to information on how customers can request and obtain the benefit of those options. We do not believe that a Covid-19 Repayment Scheme should detail every option available to each customer as this limits the retailer's ability to take account of each customer's circumstances and formulate a plan that best suits their needs.

[REDACTED]

[REDACTED]



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?

We believe it is important that retailers are clear about the different ways customers can contact them, particularly in the current climate when retailers might be experiencing higher than normal contact volumes in their Collections teams. We already provide a telephone number, email address and an online form through our website for customers to contact us.

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

We have the following comments on the legal drafting as it is set out in the Change Proposal:

Section 9.4.1 – typo – should read “Retailers may not charge...”

Section 9.4.2 – the order in which this is drafted is confusing. We suggest that it be amended to read:

“Retailers may, for all Non-Household Customers other than Covid-19 Affected Customers, apply interest and/or late payment charges in accordance with their Covid-19 Repayment Scheme, until 31 March 2021 or such date as the Authority may notify in writing to Retailers.”

Section 9.5.2 – the order in which this is drafted is confusing. We suggest that it be amended to read:

“Retailers must, for all Non-Household Customers other than Covid-19 Affected Customers, comply with their Covid-19 Repayment Scheme when determining whether to take enforcement action.”

We note that the legal drafting, at 7.1.7 (b), 9.4.2 and 9.5.2, proposes that Covid-19 Affected Customers should continue to receive protections until 31 March 2021 (unless changed by Ofwat). We are not clear on the justification for this date when it is extremely difficult to predict when businesses will be able to resume trading. We believe that it would be sensible to extend the protections for an initial period of a few months with an agreed review date following which the protections can be extended by Ofwat if required.

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

Yes.

7. What is your view on our assessment that the impact of implementing the changes on Retailer’s systems will be low? What is your view of the proposed implementation date of the Change Proposal being 1 June 2020?

We agree that the impact of implementing some of the changes is likely to be low. For example, we already operate repayment schemes for our customers, irrespective of Covid-19. We also agree that 1 June 2020 is a sensible implementation date. The changes made under CP0006 are due to expire on 31 May 2020 and therefore, in the absence of any extension by Ofwat, it is sensible that these measures should follow on immediately. However, some of the changes will be more challenging to implement such as the requirement to move customers from one group to another as their

circumstances change and to treat them differently as and when they do move. The administrative burden of managing this will be challenging and time consuming. It carries with it the risk that some retailers will simply decide to continue with the existing measures for all customers, which will increase their bad debt risk. In addition, whilst the table on page 9 of the Consultation document detailing how retailers will be able to identify customers falling into each group is useful, it raises queries such as:

1. How does a retailer know whether the customers' premises remain open if the customer's business is not one of the types ordered to close, no meter reads have been provided and the customer has not contacted the retailer? Can retailers assume that if the business is not one of the types ordered to close, there has been no customer contact and no meter reads, that they fall within group 3?
2. What kind of evidence could the customer produce to evidence payment difficulties caused by covid-19? Would evidence of a successful application for one of the gvt schemes to help businesses, such as a Bounce Back Loan, be sufficient?

8. Do you consider that the amendment to Part I13 of Operational Terms is still required to protect Self-Supply Retailers from disconnection?

N/A

If you have any queries about the above, please do not hesitate to contact Ben Storrie, Compliance Officer, at [REDACTED]