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Putting things right: Household complaints practices in the England and Wales water industry



ofwat

CCW

The voice for water consumers
Llais defnyddwyr dŵr

About this document

This report follows a joint project by Ofwat and CCW looking at household complaints handling in the water industry.

Ofwat regulates the water and wastewater sector in England and Wales. Ofwat is responsible for making sure that the companies it regulates provide consumers with a good quality and efficient service at a fair price.

CCW is the voice for water consumers in England and Wales. Since 2005, CCW has helped thousands of consumers resolve complaints against their water company – while also providing free advice and support. All of CCW's work is informed by extensive consumer research which it uses to champion the interests of consumers and influence water companies, governments and regulators.

The report summarises the project's findings on household complaints handling in the industry and proposes a number of recommendations to be taken forward. The report is aimed primarily at: water companies, governments, consumer rights organisations and advocacy groups. The report and its recommendations extend to England and Wales.

This report, like the project as a whole, has been developed by Ofwat and CCW jointly. In the report, 'we' and 'us' refers to Ofwat and CCW collectively; where only one of these organisations is referred to, this is specified.

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1. Foreword – Rachel Fletcher and Emma Clancy

The water industry in England and Wales is a vital system that we all rely on, 24 hours a day. The quality and reliability of this essential service is important for every aspect of our everyday lives. This is particularly true at the current moment, with many of us spending more time in our homes than ever before, and with maintaining good hygiene at the front of all our minds. But despite its importance, some of us may not even notice that the system is there until something goes wrong. When that happens, we may decide to make a complaint.



Rachel Fletcher
Chief Executive, Ofwat



Emma Clancy
Chief Executive, CCW

How a company handles its complaints can really show what it's made of. Does the company resolve complaints in a timely fashion, giving consumers effective resolutions, while learning about what it could do better next time? Or do they keep consumers in the dark, offer unsatisfying solutions, while not addressing the underlying issues?

Both CCW and Ofwat are committed to working together to improve how consumers are treated by their water companies. This includes the consumer complaint experience. This report focusses on how companies handle household consumer complaints: what the complaints are about, how quickly they are resolved and how satisfied consumers are at the end of the process, and uncovers where there is potential for improvement.

Through our work, we have seen encouraging examples of companies doing the right thing. However, we have also seen evidence that, in some areas, the industry has much further to go in order to meet the high standards expected of providers of essential public services. That's why we have set out clear areas for improvement that all involved in the sector need to act on. We are asking all companies to set out an action plan for addressing these shortcomings – we will be reviewing these closely and considering whether further action is necessary.

We are also clear that, beyond companies' own systems, a review of the wider complaints process is needed. While companies should be able to resolve the vast majority of complaints satisfactorily through their own processes, there are situations where issues are progressed to the latter stages of the complaints process.

Building on this report, we are committing to reviewing and revising this entire process, from end to end, and next year we will publish further reports on our thinking and recommendations to simplify and improve the entire experience for consumers.

We will continue to work together and with all water companies on improving the consumer complaint journey, so that we can build on the good work of the industry to date and offer consumers an even better experience when they do have need to complain.

2. Summary



Our key conclusions

While we have seen some encouraging examples of companies doing the right thing, we have also seen some disappointing shortcomings. These are our key conclusions

1 Most companies resolve the majority of complaints within **two weeks**

2 Different **categories** of complaint predominate within different parts of the process

3 It is unclear whether companies have a culture of making full use of the **data insights** that can be gained from complaints to drive improvements in the rest of their business

4 Companies do not have robust data on the **satisfaction** of complainants, especially those making written complaints

5 Companies' understanding of the experience of **vulnerable** complainants is very limited

6 Beyond companies' own complaints practices, a review of the wider complaints **process** is needed

7 There is little evidence that the industry has a strong culture of **collaboration** and best practice-sharing around complaints



Our recommendations – building more effective complaints practices



Both Ofwat and CCW are clear that significant development is needed to deliver improvements for consumers. We expect each company to write to us by 31 March 2021, setting out its action plan for implementing each of these recommendations

1



Complaint response times

Companies must raise their ambition on response times and publish their new commitments for 2021-22

2



Customer satisfaction with complaints

Companies should improve their understanding of complainant satisfaction, and, where beneficial, should work together to do this

3



Sharing good practice

Companies should improve the frequency and effectiveness of collaboration and good practice-sharing on complaints, including via future CCW workshops

4



Gaining insights from the complaints process

Companies should take steps to make better use of their complaints data in order to improve their service

5



Vulnerability – treating customers fairly

Companies should take forward work to improve their understanding of the experience of vulnerable complainants

3. Background

3.1 Why do complaints matter?

Complaints matter so consumers can seek redress when their service expectation fails or does not meet the expected standard. The operation and design of complaints systems can generally involve a wide range of participants, including consumer advocacy organisations, alternative dispute resolution providers, industry ombudsmen, regulators, and governments.

Having good complaints systems in place can bring significant benefits for both the consumer and the company being complained about (see Figure 1 below).

Figure 1 – Potential benefits of good complaints systems

Benefits to consumers	Benefits to companies
Consumer feels listened to, and that they can trust their company to put things right	More trusting consumers are more likely to respond to company efforts to change behaviours e.g. reducing water consumption
Consumer is not detrimentally impacted for things that were not their fault	Company has better information about the deficiencies in its performance, including early warnings of potential problems, which can be used to improve it
Consumer does not have to spend a disproportionately large amount of their time making a complaint	Company spends a proportionate amount of time and resources processing complaints
Consumer feels more empowered and that they are an active participant in their service rather than passive recipient	Companies feel confident that they can learn not just from their own complaints but also from those that other companies receive, so benefitting the sector

Taken together, these benefits suggest that complaints practices are intertwined with the wider health of an industry, and that good complaints practices within a company can help make that company more efficient and trusted by consumers, with knock-on benefits for short and long-term delivery objectives. It becomes particularly important to have an effectively functioning complaints process in a monopoly industry, where a consumer cannot choose to switch supplier if they are dissatisfied with the service they are receiving.

3.2 Why we are seeking to improve household complaints practices?

Ofwat made clear in its strategy, [Time to Act, Together](#), that it wanted to see water companies transform their ability to serve customers and respond to the full diversity of customer needs. Responding effectively to complaints is a key part of this, and the strategy committed Ofwat to improving the household consumer complaints handling process so that consumers are helped more effectively and quickly.¹ It is important that when things go wrong for consumers, companies put them right – especially where consumers are in vulnerable circumstances which mean they require extra support.

CCW's [strategy](#) also aims to improve the consumer complaints journey to help deliver their ambition that consumers receive outstanding services from their water company, delivered right first time.

In addition, in its July 2019 [Consumer Protection report](#), the Public Accounts Committee put forward a number of recommendations for the Financial Conduct Authority, Ofcom, Ofgem, and Ofwat, aimed at improving outcomes for consumers in regulated industries. One of the Committee's recommendations was to consider introducing an independent ombudsman in the water industry.

In order to deliver both Ofwat and CCW's strategic aims, both organisations have worked closely together to take forward a project looking at household complaints practices in the water industry, and consider the scope for improvements.

3.3 The current complaints process in water

For most household complaints in the water and sewerage industry, there is a four stage process of escalation (see figure 2 below). If a consumer is not happy with a company's initial response to their complaint, then they can ask a senior manager or a review team for a second opinion. If they remain dissatisfied, then they can ask CCW to conduct a review and / or investigation. Finally, if they are still not happy with the outcome, CCW can assist a consumer in taking their case to the industry's alternative dispute resolution (ADR) provider, the Water Redress Scheme (WATRS).

This report focuses on companies' handling of the first two stages of the complaints process. But we know that this is only part of the picture. Therefore, we are committing

¹ When we refer to 'consumers', we mean those persons who are using the service. When we refer to 'customers', we mean those who are paying the bill.

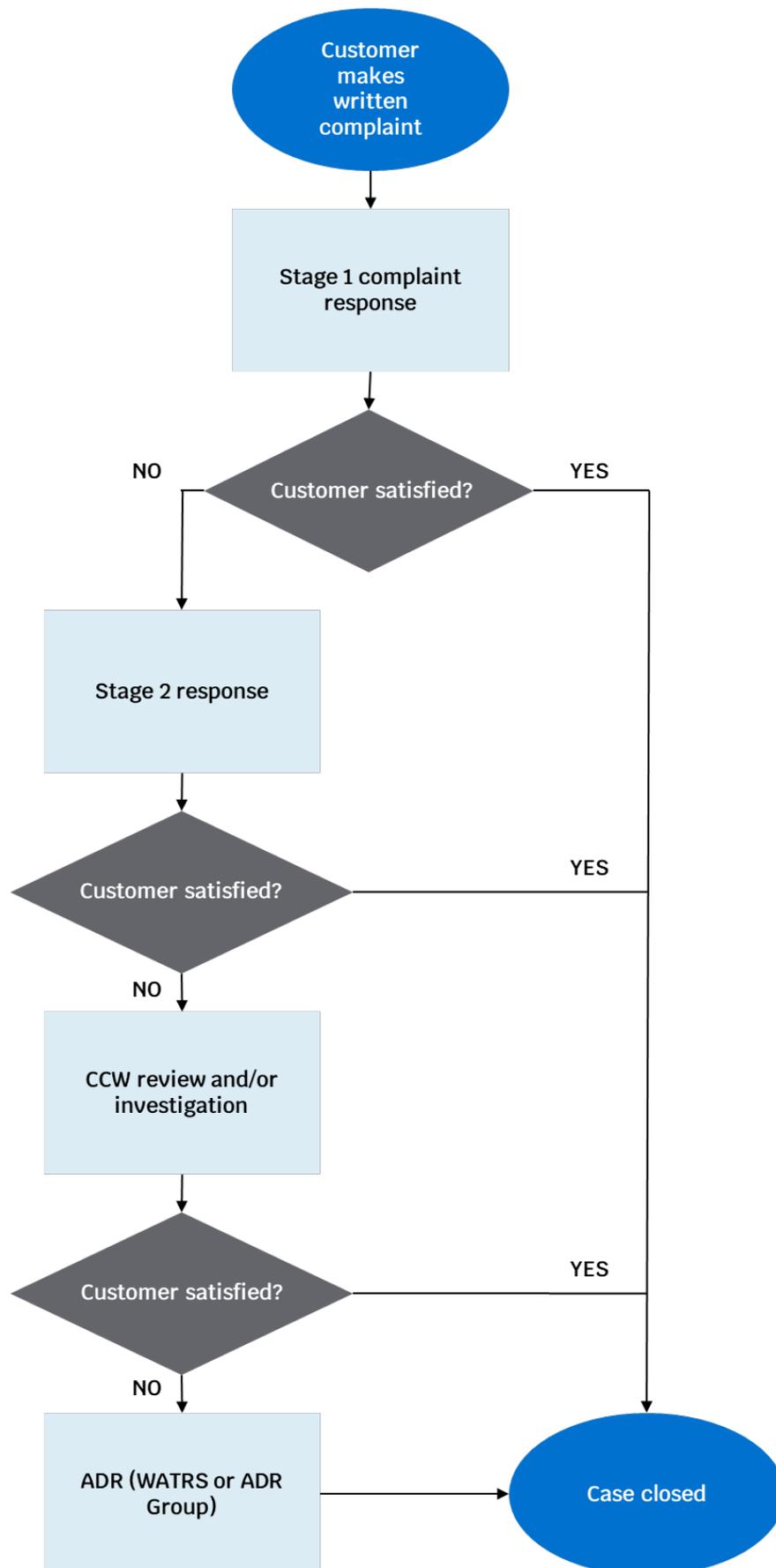
to conducting a wider review of the overall effectiveness of the whole four-stage process (see conclusion 6).

3.4 Summary

Having fair and efficient complaints systems can bring major benefits for both consumers and companies. Both Ofwat and CCW want to see that the water and wastewater industry has the right structures and processes in place – at both industry-wide and company levels – to allow consumers to make complaints effectively and for companies to use the valuable insights provided by complaints to drive improvements in their performance.

This report reviews various types of evidence, quantitative and qualitative, that we have gathered in order to understand how effective companies are in handling consumers' complaints.

Figure 2 – Complaints process in water



4. Evidence gathering

In order to build an accurate picture about complaints handling in the water industry, we sought different types of evidence from a number of sources.

4.1 Request for information

On 12 February 2020, Ofwat sent a request for information (RFI) to all large water and sewerage companies and water only companies in England and Wales. We recognise that this was a challenging time as it coincided with the escalation of Covid-19 and associated impacts. The RFI focused on the first two stages of the household consumer complaints process in the water industry (see Figure 2). These are:

- Stage 1: Initial complaint raised with water / wastewater company
- Stage 2: Escalation of complaint to a senior manager or review team for a second opinion.

Developed jointly by Ofwat and CCW, the RFI asked for quantitative data on each company's handling of complaints over a period of 3 years from 2016-17 to 2018-19.

The way that companies record complaints changed in 2019, following updated CCW guidance. Because we were asking for historic data, our RFI asked for two types of contact data as defined in the previous reporting system: 'written complaints'; and 'unwanted contacts'.

We asked companies for details of their written complaints²; what they were about, how long they took to resolve and how satisfied consumers were at the end of the process. But we also understood that consumers often telephone their company with problems rather than put them in writing. These were previously called 'unwanted contacts', because they are a telephone call the consumer did not want to have to make. Neither written complaints nor unwanted contacts, for the purpose of our RFI, included contacts made through social media channels. A change to this approach was made in

² Current complaint guidance defines a complaint for household consumers as: '*any inbound contact from a customer or customer's representative that expresses or implies dissatisfaction with the charges, service or functions provided by the company. Dissatisfaction should be identified in the body or title of the written correspondence/ contact or the customer's sentiment at the close of a telephone/web chat/visit contact. It should not be assumed that correspondence or contact constitutes a complaint simply by the subject of the correspondence*'.

April 2019, when companies were asked to report social media complaints. In October 2019, this was extended to telephone complaints. CCW are working extensively with companies to refine the complaints guidance to ensure consistency across the industry and allow CCW to report on all complaints, regardless of the channel through which they were raised. To give us a clearer picture of consumers' experiences when telling their company about a problem, we felt it was important to look at the historic information from unwanted contacts in our RFI.

The RFI covered five data categories:

- **Overview** – the number of connections and billed properties the company serves, to allow our cross-industry comparisons to account for companies' differing sizes.
- **Written complaints (overview)** – the volume of complaints and resolution timeframes to understand whether there is a relationship between speed of resolution and consumer satisfaction scores (see below). We broke down the resolution times into four periods:
 - complaints resolved in 0 working days (24 hours)
 - complaints resolved in 1-10 working days
 - complaints resolved in 11-40 working days
 - complaints resolved in 41+ working days

We hoped this would allow us to build a picture of how quickly complaints are resolved. For the purposes of this data request, we used the definition of 'complaint' as outlined in [CCW's Complaint Reporting Guidance 2019](#).

- **Written complaints (categories)** – we hoped this would enable us to assess whether the category of complaints affects the consumer's satisfaction with the outcome, and whether the speed of response is affected by the category of complaint. We also requested data on complaints raised by consumers identified as vulnerable, in order to understand what issues are most prevalent for consumers in vulnerable circumstances. We asked about repeat contacts in order to understand whether consumers are progressing beyond stage one of the company's process, or if they are making repeated efforts with the company rather than progressing to CCW if a complaint is not resolved to the consumer's satisfaction.
- **Unwanted contacts (overview) and (categories)** – as above for written complaints, but for unwanted contacts.
- **Satisfaction with outcome and quality of service** – we hoped this would allow us to understand how satisfied consumers are after the different stages of the company complaint process for both written complaints and unwanted contacts.

Ofwat received responses to the RFI from all companies by early May. While not all companies were able to provide full information for all parts of the RFI, sufficient evidence was collected to draw provisional insights on company complaints handling.

4.2 Workshop with companies

In order to build our evidence base further, on 25 June 2020 Ofwat and CCW held a virtual workshop via videoconference. The workshop was attended by customer service directors (or equivalent) from all large water and sewerage companies and water only companies, as well as officials from Defra and the Welsh Government.

Attendees were briefed on our provisional findings from the RFI, and asked for their reactions to those findings as well as any wider reflections on the best ways to measure the effectiveness of complaints practices.

Attendees were then asked for their reflections on how companies and regulators could go further to improve complaints practices in the water industry. Attendees also received a briefing from the Institute for Customer Service (ICS) on the performance of the water industry in comparison to the wider economy with regard to complaints.

The workshop as a whole provided useful qualitative insights into the performance of the industry, which complemented our quantitative insights from the RFI.

4.3 Further evidence

During the course of this project we have also considered other forms of evidence to inform our understanding of complaints practices in the water industry. This includes:

- The ICS's UK Customer Satisfaction Index (UKCSI) data;³
- Insights from regulators in other industries, including energy and financial services;
- Historical data collected by CCW in its handling of consumer complaints; and,
- Informal engagement with relevant consumer stakeholders, including Citizens Advice and Money Saving Expert.

³ Institute of Customer Service – [UKCSI July 2020](#)

5. Findings

The evidence gathered as part of our joint work has given us a number of insights about complaints handling practices in the water industry. These findings can be categorised under six broad themes:

- timing of resolution;
- causes of complaint;
- complainant satisfaction;
- vulnerability;
- structures and architecture; and
- culture and collaboration.

5.1 Timing of resolution

In our RFI we asked companies for information about how quickly complaints and unwanted contacts were resolved. We received good quality data from all companies in this area.

5.1.1 Written complaints

For written complaints, we learned that a relatively small number of overall written complaints (2%) are resolved within 24 hours (see table 1). For most companies, the vast majority of written complaints (78%) are resolved within 10 days. A small number of written complaints (7%) get resolved after 40 days.

Table 1 – Written complaint resolution periods

	2016-17	2017-18	2018-19	All years
0 working days	2%	3%	2%	2%
1-10 working days	79%	77%	77%	78%
11-40 working days	12%	12%	14%	13%
41+ working days	7%	8%	7%	7%

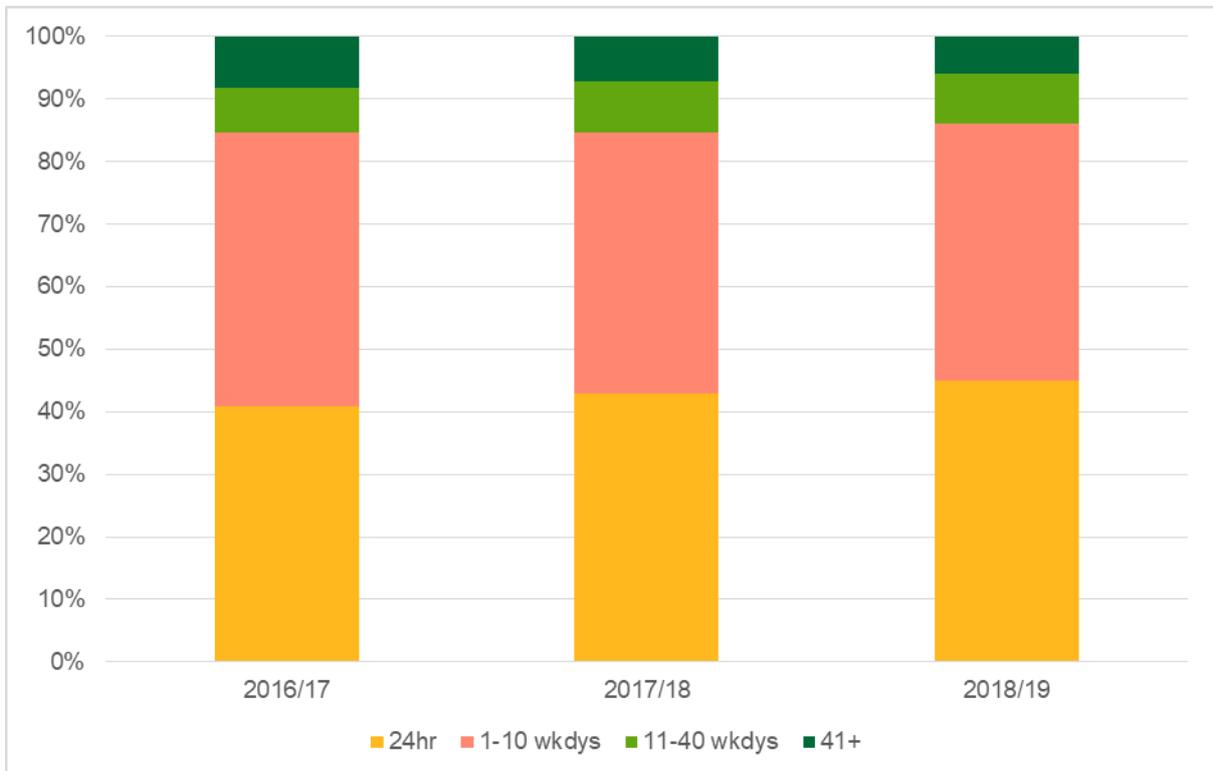
When shown this data in our workshop, companies suggested that this data was as they would expect. However, the data also suggests that there are significant differences in performance between companies when it comes to resolving complaints quickly.

5.1.2 Unwanted contacts

For unwanted contacts, a much higher proportion of calls were resolved the same day, with an average of 42% across the three years. We also noticed that this proportion was increasing, from 40% in 2016-17 to 45% in 2018-19. As with written complaints, the vast majority of companies resolved the bulk of unwanted contacts within 10 working days (average 84%). At the other end of the scale, an average 7% of unwanted contacts take over 40 working days to resolve. This proportion is decreasing, albeit slowly, from 8% in 2016-17 to 6% in 2018-19.

We did note that the range of percentage resolution was quite extreme. For 24 hours resolution, percentage resolved ranged from 100% down to under 1%. This suggests that what companies identify as resolved varies, that is, there may be disparity between companies identifying resolved complaints as: (i) when an action plan has been agreed upon; (ii) when that action plan is underway; (iii) or when that action is complete. Until this definition is resolved, we will continue to see wide ranges within the data, which may transfer itself into the recording and reporting of telephone complaint numbers. Current complaint guidance defines a ‘response’ but not ‘resolution’. CCW is discussing this point with companies, and will resolve this as part of its complaint guidance revision.

Figure 3 – Unwanted contacts resolution time



5.1.3 Analysis

We wanted to know whether how quickly a complaint gets resolved matters to a consumer. Of course, there are some issues where time is of the essence, such as a loss of water supply or sewer flooding. Companies tell us that, in more general terms, providing a consumer is kept up to date with planned action and understands what is happening, a more lengthy complaint can still garner high consumer satisfaction if it is well-managed and leads to a positive resolution.

CCW's consumer satisfaction survey data suggests that, whilst speed of resolution is a factor in overall satisfaction with service, it is not a top driver. Getting a desired outcome and finding the complaint process easy to access have a greater effect on how satisfied a consumer is with the overall process. This is reinforced by research conducted by the Institute of Customer Service which suggests that speed of resolution is less important to a customer's overall satisfaction with a company than factors such as reassurance, meeting expectations, and keeping promises.⁴ Speed could be viewed as a 'hygiene' factor; that is, if a consumer gets the right outcome and knows why something took a little longer, they might not be as concerned by the speed. If a consumer is kept in the dark and does not get the outcome they were hoping for, the fact that it took longer than they expected or felt reasonable becomes a further reason for dissatisfaction. In addition, the priority that a customer puts on speed may depend on the specific subject matter of their complaint.

5.2 Causes of complaint

As part of our RFI, we also asked companies to provide breakdowns of the numbers of complaints they had received against each of the categories in CCW's complaints reporting guidance⁵: billing and charges; water service; sewerage service; metering; and other activities. Most companies were able to provide this information; however, a small minority were not able to provide timing of resolution breakdowns for each category of written complaints or unwanted contacts.

⁴ Institute of Customer Service – Experiences, Emotions and Ethics: Refreshing the customer priorities that underpin the UKCSI

⁵ CCW's Complaint Reporting Guidance 2019, page 1.

5.2.1 Written complaints

For the three years covered in our RFI, 94% of all written complaints received were counted as resolved (see table 2). Billing and charges are the most complained about, making up 54% of the total complaints received with 95% resolved. The least complained about are issues related to metering (5%) with 93% resolved.

More than half (54%) of the written complaints that are resolved within a day are related to billing and charges.

Table 2 - Resolution periods for written complaint categories

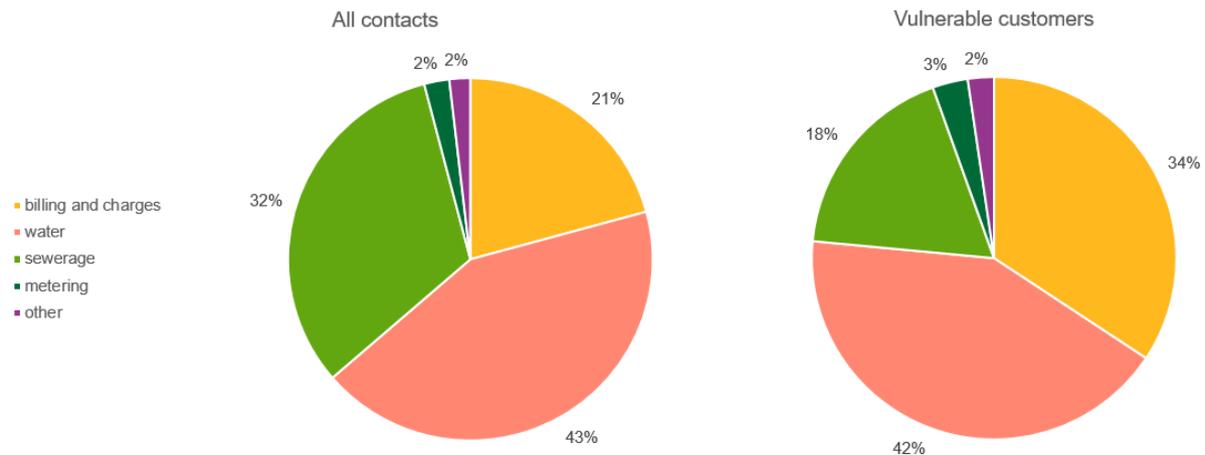
	Complaints received	Complaints resolved (working days)				% resolved of received
		within 1	1 - 10	11 - 40	41+	
	All periods					All periods
Billing and charges	54%	54%	56%	52%	42%	95%
Water service	21%	22%	20%	25%	25%	93%
Sewerage service	12%	8%	10%	14%	24%	91%
Metering	5%	6%	5%	6%	5%	93%
Other activities	8%	11%	9%	3%	3%	97%

5.2.2 Unwanted contacts

Perhaps unsurprisingly, three in four unwanted contact telephone calls were about operational issues; water and sewerage. It makes sense that if something goes wrong with a customer's water supply or there is a problem with the sewers or drains, they are more likely to pick up the telephone needing to speak to someone immediately than they are to send an email or write a letter and wait for a response.

Calls from consumers in vulnerable circumstances showed a slightly different mix of categories, with just over a third of calls being about billing and charges issues (compared to a fifth of all contacts) and a fifth being about sewerage issues (compared to a third of all contacts). From CCW data, we know that affordability and debt, both billing and charges issues, tend to be a greater cause for concern for consumers in vulnerable circumstances than for the general population. This seems to be borne out in the proportion of telephone calls these consumers make on the subject.

Figure 4 – Categories of unwanted contacts



5.2.3 Analysis

The data gathered through our RFI tells us that in different parts of the complaints process, different root causes of complaint predominate. In terms of the categories used in our RFI, the largest category of consumers making an unwanted contact with their company wish to speak about water service, with sewerage service as the second largest category. But when consumers come to make a written complaint, a majority of those complaints are about billing and charges.

This could mean that water and sewerage service issues are easier to resolve following a first unwanted contact, while issues arising around billing and charges are less easy to resolve without formal complaint.

5.3 Complainant satisfaction

In our RFI we asked for a variety of metrics around consumer satisfaction, including both satisfaction with complaint outcome and with quality of service.

While most companies were able to provide some data here, unfortunately, for both written complaints and unwanted contacts, companies reported satisfaction data in inconsistent and incomplete ways, making it difficult for us to compare like with like.

Many companies were unable to report data on consumer satisfaction with the outcome of their complaint – one assumption being that if an individual did not progress their complaint, they must have been satisfied with the outcome. However, it is reasonable to assume that the actual reason may be different; a consumer might be unhappy with the outcome but understand there is no further grounds to pursue it (particularly when a position is a point of law or policy), might be fatigued by the

process so unwilling to escalate the matter, or might not understand that there is a way to escalate the problem.

5.3.1 Written complaints

Our RFI indicated that recording of satisfaction with quality of handling or case outcome with written complaints is almost non-existent among water companies.

The limited data we do have suggests that 1.4% of ‘unwanted contacts’ go on to escalate to a written complaint. However, without detailed data on individual complainants’ journeys through the system, it is hard to develop a comprehensive picture.

5.3.2 Unwanted contacts

More satisfaction data is available for initial unwanted contacts and this data shows that consumers are generally satisfied with the quality of how companies are handling their complaints (81% mean). We can also draw some initial insights from the unwanted contacts data:

- Of the 19% not satisfied with the quality of service, around 11% pursue a repeat contact;
- 74% of consumers are satisfied with the quality of how companies handle repeat contacts. Of the 26% not satisfied after a repeat contact, the number of written complaints received suggests that around 6% escalate their contact to a written complaint.
- Data on satisfaction with outcome of unwanted contacts is very patchy.

In terms of the collection of satisfaction data we found that around 80% of companies surveyed their consumers following an unwanted contact. Most companies surveyed immediately after the call, or within 24 hours. Most companies use SMS to survey consumers, and most companies use a 5-point scale.

5.3.3 Analysis

The lack of insight into consumer satisfaction with written complaints is extremely disappointing. We know that many companies hold accreditation for good customer service, through schemes such as SureMark. This kind of external accreditation is a positive step in assuring consumers that they will receive excellent standards of service. However, it does not give us anywhere near sufficient insight or assurance on

individual customer satisfaction with the written complaints they make, and this clearly requires major improvement.

In 2017, CCW's consumer satisfaction survey indicated that there was a group of consumers that were unhappy with their complaint outcome following CCW's intervention but that had not escalated it to WATRS for an independent review and decision. CCW commissioned research into this.⁶ A key finding was that over one in three individuals (35%) said they had not escalated their case due to "complaint fatigue": giving up, seeing no point in escalating, finding it too much hassle or too stressful. This suggests that an assumption that if a consumer does not come back to a company they must be satisfied with the outcome of their complaint is unlikely to be true for all consumers.

5.4 Vulnerability – treating customers fairly

In our RFI, we asked companies to provide whatever data they could about the numbers of complaints they receive from vulnerable consumers. Unlike most other parts of our RFI, this request did not mirror any previous Ofwat or CCW reporting requirements.

There was a wide range in terms of quality and nature of responses on vulnerability. Some companies had not recorded data around the experiences of vulnerable consumers trying to navigate their complaints systems.

For those companies who did provide data on complaints by vulnerable consumers, there was a wide degree of variation between companies. For example, when reporting the percentage of written complaints that came from vulnerable customers, there was a range of 11.5% between the companies with the highest and lowest proportions.

5.4.1 Analysis

Having asked companies about this broad range, it is clear that it can be explained by the different ways in which companies defined vulnerability for the purpose of responding to our RFI.

We understand that some companies have used the criterion that a consumer should be on the priority services register (PSR) to compile their data, whereas others used

⁶ CCW – [Investigating the low take up of the Water Industry redress Scheme](#)

accessing a financial help tariff as the criterion. Others used both of these criteria. When companies report this information in such different ways, it is impossible to develop an accurate understanding of the quality of provision for vulnerable complainants across the industry. This is clearly not desirable.

CCW records when it is contacted by consumers in vulnerable circumstances. It has found that around 3% of complaints are from consumers in vulnerable circumstances⁷. As CCW does not have access to companies' PSR or tariff records, its record is based on their operator's assessment in response to the telephone call, letter or email.

Several companies told us that, rather than recording how many complaints have been made by consumers in vulnerable circumstances, they use the BSI standard on inclusive services⁸ to assess whether their services are delivering good outcomes for these consumers. Companies also have a major focus on training of call handlers, so they are able to identify when a complainant is in vulnerable circumstances, and support the complainant appropriately.

We welcome any such steps taken by companies to make their services more inclusive. There is a strong argument that having high quality data about the resolution time and satisfaction levels of complaints from consumers in vulnerable circumstances could allow companies to assess how inclusive their complaints processes are, which would complement any accreditation and training activities.

There will be important factors to consider as companies look to improve the quality of their information. For example, PSRs are intended to be live registers of customers needing extra support at the present time – depending on the design of a company's complaints management system, it may be difficult to draw out accurate data retrospectively on whether a complainant was on the PSR at the time they made a complaint. There may also be data protection considerations that make the recording and holding of this type of historic data problematic.

Nonetheless, we believe that better data about the service that complainants in vulnerable circumstances are receiving is a necessity for the water industry as a whole, and one that should be taken forward as a priority.

⁷ CCW defines vulnerability as “occurring when a consumer may not have reasonable opportunity to access and receive an inclusive, safe service from a company, resulting in a permanent or temporary detrimental impact on their well-being, finances or health”.

⁸ BSI – [Inclusive Service Verification](#)

5.5 Structures and architecture

Through our RFI, we hoped to better understand how the first two stages of the complaints process in water fit within the industry's wider complaints architecture. One particular area we were keen to understand was whether consumers with potentially valid complaints drop out of the process before their complaint is resolved, because they have found the process to be too complicated or user-unfriendly.

At the virtual workshop with companies, we asked for their views on how well the current four-stage process works, and where improvements could be made.

5.5.1 Analysis

Unfortunately, we were only able to draw very limited direct insights from the RFI about the efficacy of the overall complaints system. This is because companies were unable to present good robust data about the satisfaction levels of those consumers who make either first or second stage written complaints.

In our workshop with companies, some companies argued that the four-stage process did not benefit consumers. They believe that the current process is inflexible and does not support innovation in their approach to handling complaints. For example, some companies felt that a process that allowed for more mediation time between company and customer rather than a fixed process would allow for more tailored approaches. However, we would not want longer company-to-customer mediation time leaving consumers feeling "trapped" within the company complaint process. Earlier this year, the industry as a whole agreed to allow a consumer to escalate their case to CCW, regardless of where it is in the company process, after eight weeks of time with the company to avoid this.

Some companies felt there may be opportunities to improve flows of data between parties in the complaints process (i.e. the company, CCW, and WATRS). Some also suggested that the different parties in the process should share more intelligence about outcomes of complaints – e.g. if a company could inform a consumer that most cases similar to theirs are unsuccessful once they reach WATRS, then this could open up a more productive conversation with the consumer about how to move forward.

We also asked companies about the way they report on complaints handling to Ofwat and CCW, and whether this supports good practice. Some companies felt that whilst current arrangements incentivise driving down the numbers of complaints and the speed of resolution, this may sometimes be in tension with dealing with the root cause of a complaint in a way that leaves the consumer satisfied.

5.6 Culture and collaboration

As well as the quantitative insights gained through our RFI, we also hoped that our virtual workshop with the companies would open up a valuable conversation about the role that complaints play in a truly customer-focused company delivering an essential public service.

We also wanted to use the workshop to explore whether companies were collaborating effectively, in order to share best practice for the benefit of all consumers across England and Wales.

5.6.1 Culture

In our workshop, most companies described an approach to complaints handling in terms that suggested a broadly customer-centric culture. Companies told us that, when things go wrong, resolving complaints well first time was the first step to putting them right. Companies also emphasised effective training as being key to leaving complainants satisfied with the process, even if the outcome is not as they might hope. This was felt to be especially important when engaging complainants in vulnerable circumstances.

However, building on our findings around category of complaint (see section 4.3.3), in our workshop, we saw limited evidence that companies see the insights gained from the complaints handling process as a driver for real improvements in their business, as envisioned in figure 2 above. While companies demonstrated a good understanding of the key root causes behind their complaints numbers, and especially the drivers for periodic spikes, they may be missing opportunities to use complaints as a major source of intelligence about their service.

For example: by examining the complaints journey of individual consumers through the process, companies may be able to see trends in root causes that the overall numbers do not show. Some companies told us that their complaints management systems were unable to draw out this type of individual customer information. It may be that companies have further to go in unlocking the full value of complaints insights for their wider business.

5.6.2 Collaboration

Household water and wastewater retail services in England and Wales are delivered by regulated monopoly companies. Because household customers cannot switch their

supplier, a company does not naturally gain a competitive advantage by keeping good practice and innovations to itself.

In the absence of direct competition, we would expect companies to be keen to share good practice around complaint handling in order to hold a mirror to themselves and deliver better outcomes for their customers. Through a greater culture of collaboration and co-operation, companies would be better able to understand how their practices and performance sit against other organisations (both within and outside the industry), and to drive up standards of complaints handling across the whole industry, bringing real benefits to their consumers. Better performance and learning from consumer complaints across the industry will in turn also better enable companies to engage consumers and deliver on some of the longer term challenges the industry faces, such as reducing household consumption.

In our workshop we did not see evidence of an active culture of collaboration around complaints handling in the water industry, or recognition of the role this can play in getting traction on some of the more strategic challenges that the industry faces. Indeed, worryingly, some companies felt that that increasing transparency, collaboration and best practice-sharing across the industry would cause them to lose their advantage over other companies when it came to their C-MeX score. For similar reasons, some companies felt that they would not want their CCW consumer service assessment to be published.

However, some companies did suggest that some good practice workshops across the industry, potentially organised by CCW, could help to drive up standards.

5.6.3 Analysis

We were pleased to hear that companies articulated a customer-centric approach to complaints handling. However, given the lack of insight into the satisfaction levels of those consumers making written complaints (see 5.3.1 above), it is hard to see this is being translated into measurable action.

We do not agree that C-MeX acts as a major barrier to collaboration around complaints in the industry. Moreover, in moving from SIM to C-MeX, the number of complaints and unwanted phone contacts that a company receives will no longer form a direct part of the financial incentive.⁹ This should allow companies additional space to innovate, as

⁹ Ofwat – [Delivering Water 2020: Our final methodology for the 2019 price review](#) p.132

they will no longer risk penalisation for a higher number of complaints received. More broadly, however, we saw little evidence that the water industry was culturally eager to collaborate more but was being held back from doing that by the current regulatory framework.

It is therefore important that water companies go much further to improve collaboration and good practice sharing around complaints.

6. Conclusions

Our work on company complaints practices has helped build a picture of the current state of the industry, as detailed in section 5 of this report. Our key conclusions are:

1. **Most companies resolve the majority of complaints within two weeks.** In terms of speed of complaint resolution, the industry's performance does not appear to be greatly out of step with other similar industries. However, most companies' current published commitments are to respond within the Guaranteed Services Standards maximum time frame of 10 working days. We know companies can and are doing better than this and would like to see them publically commit to faster response times.
2. **Different categories of complaint predominate within different parts of the process.** Water service issues are the biggest category of unwanted contacts, followed by sewerage. A majority of written complaints are about billing and charges. And written complaints that take a very long time to resolve are more likely to be about sewerage than the average complaint. Nevertheless, a sizeable and surprising proportion of protracted complaints were about billing issues.
3. **It is unclear whether companies have a culture of making full use of the data insights that can be gained from complaints to drive improvements in the rest of their business.** There is some evidence that companies' complaints management systems do not allow for fully developed root cause analysis. There may be valuable insights to be learned from complaints that companies are not capturing.
4. **Companies do not have robust data on the satisfaction of complainants, especially those making written complaints.** This seriously limits their ability to understand how effective their complaints practices are, and limits our ability to understand how well the complaints system as a whole is working.
5. **Companies' understanding of the experience of vulnerable complainants is very limited.** Some companies use external standards, such as the BSI on Inclusive Service, to benchmark their overall treatment of vulnerable consumers. However, without robust data on how quickly vulnerable consumers' complaints are resolved, and how satisfied those consumers are, companies do not have a full picture of whether their complaints practices are truly fair for all.
6. **Beyond companies' own complaints practices, a review of the wider complaints process is needed.** Next year Ofwat and CCW will review the entire process, and will publish further reports on our thinking and recommendations to

simplify and improve the complaints experience for consumers. There is appetite within the industry for this type of review, which would be greatly aided by companies improving their data about consumer experience and satisfaction.

7. **There is little evidence that the industry has a strong culture of collaboration and best practice-sharing around complaints.** By increasing the frequency and quality of collaboration across the industry, and between different parties within the wider complaints process, companies can help to ensure that the whole industry becomes an exemplar for complaints practices.

7. Recommendations – building more effective complaints practices

Through our work to better understand household complaints practices, we have seen evidence of some things that companies do well, such as complaint response times and understanding common causes of complaint. However, we also found shortcomings in the industry's current approach. Both Ofwat and CCW are clear that significant development is needed in order to deliver improvements for consumers.

It is important that companies review the findings of this report carefully, and consider how best to implement any necessary changes in their business.

We expect each company to write to Ofwat and CCW by 31 March 2021, setting out their action plan for implementing each of recommendations below (7.1-7.5).

We would expect all companies' action plans to include any relevant work already in progress, as well as any new workstreams commenced as a result of our recommendations.

Ofwat and CCW will examine companies' action plans and consider whether they are sufficient to deliver our recommendations for the sector. These action plans will also help inform our future report on the end to end complaints process, and how we can improve it for consumers. We will also produce a follow-up report in 2022, tracking companies' progress against our recommendations and their own action plans.

7.1 Complaint response times

Companies must deal with complaints quickly and effectively. CCW had already started looking at complaint response times as set out in regulation seven of the Guaranteed Standards Scheme (GSS), with a view to recommending that companies voluntarily adopt a published shorter timescale.

CCW will use the RFI information on response times to help further inform this piece of our work. CCW's workshop in October 2020 saw companies sharing insights into how to improve response times and maintain high quality.

Recommendation: Companies must raise their ambition on response times and publish their new commitments for 2021-22.

7.2 Customer satisfaction with complaints

Companies must improve their understanding of the levels of satisfaction of complainants, no matter which medium they use to complain. Without this information, it is impossible for companies to make informed assessments about their complaints practices, and for Ofwat and CCW to understand the effectiveness of the complaints system as a whole. Furthermore, without knowing if consumers are happy with their complaint outcome, we cannot know if those who are not satisfied are able to access the escalations process. We want to better understand if there are consumers who are not happy with their complaint outcome but who do not go on to escalate their complaint within the company process, or to CCW.

CCW is exploring with companies the possibility of a piece of research to investigate satisfaction with outcome and reasons for not escalating where the consumer is not happy. Companies and CCW will build on this work by identifying any perceived barriers to consumers accessing or escalating within the complaints procedure and finding ways to remove these hurdles.

Recommendation: Companies should improve their understanding of complainant satisfaction, and, where beneficial, should work together to do this.

7.3 Sharing good practice

Sharing good practice on complaints handling can raise standards across the industry as a whole and improve outcomes for consumers across England and Wales. In our workshop, companies explained how they think CCW could play a bigger part in getting the industry to discuss and share good practice in addressing common causes of complaint.

CCW has already begun work in this area. In March 2020 it held a workshop with water companies, looking at the drivers behind the industry's most common causes of complaint (disputing a measured bill and debt recovery action). In the workshop, attendees heard from external bodies, such as Ofgem and Money Advice Services, and had an opportunity to share tried and tested ideas from within their own businesses that others might want to trial too.

CCW will establish a programme of further industry complaints workshops in the future, on key topics to improve the consumer experience.

As companies develop and take forward their action plans, we expect them to share their experiences and knowledge with other companies, for the benefit of all. CCW has

committed to, and already started to host, best practice workshops to help companies share ideas to improve the complaint process and we will welcome companies volunteering to present at these events.

Recommendation: Companies should improve the frequency and effectiveness of collaboration and good practice-sharing on complaints, including via future CCW workshops.

7.4 Gaining insights from the complaints process

Data on complaints hold a wealth of information on what is important to customers allowing companies to deepen their understanding of customers and their needs and expectations over time. It should help companies' spot trends and take swift and targeted action to improve their services where necessary. Companies should consider the potential benefits of open data approaches to complaints information in order to enhance the consumer experience and improve transparency for consumers.

CCW will help companies with this work, starting with looking at root causes of the billing complaints that go on for 41+ working days, exploring possible early indicators that this type of complaint will be protracted and looking for ways to shorten the complaint and best manage consumers' expectations.

Recommendation: Companies should take steps to make better use of their complaints data in order to improve their service.

7.5 Vulnerability – treating customers fairly

The water industry as a whole must improve its understanding of the experiences of complainants in vulnerable circumstances, in comparison with complainants as a whole. Without this data, it is impossible for companies, Ofwat, or CCW to understand whether vulnerable consumers are being treated fairly. This is an area where it makes sense for companies to work together to create a consistent approach across the industry.

CCW and Ofwat will consider the best way forward to enhance the reporting of this type of data

Recommendation: Companies should take forward work to improve their understanding of the experience of vulnerable complainants.

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