



## Customer Protection Code of Practice Consultation – CP0009

1. Do you think the amended change Proposal will achieve the following policy aims (and if not what changes would you suggest making to ensure that it does):

- a) *That those customers adversely affected by Covid-19 are provided with appropriate levels of support and protection.*
- b) *Customers who are able to pay should be incentivised to pay in a timely manner.*
- c) *Retailers should take the necessary steps to differentiate between those customers who genuinely need support and those who should be expected to pay.*

We support the intentions of the amended change Proposal and agree that Retailers should do as much as reasonably possible to engage with and support their customers through these difficult times. It needs to be acknowledged, however, that this is a business to business market and therefore there should be an accepted underlying assumption that business customers take responsibility for managing the finances of their business. Accordingly, business customers should be expected to take proactive steps to contact their suppliers (of all kinds) in the event of financial difficulties. Retailers should promote this message and make it clear and easy for customers to get in touch and offer practical support through Repayment Plans and signpost other assistance. Retailers should not be expected to offer financial protection to businesses regardless of how they manage their financial circumstances. A customer ignoring their own financial difficulties is simply poor business management, and Retailers cannot be expected to bear the cost of that.

As currently drafted, the expectations of the proposal are open to interpretation which will lead to different customer experiences. For example, in considering “all reasonable steps” we don’t think it is feasible or reasonable to expect Retailers to make proactive contact through dedicated outbound campaigns with customers already on a Covid-19 Repayment Scheme to ensure that the terms remain appropriate. This is not “reasonable” in the context of a business to business relationship. Rather, Retailers should be expected to provide clear information to customers on their websites, encourage customers to make contact and signpost assistance where appropriate. Should a customer’s circumstances change such that they’re unable to adhere to the agreed terms of their Covid-19 Repayment Scheme, then we think it’s reasonable that the customer should make contact with their Retailer to advise of this and discuss alternative terms.

The use of “best interests” is also a very subjective concept and will be interpreted differently by different Retailers leading to different customer experiences. Neither does it acknowledge the Retailer’s competing commercial interests in a business to business relationship. Some might interpret that it will always be in the customer’s best interests not to be subjected to interest/disconnection/litigation. We propose that the policy aims would be better met if the focus was on Retailers acting reasonably, fairly and with due regard to the customer’s circumstances.

It's not clear that Retailers publishing on their websites the number of customers on payment plans and the type of action taken against them achieves the policy aims. Particularly, when the RFI responses show that some Retailers are unable to provide the information requested and some cannot easily differentiate between Covid-19 Repayment Plans and other Repayment Plans. Furthermore, in a competitive market, it does not seem appropriate for competing Retailers to publish this type of sensitive commercial information on their websites as it provides competitors with insight that normally wouldn't be shared. This is explained more fully below.

"Debt recovery action" would need to be defined so that all Retailers report consistently.

2. *In addition, we would welcome the views of respondents on:*

a) *The costs and associated risks of implementing the amended change proposal within the proposed timeframe;*

As explained above, this will depend on the expectations of the proposal. If the expectation is that Retailers need to begin dedicated outbound campaigns to contact customers, this will incur significant costs, require additional resources and time. If the expectation is that Retailers provide clear customer information on their websites and there is a reasonable onus on customers to contact their Retailers if they face difficulties, then the costs will be low and the outcomes achieved quickly. Its not clear from the wording of the proposal what is expected.

In a competitive market, it does not seem appropriate for competing Retailers to publish this type of sensitive commercial information on their websites. It provides competitors with insight that normally wouldn't be shared which could inform marketing and recovery strategies to prospective customers. It creates a commercial risk if suppliers or partners decide not to work with Retailers because they think Retailers are struggling to recover income. Furthermore, it might influence customer switching behaviour through switching to Retailers who appear to offer greater protection than others, which might lead to some Retailers ultimately experiencing higher levels of bad debt than otherwise.

To publish numbers monthly on websites will need a robust method of distinguishing Covid-19 Repayment Schemes from BAU Repayment Schemes. The data will need to be kept accurate and up to date, bearing in mind that debt actions change daily. There needs to be much greater clarity on when any data is published and a clear definition of "debt recovery action" to ensure consistency across Retailers. A lesson from the Covid-19 temporary vacancy scheme is that lack of clarity leads to different customer experiences, as Retailers in good faith interpret requirements differently. For Wave, we will need a few weeks before publication.

We propose an alternative simpler approach which would be for Retailers to identify the number of customers on Repayment Plans (of any kind) and present the figures per 10,000 customers, similar to the way in which CCW reports on complaint figures. This data could be provided to CCWater (and/or Ofwat) as part of the normal Retailer data return requirements.

b) *The scope and operational impact of the amended change proposal;*

Taking reasonable steps to engage with customers before taking debt recovery action is sensible. Operationally, the impact depends on what Retailers/Ofwat define as "reasonable steps". Without clear expectations there will be inconsistencies in approach and differing operational impacts.

As explained above, “debt recovery action” needs to be defined, otherwise the scope and operational impact may be different for Retailers depending upon their interpretation.

*c) Whether the respondents consider that the proposal is in line with the principles of the code and our statutory duties.*

As outlined, the proposal needs much greater clarity on what is expected, supported by clear definitions. Otherwise there will be differing Retailer interpretations which customers will find difficult to understand and will lead to different customer experiences. It will also be challenging for Retailers to provide appropriate information, which is complete, accurate and not misleading, in accordance with the principles of the code.

*3. Do you have any comments on our proposed implementation date?*

As above, it depends on the expectations of the proposal. If the expectation is that Retailers need to begin dedicated outbound campaigns to contact customers, this will require a few weeks. If the expectation is that Retailers provide clear customer information on their websites, then that can be achieved within a few days.

As currently set out, the reporting will require a few weeks to get ready for publication on websites. Our alternative reporting proposal would take very little resource and effort and would be available within a few days.

*4. Do you have any other comments on our proposed change to the CPCoP as set out in Appendix 1?*

1. Some additional numbering of the sub-clauses would be useful.
2. The additional text in red contains a mix of “all reasonable steps” and “reasonable steps”. It would be preferable to see the wording harmonised to “reasonable steps”, otherwise there is an inference that Retailers would have to do something additional to discharge the more onerous obligation.