

June 2021

# **Guidelines for water companies in supporting residential customers pay their bill, access help and repay debts: appendix 2**

## Appendix 2 Reasons for changes to minimum service expectations

### For supporting all customers

#### 1. Help make it easy for all customers to pay their water bill

##### Ensure information about customers is correct and up to date

<b>NEW</b>	<p>1.1 Have robust procedures for establishing who is moving into and out of properties being supplied – and record accurate information about the occupant and account information. This is important for:</p> <ul style="list-style-type: none"><li>• developing and maintaining relationships with customers;</li><li>• identifying customers that may need support at an early stage;</li><li>• checking account information;</li><li>• checking correct billing information;</li><li>• debt management purposes; and</li><li>• demonstrating compliance with the Data Protection Act 1998 and the General Data Protection Regulation (GDPR).</li></ul> <p>1.2 Where properties are rented, companies should work with landlords – including make them aware of the Landlord and Tenant Address Portal (LTAP) – to establish tenant details, where tenants are expected to pay water charges. Companies may also explore data sharing arrangements to better understand which properties are rented.</p> <p>1.3 Learning lessons from the business retail market, seek improvements in the quality of consumption, customer and asset data to improve the accuracy and helpfulness of bills to customers.</p>
<b>Reason</b>	In its independent review of water affordability CCW recommend "Through information and data sharing, companies should increase the information they hold to improve the identification of customers in need of financial support". CCW also recommend a number of actions to deliver this, including "Customers moving house should be automatically transferred onto financial

	<p>support schemes between water companies, where this is possible and customers consent".</p> <p>In '<a href="#">Debt management and other retail costs: research and recommendations</a>' (2017) we recommended that companies do more to proactively manage customer data. This includes knowing who is moving in and out of properties they supply.</p> <p>We also know the <a href="#">business retail market has had market frictions caused by poor quality consumption, customer and asset data</a>. Similar issues could exist with residential properties meaning that customers may not be being billed correctly.</p> <p>We think there is more that companies and the sector as a whole can do to improve data in this area. And by improving data, companies can improve opportunities for:</p> <ul style="list-style-type: none"><li>• keeping bills affordable;</li><li>• identifying leaks</li><li>• helping customers that need support; and</li><li>• pursuing those that can pay but won't.</li></ul>
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## Offer flexible payment and billing frequencies to match customers' circumstances

<b>NEW</b>	<p>1.11 Offer or accept more frequent billing to encourage customers to pay and avoid unexpected and unaffordable increases in their bills ('bill shock').</p> <p>1.12 Make information about what customers owe accessible online, by telephone and other methods appropriate to different customer groups.</p>
<b>Reason</b>	<p>In its independent review of water affordability CCW recommend "Customers should be given greater choice and control over how they pay their water bill". CCW also recommend a number of actions to deliver this, including:</p> <ul style="list-style-type: none"><li>• making use of self-service technologies, water companies should give customers the flexibility to manage the amount and frequency of their payments; and</li></ul>

	<ul style="list-style-type: none"><li>• where practical, such as where smart metering is deployed, water companies should give customers the option to receive more frequent bills.</li></ul> <p>In 'Debt management and other retail costs: research and recommendations' (2017) we recommended that companies move to more frequent or even advance billing to improve cash collections and identify non-payment sooner. We know that customers also value being able to track their bills more closely and avoid unexpected increases in their bill from changes in consumption or leaks.</p>
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## Encourage customers to use digital payment methods if they can

<b>NEW</b>	1.13 Consider encouraging customers to use – and support them to use – digital payment methods.
<b>Reason</b>	<p>More digital payments keep costs of revenue collection down, which helps keep overall bills down for all customers. For many customers, they are also more convenient. <a href="#">Covid-19 has encouraged more people online</a>. With support, more customers could be encouraged to permanently adopt digital payment methods, although companies will still need to offer options for customers that do not have digital access or skills – or do not want to access services in this way. Companies also need to be mindful of those customers that do not have bank accounts ('unbanked').</p> <p>In its independent review of water affordability CCW recommend "Customers should be given greater choice and control over how they pay their water bill". This includes "A wide range of payment methods should be offered by water companies, retaining existing methods and making use of emerging technologies (for example, apps and electronic payment options), to allow customers to choose what works best for them". Water companies are working with CCW on pilot schemes to encourage innovation in this expectation area.</p>

## Use customer bills and payment transactions to improve customer experiences

<b>NEW</b>	<p>1.18 Where companies become aware that a different tariff, payment level, location, frequency or method may suit a customer better than the one they currently use, they should proactively offer the option.</p> <p>1.19 Consider encouraging customers to pay in bitesize instalments. And offer more regular billing to customers, particularly those with low and variable incomes.</p>
<b>Reason:</b>	<p>In its independent review of water affordability CCW recommend that:</p> <ul style="list-style-type: none"><li>• "Companies should, wherever possible, take appropriate action, tailored to a customer's individual needs, with the aim of preventing financial difficulty"; and</li><li>• "Making use of self-service technologies, water companies can give their customers greater flexibility, choice and control in managing the amount and frequency of their payments".</li></ul> <p>In particular, CCW highlighted the experience of 'zero hours' workers. These jobs tend to be precarious, low paid and result in variable incomes for those employed. Paying in more bitesize payments may suit these customers better and encourage them to pay.</p> <p>In 'Debt management and other retail costs: research and recommendations' (2017) we recommended that companies encourage customers to pay in more bitesize chunks. This can improve payment levels and make it less likely customers will fall into debt (or allow problems to be spotted before significant debt build ups).</p>

## Seek better ways to engage with different customer groups

<b>NEW</b>	<p>1.21 Consider ways to make information about services and bills more understandable for all customers and meets their needs. This includes, for example, considering ways to:</p> <ul style="list-style-type: none"><li>• improve customer understanding of bills;</li><li>• help customers check bills are correct; and</li></ul>
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	<ul style="list-style-type: none"><li>• better explain in advance why the company is changing a customer's direct debit, how it has calculated the new level of payment and how the customer can change the amount or spread payment.</li></ul> <p>1.22 Companies should also consider working with other organisations to reach customers in vulnerable situations, those in debt or at risk of falling into debt.</p> <p>1.23 Consider our customer information principles, '<a href="#">PR24 and Beyond: Creating tomorrow, together. Appendix - Reflecting customers' preferences</a>' (May 2021) and any future development of that policy in engaging with different customer groups.</p>
<b>Reason</b>	<p>Making information about services and bills more understandable is not just an issue for water companies. For example, recent research from Octopus Energy and the National Literacy Trust revealed that just under half (47 per cent) of all energy bill payers were able to correctly identify six common energy bill terms including tariff, unit rate and standing charge.</p> <p>In 'Debt management and other retail costs: research and recommendations' (2017) we recommended that companies understand what will help different types of customers to pay. This starts with engaging better with different types of customer.</p> <p><a href="#">CCW's 'Water Matters' 2019-20 report</a> highlighted that customers are becoming less engaged with their water company – putting more people at risk of missing out on financial and practical support when they need it.</p> <p>In CCW's independent review of water affordability they recommend "Water companies should improve their understanding of their customers and the communities they serve, through research, engagement, and increased transparency".</p>

## Show customers how their views on billing, payment and support are encouraging improvements to services

<b>NEW</b>	1.24 Monitor and help improve customer satisfaction with billing, payment and support through periodic research with customers – whether through bespoke research and/or as part of wider existing company research
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	<p>activities. Any research should be undertaken in a proportionate way and might include:</p> <ul style="list-style-type: none"><li>• issues highlighted by customers in complaints with billing and charging;</li><li>• how easy or difficult it is for customers to find information they understand about billing, payment and support;</li><li>• how easy or difficult they find it to understand their bills;</li><li>• how easy or difficult they find it to pay their bills;</li><li>• how easy or difficult they find it to access support; and</li><li>• how the company performs on bills, payment and support compared with other service providers in other sectors that customers may use.</li></ul> <p>1.25 Where possible, research undertaken should include participants who are representative of residential customers, with an additional focus on those who are most vulnerable and most in need of support. There should also be socio-demographic information collected and reported on, to understand how knowledge, experience, and other factors differs across groups of customers.</p> <p>1.26 Companies should publish annual updates on their research. These could include qualitative and quantitative measures. Over time, the research conducted should include a variety of methods.</p> <p>1.27 Companies should consider reporting on their findings, as well as plans and changes for the coming year, to inform CCW's annual review of company debt practices. Companies should also consider different ways to communicate their findings with customers directly in a suitable way for all customer groups.</p> <p>1.28 Good practice would be for research findings to be published. And if they relate to certain communications (such as bills or website), then copies of those communications should be included in reports, to understand the full context of the research findings. Companies should also consider ways to make this information accessible for all customers, such as easy read versions.</p> <p>1.29 Consider working in partnership with others to enhance understanding of what works.</p> <p>1.30 Make sure the research is consistent with social research best practice standards and establish robust assurance of the quality of the research and use of findings to make improvements to customer services. We expect companies to use '<a href="#">PR24 and Beyond: Creating tomorrow, together. Appendix – Reflecting customers' preferences</a>' as a guide (May 2021) – particularly the</p>
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	<p>annex on draft minimum standards for high quality research – and <a href="#">any future development of that policy</a>.</p>
<b>Reason</b>	<p>We think there is benefit in companies carrying out customer research on billing, payment and support, whether that be through existing research activities or bespoke research to understand in a proportionate way whether company approaches meet customer needs. We would welcome views on whether it is appropriate for companies to report on the findings of their customer research – and (if so) the format and frequency. For example, it could be annually and timed to help inform CCW audits of each company's debt management practices.</p> <p>In its independent review of water affordability CCW recommend "Water companies should improve their understanding of their customers and the communities they serve, through research, engagement, and increased transparency". CCW also include an action that "Companies' Customer Relationship Management systems should show a rounded view of customers' circumstances at a glance, so that all departments can see when a customer needs support and the factors that may influence a customer's behaviour".</p> <p><a href="#">CCW's 'Water Matters' 2019-20 report</a> highlighted that customers are becoming less engaged with their water company – putting more people at risk of missing out on financial and practical support when they need it.</p> <p>At the same time, in '<a href="#">Putting things right: Household complaints practices in the England and Wales water industry</a>' (November 2020) we found that billing and charges are the most complained about area, making up 54% of the total written complaints. More worryingly just over a third of telephone calls from customers in vulnerable circumstances were about billing and charges issues (compared to a fifth of all contacts). As a result of our findings we recommended the following.</p> <ol style="list-style-type: none"><li>1. Companies must raise their ambitions on [complaint] response times and publish new commitments for 2021-22.</li><li>2. Companies should improve their understanding of complainant satisfaction, and, where beneficial, should work together to do this.</li><li>3. Companies should improve the frequency and effectiveness of collaboration and good practice sharing on complaints, including future CCW workshops.</li><li>4. Companies should take steps to make better use of their complaints data in order to improve their service.</li></ol>

	<p>5. Companies should take forward action to improve their understanding of the experience of vulnerable complainants.</p> <p>In 'Debt management and other retail costs: research and recommendations' (2017) we recommended that companies understand what will help different types of customers to pay.</p> <p>Our #ListenCareShare customer research also found that (for example):</p> <ul style="list-style-type: none"><li>• 7 in 10 are not aware of any utilities providing financial support during the Covid-19 pandemic; and</li><li>• two thirds of bill payers (66%) are not at all familiar with the Priority Services Register.</li></ul>
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## Make payment, help and debt services inclusive by design

<b>NEW</b>	<p>1.31 Consider a review of customer bill, payment, help and debt options and information based on '<a href="#">Inclusive design in essential services</a>' principles published by Fair by Design and the Money Advice Trust. Companies could apply these principles to different groups of customers, including customers:</p> <ul style="list-style-type: none"><li>• eligible for help;</li><li>• that have their accounts managed by third parties;</li><li>• in debt; and</li><li>• facing debt enforcement action.</li></ul>
<b>Reason</b>	<p>In its independent review of water affordability CCW recommend: "A range of wider support options should be offered. These should have clear eligibility criteria and be easily accessible for all customers, with co-design principles being adopted". They also recommended that "Customer communications should be clear and accessible". CCW also include an action (for example) that "Companies should make all written communications fully accessible and inclusive, including 'easy read' and multi-lingual versions. End-users should be involved in the design process".</p> <p>By using the Fair by Design and Money Advice Trust principles companies can make sure customer bills and payment options are inclusive – and help customers avoid falling into debt. This would not only reduce the distress to</p>

these customers from trying to resolve the situation – but also reduce the cost and effort by companies in pursuing unnecessary debt recovery action.

Companies could apply these principles to different groups of customers, including those requiring support, those in debt and those facing debt enforcement action. This may improve issues with communications and engagement with these customers.

## Consider how customers' ability to pay affects their service experience

<b>NEW</b>	<p>1.32 Use a consistent means of establishing customer's ability to pay.</p> <p>1.33 Consider how customers' ability to pay affects their service experiences (for example, when chasing debt, or determining how long to spread repayment following payment breaks) and use these insights to improve outcomes for customers</p>
<b>Reason</b>	<p>CCW's independent review of water affordability recommended companies use a consistent means of establishing customers' ability to pay. In particular, CCW recommend that water company "Debt support should be based on a customer's individual circumstances and ability to pay". This includes an action that "Ofwat should review its debt guidance to companies. The revised guidance should reflect cross-sector best practice and include minimum standards. A consistent means of assessing a customer's ability to pay should be established and a consistent approach to the actions taken as levels of debt increase".</p> <p>Our #ListenCareShare customer research found that companies could do more to engage and support customers at each stage of their journey in seeking support. So we think that companies should consider how customers' ability to pay affects their service experiences.</p> <p>The UK Government's <a href="#">Inclusive Economy Partnership (IEP)</a> code of best practice for debt collection and recovery across different sectors includes the following principles that are relevant to our expectations.</p> <ul style="list-style-type: none"><li>• Conduct a circumstantially appropriate affordability assessment where required to understand the customer's financial situation.</li><li>• Identify and support customers who may be in financial distress or who fall into difficulty with debt repayments.</li></ul>

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|  | <ul style="list-style-type: none"><li>• Tailor repayment plans around customer affordability, using the household spending guidelines of the Standard Financial Statement, covering priority bills first.</li></ul> |
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- Tailor repayment plans around customer affordability, using the household spending guidelines of the Standard Financial Statement, covering priority bills first.

## 2. Make sure customers who are eligible for help receive it when it is needed

### Use all reasonable efforts to predict and support those at risk of falling into debt

<b>NEW</b>	<p>2.1 Make efforts to predict where customers might be at risk of falling into debt, and proactively contact these customers with a support offer to help prevent this where possible. For example using data on redundancies in particular areas or a customer indicating they are rationing their water use to keep cost down. A support offer could include:</p> <ul style="list-style-type: none"><li>• checking account and billing information are correct;</li><li>• checking consumption for signs of leaks and (if relevant) offering a free supply pipe repair and leakage allowance;</li><li>• targeted social tariffs;</li><li>• tailored water efficiency home visits;</li><li>• helping customers to do checks for financial and non-financial support provided by Government or others;</li><li>• emergency social tariffs (supported by, for example, application for certain benefits); and</li><li>• allowing customers to opt to receive reminder texts, e-mails or letters if they occasionally pay late).</li></ul> <p>2.2 Consider working with charities, local authorities or other third party organisations to develop targeted action and support based on customers' needs for certain high risk groups to help prevent debt.</p>
<b>Reason</b>	Companies already know that if they catch customers falling into debt early, the problem is immediately much easier to solve. Companies could consider how they make better use of their own data – or other data sources – to target customers that may be at risk of falling into debt. They could also use data – or work with customers in debt – to help them access wider support from Government and other organisations.

	<p>Companies can improve the design of support – and awareness of and take up of that support – for high risk groups by working with charities, local authorities and other third party organisations. These organisations may act as effective intermediaries with customers or provide data and insights for companies to do this themselves.</p> <p>Our vulnerability focus report in 2016 highlighted that representatives of water companies stressed that it was very important to collaborate – or partner with – other utilities and third party organisations to identify and assist customers in vulnerable circumstances.</p> <p>CCW's independent review of water affordability recommends "Water companies should improve their understanding of their customers and the communities they serve, through research, engagement, and increased transparency". It also includes an action that "Companies' Customer Relationship Management systems should show a rounded view of customers' circumstances at a glance, so that all departments can see when a customer needs support and the factors that may influence a customer's behaviour".</p> <p>CCW also recommend that "A range of wider support options should be offered. These should have clear eligibility criteria and be easily accessible for all customers, with co-design principles being adopted".</p> <p>The UK Government's <a href="#">Inclusive Economy Partnership (IEP)</a> code of best practice for debt collection and recovery across different sectors includes the principle that companies should "Clearly identify and treat known customers in vulnerable circumstances based on their particular needs". We think this is relevant to our new expectation.</p>
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## Identify and support customers in vulnerable circumstances

<b>NEW</b>	<p>2.3 Have specific policies, procedures and systems for proactively identifying and supporting residential customers in vulnerable circumstances. For example, the Financial Conduct Authority's <a href="#">'Guidance for firms on the fair treatment of vulnerable customers'</a> suggests a range of practical actions for businesses to treat customers in vulnerable circumstances fairly.</p> <p>2.4 Make sure their policies, procedures and systems reflect the latest definitions, best practice and guidance from relevant charities and other</p>
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	<p>expert bodies in supporting customers in vulnerable circumstances. For example, companies could:</p> <ul style="list-style-type: none"><li>• help their staff understand and support customers with both mental health and debt problems – including incorporating it into their training and their processes for handling problem debt; and</li><li>• design proactive interventions that minimise psychological distress for customers with debt problems</li></ul> <p>2.5 Make sure their policies, procedures and systems are compliant with all relevant legislation. This includes <a href="#">‘The Debt Respite Scheme (Breathing Space Moratorium and Mental Health Crisis Moratorium) (England and Wales) Regulations 2020’</a>.</p>
<b>Reason</b>	<p>In ‘Debt management and other retail costs: research and recommendations’ (2017) we recommended that companies improve the availability of affordability schemes and increase take up. At the same time, CCW’s ‘Water Matters’ 2019-20 report highlighted that customers are becoming less engaged with their water company – putting more people at risk of missing out on financial and practical support when they need it.</p> <p>Our vulnerability focus report and practitioners pack in 2016 highlighted that:</p> <ul style="list-style-type: none"><li>• anyone can find themselves in circumstances that make them vulnerable and this situation may not be permanent; and</li><li>• representatives of water companies stressed that it was very important to collaborate – or partner with – other utilities and third party organisations to identify and assist customers in vulnerable circumstances.</li></ul> <p>Companies have a performance commitment to have at least 7% of their customers on their priority services register by 2025 – and increase the number of customers receiving affordability support.</p> <p>We want to build on the priority services register, <a href="#">our vulnerability focus report and practitioners pack</a> and our guidance for companies on <a href="#">services for disabled, chronically sick or elderly consumers</a>.</p> <p>The causes and understanding of vulnerability can change over time, so companies should seek the latest definitions, best practice and guidance from relevant charities and other expert bodies in supporting customers in vulnerable circumstances. The Financial Conduct Authority's <a href="#">‘Guidance for</a></p>

<p><a href="#">firms on the fair treatment of vulnerable customers</a>' is a recent example of guidance including a range of practical actions for businesses to treat customers in vulnerable circumstances fairly.</p> <p>Other recent developments include '<a href="#">The Debt Respite Scheme (Breathing Space Moratorium and Mental Health Crisis Moratorium) (England and Wales) Regulations 2020</a>' which became law in May 2021. It changes the legal obligations on all businesses in seeking repayment of debts from customers. Companies should be aware of and comply with their obligations.</p> <p>CCW's independent review of water affordability recommends that "Water companies should take a proactive approach to identifying those customers who may need support". This includes the following actions.</p> <ul style="list-style-type: none"><li>• Water companies should ensure all Priority Services Register registrations receive a welcome pack or communication which should include information on financial support options.</li><li>• Water companies should monitor customers' metered water consumption to identify those customers who may be in need of support (e.g. high usage due to leakage or low usage from self-rationing) and make an appropriate intervention.</li></ul> <p>By identifying customers in vulnerable circumstances at an earlier stage, companies can save these customers the distress of being put through unnecessary and unwarranted debt collection procedures. Companies can tailor their debt management activities and target them more effectively.</p> <p>The UK Government's <a href="#">Inclusive Economy Partnership (IEP)</a> code of best practice for debt collection and recovery across different sectors includes the following principles that are relevant to our expectations.</p> <ul style="list-style-type: none"><li>• Clearly identify and treat known customers in vulnerable circumstances based on their particular needs.</li><li>• Allow the customer sufficient breathing space (mandatory 60 days as of May 2021 through Debt Respite Scheme), to consider any payment proposal and seek free independent debt advice.</li><li>• Clearly communicate information that helps customers understand next steps without jargon.</li><li>• Provide a range of communication channels/methods taking the customer's preference into consideration.</li><li>• Exclude known customers in vulnerable circumstances from any form of enforcement action where appropriate.</li></ul>
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## Use data sharing arrangements to identify customers in vulnerable circumstances

<b>NEW</b>	<p>2.6 Consider putting data sharing arrangements in place with other bodies – for example, energy companies, charities or local authorities – to help identify people in vulnerable circumstances, including those at risk of falling into debt. We would expect this data sharing to meet high standards of ethical behaviour, rulings and <a href="#">code of practice guidance from the Information Commissioner's Office</a> and any legal requirements, such as the Data Protection Act 1998 and Data Protection Act 2018 (General Data Protection Regulations (GDPR)).</p>
<b>Reason</b>	<p>Encouraging data sharing arrangements is a recommendation made by CCW in its independent review of water affordability. CCW recommend "Through information and data sharing, companies should increase the information they hold to improve the identification of customers in need of financial support". This includes the following actions:</p> <ul style="list-style-type: none"><li>• Information should be shared between water companies, so that customers whose water and sewerage is provided by different companies only have to apply once for support.</li><li>• Water companies should work with the Department for Work and Pensions (DWP) to ensure the Digital Economy Act is used to its full potential, so that customers can be automatically enrolled for support when they need it.</li><li>• Working together, water companies, Ofwat and the UK Regulators' Network's Smart Data Working Group should establish a taskforce to ensure essential services collaborate to build an online hub that will be used by companies and customers /customer representatives to record the customer's financial and other support needs, which will then notify the relevant companies to initiate the support. The portal should allow the users to track the progress of their submission.</li><li>• A cross-sector code to record customers' financial vulnerability needs on the Priority Services Register should be introduced by water companies with the support of Water UK and Energy UK;</li><li>• Companies should work with other stakeholders and organisations to develop data sharing frameworks – with the support of CCW, Welsh government and Defra – to provide mutual benefits to organisations with shared customers.</li></ul> <p>The water and energy industries have committed to implementing data sharing arrangements to better support customers whose circumstances</p>

	mean they need extra help. We are keen to see this commitment fulfilled in the near future for the benefit of these customers.
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## Communicate effectively and sensitively with customers in vulnerable circumstances

<b>NEW</b>	<p>2.10 Companies should also consider designing specific communications for those with communication difficulties.</p> <p>2.11 Companies should design their communications for people who struggle with literacy and numeracy.</p> <p>2.12 Companies should consider approaches for supporting customers who are not able to access or use digital services.</p>
<b>Reason</b>	<p>A lack of information or access to it can create circumstances that make customers vulnerable. So communicating effectively and sensitively with customers in vulnerable circumstances is particularly important.</p> <ul style="list-style-type: none"><li>According to the Royal College of Speech and Language Therapists, up to 14 million people in the UK (20% of the population) will experience communication difficulty at some point in their lives. Companies will need to consider if they can provide sufficient support to these customers through their priority services register and ongoing service delivery.</li><li>According to the National Literacy Trust 16% of UK adults are considered to be ‘functionally illiterate’. At the same time, National Numeracy state that roughly four out of every five adults have low levels of numeracy. Companies need to develop their communications and engagement activities so that these customers are not disadvantaged or left behind.</li><li>Ofcom have estimated that 1.5 million households are offline. According to the Good Things Foundation 11.3 million people in the UK don’t have the basic digital skills they need to thrive in today’s world. The FCA has published research estimating that 1.3 million UK adults are ‘unbanked’, meaning they do not have a bank account. While encouraging customers to use and access digital services,</li></ul>

	<p>companies will need to consider approaches that mean some customers are not disadvantaged or left behind.</p> <p>CCW's independent review of water affordability recommends "Customer communications should be clear and accessible". This includes the following actions:</p> <ul style="list-style-type: none"><li>• Companies should make all written communications fully accessible and inclusive, including 'easy read' and multi-lingual versions. End-users should be involved in the design process;</li><li>• Companies should allow customers to apply for support using a communication method that suits them;</li><li>• Companies should maintain dedicated communications channels for consumers in vulnerable circumstances so that they can always get through, even at busy times.</li></ul> <p>CCW also recommend that "Customers should be given greater choice and control over how they pay their water bill". This includes the action for "A wide range of payment methods should be offered by water companies, retaining existing methods and making use of emerging technologies (for example, apps and electronic payment options), to allow customers to choose what works best for them".</p> <p>The <a href="#">Inclusive Economy Partnership (IEP)</a> also recognise the importance of communicating effectively and sensitively with customers in vulnerable circumstances. Their common debt management principles include the following.</p> <ul style="list-style-type: none"><li>• Clearly identify and treat known customers in vulnerable circumstances based on their particular needs.</li><li>• Clearly communicate information that helps customers understand next steps without jargon.</li><li>• Provide a range of communication channels/methods taking the customer's preference into consideration.</li></ul>
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## Offer customers the option for having their accounts to be managed by authorised third party individuals

<b>NEW</b>	2.13 Have an approach that protects customers from fraud while allowing properly authorised people access to help operate accounts for people who need help managing their affairs. Companies should make customers aware of options for third party bill management. For customers who do not make their own decisions, companies can use our joint guidance with the Office of
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	<p>the Public Guardian and the UK Regulators Network on '<a href="#">Supporting customers who do not make their own decisions</a>'. This is also relevant where companies are dealing with relatives or other parties that may need to manage a customer's account in event of their sudden incapacitation or death.</p>
<b>Reason</b>	<p>Third party bill management gives the nominee the ability to speak to the provider about the account, receive copies of bills and pay bills.</p> <p>Some customers cannot make their own decisions. Provided these customers are protected from fraud, companies can offer these customers the option to have their accounts managed by properly authorised people, such as carers. This will help companies engage with these customers, avoid non-payment and possible enforcement action.</p> <p>Companies also need to carefully manage the accounts of customers who may be suddenly incapacitated (for example, through injury or illness) or die. Often the customer's account will need to be managed by a relative or other third party. A failure to record details or act with sensitivity could cause a significant amount of distress and worry. For example, continuing to send bills in the name of the deceased or pursuing debt enforcement activity.</p> <p>Our new expectation is in line with CCW's independent review of water affordability recommendations that:</p> <ul style="list-style-type: none"><li>• "Customers should be given greater choice and control over how they pay their water bill"; and</li><li>• "Companies should, wherever possible, take appropriate action, tailored to a customer's individual needs, with the aim of preventing financial difficulty".</li></ul>

## Use approaches to debt management for customers in vulnerable circumstances that are appropriate to their circumstances

<b>NEW</b>	2.14 Tailor your debt management actions to be sensitive to the circumstances that make customers vulnerable.
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	<p>2.15 Carry out reviews to help customers maximise their incomes and make them aware of other forms of support they may be eligible for through Government or other service providers.</p>
<b>Reason</b>	<p>In 'Debt management and other retail costs: research and recommendations' (2017) we recommended that companies adopt tailored collections paths leveraging customer segmentation and behavioural economics principles. By tailoring collection schemes to customers' circumstances, companies can improve take up of support and collection rates.</p> <p>By maximising customers' incomes and helping them with other forms of support companies can help make bills more affordable for customers and less likely to fall into debt.</p> <p>In CCW's independent review of water affordability they recommend "Companies should, wherever possible, take appropriate action, tailored to a customer's individual needs, with the aim of preventing financial difficulty". This includes the action to "At the first indication that a customer is "struggling to pay", water companies should offer holistic debt advice or an income maximisation review".</p> <p>Using approaches that are appropriate to customers' circumstances also features in the UK Government's <a href="#">Inclusive Economy Partnership (IEP)</a> code of best practice for debt collection and recovery, including the following principles:</p> <ul style="list-style-type: none"><li>• Consider the application of forbearance tools tailored to an individual's circumstances and ability to pay, to allow repayment over a reasonable time.</li><li>• Clearly identify and treat known customers in vulnerable circumstances based on their particular needs.</li></ul>

## Make it easy for relatives to close or amend the accounts of a loved one who dies

<b>NEW</b>	<p>2.16 Have a written plan that outlines how your company will treat bereaved customers with empathy and respect. This could include the following.</p> <ul style="list-style-type: none"><li>• An agreed timeframe for companies to respond to bereavement enquiries and settle outstanding customer balances.</li><li>• A bereavement customer care email channel for each company, to directly handle such cases and avoid customers waiting on calls.</li></ul>
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	<ul style="list-style-type: none"><li>• Standardising paperwork needed to close an account with other companies, with a view to accepting digital documents whenever possible</li></ul> <p>2.17 Train people who come into contact with bereaved people to know how to respond efficiently and with understanding.</p> <p>2.18 Streamline your processes and procedures to be simple and pragmatic. Avoid unnecessary steps and repetition.</p> <p>2.19 Ensure any forms are easy to follow and only ask for information that is needed. Pass on details of where people can get practical and emotional support.</p>
<b>Reason</b>	More than 600,000 families across the UK struggle with the death of a loved one each year. Water companies can help improve the experiences of people that suffer from bereavement. Cruse Bereavement Care, a national charity for bereaved people in England, Wales and Northern Ireland, suggest businesses simplify their processes and <a href="#">put their bereaved customers first by putting in place the four ‘P’s: plan, people, process and paperwork</a> . We have incorporated these into our guidelines.

### 3. Treat customers that have their accounts managed by agents as customers of the company

#### Have clear agreements with agents

<b>NEW</b>	3.1 Companies that have agreements in place with local authorities, housing associations or other social housing providers should ensure that agreements are drafted in a simple way so that responsibilities are clear on how issues will be resolved in a well-managed way for tenants.
<b>Reason</b>	In recent years there have been a number of cases of tenants being incorrectly billed by local authorities for water and wastewater charges. Companies can help these customers by ensuring agreements are drafted in a simple way and being clear on how tenants can resolve issues.

## For customers in debt

### 4. Be proactive in contacting customers in debt

#### Be sympathetic to customers' circumstances

<b>NEW</b>	<p>4.1 Treat customers fairly and in a way that is empathetic to their current situation. Companies could also use this as a further opportunity to:</p> <ul style="list-style-type: none"><li>• check customers' consumption, billing and account details to make sure they are correct; and</li><li>• make sure customers who are eligible for help receive it, and quickly.</li></ul>
<b>Reason</b>	<p>Listening more closely to customers' needs may result in less distress for the customer and more willingness from them to engage in further conversations about dealing with their debt.</p> <p>In its independent review of water affordability CCW recommend "Companies should, wherever possible, take appropriate action, tailored to a customer's individual needs, with the aim of preventing financial difficulty". CCW also recommend that "Debt support should be based on a customer's individual circumstances and ability to pay".</p> <p>Being sympathetic to customers' circumstances is also an important area highlighted by the UK Government's <a href="#">Inclusive Economy Partnership (IEP)</a> code of best practice for debt collection and recovery, including the following principles.</p> <ul style="list-style-type: none"><li>• Consider the application of forbearance tools tailored to an individual's circumstances and ability to pay, to allow repayment over a reasonable time.</li><li>• Treat customers fairly and in a way empathetic to their current situation.</li></ul>

## Proactively offer other alternative payment options to those in debt

<b>NEW</b>	<p>4.7 Companies should engage with customers on Water Direct – or about to be placed on it – directly. In particular, companies should communicate with customers about:</p> <ul style="list-style-type: none"><li>• being placed on the scheme;</li><li>• the timing of future payments;</li><li>• how the company will keep the level of their payments consistent; and</li><li>• when they will come off the scheme.</li></ul>
<b>Reason</b>	<p>Lessons from other sectors show that benefit deductions to manage debts give claimants peace of mind by removing the need to manage repayments. But also:</p> <ul style="list-style-type: none"><li>• claimants may feel that they have limited control over their finances</li><li>• inconsistent deductions and a lack of information when they stop can cause distress and compound financial hardship</li></ul> <p>As a result, we think there are lessons that water companies could use to help WaterDirect users avoid distress and hardship by companies engaging with them more directly.</p> <p>CCW's independent review of water affordability recommends "Customers should be given greater choice and control over how they pay their water bill". CCW include the recommendation that "UK Government should amend the Water Direct scheme to allow it to be offered as a payment option to all customers in receipt of benefits – not just those who are in debt". Although this is aimed at government in the first instance, rather than companies – it will be important that companies also help improve the way the scheme operates from their side when action is taken to progress this recommendation in future.</p>

## Send clear reminders that provide advice and next steps

<b>NEW</b>	<p>4.8 In a water company's first written or oral communication with a customer, the company should send a statement that free debt counselling, debt adjusting and credit information services are available to customers and that the customer can find out more by contacting the</p>
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	<p>Money Advice Service; and on its website provide <a href="#">a link to the Money Advice Service website</a> – and <a href="#">it's money navigator tool</a>. Signposting to another free debt advice organisation is also acceptable.</p>
<b>Reason</b>	<p>Covid-19 has resulted in some customers experiencing unemployment, a loss of income and debt for the first time. They may be unfamiliar with available free assistance to help them resolve their debts. Companies can play an active part in ensuring these customers access help as quickly as possible. This can then help these customers avoid falling into debt.</p> <p>CCW's independent review of water affordability recommends "Companies should, wherever possible, take appropriate action, tailored to a customer's individual needs, with the aim of preventing financial difficulty". They include the action to:</p> <ul style="list-style-type: none"> <li>• "At the first indication that a customer is "struggling to pay", water companies should offer holistic debt advice or an income maximisation review"; and</li> <li>• "Water companies should ensure that financial support information is visible and prominent on customer bills (including the envelope)".</li> </ul>

## Contact customers using different methods and stop chasing them if they are getting debt advice

<b>NEW</b>	<p>4.17 Cease chasing contact with the customer where the company is aware the customer is actively engaging with a known debt advice provider</p>
<b>Reason</b>	<p>Customers that are engaging debt advice providers are on a meaningful pathway to resolving their debt issues. Chasing them for direct contact may cause unnecessary distress and anxiety for customers in debt.</p> <p>The UK Government's <a href="#">Inclusive Economy Partnership (IEP)</a> code of best practice for debt collection and recovery across different sectors includes the principle that companies should "Cease chasing contact with the customer where the customer is actively engaging with a debt advice provider".</p> <p>CCW's independent review of water affordability recommends "Through information and data sharing, companies should increase the information</p>

	<p>they hold to improve the identification of customers in need of financial support".</p> <p>Page 43 of CCW's review highlights "... processes aren't aligned between different departments within companies - including teams that deal with vulnerable customers - meaning that some people who need additional help could end up facing greater challenge". They also state that Companies' Customer Relationship Management systems should show a rounded view of customers' circumstances at a glance, so that all departments can see when a customer needs support and the factors that may influence a customer's behaviour".</p>
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## Tailor debt recovery strategies and review them for suitability, fairness and empathy

<b>NEW</b>	4.21 Debt recovery strategies should include a consistent approach reflecting the action to be taken for each increasing level of a customer's debt.
<b>Reason</b>	Many organisations recognise that <a href="#"><u>when collections and recovery practices are poor and inconsistent, people in debt find it harder to repay what they owe</u></a> . Companies can improve the quality and consistency of debt recovery by making sure their strategies include the action to be taken at each stage of a customer's journey – and as the level of a customer's debt increases. This expectation is in line with CCW's independent review of water affordability that recommends "Debt support should be based on a customer's individual circumstances and ability to pay".

## Demonstrate quality service

<b>NEW</b>	4.24 Consider highlighting customer outcomes and testimonies on resolving debt problems to encourage other customers to contact them.
<b>Reason</b>	In 'Debt management and other retail costs: research and recommendations' (2017) we recommended that companies provide real consequence to address payment avoidance. While this was aimed at discouraging non-payment by some customers out of choice, using real,

positive customer outcomes and testimonies on resolving debt problems may encourage other customers in need of support to contact their company.

CCW's independent review of water affordability stated that "Over 80% of the responses received to this review's call for evidence made reference to the importance of 'cross-sector promotion and partnerships' in tackling water poverty. They go on to recommend "Water companies should follow [the lead of other sectors], with the help of CCW. This review is calling on the industry to develop a water vulnerability commitment that all companies sign up to and embed within their organisational culture." Such a commitment has potential to help companies develop best practice and help demonstrate quality service.

## 5. Be clear, courteous and non-threatening to customers in debt

### Use enforcement action as a last resort

<b>NEW</b>	<p>5.12 Use enforcement action as a last resort, once all other options for repayment have been exhausted</p> <p>5.14 Exclude customers known to be in vulnerable circumstances from any form of enforcement action where appropriate</p>
<b>Reason</b>	<p>Enforcement action is costly and can be distressing for customers who may genuinely be unable to pay. Learning from other sectors, companies should consider if all other options have been fully exhausted.</p> <p>CCW's independent review of water affordability noted that: "Some respondents to the review's call for evidence indicated that current approaches to debt enforcement in water – such as High Court Enforcement – can be too 'heavy-handed', and called for these to be reviewed. Certainly, processes aren't aligned between different departments within companies – including teams that deal with vulnerable customers – meaning that some people who need additional help could end up facing greater challenge.</p>

	<p>The UK Government's <a href="#">Inclusive Economy Partnership (IEP)</a> code of best practice for debt collection and recovery across different sectors includes the principle that companies should:</p> <ul style="list-style-type: none"><li>• "Use enforcement action as a last resort"; and</li><li>• "Exclude known customers in vulnerable circumstances from any form of enforcement action where appropriate".</li></ul>
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## Regularly review and update debt communications

<b>NEW</b>	<p>5.17 Regularly review and update debt communications using feedback and complaints from customers.</p> <p>5.19 Make sure that the debt code is kept up to date, reflects operating practices and is available online or in hard copy. Companies should consider consulting customers in making changes. CCW should be consulted as a minimum.</p>
<b>Reason</b>	<p>Companies' debt codes are meant to provide customers with a single source of information about their debt practices and what to expect. Companies should check customers find them useful, accessible and understand them.</p> <p>In its independent review of water affordability CCW recommended "Customer communications should be clear and accessible". They include the action for "Companies should make all written communications fully accessible and inclusive, including 'easy read' and multi-lingual versions. End-users should be involved in the design process".</p> <p>The UK Government's <a href="#">Inclusive Economy Partnership (IEP)</a> code of best practice for debt collection and recovery also recognises that companies should "Clearly communicate information that helps customers understand next steps without jargon".</p>

## 6. Agree payments that are right for each customer in debt

### Double check the customer is in debt

<b>NEW</b>	<p>6.1 Check the customer is in debt or whether (for example) they:</p> <ul style="list-style-type: none"><li>• should have received help earlier;</li><li>• have a leak; or</li><li>• there is an error in their account information.</li></ul> <p>6.2 Investigate promptly where the customer disputes their debt.</p>
<b>Reason</b>	<p>In its independent review of water affordability CCW recommend "Companies should, wherever possible, take appropriate action, tailored to a customer's individual needs, with the aim of preventing financial difficulty". This includes the following relevant actions:</p> <ul style="list-style-type: none"><li>• At the first indication that a customer is "struggling to pay", water companies should offer holistic debt advice or an income maximisation review.</li><li>• Water companies should ensure that water efficiency forms part of their affordability strategies by linking messaging and identifying options to provide targeted and enhanced interventions, to take advantage of emerging technologies.</li><li>• Water companies should offer a 'long term' lowest bill guarantee for low income, low usage customers who may be reluctant to move to a water meter.</li></ul>

### Establish each customer's ability to pay and allow customers to consider payment proposals

<b>NEW</b>	<p>6.4 Make sure a consistent means is used for establishing a customer's ability to pay.</p> <p>6.5 Support instalment payment proposals, where the customer has worked with a debt adviser who has prepared a budget using The Standard</p>
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	<p>Financial Statement (SFS), a methodology promoted by The Money &amp; Pensions Service.</p> <p>6.6 Consider aligning affordability assessments to the SFS where possible.</p>
<b>Reason</b>	<p>The <a href="#">Standard Financial Statement (SFS)</a> is a tool used to summarise a person's income and outgoings, along with any debts they owe. Primarily for people seeking debt advice, the SFS is mainly used by debt advice providers and other relevant organisations. It provides a single format for financial statements, allowing the debt advice sector and creditors to work together to achieve the right outcomes for people struggling with their finances.</p> <p>CCW's independent review of water affordability recommends "Debt support should be based on a customer's individual circumstances and ability to pay". CCW include the action: "Ofwat should review its debt guidance to companies. The revised guidance should reflect cross-sector best practice and include minimum standards. A consistent means of assessing a customer's ability to pay should be established and a consistent approach to the actions taken as levels of debt increase."</p> <p>The UK Government's <a href="#">Inclusive Economy Partnership (IEP)</a> cross sector code of best practice for debt collection and recovery, includes the following principles that are also relevant to our new expectations.</p> <ul style="list-style-type: none"> <li>• Conduct a circumstantially appropriate affordability assessment where required to understand the customer's financial situation</li> <li>• Tailor repayment plans around customer affordability, using the household spending guidelines of the Standard Financial Statement, covering priority bills first.</li> </ul>

## Agree repayment levels that are realistic, understandable and regularly reviewed

<b>NEW</b>	<p>6.16 Ensure the customer understands their new payment arrangements (including when the debt will be repaid and what to do if they experience difficulties with the arrangement)..</p> <p>6.17 Monitor arrangements after they have been set up to make sure the customer is content with them</p>
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	6.18 Regularly review and adapt repayment plans as a customer's situation changes
<b>Reason</b>	<p>The UK Government's <a href="#">Inclusive Economy Partnership (IEP)</a> cross sector code of best practice for debt collection and recovery, includes the following principles that are relevant to our new expectations:</p> <ul style="list-style-type: none"><li>• Clearly communicate information that helps customers understand next steps without jargon.</li><li>• Regularly review and adapt repayment plans as the customer's situation changes.</li></ul> <p>Water companies should check customers fully understand their repayment plans and are content with how they are working. Repayment plans should also be regularly reviewed to continue to encourage customers to pay and take account of changes to their circumstances.</p> <p>CCW's independent review of water affordability noted that: "...it's important for water companies to consider each customer's circumstances holistically, taking the time to understand the factors influencing their personal situation before tailoring support solutions that meet their individual needs".</p> <p>CCW also note: "There are several barriers preventing customers accessing the support they need. Firstly, the range of methods and channels available can make it difficult for people to find the support they need quickly and easily. This can then be compounded by additional factors such as lack of trust, a fear of form filling, low levels of literacy, language barriers and disabilities. There are also certain groups within society who find it more difficult to access information about financial support. This includes people in minority ethnic groups, those with language barriers, disabled people and those with lower-level literacy skills, and this review recognises that more needs to be done to ensure they can access the help they need".</p>

## **Re-engage with customers over missed instalments and make sure follow up action is proportionate**

<b>NEW</b>	6.22 Make efforts to re-engage with the customer after an initial occurrence of a failed repayment arrangement
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<b>Reason</b>	<p>Customers that have debt repayment plans may need help to continue to stick with their plans. Companies should seek to reengage them rather than automatically take action against them.</p> <p>CCW's independent review of water affordability noted that: "When things go wrong and a customer ends up owing money to their water company, they can often be nervous of contacting their company for support for fear of being judged, or that they will be required to repay the debt in full even though their circumstances do not allow it. Many customers also still aren't aware that their water cannot be disconnected, and so fear they could lose access to the service if the company becomes aware they owe money".</p> <p>CCW also note: "...it's important for water companies to consider each customer's circumstances holistically, taking the time to understand the factors influencing their personal situation before tailoring support solutions that meet their individual needs".</p> <p>This applies even more acutely to customers who have previously been provided help – but for personal reasons, they are not able to meet repayments.</p> <p>The UK Government's <a href="#">Inclusive Economy Partnership (IEP)</a> cross sector code of best practice for debt collection and recovery, includes the principle that companies should "Identify and support customers who may be in financial distress or who fall into difficulty with debt repayments".</p>
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## For customers facing debt recovery action

### 7. Treat customers facing debt recovery by debt recovery agents with care

#### Treat customers facing debt recovery action fairly

<b>NEW</b>	7.1 Treat customers facing debt recovery action with care, sensitivity and the same quality of service as other customers – regardless of their payment and debt history.
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<b>Reason</b>	<p>Concerns have been raised about <a href="#">aggressive enforcement practices across all sectors of the economy</a>. Water companies should ensure they treat customers facing debt recovery action fairly.</p> <p>CCW's independent review of water affordability also noted that: "Some respondents to the review's call for evidence indicated that current approaches to debt enforcement in water – such as High Court Enforcement – can be too 'heavy-handed', and called for these to be reviewed. Certainly, processes aren't aligned between different departments within companies – including teams that deal with vulnerable customers – meaning that some people who need additional help could end up facing greater challenge."</p> <p>The UK Government's <a href="#">Inclusive Economy Partnership (IEP)</a> code of best practice for debt collection and recovery across different sectors includes the following principles.</p> <ul style="list-style-type: none"><li>• Use enforcement action as a last resort.</li><li>• Exclude known customers in vulnerable circumstances from any form of enforcement action where appropriate.</li><li>• Limit or remove the use of enforcement activity such as enforcement agents, unless circumstances require.</li><li>• Discretionary fees and charges for enforcement action applied should be proportionate to the original debt.</li></ul>
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## Allow customers to raise disputes involving the agent with the water company

<b>NEW</b>	<p>7.12 Make sure that customers who are unhappy with the way the agent has dealt with them are:</p> <ul style="list-style-type: none"><li>• aware that they can raise their concerns directly with the water company;</li><li>• how they can do this; and</li><li>• that it is easy for them to do so.</li></ul>
<b>Reason</b>	<p>Concerns have been raised about <a href="#">aggressive enforcement practices across all sectors of the economy</a>. Water companies should ensure they allow customers a way to raise issues about the debt management agents they use.</p>

**Ofwat (The Water Services Regulation Authority)  
is a non-ministerial government department.  
We regulate the water sector in England and Wales.**

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