

Guidelines for water companies in supporting residential customers pay their bill, access help and repay debts: a consultation

Southern Water response

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from
**Southern
Water** 

Southern Water welcomes this consultation and the move to update the guidelines. The financial circumstances of many of our customers will have changed significantly over the last couple of years and it is important that the guidelines reflect the different economic environment. Overall we very much support the focus on improving customer service, making it easier for all customers to pay bills and providing the right help for those customers struggling with debt. We also welcome the approach of allowing companies flexibility to design our own approaches with a framework rather than being too directive.

Our responses to the specific questions asked are below.

Do our guidelines strike the right balance between offering sufficient protection and support for individual customers, while allowing companies flexibility to recover revenue for the benefit of all customers?

We are supportive of the need to strike a balance between supporting and protecting customers whilst still seeking to recover revenue. It is important that we are fair to all of our customers, including those who are “good” payers. The guidelines in this space seem broadly appropriate but there is a need to assess the practicability of individual guidelines. For example it would not be possible (in a resource efficient way) to check every single debtor’s account to assess whether their debt is legitimate (new guideline 6.1). We consider that the key elements in this area are communicating clearly about the debt, informing customers about the help available to them and encouraging them to reach out (either directly to Southern Water or other organisations who can provide support with financial difficulties) and then reacting very clearly to any concerns or queries raised by customers about their debt.

What impact do you think our guidelines will have on customer experiences in terms of payment, help and debt?

From a Southern Water perspective we are already implementing many of the new guidelines but we are always looking to improve and these guidelines do helpfully identify additional areas where we can make changes to help improve customer experience. As a package we think that the guidelines will have a positive impact on customer experience of payment, help and debt.

Are the minimum service expectations set out in the guidelines appropriate?

Overall the minimum service expectations seem entirely reasonable – we are following the majority of them already and on the odd occasion this isn’t the case, we are already moving in the right direction. It is important that the whole industry is meeting those expectations to ensure all water company customers are receiving good levels of service and therefore improve the overall reputation of the industry. This is particularly important in areas like Southern Water’s where we overlap with several other water companies and are keen that our customers are receiving the same levels of service from their other water services provider.

Do any need to be added, removed or changed?

We feel that new guidelines 6.1 and 6.17 would place an unreasonable burden on water companies as contacting every customer in debt or checking satisfaction of all customers on payment plans would require a significant outbound contact level. As mentioned in response to the first question, we consider that the key elements in this area are communicating clearly, informing customers about the help available to them and encouraging them to reach out (either directly to Southern Water or other organisations who can provide support with financial difficulties) and then reacting very clearly to any concerns or queries raised by customers about their debt or payment plan.

How can we encourage consistency of approach across the sector?

Consistency of approach across the sector is important to ensure fairness for all water customers and avoid any “postcode lottery” scenarios where customers receive a better/worse service simply because of their geographic location. There will always be some differences given the differing characteristics of the customer bases served by individual companies, but these would not take away from a generally consistent approach to adhering to the guidelines. The publication of good practice and encouragement by Ofwat of water companies to share their approaches would be helpful steps in encouraging consistency. We have found that some companies can be reluctant to share information about their approaches to elements of their customer services.

Our expectations for companies to 'Show customers how their views on billing, payment and support are encouraging improvements to services' (see expectations 1.24 to 1.30) include companies reporting on the findings of their customer research. We would welcome views on whether this is appropriate – and (if so) the format and frequency.

We very much support the proposed increased focus of customer insight on billing, payment and support arrangements. These are critical areas of the customer experience and, as such, merit a higher profile in customer insight strategies. We do, however, have concerns about some of the guidelines around the reporting of the research. Our own experience suggests that most customers aren't particularly interested in reading reports on customer insight research. A short synopsis of insight that is applicable in several areas might be more appropriate, particularly where it can be presented in an easily understood format. It is also worth noting that significantly increasing the resource efforts related to publication could have the adverse consequence of deterring companies from undertaking the insight in the first place.

Whatever the final recommendation in this area is, we would welcome the opportunity to co-create our approach to developing improved insight in these areas and publication or dissemination arrangements for that insight with our customer panels so that we ensure it is right for our customers.

We have had feedback and received customer testimonies that companies can sometimes quickly move from payment prompts to debt recovery action. Should companies give three prompts rather than two (see expectation 4.9) for customers to contact their company? We would also welcome views on whether companies should send prompts by different means to avoid errors in contact details causing customers to fall into debt unnecessarily.

Our view is that two prompts (if one of them is the bill) is too few. We have three formal letters that issue after our final bill is sent before moving to debt recovery and between those letters issuing we will try to contact customers by phone, email or SMS (depending on the contact details they provided). It is important for companies to try different communication channels in order to have the best chance of contacting a customer and provide any support they need. In 2020 Southern Water introduced a tailored collections strategy which personalises prompts and communications according to customer characteristics, preferences and previous payment and engagement behaviour. We feel that this tailored approach significantly improves the chances of communicating with our customers in a way that resonates with them and is likely to elicit a response that then allows us to provide them with any help or support required.

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