

July 2021

**Covid-19 and the business retail  
market: Proposal to amend a  
Customer Protection Code Change  
Proposal – CP0010 – a consultation**

## Contents

1. About this document	2
2. Code governance arrangements and modification	3
3. Responding to this consultation	4
4. Background to the proposal	5
5. Evidence considered	7
6. The proposal	12
7. Reasons for the proposed change	14
8. Proposed decision on the date of implementation	17
9. Consultation questions	18
10. Conclusion and next steps	20
Appendix 1 – Legal drafting	21

## 1. About this document

The [Customer Protection Code of Practice](#) (“**CPCoP**”) sets out the minimum standards that all Retailers must comply with in their dealings with Non-Household Customers. It also sets out the minimum standards of behaviour that we expect from Retailers, and compliance is a requirement of Retailers’ licences which is ultimately enforceable by Ofwat.

This document sets out, for consultation, Ofwat’s proposal to make a change to the CPCoP. The proposed amendments to the CPCoP are intended to deliver greater protections for those Non-Household Customers who have accrued credit against their accounts, for example through pre-payment for services and deposits, including where the Retailer has exited the market or the customers’ account has been closed. When we refer to an “account closure” throughout this consultation, this can relate to a range of different scenarios where the customer has stopped being served by a Retailer. For example, this can mean where a customer has switched to another Retailer. It can also mean where a customer has ceased trading and the business premises has completely closed.

The policy aim of this Change Proposal is to provide additional protections to non-household customers in relation to credit – including in the event of a Retailer failure or in the event of a customer account closure.

The Change Proposal aims to deliver greater protections for non-household customers by:

- a) Ensuring that customers have an appropriate level of awareness of the risk to their credit balances held by Retailers;
- b) Increasing customer awareness of the amount of Credit they have built up and of the alternative options available to them; and
- c) Requiring Retailers, where they can do so, to refund credit balances to customers.

We have previously discussed introducing a data reporting requirement so that we can better understand the extent and scope of customer credit being held by Retailers in the market. There are several issues that require further review before we look at implementing such a reporting requirement and we will consult with industry in due course when we have considered this further.

In this document, we use the terms ‘Ofwat’ and ‘the Authority’ interchangeably.

## 2. Code governance arrangements and modification

This consultation on the proposed decision to amend the Change Proposal has been issued in accordance with section 5.2.2 of the CPCoP. After this consultation has concluded, responses will be considered, and a final decision will be made as soon as reasonably practicable.

In accordance with section 5.2.4 of the CPCoP, our final decision shall include:

- The reasons for the proposed change
- The scope and impact of the potential change, including consideration of potential risks
- An evaluation against our statutory duties and the Code Principles
- Any relevant evidence considered (including consultation responses received)
- Implementation timescales, which will take into account the likely impact on Retailer's existing systems and processes; and
- The date from which the change will take effect.

### Urgency of the proposal

Section 5.2.2 of the CPCoP provides that consultations under this section should generally be for a minimum of 28 calendar days, except in the case of urgency. Given our desire to obtain a full and substantive response to the proposals set out in this consultation we shall be consulting on our proposed decision for 35 calendar days.

### 3. Responding to this consultation

We welcome your views on the questions detailed in section 7 of this document by **5pm on 9 August 2021**.

Please submit email responses to [CPCOPcodechange@ofwat.gov.uk](mailto:CPCOPcodechange@ofwat.gov.uk), with the subject '**CPCoP consultation – CP0010**'. Due to the pandemic, we are currently unable to accept responses by post.

We may publish responses to this consultation on our website at [www.ofwat.gov.uk](http://www.ofwat.gov.uk), unless you indicate that you would like your response to remain unpublished. Information provided in response to this consultation, including personal data, may be published or disclosed in accordance with access to information legislation – primarily the Freedom of Information Act 2000 (FoIA), the General Data Protection Regulation, the Data Protection Act 2018, and the Environmental Information Regulations 2004. For further information on how we process personal data please see our [Privacy Policy](#).

If you would like the information that you provide to be treated as confidential, please be aware that, under the FoIA, there is a statutory 'Code of Practice' which deals, among other things, with obligations of confidence. In view of this, it would be helpful if you could explain to us why you regard the information you have provided as confidential. If we receive a request for disclosure of the information, we will take full account of your explanation, but we cannot give an assurance that we can maintain confidentiality in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on Ofwat.

## 4. Background to the proposal

To enable the opening of the business retail market, changes were made to the Water Industry Act 1991 which included a requirement for Ofwat to issue, amongst other things, an Interim Supply Code<sup>1</sup>. The Interim Supply Code sets out arrangements to address circumstances where a Retailer is no longer able to provide retail services to its customers, for example where it has exited the market due to insolvency. Where this happens, Ofwat will transfer affected customers at relevant premises to an alternative Retailer to ensure continuity of retail services (an ‘interim supply event’).

To date, there have been two Retailers<sup>2</sup> who have made an unplanned exit from the business retail market and Ofwat has been required to use its powers under the Interim Supply Code to transfer affected customers. While market entry and exit can be a sign of a well-functioning market, these interim supply events have highlighted concerns about whether customers are sufficiently protected in the event of a Retailer exit and have an appropriate level of awareness of the risk to their credit balances held by Retailers, including for example credit on account for the pre-payment of services and deposits.

In the event of an unplanned Retailer exit and insolvency, customer credit balances that are due to non-household customers may be at risk of being partially or wholly forfeited as there is currently no mechanism in place to ensure the recovery (partially or otherwise) of this money. This risks not only customers’ money, but also potentially risks lowering consumer confidence in the market.

We held a workshop with Retailers and the Consumer Council for Water (CCW) in October 2019 to explore potential options for protecting customer credit balances. We also issued a Request for Information (RFI) to Retailers in October 2019 to help us to understand the potential extent of customer monies that could be impacted by a disorderly Retailer exit from the business retail market. The data we received in response to our RFI suggested that, as of 30 September 2019, the total amount of credit held by Retailers was over £100m. The data also suggested that approximately 15% of this credit was associated with Retailers’ former customers. Some Retailers advised us that this credit related to changes in addresses where they didn’t hold forwarding details for former customers.

We acknowledge that there are benefits to customers having credit against their accounts. For example, we are aware that some customers can secure a better deal with their Retailer by paying in advance for services. Alternatively, it can provide some customers with a

---

<sup>1</sup>Interim Supply Code, Ofwat, September 2020 <https://www.ofwat.gov.uk/publication/interim-supply-code>

<sup>2</sup>Aquaflow in 2019 and Tor Water in 2020

preferable way to manage their bills over a year. However, we consider that the data we received in response to our October RFI identified some possible gaps in customer protection that need to be addressed. Retailers are not currently obliged to return credit balances to their customers upon account closure. We also consider that the potential for credit not to be returned to customers might be compounded by the lack of customer awareness of credit balances. At present, Retailers are not required to keep their customers informed where credit has built up against their account.

Due to the impacts of Covid-19, we were forced to pause our work on this issue in 2020. In April 2021, we resumed this work and issued a [call for information](#) (CFI) seeking views from stakeholders about the current arrangements for protecting customer money held by Retailers in the business retail market. The responses we received to the CFI are summarised in section 5.

## 5. Evidence considered

Our CFI closed on 30 April 2021. In total, we received eight responses, from seven Retailers and CCW. In the CFI we invited stakeholders to provide a view on the following hypothesis that we had formed.

### **In the business retail market, a number of customers are unknowingly placing their money at risk and consequently are not taking appropriate mitigating actions to protect it**

Most Retailers disagreed with this hypothesis and didn't consider that their customers' credit balances are at risk. Several argued that business customers are different from domestic customers, more engaged with decision making and aware of the risks of agreeing contracts in a market.

CCW noted that it didn't have evidence to support this hypothesis but pointed to the joint customer research undertaken with Ofwat in 2020<sup>3</sup>, which identified that 42% of business customers remain unaware that they can choose their Retailer. CCW considered that customers who lack awareness of the options available to them may find themselves taking, or accepting, payment options they may not have if they were fully informed of the choices available to them.

### **We asked Retailers to confirm what policies they have in place in respect of requiring customers to pay in advance or otherwise lodge credit with them and how many customers are affected by each policy**

Many of the Retailers that responded to the CFI provide advance billing for unmeasured customers (at least 117,000 customers across 5 Retailers). It was noted that these were typically customers that were inherited from Wholesalers at market opening and are currently on the Retailer's default scheme of terms and conditions. It was noted that these customers' payment arrangements have been maintained as per the requirements of section 29(7) of the Retail Exit Regulations<sup>4</sup>.

Outside of the context of unmeasured customers who are currently on Retailers' default scheme of terms and conditions, we noted that just two of the Retailers who responded actively pursue advance payment from customers. One Retailer only served their customers on this basis while another Retailer offered advanced billing within its range of payment terms.

The data submitted suggests that at least 300,000 customers are on some form of advanced billing arrangement with the seven Retailers who responded. What the data submitted didn't tell us was how much customer credit each Retailer is currently holding.

---

<sup>3</sup> [BMG - Non-household Customer Insight Survey 2020](#)

<sup>4</sup> [The Water and Sewerage Undertakers \(Exit from Non-household Retail Market\) Regulations 2016](#)

CCW noted that its complaints data and engagement with Retailers suggests there are a large number of business customers being charged in advance on default tariffs. CCW consider that this could be resulting in a substantial amount of credit being accrued by Retailers via customers on those accounts.

**We asked Retailers to what extent are customers made aware that their money may be at risk and of their option to negotiate alternative payment terms or switch to an alternative retailer?**

None of the Retailers suggested that they take a proactive approach in communicating this risk to their customers. Though the responses suggested that several Retailers use billing information and other means of contact to advise customers that alternative payment terms are available and/or of their right to switch to another Retailer at any time. Several Retailers voiced concern that over emphasising the risk of losing credit in the event of an unplanned Retailer exit could have an adverse impact on customer behaviours and the reputation of the market. One Retailer noted that if customers have a limited understanding of the financial position of Retailers such an approach could lower customer confidence in the market.

CCW noted that it had not seen evidence that customers are being advised on the risks of accruing credit against their account. CCW considers that where alternative payment terms are available this information is not widely publicised to customers. It raised the concern that the combination of both factors could be increasing the risks to those customers in the event of an unplanned retailer exit.

**We asked Retailers to what extent do issues around the volume of customer credit balances – and the availability and reliability of data about this – influence the willingness and/or approach of Retailers when considering whether to opt-in to the interim supply process?**

Most of the Retailers who responded indicated that they would be reluctant to enter the interim supply process if they were obligated to honour the previous Retailers' customer credit balances. However, several Retailers also suggested that they were already reluctant to enter the existing process in its current form.

**Recommended approaches highlighted in the CFI**

The CFI highlighted two potential remedies that we intended to explore in the near term, which were to:

- Introduce a regular data reporting requirement to bring greater clarity around the amount and form of customer credit held by Retailers; and
- Improve customer awareness of the risks associated with building up a credit balance and ensuring that they understand what options are available (e.g., alternative payment options, switching to an alternative Retailer)

We also sought views on a range of other potential remedies that we weren't intending to proceed with in the immediate future but would keep under review. This included the concept of introducing an **obligation for Retailers to return a customer's credit balance upon the closure of the customer's account**.

### **The proposal to introduce a reporting requirement to bring greater clarity around the amount and form of customer credit held by Retailers**

Some support for this proposal was expressed by Retailers, but several highlighted concerns about how it may be difficult to ensure that the reports would provide consistent and comparable data. It was noted that credit balances can be influenced by a range of different factors and fluctuate considerably during the year. For example, one Retailer observed that Retailers operate to different billing cycles. It was suggested that the timing of any reporting submission would greatly influence the view on the amount of credit being held at any given time and not necessarily give a comparable or true understanding of the picture across the market.

CCW were very supportive of this proposal and suggested that reports should be submitted on a quarterly basis. However, some Retailers voiced concern about increasing their regulatory burden. Several thought that data should be submitted on an annual basis or incorporated as part of their existing regulatory returns.

In terms of the type of data Ofwat could request, a range of helpful suggestions were made, which included:

- The overall amount of customer credit being held by each Retailer
- The number of customers with credit balances
- How long different pots of customer credit have been held for
- The number of customers on payment arrangements that could lead to credit accruing
- A breakdown of all payment arrangements and policies Retailers offer with regard to advance payment
- Credit balances segregated into the following groups – pre-paid, unmeasured customers, security deposits and closed accounts with no forwarding details; and
- Value of any protected credit accounts/insurance amount.

### **The proposal to introduce a requirement for Retailers to better inform customers about any credit balances being at risk and their options to mitigate this risk**

Generally, Retailers didn't raise too many concerns about this proposal and some even expressed support. One Retailer suggested that improving customer awareness of credit balances would be the most effective measure to help mitigate the risk of customers not recovering credit following account closure or in the event of a Retailer failure. Several respondents agreed that this requirement could be implemented via changes to the CPCoP, whereupon Retailers could be obliged to advise pre-payment customers that any credit

accrued is not guaranteed should the Retailer become insolvent. Some thought that this should be highlighted at the negotiation stage and then on all bills.

Some Retailers voiced caution as to how this requirement is communicated to customers and noted the potential to cause customer panic and harm to the market. Though most respondents did see the benefit of generally improving customer awareness of their credit balance, advising them that alternative payment methods are available and ensuring that customers knew that they were entitled to a refund of credit.

CCW welcomed the suggested approach to require Retailers to set out clearly for their customers the risks arising from pre-payments and the alternative options available to them.

**The CFI also considered introducing a requirement for Retailers to return customer credit balances upon the closure of a customer's account.**

As noted above, this was not highlighted as one of the remedies that we proposed to take forward in the short term. However, we did not note significant concern raised from Retailers and many were supportive of this proposal in principle. CCW considered that where a customer has switched and is continuing to trade it saw no reason for an outgoing Retailer to retain credit. They suggested this balance should be reimbursed to a customer within 10 working days.

Several potential limitations to introducing a requirement were noted by Retailers, such as:

- Account closure and final consumption validations don't always happen at the same time. For example, a meter read could arrive at a later date which could mean that a bill needs to be adjusted and a refund issued to the customer
- Consideration should be given to complex accounts where there could be offsetting between multi-meter / multi-premise customers
- A time limit on reimbursement might not be practical where there is a disputed invoice
- Without the customer's bank details it would be difficult to initiate a refund
- An extended process involved in validating bank accounts for making refunds
- Where there may be unresolved bilateral issues, disputed reads, delayed allowance payments; and
- Where the customer has become insolvent and moved from a premise with no forwarding address.

We also asked stakeholders that when considering the proposed remedies, **is there a case for the different treatment of customers?** For example, depending on whether or not the customers have engaged in the market.

Most respondents considered that customers should not be treated differently based upon their level of engagement with the market. Though some suggested that there might be a case to treat larger and smaller customers differently. Several Retailers thought that

unmeasured customers who are currently on the Retailer's default scheme of terms and conditions shouldn't be considered as part of any remedies that Ofwat decides to pursue. One Retailer suggested that there are many unmeasured customers who have not engaged in the market who do not prepay and are not at risk. They argued that any remedy should be proportionate to the risk and targeted at any Retailers who are acting unreasonably.

## 6. The proposal

Following consideration of the CFI responses, we are proposing to update the CPCoP to:

**a) Ensure that customers have an appropriate level of awareness of the risk to their credit balances held by Retailers**

This Change Proposal will apply to any customers who are presently on advanced-payment terms or customers that may enter into such arrangements in the future.

Prior to the agreement of a new advanced-payment contract, and on future bills, customers are made aware of the risk to them potentially losing any credit they build up should their Retailer become insolvent.

For Customers already on pre-payment arrangements, the Change Proposal will require Retailers to advise them of this risk within 2 months of the CPCoP being updated and also on all future bills.

**b) Increasing customer awareness of the amount of credit they have built up and of the alternative options available to them.**

Throughout the customers' contract, Retailers will be required to clarify on bills the amount of credit a customer has accrued against their account. When doing so, Retailers must remind the customer of the other options available to them. We acknowledge that the options available will vary from Retailer to Retailer. As a minimum, customers should be advised that they could switch to an alternative Retailer if the terms offered are not satisfactory.

The Change Proposal will require Retailers to clarify what the credit relates to. For example, it could relate to a security deposit that the customer was required to pay when the contract was agreed. Alternatively, the customer may be able to reclaim the credit or use it to offset against future bills.

**c) Requiring Retailers, where they can do so, to refund credit balances to customers upon account closure.**

The Change Proposal will require Retailers to refund credit to customers within 10 working days of issuing the final bill.

The change proposal acknowledges that there may be circumstances where it could be difficult to make a refund to the customer and notes that Retailers are required to make refunds "where they can do so". We are, therefore, proposing that Retailers also

be required to retain a record of instances where the refund was made late or unsuccessful.

We acknowledge that the CFI responses have identified several issues that require further consideration before we look at implementing a data reporting requirement as part of the CPCoP. **We have therefore decided not to proceed with the data reporting element as part of this Change Proposal and will consult with industry in due course when we have considered this further.**

We consider that, in the best interests of customers, there remains a case for Ofwat to gather robust data around the number of customers on some form of advanced payment tariff or who otherwise have unsecured money held by Retailers. We also want to better understand the volume of customer credit that may be at risk across the market, both at an aggregate level and on an individual Retailer basis. We intend to continue to work with stakeholders to improve our understanding in this area. Within this consultation, we have included some additional questions for stakeholders to respond to which are intended to inform any data requests that we may issue to Retailers in the future.

A summary of our proposed amendments to the Change Proposal are set out below:

- **Section 7.1 of the CPCoP "Provision of information to Non-Household Customers about Terms and Conditions of Supply"** – proposed updates focussed on ensuring that customers are made aware of the risks associated with accruing credit against their account. The proposed updates are also intended to ensure that customers are made aware of alternative payment options (where applicable) and the amount of credit that they have accrued against their account.
- **Section 9 "Billing"** – proposed updates focussed on ensuring that where Retailers can do so, they refund credit balances to customers within 10 working days of issuing the final bill. The proposed updates will require Retailers to retain a log of instances where credit refunds were paid late or can't be made.

We have set out our proposed changes to the CPCoP in [Appendix 1](#).

## 7. Reasons for the proposed change

As noted in our April CFI, our own research<sup>5</sup> suggests that – as of early 2020 – just over 40% of customers were unaware that they have a choice of Retailer (and are therefore unaware of the existence of the market) and that most of these customers are smaller businesses<sup>6</sup>. We also know that many customers have not engaged with the market, either through switching Retailer or through seeking to renegotiate terms with their existing Retailer, with again smaller businesses disproportionately over-represented in this group. Coupled with a lack of awareness of insolvency law, we have concerns that some customers may be not be aware that any pre-payments or credit balances Retailers hold may be at risk in the event of that Retailer becoming insolvent. The evidence that we have received in response to our CFI suggests that most Retailers do not currently take proactive steps in advising their customers of this risk. Or that this risk could be mitigated by negotiating alternative terms and conditions or through switching to an alternative Retailer.

The evidence we received in response to our October 2019 RFI also identified that there may be a significant amount of credit that is not finding its way back to customers following account closure. It is possible that this might be partly down to customers not being aware that they are building up credit against their account while in contract. As noted from the CFI responses, one Retailer suggested that ensuring customers are better informed of the credit against their account would be the most effective way of mitigating the risk of customers not recovering credit upon account closure or in the event of a Retailer failure.

We consider, therefore, that there is a case for strengthening customer protections to ensure that customers have an appropriate level of awareness of their credit balances, the associated risks of building up credit against their accounts and the alternative options available to them.

We acknowledge that some Retailers voiced caution about inadvertently raising concern with customers and causing reputational harm to the market. The drafting that we have proposed as part of this Change Proposal is intended to strike a balance between improving customer awareness while not inadvertently raising unnecessary customer concern.

We note that some Retailers suggested that unmeasured customers that are currently on the Retailer's default scheme of terms and conditions, or those who have security deposits in place, should not be included as part of any remedy we introduce. Customers that transferred to Retailers on pre-market terms are not likely to be engaged with the market and are potentially unaware of terms and conditions that may be more preferable to them. We

---

<sup>5</sup> [State of the Market 2019-2020](#), Ofwat, August 2020

<sup>6</sup> 86% of business customers are companies with between 0-9 employees.

therefore consider that these customers may benefit most from the strengthened protections that we are proposing and the resulting increased level of Retailer engagement. On this basis, we do not consider that any specific customer groups should be excluded from this change proposal. The Change Proposal is relevant to any customers that have built up credit against their account and/or have entered into advance payment terms with their Retailer. For example, where the Change Proposal requires Retailers to clarify on bills the amount of credit a customer has accrued against their account, this is intended to include customers who pay in arrears but have accrued credit in the form of a security deposit, leakage allowance or retrospective billing adjustment.

After considering the evidence we have received in response to the April 2021 CFI and September 2019 RFI, we consider that Retailers should already be making proactive efforts to refund credit balances upon the closure of a customer's account. We therefore propose to update the CPCoP to expect Retailers to refund credit balances within 10 working days of issuing the final bill. We recognise that the CFI responses did identify some circumstances where Retailers might find it difficult to make a refund, either within 10 working days or at all. For example, where a customer has moved on from their address but did not provide forwarding details. We consider that the legal drafting relating to this Change Proposal does account for circumstances where making a refund might not be straightforward for the Retailer. The Change Proposal therefore will require Retailers to maintain a log of instances where credit refunds cannot be made within 10 working days of issuing the final bill. We consider that each Retailers log should clarify the reason why the refund was late or unsuccessful. These logs may also be requested as part of any data reporting requirement that we decide to implement in the future. For clarity, if Retailers miss the 10 day deadline, they should still make efforts to refund credit balances to customers where they can do so.

### **Impact on Customers & Retailers**

The Authority considers that this Change Proposal will have a positive impact on Non-Household customers, especially those who pay-in-advance, by increasing their awareness of the risks associated with accruing credit against their accounts. The Change Proposal will also ensure that these customers have a greater awareness of the alternative payment terms and options available to them, which may be more suited to their individual needs. As noted above, the proposed change should improve market awareness and engagement, including for those customers who are currently on the Retailer's default scheme of terms and conditions. The Change Proposal should also have a positive impact on customers by ensuring that credit balances are repaid to them upon the closure of their account.

The Authority recognises that Retailers may need to implement system changes to meet the updated requirements of the CPCoP (if implemented) and ensure that the necessary

information is communicated to customers. We have accommodated for these potential system changes in our proposed implementation timetable.

### **Code Principles**

The Proposer considers that this Change Proposal is consistent with the following Principles of the CPCoP:

4.1.1 – ‘Retailers shall be fair, transparent and honest; while putting the customer at the heart of their business.’

4.1.2 – ‘Communication with Non-Household Customers shall be in plain and clear language’.

4.1.3 – ‘Retailers shall ensure they provide appropriate and timely information to Non-Household Customers to enable them to make informed choices’.

## **8. Proposed decision on the date of implementation**

We propose that the implementation date for this change will be one month after the date of our decision. We propose publishing an updated version of the CPCoP on the same day as our decision document, with the updated version of the CPCoP coming into effect on the same day as our decision document.

We have considered the potential impact on Retailers' existing systems and processes and acknowledge that some system changes will likely be required to enable Retailers to comply with the updated requirements of the CPCoP. Subject to views provided in response to this consultation, we consider that the proposed implementation date provides sufficient time for any necessary changes to be completed.

## 9. Consultation questions

The questions we would welcome responses to in relation to our proposed decision are detailed below. Where appropriate, answers should be supported with evidence.

1. What are your views on the extent to which the following will achieve our policy aims (and if not, what changes would you suggest making to ensure that it does):

- a) Ensuring that customers have an appropriate level of awareness of the risk to their credit balances held by Retailers
- b) Increasing customer awareness of the amount of Credit they have built up and also of the alternative options available to them
- c) Retailers – where they can do so – are required to refund credit balances to customers upon account closure; and
- d) Retailers will be required to retain a record of instances where they have not been able to refund credit to a customer within 10 working days of issuing the final bill.

2. We would welcome the views of respondents on:

- a) The benefits, costs and associated risks of implementing the Change Proposal within the proposed timeframe
- b) The scope and operational impact of the Change Proposal; and
- c) Whether the Change Proposal is in line with the Principles of the CPCoP and consistent with our statutory duties<sup>7</sup>.

3. In section 5 (page 9), we listed some examples of data that Ofwat could request to fully understand the extent and scope of customer credit being held by Retailers. We would welcome further thoughts from stakeholders on:

- a) The data that respondents suggested that Ofwat could request from Retailers
- b) If there is anything missing from this list; and
- c) How frequently should data be requested to provide Ofwat with an accurate understanding of the extent and scope of customer credit being held by Retailers.

---

<sup>7</sup> Under [section 2 of the Water Industry Act 1991](#), we must carry out our prescribed powers and functions.

4. Do you have any comments on our proposed implementation date?
  
5. Do you have any other comments on the draft legal text that seeks to give effect to our proposed changes to the CPCoP as set out in Appendix 1?

## 10. Conclusion and next steps

The consultation on the Change Proposal will close at **5pm on 9 August 2021**.

Following the closure of this consultation, we will consider responses prior to issuing our final decision. See section 3 of this document for details about how to respond to this consultation.

We will endeavour to make the decision on the Change Proposal as soon as practicable following closure of this consultation.

## Appendix 1 – Legal drafting

### Section 7. Provision of information by a Retailer to its Non-Household Customers

#### 7.1.9. "Information relating to Credit Balances"

- a) Where a customer has agreed to pay for services in advance, the Retailer is required to advise the customer ahead of agreeing the terms and conditions of supply, and on all future bills, that they could potentially lose any credit accrued against their account should the Retailer become insolvent.

Retailers are required to include the following standard text when communicating this information to their customers:

*In the unlikely event that your Retailer goes out of business, Ofwat's Interim Supply arrangements will make sure you'll be allocated a new Retailer and continue to receive a water and sewerage supply. However, customers should be aware that any credit they have accrued for services that have not yet been delivered might not be recoverable should their Retailer become insolvent.*

- b) For customers that are already on payment in advance terms, Retailers are required to provide the above information to the customer in writing within 2 months of the CPCoP being updated.

7.1.10 Where a customer has accrued credit against their account Retailers are required to prominently communicate the following information to the customer when issuing a bill:

- a) the amount of credit that they have accrued against their account
- b) what the credit relates to (e.g., Security deposit, an allowance refund, money paid in advance of services delivered, etc.).
- c) the customer can contact the Retailer should they wish to explore alternative payment terms (if available); and
- d) customers can switch to an alternative Retailer if they are not satisfied with the terms on offer.

### Section 9. Billing

9.2.5 Any final bill to be issued to a Non-Household Customer shall be issued within six weeks of the earlier of the Transfer or the termination or expiry of the Terms and Conditions of Supply.

9.2.6. Retailers, where they can do so, are required to refund credit balances within 10 working days of issuing the final bill, as per the conditions under section 9.2.5.

Retailers are required to retain a log of instances where they have not been able to refund credit balances within 10 working days of the final bill being issued. Each Retailer's log should clarify the reason why the refund was late or unsuccessful.

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

Ofwat  
Centre City Tower  
7 Hill Street  
Birmingham B5 4UA  
Phone: 0121 644 7500

© Crown copyright 2021

This publication is licensed under the terms of the Open Government Licence v3.0 except where otherwise stated. To view this licence, visit [nationalarchives.gov.uk/doc/open-government-licence/version/3](https://nationalarchives.gov.uk/doc/open-government-licence/version/3).

Where we have identified any third party copyright information, you will need to obtain permission from the copyright holders concerned.

This document is also available from our website at [www.ofwat.gov.uk](https://www.ofwat.gov.uk).

Any enquiries regarding this publication should be sent to [mailbox@ofwat.gov.uk](mailto:mailbox@ofwat.gov.uk).

**OGL**