

May 2022

Cost of living

Water customers' experiences



ofwat

Foreword



Ofwat's strategy, [Time to act, together](#), identifies the need for Ofwat to listen to customers more directly and to improve the body of evidence on people's attitudes and experiences.

This report looks at customers' experiences with household bills, particularly water bills, and views on value for money. The findings show an increase in the proportion of customers struggling to pay household bills.

The headline findings include:

- Half of water bill payers report having struggled to pay some household bills over the last year.
- Just over half of bill payers believe they will struggle to pay a utility bill over the coming year.
- Six in ten bill payers expect their financial situation to get worse over the coming year.
- Two in ten bill payers are concerned about the cost of water, compared to six in ten concerned about the cost of gas/heating.
- Approximately three in ten bill payers are aware that water companies can provide financial support to those struggling with bills.

The research also shows a strong correlation between people's financial circumstances and their day-to-day wellbeing.

This research builds on our 2021 [Listen, Care, Share conversation](#). At that time, we identified eight ways in which water companies could improve outcomes for customers:

- Increase visibility: ensure customers know that support is available.
- Be proactive: look for those who are struggling.
- Communication style: communicate in a way that people understand and that is empathetic.
- Accessing support: keep as simple as possible.
- Customer journey: tailoring interactions.
- Partnerships: work with others to provide support.
- Knowledge: make better use of data.
- Share: tell others about what works.

It is important for companies to continue to review the support available for customers. The total cost of utility bills, as a proportion of income, will dramatically increase this year – so the pressures on customers will grow. Indeed, they will have already grown since the interviews for this research were conducted in late March 2022.

The research shows that only a minority of customers are aware of the financial support companies can provide. We would like to see greater awareness of this, particularly among those who are struggling with bills. We will continue to monitor the take up of social tariffs through each company's annual performance report.

We will continue to monitor how cost of living changes impact customers, including the extent to which customers struggle to pay household bills and, in particular, water bills.

A handwritten signature in blue ink, appearing to read 'Claire Forbes'.

**Dr Claire Forbes, Senior Director
of Corporate Communications, Ofwat**

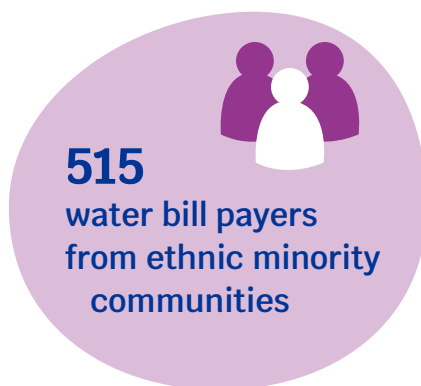
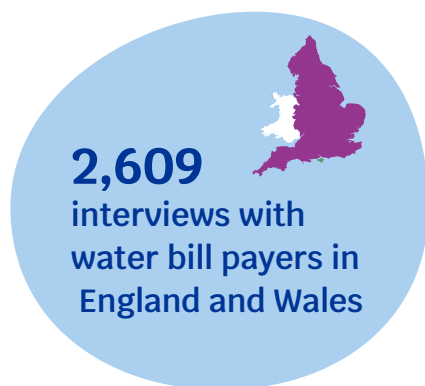
Introduction

This report looks at the experiences of water bill payers in England and Wales in relation to paying bills and perceptions of value for money.

Two years on from the first Covid-19 lockdowns, and at the start of what is known as a cost of living crisis, this report sets out data on bill payers' financial circumstances and the proportion facing pressures from household bills. It then looks at the impact this has on people's wellbeing and day-to-day experiences.

The findings in this report are taken from an online survey by Savanta conducted between 25 March and 1 April 2022. This includes:

- A survey of 2,306 water bill payers in England and Wales. The sample includes 1,911 respondents in England and 395 water bill payers in Wales. The data was weighted by gender, age, and region to be nationally representative.
- A booster sample of 303 water bill payers from ethnic minority communities in England and Wales.



The data used in this report is mostly taken from the main sample of bill payers in England and Wales (base: 2,306). However, data that looks at differences by ethnicity includes the ethnic minority booster sample together with the ethnic minority respondents from the main survey, making a total base of 515 respondents.

The report looks at how bill payers' financial circumstances have changed since [Ofwat's Listen, Care, Share research](#), which was conducted in March 2021. It also considers changes since the research for CCW and Ofwat's [Customer Spotlight report](#), which was conducted in late 2021.

The report sets out data on:

- paying bills;
- actions to manage bills;
- current bills;
- financial support;
- expectations;
- value for money;
- wellbeing.

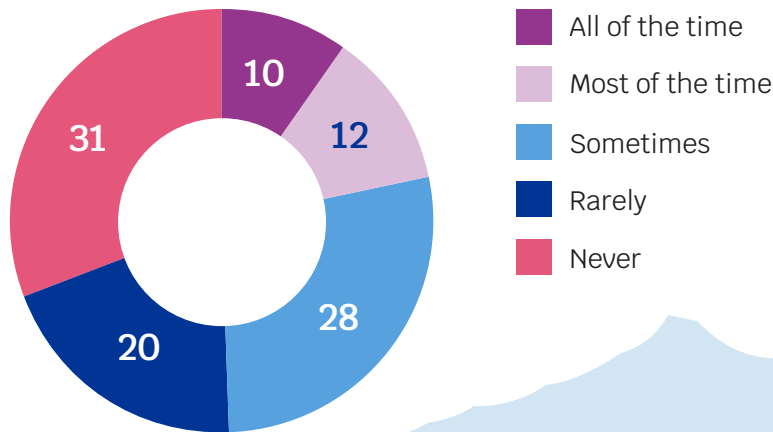
Full data tables can also be downloaded from [Ofwat's website](#).

Paying bills

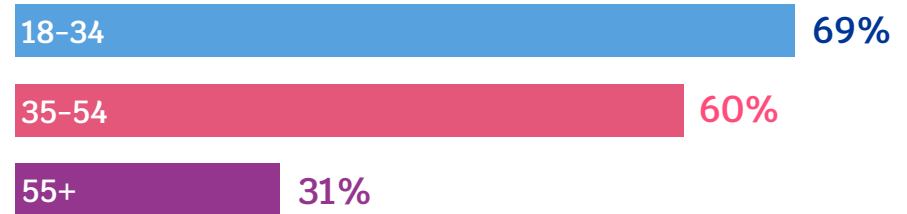
Half of water bill payers (50%) reported they have struggled to pay one or more household bills fairly frequently over the past year. This includes the 22% of bill payers who reported struggling to pay bills all or most of the time over the past year.

Younger people were more likely to report struggling with bills all or most of the time (34%), as were those with children under 18 in the home (35%).

Half of customers reported struggling to pay household bills 'sometimes' or more often over the last year



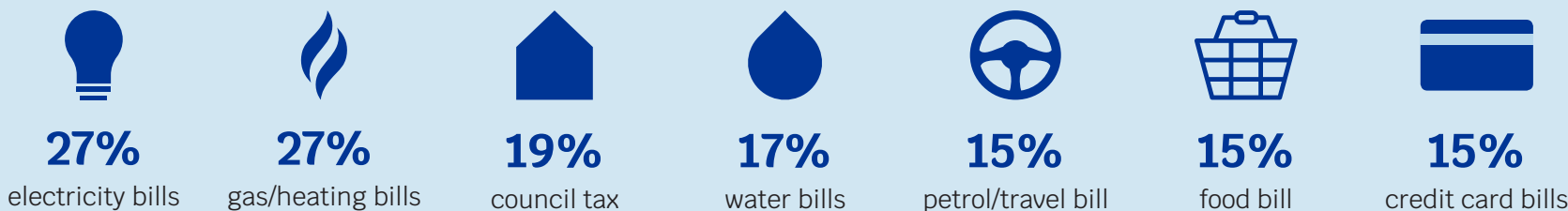
Younger people were more likely to report struggling to pay bills 'sometimes' or more often over the last year



The findings show more customers struggling with bills than in late 2021. CCW and Ofwat's [Customer Spotlight](#) research found 12% of respondents struggling with household bills 'all of the time' or 'most of the time'. The proportion who reported never struggling with a bill fell from 44% in late 2021 to 31% in March 2022.

Bill payers were most likely to have struggled with paying utility bills and council tax. More than a quarter of all bill payers struggled to pay electricity bills (27%), and gas/heating bills (27%) over the last year. One in six bill payers (17%) struggled to pay water bills.

The percentage of customers who struggled with specific household bills



Bill payers were most likely to be struggling with utility bills and council tax

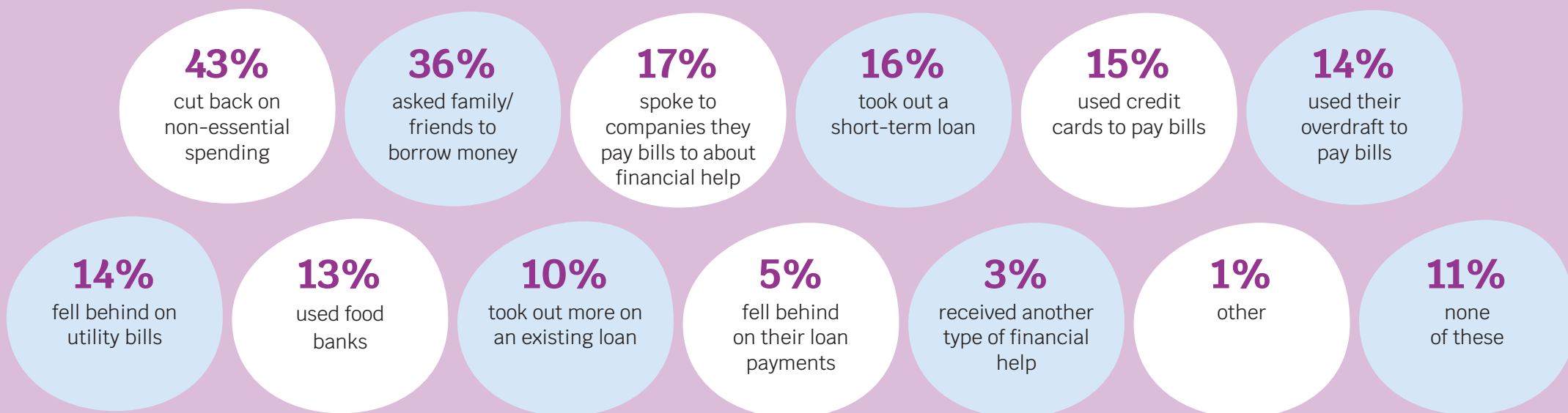
Base: All respondents (2,306)

Actions to manage bills

Customers reported taking various actions over the past year to manage paying household bills. The data below looks at the steps taken by the 50% of billpayers who reported struggling to pay household bills ('all of the time', 'most of the time', or 'sometimes').

More than a third (36%) asked family or friends to borrow money. This rises to half (51%) of bill payers who struggled to pay bills 'all of the time'. More than one in seven of those who struggled to pay household bills used credit cards to pay bills (15%), with a similar proportion taking out a short term loan (16%).

What people do to manage bills: those who struggled to pay household bills 'sometimes' or more often



Base: People who struggled to pay bills (all of the time, most of the time, sometimes) (1,136).
People who struggled all of the time (224). People who struggled most of the time (273).

Current bills

When bill payers were asked what they were currently struggling to pay, 15% reported struggling with water bills. This is slightly lower than the percentage who struggled with water bills over the past year (17%). This may be partly a consequence of water bills being more infrequent than some bills – so some respondents were not paying these bills at the time of the survey.

Respondents were more likely to report struggling with those bills that have risen recently – petrol/travel, gas/heating, electricity, food shop and council tax.

Three-quarters (76%) of those bill payers who said they were currently struggling with their water bill reported they often have to choose between expenses to afford to pay bills (for example, choosing the water bill over broadband, or choosing to pay rent over paying a phone bill). Three in ten (29%) reported having to do this very often.

A fifth of bill payers reported being concerned about the cost of water (scoring at least eight out of ten on a ten-point scale). This is significantly lower than reported concern for electricity, gas/heating, and petrol/travel costs.

There were some differences by ethnicity. A third of Asian respondents reported concern with the cost of water (33%), compared with 23% of Black respondents and 20% of White respondents.










Base: Bill payers currently struggling with water bill (339). All respondents (2,306).

Yes, I am struggling to pay



No, I am not struggling to pay



 Petrol/travel	30%	64%
 Gas/heating	29%	66%
 Electricity	27%	68%
 Food shop	24%	72%
 Council tax	23%	73%
 Mortgage/rent	15%	79%
 Water	15%	80%
 Broadband	11%	84%
 Phone (mobile)	10%	86%
 Phone (landline)	8%	84%

Bill payers were much less likely to report being concerned about the cost of water compared to...

20% are concerned with the cost of water



58%

electricity



61%

gas/heating



48%

petrol/travel



14%

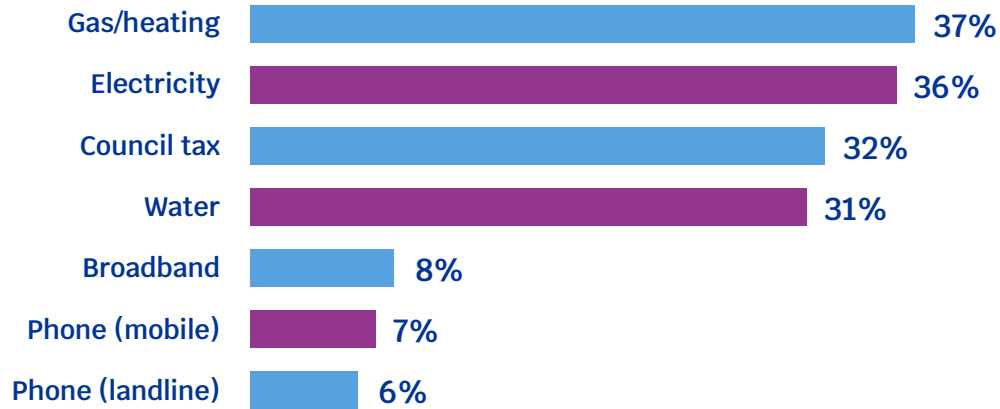
broadband

Financial support

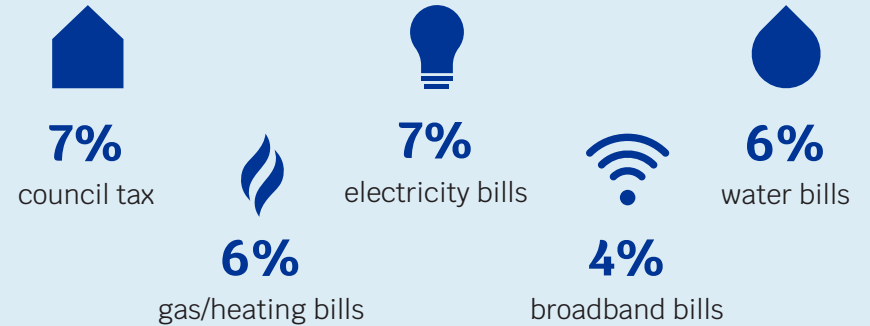
Base: All respondents (2,306). People struggling to pay bills (all of the time, most of the time, sometimes) (1,136).

There was fairly low awareness of utilities providing financial support to those struggling to pay their bills

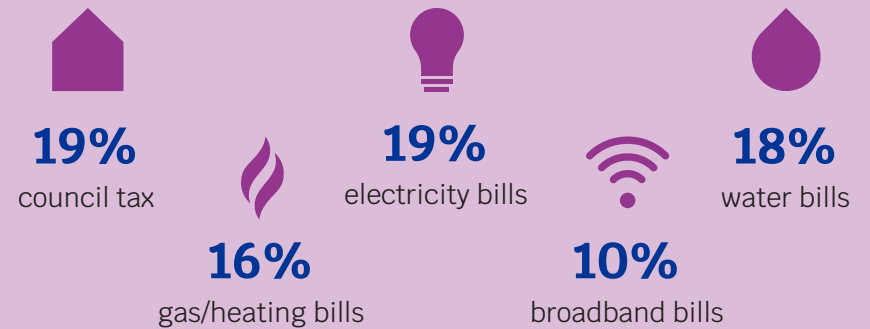
31% believed water companies provide support to those struggling to pay their bills



A small minority of bill payers reported receiving financial support from utility companies:



Percentage of bill payers struggling 'sometimes' or more often who received support:



Among those who struggled to pay bills 'sometimes' or more often...

18% had received some financial support for water...

...this rises to **24%** of those who reported struggling 'all of the time'

Expectations - finances

Bill payers were asked how their financial situation compared to a year earlier. Only a minority (14%) reported that their financial situation was better now. Most people were split between about the same (43%) and worse off (42%).

Women were more likely to report their financial situation was worse than the previous year



48%

Women



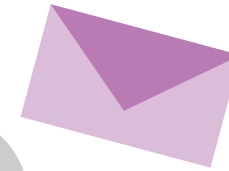
36%

Men

A similar question was asked to bill payers in March 2021. At that time, fewer bill payers described their financial situation as getting worse over the previous 12 months (34%). 18% reported their financial situation was better.

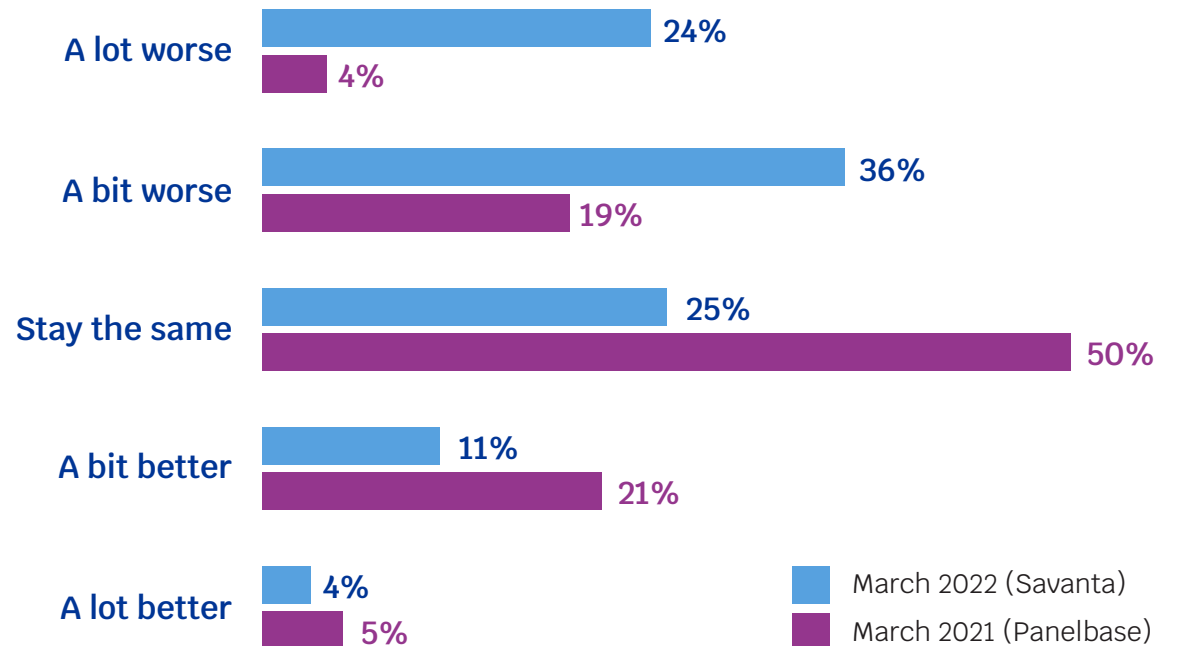
Six in ten (61%) bill payers reported that they expect their situation to get worse over the next year. This is significantly higher than the 25% of bill payers who expected this when surveyed in March 2021.

61% of bill payers reported that they expect their situation to get worse over the next year...



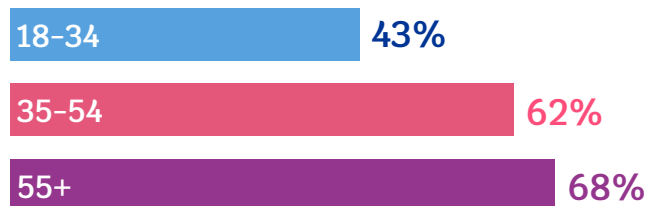
...compared to **25%** of bill payers who expected this when surveyed in March 2021

Bill payers' predictions for their finances over the coming year



Expectations – finances and utilities

Older age groups were more likely to expect their financial situation to get worse:



There were also differences by ethnicity. Black respondents were much less likely to expect their financial situation to get worse over the next year (25%). This compares to 43% of Asian respondents and 62% of White respondents.

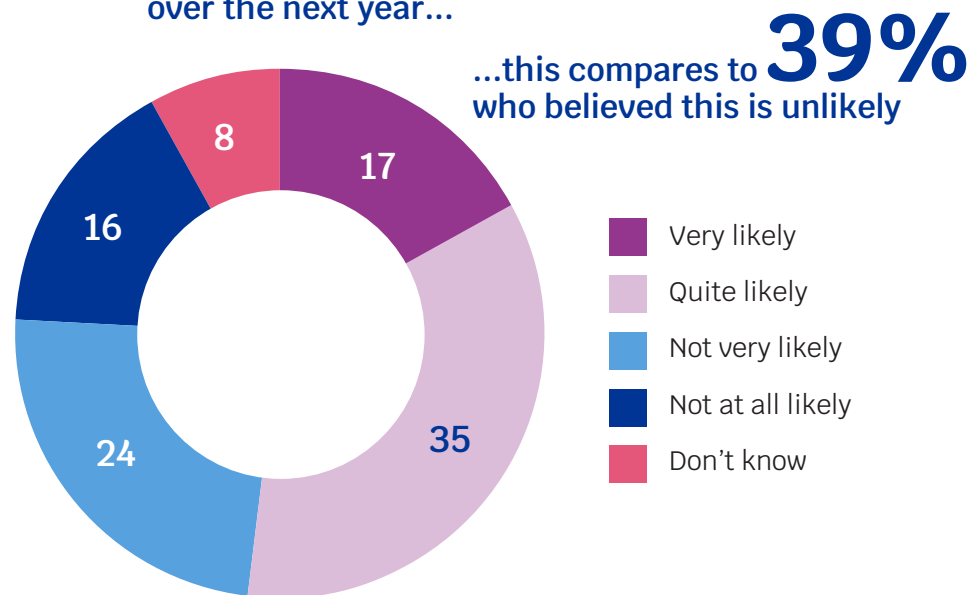
Those who reported being in a worse financial situation than a year ago were much more likely to predict their financial situation will get worse over the next year (85%). Only 7% of this group expected their financial situation to improve.

This was also the case among bill payers who reported struggling to pay their water bill over the last year. More than seven in ten (71%) said they expect their financial situation to get worse.



93% of bill payers who reported struggling to pay a water bill over the past year expect to struggle with a utility bill in the coming year

53% of bill payers believed it is likely they will struggle to pay a utility bill over the next year...



There was a clear difference by age. Bill payers aged under 55 were more likely to report that they expect to struggle to pay a utility bill (61% of those aged 18-34 and 65% of those aged 35-54). This compares to 38% of those aged 55+.

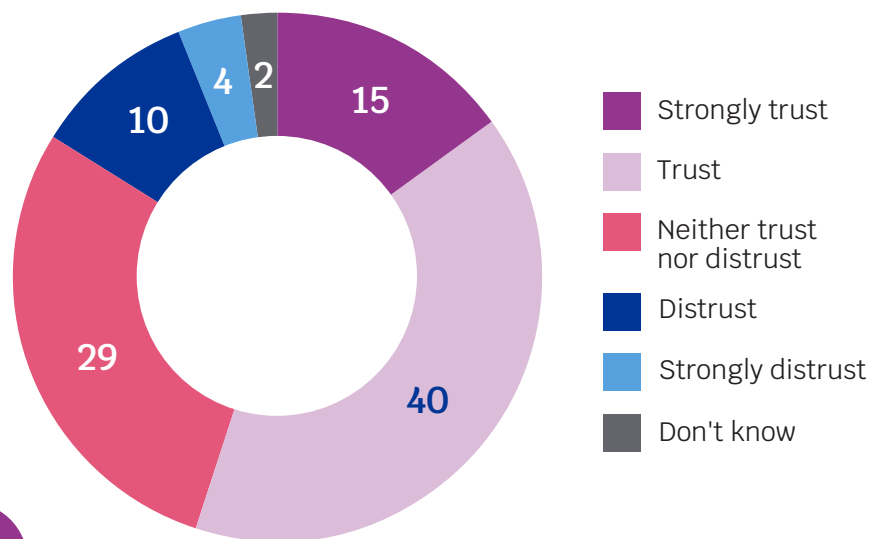
Bill payers with children aged under 18 in the household were also more likely to think they will struggle to pay a utility bill – 70%, compared to 43% of bill payers who do not live with children.

Value for money – trust

Generally, bill payers trusted that water companies are providing good value for money for customers. 55% trusted that companies are doing this, with 14% distrusting companies on this. This makes a net score* of +41%.

Bill payers who believed their financial situation will be a lot worse over the next year were significantly less likely to trust that water companies are providing good value for money (with a net score of +29%).

Bill payers' level of trust in their water company to provide value for money



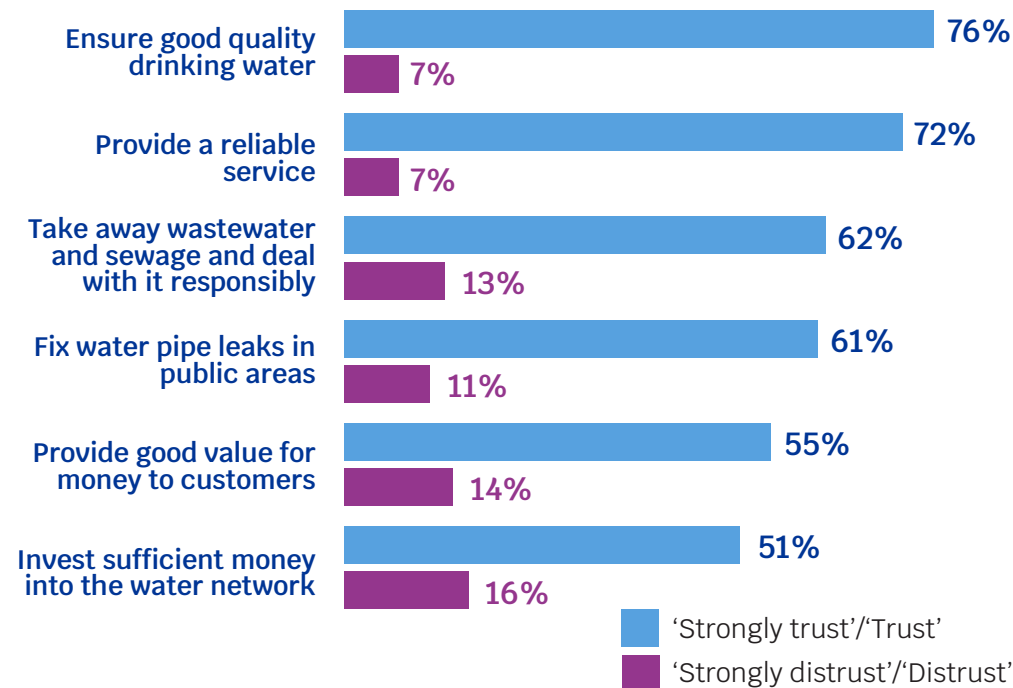
i *The net score is calculated by taking away the percentage who 'strongly distrust' or 'distrust' from the percentage who 'strongly trust' or 'trust'.

Bill payers in the South East and London were less likely than people living in other areas to trust that companies are providing good value for money (with net scores of +30% and +32% respectively).

Bill payers with water meters were more likely to trust that water companies are providing good value for money (with a net score of +46%). This compares to a net score of +35% for those without water meters.

Overall, while a majority of bill payers trusted that companies are providing value for money, this did not score as highly on trust as some other water company activities.

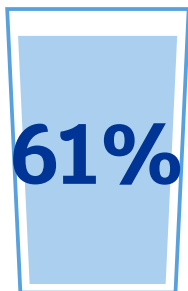
Bill payers' level of trust in their water company to deliver a range of activities



Value for money – prioritising what matters

The highest score on trust is for ensuring good quality drinking water. This is in line with bill payers' priorities for water companies. We asked bill payers what the two most important factors would be if they could pick which water and sewerage company they used.

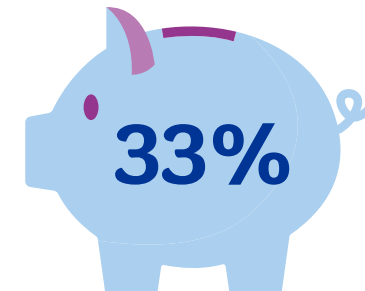
If you could pick what water and sewerage company you used, what would be the most important factors that would influence your decision? (top two rankings)



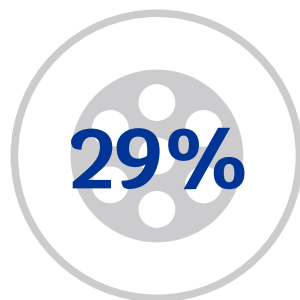
Good quality drinking water



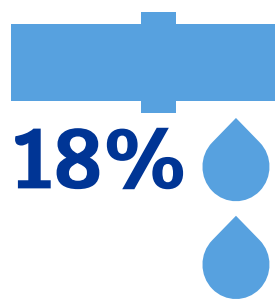
Provide a reliable service



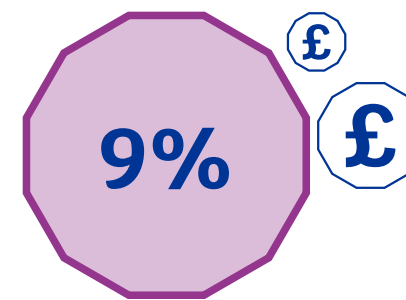
Provide good value for money to customers



Take away wastewater and sewage and deal with it responsibly



Fix water pipe leaks in public areas (in roads, not in the home)



Invest sufficient money into the water network

Wellbeing – day-to-day

There is a correlation between what bill payers predict for their financial situation over the next year, and how they were feeling day-to-day.

Compared to March 2021, there was a ten percentage point increase in the proportion of people who reported feeling worried day-to-day. However, there was also an increase in the number of people reporting they felt happy day-to-day.

47% of those who expect their situation to get worse reported feeling worried day to day...

...this compares to **26%** for those who expect their financial situation to get better

There were significant population differences for day-to-day emotions. People's financial situation is correlated with this.

Bill payers who said they expect their financial situation to get worse ('a lot worse' or 'a bit worse') were significantly more likely to report negative day-to-day emotions than those who expect their situation to get better ('a lot better' or 'a bit better'). For example, 47% of those who expect their situation to get worse reported feeling worried day-to-day and 38% reported feeling stressed. This compares to 26% and 27% respectively for those who expect their financial situation to get better.

The difference was even greater among those who expect their financial situation to get 'a lot worse'. For example, 34% of bill payers in this position reported feeling depressed day-to-day. This compares to 9% of bill payers who expect their financial situation to get 'a lot better'.



People who struggled to pay household bills over the past year were also more likely to report negative day-to-day emotions. 53% of bill payers who struggled to pay bills all of the time reported feeling stressed (compared to 15% of those who never struggled to pay bills). 44% of bill payers who struggled to pay bills all of the time reported feeling depressed (compared to 8% of people who never struggled to pay bills).

There were also significant differences between women and men, with women much more likely to report feeling stressed (39% compared to 27%), feeling worried (45% compared to 31%) and feeling tired (50% to 29%).

Base: All respondents (2,306). Panelbase (2,100).

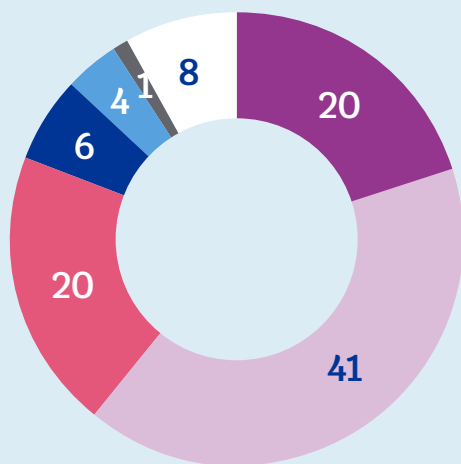
Wellbeing – struggling with bills

More than six in ten bill payers (62%) agreed that struggling with mental health makes it harder to ask for help with bills. One in ten (10%) disagreed with this (net score of +52%). Those who struggled with paying household bills over the previous year were more likely to agree with this statement than those who never struggled with bills (69% of those who struggled fairly frequently or more often, compared to 52% of those who never struggled).

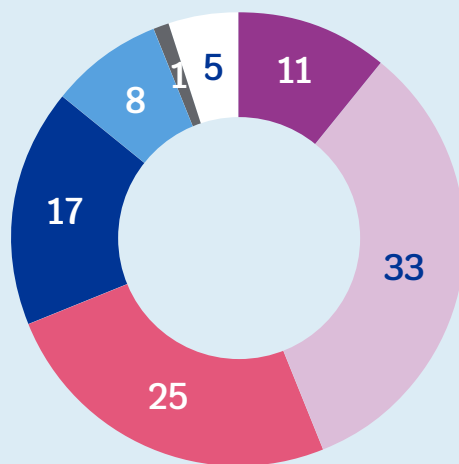
44% of bill payers agreed that they know who to ask for help if struggling with bills and it is affecting their mental health. 24% disagreed with this (net score of +19%).

A third (34%) agreed that they avoid or delay opening bills when struggling with their mental health. 38% disagreed with this (net score of -4%). The percentage agreeing with this rises significantly among those people who struggled to pay bills 'all of the time' (net score of +54%). Conversely, those who never struggled with bills were significantly more likely to disagree with this statement (61%, with a net score of -50%).

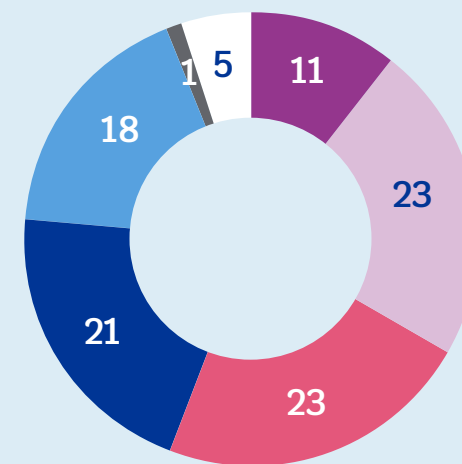
Struggling with mental health makes it harder to ask for help with bills



I know who to ask for help if I am struggling with bills and it is affecting my mental health



I avoid or delay opening bills when I am struggling with my mental health



Strongly agree
 Agree
 Neither agree nor disagree
 Disagree
 Strongly disagree
 Prefer not to say
 Don't know

Conclusions

The number of people struggling to pay bills has risen over the last year.

While water bills have remained stable for most customers this year, the rising costs of other utility bills and the impact of inflation will make it more of a struggle for customers to pay their water bills.

It is therefore vital that those struggling financially are aware of any support that may be available to them. The need to spread awareness is not just for water bills. Customers are struggling with a range of household bills – and only a minority of people are aware of the financial support utility providers might offer.

We ask water companies to continue to make customers aware of the financial support that is available for those who are struggling.

Within Ofwat, we plan to:

Publish new guidelines for water companies in supporting residential customers to pay their bills, access help and repay debts.



Develop a new customer-focused licence condition to increase companies' customer focus and incentivise the very best service for customers.



Continue to collect data on people's financial circumstances and how they are managing with their household bills.



**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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