

May 2022

Decisions on ‘Paying fair guidelines’ and summary of responses to consultation

About this document

This document accompanies ['Paying fair – guidelines for water companies in supporting residential customers pay their bill, access help and repay debts'](#) (our 'Paying fair guidelines') and sets out:

- key themes from responses to ['Guidelines for water companies in supporting residential customers pay their bill, access help and repay debts: a consultation'](#);
- our decisions on the guidelines; and
- next steps for water companies.

It is mainly aimed at water companies. But it will also be of interest to customer advice bodies, charities and debt advice organisations and other respondents to our consultation.

Our final ['Paying fair guidelines'](#) are available on our website and to download.

The new guidelines now apply and replace our previous guidelines 'Dealing with household customers in debt: guidelines' from 2015, which we have removed from our website.

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Introduction

Customers are at the heart of Ofwat's work. One of our primary duties is to protect the interests of current and future consumers in England and Wales, with that duty drawing attention to the needs of customers in vulnerable circumstances.

We have been concerned to see through our [ListenCareShare research in 2021](#) and [cost of living research in 2022](#) that, as a result of the impact of the Covid-19 pandemic and cost of living pressures, many customers are struggling to pay their bills – and expect the situation to get worse over the next year.

Being in debt can have a significant impact on customers who experience it, with potential to negatively affect mental health and wellbeing. So, it is particularly important that people in debt, or who are struggling to pay their water bill, are treated fairly by their water company. Licences also require water companies to maintain and make available Core Customer Information, including on debt collection procedures and other matters such as payment methods.

We first issued guidance covering procedures for dealing with residential customers in debt to water companies in England and Wales in April 1992. We have updated them several times since then.

In June 2021 we published a consultation on 'Guidelines for water companies in supporting residential customers pay their bill, access help and repay debts' to which we received a number of helpful responses. We are grateful to everyone who responded to our consultation. We have reviewed responses in detail and [published them in full on our website](#). This document sets out the key themes from the responses and our conclusions on the points made. It accompanies publication of our final 'Paying Fair' guidelines.

The statutory strategic policy statements for Ofwat published by UK and Welsh Governments both reinforce the need for companies to have a strong focus on customers.

- The [Welsh Government's SPS](#) calls on "companies to engage effectively with customers and stakeholders and deliver what customers want, having regard to the possibility that different customers may have different priorities, including vulnerable customers."
- The [UK Government's 2022 SPS](#) notes that "water companies should proactively manage customer debt, by raising awareness of the support available to households, and effectively target support offerings before customers fall behind on their payments."

About our Paying fair guidelines

Through our 'Paying fair guidelines' we want water companies to focus on the outcomes they deliver for customers, especially customers who are most vulnerable and struggling to pay their water bills.

We want water companies to:

- make it easy for all customers to pay their bill – and do right by customers who are struggling to pay – dealing sensitively with customers who genuinely find themselves in financial difficulty;
- anticipate and respond to what customers need, whether that is allowing people to communicate with them in a way that suits them best, providing clearer bills or working closely with debt advice services;
- identify customers that need support and offer it to them at the earliest opportunity even without those customers having to ask – whether that is through the clever application of data or working with third parties to contact customers;
- help customers who have their accounts managed by agents avoid falling into debt from a lack of information and service;
- be proactive in contacting customers in debt, arrange manageable repayment plans based on customers' ability to pay and help access support as necessary;
- treat customers who face debt recovery action fairly.

We also want our guidelines to continue to allow companies to collect money they are owed efficiently. All customers in England and Wales pay for services through their water bills and so the cost of collecting debt – or failing to collect debt ('bad debt') – is spread amongst the rest of customers. So, it is in everyone's best interest that companies bill and recover debts efficiently.

At the same time, we want companies to be innovative and keep striving to ensure that all customers that have the means can pay or those that should receive help get help. That is why our guidelines support debt collection, service improvements and innovation for all customers and set expectations for minimum services for individual customers.

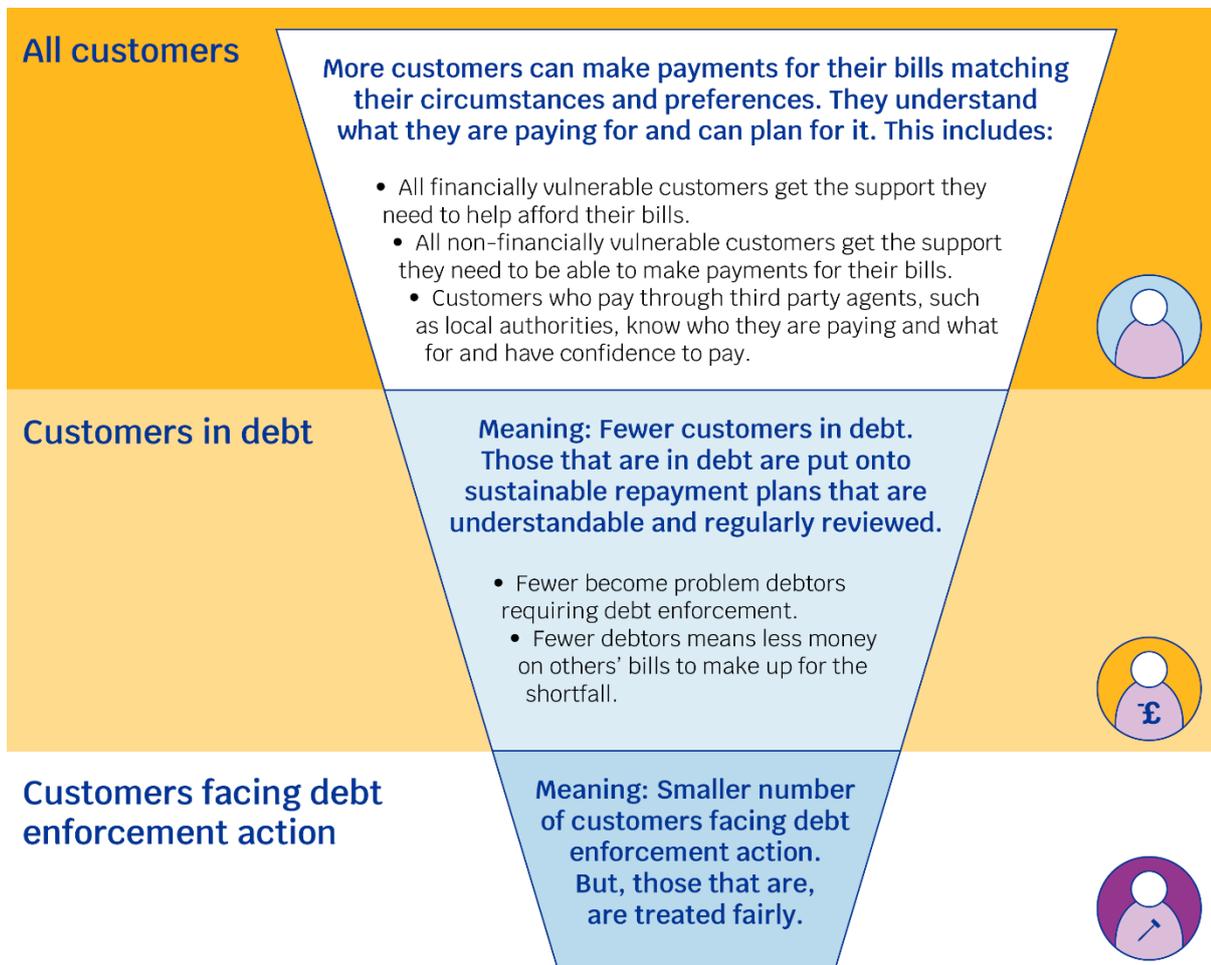
We welcome the steps that water companies have taken to support their customers [during the Covid-19 pandemic](#). Our [#ListenCareShare research, report](#) and [best practice board](#) highlight some excellent examples – but also some areas for improvement. We need companies to keep on stepping up for customers and our guidelines highlight areas of focus for companies.

We want our guidelines to encourage companies to improve outcomes for all customers, but we particularly want to see the treatment of customers in financial difficulty or in other

vulnerable circumstances improve. We think that companies can do more to get the basics right and comply with not only the letter but spirit of our guidelines. We see too many examples of cases where a company claims to be delivering good services overall to customers, complying with our guidelines – but the experience of individual customers falls short.

Alongside publication of our guidelines, we are progressing the plans referred to in our strategy to develop, consult on, and introduce a customer-focused condition in water companies' licences. This condition may incorporate the principles from our paying fair guidelines. We plan to co-create the condition with water companies, customer bodies and other stakeholders, as well as consult on the changes we propose to make.

Figure 1: The impacts we think that our revised guidelines will have



What we heard: Summary of feedback to our consultation and our response

We received 28 responses to our consultation:

- 15 responses were from water companies;
- 10 were from customer advice bodies, charities and debt advice organisations; and
- 3 were from other organisations.

Summary of feedback

- Almost all respondents welcomed us consulting on changes to our guidelines and recognised the purpose of the changes we were making.
- Many thought our principles and minimum service expectations will result in a positive impact for customers when implemented.
- Some respondents raised concerns about us increasing the number of expectations and the potential cost this may have for all customers by hindering companies efficiently collecting outstanding debts.
- Many respondents welcomed us introducing principles into our guidelines and signalling that we plan to further develop our principles-based approach to licensing in future.
- Some respondents asked us to move to a principles-based approach now. Others were concerned and cautioned against prematurely removing our minimum service expectations.
- Some respondents said our guidelines were overly prescriptive, which might discourage the best performing companies from getting better.
- Some respondents thought our guidelines were not prescriptive enough. They thought this could allow the worst performing companies to delay and avoid improving services to customers.
- Some companies also thought we should remove or delay some of our expectations, particularly on payment and billing frequencies, until the results are available of [pilot schemes being carried out by some companies following CCW's affordability review](#).
- We heard concerns that some companies were failing to sufficiently engage with customers on failed payments to understand their circumstances and were moving too quickly to debt recovery action.

Our response

We have concluded our final guidelines strike a reasonable balance, offering suitable protections for individual customers and the wider interests of all customers by allowing companies the flexibility to recover money owed efficiently.

We have concluded that it is too early to move to a solely principles-based approach now, particularly in the context of costs of living challenges. But we recognise, that a principles-based approach has potential to motivate and focus companies on what is best for their customers. We plan to revisit this as part of our work to progress a customer-focused licence condition.

In our final guidelines we have been clear that companies have the flexibility to depart from our expectations in pursuit of better customer outcomes, if they have evidence that allows them to:

- accurately identify that a customer will not pay rather than cannot pay; or
- show why an alternative approach is more suitable because of the customer's circumstances and delivers a better outcome for the customer.

This flexibility gives the best performing companies the freedom to innovate and improve – while protecting customers in cases where companies do not have evidence to justify departing from our expectations. Companies will need to be able to provide evidence to CCW or us on request. We expect any alternative approaches that companies take to be consistent with our principles.

Our final guidelines are consistent with the strategic policy statements to us from Welsh and UK Governments, particularly steers of strengthening focus on protecting vulnerable customers.

What we are changing

We received many useful suggestions for improving our guidelines in a variety of areas. We have amended some of the service expectations to provide further clarity while retaining the existing wording for others.

Some of the changes to our final guidelines include the following.

- Changing our expectations to encourage a more joined up approach between water companies and consumer representative groups and charities who provide support to people struggling to pay their bills. Such bodies understand the challenges that vulnerable consumers face and can help in the development of effective solutions and

support services. We expect companies to introduce arrangements that allow them to refer customers directly to relevant support, including external debt advice organisations for free income and expenditure assessments. These 'warm referrals' are better for individual customers to hopefully get the help they need more quickly – and (by reducing the cost to serve them or pursue debts) in the interests of all other customers.

- Where companies are undertaking their own income and expenditure exercises with customers, we agree that water companies should align to the Standard Financial Statement (SFS) promoted by The Money and Pensions Service (MaPS) as a holistic way of assessing the ability of customers that are in debt to pay. Agreeing manageable repayment plans for customers based on customers' ability to pay should be a priority (as we have made clear in our expectations 1.30 and 6.5). Where companies adapt the SFS to assess customers quickly and at scale, we have asked them to publish their methodology and share customer insights and best practice. We also expect that the SFS will be recognised by water companies.
- We have introduced expectations on companies in using credit reference agencies so that companies make use of the opportunities but there are safeguards for customers, given use can affect customers' credit ratings.
- We have amended our expectations on customer research (see 'Customer research' section below) so that companies act on a broader range of customer feedback to improve payment, help and services.
- We have amended our expectation on the number of reminders customer receive from two to three (including the original bill) before companies proceed to debt recovery actions. We have also said that companies should use at least two communication methods to contact customers where possible.
- We have set out our expectation that companies should avoid using high court enforcement except in those cases where they can show customers are persistently and deliberately not paying.

To help companies, customer representatives and others, appendix 1 sets out the new expectations we introduced in our consultation and further changes we have made since then.

Key themes for company improvements to services

Collaborate to identify, share and act on best practice

Sharing best practice within the water sector

Many respondents highlighted there is more companies should be doing to learn from each other and companies in other sectors – building on existing partnerships that some companies have formed. We know that companies and many organisations are working hard to address issues around payments, support and debt. This includes the pilot schemes being carried out by companies following CCW's Affordability Review and the customer support-related winners of our innovation competitions so far.

- ['Fair Water'](#), which is exploring ways to help customers reduce water and energy use in their homes, through behaviour change and developing new products;
- ['Support for All'](#), which is developing a utility company hub to securely host data and provide additional support to customers in vulnerable circumstances.
- ['Supporting customers in vulnerable circumstances'](#), which is using behavioural science to improve engagement with hard-to-reach customers and communities during planned and unplanned events, including help to manage bills.
- ['Water4All'](#), which is bringing together a consortium of multi-sector experts to identify vulnerable customers, allowing water companies to provide support

The work of the Water UK debt group to coordinate companies' response during the Covid-19 pandemic was highlighted by several respondents as a positive foundation on which companies can build further. We agree with this. This group currently provides a platform for companies to share relevant debt developments, allowing sharing of best practice. This could also act as a valuable forum for hearing from relevant groups on customer experiences, such as CCW and other consumer and debt organisations.

Companies should specifically look to learn from CCW's findings of each annual assessment of individual companies' debt management practices, including identifying best practice highlighted in CCW's review of other companies' practices. The Water UK debt group is one forum with potential to facilitate such best practice sharing.

We received many useful suggestions for how the water sector can improve consistency for customers, which are set out in the published responses. While several respondents thought we could play a role in improving consistency among companies by defining 'what good looks like' for many of our principles and minimum service expectations, we do not think this is something best carried out by a regulator. It is imperative for all companies to own and address these issues, and that they work together to understand and share best practice.

Identifying best practice beyond the water sector

Delivering best practice service to customers requires water companies to be curious about the latest developments across essential services sectors and beyond. Since our consultation we have spoken to a range of individuals and organisations to understand other policy developments with potential implications for payment, help and debt services. We have found lots of relevant developments, including the following.

- Money and Mental Health Policy Institute's guidance: ['The Equality Act and Mental Health: A practical guide for essential services firms'](#) – that helps companies fulfil their duties under the Equality Act by supporting people with mental health problems.
- ['The Woolard Review, a review of change and innovation in the unsecured credit market'](#), carried out by the Financial Conduct Authority. Its recommendations include creditors driving up the quality of existing credit information by proactively reporting to courts when a County Court Judgement (CCJ) has been satisfied or partially satisfied.
- Regular updates issued by the Department of Work and Pensions to its ['Universal Credit: third party payments creditor and supplier handbook'](#).
- The Ministry of Justice [Guidance on Taking Control of Goods \(Fees\) Regulations 2014](#) that provides clarity on how VAT on enforcement fees should be treated for customers facing debt recovery.
- The UK Government's [consultation on draft regulations to introduce a new statutory debt solution known as the statutory debt repayment plan \(SDRP\)](#).

These reports and guidance are full of ideas for helping companies deliver best practice service to customers. But they are just a sample, and there will inevitably be more to learn going forward.

We want to see companies actively engaging with developments such as these, considering their recommendations and making changes to their approaches as necessary. We have also included specific expectations on companies to engage more with (among others) customer advice bodies, charities and debt advice organisations.

Water companies demonstrating they are keeping pace with these fast-moving developments will be essential for supporting moves towards a more principles-based approach in future.

Act on customer feedback and insights

In our consultation we introduced some new expectations for companies to share and publish customer research. Some respondents supported these expectations but others, particularly water companies, were concerned that we were asking them to carry out an entirely new programme of customer research.

In other sectors, companies consider their customers' complaints and feedback, carry out research and consider best practice in developing their product or service offerings, rather than looking to regulators or customer organisations to define what good looks like. The water sector should be no different.

We have amended our expectations on customer research to provide more flexibility for companies on the sources of the insights they use. But we think there is much more individual companies can do to gather, understand, and act on feedback from their customers, particularly when things go wrong. This is supported by the findings of [our joint work with CCW on companies' household complaint practices](#).

Companies should also do more to make use of the insights from others. For example, CCW's ['Getting the measure of billing and debt complaints'](#) report sets out some simple steps that companies can take to reduce disputes over bills and debt recovery, which make up about half of the complaints they receive.

In summary, we think it is important that companies show how customers' views on their payment, help and debt experiences are encouraging improvements to those services. So, we would encourage companies to frequently find out what customers think about their services, including customers who are struggling to pay their bills.

By reflecting on a wide range of customer experiences, companies can develop services that are accessible to, and usable by, as many people as possible. This should include hearing from customers experiencing the most acute affordability circumstances.

We are keen for companies to share good examples of research they have carried out.

We will be looking to carry out our own research in this area later this year and will share our findings on customer experiences.

Engage reasonably and meaningfully with customers – and their data

Communication is at the heart of good customer service. The numbers of bill reminders a customer receives is a small but significant issue. We asked whether companies should give their customers two or three reminders including the original bill before proceeding to debt recovery action.

Some respondents to our consultation supported at least three reminders including the original bill. Some said it depended on the customer. A few respondents consider that two reminders (including the bill) are enough. The majority emphasise the need to try alternative approaches to contact customers – while respecting customer preferences on how they want to be contacted.

Companies that have the information and data to support taking alternative action for individual customers have that flexibility. But where they do not have evidence, we have amended our expectation on the number of reminders customer receive from two to three (including the original bill) before companies proceed to debt recovery action. We have also said that companies should use at least two communication methods to contact customers where possible.

However, our consultation has brought to light instances of water companies incorrectly or prematurely involving debt collection agencies. In one case, a customer moving home was proactive in contacting their water company and providing new address details to settle their outstanding balance, yet the company failed to act on this information with bill reminders being sent to the old address. No alternative contact with the customer was attempted. The customer therefore had no opportunity to settle their water bill before the involvement of a debt collection company, resulting in negative credit reporting and stress for the customer.

This is not an isolated example and we have heard other instances of companies moving too quickly to debt recovery action. This includes instances of customers being pursued when disputing bills significantly higher than normal, as well as examples of companies failing to sufficiently engage with customers on failed payments to understand their circumstances.

Overall, we have concluded that it is less about the number of reminders a customer receives and more about communication with customers being meaningful, based on accurate and up to date records and data.

- We have introduced new expectations in our guidelines (1.26-26, 1.29, 1.31) to encourage companies to reflect and learn more from customer experiences, acting and amending their systems and processes should changes in approach be needed.
- This compliments the expectations we introduced in our consultation for companies to 'Ensure information about customers is correct, up to date and is used' (1.1-1.4).

What companies need to do next

We want to see a healthy culture of continuous improvement, with companies owning and addressing the important issues of payment, help and debt to improve customers' experiences. This includes the key themes we have identified, such as:

- greater engagement with customer bodies to respond to the financial challenges that customers face; and
- companies achieving best practice service for all customers.

[Condition G in each company's licence](#) requires them to maintain and make available Core Customer Information. Water companies' licences require that upon request by us and in any event at least every three years they review and where necessary revise the information which they produce.

This includes information relating to:

- debt collection procedures; and
- other matters such as payment methods which are covered by these guidelines.

Companies should now use our updated guidelines, as well as other relevant best practice, to update their policies and procedures. In particular, companies should submit the following updated core customer information to us, together with links to relevant web pages.

- The payment methods available to customers (condition G3.5 of each company's licence).
- Guidance for customers who are having difficulty paying their bills and a description of the procedures to collect outstanding debt from those customers (condition G4).

Companies should also send us a summary document on:

- the extent to which they comply with our guidelines;
- where they depart from them systematically, the justification for doing so and the evidence; and
- the areas where they are planning to change policies, procedures and systems and their implementation timings.

Companies should submit this information to us by **31 December 2022**, which allows time for the required consultation with the Consumer Council for Water (CCW). This should be sent to the email ListenCareShare@ofwat.gov.uk with the subject 'Paying fair'.

Our next steps

We will review the information companies send to us to identify good and poor practice and improvements made. We will also be revisiting how we monitor progress, particularly in the following areas.

- Revisiting what information we collect through each company's [regulatory accounts and annual performance reports](#) to build transparency of data in this area in line with our commitment to open data. This will include considering the case for whether companies should submit more data annually on household water debt levels.
- Connecting our 'Paying fair guidelines' to our wider approach on customers, especially as we progress plans to develop, consult on, and introduce a customer-focused condition in water companies' licences as we set out in our ['Time to act, together'](#) strategy.

We will also work with CCW to understand the performance of all companies against our guidelines through:

- their complaint monitoring and reports;
- their assessments of individual companies' debt management practices each year, which they carry out with up to four companies each year;
- complaints we receive about companies; and
- other intelligence either of us receive.

We will also look to carry out further research on customers' experiences in this area.

We will continue to work in partnership with others to address different customer needs. We welcome further engagement with companies and other relevant stakeholders over the coming months to discuss our guidelines and the issues they are designed to address. Further comments can also be submitted by email to ListenCareShare@ofwat.gov.uk.

Appendix 1 – Changes to Ofwat’s expectations for water companies to support residential customers pay their bill, access help and repay debts

About this document

This document sets out changes we have made to our minimum service expectations for water companies to support residential customers pay their bill, access help and repay debts. It accompanies 'Decisions on 'Paying fair guidelines' and summary of responses to consultation', which sets out our decisions on updates to our expectations.

This document is aimed at helping water companies, customer representatives and others, to understand:

- the new expectations we introduced in 'Guidelines for water companies in supporting residential customers pay their bill, access help and repay debts: a consultation', which we published in June 2021;
- any changes we have made to those new expectations since our consultation; and
- any other changes we have made since our consultation to other expectations set out in our previous guidelines 'Dealing with household customers in debt: guidelines' from 2015.

Our changes are shown in track changes.

Our final guidelines '[Paying fair – guidelines for water companies in supporting residential customers pay their bill, access help and repay debts](#)' are available from our website. Those guidelines should be used the definitive version of our expectations rather than this document.

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Our principles

Principles	What it means	Minimum service expectations - summary
For supporting all customers		
1. Help make it easy for all customers to pay their water bill	Companies should seek to understand what will make it easier for different groups of customers to pay. This includes providing a reasonable range of payment frequencies and methods, for all customers. The entire range of options should be properly and widely advertised to ensure that customers can select the arrangement which best suits their circumstances.	<ul style="list-style-type: none"> • Ensure information about customers is correct, and up to date and is used • Make payments possible in person from different locations • Offer flexible payment and billing frequencies to match customers' circumstances • Offer choice and availability of payment methods to suit customers' needs and preferences • Encourage customers to use digital payment methods if they can • Advertise payment options to all customers in a variety of formats, languages and for those with specific communication needs • Use customer bills and payment transactions to improve customer understanding of options • Respond efficiently to customer requests to change payment arrangements • Seek better ways to engage with different customer groups • Show customers how their views on billing, payment and support are encouraging improvements to services • Make payment, help and debt services inclusive by design • Consider how customers' ability to pay affects their service experience • Use best practice when using credit reference agencies
For supporting customers in vulnerable circumstances		
2. Make sure customers who are eligible for help receive it when it is needed	Companies should establish and implement clear and effective policies, procedures and systems and a helpful culture to identify customers in vulnerable circumstances, including customers at risk of falling into debt and other life events such as financial abuse or a bereavement , and take proactive action to offer them support.	<ul style="list-style-type: none"> • Use all reasonable efforts to predict and support customers at risk of falling into debt • Identify and support customers in vulnerable circumstances • Use data sharing arrangements to identify customers in vulnerable circumstances • Communicate effectively and sensitively with customers in vulnerable circumstances • Offer customers the option for their account to be managed by authorised third party individuals • Use approaches to debt management for customers in vulnerable circumstances that are appropriate to their circumstances • Make it easy for relatives to close or amend the accounts of a loved one who dies
For supporting customers paying through third parties		
3. Treat customers that have their accounts managed by	Customers whose accounts are managed by local authorities, housing associations or some other form of billing agent should, wherever practicable,	<ul style="list-style-type: none"> • Have clear agreements with agents • Make customers aware of their rights • Consult tenants where charges are collected as part of the tenancy

agents as customers of the company	receive the same level of service and care as those whose accounts remain with the water company.	<ul style="list-style-type: none"> • Act quickly to help resolve disputes between customers and agents
For supporting customers in debt		
4. Be proactive in contacting customers in debt	Companies should be proactive in making contact with customers to identify whether they are in payment difficulty. Companies should regularly review their contact methods to make sure they meet the needs of customers. Companies should use every contact as an opportunity to listen, gain more information about the customer's ability to pay and share ways they can be supported.	<ul style="list-style-type: none"> • Be sympathetic to Show customers empathy: circumstances • Proactively offer other alternative payment options to customers in debt • Send clear reminders that provide advice and next steps • Contact customers using different methods and stop chasing them if they are getting debt advice • Make sure the company is communications are friendly and company representatives are easy for customers to talk to accessible to the customer • Tailor debt recovery strategies and review them for suitability, fairness and empathy • Demonstrate quality service
5. Be clear, courteous and non-threatening to customers in debt	All communications sent to customers in debt should be in plain language and numbers , be courteous and non-threatening. But the water company should clearly set out the action which they will take if the customer fails to make payment or contact the company, along with the possible consequences for the customer	<ul style="list-style-type: none"> • Design the content of communications around customers' information needs • Tailor the language of communications to customer's needs • Use fair tools for encouraging payment • Explain the implications for customers at risk of enforcement action • Use enforcement action as a last resort • Respond quickly, fully and appropriately to disputes or queries about debts • Regularly review and update debt communications learning from feedback and complaints from customers
6. Agree payments that are right for each customer in debt	When agreeing payment arrangements with customers, the customer's circumstances should be taken into account wherever possible. Payments should be based on a consistent approach for assessing a customer's ability to pay. Repayments should be understandable to the customer – and regularly reviewed as their circumstances change to make sure repayments are sustainable. And the customer should be re-engaged if the payments fail	<ul style="list-style-type: none"> • Double check that the customer is in debt • Establish each customer's ability to pay and allow customers to consider payment proposals • Refer customers to company's financial hardship fund charitable trusts or restart schemes other affordability schemes for help • Help customers reduce future charges • Agree repayment levels that are realistic, understandable and regularly reviewed • Refer customers to local advice agencies, charities or voluntary organisations for further help • Re-engage with customers over missed instalments and make sure follow up action is proportionate
For supporting customers facing debt recovery action		
7. Treat customers facing debt recovery action by debt recovery agents	Customers whose accounts are managed by debt recovery agents or some other form of billing agent should, wherever practicable, receive the same level of service and care as those	<ul style="list-style-type: none"> • Treat customers facing debt recovery action with empathy, sensitivity and provide the same quality of service as other customers fairly • Ensure the needs of priority service register customers are met

<p>with care with care</p>	<p>whose accounts remain with the water company. The potential consequences of having their debt managed by a third party should be no more severe than if the service was provided directly by the company.</p>	<ul style="list-style-type: none"> • Use reputable debt collection companies that treat customers fairly and in line with agreed levels of service • Regularly and robustly check customers facing debt recovery action are treated sensitively • Continue to communicate directly with customers facing debt recovery action • Retain access to the customer's account • Allow customers to raise disputes involving the agent with the water company • Speak to local authorities to find alternatives to evictions where non-payment of water charges could result in evictions • Only sell debt to reputable parties and where other recovery activities have been exhausted • Tell courts promptly when customers clear their debts • Demonstrate service levels to CCW
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Our minimum service expectations

For supporting all customers

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

Companies should seek to understand what will make it easier for different groups of customers to pay. This includes providing a reasonable range of payment frequencies and methods, for all customers. The entire range of options should be properly and widely advertised to ensure that customers can select the arrangement which best suits their circumstances.

Ensure information about customers is correct, and up to date and is used

<p>Introduced in 2021 consultation</p> <p>Track changes show changes since our consultation</p>	<p>1.1 Have robust <u>systems and</u> procedures for establishing who is moving into and out of properties being supplied – and record accurate information about the occupant and account <u>information</u>. <u>This is important for:</u></p> <p><u>developing and maintaining relationships with customers;</u></p> <p><u>identifying customers that may need support at an early stage;</u></p> <p><u>checking account information;</u></p> <p><u>checking correct billing information;</u></p> <p><u>making sure customers – particularly those that move – are not incorrectly pursued for debts or have debt action taken against them without their knowledge;</u></p> <p><u>debt management purposes; and</u></p> <p><u>demonstrating compliance with the Data Protection Act 1998 <u>2018</u> and the General Data Protection Regulation (GDPR) <u>applicable data protection law</u>.</u></p>
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[1.2 Have robust systems and procedures for contacting customers and recording and recalling contacts with them. This should include maintaining up to date customer contact details with at least two methods of contact \(where available\) – and the customer's preferred contact times.](#)

1.2-3 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; and](#)
- [accept evidence provided by tenants to show who is responsible for paying bills.](#)

1.3-4 [Learning lessons from the business retail market, Regularly quality assure their people, procedures and systems use customer information correctly. They should:](#)

- [use customer contacts and feedback;](#)
- [correct any errors from happening again; and](#)
- [find ways to improve seek improvements in](#) the quality of consumption, customer and asset data to improve the accuracy and helpfulness of bills [and other communications](#) to customers.

[Make payments possible from different locations in person from different locations](#)

1.4-5 Review their network of payment locations at least once every two years to make sure that all customers have reasonable access to make payments. Companies will need to take account of the number and geographical distribution of locations and the demographic and social profile of their region. The network of available locations at which the customer can pay must accommodate both rural and urban customers.

1.5-6 Review the charges, if any, for making payments at the network of locations offered and offer a reasonable range of locations at which customers can make payments free of charge. This should include frequent payments, in cash, for customers who would benefit from paying weekly or fortnightly.

<p>New – introduced since our 2021 consultation</p>	<p>1.7 If there is a charge then companies should be transparent to customers regarding what the charges for making cash payments are and which location options will make a charge.</p>
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Offer flexible payment and billing frequencies to match customers' circumstances

1.6-8 Offer all customers at least the following payment frequencies:

- fortnightly/weekly.
- monthly; and
- annual/half yearly/quarterly as appropriate on receipt of the bill.

1.7-9 Where possible, be flexible about the date on which direct debits or standing orders are taken.

1.8-10 Offer or accept non-standard flexible payment arrangements so customers have the ability to make payments when they need and want to in ways that work for them. This is important for customers with irregular incomes – such as those in 'gig' employment or on zero hours contracts.

<p>Introduced in 2021 consultation</p>	<p>1.9-11 Offer or accept more frequent billing frequencies to encourage customers to pay and avoid unexpected and unaffordable increases in their bills ('bill shock').</p>
<p>Track changes show changes since our consultation</p>	<p>1.10-12 Make information about what customers owe accessible to them in a variety of ways, such as online, by telephone and/or other methods appropriate to different customer groups.</p>

Offer choice and availability of payment methods to suit customers' needs and preferences

1.11-13 Offer instalment payments by at least the following methods

- mobile phone [or mobile phone app](#);
- cheque/debit card;
- cash;
- [direct debit](#);
- [standing order](#); and
- payment booklet / card.

1.12-14 Review payment methods periodically so that any advances in technology which widen the range of options offered are considered.

Encourage customers to use digital payment methods if they can

<p>Introduced in 2021 consultation</p> <p>Track changes since our consultation</p>	<p>1.13-15 Consider encouraging customers to use —and support them to use—digital payment methods and support them to use them by providing guidance.</p>
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Advertise payment options to all customers in a variety of formats, languages and for those with specific communication needs

1.14-16 Advertise the available payment options within billing communications in a variety of formats, languages and for those with specific communication needs so that the customer can choose the option which best suits their circumstances.

1.15-17 Companies should clearly set out the payment methods not incurring a transaction charge, and the option to pay on a frequent basis and, where possible, tailor these to individual customers' needs.

1.16-18 Companies should also take advantage of further opportunities to draw customers' attention to the range of options available.

1.17-19 Where the company is offering new payment methods, these should be advertised in billing communications at the earliest opportunity.

<p>New – introduced since our 2021 consultation</p>	<p>1.20 Use messages on envelopes to raise awareness of financial support to customers.</p>
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Use customer bills and payment transactions to improve customer understanding of options

<p>Introduced in 2021 consultation</p>	<p>1.18-21 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>Track changes show changes since our consultation</p>	<p>1.19-22 Consider encouragingEncourage customers to pay in bitesize instalments and offer more regular billing account balances to customers, particularly those with low and variable incomes.</p>

Respond efficiently to customer requests to change payment arrangements

1.~~20-23~~ Where a customer wishes to switch payment level, location, method or frequency, the company should try to accommodate any reasonable request as quickly as possible.

Seek better ways to engage with different customers ~~groups~~

<p>Introduced in 2021 consultation</p>	<p>1.21-24 Consider ways to mMake information about services and bills more understandable for all customers – and make it available in a way that best and meets their needs. This includes, for example, considering ways to:</p>
<p>Track changes show changes</p>	<ul style="list-style-type: none"> • improve customer understanding of bills; • help customers check bills are correct; and • better explain in advance why the company is changing a customer's direct debit, how it has calculated the new level of

<p>since our consultation</p>	<p>payment and how the customer can change the amount or spread payment.</p> <p>1.22-24 <u>5 Companies should also consider working</u> Work with <u>other bodies – other organisations</u> to reach customers in vulnerable <u>situations/circumstances</u>, those in debt or at risk of falling into debt, <u>particularly those that:</u></p> <ul style="list-style-type: none"> • <u>may find it harder to understand information shared by water companies as a result of their vulnerability; or</u> • <u>do not respond well to other efforts by the water company to directly communicate with them. Other bodies might include other companies, charities, local authorities, health and social care or other third party customer advice and authorised debt advice organisations.</u> <p>1.23-25 <u>Consider</u> <u>Check their policies, approaches and systems are consistent with our ' (May 2021) and any future development of that policy in engaging with different customer groups.</u></p> <p>1.25 <u>Use messages on envelopes to raise awareness of financial support to customers.</u></p>
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Show customers how their views on billing, payment and support are encouraging improvements to services

<p>Introduced in 2021 consultation</p> <p>Track changes show changes since our consultation</p>	<p>1.24-26 <u>6 Use insight and intelligence to continually</u> regularly monitor <u>Monitor customer satisfaction with and help improve customer satisfaction with</u> billing, payment, <u>support and billing agent, and help and debt services, identify issues and target areas for improvement. This should include satisfaction among customers in vulnerable circumstances.</u> <u>support through periodic research with customers— whether through bespoke research and/or as part of wider existing company research activities. Any research should be undertaken in a proportionate way and</u> <u>Insights and intelligence</u> -might include:</p> <ul style="list-style-type: none"> • <u>commissioning customer research;</u> • <u>identifying</u> issues highlighted by customers in complaints with billing and charging; • <u>testing customer understanding of information provided to them;</u>
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- [using data analytics from websites or apps on](#) how easy or difficult it is for customers to find information ~~they understand~~ about billing, payment and support;
- ~~extracting speechvoice analytics from telephone calls on~~ how easy or difficult ~~they customers~~ find it to understand ~~and~~ their bills;
- ~~how easy or difficult they find it to pay their bills;~~
- ~~how easy or difficult they find it to~~ ~~and~~ -access support;
- ~~success rates of payment plans for customers in debt; and~~
- ~~and~~
- how the company performs on bills, payment and [support help](#) compared with other service providers in other sectors that customers may use.

~~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.~~

~~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.~~

~~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.~~

~~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.~~

~~1.29-277 Consider working [Work](#) in partnership with [consumer and debt advice organisations](#) ~~others~~ to enhance understanding of ~~what works~~ [different types of customer, best practice – and gather views on company proposals for improvements.](#)~~

~~1.30 Make sure the research is consistent with social research best practice standards and establish robust assurance of the quality of the~~

	<p>research and use of findings to make improvements to customer services. We expect companies to use " as a guide (May 2021) — particularly the annex on draft minimum standards for high quality research — and:</p> <p><u>1.288 Show customers how their views on payment, help and debt are encouraging improvements to services. Companies will need to make sure any changes they make are inclusive by design (see expectation 1.29). Any changes to policies should also be reflected in their code of practice on debt recovery or other core customer information they are required to publish under condition G of their licence.</u></p>
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Make payment, help and debt services inclusive by design

<p>Introduced in 2021 consultation</p> <p>Track changes since our consultation</p>	<p>1.31-29 Adopt an inclusive approach to designing products and services so they anticipate and address the needs of all customers, particularly accessibility for those in vulnerable circumstances, and reflect key guidance such as 'Inclusive design in essential services' principles published by Fair by Design and the Money Advice Trust – or an equivalent publication that replaces it. For example, user-test new approaches or systems with diverse consumers, including vulnerable consumers. Consider a review of customer bill, payment, help and debt options and information based on principles published by Fair by Design and the Money Advice Trust. Companies could <u>should</u> apply these <u>inclusive design</u> principles to different groups of customers, including customers:</p> <ul style="list-style-type: none"> • <u>•</u> eligible for help • <u>•</u> • that have their accounts managed by third parties • in debt; and • <u>•</u> facing debt enforcement action.
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Consider how customers' ability to pay affects their service experience

<p>Introduced in 2021 consultation</p>	<p>1.32-30 Use <u>and recognise the Money and Pensions Service Standard Financial Statement (SFS) as</u> a consistent means of establishing customer's ability to pay. <u>Where companies do quick or initial affordability checks with customers, these should also be consistent with the approach</u></p>
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<p>Track changes show changes since our consultation</p>	<p>in the SFS. a company uses a reduced form of n approach that is based on of the SFS to carry out a quicker n affordability assessment at scale. eCompanies should be transparent and publish the details of the methodology they use alongside their code of practice on debt recovery to allow other companies, customer and debt advice organisations to understand the approach they use. Companies should use best practice to make their assessments consistent with other companies.</p> <p>1.31 1.33 Consider Review 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. Companies should be mindful of the impact that vulnerability can have on customers' ability to pay.</p>
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Use best practice when using credit reference agencies

<p>New – introduced since our 2021 consultation</p>	<p>1.32 Use credit reference agency data to help identify customers that:</p> <ul style="list-style-type: none"> • may qualify for support; • be at risk of falling into debt; and • can afford to pay and can be pursued contacted for payment. <p>1.33 Communicate to customers:</p> <ul style="list-style-type: none"> • how and why the company uses credit reference agencies; • the benefits and safeguards for customers; and • what customers can do if they think companies have incorrectly negatively impacted their credit score. <p>1.34 Use credit reference agencies carefully to avoid negatively impacting customers credit scores through errors by the company. Where companies make errors they should correct them immediately.</p> <p>1.35 Identify and use best practice when using credit reference agencies.</p>
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For supporting customers in vulnerable circumstances

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

Companies should establish and implement clear and effective policies, procedures and systems and a helpful culture to identify customers in vulnerable circumstances, including customers at risk of falling into debt and other life events such as financial abuse or a bereavement, and take proactive action to offer them support.

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

<p>Introduced in 2021 consultation</p> <p>Track changes since our consultation</p>	<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 <u>(for example only)</u>:</p> <ul style="list-style-type: none"> • checking account and billing information are correct; • checking consumption for signs of leaks and (if relevant) offering a free supply pipe repair and <u>signpost to the</u> leakage allowance <u>(as required by condition H of each water company's licence)</u>; • <u>checking for eligibility for discounts for surface water drainage</u>; • targeted social tariffs; • tailored water efficiency home visits; • helping customers to do checks for financial and non-financial support provided by Government or others; • emergency social tariffs (supported by, for example, application for certain benefits); and • allowing customers to opt to receive reminder texts, e-mails or letters if they occasionally pay late). <p>2.2 <u>Use targeted action and support that anticipates the needs of customers in vulnerable circumstances to help prevent them falling into debt. This should be based on:</u></p> <ul style="list-style-type: none"> • <u>Consider working</u>customer contacts and feedback; and • <u>customer insights from working</u>-with <u>other external organisations – such as</u> charities, local authorities, <u>health and social care</u> or other
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	<p>third party customer advice and authorised debt advice organisations to develop targeted action and support based on customers' needs for certain high risk groups to help prevent debt.</p>
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Identify and support customers in vulnerable circumstances

<p>Introduced in 2021 consultation</p> <p>Track changes since our consultation</p>	<p>2.3 Have specific policies, procedures and systems for proactively identifying and offering support packages for supporting residential customers in vulnerable circumstances. These should:</p> <ul style="list-style-type: none"> • recognise the complexities of their customer's vulnerability in providing them support: that it can be temporary or lasting, mild to severe, and can have a significant impact on daily life or a minimal one; • be inclusive by design (see expectation 1.29); and • make support easy to access. <p>For example, the Financial Conduct Authority's 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 expert bodies in supporting customers in vulnerable circumstances. For example, water companies could should consider:</p> <ul style="list-style-type: none"> • helping 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; • offering specialised vulnerability training and/or have specialised teams to deal with customers with vulnerabilities; and • designing proactive interventions that minimise psychological distress for customers with debt problems; and. <p>2.5 Make sure their policies, procedures and systems are compliant with all relevant legislation. This includes the Equality Act 2010 and the 'The Debt Respite Scheme (Breathing Space Moratorium and Mental Health Crisis Moratorium) (England and Wales) Regulations 2020'.</p>
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Use data sharing arrangements to identify customers in vulnerable circumstances

<p>Introduced in 2021 consultation</p> <p>Track changes since our consultation</p>	<p>2.6 Consider putting <u>Put in place and use</u> data sharing arrangements in place with other bodies – for example, <u>credit reference agencies</u>, energy companies, charities or local authorities – to help identify people in vulnerable circumstances, including those at risk of falling into debt.</p> <p>2.7 Make sure any <u>We would expect this</u> data sharing <u>arrangements to</u> meet high standards of ethical behaviour, rulings and <u>code of practice guidance from the Information Commissioner’s Office (or equivalent document)</u> and any legal requirements, such as the Data Protection Act 1998 and Data Protection Act 2018 and the (General Data Protection Regulations (GDPR)) <u>which apply at the relevant time.</u></p>
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Communicate effectively and sensitively with customers in vulnerable circumstances

2.7-8 Communication methods and timing should take account of any additional support requirements for those customers who are registered for priority services and for those who may need temporary support and should comply with the provisions of the Equality Act 2010.

2.8-9 Make communications available to customers in accessible formats which they are able to use. Companies should offer customers with sight impairments large print or Braille bills where appropriate so that they are able to read their bills and notices. This is in line with our guidance to companies on services to customers with disabilities.

2.9-10 Have systems in place so that customers who use British Sign Language, or do not speak do not speak English or -Welsh, can communicate with the company.

<p>Introduced in 2021 consultation</p> <p>Track changes since our consultation</p>	<p>2.10-11 Companies should also consider designing <u>Design</u> specific communications and approaches for those customers with communication difficulties</p> <p>2.11-12 Companies should <u>D</u>esign their communications for people who struggle with literacy and numeracy.</p> <p>2.12-13 Companies should consider approaches for <u>Have options for</u> supporting customers who are not able to access or use digital services.</p>
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since our consultation	
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Offer customers the option for their account to be managed by authorised third party individuals

Introduced in 2021 consultation	2.13-14 Have an approach that protects customers from fraud while allowing properly authorised people or organisations – such as free, and independent debt advisers – 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 the Public Guardian and the UK Regulators Network on ' Supporting customers who do not make their own decisions ' (or subsequent updates or an equivalent document). 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.
Track changes since our consultation	

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

Introduced in 2021 consultation	2.14-15 Tailor your debt management actions to be sensitive to the circumstances that make customers vulnerable.
Track changes since our consultation	2.15-16 Offer customers a Carry out review_s to help customers them access to holistic debt advice to help them maximise their incomes, holistic debt advice and make them aware of other forms of support they may be eligible for through Government or other service providers – particularly at the first indication that a customer is struggling to pay. This service can be provided by another organisation or third party that is authorised to give debt advice – and is provided that the customer gives their consent to be passed to this organisation or third party.

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

<p>Introduced in 2021 consultation</p> <p>Track changes show changes since our consultation</p>	<p>2.16-17 Have a written plan that outlines how your company will treat bereaved customers with empathy and respect. For example, a written plan might include the following. This could include the following:</p> <ul style="list-style-type: none"> • Clear and simple advice on company websites on how to report a death. • An agreed timeframe for companies to respond to bereavement enquiries and settle outstanding customer balances. • A bereavement customer care email channel/team for each company, to directly handle such cases and avoid customers waiting on calls. • A direct telephone, email address or other channel for bereaved customers to contact companies more directly. • Standardising paperwork needed to close an account with other companies, with a view to accepting digital documents whenever possible. • -Guidance or other support for customers who may be dealing with managing a household for the first time. <p>2.17-18 Train people who come into contact with bereaved people to know how to respond efficiently and with understanding.</p> <p>2.18-19 Streamline your processes and procedures to be simple, and pragmatic and risk-based. Avoid unnecessary steps and repetition. We would expect a water company to take a more risk-tolerant approach to requiring evidence of a bereavement than, for example, a life insurance company.</p> <p>2.19-20 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>
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For supporting customers through third parties

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

Customers whose accounts are managed by local authorities, housing associations or some other form of billing agent should, wherever practicable, receive the same level of service and care as those whose accounts remain with the water company.

Have clear agreements with agents

<p>Introduced in 2021 consultation</p> <p>Track changes since our consultation</p>	<p>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 <u>and on</u> how issues will be resolved in a well-managed way for tenants.</p>
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Make customers aware of their rights

3.2 All customers billed by their local authority or housing associations should be made aware of their legal status in terms of which organisation they are the 'customer' of and the implications in relation to the rights they are entitled to when compared to directly billed water customers. This may be in the form of communications specifically designed for customers billed by their local authority or housing association. These customers should still receive all relevant information about:

- their water charges that the water company charges makes in relation to their property; and
- -how they can access financial support from the water company and other help to reduce their water bill such as, where appropriate, installing a meter, social tariffs and opportunities for accessing company financial hardship fund ~~charitable trust or restart schemes~~ other affordability schemes.

<p>New – introduced since our 2021 consultation</p>	<p>3.3 Work with local authorities and housing associations to avoid the company's information to customers duplicating the local authority or housing associations information. Under the water resale order (where that applies) some information will be provided by the re-seller (the re-seller is also obliged to provide detailed information about the calculation of charges upon request).</p>
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Consult tenants where charges are collected as part of the tenancy

3.3-4 Where it is proposed that water charges are [not collected by the water company directly, collected as part of a local authority tenancy agreement \(and not simply as a billing agreement\) carry out](#) -a full and effective [legal](#)-consultation with tenants [must take place](#) before any [new](#) agreement [commences starts](#).

Act quickly to help to resolve disputes between customers and agents

<p>New – introduced since our 2021 consultation</p>	<p>3.5 Act quickly to help to resolve disputes between customers and agents. This includes:</p> <ul style="list-style-type: none"> • helping to resolve specific complaints; and • taking steps to help avoid similar disputes happening between customers and agents in future.
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For supporting customers in debt

4. Be proactive in contacting customers in debt

Companies should be proactive in making contact with customers to identify whether they are in payment difficulty. Companies should regularly review their contact methods to make sure they meet the needs of customers. Companies should use every contact as an opportunity to listen, gain more information about the customer's ability to pay and share ways they can be supported.

Show customers empathy ~~Be sympathetic to customers' circumstances~~

<p>Introduced in 2021 consultation</p> <p>Track changes show changes since our consultation</p>	<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">• <u>check customers' consumption, billing and account details to make sure they are correct;</u>• <u>check a customer's preferred contact method and time of day;</u> and• make sure customers who are eligible for help receive it, and quickly.
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Proactively offer other alternative payment options to customers in debt

4.2 Highlight the available payment options in contacting customers in debt or further correspondence sent to customers in debt ~~them~~. The options can be either:

- in the text of letters; or enclosing
- enclosed in a separate leaflet or the company's ~~code of practice on debt~~ recovery.

4.3 Proactively offer customers who are in debt and in receipt of eligible benefits the option to pay using the 'Third Party Deduction Scheme ~~Water Direct'~~ (known as 'Water Direct' in the water sector) scheme ~~when all other avenues of recovery have been exhausted~~. Companies should explain how the scheme works and make it clear to customers that other options are available.

4.4 Where companies themselves wish to apply for the 'Third Party Deduction Scheme' on behalf of a customer they must make reasonable efforts to inform the customer of their actions before doing so.

4.5 ~~Companies should also w~~ ork with local JobCentre Plus and Pension Service offices to build effective working relationships and contact with customers that may need support.

4.6 Once a customer has been placed onto Water Direct, freeze other debt collection activities ~~should be frozen~~.

<p>Introduced in 2021 consultation</p> <p>Track changes show changes since our consultation</p>	<p>4.7 Companies should engage <u>directly</u> with customers on Water Direct<u>the 'Third Party Deduction Scheme'</u> – or about to be placed on it – <u>to help explain the scheme (such as what will impact the length of time the plan is in place) directly and encourage customers to share information about their circumstances</u>. In particular, companies should communicate with customers about:</p> <p>them being placed on the scheme to avoid them slipping getting further into debt.</p> <ul style="list-style-type: none"> • the timing of future payments; • how the company will keep the level of their payments consistent; and • when they will come off the scheme.
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Send clear reminders that provide advice and next steps

4.8 In a water company's first written or ~~oral~~verbal communication with a customer, the company should prominently state that send a statement that free debt advice counselling, debt adjusting and credit information services are available to customers and provide the customer with contact details for that the customer can find out more by contacting the MoneyHelper or other free debt advice organisations ~~is also acceptable~~. Where possible, companies should work with authorised debt advice organisations so that, if the customer agrees, they can be passed directly to those organisations (a 'warm referral') to receive debt advice and other help.

4.9 At least ~~two~~three prompts (including the bill) – using at least two communications channels – for the customer to contact the company before progressing to debt recovery action. Companies should first use a customer's preferred method of communication and (if relevant) time of contact – before trying other means if a customer fails to contact respond them.

4.10 Customers should be given reasonable time to pay their bill before a reminder is issued (this is especially important if using second-class post). Good practice would be to allow a minimum of 14 days following the date the bill was due for payment before issuing a reminder.

4.11 Each reminder should set out what will happen and when action will be taken if the customer fails to respond. The various actions the customer can take should be set out along with a clearly signed contact number and website address. To encourage contact, companies

should consider offering online chat and freephone debt helplines in addition to their standard geographic telephone numbers.

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

4.12 A variety of communication methods [and times](#) should be considered to establish contact (such as web chat, texts, telephone calls, ~~mail~~ [letters](#) and visits) [if a customer fails to respond using their preferred contact method or preferred time of contact.](#) ~~using the customer's preferences.~~

4.13 The timing of attempted repeat contacts should be varied where possible [\(where the customer fails to respond during their preferred contact time or has not stated a preference\).](#)

4.14 Communication methods and timing should take account of any special requirements for those customers who are registered for priority services and should comply with the provisions of the Equality Act 2010.

4.15 The timing, frequency and manner of contacts should not be oppressive, misleading or threatening, and should conform to [accepted good practice, including that set out in the Financial Conduct Authority handbook.](#)

4.16 Make sure that sufficient resources are available to handle any contacts received, particularly at times of bulk debt related mailings. Companies should also document all contact attempts made, regardless of whether or not the contact was successful.

<p>Introduced in 2021 consultation</p> <p>Track changes show changes since our consultation</p>	<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. Companies should also encourage customers to agree to a referral to debt advice by highlighting the benefits to customers of, for example, being able to access Breathing Space, income maximisation checks and other wider support.</p>
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Make sure communications are friendly and company representatives are easy for customers to talk to **Make sure the company is friendly and easy for customers to talk to** **accessible to the customer**

4.18 Any new approaches or systems should not reduce opportunities for customers to approach the company and should be inclusive by design (see expectation 1.29).

4.19 Communications should be friendly and company representatives should be easy for customers to talk to, to encourage customers to communicate effectively with their supplier or collection agency.

Tailor debt recovery strategies and review them for suitability, fairness and empathy

4.20 Review Debt recovery strategies ~~should be reviewed~~ on a regular basis. Where these reviews result in changes to a company’s debt recovery strategy, the company ~~should~~ **must** consult with CCW on changes to their ~~Code code~~ of ~~Practice practice~~ on debt recovery. Billing systems, digital channels and incoming calls should be used, wherever possible, as an opportunity to identify customers in difficulty. This would include, for example, recording customer details that might indicate that the customer is vulnerable to falling into debt or flagging up where regular payers suddenly default.

<p>Introduced in 2021 consultation</p> <p>Track changes show changes since our consultation</p>	<p>4.21 Debt recovery strategies should include a consistent approach reflecting that clearly shows the actions <u>the company will take to be taken for each as the level of increasing level of</u> a customer’s debt <u>increases</u>.</p>
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4.22 Where information on individual customers’ circumstances is unknown, Ssegmentation of customers should be used wherever practicable, to tailor debt recovery to individual customers or particular debtor groups. ~~This is particularly useful in the absence of knowledge of individual customers’ circumstances.~~

Demonstrate quality service

4.23 ~~Companies will need to k~~Keep records showing how many times ~~they-you~~ have tried to telephone, visit or contact individual customers (whether attempts were successful or not), and the dates of reminders and notices, along with any actions occurring as a result. ~~Customers and~~ CCW may wish to be assured that the water company has made a reasonable number of attempts to contact customers whilst at the same time adhering to the provisions of the FCA Handbook ~~or equivalent publication~~.

<p>Introduced in 2021 consultation</p> <p>Track changes show changes since our consultation</p>	<p>4.24 Consider Highlighting customer outcomes and testimonies on resolving debt problems to encourage other customers to contact themyou.</p>
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5. Be clear, courteous and non-threatening to customers in debt

All communications sent to customers in debt should be in plain language and numbers, be courteous and non-threatening. But the water company should clearly set out the action which they will take if the customer fails to make payment or contact the company, along with the possible consequences for the customer

Design the content of communications around customers' information needs

5.1 All communications – ~~including such as~~ texts, emails, letters and reminders – to customers who have fallen behind with payment should be clear about when payment is due ~~and~~; what will happen if the customer does not pay. ~~Where possible, the e-would expect letters which previously could be applied to either household or commercial customers to have now been replaced by more correspondence should be~~ tailored ~~correspondence~~.

5.2. The code of practice on debt ~~recovery~~ must be enclosed with reminders or details given on how a copy can be obtained.

5.3 Any correspondence should encourage the customer to contact the company and ~~if necessary to seek appropriate free expert advice~~ [set out how to get free independent debt advice](#).

<p>New – introduced since our 2021 consultation</p>	<p>5.4 Where communications are written, information on financial support available should be prominent and placed near to the amount owed on the bill. Where communications are posted, information on financial support should be on the envelope (see expectation 1.20).</p>
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5.4-5 Where one is available, the customer should be advised of a company's [financial hardship fund](#) ~~charitable trust~~ or ~~debt restart~~ [other affordability](#) schemes.

5.5-6 The customer should be given a clear indication of the length of time they have in which to act and a [variety of ways to contact the company](#) ~~contact number~~ to use in the event of requiring further information.

5.6-7 If notices or letters themselves do not list the customer's options for payment arrangements, they should be accompanied by communications which do, or should clearly detail where the customer can obtain this information.

Tailor the language of communications to customer's needs

5.7-8 All communications – ~~including such~~ text, emails, letters and literature – should be:

- ~~in plain language~~
- [in plain numbers](#), ~~although the tone and style may need to vary according to the individual debtor.~~
- [designed to be inclusive by design \(see expectation 1.29\);](#)
- [seek to encourage customers to speak with the company through the design and use of clear and non-threatening language that minimises any psychological distress; and](#)
- [\(where possible\) be tailored in tone and style according to the individual debtor](#)

5.8 ~~Consider~~ [Make sure that](#) the appropriate format [is used](#) for customers [that](#):

- ~~requiring~~ [require](#) priority services
- ~~, those who~~ do not use English as their first language; or
- have communication difficulties.

Use fair tools for encouraging payment

5.9 [Companies must Do](#) not threaten to disconnect (whether directly or by implication) for non-payment any property in which someone has their only or principal home. Particular care is needed when dealing with mixed-use premises so that customers' rights are respected.

5.10 Void property notices should not be used as a debt collection tool by companies or by debt collection agencies.

Explain the implications for customers at risk of enforcement action

5.11. If the customer is at risk of enforcement action after a judgment has been obtained in the county court, the company should explain the implications of such action simply, fully and jargon free but without being misleading. Many companies take enforcement action in relation to judgments obtained by applying third party debt orders, charges on property, order to obtain information, warrants of execution or attachment of earnings. In these cases, the company should explain the terms and processes and advise the customer that processes are subject to a court judgment first being made. The consequences of such action should also be clearly set out along with a contact telephone number for where further information can be obtained.

Use enforcement action as a last resort

<p>Introduced in 2021 consultation</p> <p>Track changes show changes since our consultation</p>	<p>5.12 Use enforcement action as a last resort, once all other options for repayment have been exhausted. Companies can use enforcement action earlier in the debt management process where they can show evidence that:</p> <ul style="list-style-type: none"> • a customer routinely does not pay their bills; and/or • they have evidence that they have taken all reasonable steps to establish the customer doesn't have an underlying financial issue or other vulnerability that requires support before a customer can pay.
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5.13 Any enforcement action taken or charges added should be proportionate and reasonable in relation to the circumstances of the customer and the size of the debt. [Where possible companies should avoid using high court enforcement, except in those cases where they can show customers are persistently and deliberately not paying.](#)

<p>Introduced in 2021 consultation</p> <p>Track changes show changes since our consultation</p>	<p>5.14 Exclude customers known to be in vulnerable circumstances from any form of enforcement action where the customer:</p> <ul style="list-style-type: none"> • is eligible for help but have not yet received it; • is in the process of receiving help from the company or other bodies that the company has partnered with; • has applied or been accepted for the debt respite (breathing space) scheme; • is on a repayment plan already agreed by the company; or where appropriate • where the cost of the enforcement is likely to exceed the possible revenue the company or its agents can recover. <p>5.145 Put collection activity on hold immediately if companies or their agents become aware a customer is in vulnerable circumstances and should be receiving support from the company– and seek to support them in in line with our expectations under Principle 2 'Make sure customers who are eligible for help receive it when it is needed'.</p>
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Respond quickly, fully and appropriately to disputes or queries about debts

5.~~15~~16 Where debts are queried or disputed, the company should respond promptly, fully and appropriately to the customer's enquiries.

5.~~16~~17 Collection activity should be put on hold whilst investigating a reasonably queried or disputed debt.

Regularly review and update debt communications learning from feedback and complaints from customers

<p>Introduced in 2021 consultation</p> <p>Track changes show changes</p>	<p>5.17 Regularly review and update debt communications using data, insights, feedback and lessons from complaints from customers.</p>
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since our consultation	
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5.18 Give CCW an opportunity to comment on the design and text of any substantive changes to debt recovery communications, and be required-prepared to outline all changes during CCW debt audits.

Introduced in 2021 consultation	5.19 Make sure that the <u>code of practice on debt recovery</u> debt code is kept up to date, reflects operating practices and is available online or in hard copy <u>– and reviewed at least once every three years</u> . Companies should consider consulting <u>consult customers</u> use customer insights and intelligence (see expectation 1.26-1.28) <u>use customer insights and intelligence (see expectation 1.26-1.28)</u> -in making changes <u>and make sure they are inclusive by design (see expectation 1.29)</u> . CCW should <u>must</u> be consulted as a minimum <u>too</u> .
Track changes since our consultation	

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

When agreeing payment arrangements with customers, the customer's circumstances should be taken into account wherever possible. Payments should be based on a consistent approach for assessing a customer's ability to pay. Repayments should be understandable to the customer – and regularly reviewed as their circumstances change to make sure repayments are sustainable. And the customer should be re-engaged if the payments fail.

Double check the customer is in debt

Introduced in 2021 consultation	6.1 <u>Offer customers a way to check they are in debt. Before taking enforcement action, the company should carry out a further checks themselves to make sure the customer is in debt and that any figure they owe should not be adjusted</u> or whether (for example) they:
Track changes since our consultation	<ul style="list-style-type: none"> • should have received help <u>from the company</u> earlier; • have a leak; or

<p>changes since our consultation</p>	<ul style="list-style-type: none"> • there is an error in their account information. <p>6.2 Investigate and resolve any issues promptly and thoroughly where the customer disputes their debt.</p>
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Establish each customer’s ability to pay and allow customers to consider payment proposals

6.3 Make reasonable enquiries as to the customer’s ability to pay when setting up instalment arrangements and take account of the information given. This [should involve the company, customer or -debt advisor completing may involve using some kind of ‘income and expenditure’ form or ‘standard financial statement’ \(for example, the standard financial statement promoted by The Money Advice & Pensions Service\)\) completed by the customer or a debt advisor to use in assessing realistic payment options. Where companies adapt the SFS \(for example, to do checks at scale\), they should meet our expectation 1.30 in publishing their methodology \(‘Consider how customers’ ability to pay affects their service experience’\). Companies and their agents should retain an appropriate record of enquiries made.](#)

<p>Introduced in 2021 consultation</p> <p>Track changes show changes since our consultation</p>	<p>6.4 Companies and their agents should Retain an appropriate record of the completed standard financial statement and enquiries made to assess the customer's ability to pay. Make sure a consistent means is used for establishing each 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 Financial Statement (SFS), a methodology promoted by The Money Advice & Pensions Service.</p> <p>6.6 Consider a Use the Standard Financial Statement (SFS) for signing affordability assessments to the SFS where possible.</p>
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6.7 ~~6~~ Allow the customer sufficient time to consider any payment proposal and seek free and independent debt advice.

Refer customers to company's [financial hardship fund](#) ~~charitable trusts~~ or [other affordability](#) ~~restart~~ schemes for help

6.~~8-7~~ Where a [financial hardship fund](#) ~~charitable trust~~ or a ~~restart scheme~~ [other affordability support scheme](#) is in place, companies should, where appropriate, tell customers about them or refer customers to a relevant contact.

6.~~9-8~~ Companies who do not have such schemes should consider the value of establishing them independently or jointly with other companies or utilities.

Help customers reduce future charges

6.~~10-9~~ Be able to demonstrate that consideration has been given to whether the customer would benefit from support measures (see support package suggestions in expectation 2.1). For example:

- switching to a water meter;
- applying for a social tariff where available, or other forms of affordability support or
- implementing some water efficiency measures.

6.~~10-1~~ Where relevant, the company should advise the customer that they may be able to reduce their future charges and offer information about these options.

Agree repayment levels that are realistic, understandable and regularly reviewed

6.~~12-1~~ Set repayment levels which are realistic and sustainable given the customer's circumstances including taking into account all outgoings. Customers should not be pressured into paying the debt in full or in unreasonably large payments.

6.~~13-12~~ Try to agree an instalment plan with the customer at a level which recovers the level of the current year's charges and wherever possible also pays towards the previous years' arrears (accepting that in most cases payments received will be used to pay off the arrears). This is so that the level of debt does not get progressively worse. However, companies may need to take a long-term view of the period over which customers can clear their debt, based on their knowledge of the customer's circumstances. Wherever possible, they should try to avoid allowing the debt to increase unless they are convinced that in the customer's situation it is appropriate to accept any small amount in order to encourage a payment habit.

6.~~14-13~~ Accept any realistic offer of payment that a customer or the customer's authorised money advisor makes. Call operators should have the authority to agree payment plans with

customers over the phone. Any agreements made should then be confirmed in writing to remind the customer of the commitment made. The level at which direct payments from benefit are set can be a useful guide to setting an appropriate payment arrangement for some customers. However, in cases where the customer has multiple debts, liaison with or referring customers to local advice agencies will be important.

6.15-14 Companies are not expected to provide financial advice, but should make it clear to customers whether payments received will be used to pay current charges or towards arrears.

<p>Introduced in 2021 consultation</p>	<p>6.16-15 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>Track changes show changes since our consultation</p>	<p>6.17-16 Monitor arrangements after they have been set up to make sure the customer is content with them.</p> <p>6.18-17 Regularly review and adapt repayment plans as a customer's situation changes.</p>

Refer customers to local advice agencies, charities or voluntary organisations for further help

6.19-18 Establish and maintain good relationships with local [and national](#) advice agencies, charities or voluntary organisations (for example, by offering a dedicated helpline number or direct access for such agencies) and recommend customers consult these agencies where appropriate. [Companies should have pro-active debt advice referral approaches in place that go beyond simple signposting which may include transferring customers, with their consent, to debt advice agencies](#)~~If the customer agrees, arranging direct contact with a suitable advice agency could be helpful.~~ This is particularly important where company staff are not trained in debt counselling.

6.20-19 Where a customer advises a company of their intention to approach a fee-charging company, the company should advise the customer of the existence of similar services that do not make a charge.

6.21-20 Offer all customers in debt holistic debt advice. Refer customers to independent, non-charging debt advice agencies, and give full consideration to payment plans that such agencies offer. Where a customer has formally authorised a debt advice agency to negotiate on their behalf, the company should agree to this and should not bypass the agency by contacting the debtor directly.

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

<p>Introduced in 2021 consultation</p> <p>Track changes show changes since our consultation</p>	<p>6.22-21 Make efforts to re-engage with the customer after an initial occurrence of a failed repayment arrangement</p>
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6.~~23-22~~ Action taken when instalments are missed should be proportionate.

For supporting customers facing debt recovery action

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

Customers whose accounts are managed by debt recovery agents should, wherever practicable, receive the same level of service and care as those whose accounts remain with the water company. The potential consequences of having their debt managed by a third party should be no more severe than if the service was provided directly by the company.

Treat customers facing debt recovery action with empathy, sensitivity and fairly provide the same quality of service as other customers

<p>Introduced in 2021 consultation</p> <p>Track changes show</p>	<p>7.1 Treat customers facing debt recovery action with care<u>empathy</u>, sensitivity and <u>provide</u> the same quality of service as other customers – regardless of their payment and debt history.</p>
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<p>changes since our consultation</p>	
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Ensure the needs of priority service register customers are met

7.2 Those customers registered by companies as requiring priority services should not have their accounts passed to debt collection agencies where an agent is not able to provide the service which the customer requires. Where a debt is passed to an agent and it becomes apparent that the customer requires priority services which the agent cannot provide, the account should be returned to the water company.

Use reputable debt collection companies that treat customers fairly and in line with agreed levels of service

7.3 ~~Where companies choose to engage use external collection agents, e~~Engage a reputable ~~company agent~~ to carry out debt collection. ~~Agents should and who~~ abides by industry codes of practice, ~~treat customers fairly and in line with agreed levels of service, such as that of the Credit Services Association and the guidance on debt collection issued by the Financial Conduct Authority in its handbook.~~

7.4 It is expected that companies will have systems and processes in place to ensure that its contractors are acting in compliance with its ~~C~~code of ~~Practice~~ [practice on debt recovery](#) and meet the standards set out in the [Financial Conduct Authority handbook – or equivalent publication](#). We would ~~encourage~~ ~~expect~~ companies to ensure that these requirements are reflected in the contracted terms and arrangements when employing any third party to act on their behalf.

7.5 Make sure that individual accounts are passed to one debt collection agent at a time. This will avoid confusion for the customer and potential duplication of effort by agencies.

7.6 Make sure that a full and accurate history of the debt is passed to the debt collection agent.

Regularly and robustly check customers facing debt recovery action are treated sensitively

7.7 Be able to verify on a regular basis that customers whose debt is managed by a debt collection agency are sensitively dealt with through a robust audit process. This may include regular reports from the agent on the progress of customers' accounts and payments.

7.8 To satisfy themselves that their customers are receiving the appropriate level of service, water companies are expected to hold copies of standard communications materials sent by debt collection agents and make sure that these conform to the standards expected of the water companies themselves.

Continue to communicate directly with customers facing debt recovery action

7.9 Make sure that customers whose accounts have been passed to debt collection agents are kept informed of this action. Customers should not find themselves in a position where it is harder to agree payments than if they were dealing directly with the water company. The debt collection agent should offer the same range of payment options as the company wherever it is practical to do so.

7.10 In some cases, it may be necessary to treat a customer's current charges separately from any arrears. The company may wish to agree payment terms for the current bill directly with the customer while leaving the collection of debt in the hands of the agent. If this is the case, it is important to make sure that the customer fully understands that payments are due to both parties. Ideally, all charges should be collected together in order to avoid confusion for the customer.

Retain access to the customer's account

7.11 Retain access to the management of the customer's account, should the need arise, as the debtor will typically remain the customer of the water company. Good practice will allow water companies to be able to obtain access to the customer's account and details such as the amount which a customer has agreed or has been asked to pay, should they be approached directly by the customer or by third parties acting on behalf of the customer, such as debt advisers. Regular and effective communication systems should be in place between the company and agent to share information regarding payments made or other activity on the account when necessary.

Allow customers to raise disputes involving the agent with the water company

<p>Introduced in 2021 consultation</p>	<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"> • aware that they can raise their concerns directly with the water company; • how they can do this; and
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|--|--|
| | <ul style="list-style-type: none"> • that it is easy for them to do so. |
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Speak to local authorities to find alternatives to evictions where non-payment of water charges could result in evictions

7.13 Where eviction for the non-payment of water charges is a possibility, companies should have effective channels of communication in place with local authorities to make sure that such cases are discussed with a view to alternative solutions being found.

Only sell debt to reputable parties and where other recovery activities have been exhausted

7.14 Companies that choose to sell debt to a third party should only do so when all other debt recovery activities have been attempted.

7.15 Make sure that you only sell debt to a reputable agent who abides by industry codes of practice such as that of the Credit Services Association and the guidance on debt collection issued by the Financial Conduct Authority in its handbook.

Tell courts promptly when customers clear their debts

<p>New – introduced since our 2021 consultation</p>	<p>7.16 Notify courts promptly when customers in relation to whom court enforcement orders have been made clear all or a substantial part of their debts.</p>
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Demonstrate service levels to CCW

7.16-17 Show CCW that customers whose accounts have been placed with agents are not receiving a lower level of service than customers whose accounts remain with the water company. CCW will also wish to confirm that companies have effective quality control arrangements in place. At audits it is desirable for CCW to have:

- access to the agent and their documentation, including copies of standard communications materials; and
- the option to meet the agent, visit the agent's premises or look at individual cases as part of their regular assessments of companies' debt recovery operations.

7.17-18 The code of practice under which the agent operates and the service agreement or equivalent document should also be made available to CCW, provided there are no confidentiality concerns.

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is a non-ministerial government department.
We regulate the water sector in England and Wales.**

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