

May 2022

Paying fair – guidelines for water companies in supporting residential customers pay their bill, access help and repay debts

About this document

This document sets out our guidelines for [water only and water and sewerage companies](#) in supporting residential customers in England and Wales pay their bill, access help and repay debts.

Our guidelines include principles and minimum service expectations for these companies in supporting:

- all residential customers in England and Wales to pay their water, wastewater or combined water and wastewater bill;
- customers in vulnerable circumstances, including those at risk of falling into debt;
- customers who have their accounts managed by agents such as local authorities and housing associations;
- customers in debt; and
- customers in debt and facing debt recovery action by water companies and third parties.

Our guidelines apply to all residential customers including customers in mixed-use premises with a shared supply for which the principal use of the premises supplied is as a home.

If you have any questions about these guidelines, please [contact us](#). We also welcome direct feedback on how our guidelines are working and where customers are experiencing both good or bad service from their water company and those representing water companies.

You can find more information on how else we are encouraging companies to deliver better services for customers on our website.

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Contents

Using our guidelines	3
Our principles	6
Our minimum service expectations	9
For supporting all customers.....	9
1. Help make it easy for all customers to pay their water bill	9

For supporting customers in vulnerable circumstances.....	15
2. Make sure customers who are eligible for help receive it when it is needed	15
For supporting customers through third parties	19
3. Treat customers that have their accounts managed by agents as customers of the company	19
For supporting customers in debt	20
4. Be proactive in contacting customers in debt.....	20
5. Be clear, courteous and non-threatening to customers in debt	23
6. Agree payments that are right for each customer in debt	27
For supporting customers facing debt recovery action	30
7. Treat customers facing debt recovery action with care.....	30

Using our guidelines – what we expect from water companies

Our guidelines set out our minimum expectations of the services that water companies deliver to residential customers and the way they are delivered – and our overall principles to guide each company's actions.

Water companies should deliver all our expectations in full. Companies can still comply with our guidelines and take different approaches to our expectations where 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 result for the customer.

In these situations, companies must clearly demonstrate their reason for departing from the guidelines – and be able to provide evidence when asked. We expect any other approaches companies take to be consistent with our principles.

Our approach is focused on the outcomes that water companies are delivering for customers rather than the precise means by which those outcomes are achieved. It is imperative for all companies to own and address the needs of their customers.

Our guidelines do not include every aspect of companies' service delivery. We set out some further areas where we would expect companies to do the right thing for their customers.

Our guidelines balance protecting individual customers and allowing 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.

Delivering good customer care and service through customer focus, best practice and good quality data

We expect water companies to strive for best practice service for all customers while recognising that good outcomes will look different for different customers. These are essential pre-conditions for good customer service but are especially important to achieve good outcomes for vulnerable customers, including where customers are in debt or struggling to pay.

Good customer care and service are underpinned by robust records and systems, as well as transparent procedures that are based on timely and accurate customer data. This is important for:

- developing and maintaining relationships with customers;
- identifying customers that may need support at an early stage;
- checking account information;
- checking correct billing information;
- making sure customers – particularly those that move – are not incorrectly pursued for debts or have debt action taken against them without their knowledge;
- debt management purposes; and
- demonstrating compliance with applicable data protection law.

Companies should regularly quality assure their people, procedures and systems so that they use customer information correctly. They should:

- use customer contacts and feedback;
- correct any errors from happening again; and
- find ways to improve the quality of consumption, customer and asset data to improve the accuracy and helpfulness of bills and other communications to customers.

Putting things right quickly where they go wrong

Where customers have a dispute about billing, payments or any other issue covered by our guidelines, we expect companies to prioritise resolving these matters quickly, pragmatically and in a way that treats customers fairly. Companies should identify if any changes to their approach – including communications and contacts with the customer, systems, policies, and culture – could have avoided the dispute and any similar disputes from happening – and (where relevant) change their approach for future.

Complying with all legal requirements

Finally, we expect water companies to comply with other legal and regulatory requirements which apply at the relevant time. This includes:

- [the Equality Act 2010](#) ; and
- [‘The Debt Respite Scheme \(Breathing Space Moratorium and Mental Health Crisis Moratorium\) \(England and Wales\) Regulations 2020’](#); and

In engaging with different customer groups, water companies should also check their policies, approaches and systems are consistent with our:

- [customer information principles](#);
- '[PR24 and Beyond: Creating tomorrow, together. Appendix - Reflecting customers' preferences](#)' (May 2021); and
- [any future development of that policy](#).

This is not a complete or exhaustive list and water companies will need to consider for themselves how they comply with all their legal and regulatory obligations. [We would also expect companies to anticipate new requirements – and plan and deliver changes to their approach ahead of time.](#)

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, 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 customers • 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 agents	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	<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 • Act quickly to help resolve disputes between customers and agents

as customers of the company	those whose accounts remain with the water company.	
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"> • Show customers empathy • 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 communications are friendly and company representatives are easy for customers to talk to • 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 or 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 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	<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 • Ensure the needs of priority service register customers are met • Use reputable debt collection companies that treat customers fairly and in line with agreed levels of service

Paying fair – guidelines for water companies in supporting residential customers pay their bill, access help and repay debts

	<p>should be no more severe than if the service was provided directly by the company.</p>	<ul style="list-style-type: none">• 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, up to date and is used

1.1 Have robust systems and procedures for establishing who is moving into and out of properties being supplied – and record accurate information about the occupant and account.

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.

1.3 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;
- 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.

1.4 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 the quality of consumption, customer and asset data to improve the accuracy and helpfulness of bills and other communications to customers.

Make payments possible in person from different locations

1.5 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.

1.6 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.

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.

Offer flexible payment and billing frequencies to match customers' circumstances

1.8 Offer all customers at least the following payment frequencies:

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

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

1.10 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.

1.11 Offer or accept more frequent billing frequencies to encourage customers to pay and avoid unexpected and unaffordable increases in their bills ('bill shock').

1.12 Make information about what customers owe accessible to them in a variety of ways, such as online, by telephone or other methods.

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

1.13 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.

1.14 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

1.15 Encourage customers to use digital payment methods and support them to use them by providing guidance.

Advertise payment options to all customers in a variety of formats, languages and for those with specific communication needs

1.16 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.

1.17 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.

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

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

1.20 Use messages on envelopes to raise awareness of financial support to customers.

Use customer bills and payment transactions to improve customer understanding of options

1.21 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.

1.22 Encourage customers to pay in bitesize instalments and offer more regular account balances to customers, particularly those with low and variable incomes.

Respond efficiently to customer requests to change payment arrangements

1.23 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

1.24 Make information about services and bills more understandable for all customers – and make it available in a way that best meets their needs. This includes, for example, considering ways to:

- 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 payment and how the customer can change the amount or spread payment.

1.25 Work with other bodies – to reach customers in vulnerable circumstances, those in debt or at risk of falling into debt, particularly those that:

- may find it harder to understand information shared by water companies as a result of their vulnerability; or
- 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.

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

1.26 Use insight and intelligence to regularly monitor customer satisfaction with billing, payment, support and debt services, identify issues and target areas for improvement. This should include satisfaction among customers in vulnerable circumstances. Insights and intelligence might include:

- commissioning customer research;
- identifying issues highlighted by customers in complaints with billing and charging;
- testing customer understanding of information provided to them;
- using data analytics from websites or apps on how easy or difficult it is for customers to find information about billing, payment and support;
- extracting voice analytics from telephone calls on how easy or difficult customers find it to understand their bills and access support;
- success rates of payment plans for customers in debt; and
- how the company performs on bills, payment and help compared with other service providers in other sectors that customers may use.

1.27 Work in partnership with consumer and debt advice organisations to enhance understanding of different types of customer, best practice – and gather views on company proposals for improvements.

1.28 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.

Make payment, help and debt services inclusive by design

1.29 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. Companies should apply Inclusive design principles to different groups of customers, including customers:

- eligible for help
- that have their accounts managed by third parties
- in debt; and

- facing debt enforcement action.

Consider how customers' ability to pay affects their service experience

1.30 Use and recognise the Money and Pensions Service Standard Financial Statement (SFS) as a consistent means of establishing customer's ability to pay. Where companies do quick or initial affordability checks with customers, these should also be consistent with the approach in the SFS. Companies 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.

1.31 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.

Use best practice when using credit reference agencies

1.32 Use credit reference agency data to help identify customers that:

- may qualify for support;
- be at risk of falling into debt; and
- can afford to pay and can be contacted for payment.

1.33 Communicate to customers:

- 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.

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.

1.35 Identify and 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.

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

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 (for example only):

- checking account and billing information are correct;
- checking consumption for signs of leaks and (if relevant) offering a free supply pipe repair and signpost to the leakage allowance (as required by condition H of each water company's licence);
- checking for eligibility for discounts for surface water drainage;
- 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).

2.2 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:

- customer contacts and feedback; and
- customer insights from working with other external organisations – such as charities, local authorities, health and social care or other third party customer advice and authorised debt advice organisations.

Identify and support customers in vulnerable circumstances

2.3 Have specific policies, procedures and systems for proactively identifying and offering support packages for customers in vulnerable circumstances. These should:

- recognise the complexities of a 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.

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 should consider:

- 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.

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’](#).

Use data sharing arrangements to identify customers in vulnerable circumstances

2.6 Put in place and use data sharing arrangements with other bodies – for example, credit reference agencies, energy companies, charities or local authorities – to help identify people in vulnerable circumstances, including those at risk of falling into debt.

2.7 Make sure any data sharing arrangements meet high standards of ethical behaviour, rulings and [code of practice guidance from the Information Commissioner’s Office](#) (or equivalent document) and any legal requirements which apply at the relevant time.

Communicate effectively and sensitively with customers in vulnerable circumstances

2.8 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.

2.9 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.

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

2.11 Design specific communications and approaches for customers with communication difficulties

2.12 Design communications for people who struggle with literacy and numeracy.

2.13 Have options for supporting customers who are not able to access or use digital services.

Offer customers the option for their account to be managed by authorised third party individuals

2.14 Have an approach that protects customers from fraud while allowing properly authorised people or organisations – such as free, 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.

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

2.15 Tailor your debt management actions to be sensitive to the circumstances that make customers vulnerable.

2.16 Offer customers access to holistic debt advice to help them maximise their incomes, 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

2.17 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.

- 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 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.

2.18 Train people who come into contact with bereaved people to know how to respond efficiently and with understanding.

2.19 Streamline your processes and procedures to be simple, 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.

2.20 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.

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

3.1 Companies that have agreements in place with local authorities, housing associations or other social housing providers should ensure that agreements are drafted in a simple way so that responsibilities are clear on how issues will be resolved in a well-managed way for tenants.

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:

- the water charges that the water company 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 or other affordability schemes.

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).

Consult tenants where charges are collected as part of the tenancy

3.4 Where it is proposed that water charges are not collected by the water company directly, carry out a full and effective consultation with tenants before any new agreement starts.

Act quickly to help to resolve disputes between customers and agents

3.5 Act quickly to help to resolve disputes between customers and agents. This includes:

- helping to resolve specific complaints; and
- taking steps to help avoid similar disputes happening between customers and agents in future.

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.

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:

- check customers' consumption, billing and account details to make sure they are correct;
- check a customer's preferred contact method and time of day; and
- make sure customers who are eligible for help receive it, and quickly.

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 them. The options can be either:

- in the text of letters; or
- 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' (known as 'Water Direct' in the water sector) 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 Work 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.

4.7 Companies should engage directly with customers on the 'Third Party Deduction Scheme' – or about to be placed on it – to help explain the scheme (such as what will impact the length of time the plan is in place) and encourage customers to share information about their circumstances to avoid them getting further into debt.

Send clear reminders that provide advice and next steps

4.8 In a water company's first written or verbal communication with a customer, the company should prominently state that free debt advice services are available to customers and provide the customer with contact details for MoneyHelper or other free debt advice organisations. 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 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 respond .

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, letters and visits) if a customer fails to respond using their preferred contact method or preferred time of contact.

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.

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.

Make sure communications are friendly and company representatives are easy for customers to talk to

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 on a regular basis. Where these reviews result in changes to a company's debt recovery strategy, the company must consult with CCW on changes to their code of 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.

4.21 Debt recovery strategies should include a consistent approach that clearly shows the actions the company will take as the level of a customer's debt increases.

4.22 Where information on individual customers' circumstances is unknown, segmentation of customers should be used wherever practicable, to tailor debt recovery to individual customers or particular debtor groups.

Demonstrate quality service

4.23 Keep records showing how many times 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.

4.24 Highlight customer outcomes and testimonies on resolving debt problems to encourage other customers to contact you.

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 – 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 correspondence should be tailored.

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 set out how to get free independent debt advice.

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).

5.5 Where one is available, the customer should be advised of a company's financial hardship fund or other affordability scheme.

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 to use in the event of requiring further information.

5.7 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

5.8 All communications – such text, emails, letters and literature – should be:

- in plain language;
- in plain numbers;
- 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 Make sure that the appropriate format is used for customers that:

- require priority services
- do not use English as their first language; or
- have communication difficulties.

Use fair tools for encouraging payment

5.9 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

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:

- 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.

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.

5.14 Exclude customers known to be in vulnerable circumstances from any form of enforcement action where the customer:

- 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 the cost of the enforcement is likely to exceed the possible revenue the company or its agents can recover.

5.15 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'.

Respond quickly, fully and appropriately to disputes or queries about debts

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

5.17 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

5.17 Regularly review and update debt communications using data, insights, feedback and lessons from complaints from customers.

5.18 Give CCW an opportunity to comment on the design and text of any substantive changes to debt recovery communications, and be prepared to outline all changes during CCW debt audits.

5.19 Make sure that the code of practice on debt recovery is kept up to date, reflects operating practices and is available online or in hard copy – and reviewed at least once every three years. Companies should use customer insights and intelligence (see expectation 1.26–1.28) in making changes and make sure they are inclusive by design (see expectation 1.29). CCW must be consulted too.

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

6.1 Offer customers a way to check they are in debt. Before taking enforcement action, the company should carry out further checks to make sure the customer is in debt and that any figure they owe should not be adjusted or whether (for example) they:

- should have received help from the company earlier;
- have a leak; or
- there is an error in their account information.

6.2 Investigate and resolve any issues promptly and thoroughly where the customer disputes their debt.

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 the [standard financial statement promoted by The Money Advice & Pensions Service](#) to assess 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').

6.4 Retain an appropriate record of the completed standard financial statement and enquiries made to assess the customer's ability to pay.

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).

6.6 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 or other affordability schemes for help

6.7 Where a financial hardship fund or other affordability support scheme is in place, companies should, where appropriate, tell customers about them or refer customers to a relevant contact.

6.8 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

6.9 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 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

6.11 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.

6.12 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.

6.13 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.

6.14 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.

6.15 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).

6.16 Monitor arrangements after they have been set up to make sure the customer is content with them.

6.17 Regularly review and adapt repayment plans as a customer's situation changes.

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

6.18 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. This is particularly important where company staff are not trained in debt counselling.

6.19 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.

6.20 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

6.21 Make efforts to re-engage with the customer after an initial occurrence of a failed repayment arrangement

6.22 Action taken when instalments are missed should be proportionate.

For supporting customers facing debt recovery action

7. Treat customers facing debt recovery action 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 provide the same quality of service as other customers

7.1 Treat customers facing debt recovery action with empathy, sensitivity and provide the same quality of service as other customers – regardless of their payment and debt history.

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 use external collection agents, engage a reputable agent to carry out debt collection. Agents should abide by industry codes of practice, treat customers fairly and in line with agreed levels of service.

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 code of practice on debt recovery and meet the standards set out in the [Financial Conduct Authority handbook – or equivalent publication](#). We would 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

7.12 Make sure that customers who are unhappy with the way the agent has dealt with them are:

- aware that they can raise their concerns directly with the water company;
- how they can do this; and
- that it is easy for them to do so.

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

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.

Demonstrate service levels to CCW

7.17 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.

7.18 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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