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### **Customer Protection Code of Practice – A Call for Inputs**

The UIA is a trade association for third party intermediaries (TPIs) in the business utilities sector. Our aim is to promote and enhance the reputation of TPI's to give confidence to business consumers who utilise their services. All Members of the UIA must agree and operate to the UIA Code of Practice which in addition to setting the standards to which our Members adhere to, provides redress for consumers should any member fall short of the standards expected from them.

We have limited our responses to those areas which cover TPI's and in which we have experience. We hope that this will go towards informing Ofwat of possible actions it can take to improve the market for consumers.

Yours sincerely

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For and on Behalf of The Utilities Intermediaries Association



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### **2.3 Should different customers receive more explicit or targeted levels of protection in the CPCoP?**

It would be simpler and fairer to adopt the principle that consumer protection is for everyone and all those who deal with consumers in whatever capacity should be adhering to the same overarching standards. Too often in trying to decide a threshold to determine who requires help and who doesn't, means that some businesses fall through the gaps. In addition, messaging becomes confusing. If you must draw a line in the sand then protections should be extended to cover SME (the energy crisis has exposed how vulnerable this sector was to unfair treatment and practices), I & C business generally have the resources, expertise, and influence to address any issues for themselves. In addition, they are more likely to be able to challenge unfair practices in the courts - beyond the pockets of most SME's

Ofwat's current definition for microbusiness is based purely on the number of employees, in our view, it would be more appropriate to use annual usage followed by headcount and turnover, consistent with that employed in the energy sector. Large water users are likely to be remotely read, and billed more frequently than their smaller counterparts, they should be easier to identify and separate.

There should be a consistent approach across all utilities to use the same criteria for determining thresholds— it is ridiculous that a customer can receive one level of protection within one sector but find it lacking elsewhere.

### **2.4 Improving the customer experience - Third Party Intermediaries**

Regulation should only be introduced where there is a need to correct or address certain behaviours. An Ofwat/CCW commissioned report published in 2020 found that consumer concerns over TPI's were anecdotal with no hard evidence to support it.<sup>1</sup> Unless this has altered and hard evidence now becomes available, we would question the introduction of measures without first properly assessing that there is a requirement for it, because of the unintended consequences this may trigger.

Attempts to 'regulate' TPI's without a direct mandate to do so, creates a situation where the vendor (the retailer) has control over the practices of the buyer's representative - this is a conflict of interest and highly contentious. How individual retailers choose to interpret and action any additional obligations may not be in the customers' best interests. For instance, Ofgem's Microbusiness Strategic Review has resulted in the refusal of certain suppliers to engage with TPI's even where they have a Letter of Authority from the customer. There has also been a comprehensive 'cull' in the number of TPI's that suppliers will work with – partly due to the added administrative burden and costs to meet these obligations, but also because it allows the retailer to control the TPI market. Any measures deployed must be non-invasive and proportionate and brokers should be able to call out practices that are deemed onerous to Ofwat.

With regards to the declaration of fees, we believe that events which are currently occurring within the energy sector, with the rise of energy claims companies, and class action against energy suppliers over secret commissions will make necessary the full disclosure of broker fees.

The current LOA template does not include an internal TPI complaints procedure, nor does it address potential restrictive clauses such as around termination or preventing the customer from engaging directly with the Retailer. The energy sector has seen the emergence of 'cost recovery' services for TPI's allowing them to recover lost fees from customer who have reneged on their agreements. Therefore if

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<sup>1</sup> <https://www.ofwat.gov.uk/wp-content/uploads/2020/08/Non-Household-Customer-Insight-Third-Party-Intermediaries-Interviews-BMG-Final-Report-2020.pdf>

there are consequences for a customer terminating an agreement with their TPI, this must be made clear in the LoA.

Cold calling continues to be a major cause of complaint from businesses with regards to TPI's but Customers can opt-out of receiving such calls by contacting the Corporate Telephone Preference Service (CTPS) or TPS for residential. Ofwat and CCW should make customers' aware of this in their guidance.

## **2.8 Monitoring and Compliance**

Ofwat/CCW could do more to promote the CCoP so that customers and TPI's acting on their behalf are aware of the minimum requirements placed on retailers when engaging with businesses.

Provide customers and their representatives with the means to report poor practices which then enables monitoring and finding patterns of bad practice that are endemic within water retail.

Engage *secret shoppers* to measure how easy it is to contact Retailers, and how quickly they respond to queries.

Better signposting for where customers can view water company performance ratings