

Customer Protection Code of Practice – Waterscan Response to Ofwat’s Call for Inputs

The Customer Protection Code of Practice (CPCoP) should be strengthened to provide better clarity for Retailers and to focus more on customer interests and outcomes.

We have identified eight key areas for improvement.

1. Transparency and Accessibility

The requirements for water companies to provide clear, easily understandable information to customers about services, tariffs, and billing need to be strengthened.

There needs to be specific, measurable metrics to replace *‘timely’* and *‘appropriate’*. These terms are used consistently in the current CPCoP, from how water companies should communicate with customers to how they should provide updates on service interruptions, quality issues, and planned maintenance. These terms are highly subjective and so fail to provide a consistent, clear, or enforceable Code and so should be replaced with specific requirements for different scenarios such as dispute resolution.

2. Complaint Handling and Dispute Resolution

Provisions for effective and prompt complaint handling processes need to be strengthened. Customer concerns must be dealt with directly and efficiently, which is currently a key area of performance failure across the market.

Clear and consistent timelines and escalation procedures need to be in place for handling unresolved complaints – it must be apparent who should step in (e.g. CCW) and at what stage. Retailers must not be allowed to drag out complaints procedures to the point of customer exhaustion and exasperation.

The use of alternative dispute resolution mechanisms should be encouraged to resolve disputes between customers and water companies in a less acrimonious, and speedier, way.

3. Leakage Reduction and Efficiency

A major weakness of the current CPCoP is that leakage enforcement is not within its remit. The CPCoP should take the opportunity to guide water companies to more proactively detect and address leaks. This should be coupled with clear and easily accessible reporting obligations. Stricter penalties for failing to comply with leakage reduction targets should be considered, which would complement incentives for exceeding targets.

4. Customer Engagement and Participation

The CPCoP should do more to promote customer engagement and participation in decision-making processes, encouraging water companies to seek customer input on key issues like service improvements, investment plans, and pricing decisions.

More effective and responsive mechanisms should be in place in the CPCoP setting out how Retailers should collect and incorporate customer feedback, including through public consultations and customer panels.

5. Affordability and Tariff Structure

The affordability of water bills should be reviewed and ways to mitigate the impacts of rising costs should be considered, particularly for low-income households.

Ofwat should explore options for progressive tariff structures that promote water conservation and provide financial relief to customers in need. This investigation should be paired with assessing the effectiveness of social tariffs or other targeted support programmes, which could be expanded.

6. Enforcement and Penalties

The enforcement powers of Ofwat should be strengthened to ensure the compliance of Retailers with the CPCoP, including the ability to impose more substantial penalties for non-compliance. The overall adequacy of penalties should be reviewed to deter misconduct and incentivise adherence to the Code. This could be supported by public reporting requirements for penalties imposed on water companies to enhance transparency and accountability.

Enforcement should also be in place for more seemingly 'minor' issues such as Section 7.1.8, which states that Retailers must provide a clear contact method in a prominent place on their website. Section 10.3.3 states that each Retailer must make the timescale of each stage of the complaint resolution process clear to the customer. Ofwat must do more to ensure this is the case and to determine whether the stated timescales are fair to the customer (or, Ofwat should set out maximum timescales in the CPCoP). We encourage Ofwat to more regularly audit Retailers' dispute processes and outcomes to better monitor this.

7. Emergency Events

The CPCoP should be strengthened to deal with emergency events. This is a major pinch point in the market as it stands, particularly since Wholesalers set their own response times and compensation is often not proportional to the impact or scale of disruptions.

8. Annual Credit Refunds

We support the proposal for Retailers to be obliged to refund credit balances to NHH customers on an annual basis. This should help to relieve some of the legacy issues involved with closing accounts or keeping track of monies which can, for example, arise when coordinating a SPID switch for a customer.