

CPCoP CFI Response
Ofwat
City Centre Tower
7 Hill Street
Birmingham
B5 4UA

26th June 2023

Dear Sirs,

Further to your letter dated April 2023, please find below our response to the Customer Protection Code of Practice Call for Inputs.

Q1) Complaint handling & dispute resolution: What views do you have on the adequacy of the current requirements as they stand. Do you think they could or should be strengthened, and if so, do you have views on how they might be amended and any costs that may be incurred by doing so?

W2b response: CPCoP clearly defines the requirement on retailers to have an effective complaint handling process at no cost to non-household customers. Whilst the CPCoP includes the steps the process must include, there are inconsistencies across the market around the timescales a customer can expect each step to be completed. It may be worthwhile exploring whether the CPCoP should be updated to reflect the points in the RWG Good Practice Guide on complaint handling?

Q2) 2.2 General Principles of the CPCoP: Do you think the General Principles of the CPCoP should be modified to ensure a stronger focus on the interests of customers, and if so, how?

W2b response: No. We feel the CPCoP is clearly focussed on protecting the interests of all customers.

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

Q3) What views do you have on the CPCoP offering differing levels of protection to customers as described above?

W2b response: It would be difficult to have a consistent level of protection for customers as depending on the size of the business/amount of water being used, will have different requirements. It feels right to offer additional protections for micro-businesses, who may be financially vulnerable compared to larger businesses.

Q4) What views do you have on extending additional protections to particularly vulnerable customers, and what extra protections do you think it would be appropriate to consider adding to the CPCoP for these customers?

W2b response: When talking about "vulnerable" customers, the agreed definition refers to individuals only, a business cannot be classed as "vulnerable". There may be merit in producing a definition of a "vulnerable" business, however caution should be noted around the difference between vulnerability and refusal to pay.

Q5) What views do you have on whether the CPCoP should include protections for customers with critical infrastructure?

W2b response: There is a requirement in the Security and Emergency Measures (Water and Sewerage Undertakers) Direction 1998 (SEMD) (as per S208 of the Water Industry Act 1991) for water undertakers to have plans in place to provide additional services in the event of an interruption to potable water supply. For NHH customers, the service depends on the categorisation of customer type, which is already clearly defined. We cannot see the value in including further additional protections for customers with critical infrastructure as there are clear legal requirements already in place.

Q6) What views do you have on how the CPCoP could be strengthened to deal with emergency events

W2b response: See answer above, the requirements are already clearly defined. The retailer will likely only have billing contacts for most customers and site-specific contacts where necessary. Adding an additional requirement on the retailer to store emergency contact details for all customers will likely cause an impact on systems/resourcing/costs etc.

2.4 Improving the customer experience

Q7) Do you have any thoughts on how the CPCoP could be strengthened to improve customer experience?

W2b response: Nothing to add at this time.

Q8) Do you think the CPCoP could be strengthened to improve how Retailers provide customers with information relating to the end of their contract and terms of supply?

W2b response: No. This is already covered in the CPCoP.

Q9) Are there any service areas that are missing from the current CPCoP that we could consider for inclusion when updating it?

W2b response: there would be merit in reviewing the CPCoP to expand section 4, General Principles to include third party intermediaries as well as retailers. This would make it clear the behaviour expected from a TPI and improve customer experience.

Q10) Is there is scope to update or standardise the existing Letter of Authority arrangements?

W2b response: Yes, this would bring consistency across the market in standardising the LoA wording/arrangements.

Q11) Should any changes to the CPCoP falling under questions 7 to 10 be differentiated by size or type of customer?

W2b response: No

2.5 Improving customers' awareness of the market

Q12) Do you have any views or suggestions as to whether and how the CPCoP might be used to improve customer awareness and engagement in the market?

W2b response: From our experience, larger customers are already aware of the open market due to their engagement with TPIs. Smaller customers are unlikely to see the benefit of switching retailer where the margins in cost are so small. Including up to date information on retailer performance on the Open Water website allows customers to make an informed decision.

2.6 Customer credit balances

Q13) Do you have views on whether and how the implemented changes have impacted your business and delivered on the intended aims. To what extent do you consider that these changes have resulted in a noticeable difference in customer awareness in terms of credit balances or alternative payment options available?

W2b response: No, as we do not bill our customers in advance.

Q14) Do you consider there are merits of introducing any of the options described above (further protections for smaller customers, ringfencing credit balancing, obliging Retailers to provide annual letter/notifications or obliging Retailers to refund customer credit balances on an annual basis) and why? Please provide your views of possible pros and cons on any options, including any possible implementation challenges, costs, or unintended consequences that Ofwat would need to consider.

W2b response: Obliging retailers to credit customer credit balances on an annual basis is extremely dangerous to the security of virtually every retailer. Whilst we agree with the communication recommendations, a credit balance is more than just black and white to be refunded and could be part of a wider group of balances where the ultimate customer is in debt. The suggestion that a blanket rule that all credit balances must be refunded after a year is naïve, dangerous and shows a clear lack of understanding of the operational challenges of running a retailer. The measures to communicate the credit balances are more than enough, this is meant to be a competitive market.

Q15) Are there any other options we could consider or anything we can learn from other sectors or markets on this issue? If so, please provide your views on possible pros and cons on any suggested alternative approaches, including implementation challenges, costs, or unintended consequences that Ofwat would need to consider

W2b response: The current measures are sufficient.

2.7 Governance and Housekeeping

Q17) Do you agree that a similar process to the WRC/ MAC changes, should be introduced to replace the current CPCoP change process?

W2b response: We would agree that changes which will directly benefit customers should be prioritised.

Q18) Do you consider that the current CPCoP has redundant or unnecessarily complex elements? If so, do you have any suggestions to reduce complexity or redundant elements of the CPCoP?

W2b response: No

Q19) Do any definitions contained within the CPCoP need updating or amending?

W2b response: 6. Obligations in relation to sales & marketing; requirements relating to micro-businesses are clearly defined, does the CPCoP need updating to reflect requirements for all businesses? Why this is specific to micro-businesses?

2.8 Monitoring and Compliance

Q20) Do you have any views on whether we could protect customers better by taking further steps to increase our assurance that Retailers are compliant with their obligations as set out in the CPCoP and if so what in your view is the most effective way to do this?

W2b response: as part of the annual statement of compliance, evidence from retailers (such as copies of contracts with terms and conditions, complaint responses, screenshots from websites etc) could be provided as a supporting document?

2.9 Further Considerations

Q21) Do you have any views on any areas that have not been considered by this CFI that you believe could improve or strengthen the CPCoP?

W2b response: No. the CPCoP is sufficient and was updated barely 12 months ago, it does not require an annual revision.

Please do not hesitate to contact me if you have any questions regarding the above.

Yours faithfully,

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