

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

Direct line: [REDACTED]
Email: [REDACTED]

Re: Customer Protection Code of Practice – A call for Inputs

Please find our responses to the individual questions contained in the consultation document. As a wholesale respondent we did not feel sufficiently informed to deal with several questions that relate to the credit arrangements between customers and retailers.

Question 1. *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?*

As a Wholesale respondent we are not sufficiently informed to comment on Sales and Marketing Activity or the Transfer of Non-Household Customers.

On Billing we would observe that we frequently see at the wholesale interface, activity which is a direct result of customers not receiving timely and accurate bills. In many cases the analysis of the customer's account will show that the meter has not been read in the year and that this is often compounded by the estimate applied to the bill not being reflective of the underlying consumption.

As consequence, there is a material number of customers receiving unexpectedly high bills and experiencing bill shock. Of most concern is the number of leaks on customer's supplies which go unnoticed. The issue of an accurate bill, based on a physical meter read is in many cases the first time the customer is made aware of the fact that there may be an issue on their supply. We are seeing an increase in the number of leak claims where an accurate bill would have mitigated financial loss for the customer and wasted water.

Many wholesalers have leak allowances that are time limited. If meters are read frequently, most customer's losses will be covered by the wholesaler's leak allowance policy (RWG Best Practice Guide). The customers are being adversely impacted and there appears to be little consequence in the current CPCoP or Market Performance Framework for the retailer.

We would support a strengthening of the CPCoP around accurate billing and for there to be tighter measures within the Market Performance Framework where this is not the case.

The provisions of information to Non-Household customers

As stated in the consultation document, a significant proportion of customers still do not have a full understanding of the Non-Household Market. More needs to be done to explain the fundamentals of the market to the end customer. This should cover the respective

responsibility of the retailer, wholesaler and indeed the customer. The level of service they should expect and the redress available.

The clarification of Retail/ Wholesale activities is critical if the planned introduction of B-R Mex in the next AMP is to be a success.

Complaints handling and disputes

We have observed an increase in claims for discretionary allowances, where there is fundamentally no underlying issue with the supply and the root cause is bill shock related to the timeliness and accuracy of the bills received from their retailer.

Wessex Water has purposely positioned itself as having one of the most generous allowance policies in the market, and we widely use our discretion for 3rd sector organisations or businesses in receipt of small business rate relief. We are not against discretionary allowances and will evaluate each claim on its individual merit, taking account of the customer's individual circumstances.

We believe that the CPCoP should not allow the wholesale complaint process to be used where there is no underlying issue with the supply and the issue solely relates to retail activities or the wholesaler declining a discretionary allowance.

Question 2. *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?*

We agree with the General Principles of the CPCoP, but believe they lack clear definition. Whilst there is a danger that a more prescriptive CPCoP will stray into mimicking the market codes, more in our view can be done to better define some, if not all the General Principles.

Question 3. *What views do you have on the CPCoP offering differing levels of protection to customers as described above?*

An effective functioning market provides inbuilt protection, as customers dissatisfied with the service they receive from their retailer can exercise choice and this in turns drives service differentials between retailers and better customer service.

For smaller businesses the ability to exercise choice is limited and the market may be failing them. In such circumstances we would advocate more prescriptive obligations being placed on market participants for this group of customers.

Question 4. *What views do you have on extending additional protections to particular vulnerable customers, and what extra protections do you think it would be appropriate to consider adding to the CPCoP for these customers?*

We are concerned that vulnerable customers do not enjoy the necessary level of protection in the market. We do not believe that they are being identified and that there is an overreliance on non-market wholesale mechanisms.

The exchange of information since market opening has been poor and there is an urgent need in our view to create a specific requirement under the CPCoP to better protect this group of customers, through better identification and exchange of information between retailers and wholesalers.

Question 5. *What views do you have on whether the CPCoP should include protections for customers with critical infrastructure?*

We have mixed views on this specific subject, as the codes are very clear with regard the responsibilities of all market stakeholders. If these requirements are complied with, there should be no need for critical infrastructure to be included in the CPCoP.

The reality however is that the basic exchange of information is not happening in the frequency set out. The information being captured is not fit for purpose, as it either incomplete or utilises billing information rather identifying individuals at the customer's site responsible for coordinating activity. In many instances we have head office addresses for their creditor payment department.

We note that Ofwat advice issued in 2022 reminded stakeholders of their respective responsibility. We have not seen any notable improvement in the quality of the information provided since and believe further action is required.

We would support the inclusion of both vulnerable customer and critical infrastructure requirements within the CPCoP.

Question 6. *What views do you have on how the CPCoP could be strengthened to deal with emergency events?*

Please refer to my answer for Question 5

Question 7. *Do you have any thoughts on how the CPCoP could be strengthened to improve customer experience?*

We take a simplistic view that the market revolves around continued supply of basic water and wastewater services to the premises and timely and accurate bills based on a physical meter read. The required tools to ensure those objectives are met are contained within the market codes.

Whether the performance measures are correctly targeted is an open question and this we are confident will be addressed through the work being undertaken by MOSL's MPF Project.

In our response to Question 1 we expressed strong views on meter read frequency and accurate bills and would support measures to strengthen this area.

Question 8. *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?*

As a wholesale respondent we do not have an informed opinion on the matter.

Question 9. *Are there any service areas that are missing from the current CPCoP that we could consider for inclusion when updating it?*

Yes. As we have already stated we believe that a specific CPCoP measures to identify and support vulnerable customers is required.

Question 10. *Is there is scope to update or standardise the existing Letter of Authority arrangements?*

As a wholesale respondent we do not have an informed opinion on the matter.

Question 11. *Should any changes to the CPCoP falling under questions 7 to 10 be differentiated by size or type of customer*

We have already stated that we support targeted measures within the market for small businesses, as the market does not offer sufficient choice on price and service.

We do not have specific recommendations beyond those already contained within our overall response.

Question 12. *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?*

We would support any initiative that increases market awareness and in particular the respective roles of the retailer and wholesaler and the service guarantees they should expect. For example, there could be an obligation for this information to be set out on a company's website or as an addition to their billing information.

There is a role for the CPCoP to make explicit requirements in this area.

Question 13. *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?*

Whilst we would support any measure that offers greater choice and protections for business customers, as a wholesaler we do not have a sufficiently informed opinion to comment on the detail of the proposal.

Question 14. *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.

Whilst we would support any measure that offers greater choice and protections for business customers, as a wholesaler we do not have a sufficiently informed opinion to comment on the detail of the proposal.

Question 15. *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.*

Whilst we would support any measure that offers greater choice and protections for business customers, as a wholesaler we do not have a sufficiently informed opinion to comment on the detail of the proposal.

Question 16. Was not in the consultation document.

Question 17. *Do you agree that a similar process to the WRC/ MAC changes, should be introduced to replace the current CPCoP change process?*

We do not agree with utilising similar processes to the WRC/MAC to agree changes. The current consultation process is sufficient. The CPCoP should be differentiated from the WRC and MAC and should be seen as the expectations of Government and OFWAT.

Question 18. *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?*

There are clearly temporary measures that relate to COVID 19 which in time can and should be removed. We have argued in our responses to the inclusion of sections on vulnerable customers and for other areas to be more prescriptive as to the requirements placed on market participants.

Question 19. *Do any definitions contained within the CPCoP need updating or amending?*

Please Refer to our response to Question 18

Question 20. *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?*

We have noted with some concern that MOSL's business plan and operating budget has reduced the overall spend on audit and compliance work in recent years. The market is still largely self-reporting and we would support targeted independent reviews of market activities that report on compliance, and have clear recommendations for improving the market.

Question 21. *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?*

We would highlight the wealth of information being produced within the market and that this information could be utilised to better alert customers of unusual account activity. Businesses are often complex structures, the person paying the bill may not be sufficiently informed to identify unusual consumption.

Measures could be considered that require customers to be contacted if unusual activity is identified. Identifying potential problems such as a leak or faulty water fitting. This may mitigate financial loss, preserve finite water resource and offer a potential service differentiator in the market.

I hope that our replies have been of some help, if however, we can be of further assistance please don't hesitate to contact us.

Yours Sincerely

██████████

Head of Wholesale Services

Wessex Water

Wessex Water
Claverton Down
Bath BA2 7WW
Tel 01225 526 000
Web wessexwater.co.uk

Wessex Water Services Limited registered office
Registered in England No 2366648