

May 2023

# Cost of living: wave three

Water customers' experiences



**of**wat

## Foreword



The findings in this report show the continuing challenge that bill payers are facing with household bills. Only one in four report that they never struggle with bills. More than half of customers struggle fairly frequently or more often with household bills. Further, there has been a rise over the year in the proportion of bill payers who report currently struggling with their water bill – 23%, up from 15% in March 2022.

However, the proportion of bill payers aware that water companies can provide financial support, and those in receipt of support, have remained fairly static over the past six months – with just under three in ten aware of support and fewer than one in ten receiving support. The research finds the majority of people struggling with household bills all of the time are not receiving financial support for water.

We are monitoring water companies' treatment of customers who are financially vulnerable. This includes:

- Planning for the introduction of a new customer-focused licence condition to increase companies' customer focus and incentivise the very best service for customers. We are currently [consulting](#) on this new licence condition, and published alongside this the [findings](#) from customer research commissioned by Ofwat and CCW. The licence condition will include requirements on communication with customers and provision for support.
- A one-year review of our '[Paying Fair](#)' guidance, which will be published shortly. The guidance sets out expectations on how companies should support customers struggling to pay bills and those in debt, so they can tailor and target their support. The one-year review will set out the extent to which companies are complying with the guidance and areas for improvement.
- Introducing a new, regular request to companies for data on customer debt, which includes information on how this debt is being managed.
- Developing new guidance setting out our expectations on how companies should treat customers in vulnerable circumstances. While this will mainly focus on non-financial vulnerability, there are clearly overlaps with financial vulnerabilities.

We will continue to conduct research to understand the proportion of customers who are struggling with bills and how this varies across customer groups. We will monitor awareness of financial support and perceptions of value for money.

A handwritten signature in blue ink, appearing to read 'Claire Forbes'.

**Dr Claire Forbes, Senior Director  
of Corporate Communications, Ofwat**

## Introduction

This report looks at the experiences of water bill payers in England and Wales. It focuses on how bill payers are managing financially and the extent to which they are struggling with daily costs. It then looks at the impact this has on people's wellbeing and day-to-day experiences.

The findings in this report are taken from an online survey by Savanta conducted between 20 to 31 March 2023. This includes:

- A survey of 2,294 water bill payers in England and Wales. The sample includes 1,874 respondents in England and 420 water bill payers in Wales. The data was weighted to be nationally representative.
- A booster sample of 306 water bill payers from ethnic minority communities in England and Wales.

The data used in this report is mostly taken from the main sample of bill payers in England and Wales (base: 2,294). However, data that looks at differences by ethnicity includes the ethnic minority booster sample together with the ethnic minority respondents from the main survey, making a total base of 532 respondents.

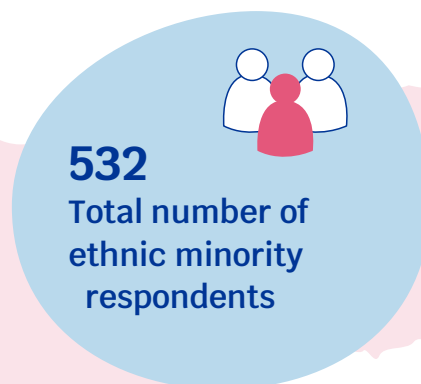
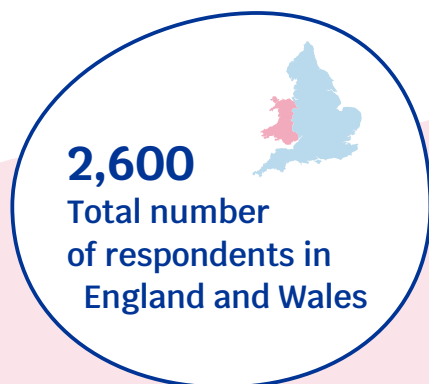
The report is the third in a series on the cost of living.

- [Cost of living: wave one](#) – this report uses findings from a survey conducted in March 2022, with an England and Wales sample of 2,306 water bill payers.
- [Cost of living: wave two](#) – this report was published in December 2022, with an England and Wales sample of 2,328 water bill payers.
- This report also references findings from the [customer spotlight](#) survey conducted by Savanta for Ofwat and CCW in December 2021.

The report sets out data on:

- paying bills;
- actions to manage bills;
- current bills;
- financial support;
- expectations;
- value for money; and
- wellbeing.

Full data tables can also be downloaded from [Ofwat's website](#).



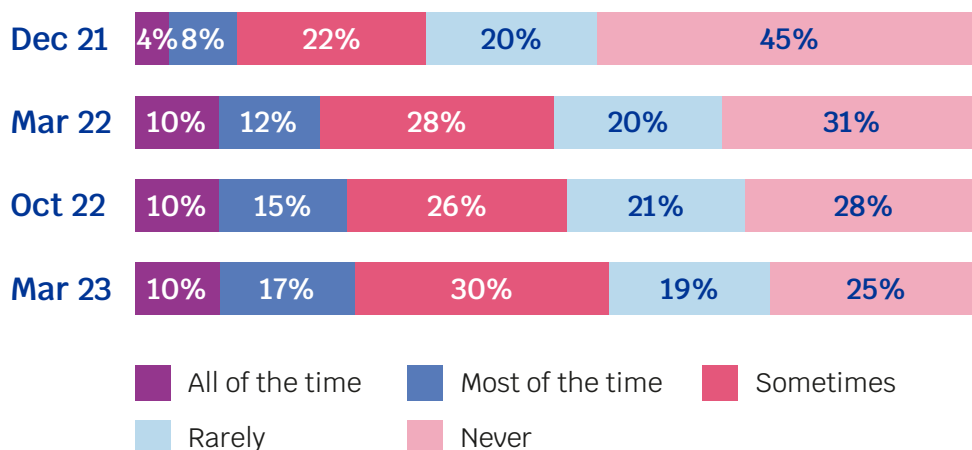
## Paying bills

More than half of water bill payers (56%) reported they have struggled to pay one or more household bills fairly frequently over the past year ('all the time', 'most of the time', 'sometimes'). This is an increase from the 51% of bill payers who reported this in October 2022.

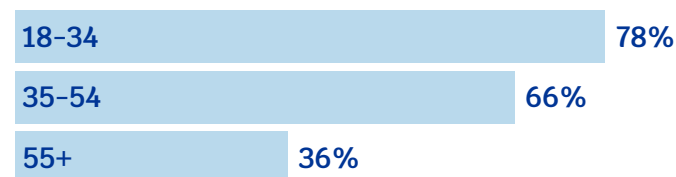
The findings show some significant socio-demographic and geographic differences. For example, women were significantly more likely to report struggling to pay bills (68%) than men (46%). Almost eight in ten (78%) of those aged 18-35 struggled, compared to 36% of those aged 55 or over. Ethnic minority bill payers were also more likely to struggle, with 74% of Black respondents reporting this and 63% of Asian respondents.

Seven in ten bill payers (70%) who have a long term illness, health problem or disability, or live with someone who does, reported struggling to pay bills sometimes or more often.

### More than half of customers reported struggling to pay household bills 'sometimes' or more often over the past year



### Almost 8 in 10 younger people reported struggling to pay bills 'sometimes' or more often over the past year



Bill payers living in council or social housing were significantly more likely to report having struggled to pay household bills sometimes or more often (77%), as were tenants in private housing (69%). This compares to 55% of homeowners with a mortgage and 33% of homeowners without a mortgage.

The findings also show that bill payers in some regions were more likely to report struggling sometimes or more often to pay household bills, with almost two-thirds of those in London (65%) and those in Yorkshire and Humberside (65%) reporting this.

Since late 2021, there has been a significant change in the proportion of people who report having 'never' struggled with household bills over the previous year. In late 2021, CCW and Ofwat's [Customer spotlight](#) research found 45% of bill payers reporting this. Since then, this figure has fallen by 20 percentage points – with only one in four (25%) bill payers in this research reporting that they 'never' struggled.

Older bill payers were significantly more likely to report 'never' struggling – with 42% of those aged 55 or over reporting this. Only 9% of 18-34s reported 'never' struggling and 15% of those aged 35-54.

## Actions to manage bills

Base: All respondents (2,294). People who struggled to pay bills (all of the time, most of the time, sometimes) (1,334). People who struggled all of the time (253). People who struggled most of the time (404).

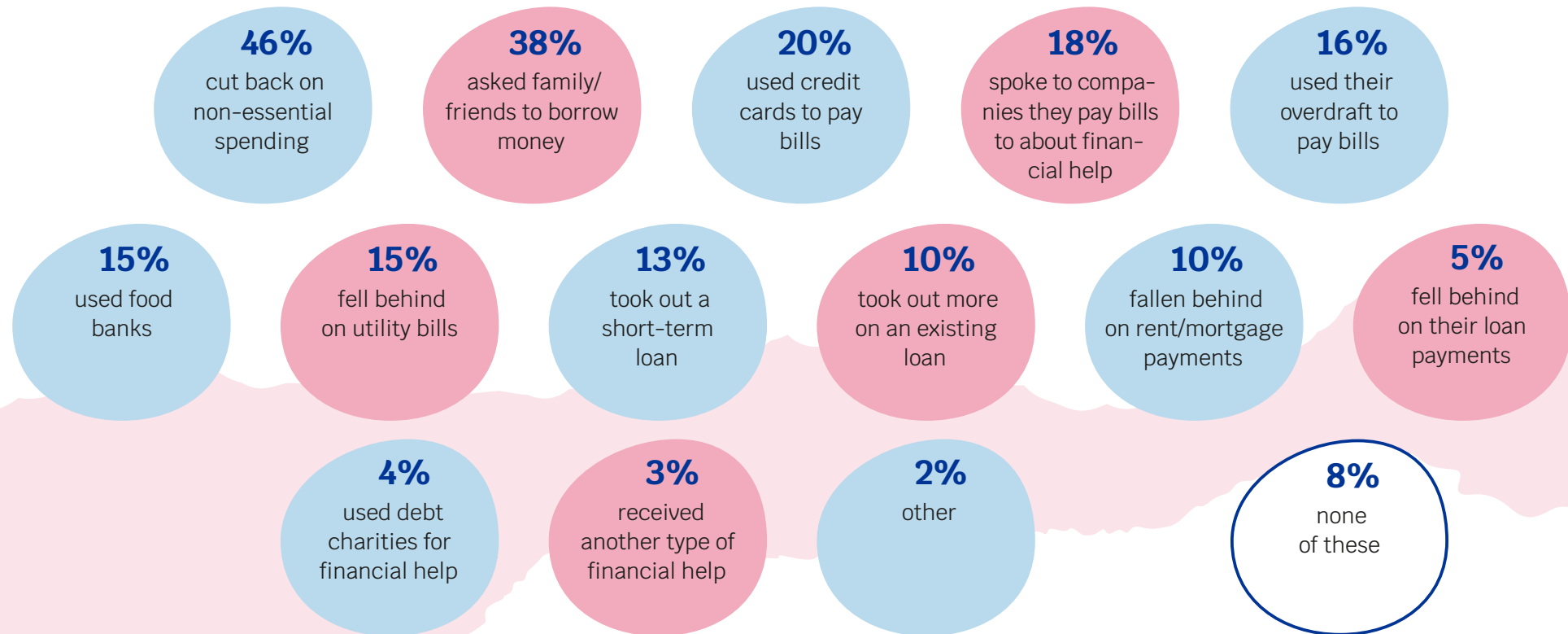
Customers reported taking various actions over the past year to manage paying household bills. The data below looks at the steps taken by the 56% of bill payers who reported struggling to pay household bills ('all of the time', 'most of the time', or 'sometimes').

Almost four in ten (38%) asked to borrow money from family or friends. This compares to 33% who reported this in wave two of the research. Almost half (48%) of bill payers who struggled to pay bills 'all of the time' asked to borrow money from family or friends.

One in five (20%) of those who struggled used credit cards to pay household bills (wave two: 17%). 18% reported speaking to companies they pay bills to about financial help (wave two: 18%), with 15% reporting that they fell behind on utility bills (wave two: 12%).

Customers also take actions to reduce the cost of bills. More than half (54%) of all respondents reported that they have cut down on water use at some point over the past year because of worry about bills (wave two: 53%).

### What people do to manage bills: those who struggled to pay household bills 'sometimes' or more often



## Current bills

Bill payers were asked which bills they were currently struggling to pay. Almost one in four (23%) reported struggling with their water bill. This compares to 20% in wave two (Oct 2022) and 15% when this question was asked in wave one (March 2022).

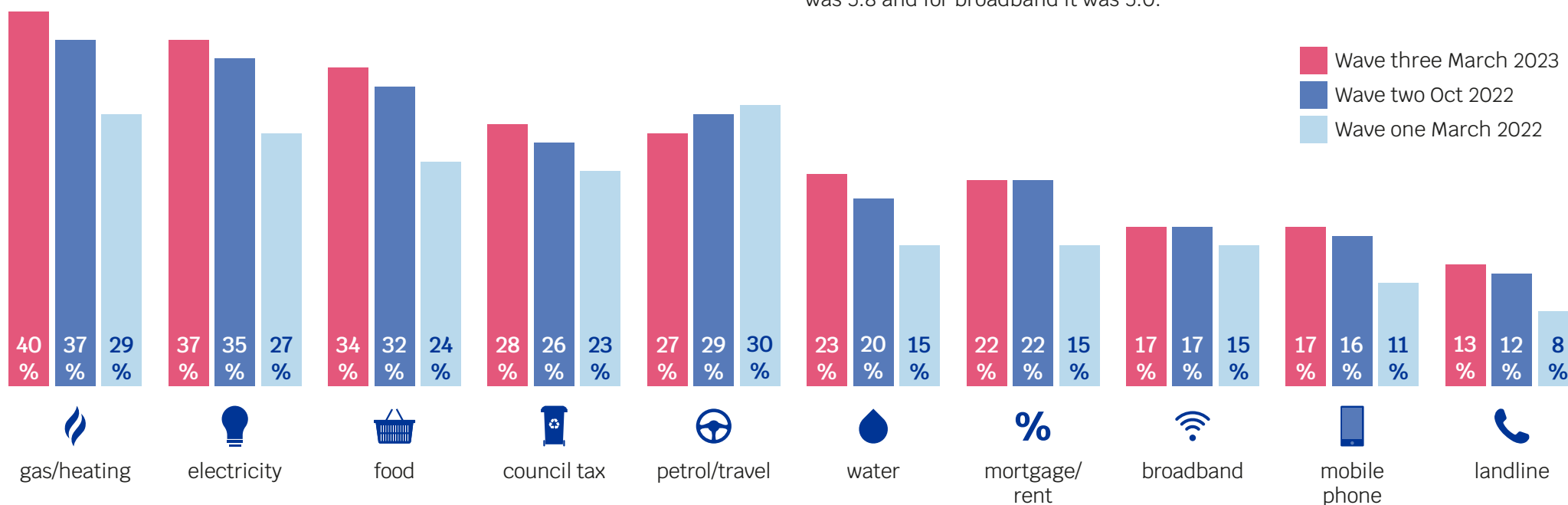
Almost three in ten (28%) women reported currently struggling with their water bill, compared to 18% of men. 31% of those aged 18-34 reported struggling with their water bill, and 28% of those aged 35-54. This compares with 13% of those aged 55+. Just under three in ten (28%) of ethnic minority bill payers reported struggling with their water bill. A third of bill payers (33%) with a disability or long-term health condition reported struggling to pay their water bill.

More than seven in ten (73%) of those bill payers who said they were currently struggling with their water bill reported they often have to choose between expenses to afford to pay bills (for example, choosing the water bill over broadband, or choosing to pay rent over paying a phone bill).

One in four (25%) bill payers reported being concerned about the cost of water (scoring at least eight out of ten on a ten-point scale). This is up from 21% in wave two. This is significantly lower than reported concern for gas/heating (60%) and electricity (56%). However, the level of concern for these bills has fallen somewhat since wave two.

Another way to report this data is to look at the mean (average) scores for the 1-10 scale (where 1 = not concerned at all, and 10 = extremely concerned). For water, the mean level of concern was 5.5, up from 5.2 in wave two. The mean score for gas/heating was 7.5, for electricity it was 7.3, for petrol/travel costs it was 5.8 and for broadband it was 5.0.

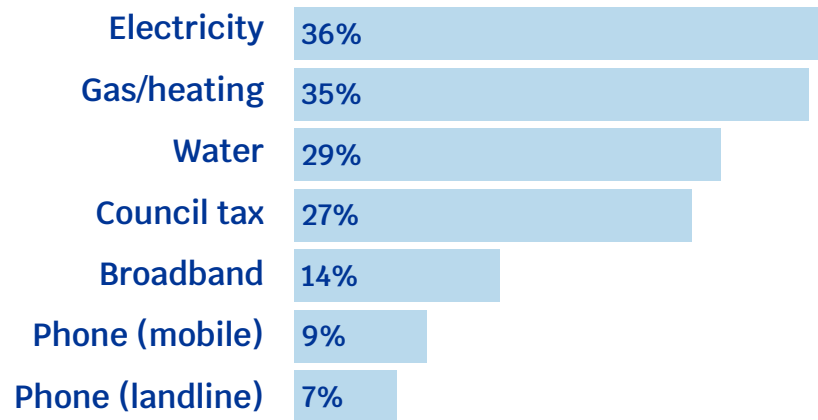
### Percentage of customers currently struggling to pay...



# Financial support

The proportion of bill payers who were aware of water companies providing financial support has continued to hover around three in ten. 29% reported awareness of this, compared to 28% in wave two and 31% in wave one. Awareness of other utilities providing financial support has also remained relatively static.

The proportion of bill payers who reported receiving financial support for their water bill has also remained quite consistent at 7%, compared to 9% in wave two. 15% of bill payers who struggled with household bills 'sometimes' or more often reported having received support with their water bills. This is the same proportion as wave two of the research.



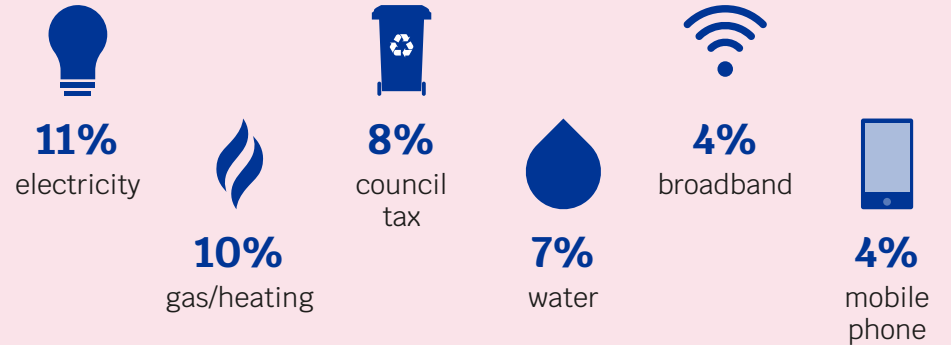
Among those who struggled to pay bills 'sometimes' or more often...

**12%** had received some financial support for water...

...**15%** of those who reported struggling 'all of the time'

Base: All respondents (2,294). People struggling to pay bills (all of the time, most of the time, sometimes) (1,334).

## Percentage of bill payers who received financial support from utility companies



## Percentage of bill payers struggling 'sometimes' or more often who received support



## Expectations – finances

Bill payers were asked how their financial situation compared to a year earlier. Only one in ten (10%) reported that their financial situation was better now. More than half of bill payers reported they were worse off (53%).

There has been a fall in the percentage of bill payers who expect their situation to get worse over the next year. In wave two, two-thirds (66%) of bill payers reported that they expect their situation to get worse, with 27% expecting it to get 'a lot worse'. This compares to 53% and 17% respectively this time.

This also indicates that more than half of bill payers predicted that an already challenging financial situation will get worse again. Further, the research shows a correlation between frequency of struggling to pay bills and predictions that finances will get worse: those more likely to struggle are also more likely to expect their situation to get worse. For example, two-thirds (66%) of those who reported having struggled to pay household bills 'all the time' expect their finances to get worse.

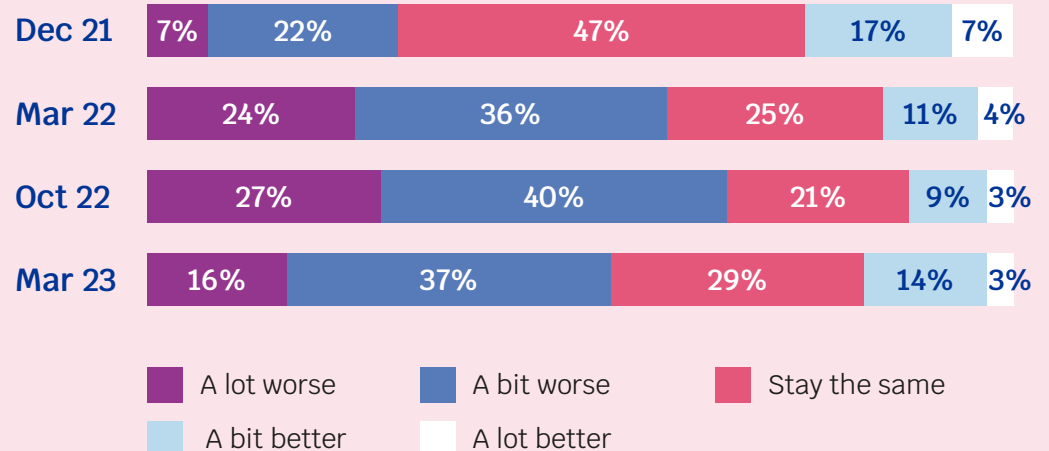
One third (32%) of those who reported currently struggling with their water bill expect their financial situation to get 'a lot worse'.

Bill payers predictions about struggling to pay a utility bill over the next year were very similar to predictions made in wave two. Almost half (49%) of bill payers believed it is likely they will struggle to pay a utility bill over the next year. This compares to 50% who reported this in wave two of the research. 44% of bill payers thought it was unlikely they will struggle to pay a utility bill, compared to 42% in wave two.

The responses from those aged under 55 were largely unchanged. Six in ten people aged under 55 expect it is likely they will struggle to pay a utility bill and a third think it is unlikely. In contrast, 59% of bill payers aged 55+ think it is

Base: All respondents (2,294). Wave two (2,328). Wave one (2,306). Customer spotlight (2,327).

### More than half of customers expect their financial situation to worsen over the next year



unlikely they will struggle to pay a utility bill, which compares to 54% who reported this in wave two.

Three in four (75%) of those who struggled sometimes or more often to pay household bills over the past year expect to struggle to pay a utility bill over the next year. This rises to 88% of those who reported currently struggling to pay their water bill.

Tenants (63%) were more likely than homeowners (39%) to expect to struggle, as were bill payers with a long term illness, health condition or disability (64%, compared to 42% of bill payers who don't have a long term health condition or disability).



## Value for money – level of trust

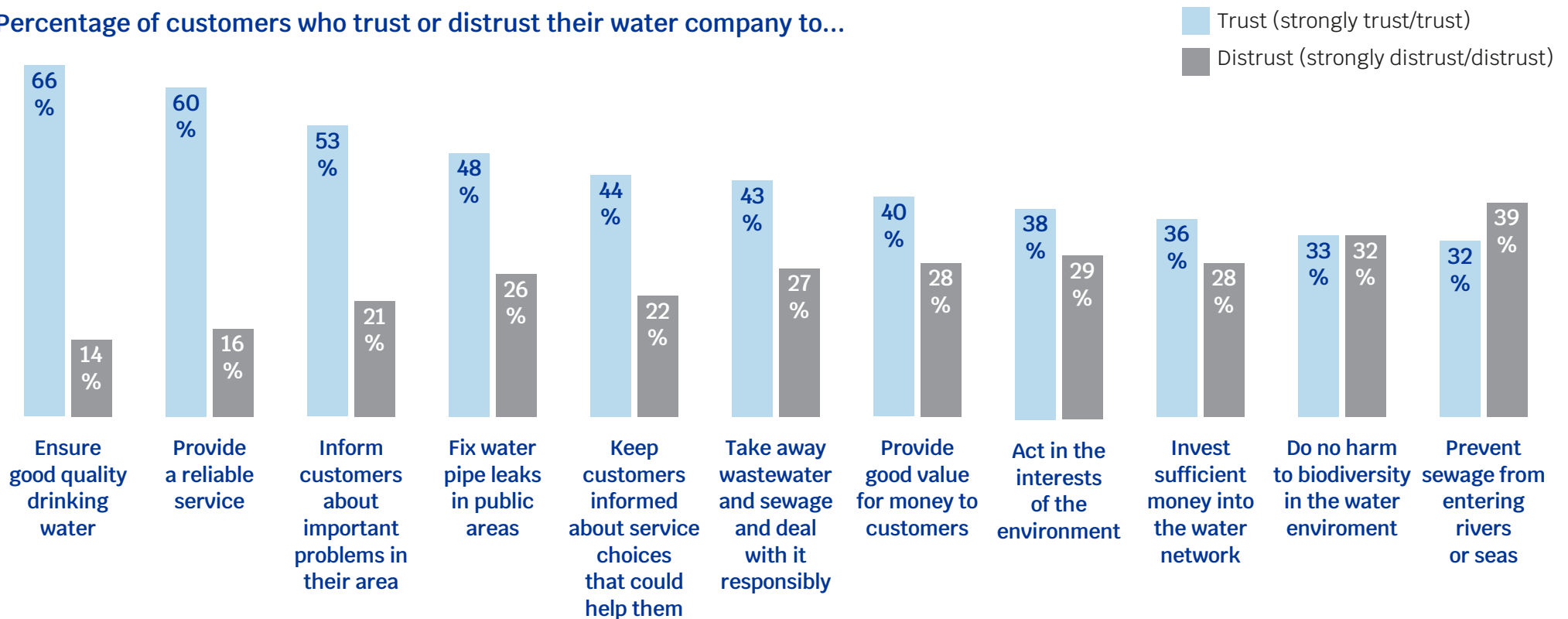
Four in ten bill payers (40%) reported trusting their water company to provide good value for money, with just under three in ten (28%) reporting that they distrust their water company to do this.

A similar proportion of bill payers 'strongly trust' their water company to provide value for money (12%) as 'strongly distrust' their company to do so (11%).

Younger people (18-34s) were somewhat more likely than older people (55+) to trust companies on this (44% compared to 39%).

However, differences in trust by age are not consistent across activities. Rather, they vary by type of activity. Older bill payers are more likely to report trust than younger bill payers in some areas (for example, ensure good quality drinking water), but less likely in others, typically those relating to the environment (such as preventing sewage from entering rivers or seas, and doing no harm to biodiversity).

### Percentage of customers who trust or distrust their water company to...

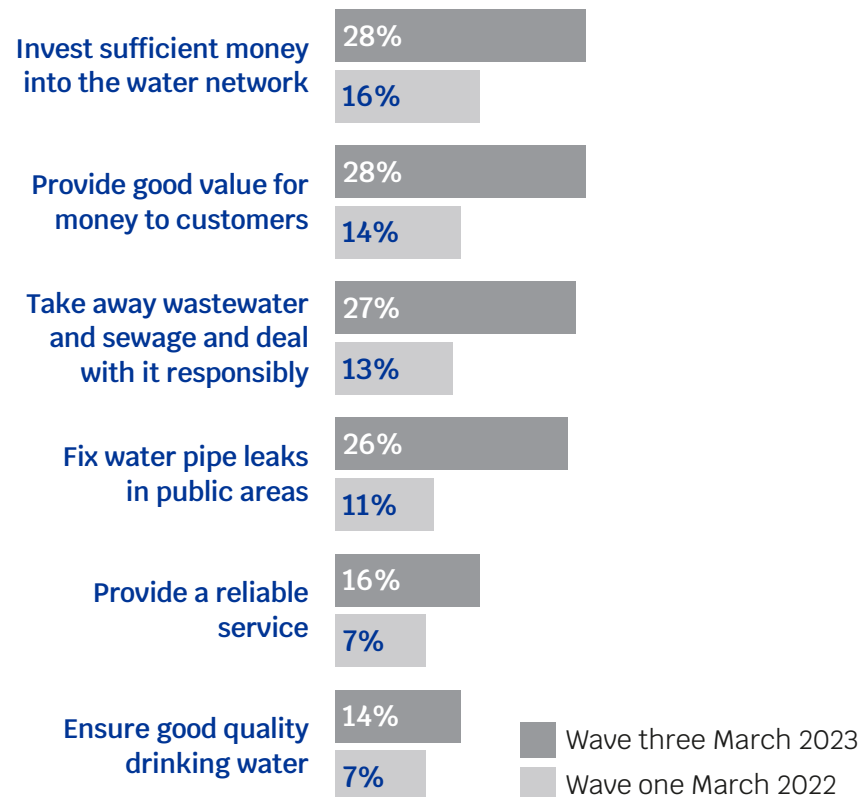


## Value for money – changes in trust

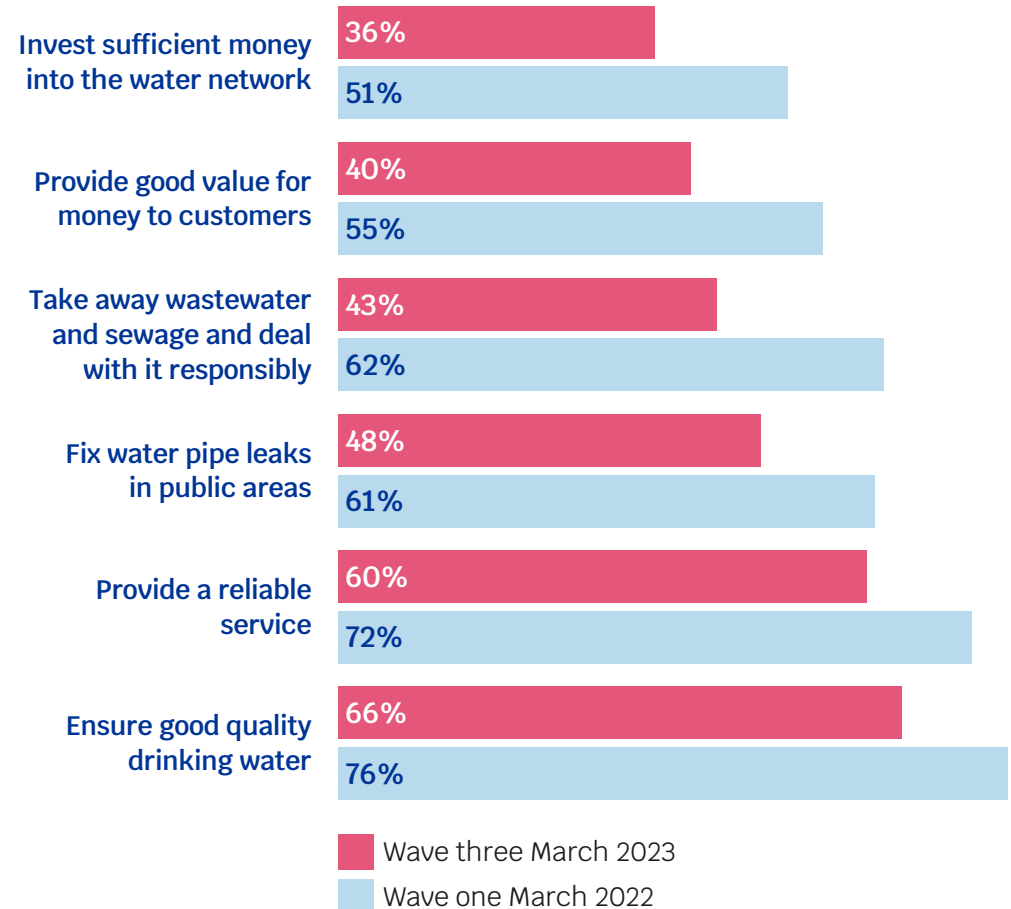
Base: All respondents (2,294). Wave one (2,306).

Trust in companies to provide good value for money has fallen consistently since wave one. More than half of bill payers (55%) reported trust in their water company to provide good value for money when this was first asked in early 2022, compared to 40% in early 2023. Correspondingly, the proportion of bill payers who reported not trusting their water company to provide value for money has doubled, from 14% to 28%. This decrease in trust is seen across the range of water company activities over the past year.

### Percentage of customers who distrust their water company to...



### Percentage of customers who trust their water company to...



\* Wave one question included only these activities, which is why they have been chosen as a point of comparison.

## Value for money – prioritising what matters

We asked bill payers what the two most important factors would be if they could pick which water and sewerage company they used. The responses are very consistent with previous waves of the research. 'Good quality drinking water' has been consistently chosen by around six in ten bill payers, with approximately four in ten choosing 'providing a reliable service', and three in ten selecting 'providing good value for money to customers'.

If you could pick what water and sewerage company you used, what would be the most important factors that would influence your decision? (top two rankings)



**58%**

Good quality drinking water

60% wave two



**38%**

Provide a reliable service

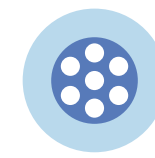
39% wave two



**31%**

Provide good value for money to customers

29% wave two



**27%**

Take away wastewater and sewage and deal with it responsibly

27% wave two



**18%**

Fix water pipe leaks in public areas (in roads, not in the home)

21% wave two



**13%**

Act in the interests of the environment

12% wave two



**8%**

Invest sufficient money into the water network

8% wave two

## Wellbeing – day-to-day

The three waves of cost of living research have consistently shown a correlation between bill payers' financial situation and how they feel on a day-to-day basis. More than half of bill payers who reported currently struggling to pay their water bill reported feeling stressed (54%) or worried (54%). Bill payers struggling with their water bill were twice as likely as the average bill payer to report feeling depressed (42%).

People who struggled to pay household bills over the past year were also more likely to report negative day-to-day emotions. More than half (55%) of bill payers who struggled to pay bills 'all of the time' reported feeling stressed, up from 50% in wave two. This compares to 13% of those who 'never' struggled to pay bills (down from 16% in wave two). Almost half (49%) of those who struggled to pay bills 'all of the time' reported feeling depressed, up from 40% in wave two.

This research also shows a difference between the day-to-day wellbeing of tenants and homeowners. 44% of tenants reported feeling stressed on a day-to-day basis compared to 29% of homeowners. Bill payers who reported they had cut down on their water usage were more likely to be feeling stressed (43%) or worried (45%) than those who had not.

Bill payers were asked how their mental health had been over the past year, compared with previous years. 44% reported their mental health had been worse, with 11% reporting it had been better.



**Tired**  
**39%**

42%  
wave two



**Worried**  
**37%**

39%  
wave two



**Stressed**  
**35%**

37%  
wave two



**Happy**  
**25%**

26%  
wave two



**Positive**  
**22%**

22%  
wave two



**Optimistic**  
**22%**

20%  
wave two



**Depressed**  
**21%**

21%  
wave two



**Energetic**  
**5%**

6%  
wave two

**46%** of those who expect their situation to get worse reported feeling worried day to day...

...this compares to **28%** for those who expect their financial situation to get better

Base: All respondents (2,294).

## Wellbeing – struggling with bills

Our cost of living research has found consistent agreement with the statement that struggling with mental health makes it harder to ask for help with bills. The percentage agreeing with this has remained at 65%, while the percentage disagreeing with this statement has remained at 10%.

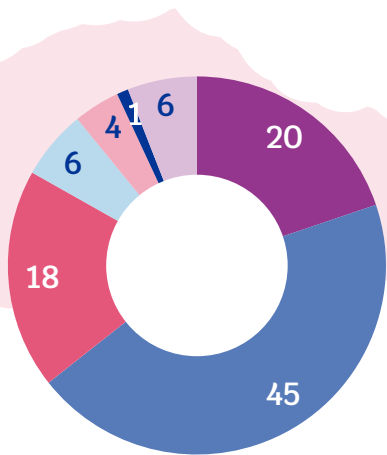
While a majority of all age groups agreed that struggling with mental health makes it harder to ask for help, those aged 18-34 (71%) and 35-54 (72%) were significantly more likely to agree than those aged 55+ (56%).

The percentage of bill payers who agreed that they know who to ask for help if they are struggling with household bills and it is affecting their mental health remains consistent at 47% (wave two: 46%).

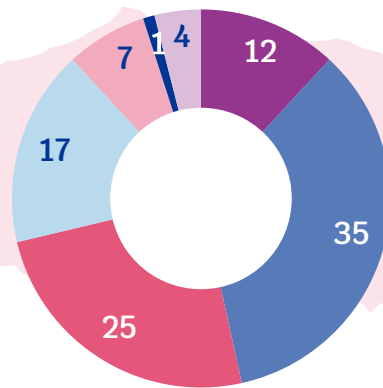
The percentage of bill payers who agreed that they avoid or delay opening bills when struggling with their mental health has also remained consistent at 35% (wave two: 36%). This rises to 64% among those who reported struggling to pay their water bill.

Half (52%) of younger people agreed that they were more likely to avoid or delay opening bills when struggling with their mental health, compared to one in five (20%) of those aged 55+. Women (45%) were more likely to agree with the statement than men (27%).

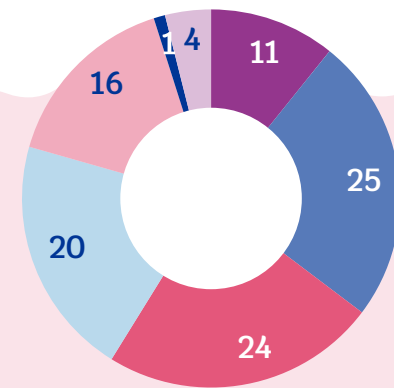
**Struggling with mental health makes it harder to ask for help with bills**



**I know who to ask for help if I am struggling with bills and it is affecting my mental health**



**I avoid or delay opening bills when I am struggling with my mental health**



Strongly agree
  Agree
  Neither agree nor disagree
  Disagree
  Strongly disagree
  Prefer not to say
  Don't know

## Conclusions

This research finds that a majority of bill payers are struggling at times with household bills. With only one in four reporting that they never struggle with bills, the impact of cost of living increases are being felt across England and Wales. Some groups are particularly at risk of struggling financially. The research finds a high proportion of younger people facing difficulties, those with disabilities or long-term health conditions, and people who rent rather than own their own home.

As with previous research, there is a strong correlation between people's financial circumstances and their wellbeing. Those struggling with water bills and other household bills are far more likely to report feeling stressed, worried or depressed. Further, almost two-thirds of those struggling with their water bill agree that they avoid or delay opening bills when struggling with their mental health.

This is relevant for water companies trying to reach those who are struggling with their bill or behind on a payment. Customers behind on their bills may be missing out on information on how to get support. Water bills are an opportunity for companies to signpost what customers can do if they need help with their bills.

Awareness of support for water bills has remained fairly static. While the past year has seen much public discussion on cost of living challenges, this has not been matched by an increase in awareness of financial support being available for those who need it. Earlier this year, Ofwat and CCW [called](#) on companies to do more to improve access to, and awareness of, this support and to increase funding for social tariffs. We will be continuing to monitor whether this is being achieved over the next year – having been clear that companies should not wait until the next price review to act on affordability challenges.

The impact of high costs over a sustained period is likely to have a longer term impact on the number of customers in debt and the amount of money that is owed. Ofwat is collecting information on customer debt from water companies. Alongside this, our [Paying Fair guidelines](#) set out our expectations on how customers in debt should be treated. This guidance will sit as part of a new [customer-focused licence condition](#), which Ofwat plans to introduce later this year. We will also be updating guidance for companies on vulnerable customers. Together, the new licence condition and enhanced guidance will strengthen protections for water customers.

**Ofwat (The Water Services Regulation Authority)  
is a non-ministerial government department.  
We regulate the water sector in England and Wales.**

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**OGL**