

Money and Mental Health's submission to Ofwat's consultation on introducing a customer-focused condition into the licences of all water companies in England and Wales

The Money and Mental Health Policy Institute is a research charity established by Martin Lewis to break the vicious cycle of money and mental health problems. We aim to be a world-class centre of expertise developing practical policy solutions, working in partnership with those providing services, those who shape them, and those using them, to find out what really works. Everything we do is rooted in the lived experience of our Research Community, a group of 5,000 people with personal experience of mental health problems.

This written submission has been informed by the experiences of our Research Community, including a survey of 207 respondents about their experiences of their water company, as well as our wider body of research. Unless otherwise specified, all quotes in this response are drawn directly from the Research Community.

In this response we answer questions 1, 2 and 5-11.

Background

- In any given year, one in four people will experience a mental health problem which affects their cognitive and psychological functioning.¹ Over a lifetime, this proportion rises to nearly half the population.² However, we do not always know when we are unwell, or receive treatment. Over a third (36%) of people with a common mental disorder have never received a diagnosis, and 62% are not currently receiving treatment.³
- Common symptoms of mental health problems, like low motivation, unreliable memory, limited concentration and reduced planning and problem-solving abilities, can make managing money and interacting with essential service providers significantly harder.⁴ As a result, it is estimated that people with mental health problems pay up to £1,550 more per year for essential services than people without mental health problems.⁵
- Customers can often be unaware of the support that essential service providers, like energy companies can offer. For example, fewer than three in ten (28%) people with mental

¹ McManus S et al. Adult psychiatric morbidity in England, 2007. Results of a household survey. NHS Information Centre for Health and Social Care. 2009.

² Mental Health Foundation. Fundamental facts about mental health. 2016.

³ McManus S et al. Mental health and wellbeing in England: Adult Psychiatric Morbidity Survey 2014. NHS Digital. 2016.

⁴ Holkar M. Seeing through the fog. Money and Mental Health Policy Institute. 2017.

⁵ Rogers C, Poll H and Isaksen M. The mental health premium. Citizens Advice. 2019.

health problems have been told by most of their essential service providers about the additional support they can offer to customers with mental health problems.⁶

- People with mental health problems are three and a half times more likely to be in problem debt than those without, and half (46%) of adults in problem debt also have a mental health problem.⁷ People with mental health problems are nearly four times more likely (18% compared to 5%) than people without to be behind on water bills.⁸

1. Do you have any comments on the outcomes or examples?

We believe that Ofwat has identified the right outcomes to be achieved through the new condition. The outcomes - customers are well informed; when something goes wrong the company will put it right; and customers' needs are identified, understood and met - cover the key issues we have identified in our previous research on people with mental health problems' experiences of essential services, including water.⁹ We have found that there are still concerning issues in these areas but believe the licence condition will help drive better experiences for customers with mental health problems. We have highlighted below why these outcomes are crucial to customers with mental health problems, including the impact that poor and good practice can have.

Customers are well informed

Communications and getting in contact can be particularly difficult for people with mental health problems, both due to common symptoms and poor design and practice from providers. Communications about water services can be complicated and if they are poorly worded or sent via the wrong channel, people with mental health problems who might struggle to process information or open letters - will not receive the message. This outcome is important in the water sector where there is still progress to be made. In a recent survey we conducted with our Research Community, while over half (52%) of respondents agreed that communications from their water company are clear and easy to understand, one in four (22%) disagreed.¹⁰ Positively seven in ten (70%) agreed that they are able to understand how much they are paying from the communications they receive, while 17% disagreed.¹¹ Testimonies from the Research Community highlight the difference good and poor communication can have on someone's ability to engage and feel supported by their provider.

⁶ Holkar M. Time to act. Money and Mental Health Policy Institute. 2022.

⁷ Holkar M. Debt and mental health: a statistical update. Money and Mental Health Policy Institute. 2019.

⁸ Bond N and D'Arcy C. The state we're in: money and mental health in a time of crisis. Money and Mental Health Policy Institute. November 2021.

⁹ For example, Holkar M, Evans K and Langston K. Access Essentials. Money and Mental Health Policy Institute. 2018; Holkar M. Time to act. Money and Mental Health Policy Institute. 2022.

¹⁰ Money and Mental Health survey of 207 people with lived experience of mental health problems. Base for this question: 202.

¹¹ Money and Mental Health survey of 207 people with lived experience of mental health problems. Base for this question: 196.

“They are confusing and crammed with text in various fonts, sizes and colours, often omitting the specific information that could help you work out whether you qualify for financial discounts.” Expert by experience

The name of the outcome is ‘*customers are well informed*’ and that is something we believe water companies should aim to continue to improve on. For example, only three in ten (28%) Research Community respondents were aware of the support water providers have in place to help them if they’re struggling with their bills. One in five (21%) respondents were aware of the support available to help access their water provider’s services and only one in ten (11%) knew about how to disclose their mental health condition to their water provider.¹² Half of respondents (50%) said they had never been told any of this information, while 14% were unsure.

We welcome the mention of companies being “proactive in their communications” as providers cannot expect customers to be aware of what support is available or about upcoming issues with supply. Crucially, the tone of communications can make a big difference, with more supportive language encouraging customers to come forward. However, only three in ten (30%) of Research Community respondents felt that their provider’s communications were supportive with 28% disagreeing.¹³ Again, getting the timing and tone of communications right can be well received by customers as our Research Community highlighted.

“The texts informing you of leaks and low pressure, updating as [the issues] are attended to and when they are fixed are very reassuring. No water pressure, especially unexpected, can disrupt a routine and cause distress. Knowing about it and when it is fixed makes it manageable.”
Expert by experience

However, the name of the outcome is narrower than what Ofwat actually wants to achieve. We would recommend that Ofwat broadens the name to also take into account getting in contact with a water company. We know that getting in touch with your essential service provider can be a very stressful experience, especially if you’re struggling with your mental health. An initial barrier to getting in touch can be knowing how to do so. While over half (55%) of Research Community respondents knew from communications from their water provider about how to get in touch if they needed support, one in five (21%) disagreed.¹⁴

¹² Money and Mental Health survey of 207 people with lived experience of mental health problems. Base for this question: 206.

¹³ Money and Mental Health survey of 207 people with lived experience of mental health problems. Base for this question: 187.

¹⁴ Money and Mental Health survey of 207 people with lived experience of mental health problems. Base for this question: 195.

The next barrier can then be the channels to get in touch. Three quarters of people with mental health problems find it very difficult to use at least one common communication channel, but in particular half struggle with the telephone.¹⁵ There are positives in our survey as six in ten (62%) of those who have got in touch found this easy but nearly a quarter (23%) found it difficult.¹⁶ The mention of offering “a range of communication channels to meet the diversity of customer needs and preferences” is very welcome and we believe that this should apply to both receiving communications and getting in touch.

“I find it extremely tiring contacting any organisation, as my condition can cause brain fog, and is energy limiting...I don't often check in with my online account, so cannot use their webchat service. I find phone calls exhausting.” Expert by experience

The final element of this outcome is having a good experience when getting in touch - not waiting a long time or being passed between staff, and being treated with respect. The experiences of Research Community members getting in touch with water companies has been mixed, and it is clear that good service can make a significant difference.

“After initial contact I had a specific person to deal with, which continued after the phone call by email. Very understanding, friendly and helpful.” Expert by experience

“I was passed from one department to another after being on hold for over 30 minutes.” Expert by experience

When something goes wrong

Even with the best customer service, some things will still go wrong and this can often be a very difficult experience for customers with mental health problems, especially if their water company does not keep them informed or makes it difficult to sort out. This outcome and the expectations from Ofwat is therefore well received by us. This is an area that Research Community members had experienced both good and poor service from their water company.

As Ofwat set out, customers expect companies to deal with the issue and keep them informed. Some Research Community members found that this had been the case and they felt well supported throughout the process. However, others felt that they were left in the dark, which in some cases made their mental health worse.

¹⁵ Holkar M, Evans K and Langston K. Access Essentials. Money and Mental Health Policy Institute. 2018.

¹⁶ Money and Mental Health survey of 207 people with lived experience of mental health problems. Base for this question: 149 respondents who have got in touch with their provider.

“As I am on their priority list they had contacted me through text to say that pipeworks were being worked on near me and that I might experience loss of water for a period of time. They gave advice as to how to prepare for this, and gave the day and time that this could happen. It did happen and I was grateful that they had pre-warned me.” Expert by experience

“[I] have had a number of water cut offs over the last year, [the water provider were] very good at letting you know that the water is going off but no information on when it will be back on, no information on any temporary water supply!” Expert by experience

“The communication wasn't very good about the loss of water supply. We found out from Facebook and had to go and purchase water to keep our supplies up. Due to my mental health medication I have to keep well hydrated so this was a bit stressful as I don't have a car.” Expert by experience

“I felt I was paying too much for my supply and wanted them to come out and check for a possible leak. I am still waiting 18 months later.” Expert by experience

Given the impact that such issues can have, it's important that water companies are taking ownership, offering compensation and making improvements. While some in the Research Community received excellent service, which they greatly appreciated, symptoms of mental health problems like low motivation and difficulty processing information can add extra barriers to accessing redress, making it even more important for companies to get this right.

“After clearing a sewage pipe for a neighbouring property the 'blockage' was just moved along the pipe, so the sewage started spewing into my garden. They sent someone out straight away to fix the issue and clean it up. The only thing I wasn't totally happy about was that the operative who did the dirty work told me I would get a compensation payment for the sewage spill onto my property, and when I looked online I could see that this was correct, but I never got it. I didn't contact them again about it because I was already too worn out from the stress of the spill and getting that sorted to chase it up. It would have been good if those sorts of compensation payments were paid to customers automatically because some of us 'vulnerable' customers are less likely to engage about it.” Expert by experience

Identifying, understanding and meeting customer needs

Making improvements to achieve the first two outcomes will benefit many customers with mental health problems, but there are some additional barriers that people can face which need to be understood and addressed before a service can truly be accessible. Partly this will be through using insights to universally design a service that is inclusive for a range of circumstances and needs, but it will also be through making it easier for customers to disclose their needs and having the right support in place.

Companies can build up their knowledge by speaking to their customers as well as organisations who support people with different needs. Firms need to understand the harms that can occur when services are not accessible. For example, people with problem debt are nearly four times more likely to be behind on their water bill,¹⁷ and not being able to access the right support can lead to this debt mounting.

We run a consultancy programme called Mental Health Accessible where we work closely with essential service providers to help them understand the needs of customers with mental health problems and make improvements to their services which will benefit both those with mental health problems and other vulnerable circumstances. Building accessible and inclusive services involves considering how customers can get in touch or receive communications, as well as providing training and resources to staff so they have the right skills and capabilities.

“If you're identified as a vulnerable customer, you should be provided with alternative contact details that get you straight through to their vulnerability team, whether that be via email, or a text messaging service.” Expert by experience

However, customers have a diversity of needs and it's still important that companies allow them to disclose their needs and respond. Sometimes these needs won't be those that have been traditionally recorded on a Priority Service Register (PSR). Our research found that there can be many barriers to disclosing a mental health condition to an essential service provider such as stigma, not thinking it would make a difference or not being aware that support is available. Nationwide, only one in ten (11%) people have disclosed to their water company.¹⁸ It's clear that water companies need to be doing more to raise awareness of support like the PSR and how people can disclose.

“I believe every organisation should be actively trying to identify their customers for a vulnerability, prior to any financial difficulties. They need to send communication out in an easy read format to all of their customers, outlining what help is available to them, and to also include a questionnaire inviting them to disclose any physical or mental health issues. Once this information is disclosed and accepted, the organisation should flag their systems, and also automatically add them to their Priority Services Register.” Expert by experience

There was a bit of a mix in experience for the Research Community in how such disclosures were handled. Many found that the water company responded in an understanding way and

¹⁷ Bond N and D'Arcy C. The state we're in: money and mental health in a time of crisis. Money and Mental Health Policy Institute. November 2021.

¹⁸ Bond N and D'Arcy C. The state we're in: money and mental health in a time of crisis. Money and Mental Health Policy Institute. November 2021.

offered the right support; but others had to repeat their disclosure or didn't feel like they were supported.

"[I] registered my mental health problems because I get notice if they are going to do any work or if we need to talk they will understand. They were very good and did not ask any health questions and asked if I needed any extra help. I only had to tell one person and it's been recorded that I need notice of any work etc" Expert by experience

"I told them I would need warning of a rough time when they would be attending and they said they would sort this but did not. This caused me much anxiety and exacerbated my symptoms of severe anxiety and affected my sleep .I was very unsettled by it all" Expert by experience

"I completed an online application for their Priority Service but no other help etc was forthcoming." Expert by experience

Finally, given the links we have identified between mental health problems and financial difficulty, it's important that companies understand the needs of those who are struggling with their bills and have the right support available.

"I got into heavy debt and suffered from mental health problems for years. Once we contacted [water company] they were great and understood my problems and dealt with it compassionately." Expert by experience

2. Do you have any suggested changes to the proposed wording of the principles to meet our specified outcomes for households?

We think that the overall proposed wording of the condition and principles are good. However, there are a few areas we think could be changed.

Firstly, the focus on higher standards of customer service and support for the full diversity of customer needs is very welcome. While half (51%) of Research Community respondents were satisfied with their water company, a quarter (24%) were not.¹⁹ Given the use of outcomes in the consultation document, we think Ofwat should make explicit mention in G.1 of 'delivering the key outcomes identified'. While it might not be necessary to name the outcomes, this reference could be used to hold companies to account if they fail to achieve them.

In addition, there could be reference to avoiding foreseeable customer harm in G.1 as currently included in G4.4. Ofwat could also include an addition to G3.3 or a new principle that requires

¹⁹ Money and Mental Health survey of 207 people with lived experience of mental health problems. Base for this question: 204.

firms to measure how they are achieving the principles, including how the outcomes vary by different customer needs. Ofwat sets out later in the Consultation Document that as part of this requirement companies should be monitoring compliance through the use of data. A more explicit reference within the condition itself would be beneficial, alongside any future supporting guidance. Each of our suggested additions were included as key parts of the Consumer Duty by the Financial Conduct Authority (FCA).

We support G4.1 - *"The Appointee is proactive in its communications so that customers of the Appointee receive the right information at the right time, including during incidents"* - but think it should also include 'in a way that works best for them' to bolster the current wording of "receive the right information at the right time". Given the information that explained this outcome in the Consultation document and our answer to question one, both the way the communication is written and how it is sent can have an impact on a customer's ability to receive the message. Similarly we think that G4.2 - *"The Appointee makes it easy for customers of the Appointee to contact it and provides easy to access contact information"* - should have an addition that talks about it being a positive experience to get in touch with the company.

It is good to see G4.5 - *"The Appointee understands the needs of customers of the Appointee and provides appropriate support, including appropriate support for customers in vulnerable circumstances, and including during and following incidents"* - and we believe that it could be further improved by including 'identifies' before and 'meets' after 'understands' so it would read "The Appointee identifies, understands and meets the needs of customers of the Appointee and provides appropriate support". This would put more onus on companies to ensure their services are accessible by design as well as create accessible ways to disclose additional needs.

5. Should any areas of customer service be prioritised in our development of the guidance? If so, which areas?

We believe that the first area that needs to be covered by guidance is identifying, understanding and responding to the needs of customers in vulnerable circumstances. This is because it cuts across the rest of the areas covered by the licence condition from communications to when things go wrong. If firms get this right for customers in vulnerable circumstances through more inclusive design then it will benefit customers who might not currently be in such circumstances. It's therefore reassuring to see that Ofwat has already begun to work on this guidance and we look forward to responding to the upcoming consultation.

6. Which matters / company activities will benefit from having more detailed guidance, and which less?

Generally, as the principles are quite high level, there will need to be significant detail in any guidance to ensure that there is a consistency in understanding and approach by firms, as well as minimum standards that should be enacted. This would also help Ofwat monitor and enforce the condition.

However, we do believe that there will be some areas that need more detailed guidance to ensure good outcomes. For example, areas where there is greater risk of harm due to poor practice or a greater likelihood that customers are in vulnerable circumstances. Areas where a wider diversity in approach would be appropriate and beneficial to customers would need less guidance. Examples of the former could include complaints or water supply issues. Debt is one such area and Ofwat's *Paying fair guidelines* is a good example of what more detailed guidance could look like.

7. Do you agree with our proposal to include reference to CCW as a consultee within guidance?

We support this proposal as it would ensure that the views of consumers are considered when companies are developing policies to meet the licence condition.

8. How can we gather further insight on company performance in this area?

We believe that Ofwat should continue to use customer research to understand company performance. This could include annual surveys, as well as deep dives into specific areas where there is a higher likelihood of harm. Crucially, this should include information on vulnerable circumstances to allow Ofwat to assess whether certain customers are receiving worse outcomes. Ofwat should also gain insight from consumer organisations who represent consumers with diverse needs, perhaps through the convening of a regular meeting similar to what Ofgem and the FCA currently does. Where these insights raise areas of concern, Ofwat could adopt a similar process as Ofgem's market compliance reviews and ask for additional information from firms.

9. What are your views on annual reporting requirements to monitor compliance against the licence condition?

We support the proposal for annual reporting requirements as we think this will allow Ofwat to better hold companies to account as well as encourage companies to go above and beyond what is expected of them. The requirement would also ensure that there is commitment to achieving the three outcomes from the top of the company. Firms would be able to use the data they are recording to understand where there are gaps and how to address them.

In particular we would like there to be the requirement to identify whether any groups of customers are experiencing poorer outcomes. This would make sure that G4.5 - understanding

the needs of customers, including those in vulnerable circumstances, and providing appropriate support - is a crucial part of any work by the firm as they would need to better understand the needs of customers in vulnerable circumstances to both measure this and address the requirement to provide appropriate support. As covered in our answer to question two, a more explicit reference in the wording of the condition to monitoring outcomes would be welcome.

10. What are your views on our proposed timescales for implementation?

We believe that the proposed timescale is sensible and support the need for compliance from the point it is implemented. While the condition covers activities that companies should already be doing, we have identified areas where they are falling short. Additionally Ofwat will be introducing new and amending existing guidance which aims to support firms to implement the condition. Ofwat should therefore be mindful that the higher level of service that the condition aims to achieve may not be evident straight away. Ofwat could prioritise monitoring on areas where there is more guidance or consensus at the moment to address this. However, we wouldn't want an extended implementation period where poor practice that companies know should not be happening continues to happen.

11. What are your views on consequent changes to other conditions in licences and are there any other changes we should make?

Given the overlap between G4.1 - proactive communications - and G4.2 - easy to get in contact - and the existing condition G - requiring the provision of key customer information, we would not be opposed to the deletion of condition G and it being moved into guidance. Although the requirement for a complaints handling procedure would probably fit more within G4.4 - when things go wrong. We recognise that the current condition is less flexible in responding to innovation than guidance would be and that there is a low risk of companies no longer including such information or having a complaints handling procedure if the condition was deleted. However, this is still an important part of customer service and something that companies should continue to provide. If condition G is brought into guidance, then Ofwat should make sure that these existing requirements are included as minimum standards. This would maintain the information as it is but also allow firms to go beyond what is currently required and adapt to changes in how services can be provided.

As we have covered previously we would like to see an explicit reference to monitoring within the condition and support a requirement for companies to annually report how they are achieving the condition. Condition J - reporting annually on levels of service - could therefore be deleted and Ofwat would still be able to collect the right information. However, it would be up to Ofwat to set out what they require and ensure companies comply.