

Plain Numbers welcomes the opportunity to feed into proposals for a customer-focused condition into the licensing of all water companies. We now have a fantastic opportunity to utilise new evidence about consumer capability and behaviour to create a framework that best enables customers to understand what is happening with their water, incorporating a recognition that many customers struggle to understand numbers.

Context – consumer vulnerability

Many people across the UK struggle with numbers; remarkably, half the adult population only have the everyday maths skills that we expect of a primary school child. The scale of innumeracy in the UK is substantially greater than illiteracy (1 in 2 adults have primary school level numeracy compared to 1:6 for literacy) and the consequences of not understanding numbers are at least as significant as not understanding words. Indeed, of the consumer vulnerabilities identified by the FCA in Occasional Paper 8 back in 2015, poor numeracy is the single most common vulnerability across the UK. We are therefore pleased to see mention of poor numeracy in your ‘Vulnerability focus report’ (Ofwat, 2016), albeit in passing and with poor literacy levels given more focus.

Customers are well informed

Given the data above, we suggest that you consider following the Financial Conduct Authority’s lead and shift towards requiring communications that enable customer understanding – and thereby lead to customers making informed choices. We believe you should consider suggesting to firms that they should:

- Test actual comprehension rather than relying on what customers say they understand – see p.5 of our [Initial trials report](#) to see the gap between perceived and actual comprehension levels.
- Focus on continuously improving customer comprehension. As can be seen from the research above, current levels of consumer understanding are remarkably low.

Vulnerable customers

The importance of using plain language in improving firms' communications has long been acknowledged – but the importance of numbers has not had the same emphasis, despite the fact that understanding the numbers is essential to understanding the overall communication from water companies and others. There is now strong evidence that it is possible to take account of poor numeracy and make improvements. As stated in the FCA’s FG22/5 Consumer Duty Finalised Guidance, we have demonstrated how seemingly small changes to communications can substantially increase comprehension among consumers (8.13). The combination of changes to the presentation of the numbers alongside changing the language and the application of behavioural science led to a doubling on average in the number of customers who understood communications in the [five Randomised Controlled Trials](#) conducted by Kantar Public on behalf of Plain Numbers in early 2021.

Responses to Consultation questions

Q1: Do you have any comments on the outcomes or examples?

It's not sufficient that customers are simply well informed – customers need to actually understand the communications they're sent. As seen in elements of the research above, traditional communications that prioritise disclosure often impeded understanding, which is why the FCA Consumer Duty, with the shift in focus to customer comprehension is such a positive step.

There is now [strong evidence](#) from consumer testing to show that applying the Plain Numbers Approach enables more people to understand communications from firms. We suggest that it is therefore potentially an important component within your guidance to firms.

Examples of the Principles underpinning the Plain Numbers Approach include:

- a. Simplifying the numbers – e.g. do the maths by converting a percentage fee to the specific cash amount
- b. Providing numbers in context – e.g. removing technical terms, using actual dates and/or framing the numbers appropriately
- c. Considering how people think – e.g. enabling a quick initial appreciation of the most salient information perhaps through the use of images alongside the words and numbers

Q2: Do you have any suggested changes to the proposed wording of the principles to meet our specified outcomes for households?

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.

G4.2 The Appointee makes it easy for customers of the Appointee to contact it and provides easy to access contact information.

Currently the focus is on receiving the right information, with the overarching principle of customers being well informed. We believe the words need to reflect that customers should 'understand' the information, not simply be informed of it.

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

Pg28, Table 4. 'Proactively finding out about customers' diverse needs' -

As outlined above, it is crucial that the numbers of adults in the UK with low numeracy be considered when considering customers' diverse needs.

