

[customerfocus@ofwat.gov.uk](mailto:customerfocus@ofwat.gov.uk)

7th July 2023

Dear Sir/Madam,

## **Putting water customers first: A consultation on introducing a customer-focused condition into the licences of all water companies in England and Wales**

Thank you for providing us an opportunity to comment on the potential introduction of an additional condition into the licences of all water companies in England and Wales. Water Plus support Ofwat's decision to ensure that Customer Protections are embedded into the Licence Conditions of Water Companies, as we view that these requirements will drive improved customer outcomes in the absence of competitive pressures. We broadly support the approach proposed; however, we are ultimately disappointed that at this stage the Licence Conditions appear to specifically exclude customers within the Non-Household Competitive Market.

Whilst many of the responsibilities for handling the customer within the retail market are handled by the Retailer these are still highly dependent on Wholesaler action and Policy. A positive customer experience within the NHH Market remains highly dependent on the actions and decisions of the Wholesaler entity, and whilst there are clear and codified requirements on the Retailer there are no such regulatory requirements embedded against the Water Company.

The competitive nature of the retail market does not apply to the Wholesalers, as whilst customers are able to 'switch away' from a Retailer they are not similarly able to change their underlying Water Company. As such, we have identified that there is currently a gap within the regulatory framework to ensure that Water Companies adequately protect and serve customers within the non-household market.

We encourage Ofwat to develop a set of requirements for Wholesalers to ensure they place all customers at the heart of their decision making, and ensure they support the NHH competitive market in delivering improved customer outcomes.

We believe the following areas of consideration should be embedded in these requirements:

- **Effective Customer Query and Complaint Resolution** – A high volume of customer complaints and queries in the non-household market are at least partially related to Wholesaler policy or charging. Wholesalers should be highly motivated to reach quick Customer Focussed outcomes for all customers, and the existence of a Retail market should not lead to the de-prioritisation of or delays in reaching decisions for NHH customers.
- **Involvement in Alternative Dispute Resolution Schemes** – Retailers are currently required to operate a free-to-use Redress Scheme for their customers to ensure they can receive an impartial third-party resolution to queries and complaints. This process is effective at managing complaints regarding Retailer specific issues, however there is currently no requirement for Wholesalers to engage with or abide by the decisions of such a resolution. As Wholesale charging rules and policy drive the majority of a customer's bill, this lack of involvement can be severely detrimental to the customer in receiving a fair outcome. We would like to see Wholesalers required to engage with such alternative dispute resolution, including a binding requirement to adhere to the outcome or compensation requirements driven by such activities.

- **Alignment with any changes or additional requirements within the non-household market –**  
As Ofwat are currently in the process of reviewing the adequacy of the Customer Protection Code of Practice (“CPCoP”) in the non-household market, we would encourage Ofwat to ensure that any further additional requirements or obligations are similarly included and supported by the Wholesale entities. We would note as a specific example that in the consultation there is reference to a “proposed approach to exclude non-households from the condition relating to customers struggling to pay or in debt, consistent with corresponding non-households served by a retailer”. Whilst such a statement is currently accurate, the handling of vulnerable customers is in the process of being reviewed as part of the consultation on the CPCoP. If additional requirements embedded on to Retailers as part of this change, it is critical that such requirements are matched and supported by Wholesalers.
- **Resolution of long-term disputes (pre-market) –** It has now been over six years since the opening of the non-household market to competition, however there are still a variety of customer disputes and queries that remain from prior to this point. These disputes can be of high materiality, and in addition to the customer-dissatisfaction caused by the extended resolution process this can lead to customers withholding charges from Retailers within the market. This timeframe for a conclusion is unreasonable for customers, and as it is the retailer who now faces the risk and burden of withheld charges the introduction of the non-household market may lead to wholesalers deprioritising delivering outcomes for their customers even though all aspects of the issue in dispute were originally their responsibility. Therefore, where disputes relate to the pre-market environment there should be an additional and direct pressure on Wholesalers to reach a satisfactory resolution with their customers in the immediate future.

We believe that further activity within these areas is necessary to ensure that all trading parties within the non-household market are clearly motivated to provide high-quality customer outcomes for its customers. It is our view that embedding these requirements, particularly on involvement in the alternative dispute resolution process, into Wholesaler Licence Conditions will send a strong signal that business customers can not be deprioritised by Wholesalers due to the existence of a Retailer.

If you wish to discuss any aspect of our response in greater detail, do not hesitate to contact me or the Water Plus Regulation team at [Regulation@water-plus.co.uk](mailto:Regulation@water-plus.co.uk).

Thank you and regards,

**David Morris**

Regulation Manager