

12 May 2023

Ofwat  
Centre City Tower  
7 Hill Street  
Birmingham  
B5 4UA

*By email:*

## **Paying Fair Guidelines Follow Up**

Thank you for your letter. We welcome the opportunity to provide further information in respect of our approach which we believe is fully compliant with the Paying Fair Guidelines, and which also adopts the recommendations made in the CCW's independent affordability review.

The completed template attached contains a summary of our current level of compliance with the 145 principles, of which we are fully compliant with 138 and have elected to use an alternative approach for the other seven, the rationale for which I have outlined below.

### **Use of Credit Reference Agencies (1.32 – 1.35)**

Of the seven principles where our approach differs to that set out in the guidelines, four relate to the use of best practice when using Credit Reference agencies. We outlined in our initial response that these were not applicable as we do not use Credit Reference agencies.

Our overarching approach is to have a direct, strong, tailored and personal relationship with our customers who may be struggling to pay their bill. This is even more important when set against the backdrop of the current cost of living crisis. As a result, we have deliberately chosen not to work with Credit Reference agencies as we feel their involvement can cause pressure for customers, particularly where any action we take can negatively impact credit scores.

Instead of using Credit Reference agencies to help identify customers who are in need of our support we have utilised our data to build a suite of early warning indicators that allow us to make proactive early intervention to prevent customers falling into debt.

Our extensive and innovative suite of internal and external data not only allows us to make proactive early intervention but also informs our plans, targets our support and community presence and allows us to identify at a customer level those who are in Water Poverty, are in most need of our support and can be the hardest to reach. This is at the forefront of our ambition to eradicate Water Poverty by 2025.

To do this we have partnered with CACI, combining this data with DWP and ONS information alongside actual bill data so that we can identify, proactively engage with and auto enrol individual customers who are in Water Poverty onto support tariffs. Over 8k customers have been auto enrolled onto support tariffs this year since being launched in July.

## **Customer Testimonies (4.2)**

Principle 4.24 relates to 'Highlighting customer outcomes and testimonies on resolving debt problems to encourage other customers to contact you'.

We believe that the endorsement of credible and respected charities, agencies, and partners who we work with is more powerful and impactful than customer endorsements if a customer does not feel comfortable in contacting us directly.

We have over 170 relationships in place with a variety of organisations including StepChange, Christians Against Poverty and Citizens Advice and others, who have direct contact into our dedicated support team

The careful way in which we have constructed our customer journeys and the language and channels we use to engage with customers encourages direct contact with us without the need for personal endorsements. In addition, we feel that where a customer is struggling with debt this is sensitive and private and the use of personal testimonies on our own literature would not align to the overall integrity of our approach.

## **Displaying Financial Support on Envelopes (1.20 and 5.4)**

The final two principles (1.20 and 5.4) relate to displaying financial support on envelopes. Again, this does not align with our overarching approach of providing tailored, targeted engagement with individual customers, to build trust with all our customers. The display of financial support on envelopes which could be visible to family members, or third parties could lead to embarrassment cause further detriment to a customer's wellbeing and impact our trusted relationship with our customers.

In all seven examples our approach remains under continual review, and we always welcome input from Ofwat and other stakeholders.

I hope that my response demonstrates that our approach is considered with the priority being supporting our customers sensitively if they are experiencing financial difficulty. We would welcome further engagement or a visit from Ofwat to meet with our Affordability Teams so we can share in more detail the rationale for our approach and the show first hand how we support our customers.

I have set out in the Appendix answers to your specific questions around our approach to payments, Debt and Enforcement which I have set out in the Appendix provides Ofwat with the information required.

Should you have any questions or require any further detail please do not hesitate to contact me.

Yours sincerely

## 1. Overall Compliance

Overall compliance and our alternative approach to seven principles is outlined in the body of our response and further detailed in the attached template.

## 2. Work to Comply

- **Credit Reference Agencies**

**In your response you note that you are "compliant with each of the seven principles and the underpinning minimum service expectations."**

**However, under principle 1, 'Use best practice when using credit reference agencies' (expectations 1.32-1.35) you say "N/A - we do not use agencies to determine the credit score of customers, nor do we relay customer payment history to credit agencies to influence credit scores".**

**Can you explain why you do not comply with these expectations, the justification for doing so and the evidence.**

Our overarching approach is to have a direct, strong, tailored and personal relationship with our customers who may be struggling to pay their bill. This is even more important when set against the backdrop of the current cost of living crisis.

As a result, we have deliberately chosen not to work with Credit Reference agencies as we feel their involvement can cause pressure for customers, particularly where any action we take can negatively impact credit scores.

We have previously explored the option of working with credit agencies however we made the decision not to pursue the approach with studies indicating that a poor credit score can be related to and impactful on mental health.

<https://www.moneyandmentalhealth.org/credit-scores-lasting-reminder-poor-mental-health/>

Instead of using Credit Reference agencies to help identify customers who are in need of our support we have utilised our data to build a suite of early warning indicators that allow us to make proactive early intervention to prevent customers falling into debt these include:

- Payment behaviour - tracking changes in payment behaviour, for example customers becoming a non-payer for the first time, helps us identify if more help is needed.
- Payments by credit card - to identify if customers are extending credit to pay.
- Net Direct Debit Take Up - tracking new Direct Debit and Cancellation trends, which could be a lead indicator of customers balancing payment decisions.
- Direct Debit Rejections - the volume and % of failed Direct Debits which is a lead indicator of customers having insufficient account funds and falling into debt.

Instead of using Credit Reference agencies to help identify customers who are in need of our support we have utilised our data to build a suite of early warning indicators that allow us to make proactive early intervention to prevent customers falling into debt.

Our extensive and innovative suite of internal and external data not only allows us to make proactive early intervention but also inform our plans, targets our support and community presence and allows us to identify at a customer level those who are in Water Poverty and are in most need of our support.

The innovative use of data is at the forefront of eradicating poverty, allowing us to identify and reach out to the struggling silent. We have partnered with CACI, combining this data with DWP and ONS data so that we are able to identify, proactively engage with and auto enrol individual customers who are in Water Poverty onto support tariffs, with over 8k customers benefitting in 2022/23 since being launched in July.

Should we choose to use Credit Reference agencies in the future we would ensure the best practice approach was followed.

### **3. Questions Regarding Approach**

- **Payment**

**3a. Aside from when the customer contacts you, how does your company ensure information about customers is correct, up to date and is used? (Principle 1, Expectations: 'Ensure information about customers is correct, up to date and is used')**

We ensure customer information is accurate by systematically employing trace tools. Standard practice dictates agents utilise TransUnion trace software daily as they review individual accounts to verify customer information. On a larger scale we carry out trace activity with Equifax every quarter to authenticate customer information in bulk.

**3b. How do you quality assure your people, procedures and systems use customer information correctly? And how regularly do you do it? (Principle 1, Expectations: 'Ensure information about customers is correct, up to date and is used')**

Information management and data capture forms a central part of agent performance reviews. Through our quality and coaching program calls are listened to remotely and WebMessage transcripts are reviewed to assess and score the collection and accurate update of customer data as well as its appropriate use.

Further assurance is provided through our voice of the customer surveys used across all channels with over 100k surveys completed each year.

As a standard procedure a monthly report and process is run to review where customer contact has been received in relation to accounts which have recently closed due to a move out. The report enables us to check if these customers have relocated within our area of supply and to confirm we are not missing opportunities to discuss the new accounts, or to transfer any outstanding balance from the closed account. Procedural and system processes are reviewed through monthly governance and audit checks.

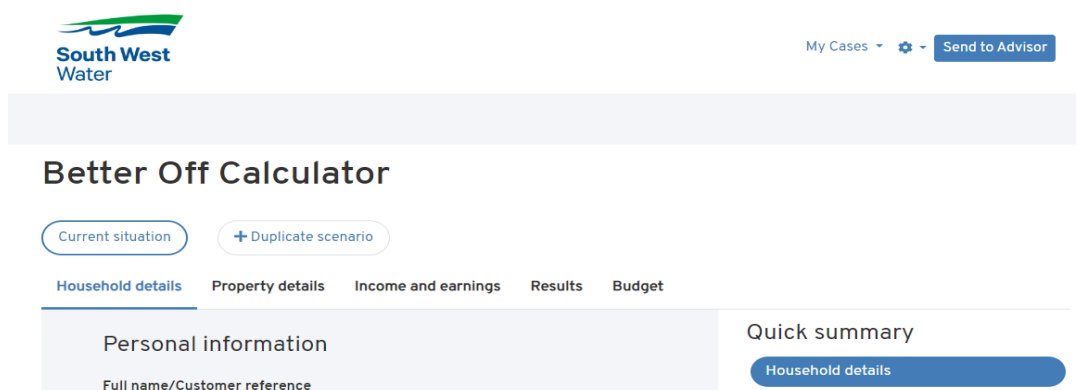
We have procedures in place regarding the use of our data, where this is saved and transfer mechanisms with partners with every new solution or project requiring a DPIA.

The quarterly bulk trace activity carried out with Equifax, referenced in 3a. also acts as a quality assurance mechanism and aids with the cleansing of customer information.

**3c. How are you using customer feedback to design or influence your payment communications, policies and systems? And how are you showing customers how their views are reflected in what you do? (Principle 1, Expectations: ‘Make payment, help and debt services inclusive by design’)**

We understand the pressure and challenges customers can face when seeking support, especially where there is a need to speak to someone directly about money which for many people can be overwhelming and present a barrier to seeking support or making application. We have listened to our customers and this year we have taken the following actions

- Introduced always on 24/7 Web Messaging and WhatsApp, giving customers the option to contact us and have a conversation through their preferred digital channel receiving the same service as they would by phone and making us and access the support more accessible than ever before.
- Redesigned our website and literature using the gold standard web content accessibility guidelines and followed the CCW’s recommendations in respect of common language and simplification.
- Streamlined and simplified our support scheme application process. The online application now considers every support option available, from debt assistance to Priority Services. It then empowers our knowledgeable employees to select the right support package tailored to the customer’s individual circumstances.
- Introduced an innovative self-serve benefit and budgeting assessment also giving customers the choice to speak with a WaterCare advisor who can provide holistic support including applying for entitled benefits, receiving extra support, e.g., Warm Home Discount, and a detailed budgeting plan.
- We also know that how important it is at this time to ensure that financial information and the support available is visible and prominent on all customer bills. We have already implemented a change to our existing bill format to ensure our primary promotion message is the signposting for support available to those who may be struggling to pay their bill.



**3d. Can you provide more detail about how you 'Make it easy for relatives to close or amend the accounts of a loved one who dies'. In particular how do you make sure bereaved customers do not receive correspondence in their relatives' name after they have notified you of their death? (Principle 1, 'Make it easy for relatives to close or amend the accounts of a loved one who dies')**

We recognise experiencing a loss is an extremely difficult time with our training plan having a dedicated vulnerability section (see also 3g.) which includes specific guidance on how to empathetically manage contact from a friend or relative to report the bereavement of a loved one. The training also provides information around specific bereavement support which we can provide to customers and to our own staff as shown below. The training also highlights the importance of making the correct account updates to prevent any future correspondence being issued in the name of the bereaved.

Name	What do they do	Where	Contact details
Bereavement Register	Preventing marketing post being sent to an address	Nationwide	<a href="https://www.thebereavementregister.org.uk/">https://www.thebereavementregister.org.uk/</a>
At a Loss	Bereavement support	Nationwide	<a href="https://www.ataloss.org/Pages/FAQs/Category/organisations-that-can-help?Take=24">https://www.ataloss.org/Pages/FAQs/Category/organisations-that-can-help?Take=24</a> Live chat: <a href="https://www.ataloss.org/live-chat">https://www.ataloss.org/live-chat</a>
Child Death Helpline	Bereaved parent support	Nationwide	Phone: 0800 282 986 / 0800 800 6019 <a href="http://www.childdeathhelpline.org.uk">www.childdeathhelpline.org.uk</a>
Grief Chat	Bereavement counselling	Nationwide	Phone: 029 2081 0800 <a href="https://griefchat.co.uk/#">https://griefchat.co.uk/#</a>
Care for the Family	Bereavement support, Couple Support, Parent Support	Nationwide	Phone: 029 2081 0800 <a href="https://www.careforthefamily.org.uk/support-for-you/family-life/bereavement-support/">https://www.careforthefamily.org.uk/support-for-you/family-life/bereavement-support/</a>

To make things as easy as possible for the relative or friend of the bereaved we promote the use of Life Ledger. Life Ledger is a free online service which lets the customer notify multiple organisations from a singular location. We also direct customers to Tell Us Once, a free government service for those who need to report a death to both central and local government.

On receipt of notification of a bereavement the account status is immediately changed in our system to deceased, and the account name will be updated into the executor of. This alters the account ensuring and blocking the issue of any further correspondence in the name of the deceased and taking the account out of the recovery cycle.

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Home / Contact us / Bereavement Support

### Bereavement Support

We are sorry you have experienced a loss and appreciate that this may be a difficult time for you. We want to keep things as simple as possible, so please notify us through [Life Ledger](#), or [give us a call](#).

**Notify Life Ledger**

Life Ledger is a free online service that allows you to notify many organisations (i.e. banks, insurers, and utility providers) about a bereavement from one place. Please follow the link [here](#) to use the service and South West Water will be notified accordingly. You will not need to contact us separately, as Life Ledger can do this for you.

**Our Support**

Please visit [here](#) or call us if you are the remaining account holder and need help paying the bills and outstanding balance.

Our Priority Services Register is also a free support service available for anyone living within our region that could benefit from a bit of extra help. Please visit [here](#) to sign up.

**Additional Support**

Tell Us Once is a free government service that allows you to report a death when you suffer a bereavement and need to tell central and local government. Follow the link [here](#).

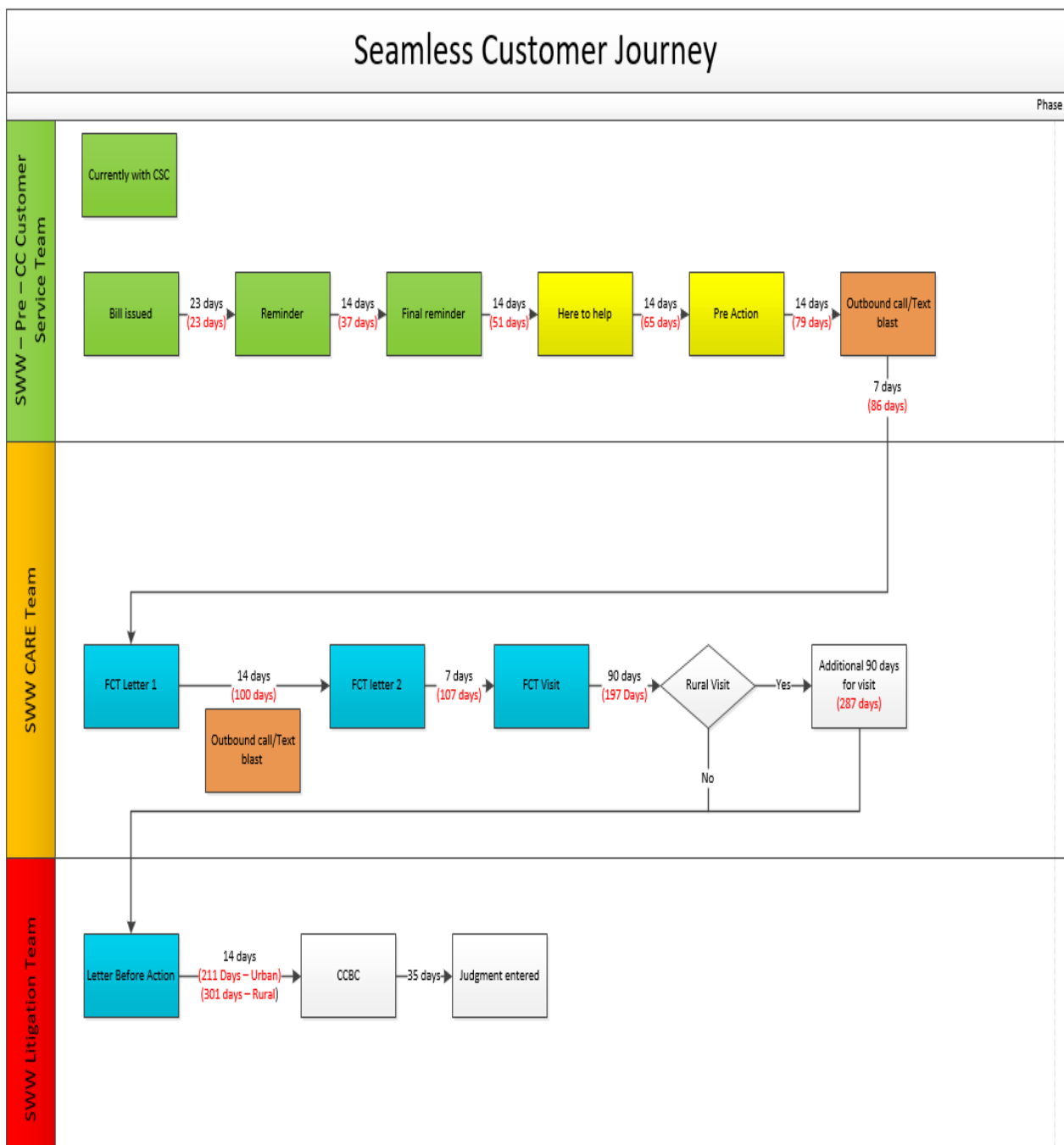
Contact Marie Curie, the UK's leading end of life charity on 0800 090 2309 for bereavement support or follow the link [here](#).

You can also get free, independent advice from your local Citizens Advice Bureau ([Contact us - Citizens Advice](#)), National Debt Line (0808 808 4000), StepChange (0800 138 1111) and Civil Legal Advice (0345 345 4 345).

- Debt

**3e. Can you outline how your company gives sufficient reminders (appropriately spaced) to pay? (Principle 4, Expectations: ‘Send clear reminders that provide advice and next steps’)**

Our structured collections journey from bill to enforcement ensures all customers are treated equally and fairly. Seven letters are issued prior to any legal action as is outlined in the customer journey below with there being over 190 days before a Letter Before Action (LBA) is issued. The defined pathway allows our trained staff to identify exactly where a customer sits in the process and offer the appropriate help and support tailored to a customer’s individual circumstances journey, including signposting to third party support. There are over 190 days before a Letter Before Action (LBA) is issued.



**3f. Can you describe in more detail how your company uses different methods of contact to engage customers? (Principle 4, Expectations: ‘Contact customers using different methods and stop chasing them if they are getting debt advice’)**

The collection cycle cited in 3e encompasses multiple engagement channels with the credit sequence utilising letters, texts, outbound calls and doorstep visits. Our collections team work in the evenings and on Saturdays to give customers who work a standard working week an opportunity to discuss their account and so we can make proactive outbound contact at times where customers are available and have the time to speak with us. We also offer a web messaging service 7 days a week between the hours of 7am and 10pm.

**3g. Can you describe how your company is designing communications around the customers’ information needs? (Principle 5, Expectations: Design the content of communications around customers’ information needs’ AND ‘Tailor the language of communications to customer’s needs’)**

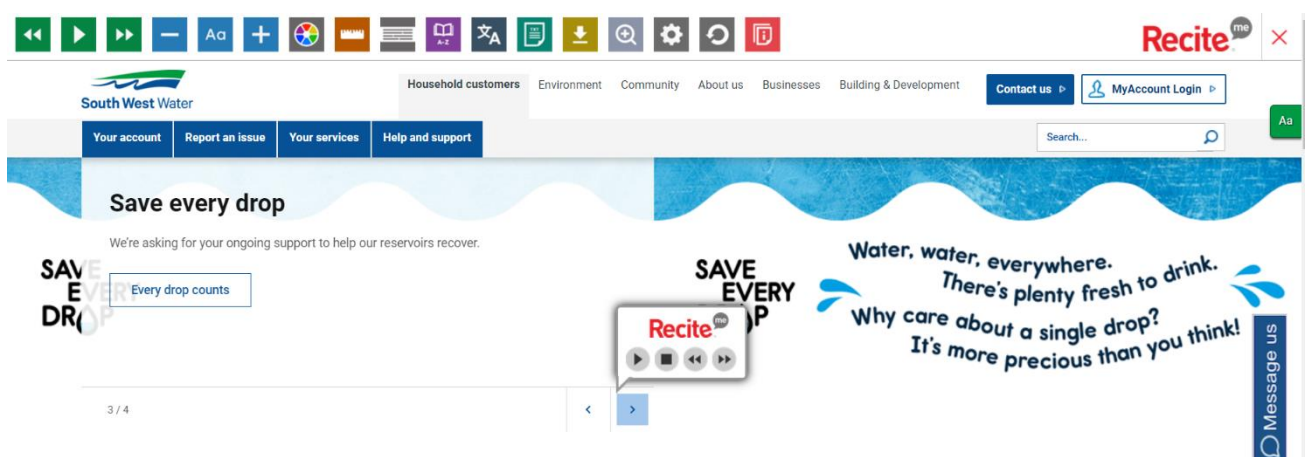
We offer a variety of services for customers requiring additional support. Customers can request a braille bill, a large print bill, or we can explain bills over the telephone. We also have the ability to send bills and literature to a nominated third party such as a carer or relative, provided they agree. We also offer a selection of leaflets in audio CD formats.

We have empowered our staff to identify all types of vulnerability, from transient to long-term, to find the right support for our customers through enhanced, innovative training and ongoing support.

We have been supported in the development of our Affordability and Vulnerability Training program, delivered to both Contact Centre and Field Staff, by external partners such as the mental health charity MIND and Dementia Friends. This has enabled us to provide additional insight and awareness for all customer service staff so that they are able to recognise potential and emerging vulnerabilities.

Our retained accreditation of the BS 18477 standard for Inclusive Service provision was specific to the identification and responding to vulnerability. We had a very successful external audit, conducted by BSI, in February 2022.

Our website and literature has been rewritten encompassing the gold standard web content accessibility guidelines and applying the Consumer Council for Waters common language recommendations. Our website also utilises Recite software which provides both an audio and a text translation service.





**3h. Can you outline how your company uses enforcement action as a last resort? In particular, how do you make sure any enforcement action you take or charges added are proportionate and reasonable in relation to the circumstances of the customer and the size of the debt? (Principle 5, Expectations: ‘Use enforcement action as a last resort’)**

Our credit cycle dictates litigation activity will not commence until over 190 days after a bill has been issued, outlined in section 3e. During this time the customer would have received a further seven letters, texts, phone calls and two doorstep visits. On receipt of a Letter Before Action, the customer will have 30 days in which to come to a payment arrangement. If the customer advises us they are seeking debt advice after receiving a Letter Before Action, in line with the pre-action protocol for debt claims, the account will be held for an additional 30 days.

To ensure proportionate and reasonable action is implemented, a mandatory manual account review is conducted by our dedicated in-house litigation team prior to deciding if enforcement is the correct course of action. The review will endeavour to determine the employment status of the customer and whether they own their property. Litigation is very much viewed as a last resort. The approach of our collections department is that we are here to help and support customers as much as possible.

**3i. Can you outline how you agree realistic repayment plans? (Principle 6, Expectations ‘Agree repayment levels that are realistic, understandable and regularly reviewed’)**

We offer a variety of flexible repayment plans to suit our customers’ needs. Customers can select weekly, fortnightly, or monthly payment arrangements. Lower value temporary plans are also available to allow the customer to get into the habit of making payments. Temporary plans are reviewed after three months.

The affordable nature of a payment plan is at the heart of the payment arrangement training provided to all Billing and Collections staff. Our agents place emphasis on the customer to suggest a payment amount they believe is realistically affordable. Ideally the plan should clear the customers balance over 12 months, but we acknowledge this is not always possible, so a lower amount would be accepted. The permanence of payment plans forms part of agent’s performance reviews so we can diligently track plan durability.

We also signpost customers to Budget Plan Calculators to enable pragmatic payment arrangements.

Our ReStart scheme offers a structured plan for those who can afford their ongoing charges, but not their arrears. The scheme sees debt written off on a sliding time scale, ultimately seeing £2.50 written off for every £1 the customer pays.

Our FreshStart scheme is available to customers who are new to debt or are experiencing an extraordinary life event and would be assisted by the immediate clearance of their balance.

Since the start of the AMP our company funded schemes Restart and Freshstart have seen over £2.9m of debt written off.

- **Enforcement**

**3j. Does your company have robust audit processes in place for debt collection agents? (Principle 7, Expectations: 'Use reputable debt collection companies that treat customers fairly and in line with agreed levels of service' AND 'Regularly and robustly check customers facing debt recovery action are treated sensitively' AND 'Allow customers to raise disputes involving the agent with the water company')**

Following an account review, we can instruct an external company (Court Enforcement Services) to obtain a writ of control to recover balances outstanding over £600. CES ensure their fairness framework and charter adheres to best practice of the High Court Enforcement Officers Association (HCEOA). [CES-Group-Fairness-Charter \(courtenforcementservices.co.uk\)](https://www.courtenforcementservices.co.uk)

If a customer has reason to raise a dispute with CES, there is a dedicated Customer Care Team who will investigate internally. If necessary CES will escalate to SWW. SWW meet monthly with CES to review procedures, this includes a random review and assessment of body cam footage and accompanying visit notes. These items are available to SWW and would be used in every case should there be a dispute or a complaint is raised.

**3k. Can you describe in more detail how you make sure priority services customers get the support they need? (Principle 7, Expectation: Ensure the needs of priority service register customers are met)**

We currently offer 10 different services for customers requiring additional support ranging from a braille bill to a water delivery in an emergency. Customers can register for as many of these services as they require with a water delivery in an emergency being the most prevalent additional support required with 84% of customers on PSR registered for this service.

Priority services customers are also entitled to request four additional meter reads a year to help the customer understand their usage in greater detail.

We offer a password scheme to Priority Services customers when we have agreed an appointment. The customer can select a password of their choice for our agent to use when they visit.

A customer identified as being on our Priority Services register, would not be selected for action by Court Enforcement Services.

**3l. We understand that CCW has given feedback on your debt code of practice. How have you acted on CCW's feedback?**

Our Debt Code of Practice, which has been reviewed and approved by the CCW, can be accessed and viewed on our website <https://www.southwestwater.co.uk/services/useful-information/standards-of-service/>

This was confirmed by Cath Jones, CCW Head of Company Engagement on 20 December 2022.

The CCW did provide feedback on our initial draft copy of our Debt Code of Practice. The feedback was positive stating the document was 'a really helpful, supportive leaflet' which 'truly encouraged people to speak to South West Water if they're starting to struggle, with the emphasis being on you'll find a way to help them'.

CCW did comment there were several areas the draft could be amended to closer align with Ofwat guidance. Our Debt Code of Practice was updated to reflect all suggestions made including adding clarity around complaints channels, availability of payment methods and how to raise a billing query.