

Paying Fair Guidelines RFI – Additional Questions

3. Questions about your approach We want some further information in the following areas:

3a. Aside from when the customer contacts you, how do you 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 source data from a third party data source to check Occupier details and are currently in the process of extending this to check contact details. Where we receive updated information this is added to a customer's account to ensure that this is the data used for contact.

3b. Provide more detail on how you are identifying customers in vulnerable circumstances and the relationships you have with third party organisations to reach these customers? For instance, do you accept completed I&E assessments from these third party organisations? (Principle 2, Expectations: 'Use all reasonable efforts to predict and support customers at risk of falling into debt')

3c. How are you giving sufficient reminders to customers (appropriately spaced) to pay? (Principle 4, Expectations: 'Send clear reminders that provide advice and next steps')

Customers who are not in an active payment scheme/arrangement and have outstanding charges will receive three postal reminders, although the first of these is issued via their on-line account if the customer has opted in to paperless billing. Dependent on which segment the customer has been placed in for the purpose of tailoring the collections journey, these letters will be issued at different points in time. However all customers will receive a minimum of 14, 14 and 10 days respectively between letters and finally referral to a debt collection agency, where £50 or more is owed. For lower balances we do not use Debt Collections Agencies. The first of these reminders is not issued until the bill has been outstanding for at least 14 days. These reminders all clearly state what action is required, by when and what the next steps will be if the customer does nothing. We also highlight that payment schemes and financial support are available on these letters and provide ways in which the customer can contact us to discuss eligibility.

3d. Can you provide more information on how you use different methods of contact to engage customers? Has your updated lettering now been implemented? (Principle 4, Expectations: 'Contact customers using different methods and stop chasing them if they are getting debt advice')

The new letter templates are currently being built by our print provider and we very much hope to have these completed, tested and live by the first week in May 23. There may be some delay due to the bank holidays but we are aiming for a date as close to this as possible. Aligned with the delivery of the new letters is a suite of redesigned digital comms (SMS, e-mail), which we will be implementing for one of our customer segments as a pilot. The revised comms will be measured for improved effectiveness first but assuming they are successful, we hope to be able to expand their use across all customer segments.

3e How are you designing communications around 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')

More information is provided in the attachment but essentially we provide our bills in braille, large print and audio where required. We also have the Recite Me tool on our website that can translate text into a wide range of languages and formats. Where we are made aware of specific communications needs that are not met by current processes we will provide tailored communications for the customer (for example an explanatory letter about our charges in Romanian). We also use customer insight to inform us about the effectiveness of our communications.

3f. You stated in your response that 'Enforcement action will only be used where our in-house collections, debt collection agency and pre-litigation efforts have failed. We prefer to avoid litigation and enforcement activity where possible due to the costs to the company. However in some cases and where the customer meets the criteria, it will be appropriate to follow this path in order to recover unpaid charges.'

- Can you provide further details of the criteria you use to decide to pursue litigation and enforcement activity against a customer to recover unpaid charges, as well as further details of your write off policy.

We will assess the suitability of non-engaged customers that have been placed with DCAs on a monthly basis (subject to a minimum placement time). This assessment falls into two distinct parts; the first being checks carried out by us for things such as debt value, debt age, any payment arrangement set up with us directly, customer age, any holds placed on the account, severe vulnerability etc. The accounts that pass these checks are then sent to our litigation services provider for residency checks and scoring, which uses a multi-factor check to produce a litigation suitability score. Accounts where there is a high confidence that the customer is at the address held and a minimum score is met, would be considered potential candidates for litigation.

- Have 'vulnerability clauses' now been inserted into all DCA contracts?

Our current DCA contracts are due to expire in August 23. As it is now most likely that we will extend, rather than go to tender, these clauses will be added as part of the extension.

3g. You state you do not have a specific set of processes in place to check customers are in debt (principle 6, 'Double check that the customer is in debt'), but there are safeguards. What are your plans to:

- improve checks before proceeding to enforcement action (Principle 6, 'Double check that the customer is in debt')?

The existing checks that we make prior to passing a customer for litigation, will allow us to exclude any cases where there are unresolved issues or queries around billing, provided that the customer has raised those with us, or we have identified suspected high consumption. As a minimum, customers will have moved through our early collections and placement 1 DCA journey before being assessed for litigation and therefore will have had ample opportunity for the customer to raise any concerns with us. Most customers will have also spent time in placement 2 before being assessed.

- introduce credit data checks earlier to identify customers and whether they have the means to pay? (principle 1, Use best practice when using credit reference agencies (1.32-1.35)?)

As we do not currently hold full share membership with the CRAs, we are not able to carry out sophisticated credit checks on customers, either at on-boarding nor as part of the collections journey; however an approximate level of credit risk is measured by reference to their previous payment history. We have recently carried out feasibility around upgrading to

full membership but concluded that there was not sufficient benefit to justify the significant cost and complexity of implementing this in our current billing system, which is likely to be replaced in the next AMP.

- expand your use of data sharing arrangements to identify customers in vulnerable circumstances (Principle 2, Expectations: 'Use all reasonable efforts to predict and support customers at risk of falling into debt')?

Where resourcing permits, we use an Experian vulnerability model to help us identify customers who are at likely to be struggling financially so we can contact and offer assistance. We also have a Data Sharing Agreement with DWP that will allow us to understand which of our customers are in receipt of specific benefits and therefore likely to need additional support. We have reciprocal data-sharing arrangements in place with UKPN and SSEN (the DNOs who operate in our area) that enable us to share PSR data and also have Data Sharing Agreements in place with several Housing Associations.

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

Yes. The updated document is currently being signed off by our Comms Team before publication in May.