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7 Hill Street  
Birmingham  
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Sent by email to:



Nina White



22nd December 2022

## Ofwat's Paying Fair guidelines for residential customers in England and Wales

Dear Sir / Madam,

I am writing to confirm our status with regards to implementing the [guidelines](#) for supporting residential customers to pay their bill, access help, and repay debts and share information requested. These are important subjects in the current climate and rightly an area of focus.

As requested, attached is our draft revised Code of Practice for Debt Recovery which we publish in line with licence condition G4. We have shared a previous draft with CCW and incorporated their feedback into this version. Our next step is for our communications team to review this Code of Practice to ensure it reflects our brand standards, in addition to meeting inclusivity and accessibility requirements. We will be publishing this revised document on our website by the end of March 2023. Our Code of Practice includes the payment methods available to customers and those which may incur a processing fee.

Our current version of the Code of Practice is held here:

<https://www.thameswater.co.uk/media-library/home/about-us/governance/our-policies/codes-of-practice/debt-recovery-procedure.pdf>

As requested in your Information Notice 22/04, we are also attaching the first data related to levels of debt. We note your request for feedback to these metrics and we include some recommended clarifications in Appendix 3.

You requested confirmation of our core customer information, which is held on the following pages:

Support for those struggling to pay their bill:

<https://www.thameswater.co.uk/help/account-and-billing/financial-support>

Information on paying your bill:

<https://www.thameswater.co.uk/help/account-and-billing/paying-your-bill>

### **Alignment with principles and service expectations**

I'm pleased to say that our current working practices are in line with the principles that you set out. While we are satisfied that we deliver 130, or 90%, of the 145 service expectations as business as usual, we recognise there is greater opportunity to mature our propositions through continuous improvement over time.

There are twelve service expectations which we are developing to implement during 2023 through six initiatives. These are detailed in Appendix 1.

There are three expectations which we are currently unable to commit to a timeline to implement an element of the detail of the expectation. We don't categorise these as systematic departures as we meet the intent of the expectation. These are detailed in Appendix 2.

There are no guidelines where we are systematically departing from the expectation.

We would welcome further dialogue on our initiatives and how we have applied the service expectations. If you have any questions please do not hesitate to get in touch with me or my team.

Yours faithfully,

Nina White  
Director of Financial Customer Care

## Appendix 1 Initiatives to deliver alignment with service expectations

Service expectations are subject to change initiatives which will be going live throughout 2023:

Ref.	Relevant text	Initiative
1.17	Companies should clearly set out the payment methods not incurring a transaction charge	This will be clarified for customers within our Charges Scheme update published in February 2023 and referenced in our Debt Recovery Code of Practice, in addition to existing explanations on our website.
1.20	Use messages on envelopes to raise awareness of financial support to customers.	Our envelopes currently promote the use of online account management. We are designing an envelope that will include messages raising awareness of financial support to implement in 2023. Timelines are not yet confirmed, and existing stocks of envelopes will not be discarded.
1.29	Highlights the need to use guidance within the 'Inclusive design in essential services' principles.	<p>We regularly utilise customer and expert feedback in our design processes as we create new propositions, and our brand tone of voice is in line with these principles.</p> <p>To ensure greater consistency we will be including the inclusive design principles within our change governance by Q1 of 2023/24.</p>
2.16	Offer customers access to holistic debt .... provided that the customer gives their consent to be passed to this organisation or third party.	<p>The following will address 2.16, 6.18 and 6.20:</p> <p>Currently we signpost debt advice, and we collect consent to refer to the Thames Water Trust Fund's hardship fund.</p>
6.18	...Companies should have pro-active debt advice referral approaches in place that go beyond simple signposting which may include transferring customers, with their consent, to debt advice agencies....	We are introducing referral paths through our new Income and Expenditure (I&E) portal, hosted by PayLink – part of PayPlan. This portal will provide a gateway to forbearance payment plans and financial support. It will provide a referral process through to PayPlan for free and independent financial advice.
6.20	Offer all customers in debt holistic debt advice. Refer customers to independent, non-charging debt advice agencies, and give full	

	consideration to payment plans that such agencies offer.	<p>The I&amp;E portal went live in December 2022 and will be used with increasing levels of proactivity throughout 2023.</p> <p>We will use the PayLink tool via our voice channel to undertake I&amp;E assessments with customers, which will ensure consistent signposting of free debt advice.</p>
1.28	Show customers how their views on payment, help and debt are encouraging improvements to services.....	<p>The following will address 1.28 and 4.24</p> <p>We will introduce a page into our website's Help to Pay pages in Q1 of 2023/24 which incorporates content aligned with this objective</p>
4.24	Highlight customer outcomes and testimonies on resolving debt problems to encourage other customers to contact you	
5.1	All communications – such as texts, emails, letters and reminders – to customers who have fallen behind with payment should be clear about when payment is due and what will happen if the customer does not pay. Where possible, the correspondence should be tailored.	<p>The following will address 5.1, 5.2, 5.7 and 5.11</p> <p>A review of debt recovery customer communications is being undertaken where these guidelines will be considered. The review and changes to communications will be completed by the end of March 2023.</p>
5.2	The code of practice on debt recovery must be enclosed with reminders or details given on how a copy can be obtained.	
5.7	If notices or letters themselves do not list the customer's options for payment arrangements, they should be accompanied by communications which do, or should clearly detail where the customer can obtain this information.	

5.11	If the customer is at risk of enforcement action after a judgment has been obtained in the county court, the company should explain the implications of such action simply, fully and jargon free but without being misleading....	
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**Appendix 2 Service expectations where intent is met, but not the precise requirement**

Ref.	Service expectation	Rationale for not implementing
1.11	Offer or accept more frequent billing frequencies to encourage customers to pay and avoid unexpected and unaffordable increases in their bills ('bill shock').	We interpret this to mean offering monthly or quarterly billing for metered customers (as there is no need to increase the frequency of billing unmeasured customers due to them having relatively stable bills). While the ability to offer metered customers more frequent billing than every six months is on our strategic roadmap , utilising our smart meter data, we don't have a timescale to complete this.
6.14	Companies are not expected to provide financial advice, but should make it clear to customers whether payments received will be used to pay current charges or towards arrears.	We communicate that payments will go towards arrears rather than current charges. However, there is one scenario where if a customer makes a payment of exactly the amount owed from current charges in full then that payment goes against current charges. This is not a frequent scenario and we have no plans to change our process.
6.19	Where a customer advises a company of their intention to approach a fee-charging company, the company should advise the customer of the existence of similar services that do not make a charge.	We only refer or signpost customers to free money advice organisations and do not maintain a live list of which organisations do charge fees.  But in the future if this data is more freely available we would be happy to leverage it.

## Appendix 3 Questions relating to debt data RFI

### **Line1: Number of households that did not make any payment in the period specified**

It is not clear what the target group is, it could be:

- 1) Households live at the end of the quarterly period
- 2) Households who were live at any point in the quarterly period
- 3) Households not making payment in the last 12 months irrespective of being a customer in the quarterly period

And then has the secondary qualifying condition of not making payments during the previous 12 months but had prior year debt. We recommend excluding anyone with only current year debt as customers who have been billed in the current year and no prior year debt may well go on to pay, but if there is prior year arrears it is more likely that the customer won't – which is the intent of this measure.

We also recommend to exclude Final accounts as those are not households serviced.

We recommend that it is option one is the target group to facilitate a more simple and consistent level of reporting.

### **Line 4: Number of households in arrears in a debt repayment arrangement**

We have 3 categories of repayment arrangements:

- 1) normal (clearing the debt in year);
- 2) debt reducing (leaving debt at the end of the year) and;
- 3) arrears building (not paying for current usage; leaving higher balance than in the beginning of the year).

Which repayment plan categories are expected to be included in this metric?

We recommend that (1) is not included. We recommend that (2) included but only where there are prior year arrears. We recommend (3) is included for both current year and prior year arrears.

### **Line 6: Number of households in arrears without a debt repayment arrangement**

We've included all households with no payment plan and an overdue bill for the current submission. We recommend excluding households with only current year debt in future submissions.

### **Line 12: Total number of households subject to country court action**

How long after the Count Court Judgement (CCJ) do we need to include customers? Only the ones that have court proceedings during the quarter or also those that have had a CCJ issued

within the last X months? How many months after the CCJ has been issued should the account be removed from this metric?

We recommend that only households issued with CCJs, at the point of the CCJ being awarded, in the quarterly reporting period to avoid duplication.