

December 2023

# Cost of living: wave four

Water customers' experiences



**ofwat**

## Foreword



This is the fourth wave of Ofwat's cost of living research. We have been monitoring the experiences of water bill payers on a regular basis, with affordability a key area of concern. We expect water bills will rise over time. This research series enables us to monitor the impact of that on water bill payers, as well as understanding whether people believe they are getting good value for money from their water company.

The findings in this report show modest reductions in the proportion of bill payers who are struggling financially, but also indicate that many households may find it difficult to manage even a small increase in bills:

- Half (50%) of bill payers struggled to pay their household bills over the past year (encompassing those who struggled 'all the time', 'most of the time' and 'sometimes'). This is down from 56% earlier this year (March 2023).
- 18% of bill payers are currently struggling with their water bill, down from 23% earlier this year.
- Fewer than three in ten are aware that financial support for water bills may be available for those who need it. This has remained fairly static, as has the proportion receiving some financial support for their water bill (6%).
- Just over a quarter (26%) would be concerned about a £5 increase to monthly household costs, rising to 33% for a £10 monthly increase.

Over recent years, the sector has been looking at ways to support customers who need help paying bills and repaying debt. This research shows the importance of this work and the need to be vigilant. The next wave of cost of living research (to be conducted in March 2024) will help us to understand whether the reduction in those struggling with bills is the start of a trend that continues, or a seasonal effect.

In the meantime, we will also be monitoring water companies' treatment of customers who are financially vulnerable. The introduction of a new [customer-focused licence condition](#) in 2024 will allow us to take action against companies who fail to support their customers. This builds on recent guidance on treating customers in debt fairly ('[Paying Fair](#)' guidance) and newly published [vulnerability guidance](#) that sets out how companies should support customers who need extra help.

**Lynn Parker, Senior Director  
Casework, Enforcement and Customers**

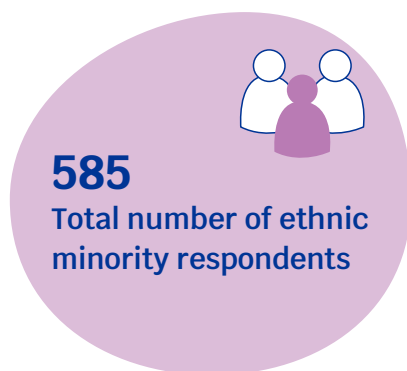
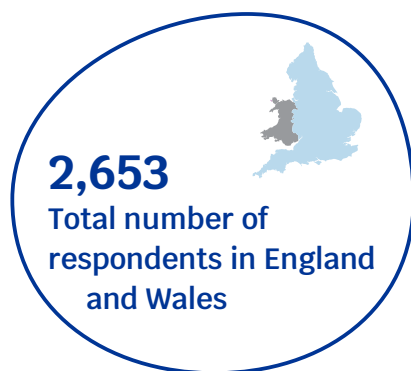
## Introduction

This report looks at the experiences of water bill payers in England and Wales. It focuses on how bill payers are managing financially and the extent to which they are struggling with daily costs. It then looks at the impact this has on people's wellbeing and day-to-day experiences.

The findings in this report are taken from an online survey by Savanta conducted between 9 and 23 October 2023. This includes:

- A survey of 2,322 water bill payers in England and Wales. The sample includes 1,907 respondents in England and 415 water bill payers in Wales. The data was weighted to be nationally representative.
- A booster sample of 331 water bill payers from ethnic minority communities in England and Wales.

The data used in this report is mostly taken from the main sample of bill payers in England and Wales (base: 2,322). However, data that looks at differences by ethnicity includes the ethnic minority booster sample together with the ethnic minority respondents from the main survey, making a total base of 585 respondents.



This report is the fourth in a series on the cost of living.

- [Cost of living: wave one](#) – this report set out findings from a survey conducted in March 2022, with an England and Wales sample of 2,306 water bill payers.
- [Cost of living: wave two](#) – this report sets out findings from a survey conducted in October 2022, with an England and Wales sample of 2,328 water bill payers.
- [Cost of living: wave three](#) – this report sets out findings from a survey conducted in March 2023, with an England and Wales sample of 2,294 water bill payers.
- This report also references findings from the [customer spotlight](#) survey conducted by Savanta for Ofwat and CCW in December 2021.

For some of the findings, arrows are used to show statistically significant change at 95% confidence interval between waves three and four.

The report sets out data on:

- paying bills;
- actions to manage bills;
- current bills;
- financial support;
- expectations;
- value for money; and
- wellbeing.

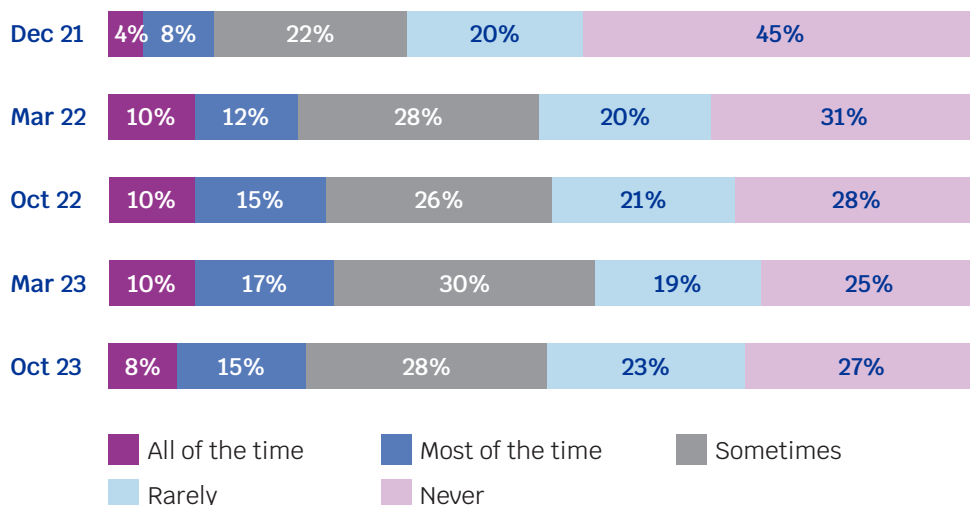
Full data tables can also be downloaded from [Ofwat's website](#).

## Paying bills

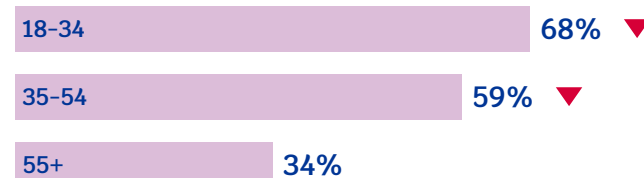
Half of water bill payers (50%) reported they have struggled to pay one or more household bills fairly frequently over the past year ('all the time', 'most of the time', 'sometimes'). This compares to 56% who reported this in wave three (March 2023) and 51% who reported this in wave two (October 2022).

Among those who were most likely to have struggled to pay household bills were full-time carers (77%), bill payers aged 18-34 (68%), tenants (67%), ethnic minority bill payers (66%), bill payers with long-term illness, health problems or disability (65%), those with children under age 18 in the home (63%), and bill payers in London (62%).

### Half of customers reported struggling to pay household bills 'sometimes' or more often over the past year



### Almost 7 in 10 younger people reported struggling to pay bills 'sometimes' or more often over the past year



Age differences continue to be significant, although there has been a narrowing of the gap. The proportion of younger people who struggled 'sometimes' or more often fell by ten percentage points.

The proportion of people who 'never' struggled with household bills over the previous year fell significantly after late 2021. At that time, 45% of bill payers reported never struggling. This stood at 28% a year later (October 2022) and is now 27%. Only 9% of those aged 18-34 reported 'never' struggling, compared to 19% of 35-54s and 43% of those aged 55 or over.

## Actions to manage bills

Base: All respondents (2,322). People who struggled to pay bills (all of the time, most of the time, sometimes) (1,224). People who struggled all of the time (212). People who struggled most of the time (347).

Customers reported taking various actions over the past year to manage paying household bills. The data below looks at the steps taken by the 50% of bill payers who reported struggling to pay household bills ('all of the time', 'most of the time', or 'sometimes').

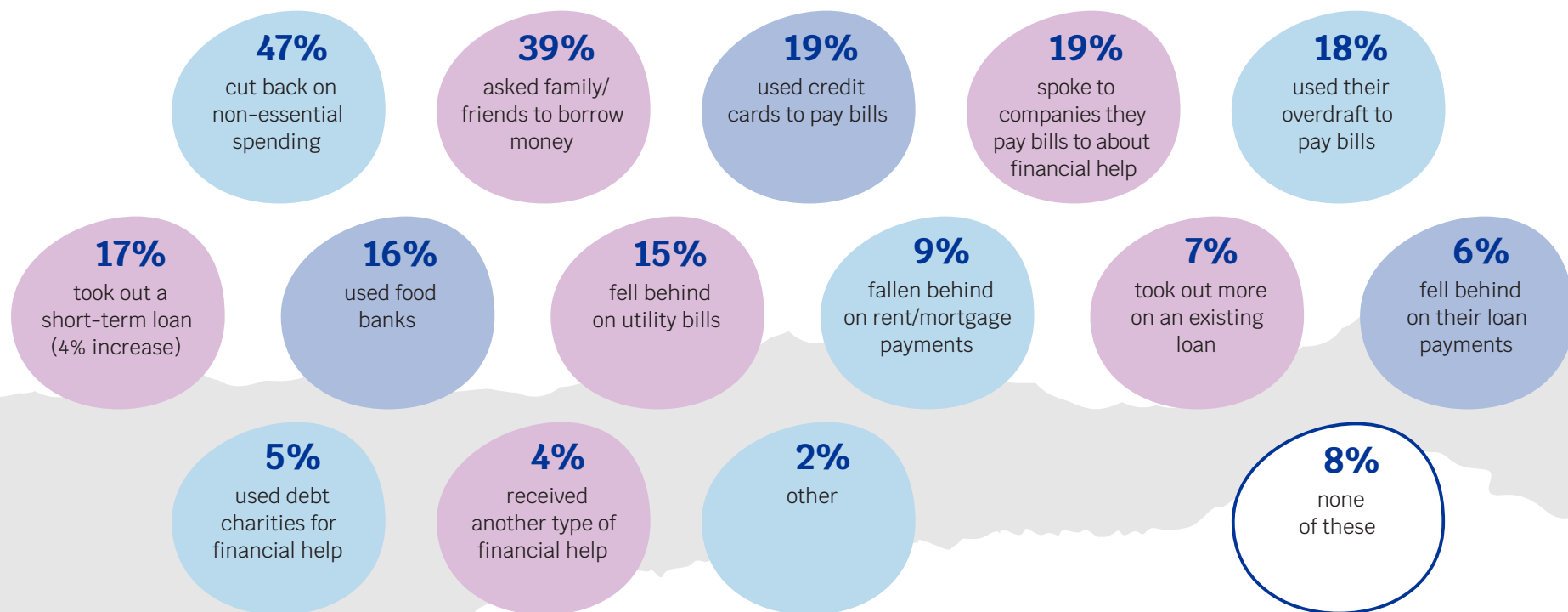
There were some differences by age. Younger people were much more likely to ask family or friends to borrow money: 50% of 18-34s who struggled to pay bills reported this and 41% of 35-54s, compared to 25% of those aged 55 or over. Younger people were also more likely than older people to take a short term loan and to take out more on an existing loan than older people. For example,

one in five (20%) of the under 55s reported taking out a short term loan, compared to 9% of those aged 55+.

Older bill payers were, in contrast, somewhat more likely to report having cut back on non-essential spending. 53% of those aged 55+ who struggled with bills reported doing this, compared to 39% of those aged 18-34.

Customers also took actions to reduce the cost of bills. More than half (52%) of all respondents reported that they have cut down on water use at some point over the past year because of worry about bills (wave three: 54%).

### What people do to manage bills: those who struggled to pay household bills 'sometimes' or more often



## Current bills

There has been a fall in the percentage of bill payers who reported currently struggling with their water bill – from 23% in wave three (March 2023) to 18% in this wave.

The percentage of bill payers struggling with other utility bills has also fallen. In wave three, 40% struggled with gas/heating bills and 37% with electricity. This has now fallen to 28% for both. Consequently, food bills have now overtaken these bills as the ones that bill payers were currently struggling with the most. Some of this change may be related to a seasonal impact, including a warm autumn. This should become clearer in the next wave of the survey.

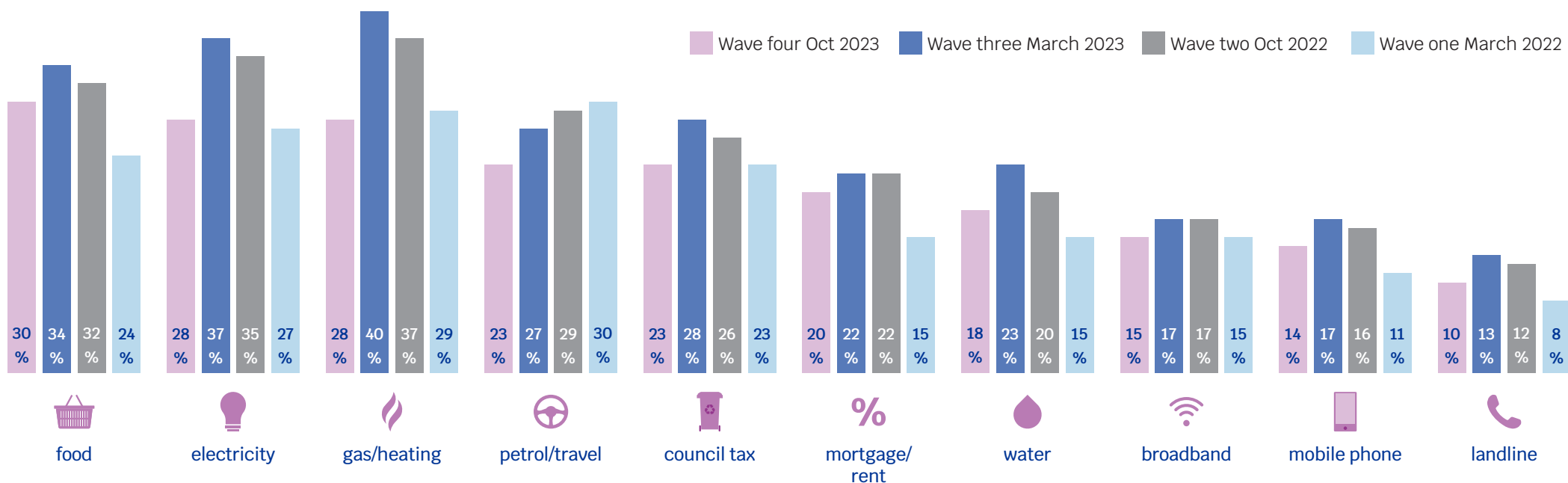
More than seven in ten (71%) of those bill payers who said they were currently struggling with their water bill reported they often have to choose between

expenses to afford to pay bills (for example, choosing the water bill over broadband, or choosing to pay rent over paying a phone bill). This figure has changed little over the year (wave three: 73%).

Just over one in four (26%) bill payers reported being concerned about the cost of water (scoring at least eight out of ten on a ten-point scale). This has remained steady since wave three (25%). This is significantly lower than reported concern for gas/heating and electricity. However, the gap between levels of concern has narrowed over the year.

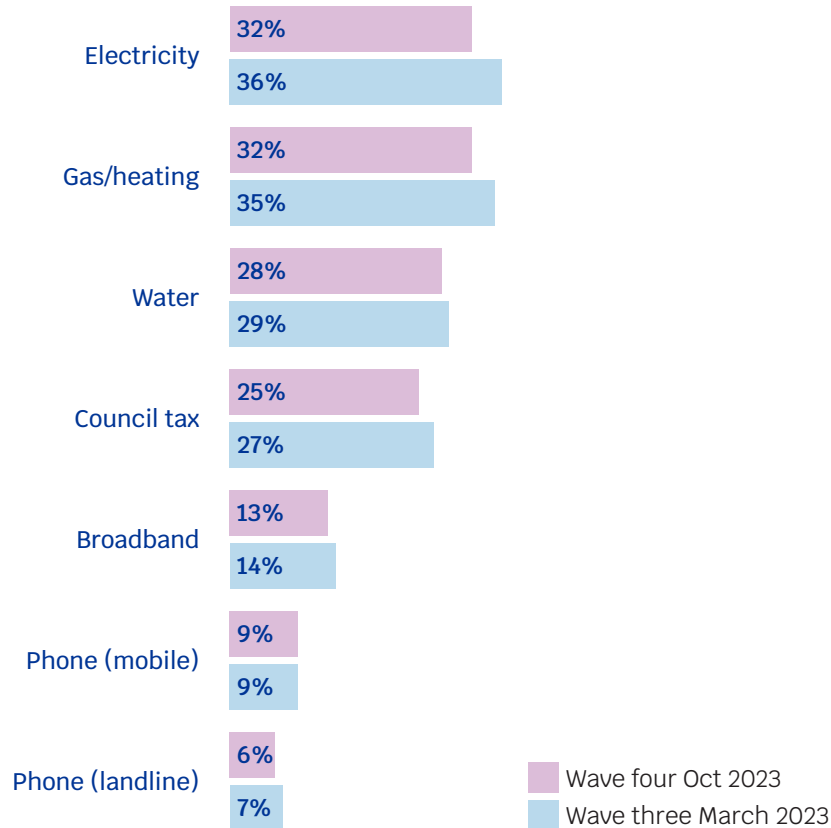
Another way to report this data is to look at the mean (average) scores for the 1–10 scale (where 1 = not concerned at all and 10 = extremely concerned). For water, the mean level of concern was 5.5 – unchanged from wave three. Concern for gas/heating (7.0) and electricity (7.0) were higher than for water, but had fallen somewhat since wave three (7.5 and 7.3 respectively).

### Percentage of customers currently struggling to pay...



# Financial support

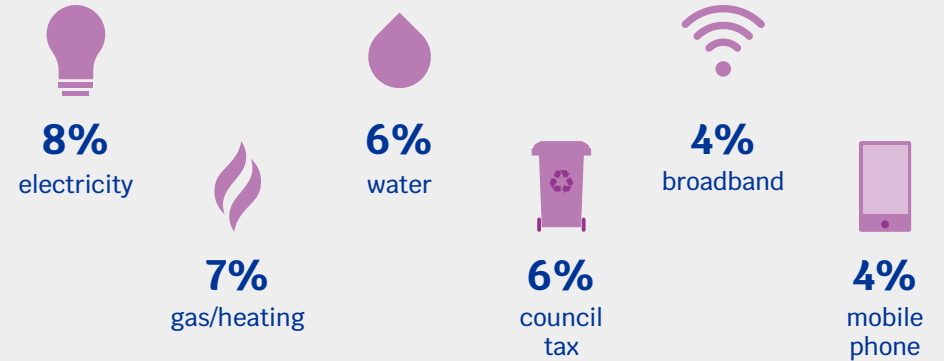
The proportion of bill payers who were aware of water companies providing financial support has continued to hover around three in ten. Awareness of other utilities providing financial support has also remained relatively static, although there has been a small dip in awareness of support for electricity and gas/heating bills.



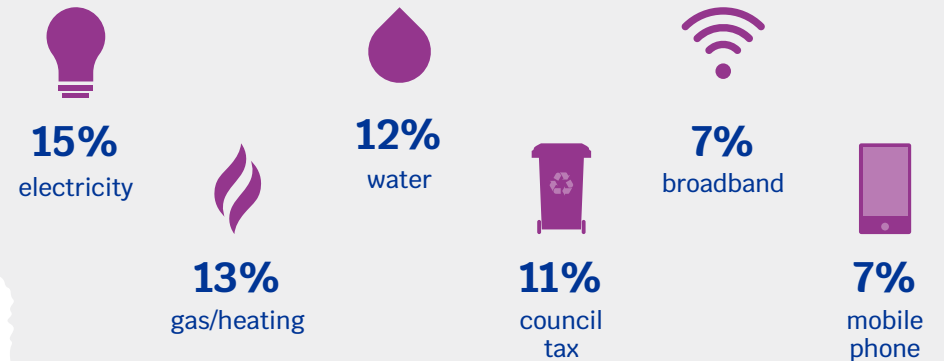
The proportion of bill payers who reported receiving financial support was 6%. This compares to 7% in wave three and 9% in wave two. 12% of bill payers who reported struggling 'sometimes' or more often with household bills reported that they received support with water bills. This is unchanged from wave three (March 2023).

Base: All respondents (2,322). People struggling to pay bills (all of the time, most of the time, sometimes) (1,224).

## Percentage of bill payers who received financial support from utility companies



## Percentage of bill payers struggling 'sometimes' or more often who received support

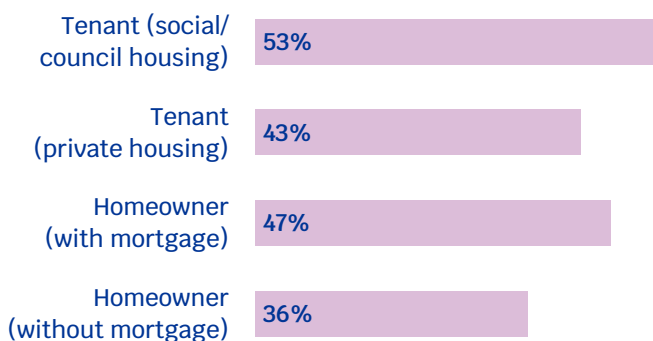


Base: All respondents (2,322). Wave three (2,294). Wave two (2,328). Wave one (2,306). Customer spotlight (2,327).

## Expectations – finances

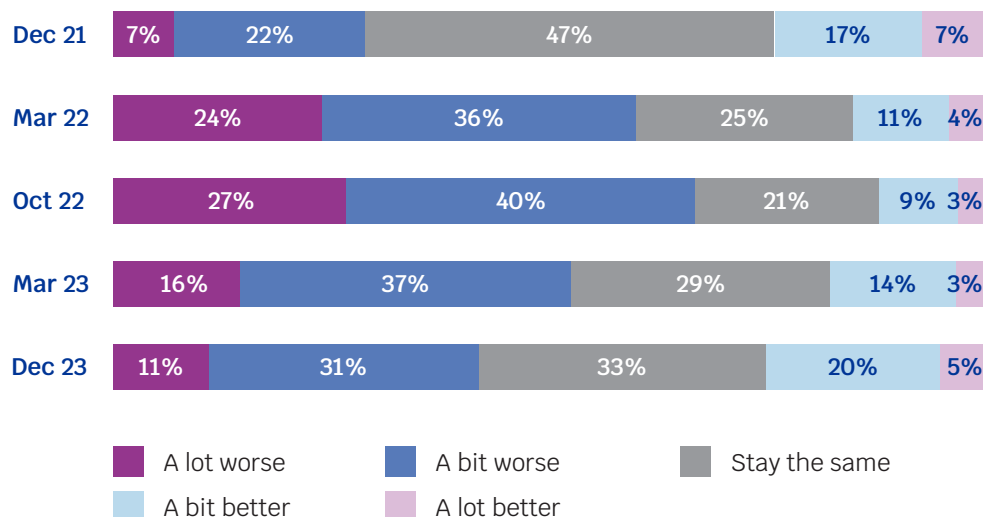
Bill payers were asked how their financial situation compared to a year earlier. There was an increase in the proportion who reported their financial situation was better now – 16%, up from 10% in wave three (March 2023). Similarly, there was a decrease in the proportion who reported being worse off financially than the year before (43%, compared to 53% in wave three).

### Percentage who reported their financial situation was worse than a year ago (by housing tenure)



There has been a fall in the percentage of bill payers who expect their situation to get worse over the next year. Just over four in ten (42%) reported that they expect their financial situation to get worse. This compares to 53% in wave three. Those aged 55+ were more likely to expect their financial situation to get worse (47%) than younger people (32% of 18-34s).

### More than 4 in 10 bill payers expect their financial situation to worsen over the next year



The research continues to show a correlation between frequency of struggling to pay bills and predictions that finances will get worse: those more likely to struggle were also more likely to expect their situation to get worse. 63% of those who reported having struggled to pay household bills 'all the time' reported that they expect their finances to get worse, as did almost six in ten (59%) of those currently struggling with their water bill.



## Expectations – household costs

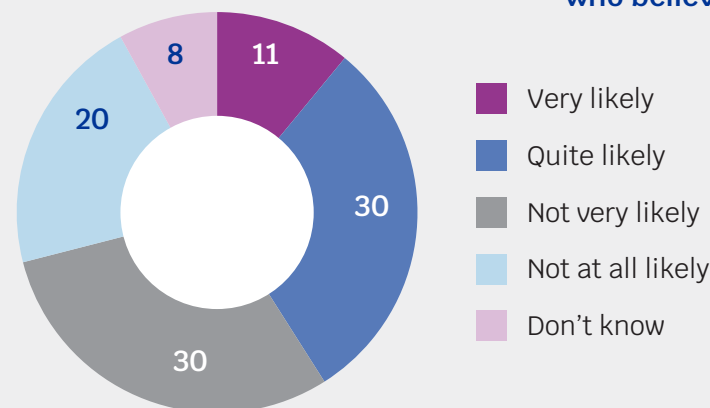
Bill payers were asked how concerned they would be about monthly increases in their household costs. Just over a quarter (26%) of bill payers reported they would be concerned if there was a £5 monthly increase in their household costs (7% 'very concerned', 18% 'fairly concerned'). This rises to 54% of those currently struggling with their water bill. Those in the North East (34%) and London (33%) were more likely than those in other areas to report that they would be concerned. Tenants were twice as likely as homeowners to report this (36% compared to 18%).

A third of bill payers (33%) reported they would be concerned about a £10 monthly increase in household costs (14% 'very concerned', 19% 'fairly concerned'). This rises to two-thirds (65%) of those struggling with their water bill. Tenants were much more likely to report concern about a £10 increase in monthly household costs than homeowner (46% compared to 24%). More than half of bill payers (56%) reported they would be concerned about a £25 monthly increase in household costs (28% 'very concerned', 28% 'fairly concerned').

**85%** of bill payers who reported currently struggling with their water bill expect to struggle with a utility bill over the coming year

**42%** of bill payers believed it is likely they will struggle to pay a utility bill over the next year...

...this compares to **50%** who believed this is unlikely



The proportion of bill payers who believed it is likely they will struggle to pay a utility bill over the next year remains high, at over four in ten (42%). However, this has fallen over the last year – as it has previously been around five in ten.

Differences by age continue, but have not widened. Those aged 55+ were less likely than other age groups to believe they will struggle to pay a utility bill (31%, compared to 48% for 35-54 and 50% for 18-34s).

Bill payers with children aged under 18 were also more likely to think they will struggle to pay a utility bill (54%). This compares to 36% of those who do not live with children. More than half of tenants (54%) believed this (wave three: 63%) compared to 33% of homeowners (wave three: 39%).

## Value for money – level of trust

Around a third of bill payers (35%) reported trusting their water company to provide good value for money, with three in ten (30%) reporting that they distrust their water company to do this. A slightly smaller proportion of bill payers 'strongly trust' their water company to provide value for money (7%) than 'strongly distrust' their company to do so (10%).

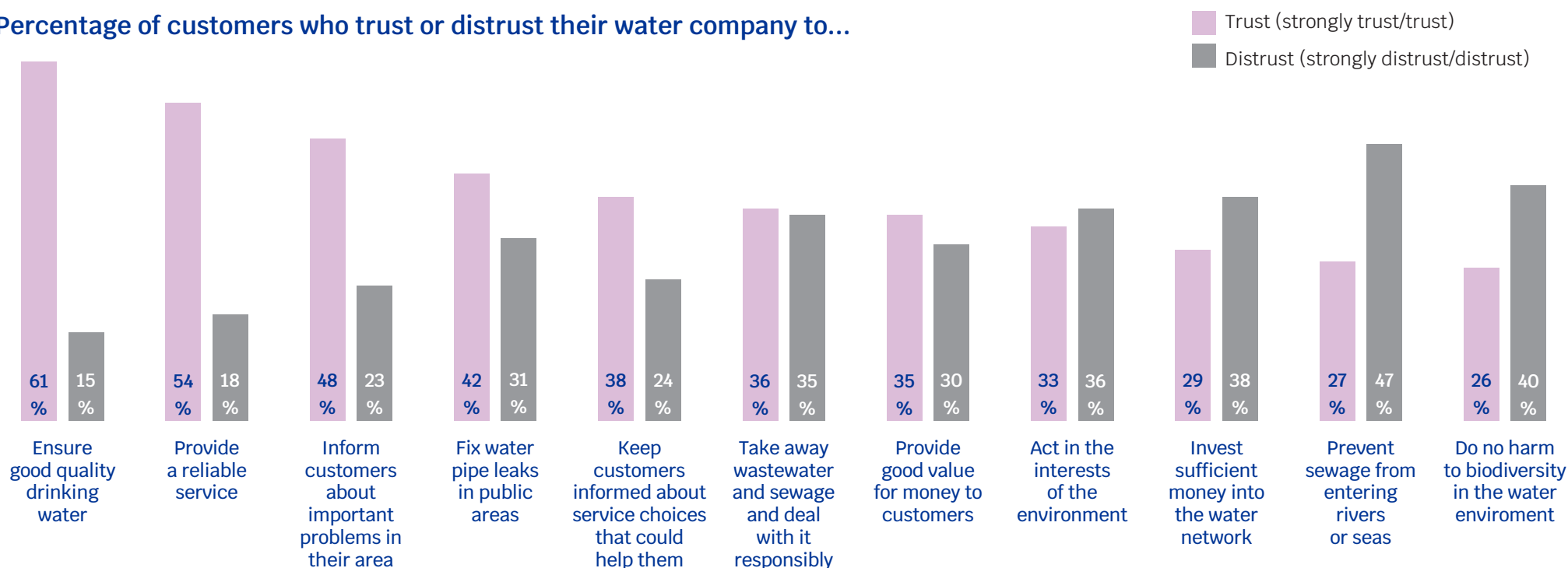
Younger people (18-34s) were significantly more likely than older people (55+) to trust companies on this (48% compared to 27%).

Differences in trust by age are reflected consistently across almost all activities. In all areas except ensuring good quality drinking water, older bill payers reported lower levels of trust and higher levels of distrust than younger bill payers.

These differences have grown since wave three, as trust among older bill payers has fallen significantly across all activities, whereas trust among younger bill payers has remained fairly static. Distrust among older bill payers has increased across almost all activities, whereas distrust among younger bill payers has remained broadly similar (rising slightly in some areas and falling slightly in others).

In general, distrust has risen across all activities. Distrust is higher than trust in four areas (acting in the interest of the environment, investing sufficient money into the water network, doing no harm to biodiversity in the water environment and preventing sewage from entering rivers or seas), three of which have had distrust overtake trust for the first time.

### Percentage of customers who trust or distrust their water company to...

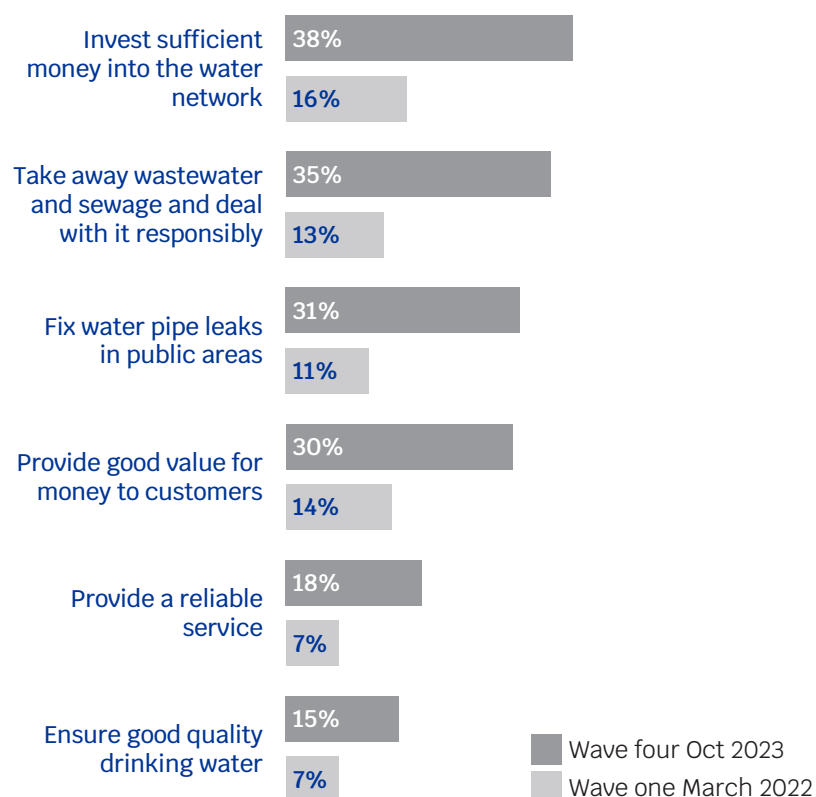


## Value for money – changes in trust

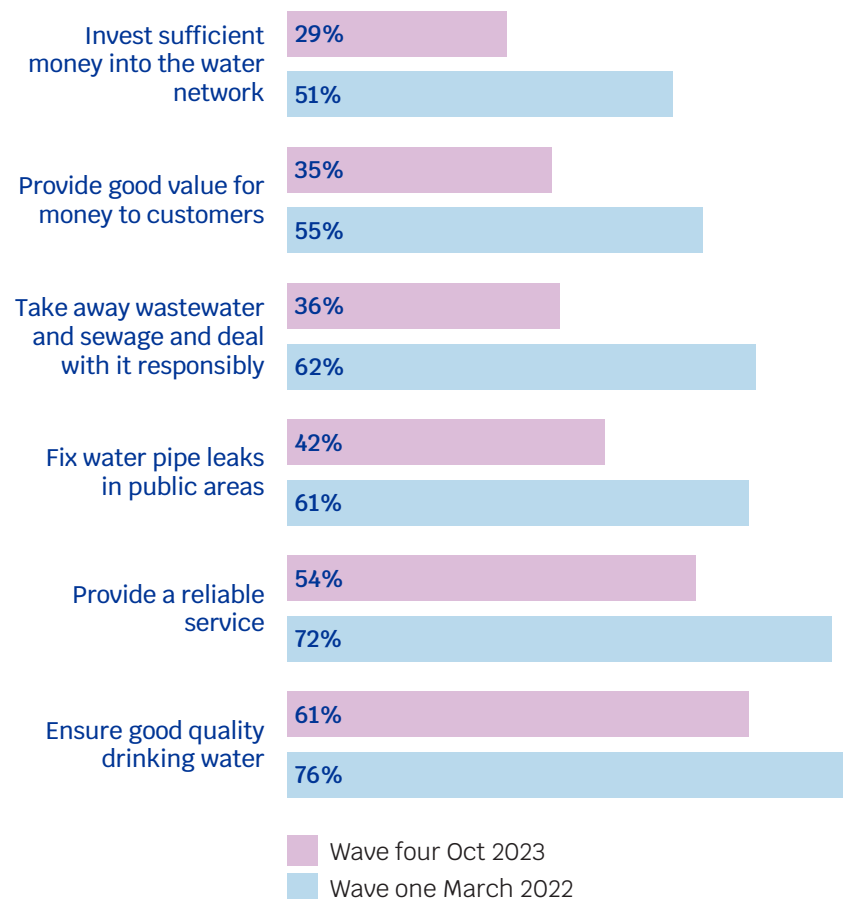
Base: All respondents (2,322). Wave one (2,306).

Trust in companies to provide good value for money has fallen consistently since wave one. More than half of bill payers (55%) reported trust in their water company to provide good value for money when this was first asked in early 2022, compared to 35% in late 2023. Correspondingly, the proportion of bill payers who reported not trusting their water company to provide value for money has doubled, from 14% to 30%. This decrease in trust is seen across the range of water company activities over the past year and a half.

### Percentage of customers who distrust their water company to...



### Percentage of customers who trust their water company to...

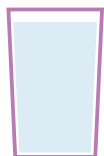


\* Wave one question included only these activities, which is why they have been chosen as a point of comparison.

## Value for money – prioritising what matters

We asked bill payers what the two most important factors would be if they could pick which water and sewerage company they used. The responses are consistent with previous waves of the research. 'Good quality drinking water' has been consistently chosen by around six in ten bill payers, with over a third choosing 'providing a reliable service', and three in ten selecting 'providing good value for money to customers'.

**If you could pick what water and sewerage company you used, what would be the most important factors that would influence your decision? (top two rankings)**



**58%**

Good quality drinking water

58% wave three



**34%**

Provide a reliable service

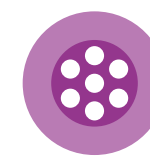
38% wave three



**30%**

Provide good value for money to customers

31% wave three



**30%**

Take away wastewater and sewage and deal with it responsibly

27% wave three



**16%**

Act in the interests of the environment

13% wave three



**16%**

Fix water pipe leaks in public areas (in roads, not in the home)

18% wave three



**9%**

Invest sufficient money into the water network

8% wave three

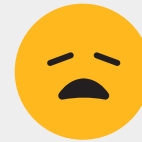
## Wellbeing – day-to-day

The four waves of cost of living research have consistently shown a correlation between bill payers' financial situation and how they feel on a day-to-day basis. More than half of bill payers who reported currently struggling to pay their water bill reported feeling stressed (55%) or worried (53%). Bill payers struggling with their water bill were twice as likely as the average bill payer to report feeling depressed (36%).

People who struggled to pay household bills over the past year were also more likely to report negative day-to-day emotions. More than half (53%) of bill payers who struggled to pay bills 'all of the time' reported feeling stressed (wave three: 55%). This compares to 11% of those who 'never' struggled to pay bills (wave three: 13%). 45% of those who struggled to pay bills 'all of the time' reported feeling depressed (wave three: 49%).

This research shows a difference between the day-to-day wellbeing of tenants and homeowners. 42% of tenants reported feeling stressed on a day-to-day basis compared to 27% of homeowners. Bill payers who reported they had cut down on their water usage were more likely to be feeling stressed (38%) or worried (41%) than those who had not.

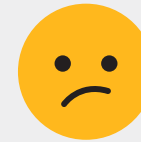
Bill payers were asked how their mental health had been over the past year, compared with previous years. 41% reported their mental health had been worse, with 15% reporting it had been better.



Tired

**40%**

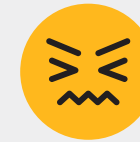
39%  
wave three



Worried

**33%**

37%  
wave three



Stressed

**33%**

35%  
wave three



Happy

**29%**

25%  
wave three



Positive

**26%**

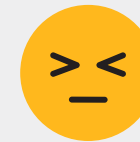
22%  
wave three



Optimistic

**21%**

22%  
wave three



Depressed

**18%**

21%  
wave three



Energetic

**7%**

5%  
wave three

**44%** of those who expect their situation to get worse reported feeling worried day to day...

...this compares to **27%** for those who expect their financial situation to get better

Base: All respondents (2,322).

## Wellbeing – struggling with bills

Our cost of living research has found consistent agreement with the statement that struggling with mental health makes it harder to ask for help with bills. The percentage agreeing with this has remained consistent at 66% (wave three: 65%), while the percentage disagreeing with this statement has remained consistent at 9% (wave three: 10%).

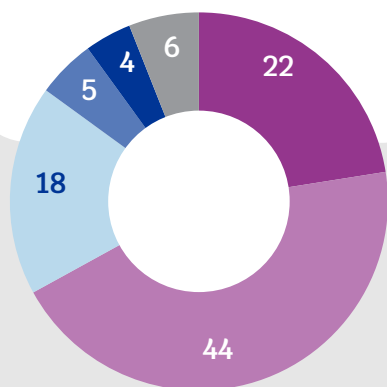
While a majority of all age groups agreed that struggling with mental health makes it harder to ask for help, those aged 18-34 (70%) and 35-54 (70%) were somewhat more likely to agree than those aged 55+ (62%).

The percentage of bill payers who agreed that they know who to ask for help if they are struggling with household bills and it is affecting their mental health remains consistent at 45% (wave three: 47%).

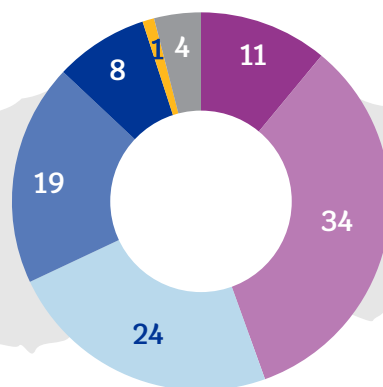
The percentage of bill payers who agreed that they avoid or delay opening bills when struggling with their mental health has also remained at 35%. This rises to 62% among those who reported struggling to pay their water bill.

Almost half (47%) of younger people agreed that they were more likely to avoid or delay opening bills when struggling with their mental health, compared to one in five (22%) of those aged 55+. 47% of bill payers with children under 18 in the house agreed with the statement, in comparison to 30% of bill payers without children under 18 living in the home.

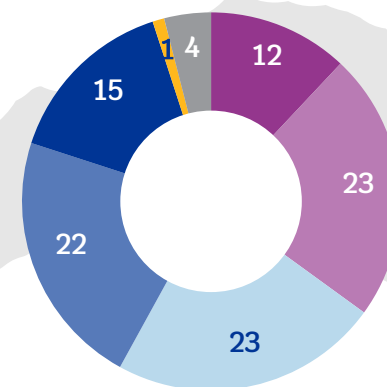
Struggling with mental health makes it harder to ask for help with bills



I know who to ask for help if I am struggling with bills and it is affecting my mental health



I avoid or delay opening bills when I am struggling with my mental health



Strongly agree
  Agree
  Neither agree nor disagree
  Disagree
  Strongly disagree
  Prefer not to say
  Don't know

## Conclusions

This research finds a slight reduction in the proportion of bill payers who report struggling to pay household and water bills. However, the impact of cost of living increases continue to be felt across England and Wales, with only a minority (just over one in four) saying they never struggle to pay bills.

While cost of living pressures are widespread, awareness of support available for those struggling has continued to remain static. Fewer than three in ten bill payers are aware that water companies can offer financial support in certain circumstances. This is a problem for the water sector – as many of those who are struggling with their water bill may be missing out on help. However, it is not a problem confined to the water sector – with awareness about support from other utilities also stagnant.

The research finds a fall in bill payer trust that water companies deliver value for money. Just over a third now believe this to be the case, compared to more than half in the first wave of this research. Water companies will need to consider how to reassure customers that the services they provide deliver good

value. This is always important. But it is particularly important when customers are struggling to pay bills and report having to borrow money in order to do so.

While there may be an improvement in cost of living pressures over time, it is also the case that water bills are expected to rise. All water companies should consider the impact of bills on their customers over the coming years and how they communicate what any extra costs are spent on. It is important for customers to have confidence that the company that provides them with water services is doing so in an efficient and cost effective way. We will continue to monitor the experiences of bill payers, including how they respond to changes in water bills.

**Ofwat (The Water Services Regulation Authority)  
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**OGL**