

April 2024

# **Market monitoring 2023-24 - RFI quantitative guidance**

**Ofwat**

# Guidance on completing the 2023-24 market monitoring Request for Information

## 1. Introduction

This guidance document provides information and definitions for completing the 2023-24 market monitoring Request for Information (RFI) quantitative component. In addition to this guidance document, each tab within the RFI spreadsheet also contains explanatory notes which provide further explanation and clarification for specific questions. When completing the RFI spreadsheet, please refer both to guidance within this document as well as explanatory notes within the RFI spreadsheet.

The data collected from Retailers is an important source of information to Ofwat and is used in our analysis to understand how the market is performing. As such, we expect submissions to be as accurate as possible, with due consideration to the information available to the Retailer.

We remind Retailers that this information is being requested under Standard Condition A8 of the Water Supply and Sewerage Licence (WSSL). This licence condition requires Retailers to provide Ofwat with such information as it reasonably requires for the purposes of carrying out its statutory functions under the Water Industry Act 1991 and the Water Act 2014.

**You should provide an outline of what assurance processes you have undertaken to verify that the data submitted are accurate, and any estimates are made within reasonable tolerances. We note that external assurance is not required for the data submitted in response to this information request. This outline should be submitted with the data provision form in a word document or similar format.**

We would remind you of your obligations under competition law regarding the sharing of pricing information<sup>1</sup>, and we request that you keep your submission confidential and that you do not share it with anyone outside your organisation. When we receive your submission, we will comply with our legal requirements to protect the data which you provide us with, including the general prohibition on disclosure of

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<sup>1</sup> This includes any pricing information provided for the 'Price savings' and 'Customer contracts' sheets as detailed in §3.4 and §23.5 respectively.

business information collected using our statutory powers set out in section 206(1) of the Water Industry Act 1991.

## 2. General notes

The information in this section is relevant to all questions in this RFI.

All data, information and assumptions should relate only to eligible business customers in England and Wales only.

### 2.1 Customer definition

For the purposes of all sheets in the RFI and consistent with the approach taken in previous information requests, we have decided to use a customer billing account as the equivalent to a water and sewerage customer. When asking for customer billing account numbers, these should be the number as at 31 March, for example in the 'Customers' sheet of the accompanying excel template, customers billing account numbers should be reported as at 31 March 2024.

Where a customer has both metered and unmetered connections, please record such a customer – and all associated customer data such as consumption (metered and unmetered) – as 'metered' if the majority (>50%) of revenue received is derived from the metered connections of that customer. If the majority of the relevant revenue is derived from the 'unmetered' connections, then please categorise that customer – and all associated customer data – as unmetered.

Our objective is to collect information that represents as closely as possible the outcomes for water and sewerage customers. This is why we think the most appropriate approach to segmenting customers would be for all indicators to relate to the customer level.

#### 2.1.1 Multisite customers

Where an account is part of a group and does not receive a bill and instead the bill is transacted as part of an overall parent account, with payment made at a group level for multiple sites, it should not be counted as a separate customer from the parent account.

Where an account is part of a group and does receive a bill instead of it being managed and paid by an overall parent account, it should be counted as a separate customer from the parent account.

## 2.2 Time period covered

**We are seeking actual outturn data should for the financial year ending 31 March.**

**Data reported by Retailers for the 2023-24 market monitoring RFI will primarily relate to the period 1 April 2023 to 31 March 2024, however, having not issued a market monitoring RFI for the years ending 31 March 2022 and 2023, we are also requesting customer related information for these periods.**

Please refer to the specific guidance notes in each sheet. As a general rule, relevant data concerning the segmentation of customers by tariff type and size should be based on the last day of the time period covered – e.g. 31 March 2024. For example, if a customer renegotiated a deal with the existing Retailer in July 2023, that customer should be classified as being on a ‘Renegotiated tariff’ and the related indicators for that customer – wholesale charges, revenues etc. – should only relate to the period for which they have been on this tariff.

Please note that we have asked for information on wholesale charges and revenues based on **actual billed amounts**, appropriately apportioned to specific customer segments in the reporting period.

## 2.3 Price base

We seek historical wholesale charge and revenue data expressed in nominal terms. This means that, in respect of historical data for 2021-22, 2022-23 and 2023-24, we seek actual (outturn) wholesale charge and income without any adjustments for inflation.

## 2.4 Data segmentation

We expect Retailers to apply the relevant segmentation by size and tariff type as of the last day of the reporting period (e.g. 31 March 2024). **If a customer is no longer with you on that day, we do not expect to have any data reported for that customer.** If you acquire a new customer or an existing customer moves to a renegotiated deal part way through the reporting period – for example in July 2023 – we only expect

data items for that customer related to the contract applicable on 31 March 2024 (e.g. data for July 2023 – March 2024 only) to be recorded.

## 2.4.1 Tariff segmentation

We request information regarding the number of customers on different kinds of tariffs to understand the level of switching and renegotiating activity in the market between the different consumption bands.

We have requested figures for customers on:

1. **REC default tariffs (existing customers)** – customers on Statutory Schemes of Terms and Conditions as set out in the [Retail Exit Code](#) (REC) are charged a default tariffs. This includes customers who have returned to a REC tariff following the termination of a non-default contract. Please refer to §4.1 for further details.
2. **Renegotiated tariffs (existing customers who have signed a new contract)** – these are customers who have chosen an offer that is different from the available statutory terms and conditions i.e. existing customers who have negotiated (including negotiated for the first time), or renegotiated, a deal with their existing Retailer or customers who have received financial incentives (e.g. cashbacks) or additional services to sign a new contract.
  - Please note in the scenario where a multi-site customer switches its remaining sites to a Retailer:
    - if the majority (>50%) of the SPIDs are already with the Retailer, the SPIDs being transferred should be recorded under the ‘renegotiated tariffs’ or ‘REC tariffs’ in line with the tariff associated with the majority (>50%) of SPIDs;
    - if the majority (>50%) of the SPIDs associated with this customer are switched from another Retailer, then the Retailer should record these SPIDs as ‘acquired tariffs’ or ‘REC tariffs’ in line with the tariff associated with the majority (>50%) of SPIDs.
3. **Acquisition tariffs (switched customers)** – these are customers who have actively chosen an offer that is different from the available statutory terms and conditions and have switched to you from another Retailer in the market since market opening.
  - Where a customer has their water services with a Retailer and is on a REC default tariff, and switches their sewerage services to the same Retailer, for

this information request this customer would be in the ‘REC default tariffs’ category (if their water tariff was changed as part of the switching of their sewerage services, then this should be reflected in the acquisition tariffs section).

- Where a multi-site customer switches SPIDs to a Retailer who already serves some of the customer's sites, the majority of SPIDs should dictate which category they fall into. For example, if a customer currently has 2 SPIDs served by one Retailer, and is switching an additional 5 SPIDs, this customer should be placed in the ‘acquisition tariffs’ category as the majority of SPIDs have switched. If a minority of SPIDs are being switched the customer should be placed in the ‘Renegotiated tariffs’, or ‘REC default tariffs’ based on whether the customer has renegotiated a new deal or will be on default tariffs.

### **Customers changing tariff segments within the reporting period**

Where customers have changed tariff segments in the reporting period and are still served by the Retailer, data collected for the entirety of the reporting period should be assigned to the relevant tariff sections for the period in which they incurred. For example, where a customer is served on an acquisition tariff between April and July 2023, then subsequently moves to a renegotiated tariff, water consumption, wholesale charge and revenue data for the period April to July 2023 should be included in the acquisition tariff segment, while data for the period August 2023 to March 2024 should be included in the renegotiated tariff section.

If Retailers are unable to make these distinctions in customer tariff segmentation, please explain, with an accompanying document, how you have categorised customers in accordance with our guidelines, and any assumptions which you have based your segmentation on.

### **GAP sites**

Where gap site premises<sup>2</sup> have been identified and subsequently allocated to a Retailer for registration and are served under the same contract as at 31 March 2024, these customers should be included in the REC default tariffs segment.

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<sup>2</sup> Eligible business premises which have been in receipt of water services and/or sewerage retail Services where no supply points or insufficient supply points had been registered in relation to such premises.

Where gap site premises have proactively contracted with a Retailer and are served under the same contract as at 31 March 2024, customer data should be included in the acquisition tariffs segment.

### Acquired customer volumes

Please note where a Retailer has acquired the entire customer base of another company such as through an acquisition, merger or the Interim Supply Process, these customers should maintain their 'status' as it was with the previous Retailer. For example, a customer on a REC default tariff that was acquired through an acquisition, merger or the Interim Supply Process, would still be classified as being on a REC default tariff. Only customers who actively chose to transfer services to the incoming Retailer should be included in the 'acquired tariff' category.

### Customers moving back onto REC default tariffs

The 'Customers' and 'Customers historical' sheets of the excel template ask Retailers to provide the information for customers billing accounts and SPIDs that used to be on a switched or renegotiated tariff but the customer has subsequently been moved onto a REC default contract following the expiration of their previous contract – all customers with this status as at 31 March for the relevant period.

## 2.4.2 Customer Segmentation

We require Retailers to provide information, segmented by customer size, in order to understand how the market is working for different groups of customers.

In order to have better oversight of the customer landscape, we are interested in understanding the attributes of customers at the lower usage end of the market, in particular the characteristics of customers using less than 0.5Ml per annum. For the 'Customers' sheet, we have therefore requested that Retailers report data across eleven customer bandings. The customer segmentation is defined in table 1 below.

**Table 1 – Customer segmentation and consumption thresholds in the 'customers' sheet**

Customer segment classification	Water consumption thresholds (megalitres per year)
CS1	>0Ml and <0.05Ml
CS2	≥0.05Ml and <0.1Ml
CS3	≥0.1Ml and <0.2Ml
CS4	≥0.2Ml and <0.3Ml

<b>CS5</b>	≥0.3MI and <0.4MI
<b>CS6</b>	≥0.4MI and <0.5MI
<b>CS7</b>	≥0.5MI and <5MI
<b>CS8</b>	≥5MI and <50MI
<b>CS9</b>	≥50MI
<b>CS10</b>	Zero or negative consumption
<b>CS11</b>	Unmetered

For the 'Customers historical' and 'TPIs' sheets, we have requested data segmented across five customer banding, as set out in table 2 below.

**Table 2 – Customer segmentation and consumption thresholds in the 'Customers historical' and 'TPIs' sheets**

Customer segment classification	Water consumption thresholds (megalitres per year)
<b>CS1</b>	<0.5MI
<b>CS2</b>	≥0.5 and <5MI
<b>CS3</b>	≥5 and <50MI
<b>CS4</b>	≥50MI
<b>CS5</b>	Unmetered

**The annual clean water consumption attributed to each customer billing account will determine the consumption category within which it falls.** The calculation of annual consumption may be based on actual usage, estimated annual consumption or on historical consumption. If you have used a method which deviates from these please explain your methodology in detail and provide an indication of any margin of error associated with your methodology.

Note that our focus is on data at the customer level and so segmentation and all relevant information we have requested is to be applied at the customer level (i.e. customer billing accounts). All subsequent data items (e.g. number of SPIDs, billed volumes, wholesale charges and revenues, etc.) relate to the relevant customer – that is the number of SPIDs and all other information need to correspond to the customer billing accounts in each segment respectively.

For the avoidance of doubt, we expect a customer with consolidated bills to be treated as a single customer. We also expect similar treatment of a customer, where separate bills are generated and sent to a single point of contact, who is ultimately responsible for settling the bill (see §2.1.1 above) .



## 3. Information request sheets

This section sets out in more detail the information we require Retailers to report for each sheet within the excel workbook attached to the RFI.

### 3.1 'Customers' sheet

This tab asks for customer related data from Retailers for the period 1 April 2023 to 31 March 2024.

As per the segmentation noted in §2.4.1 and §2.4.2, we ask that Retailers provide:

- The number of customer billing accounts at 31 March 2024.
- The number of SPIDs at 31 March 2024.
  - Note SPIDs should be categorised to the relevant consumption segment based on the level of consumption from the relevant water SPIDs only.
- Total billed volume of clean water for the 12 months ending 31 March 2024
  - Note we expect all billed volumes in the 12-month period to be attributed to that time period, including any volumes for customers that subsequently switched away from your company.
  - For example, if a Retailer acquired a customer in July 2023, that customer should be classified as having been 'acquired' and the billed volume for period July 2023 to March 2024 for that customer – should be included in the relevant field. If a previously acquired customer leaves in August 2023, then the associated billed volume data for that customer relating to April 2023 to August 2023 should be included in the acquired field.
- Wholesale charges for the 12 months ending 31 March 2024.
  - Note we expect all wholesale charges in the 12-month period to be attributed to that time period, including any wholesale charges for customers that subsequently switched away from your company.
  - For example, if a Retailer acquired a customer in July 2023, that customer should be classified as having been 'acquired' and the associated wholesale charge data for the period July 2023 to March 2024 for that customer – should be included in the relevant field. If a previously acquired customer leaves in August 2023, then the associated wholesale charge data for that customer relating to April 2023 to August 2023 should be included in the acquired field.

- Revenue data for the 12 months ending 31 March 2024
  - Note we expect all revenue that accrues in the 12-month period to be attributed to that time period, including any revenue that accrued from customers that subsequently switched away from your company.
  - For example, if a Retailer acquired a customer in July 2023, that customer should be classified as having been 'acquired' and the associated revenue data for the period July 2023 to March 2024 for that customer – should be included in the relevant field. If a previously acquired customer leaves in August 2023, then the associated revenue data for that customer relating to April 2023 to August 2023 should be included in the acquired field.
  - Revenue should exclude any VAT amounts.
- Number of customers in receipt of a water efficiency service at 31 March 2024.
  - For the purposes of this RFI, we define a water efficiency service as any measure or service provided that helps customers better understand and manage their water consumption.
- Number of customers in receipt of a surface water drainage service at 31 March 2024.
  - Note that we are seeking data on any customer in receipt of a surface water drainage service.
  - Note that data for customers who receive no surface water drainage charge, but do receive a highway drainage charge, should be excluded from this field.
- Number of customers in receipt of a trade effluent service at 31 March 2024.

Please note that we are asking for information on volumes, wholesale charges, and revenues based on **actual billed amounts**, appropriately apportioned to the reporting period (1 April 2023 to 31 March 2024). However, you may need to provide some estimated figures where the billing cycle is not aligned with the time period covered by this RFI (e.g. if there is no actual billing information for March 2024 because the customer will be billed in April 2024, you can use the estimated amounts).

## Vacants

We ask that Retailers provide data for all vacant properties, separated by metered and unmetered vacant premises as at 31 March 2024. The classification of vacant premises is defined in Code Subsidiary Document No. 0104: Maintain SPID data<sup>3</sup>. Data on consumption, wholesale charges and revenue for previously occupied vacant

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<sup>3</sup> See: [Code Subsidiary Document No. 0104: Maintain SPID Data \(mosl.co.uk\)](https://www.mosl.co.uk)

premises should be reported so long as the premises is registered vacant at 31 March 2024.

## 3.2 'Customers historical' sheet

Noting that we did not issue a market monitoring RFI for the years 2021-22 or 2022-23, this tab asks for customer related data for the 12 months ending 31 March 2022 and 31 March 2023.

For guidance on completing this sheet, please refer to §3.1, noting that the time period covered is as at 31 March 2022 and 31 March 2023, or the 12 months ending 31 March 2022 or 2023.

## 3.3 'TPIs' sheet

We are interested in the role of third party intermediaries (TPIs) in facilitating customer renegotiations and acquisitions in the market as they can play an important role to encourage engagement and facilitate customers in making effective decisions.

We are asking Retailers to provide data relating to the acquisition or renegotiation of a customer contract in which a TPI received a fee or commission for their involvement.

The sheet is split into three sections:

### 3.3.1 Section 1 - TPI transactions

We are therefore requesting that Retailers provide the following:

- The number of customers acquired or have renegotiated contract with the Retailer through the use of TPIs in the period 1 April 2023 and 31 March 2024.
- The value of the acquired and renegotiated contracts (i.e. inclusive of the wholesaler charges) made through TPIs in the period 1 April 2023 and 31 March 2024.
  - The reported value of TPI transactions should reflect the value for the full length of the customer contract.

- The total number of customer acquisitions in the period 1 April 2023 and 31 March 2024 and the contract value of these acquisitions.
- The total number of customer retention transactions in the period 1 April 2023 and 31 March 2024, and the contract value of these renegotiated contracts.

This information is being requested separated by renegotiated and acquired tariffs and segmented by customers' consumption banding as noted in §2.4.1 and §2.4.2, respectively.

The total number of all transactions involving the acquisition of a customer or renegotiation with an existing customer should reflect all transactions regardless of the sales channel used (internal or external).

We ask Retailers to report the number and value of transactions that involved TPIs regardless of which party the TPI is primarily associated with. Please refer to §4.2 for further details.

### **3.3.2 Section 2 – Discounts and TPI commission/fees**

To further our understanding of the role of TPIs in the market, we are requesting that Retailers provide data relating to the value of customer discounts received in TPI transactions, and the value of commission or fees paid to TPIs.

Where customers received financial incentives (e.g. cashbacks) to switch to a new Retailer, or to renew their contract with their existing Retailer, and the transaction involved a TPI, the total value of customer discounts should be reported in this section. We are asking that Retailers provide this information segmented by customers' clean water consumption, please see §2.4.2 for further details.

### **3.3.3 Section 3 – Commonly used TPIs**

To support our understanding of the key TPIs in the market, we require Retailers to provide the name and transaction data for their five most frequently used TPIs by the number of customer acquisition and retention transactions. We ask that Retailers provide the total number and value of acquisition and retention transactions made through these identified TPIs.

### 3.4 'Price savings' sheet

Our approach for this market monitoring RFI to gauging price savings focuses on the potential savings that a customer currently on a REC default tariff could make should they choose to switch to a new Retailer or renegotiate their contract with their current Retailer. In order to assess this, we look to compare the amount a theoretical 'average' customer would have paid under REC default tariffs to a range of best prices offered by Retailers in the market. For those customers that are not subject to explicit maximum price protections<sup>4</sup>, we look to compare the best estimates across Retailers to determine the level of potential savings available to these customers should they choose to switch Retailer.

We have specified nine 'average' customer categories that cover a range of consumption levels in the market, as shown in table 3 below. For all customer profiles outlined in table 3, we assume that the customer is in receipt of measured clean water and wastewater services, but no other services.

**Table 3 – Price savings example customer categories**

Customer category	Example of customer business	Single or multi-site customer	Annual consumption (megalitres per year)	Illustrative Water wholesale charge*	Illustrative Wastewater wholesale charge*	Relevant price protection under the REC <sup>5</sup>
1	Church / Bank	Single site	0.05Ml	£90	£230	Group One protections
2	Pub / Hairdresser	Single site	0.3Ml	£450	£650	Group One protections
3	Hotel	Single site	0.4Ml	£800	£1,200	Group One protections
4	Warehouse	Single site	1Ml	£1,600	£2,500	Group Two protections
5	Hotel chain	Multi-site	1Ml	£1,600	£2,500	Group Two protections
6	Small supermarket chain	Multi-site	5Ml	£7,500	£9,500	Group Two protections
7	University	Single site	5Ml	£7,500	£9,500	Group Two protections

<sup>4</sup> Explicit price restraints do not apply to customers with annual consumption exceeding 50Ml, see: [Retail-Exit-Code-v7.0-clean.pdf \(ofwat.gov.uk\)](#)

<sup>5</sup> Please refer to the price protections set out in REC for charging year 2023-24: [Retail-Exit-Code-v7.0-clean.pdf \(ofwat.gov.uk\)](#)

8	Airport/Power plant	Single site	10MI	£14,500	£16,500	Group Two protections
9	Brewery	Single site	100MI	£100,000	£125,000	Group Three protections

\*Note these are illustrative wholesale charges and as such, for example purposes only, notionally apply equally across Wholesaler regions.

For each customer category detailed in table 3, we require Retailers to provide an estimate of the best price it could offer a hypothetical customer with these characteristics were the customer to switch to that Retailer or renegotiate their contract.

**When setting out the best price that could be offered to each customer category Retailers should provide the total charge customer charge (i.e. inclusive of the illustrative wholesale charge).** A notional wholesale charge is set out for each customer category in table 3.

**The price should be based on a contract for a year’s consumption and for prices offered as at 1 April 2024 (i.e. for charging year 2024-25).**

This sheet is separated into two sections:

### 3.4.1 Section 1 - Average customer categories 1-3

For those customers with annual consumption <0.5MI, the price protections in the REC are set out as unified England wide maximum tariffs that are made up of an allowed cost to serve, a meter reading cost allowance (for those customers taking a measured water service), a bad debt allowance and an allowed net margin<sup>6</sup>. These protections apply to customers in customer categories 1-3 detailed in table 3.

Recognising that Retailers have freedom to agree prices with customers, we have asked Retailers to provide the value of their best price offering by Wholesaler area. Where Retailers offer a single price, regardless of Wholesaler region, Retailers should enter an identical price offering for each Wholesaler region, and make a note of this in the additional comments field.

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<sup>6</sup> For charging year 2023-24, the allowed retail Net Margin includes the 0.49% uplift from Ofwat's Covid-19 bad debt provision, see: [Business retail market: Customer bad debt - Decision on adjustment to REC price caps from April 2022](#)

Where the Wholesaler supplies both water and wastewater services, we require Retailers to provide an estimate of the best price that could be offered to customers for water and wastewater services separately. Where the Wholesaler in a particular area supplies only water services to customers, we require Retailers to provide an estimate of the best price that could be offered to customers for the provision of water services only.

### **3.4.2 Section 2 – Average customer categories 4-9**

The price protections for customer categories 4-8 are set out in the REC as an England wide allowed Gross Margin that applies across all Wholesaler regions. No direct price restraints apply to customer category 9. The estimates provided by Retailers for these customer categories should include the price associated with providing a customer with both water and wastewater services.

The best price offerings provided by Retailers should include the price associated with providing a customer with both water and wastewater services.

## **3.5 'Customer contracts' sheet**

In addition to quantifying potential price savings in the market via the hypothetical customer categories set out in §3.4, we are also seeking to understand the savings that customers of different types have already made from switching or renegotiating their contract with a Retailer. In order to achieve this, we require Retailers to provide us with high level details of contracts they have entered into with customers between 1 April 2023 and 31 March 2024.

The information from both the 'Pricing savings' and the 'Customer contracts' sheets will be used to estimate an average price saving available to customers in the market.

The 'Customer contracts' sheet in the excel template sets out six customer consumption bands ('A' to 'F'). For each customer consumption band we require Retailers to select five customer contracts<sup>7</sup> from your portfolio of customers that you entered into during 2023-24 and provide the following details for the contract:

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<sup>7</sup> Where a Retailer has entered into fewer than five contracts with customers in a particular customer band, the Retailer should instead set out the details for all customer contracts it has entered into for the relevant customer band.

- An estimate of the customer’s annual clean water consumption in megalitres (MI)
- The wholesale water and wastewater region the customer receives services from<sup>8</sup>.
- The total annual wholesale charge for the period 1st April 2023 to 31st March 2024.
- The total annual retail charge for the period 1st April 2023 to 31st March 2024.

We are requesting this information to calculate the savings these customers have made during 2023-24 when compared to the REC default tariffs the customer would have paid under the price protections set out in the REC. As such we require all contracts selected by Retailers in this section to be for customers on acquisition or renegotiated tariffs, and in receipt of both a clean water and wastewater service. More information on which customers fall into these tariff categories is set out in §2.4.1 of this guidance document.

Please note that we are asking for information wholesale and retail charges based on **actual billed amounts**, appropriately apportioned to the reporting period (1 April 2023 to 31 March 2024). However, you may need to provide some estimated figures where the billing cycle is not aligned with the time period.

We are not setting out specific guidelines on the types of customer contract that should be selected by Retailers. However, we look to Retailers to select ‘typical’ contracts based on prices that they frequently offer, rather than bespoke best price contracts that are not typically available to all new customers. Retailers should also look to include a range of customer types for each customer consumption section where possible.

## 4. Other definitions

### 4.1 Customers on statutory terms and conditions

Regulation 29 of the Water and Sewerage Undertakers (Exit from Non-household Retail Market) Regulations 2016 (the Exit Regulations) creates certain requirements

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<sup>8</sup> If a customer consumes water or wastewater services from multiple Wholesaler regions, please provide all Wholesaler regions that the customer receives water and wastewater services from.



in relation to the provision of services in a Retail Exit Area<sup>9</sup>. Water supply and sewerage licensees must make, and from time-to-time revise, a scheme for the terms and conditions that will apply to such services in the absence of agreed terms and conditions.

We require Retailers to provide numbers of customers who have remained on statutory terms and conditions since 1 April 2017 (e.g. have not switched Retailer or renegotiated their contract with their existing Retailer since market opening) or who have been moved onto them following the expiry of an existing contract as per paragraph 7.1.4 of the Customer Protection Code of Practice.

## 4.2 Transactions involving third party intermediaries

Under the terms of the Customer Protection Code of Practice, where customers have any third party acting on their behalf, Retailers are obliged to obtain written confirmation – known as a letter of authority – that the third party is authorised to act on their behalf and clarify the scope of that authority.

Where Retailers use third parties to represent them in sales and marketing activities, they are responsible for the actions of those representatives and are required to take all reasonable steps to ensure that they are aware of, understand and comply with the provisions of the Customer Protection Code of Practice.

We therefore expect Retailers to be able to identify where a relevant transaction has involved a third party in these circumstances.

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<sup>9</sup> Retailers are reminded that any Scheme of Terms and Conditions should be published on the licensee's website in accordance with section 29(3)(a) of the Exit Regulations and provided to the Authority by email to [retailexitcode@ofwat.gov.uk](mailto:retailexitcode@ofwat.gov.uk), in accordance with section 29(3)(b) of the Exit Regulations.

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