


CONSUMER COUNCIL FOR



CYNGOR DEFNYDDWYR



**Non-household complaints
to water retailers, companies in Wales,
and Consumer Council for Water
1 April 2017 - 31 March 2018**



2017/18 report

July 2018

Contents

Foreword	3
1 Executive Summary	4
1.1 Introduction.....	4
1.2 Complaint monitoring	4
1.3 Non-household complaints have increased compared to previous years	5
1.4 Individual complaint performance varied across service providers.....	5
1.5 Complaints to CCWater increased; root causes revealed	7
1.6 Complaints by business size	9
1.7 Overall market complaint performance	10
2 Introduction	11
2.1 Retail competition history	11
2.2 CCWater’s role.....	11
2.3 Our research	11
2.4 Our expectations before market opening	12
2.5 Complaint performance post-market opening.....	13
2.6 Monitoring companies and pressing for market improvements	13
2.7 Consumer expectations in 2018/19	13
3 Complaint monitoring	15
3.1 Methodology	15
3.2 Data quality	15
3.3 Interpreting our report.....	15
4 Complaints received by retailers	17
4.1 Written complaints.....	17
4.2 Telephone complaints	17
4.3 Individual company performance.....	17
4.4 Engagement with poorer performing retailers	19
4.5 Better performers.....	19
5 Complaints received by CCWater	20
5.1 CCWater’s role in resolving complaints.....	20
5.2 Non-household complaints to CCWater were higher than expected	20
5.3 Root causes of complaints.....	22
5.4 Complaints to CCWater by business size.....	23
5.5 Complaint resolutions and financial remedies.....	25
5.6 Some complaints are taking too long to resolve	25

6 Wholesalers	27
6.1 Role of wholesalers in the market.....	27
6.2 Complaints influenced by wholesalers.....	27
6.3 Working toward improved retailer and wholesaler collaboration.....	29

Foreword

The Consumer Council for Water (CCWater) is the statutory consumer body that represents the interests of water customers, including those customers of licensed water suppliers (retailers) that have been operating since the market in England opened to competition on 1 April 2017.

CCWater's established role of monitoring customer service has helped to position us to work with retailers to put in place a complaint monitoring programme. The culmination of our monitoring work after this initial year of competition is this report, the first in-depth comparison of retailers' complaint performance.

It follows other market intelligence that we have shared with customers and stakeholders this year, including:

- Quarterly reports of non-household (NHH) complaints that CCWater has received against retailers from their customers
- Measures of market awareness amongst small businesses
- Qualitative research insight into NHH customers' market experiences

In this report, written complaints data from retailers and CCWater's own data, have been used to compare retailers' performance. This gives an indication of how their customers have felt about the service they were receiving.

While all customers in non-household premises in England can now switch their supply, the Welsh Government kept the switching threshold to customers who use 50 megalitres of water per year or more. Nonetheless, we have made comparisons between Welsh NHH customers and those served by English retailers to provide a full picture of NHH complaints across England and Wales.

It is not just retailers who are responsible for delivering good customer service. Despite being a step removed from the day-to-day interaction with customers, wholesalers provide the physical water and wastewater services and still have a supporting role to play. They are involved in delivering resolutions to problems, like supply issues or legacy complaints from before market opening. This report also looks at wholesale issues.

We believe this report will give customers an idea of how well retailers are managing the customer service challenges of this new market and it will encourage poorer performing retailers (and wholesalers) to improve in 2018/19.

Detailed information on complaint numbers can be found in the appendices which accompany this report.

If you have questions or would like to comment on our report, you can send your feedback to feedback@ccwater.org.uk

1 Executive Summary

1.1 Introduction

The Consumer Council for Water (CCWater) represents the interests of water and sewerage customers.

On 1 April 2017, a competitive retail water market opened up to around 1.2 million non-household (NHH) customers in England regardless of their water consumption levels. By the end of the first year of the market, customers could switch their retail¹ water and/or sewerage account to one of over 20 retailers² which provide services such as billing, meter reading and customer administration.

Our work within the retail market includes researching customers' views about the service and value for money they feel they receive, providing advice and support for customers who have complaints about their service provider and monitoring and reporting company complaint performance.

The Welsh Government has kept the switching threshold at 50 megalitres for customers in Wales. Nonetheless, we have made comparisons between Welsh NHH customers and those served by English retailers.

1.2 Complaint monitoring

We collected key complaint information every month from retailers and used it to let retailers know how they were performing compared to their peers.

Retailers' written complaints data aligns most reliably with CCWater's own data and we have used these two data sets to make performance comparisons. A greater volume of customer contact comes by telephone but because the number of telephone complaints proved to be a bigger challenge to measure consistently across retailers, we have reported it in the aggregate for the period from 1 January to 31 March 2018. We intend to begin reporting telephone complaints by individual retailers next year.

To standardise how we reported retailer performance, we took into account their market share by dividing their complaints by how many supply points (SPIDs) they served and then

2017/18 IN NUMBERS

14,885

Non-household written complaints received by companies; a 26.4% increase on the previous year

237%

Increase in Non-household complaints received against companies by CCWater on the previous year

23.3%

Of written complaints deemed by retailers to be partly or fully a wholesale issue

46,536

Non-household telephone complaints (and unwanted contacts) reported between 1 January and 31 March 2018

4:1

The ratio of Non-household written complaints per 10,000 SPIDs when comparing the best to the worst performing large retailer

28

CCWater investigations carried out against retailers

¹ Retail services include reading meters, issuing bills and handling customer service. Wholesale services like water supply and the removal of sewerage continue to be provided by monopoly wholesalers (i.e. regional water only and water and sewerage companies)

² www.open-water.org.uk/for-customers/find-a-retailer/suppliers/english-water-and-wastewater-retailers/

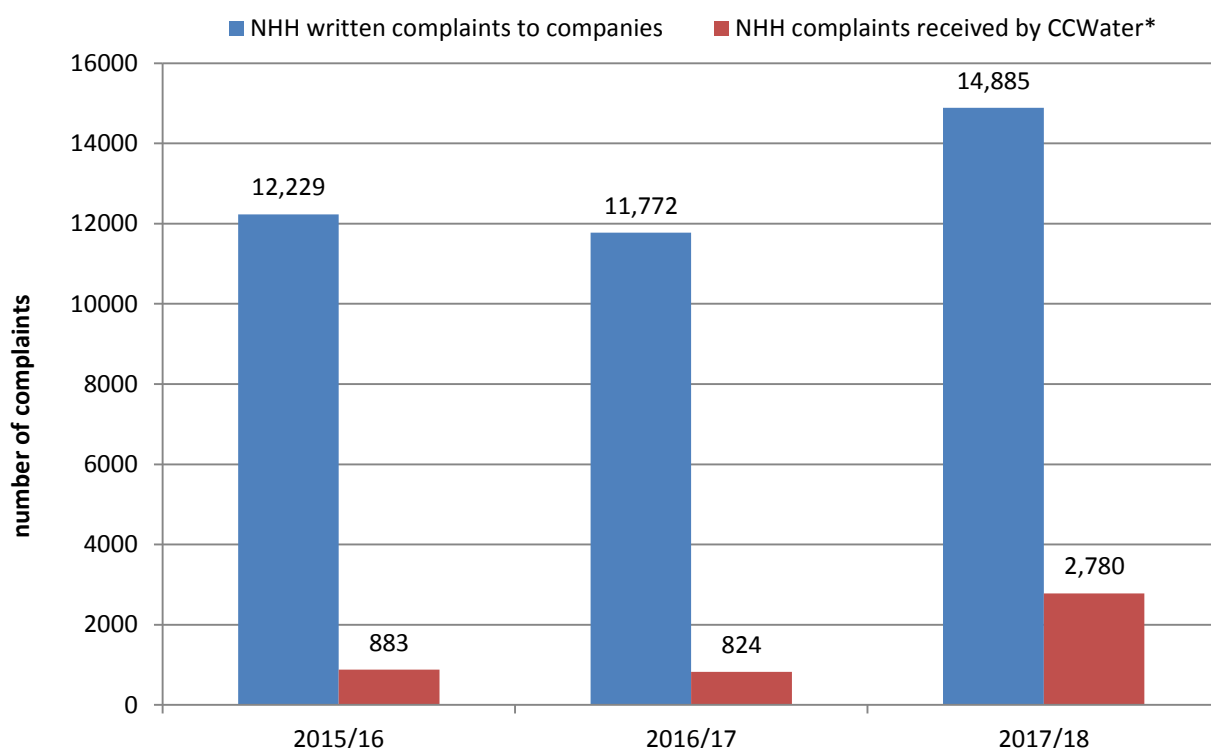
multiplied by 10,000. Most comparative report data is presented as complaints per 10,000 SPIDs.

We wanted to include all NHH customers in our report, including those in Wales. We used water and sewerage connections in Wales as an analogue to SPIDs as only a small number of very high water consuming customers in Wales are registered as SPIDs in the market.

1.3 Non-household complaints have increased compared to previous years

Chart 1 shows the NHH written complaints received by service providers and CCWater in 2017/18. Complaints received directly by service providers increased by 26.4% compared to the NHH written complaints reported by wholesalers in 2016/17. NHH complaints against retailers received by CCWater increased by 237% compared to the previous year.

Chart 1 - NHH written complaints received by water companies/retailers and NHH complaints received by CCWater* 2015/16 to 2017/18



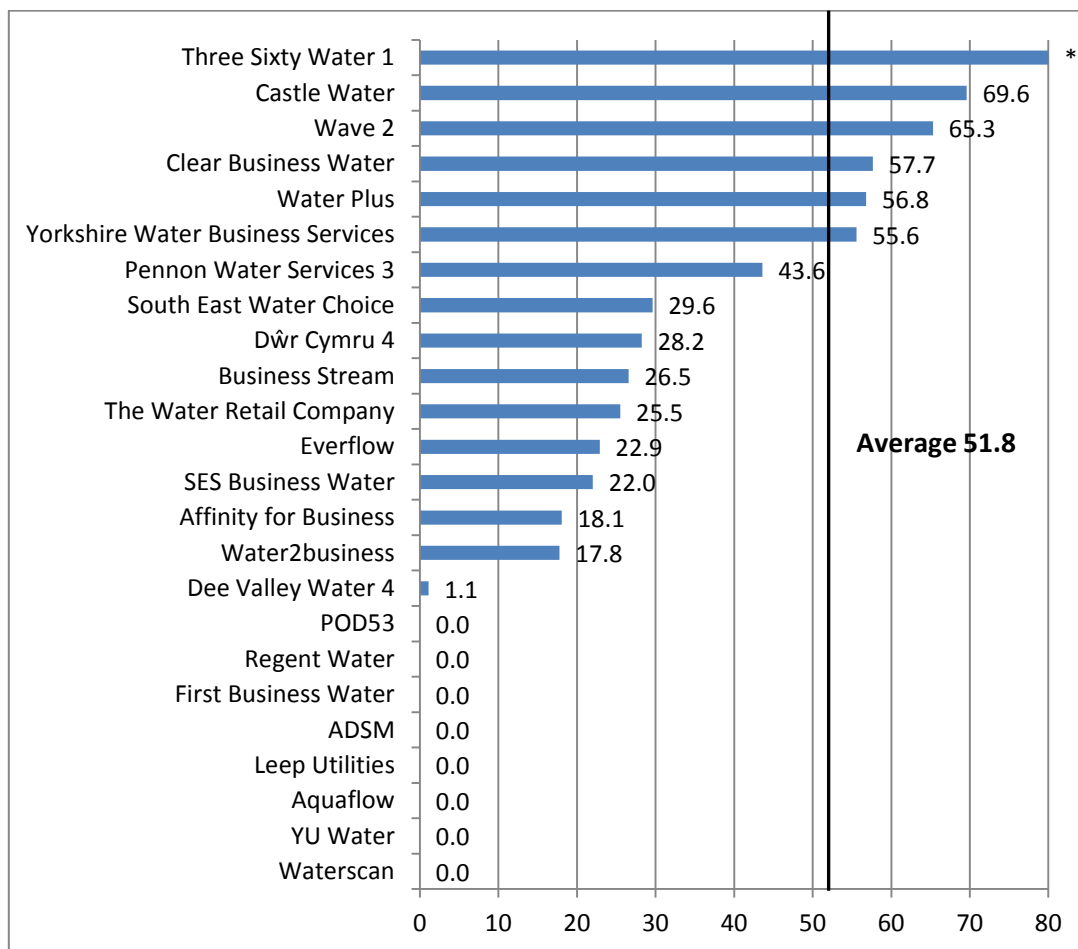
*Includes telephone complaints

1.4 Individual complaint performance varied across service providers

Performance by individual service providers was mixed. While some retailers did comparatively well, a few received a disproportionately high share of complaints driving up the market average, in particular Castle Water, Wave and Water Plus.

Chart 2 shows the overall NHH complaint performance of retailers and Welsh companies for 2017/18 based on the written complaints they received.

Chart 2: NHH written complaints received by retailers and companies in Wales per 10,000 SPIDs 2017/18



1. * Three Sixty Water reported one complaint but had only seven SPIDs. Its complaint performance has been capped to prevent the chart from being skewed. Its actual number was 1428.6.
2. Wave includes data from Anglian Water Business and NWG Business which formed a joint venture.
3. Pennon Water Services includes data from South West Water Business, Bournemouth Water Business, Source for Business and SSWB.
4. Dŵr Cymru and Dee Valley are measured by connections rather than SPIDs.

In September 2017, complaints received by Castle Water increased sharply. In February 2018, we publicly criticised Castle Water for receiving double the market average for complaints per 10,000 SPIDs for five months running.

Wave reported a higher number of complaints in the first part of the year. This was prior to Wave becoming a joint venture between Anglian Water Business and NWG Business. At the time, we pressed Anglian Water Business on its complaint numbers and it took action through additional resourcing of staff which helped it reduce the trend in complaints in the year.

Water Plus complaints showed an increasing trend throughout the year which we raised with the company. We will continue to monitor its performance this year and press it to improve.

When standardised by complaints per 10,000 SPIDs, the relative performance of smaller retailers is more susceptible to variation due to their low number of customers compared to larger retailers. For example, Clear Business Water and Three Sixty Water appear to stand out as poor

performers but they actually received few complaints. The Water Retail Company also has relatively few SPIDs.

Of the sixteen companies that reported written complaints, Dee Valley Water, Water2business, Affinity for Business and SES Business Water were the four best performers (or top 25%) for complaints per 10,000 SPIDs/connections received in the year.

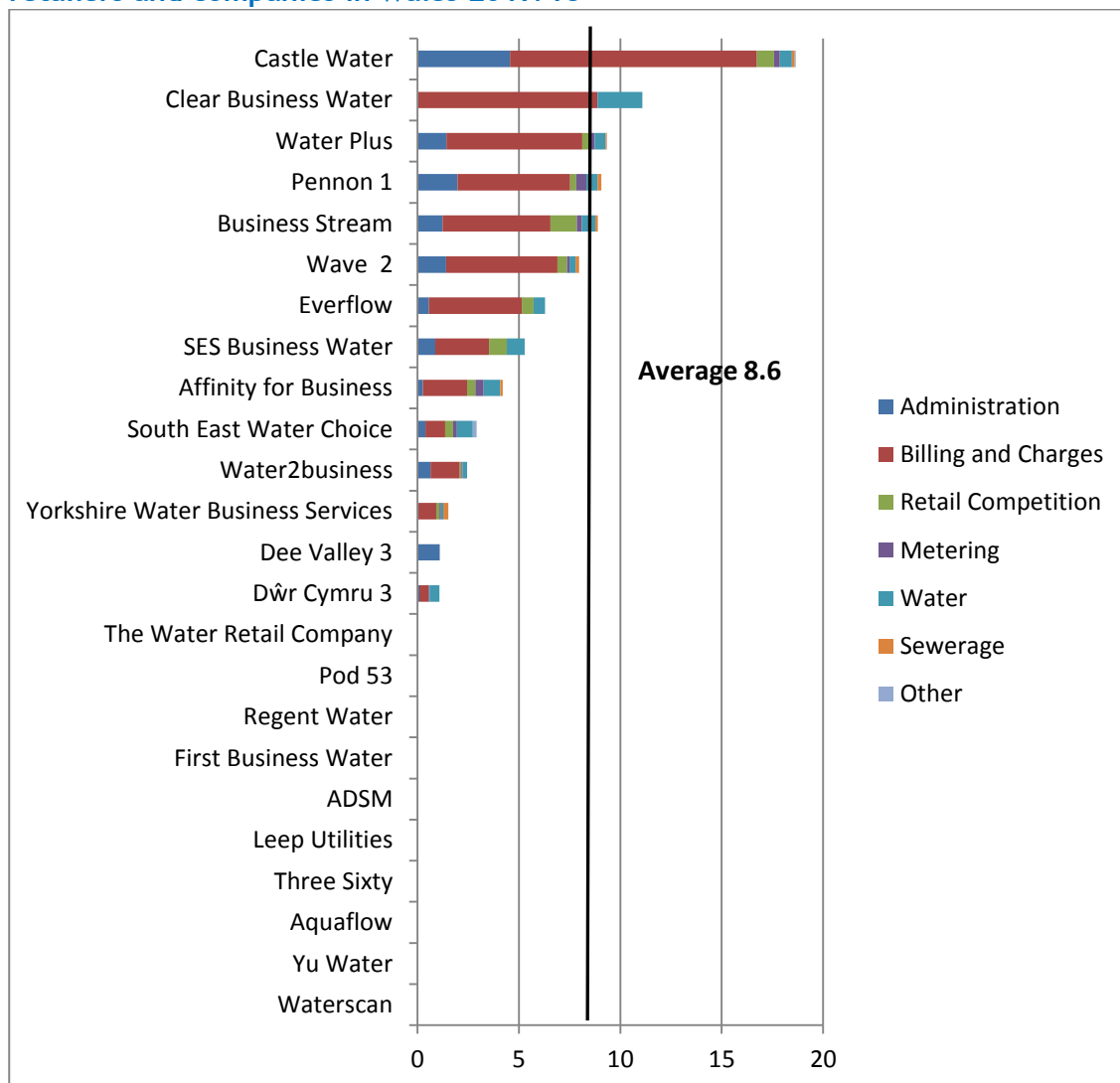
Eight retailers reported no complaints. This was in part because they had very few or no SPIDs at the time of our analysis or had received their licence near the end of the financial year so had not long entered the market. Some retailers offer such a specialised service that it is unlikely they would attract complaints about day-to-day water services.

1.5 Complaints to CCWater increased; root causes revealed

Complaints to CCWater are an important indicator that customers have been frustrated by the service they received by their retailer (or wholesaler) or that they have been unable to resolve the matter in a timely manner and need our help. Overall, complaints received by CCWater increased by 237% in 2017/18 compared to the year before.

CCWater registered customer complaints under seven main categories: administration, billing and charges, retail competition, metering, water, sewerage and 'other'. Chart 3 shows the NHH complaints we received in the year per 10,000 SPIDs/connections. Complaints received by CCWater include those made by customers in writing and by telephone.

Chart 3: NHH complaints received by CCWater per 10,000 SPIDs and connections against retailers and companies in Wales 2017/18



1. Pennon Water Services include South West Water Business, Bournemouth Water Business, Source for Business, and SSWB
2. Wave includes Anglian Water Business and NWG Business
3. Dŵr Cymru and Dee Valley are measured by connection numbers rather than SPIDs

Most complaints (64%) were about billing and charges, compared to 53% the year before.

Some retailers appeared to have underestimated staffing requirements, leading to their customers being unable to contact their retailer or get a timely response to a written complaint. As a result, we received a high level of NHH customer complaints about administration issues like poor experiences in trying to deal with their retailer.

Relative company performance when measured by complaints to CCWater was similar to the picture based on retailers' data. Yorkshire Water Business Services was a notable exception. While it received a slightly above average number of complaints directly, complaints received by CCWater about the company were low. This suggests it was able to resolve most of its incoming contact first time. Similarly, Dŵr Cymru also performed better when comparing the complaints we received to those the company received directly.

Dee Valley and Water2business also performed well.

CCWater received no complaints about ten retailers. Some had very few or no SPIDs at the time of our analysis. Some of these service providers received their licence near the end of the financial year so had not long entered the market.

When a customer has exhausted a company complaint procedure and remains dissatisfied, CCWater has the statutory power to investigate their complaint which is a serious intervention. We investigated 28 complaints against retail companies in 2017/18 compared to only seven investigations for the whole industry in 2016/17. More than half of our investigations (17) were against Water Plus.

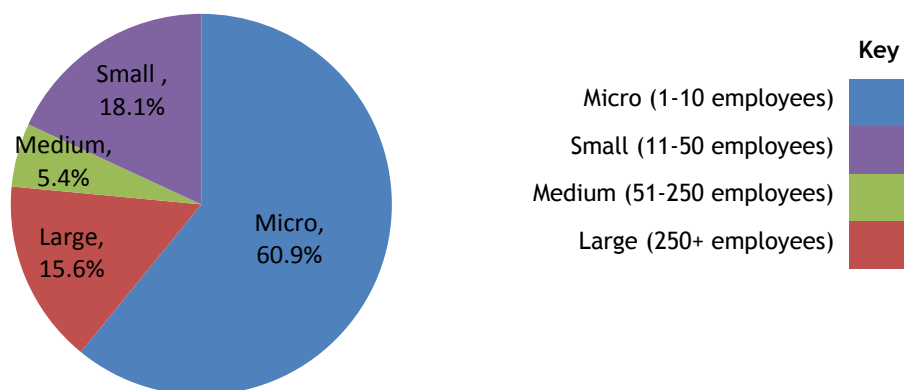
We were concerned that some NHH complaints were taking much longer to resolve than they should. We noted that some retailers had a high number of cases that were still outstanding after more than eight weeks with CCWater. As we only receive a subset of market complaints, we were concerned that a lot of customers were dealing directly with their retailer and making little progress in reaching a resolution. Delays were sometimes due to inefficient communication between the retailer and wholesaler.

CCWater recorded 7% of our NHH complaints against wholesalers where we felt that they were the predominant company causing customer dissatisfaction and the resolution to the matter was within their gift to provide.

1.6 Complaints by business size

CCWater asked business customers that contacted us about the size of their organisation to help us assess whether service issues were disproportionately affecting smaller or larger NHH customers. Chart 4 shows the proportion of NHH complaints against retailers to CCWater by business size.

Chart 4: NHH complaints received by CCWater by business size 2017/18



Micro and small businesses make up over 99% of UK businesses³ and form the majority of complainants. However, a good proportion of complaints to us were from medium and large businesses. This reflects the findings of our 2017/18 research which showed larger businesses

³ Department for Business, Energy, and Industrial Strategy: 'Business population estimates for the UK and regions 2017'. assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/663235/bpe_2017_statistical_release.pdf

had more awareness of the market and expected to see progress made in resolving outstanding market issues⁴.

1.7 Overall market complaint performance

Overall, complaints to service providers from NHH customers increased by 26.4% compared to the year before. While this was in line with our expectations that the market might see up to 50% more complaints, complaints to CCWater increased by 237%, suggesting that some customers were not very happy with how their retailer had tried to handle the matter.

Customers of a few retailers, Castle Water, Water Plus and Wave raised more complaints. It should be a priority for any poorer performers to get things right first time and come into line with better performing competitors in 2018/19. Otherwise, they risk losing customers.

Some companies performed relatively well based on the written complaints they reported. Dee Valley, Water2business, Affinity for Business and SES Business Water. Alongside Dee Valley's good performance, Dŵr Cymru also reported below the industry average for written complaints.

In the second year of the market, CCWater will continue to:

- Press poorer performing companies, retailers and wholesalers to offer a better service so that complaints fall closer into line with an improving market average;
- Monitor the market through the complaints we receive and the research we commission into customer views and publish these findings;
- Help ensure NHH customers get the information and support they need and are able to realise price and service benefits from retail competition; and
- Look at market systems and press for change where they are found to be leading to a poor customer experience.

⁴ www.ccwater.org.uk/research/customers-experiences-of-the-retail-water-market-in-england/

2 Introduction

2.1 Retail competition history

Competition in the water industry in England and Wales has been open to large businesses that use at least 50 megalitres of water a year since 2005. Through successive legislation, the consumption threshold fell to five megalitres in 2011 and then to zero in April 2017, setting up a competitive market for retailer services for all eligible NHH premises in England.

Around 1.2 million eligible customers, including businesses, charities and public sector organisations, and some 2.6 million supply points (water and sewerage) are in the English NHH retail market.

The Welsh Government has not lowered the threshold in Wales, which remains at 50 megalitres for customers served by companies based in Wales. This means there are far fewer Welsh customers who are market eligible. Nonetheless, we have included the NHH complaints to companies in Wales in this report to get a fuller picture.

2.2 CCWater's role

CCWater is the statutory consumer body representing the interests of water and sewerage customers. Since April 2017, this includes customers served by licensed retailers. We have been supporting NHH customers by:

- Researching their views about the services they receive, the value for money of those services, their expectations for services and making sure that these views are considered by service providers and the Open Water programme partners (Defra, Ofwat and Market Operator Services Ltd, (MOSL));
- Advising and supporting customers when they raise complaints against their water retailer or wholesaler; and
- Monitoring and reporting company performance through our complaint handling role, and interaction with consumer groups and market stakeholders.

We worked with Defra, Ofwat and MOSL to ensure that market processes would not cause detriment to customers. We also formed relationships with every licence applicant who went on to become a retailer to ensure that their customers could find us if they needed to.

2.3 Our research

Our research of consumers' views about competition has helped us to shape competition policy and design of market processes. Our recent research projects include:

Customers' experiences of the retail water market in England⁵ (May 2018)

Our first major piece of research since the market opened revealed that small businesses need help understanding and accessing the potential benefits of the retail water market. Larger businesses had a better understanding of what is on offer but wanted to see progress in resolving issues.

⁵ www.cwater.org.uk/research/customers-experiences-of-the-retail-water-market-in-england/

Small and medium-sized businesses' awareness of the retail water market⁶ (January 2018)

The level of market awareness amongst small businesses sits at around four in 10. Small businesses need more engagement from market stakeholders if they are going to take the plunge and change retail provider. Nearly half said they would look for more information about the retail market once becoming aware.

Testing the Waters⁷ (2016)

We surveyed thousands of businesses of many sizes across many sectors to seek their views on value for money in the water industry. Overall, around two thirds of customers were satisfied. We will be revisiting this research in 2018 to gauge the effect that competition has had on customers' perceptions of value for money.

Open for Business⁸ (2016)

We spoke to customers in Scotland about their eight-year old water market. They said that low customer awareness was the biggest challenge to creating momentum. Customers wanted to know they had options to switch or negotiate a better deal with their current retailer. Smaller NHH customers were more insular than large commercial businesses.

2.4 Our expectations before market opening

NHH customers wanted choice to deliver recognisable benefits and they wanted lessons to be learned from other markets. CCWater supported the Open Water market delivery programme from its earliest work of adapting the Scottish market framework for England.

We felt that customers should be able to easily navigate the market for service providers and services. We supported Ofwat in developing the Open Water website that allowed customers to see who was operating in the market.

There needed to be protection for customers, in particular because some would not be aware they could switch or would choose not to. We supported Ofwat's development of a Customer Protection Code of Practice. We worked with water retailers to ensure their customers would be signposted to CCWater should they need independent support and advice. Retailers were also required to sign up to an alternative dispute resolution scheme which offers binding resolution on the company for complaints that reached deadlock.

We expected some teething problems and therefore more complaints from NHH customers. Based on the number of complaints generated in the Scottish water market and complaints in the energy market related to switching, we anticipated that we might see a 50% increase in complaints in 2017/18 compared to the year before.

⁶ www.cwater.org.uk/research/water-watchdog-takes-its-second-measure-of-sme-retail-water-market-awareness

⁷ www.cwater.org.uk/research/testing-the-waters-business-customers-views-on-their-water-and-sewerage-services-2016

⁸ www.cwater.org.uk/research/open-for-business-lessons-for-the-non-household-retail-water-market-in-england-based-on-customer-experiences-in-scotland/

2.5 Complaint performance post-market opening

Our comparative data shows that most retailers are generating relatively few complaints. This tells us that all retailers have the potential to improve their service by driving down contact from dissatisfied customers.

The experience for some consumers so far has been less positive. We have seen basic mistakes made in getting timely and accurate bills to customers and some retailers then struggling to deal with the resulting customer contact. This has led to customers raising more complaints both to retail service providers and to CCWater.

We are working with retailers who are outliers to make things better for their customers. To their credit, they have responded to our advice on implementing improvements like making their bills clearer, bringing in more support staff and undertaking greater internal quality checking of their own complaint handling.

We have received relatively few complaints about retail competition itself, such as unscrupulous practices (e.g. mis-selling) that are more prevalent in other sectors. However as more customers switch, we could see these types of complaints increase.

2.6 Monitoring companies and pressing for market improvements

We want to see poor complaint performers come into line with those that did better and drive down the average number of complaints. In 2018/19 we will continue to track individual retailers' progress month on month and we will be pressing for improvements.

But it is not entirely up to retailers. We are also working with wholesalers to drive harmonisation of policies and practices that affect customers where possible (e.g. leakage allowances). We are encouraging wholesalers to make it easier for retailers to sort out services for customers and for information to pass more efficiently between the parties so that customers are not stuck in the middle waiting for a resolution. Working groups have been set up by retailers and wholesalers to focus on key customer concerns and CCWater is supporting these efforts.

CCWater continues to support the regulator Ofwat and market operator MOSL in shaping the regulations and market codes so that they incorporate customer views.

2.7 Consumer expectations in 2018/19

Some customers, particularly larger ones have been more capable of negotiating tailored services from their retailers or making bill savings through administrative efficiencies like bill consolidation or in some cases, lower unit costs.

However, a significant challenge for all retailers is raising awareness and engagement among small and medium-sized businesses. Our research has shown that smaller businesses are still trying to understand the value of this retail market. Service providers must do more to convince customers that there is something in it for them. Just four out of 10 small or medium businesses told us through our research that they were aware they can switch retailer or renegotiate with their existing retailer. On the other hand, many smaller businesses who do know there is a market are keen to find out more about what is on offer. There is an opportunity for retailers to sell the benefits of customer choice. Improving the visibility of retailers' price and service offerings and sharing stories of switching or renegotiating are ways they can help convince more small businesses that this market has something to offer everyone.

Throughout 2018/19, we will be tracking whether customers feel the market has delivered better value for money. This autumn we will be releasing the findings of our latest business customer survey called '*Testing the Waters*' which will present the views of thousands of customers across England and Wales.

3 Complaint monitoring

3.1 Methodology

CCWater developed a reporting proforma for retailers to tell us how many complaints they received. Retailers populated the proforma monthly for us with the following information:

- The number of SPIDs they serve;
- Complaints they received in writing (i.e. letter, email, web) and by telephone; and
- A breakdown of how many of those complaints were deemed to be caused by a retail or wholesale service failure or a combination of the two.

We analysed this data throughout the year to let retailers know how they were performing compared to their anonymised peers.

Complaints received by CCWater came via all channels, including by telephone.

Our complaint intelligence was regularly shared with Open Water partners, Defra, Ofwat and MOSL.

3.2 Data quality

We took steps to help retailers supply us with data that was consistent and comparable:

- We consulted retail licensees on our reporting plans and all felt they could provide the required information and that CCWater was well placed to manage the process.
- We created reporting guidance on how companies should identify and report complaints (i.e. any expression of dissatisfaction), which included examples of complaint scenarios.
- We invited retailers to workshops to ensure they understood and applied our reporting guidance consistently and where we discussed examples of complaint scenarios.
- Our reporting proforma was quick and easy to complete and allowed us to receive data from all retailers in a consistent way.
- CCWater's complaints processes would be unchanged and applied the same across all retailers so that our own data could be used as a sense check against retailers' reports.
- We encouraged retailers to use six weeks at the end of the financial year to audit their data and resubmit it if necessary.

3.3 Interpreting our report

We have historically made comparisons of water companies using their reported written complaints. We were satisfied that written complaints reported by retailers fell within our expectations based on the quality controls put in place. Generally, there was a good degree of consistency in the ratio between CCWater's complaints and reported industry written complaints.

A tally of written complaints does not give a complete picture of complaint performance. Typically, service providers receive many more complaints by telephone. However, we found greater variability in complaints that retailers say were recorded by telephone than we did for written complaints and improved our reporting guidance in the year. This allowed us to report telephone complaints in aggregate from 1 January to 31 March 2018. We will report a full year of telephone complaints by individual retailers in 2018/19.

We asked retailers to tell us how many complaints they determined were caused by an underlying retail or wholesale issue.

Standardisation by SPIDs

To standardise our reporting, we took into account each retailer's market share. We divided their reported complaints by how many SPIDs they served and then multiplied by 10,000 so that comparisons are done based on complaints per 10,000 SPIDs. This standardisation can make the performance of small retailers, with few SPIDs (and customers), appear particularly poor when they have received only a handful of complaints. We footnote this in our charts and tables.

We have reported on the performance of every service provider that was granted a retail licence by 31 March 2018. This includes some retailers who had few or no SPIDs at the time of our analysis. Some retailers offer such a specialised service that it is unlikely they would attract complaints about day-to-day water services.

Companies in Wales

We sought to monitor NHH customers in Wales who were served by Dŵr Cymru and Dee Valley Water. As only a small number of very high water consuming NHH customers in Wales are registered as eligible SPIDs in the market, we used the number of NHH connections for Welsh companies, instead of SPIDs used for retailers in England.

Where we have referred to retailers in this report, it should be taken to include the two companies operating mainly in Wales.

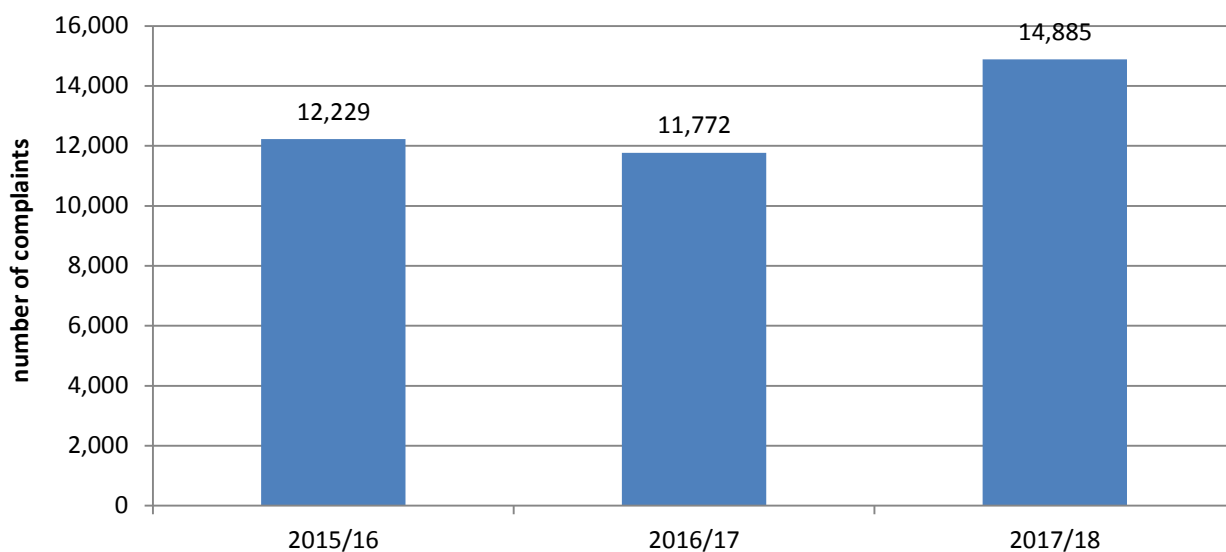
4 Complaints received by retailers

4.1 Written complaints

We expected there to be some early problems as the new companies familiarised themselves with the market. We also expected potential service failures from switching and eligibility. With these issues in mind we anticipated up to a 50% increase in NHH complaints compared to the year before.

Chart 5 shows the trend of NHH written complaints to retailers in England and companies in Wales over the last three years. In 2017/18 retailers and companies in Wales reported a total of 14,885 written complaints. This is an increase of 26.4% over the previous year.

Chart 5: NHH written complaints in England and Wales 2015/16 to 2017/18



4.2 Telephone complaints

Written complaints only tell part of the story. Service providers receive many more complaints by telephone than in writing. From 1 January to 31 March 2018 retailers in England and companies in Wales reported a total of 46,536 telephone complaints and unwanted contacts⁹ (in Wales). This is more than three times the number of telephone complaints in one quarter than written complaints recorded by retailers in the whole of 2017/18.

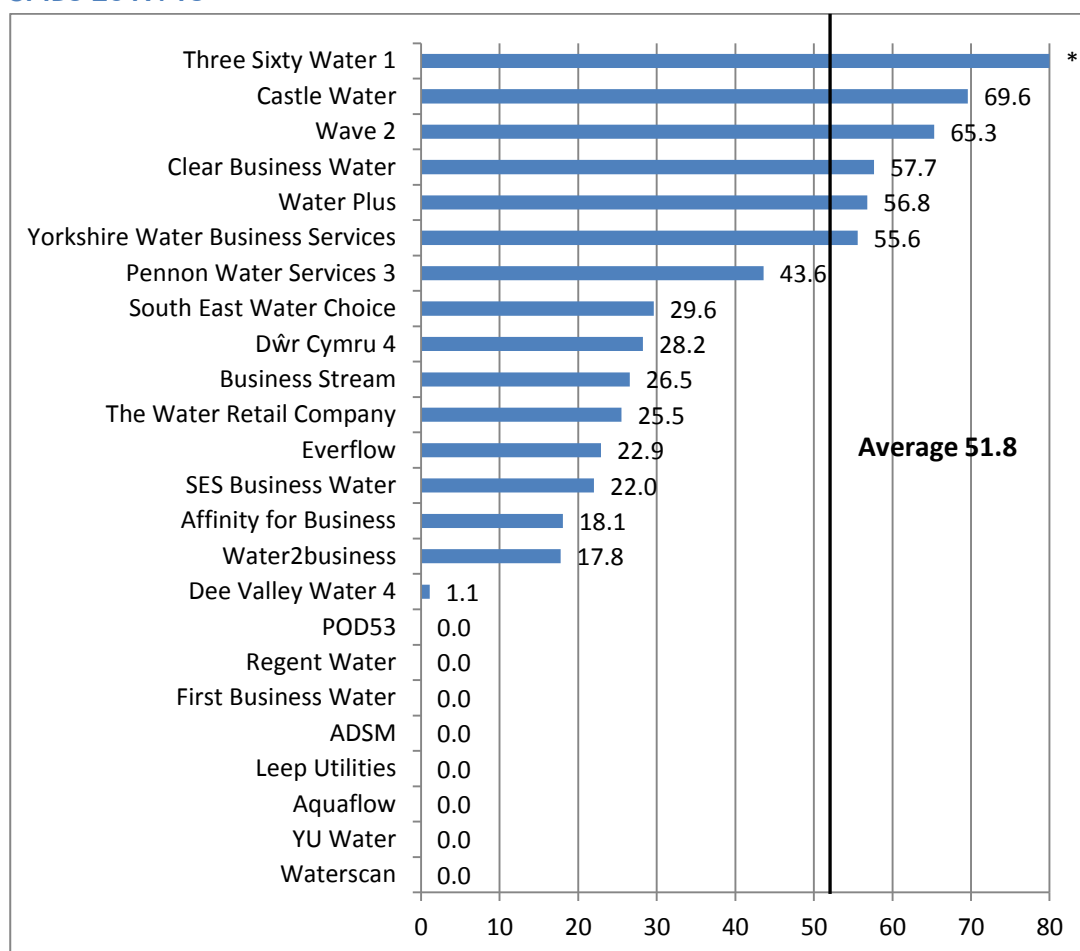
In 2017/18, telephone complaints data was not at a level of quality or comparability that we could report per company. We will look to highlight telephone complaints by individual companies next year and in the future.

4.3 Individual company performance

Chart 6 shows the NHH written complaints received by retailers and the companies in Wales per 10,000 SPIDs.

⁹ The reporting mechanism for companies in Wales differs as they report unwanted contacts rather than telephone complaints that retailers in England do.

Chart 6: NHH written complaints received by retailers and companies in Wales per 10,000 SPIDs 2017/18



- * Three Sixty Water reported one complaint but had only seven SPIDs. Its complaint performance has been capped to prevent the chart from being skewed. Its actual number was 1428.6.
- Wave includes data from Anglian Water Business and NWG Business which formed a joint venture.
- Pennon Water Services includes data from South West Water Business, Bournemouth Water Business, Source for Business and SSWB.
- Dŵr Cymru and Dee Valley are measured by connections rather than SPIDs.

There were significant differences between the best and worst performing companies when comparing complaints per 10,000 SPIDs. Chart 6 shows six companies received more than the market average number of complaints per 10,000 SPIDs: Three Sixty Water, Castle Water, Wave, Clear Business Water, Water Plus and Yorkshire Water Business Services.

Note that Three Sixty Water and Clear Business Water have far fewer SPIDs than the other retailers have and therefore appear to perform poorly (on the basis of one and 26 complaints, respectively). The Water Retail Company also had only one complaint, but relatively few SPIDs. We have good contact with these smaller retailers and believe their relative position will improve as their customer base grows.

When we looked at larger retailers with more than 20,000 SPIDs, the best performer, Water2business had almost four times fewer complaints than the worst performer, Castle Water.

4.4 Engagement with poorer performing retailers

We monitored performance and took steps where we saw an issue that was causing customer dissatisfaction or a trend of rising complaints. Actions that we carried out in the year to put pressure on retailers to resolve issues included:

- Ensuring they signposted customers to their own complaint procedures and to CCWater;
- Encouraging cooperation with wholesalers in resolving complaints, particularly those that were taking too long to resolve;
- When Castle Water's problems arose in September we met with the company to address their proposed actions after which the company increased its staffing to deal with contacts and set itself stronger targets to respond to telephone calls. When the problems continued, these were raised at senior levels between CCWater and Castle Water and subsequently led to us publicly criticising the retailer through a press release after we received over twice the industry average number of complaints per 10,000 SPIDS for five consecutive months;
- Highlighted to Water Plus the increasing number of complaints we were receiving each month as well as the disproportionate number of investigations we undertook in the year;
- We met with Wave about our concerns over the high number of complaints we were receiving against it.

Generally, across the market, we noted some reasons for the higher complaints included:

- Inadequate resourcing of staff;
- Billing issues such as leakage allowances not being given, trade effluent agreements not being continued¹⁰ and company billing policies such as payment arrangements.

4.5 Better performers

Of the sixteen companies that reported written complaints, Dee Valley Water, Water2business, Affinity for Business and SES Business Water were the four best performers (or top 25%) for complaints per 10,000 SPIDs/connections received in the year. Dee Valley, a water-only company in Wales, reported just one NHH complaint and performed very well in the year compared to retailers in England. Dŵr Cymru, the other company based in Wales also reported below the average for NHH complaints per 10,000 SPIDs.

¹⁰ Trade effluent is a service for NHH customers who discharge water which has been used in commercial processes. Because the sewage has an atypical makeup it requires specialised treatment by wholesalers and attracts a specialised charge.

5 Complaints received by CCWater

5.1 CCWater’s role in resolving complaints

CCWater supports NHH customers by offering advice and complaint support. Customers who approach us are usually aggrieved that their retailer has not been able to resolve their complaint satisfactorily or the matter is taking longer than it should to remedy. Complaints to CCWater are an indicator that retailers are not getting things right first time and their customers are very unhappy.

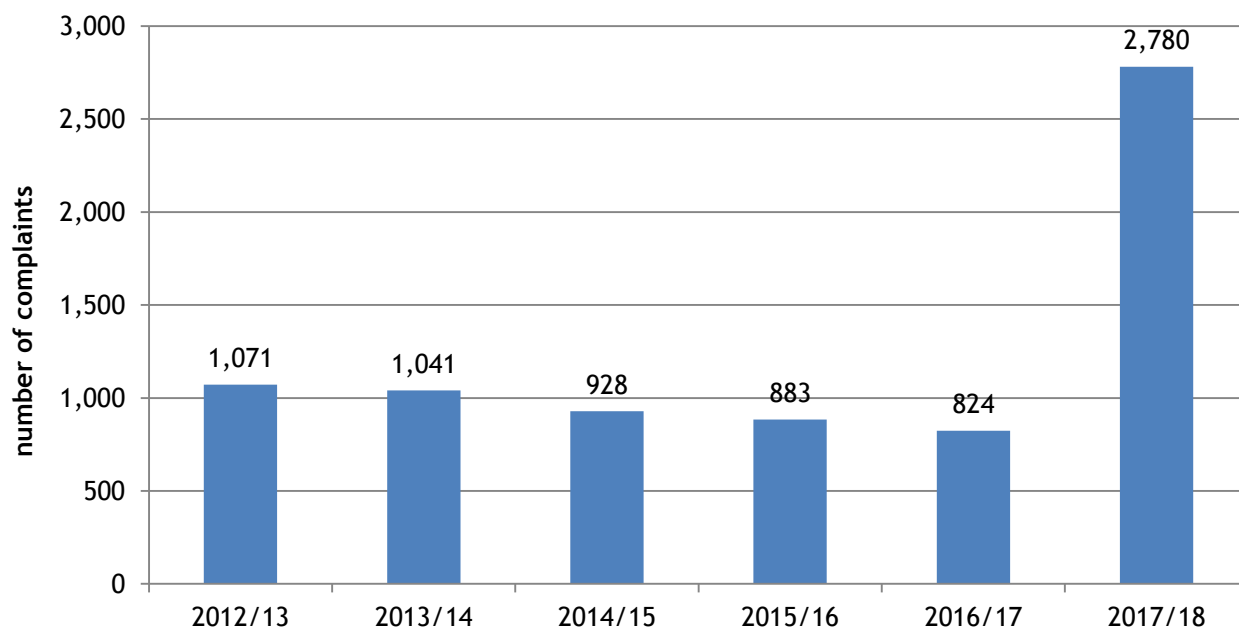
Because CCWater typically handles complaints that have been through a retailer’s complaint procedure, these should not be considered additional complaints, but rather a subset of market complaints.

We typically work with a customer and their retailer to mediate a dispute and drive it toward a fair and reasonable outcome. This year, we faced the challenge of often dealing with both the retailer and wholesaler to resolve a matter.

5.2 Non-household complaints to CCWater were higher than expected

Based on available data in the energy market and from the Scottish water market, we expected that we might receive around 50% more complaints in the first year of the market. In 2017/18, NHH customer complaints we received increased by 237% on the previous year, from 824 to 2,780. Chart 7 shows the spike in NHH complaints we received against water companies in 2017/18 compared to the previous five years where complaints were reducing slightly each year.

Chart 7: NHH customer complaints to CCWater 2012/13 to 2017/18

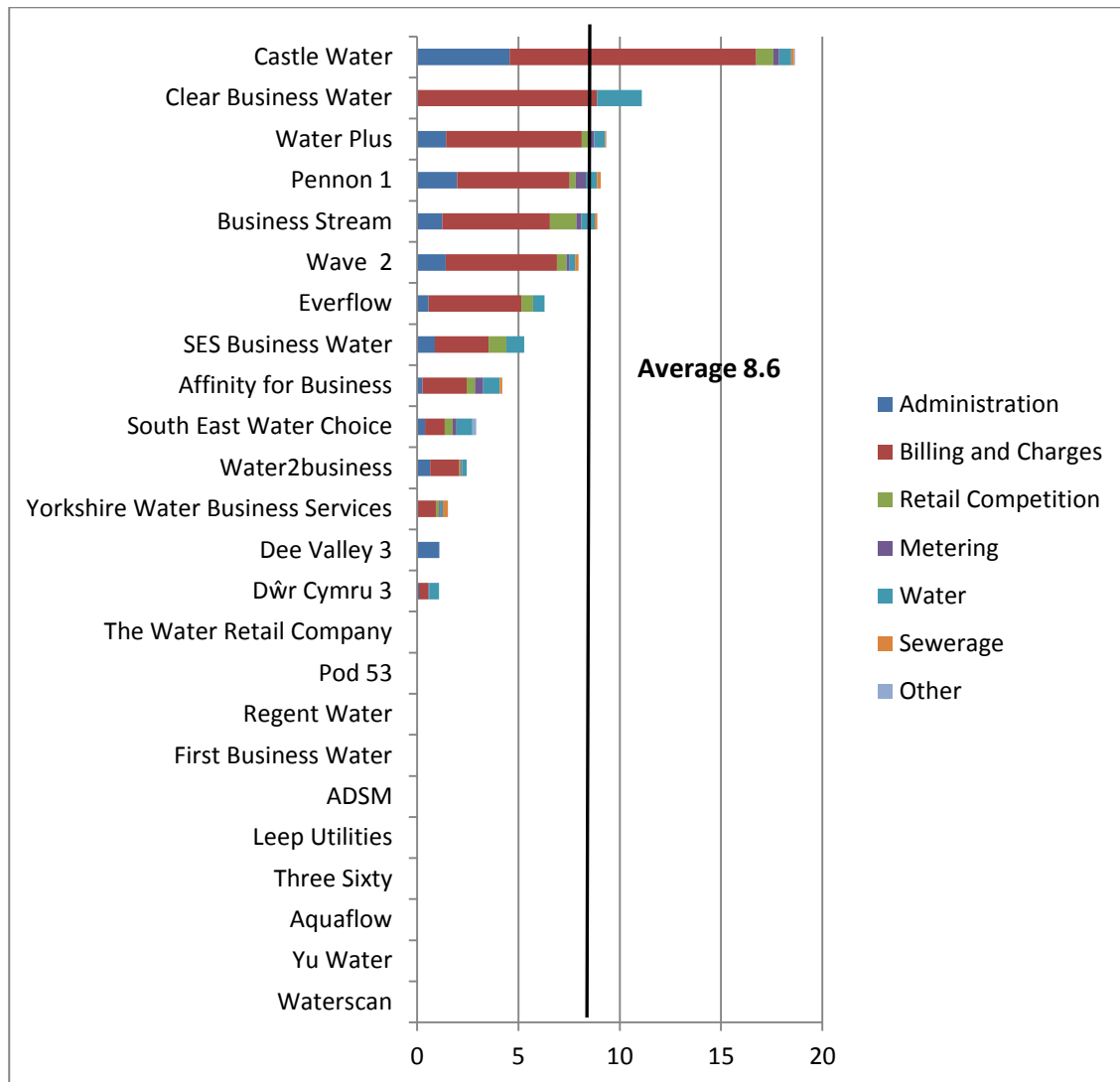


Very early on, we started receiving complaints against wholesalers from NHH customers when accounts were transferred to the new retail company. These customers were confused about the market in general or that they were suddenly deemed to be an eligible business where before they were a domestic customer. We determined that some of these customers were in fact household customers who were incorrectly classified as a business by the water company.

Measured by how many complaints we received there has been a mixed picture of performance with a few retailers generating a disproportionately high number of complaints to CCWater.

Chart 8 shows the NHH company complaints per 10,000 SPIDs we received for each retailer in England and companies in Wales.

Chart 8: NHH complaints received by CCWater per 10,000 SPIDs and connections against retailers and companies in Wales 2017/18



1. Pennon Water Services include South West Water Business, Bournemouth Water Business, Source for Business, and SSWB
2. Wave includes Anglian Water Business and NWG Business
3. Dŵr Cymru and Dee Valley are measured on connection numbers rather than SPIDs

The position of Clear Business Water in Chart 8 is affected by its low SPID numbers and results from five complaints. We expect its relative performance will improve as it grows its customer base.

Retailers’ performance when measured by complaints to CCWater followed a similar pattern to the written complaints they reported. Yorkshire Water Business Services was a notable exception as they reported above average written complaints per 10,000 SPIDs but complaints received by CCWater were low. This suggests it was able to resolve most of its incoming contact first time. Dŵr Cymru also performed better when comparing the complaints we received to those the company received directly.

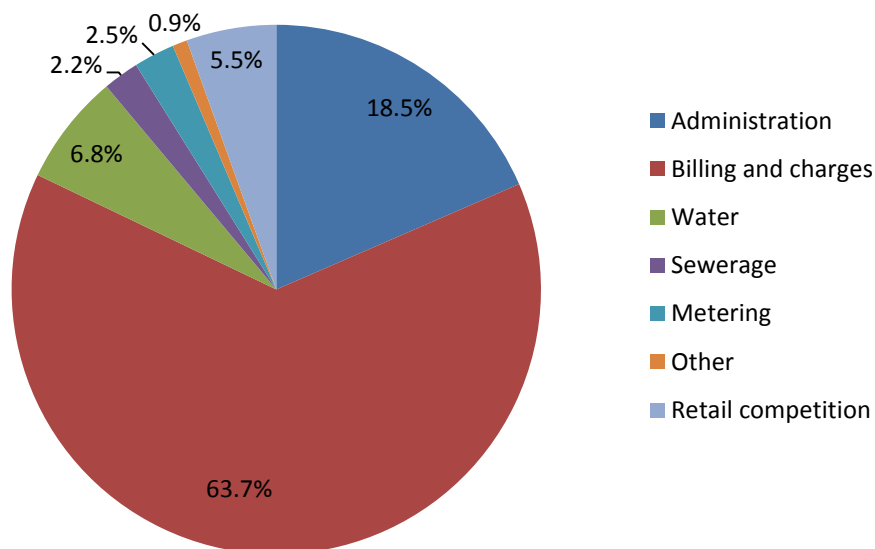
We put pressure on any retailers early on if we saw signs of high complaints and in many cases this delivered quick results. After engaging early on with Wave it improved in the year and we saw monthly complaints reduce by a third from a high in September 2017.

We also worked with other large retailers, Pennon Water Services and Business Stream to offer advice that helped them sort complaints earlier and keep them at levels which were below the market average.

5.3 Root causes of complaints

We categorised the complaints we received into seven main root causes. Chart 9 shows the proportion of NHH complaints CCWater received under these main categories.

Chart 9: NHH complaints received by CCWater against companies by main category 2017/18



Billing and charges

Almost two thirds (63.7%) of NHH complaints CCWater received in the year were about billing and charging issues, up from 53% in 2016/17. The underlying cause of many was a dispute about measured billing where customers disagreed with the retailer about the amount of water they were being charged for. Other common causes of complaints related to billing adjustments following leakage allowances, payment frequencies and collection processes.

We have noted that the opening of the market has shone a light on some historical problems with data, particularly where customers have switched. Many of these errors affect bills and charges which lead to customer complaints. In many cases it falls to the new retailer to try to sort out problems that existed before they started serving the customer.

Administration

Customer interaction with companies, either in writing or by telephone can lead to complaints. Drivers for complaints in this category include poorly laid out bills or perceived poor attitudes of company staff. Administration complaints accounted for around one in five complaints that customers brought to us. Of the 513 administration complaints we received from NHH customers, 45% were against Castle Water as it did not have sufficient resources to deal with increased customer contacts back in September 2017. Castle Water responded quickly to our suggestion that it bring in additional staff resource.

Retail competition

To accommodate new issues created by the market like delays in switching or confusion over market eligibility, we created a category called “Retail competition”. NHH customers generated relatively few complaints, around one in 20, in this category. Complaints of this type could increase as more customers switch their retailer.

The majority of retail competition complaints we received (60%) under this category are not included in the data in this report as they did not come from NHH customers but rather household customers who had been mistakenly transferred to a retailer even though their property was not eligible for the market. We pressed both wholesalers and retailers to resolve these issues quickly without hassle to the customer. We are supporting a market working group tasked with bringing additional clarity and consistency to determining which premises are in the market or not.

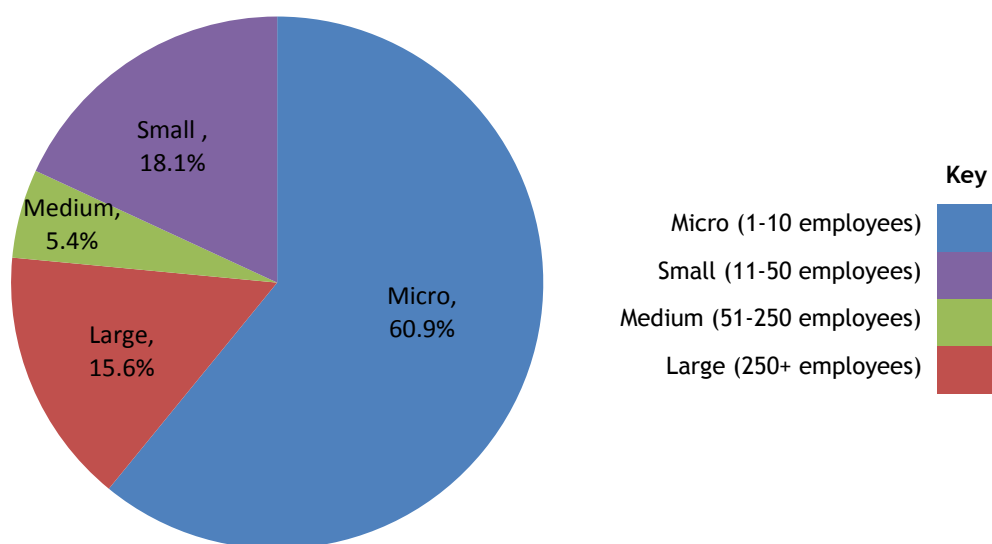
Operational complaints (water, sewerage and metering)

Operationally, supplying water and removing sewerage remain the responsibility of the wholesaler. Nonetheless, in all but emergencies, retailers are expected to front customer contact. Overall, less than 10% of complaints were about water or sewerage problems, however the volume of such complaints was up 37% compared to the year before. Some issues were connected to long-standing service failures by the wholesaler. We challenged both wholesalers and retailers to improve their working relationships and minimise the length of time it was taking for customers to reach a resolution to their complaint.

5.4 Complaints to CCWater by business size

We recorded the size of organisations making complaints where this information was available. This allowed us to examine whether issues affect small and larger businesses the same way.

Chart 10: NHH complaints received by CCWater by business size 2017/18

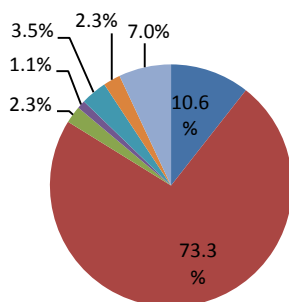


Micro and small business make up over 99% of UK businesses¹¹ and make up the majority of complainants. However, a large proportion of complaints to us were from medium and large businesses. This reflects the findings of our research which showed larger businesses had more awareness of the market and expected to see progress made in resolving outstanding market issues.

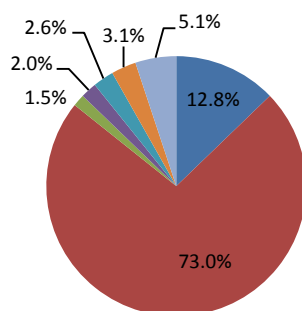
Chart 11 shows complaints broken down by proportion of root cause for each size of organisation. Regardless of business size, billing and charges is the chief concern.

Chart 11: NHH complaints received by CCWater by business size per main category

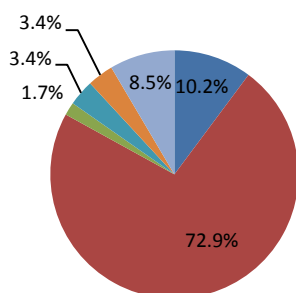
Micro (1-10 employees)



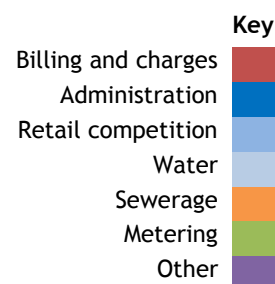
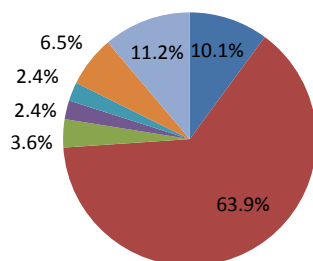
Small (11-50 employees)



Medium (51-250 employees)



Large (250+ employees)



Looking across the organisation sizes, larger businesses tended to make more complaints about retail competition. This finding reflects our research¹² that showed larger organisations had more specific knowledge of market mechanisms and higher expectations about the issues that needed resolving.

¹¹ Department for Business, Energy, and Industrial Strategy: 'Business population estimates for the UK and regions 2017. [assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/663235/bpe_2017_statistical_release.p](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/663235/bpe_2017_statistical_release.pdf)

¹² www.ccwater.org.uk/research/customers-experiences-of-the-retail-water-market-in-england/

5.5 Complaint resolutions and financial remedies

Resolutions to complaints can be an apology, work carried out (sometimes cooperatively between the retailer and wholesaler) to put the matter right, compensation or a rebate of the customer's charges. As part of our work in pressing for fair and reasonable complaint outcomes, we helped secure around £580,000 in rebates and compensation for NHH customers in 2017/18.

5.6 Some complaints are taking too long to resolve

At the end of March 2018, of all the complaints in progress we were handling (for NHH and household customers), a third were against retailers, despite the NHH market making up about 10% of customers in the industry. A main contributor to this was the length of time that NHH complaints remained open. Table 1 shows the NHH complaints we received against retailers and Welsh companies in the year which were unresolved after eight weeks.

Table 1: NHH complaints received by CCWater in 2017/18 that were not resolved within eight weeks

Company	Complaints > 8 weeks
ADSM	0
Affinity for Business	5
Aquaflow	0
Business Stream	24
Castle Water	105
Clear Business Water	0
Dee Valley	0
Dŵr Cymru	1
Everflow	3
First Business Water	0
LEEP Utilities	0
Pennon Water Services	38
Pod 53	0
Regent Water	0
SES Business Water	0
South East Water Choice	2
Three Sixty Water	0
Water Plus	94
The Water Retail Company	0
Water2business	2
Waterscan	0
Wave	52
Yorkshire Water Business Services	4
Yu Water	0
Total	330

Castle Water and Water Plus stood out as having more complaints that were taking too long to resolve and frustrating customers.

The numbers of complaints to CCWater that are open for a long time is likely to be the tip of the iceberg. Many other customers could be churning along without a resolution within retailers' complaint procedures.

We recognise that some complaint delays are due to challenges facing retailers that are trying to deliver a resolution for a customer that fall outside a wholesaler's policy. However, retailers and wholesalers need to work together to improve their communication, ensure that customers' expectations are appropriately managed, responses are timely and substantive and resolutions are fair and reasonable.

When a complaint exhausts the company procedure and we feel the company should do more we will carry out a formal investigation. Companies mostly follow our recommendations before we need to take this step. In the year we investigated 28 complaints against retailers, the majority against Water Plus (17), mainly about billing and charging issues. This compares to only seven investigations in 2016/17 for the whole industry. Complaints that are not resolved following our intervention are more likely to be referred to an alternative dispute resolution scheme where retailers will incur an additional charge for a customer's case to be adjudicated.

6 Wholesalers

6.1 Role of wholesalers in the market

Retail water services like billing and handling queries are open to competition. Wholesale services such as water supply and the removal of sewerage continue to be provided by monopoly wholesalers (i.e. regional water only and water and sewerage companies).

Complaints about water supply or sewerage service require the wholesaler to support the retailer in reaching a resolution for the customer. Wholesalers, who would have acted previously as the water company for NHH customers, also play a part in legacy billing disputes as they hold historical customer records.

There is still a lack of clarity amongst some customers, and indeed within the market, about the responsibilities of retailers and wholesalers and this has led to some complaints taking much longer to resolve than they should. Some customers believe incorrectly that switching retailers may help to resolve a wholesale issue.

6.2 Complaints influenced by wholesalers

In 2017/18 CCWater recorded 7% of our NHH complaints against wholesalers where we felt it was their service which was the critical factor in a customer's dissatisfaction and it was within the gift of the wholesaler to resolve the matter. However, CCWater complaints are only a small subset of total market complaints.

Because wholesalers no longer have direct day-to-day interaction with customers and no mechanism to report NHH complaints, we asked retailers to tell us how many of the complaints they received had some wholesale element to them, be it an actual service failure by the wholesaler or a wholesale policy or charge that was causing customer frustration.

Table 2 shows the number of NHH written complaints for each retailer that they reported were due partly or fully to a wholesale issue.

Table 2: NHH written complaints that retailers deemed were related to a wholesale issue

Company	Written complaints	Deemed to be a wholesale issue	Deemed to be mixed wholesale/retail issue	% of total
ADSM	0	0	0	0.0
Affinity for Business	133	55	0	41.4
Aquaflow	0	0	0	0.0
Business Stream	409	140	112	61.6
Castle Water	3,509	106	383	13.9
Clear Business Water	26	0	0	0.0
Dee Valley Water ¹	1	-	0	-
Dŵr Cymru ¹	574	-	-	-
Everflow	40	15	9	60.0
First Business Water	0	0	0	0.0
Leep Utilities	0	0	0	0.0
Pennon Water Services ²	707	361	93	64.2
Pod53	0	0	0	0.0
Regent Water	0	0	0	0.0
SES Business Water	50	4	7	22.0
South East Water Choice	152	51	0	33.6
The Water Retail Company	1	1	0	100.0
Three Sixty Water	1	0	0	0.0
Water 2 Business	247	73	11	34.0
Waterscan	0	0	0	0.0
Water Plus	4,879	545	854	28.7
Wave ³	2,764	370	80	16.3
Yorkshire Water Business Services	1,392	112	79	13.7
YU Water	0	0	0	0.0
Total	14,885	1,833	1,628	23.3

1. Dŵr Cymru and Dee Valley continue to deal directly with NHH customers in their area

2. Pennon Water Services include South West Water Business, Bournemouth Water Business, Source for Business and SSWB

3. Wave includes Anglian Water Business and NWG Business

Note that some retailers told us they had difficulty in this first year using their complaints systems to distinguish whether a complaint had a wholesale element. Therefore some retailers may have under-reported these figures. CCWater held two workshops for retailers in the year and updated its guidance to improve consistency in how retailers report this particular data.

We asked retailers to provide us this information because we wanted to get a picture not just of physical supply interruptions, but of how wholesale policies and charges affect customers.

It is important to distinguish these figures from the defined market process whereby a retailer refers a complaint via a market form to the relevant wholesaler. Such complaints are referred where the direct involvement of the wholesaler is needed to resolve that particular matter. Self-reported data¹³ from wholesalers shows that they received 2,797 forms relating to complaints in 2017/18

This means that retailers felt more written complaints (3,461 in total) had some wholesale element to them, even if these did not rise to the level of requiring a form to be referred to the wholesaler.

6.3 Working toward improved retailer and wholesaler collaboration

Since the market opened, we have noted customer dissatisfaction with some wholesalers that have taken a firmer stance against deviating from published policies (for fear of appearing to give a retailer preferential treatment). But we have also seen some retailers offer a poor explanation of wholesaler policies which to customers can appear to be shifting the blame.

The variability between retailers, the gap between what they reported and how many forms there are, and the fact that many complaints are open too long tell us that retailer/wholesaler communication and collaboration has room to improve. It is not up to retailers alone. We will also be putting pressure on wholesalers to own complaints and offer fair and reasonable resolutions.

There are positive signs. Throughout the last year, retailers and wholesalers have set up working groups to collaborate on some of the key issues that are causing customer dissatisfaction. CCWater is supporting this good work so it will bring fewer complaints. We look forward to seeing improvements for customers in 2018-19.

¹³ This data was self-reported by wholesalers, collated by MOSL the market operator, and shared with CCWater.

Appendix 1 - NHH written customer complaints to retailers/companies in Wales by month 2017/18

Company	Supply points/connections	April	May	June	July	August	September	October	November	December	January	February	March	Total	Trend	Complaints per 10,000 supply points/connections
ADSM	79	0	0	0	0	0	0	0	0	0	0	0	0	0		0.0
Affinity for Business	73,656	12	7	9	12	17	17	10	12	8	8	10	11	133		18.1
Aquaflow	3	0	0	0	0	0	0	0	0	0	0	0	0	0		0.0
Business Stream	154,064	17	21	22	33	40	32	40	45	20	43	36	60	409		26.5
Castle Water	504,412	85	117	219	185	158	574	431	367	318	418	295	342	3,509		69.6
Clear Business Water	4,509	0	0	1	0	2	1	4	4	3	3	5	3	26		57.7
Dee Valley ¹	9,160	0	0	0	0	1	0	0	0	0	0	0	0	1		1.1
Dŵr Cymru ¹	203,347			112			141			166			155	574		28.2
Everflow	17,483	0	0	0	0	0	0	4	0	11	7	7	11	40		22.9
First Business Water	123	0	0	0	0	0	0	0	0	0	0	0	0	0		0.0
LEEP Utilities	50	0	0	0	0	0	0	0	0	0	0	0	0	0		0.0
Pennon	162,145	34	41	60	57	48	55	82	84	63	59	49	75	707		43.6
Pod 53	247	0	0	0	0	0	0	0	0	0	0	0	0	0		0.0
Regent Water	207	0	0	0	0	0	0	0	0	0	0	0	0	0		0.0
SES Business Water	22,704	2	1	4	5	6	1	9	4	1	9	1	7	50		22.0
South East Water Choice	51,346	5	11	9	11	17	12	11	10	13	19	18	16	152		29.6
Three Sixty Water	7	0	0	0	0	0	0	0	1	0	0	0	0	1		1,428.6
Water Plus	858,896	153	274	342	317	434	341	366	590	565	526	346	625	4,879		56.8
The Water retail Company	392	0	0	0	0	1	0	0	0	0	0	0	0	1		25.5
Waterscan	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0.0
Water2business	138,929	12	25	33	25	15	8	25	32	26	17	12	17	247		17.8
Wave	423,251	111	183	241	352	369	375	177	232	176	242	155	151	2,764		65.3
Yorkshire Water Business Services	250,517	78	124	87	96	112	122	119	148	129	138	123	116	1,392		55.6
Yu Water	1	0	0	0	0	0	0	0	0	0	0	0	0	0		0.0
Total	2,875,528	509	804	1,139	1,093	1,220	1,679	1,278	1,529	1,499	1,489	1,057	1,589	14,885		51.8

1. Dŵr Cymru and Dee Valley are connections rather than supply points

Appendix 2 - NHH customer complaints to CCWater against retailers/companies in Wales by month 2017/18

Company	April	May	June	July	August	September	October	November	December	January	February	March	Total	Trend
ADSM	0	0	0	0	0	0	0	0	0	0	0	0	0	
Affinity for Business	4	1	1	3	1	5	0	1	2	4	6	3	31	
Aquaflow	0	0	0	0	0	0	0	0	0	0	0	0	0	
Business Stream	7	9	7	10	14	12	11	13	7	11	14	22	137	
Castle Water	16	12	32	21	31	130	165	132	86	134	68	114	941	
Clear Business Water	0	0	0	0	1	0	0	0	0	0	2	2	5	
Dee Valley	0	0	0	0	0	0	0	0	0	0	0	1	1	
Dŵr Cymru	1	2	2	3	2	2	2	0	1	3	1	3	22	
Everflow	0	0	0	0	0	1	3	0	2	2	2	1	11	
First Business Water	0	0	0	0	0	0	0	0	0	0	0	0	0	
LEEP Water Networks	0	0	0	0	0	0	0	0	0	0	0	0	0	
Pennon	13	15	17	12	6	6	15	19	5	13	10	16	147	
Pod 53	0	0	0	0	0	0	0	0	0	0	0	0	0	
Regent Water	0	0	0	0	0	0	0	0	0	0	0	0	0	
SES Business Water	0	1	0	1	0	1	1	0	2	1	0	5	12	
South East Water Choice	0	2	2	3	0	0	0	0	2	2	3	1	15	
Three Sixty Water	0	0	0	0	0	0	0	0	0	0	0	0	0	
Water Plus	26	32	52	57	45	49	51	77	78	104	109	123	803	
The Water retail Company	0	0	0	0	0	0	0	0	0	0	0	0	0	
Waterscan	0	0	0	0	0	0	0	0	0	0	0	0	0	
Water2business	2	5	3	1	4	0	6	2	1	3	3	4	34	
Wave	4	14	24	30	29	49	31	36	20	40	31	29	337	
Yorkshire Water Business Services	1	2	2	2	0	2	6	1	4	3	7	8	38	
Yu Water	0	0	0	0	0	0	0	0	0	0	0	0	0	
Other*	32	18	22	13	14	21	28	23	14	22	21	18	246	
Total	106	113	164	156	147	278	319	304	224	342	277	350	2,780	

*Other includes NHH complaints against wholesalers, where the company was not known or general complaints not about a specific retailer

Appendix 3 - NHH complaints received by CCWater from 1st April 2017 - 31st March 2018 by main category

Company	Administration	Billing and Charges	Metering	Other	Retail Competition	Sewerage	Water	Total
ADSM	0	0	0	0	0	0	0	0
Affinity for Business	2	16	3	0	3	1	6	31
Aquaflow	0	0	0	0	0	0	0	0
Business Stream	19	82	4	0	20	2	10	137
Castle Water	230	614	14	3	43	7	30	941
Clear Business Water	0	4	0	0	0	0	1	5
Dee Valley	1	0	0	0	0	0	0	1
Dŵr Cymru	2	9	1	0	0	0	10	22
Everflow	1	8	0	0	1	0	1	11
First Business Water	0	0	0	0	0	0	0	0
LEEP Water Networks	0	0	0	0	0	0	0	0
Pennon	32	90	8	0	5	3	9	147
Pod 53	0	0	0	0	0	0	0	0
Regent Water	0	0	0	0	0	0	0	0
SES Business Water	2	6	0	0	2	0	2	12
South East Water Choice	2	5	1	1	2	0	4	15
Three Sixty Water	0	0	0	0	0	0	0	0
Water Plus	123	575	20	2	32	5	46	803
The Water Retail Company	0	0	0	0	0	0	0	0
Waterscan	0	0	0	0	0	0	0	0
Water2business	9	20	1	0	1	0	3	34
Wave	60	232	5	0	20	7	13	337
Yorkshire Water Business Services	1	22	2	0	4	6	3	38
Yu Water	0	0	0	0	0	0	0	0
Other*	29	86	11	18	21	30	51	246
Total	513	1,769	70	24	154	61	189	2,780

*Other includes NHH complaints against wholesalers, where the company was not known or general complaints not about a specific retailer

Appendix 4 - CCWater NHH investigations against Retailers / companies in Wales 2017-18

Company	Investigations
ADSM	0
Affinity for Business	1
Aquaflow	0
Business Stream	0
Castle Water	1
Clear Business Water	0
Dee Valley	0
Dŵr Cymru	0
Everflow	1
First Business Water	0
LEEP Water Networks	0
Pennon	3
Pod 53	0
Regent Water	0
SES Business Water	0
South East Water Choice	0
Three Sixty Water	0
Water Plus	17
The Water Retail Company	0
Waterscan	0
Water2business	0
Wave	5
Yorkshire Water Business Services	0
Yu Water	0
Total	28