

The Consumer Council for Water Briefing on Water Customer Debt

The cost of bad debt in the water and sewerage industry represents around £15¹ per year for every household billed for water. This figure is from March 2011 using the latest publically available information. Ofwat no longer routinely collects this information from companies.

The Consumer Council for Water want to see a balance between recovering debt, in the interest of all customers, and dealing sensitively with customers who find themselves in financial difficulty. Debt recovery is just one part of companies' wider revenue collection strategies encompassing the level of charges, billing practices and collection facilities/practices.

Good Practice

We encourage companies to share good practice through Water UK and to be proactive in identifying and helping people who have trouble managing their money to stop them falling into debt.

We check that companies comply with their debt Code of Practice and *Ofwat's Guidelines for dealing with household customers in debt*, and are flexible in their approach to debt recovery based on customers' circumstances.

With limited information available to water companies to help them identify which customers may have affordability issues, good practice in collecting monies centres on providing;

- a wide range of payment options (Direct Debit, cash, cheques, debit or credit cards));
- options to pay in accessible locations (PayZone, Paypoint, online, telephone payments etc);
- the ability for customers to pay at frequent intervals at no extra charge (from weekly, fortnightly, monthly, quarterly, half yearly or annually).

Other proactive good practice identified by previous research suggests;

- frequent billing means customers become more aware of the bill as part of their household budget;
- customers were put off by a large bill, for example of £350, and would just put the bill to one side. They would prefer to see the bill broken down into more manageable chunks, for instance 'pay £12 now and then £12 every month.'
- freephone dedicated telephone number for those struggling to pay.

We expect companies to work with the Consumer Council for Water and to keep abreast of current good practice and industry initiatives.

Data Access

Companies want to be able to access Department of Works and Pensions (DWP) data to help to identify those likely to struggle to pay bills. In the energy sector specific legislation has enabled the DWP to share pension credit recipient data with an independent intermediary. The intermediary passes this on to energy companies where it identifies a customer who will benefit. This enables discounts to be applied automatically to eligible customers' energy bills.

However, a change may be required to the Data Protection Act to enable data sharing in the water industry. The energy sector scheme is dependent on age and benefit data alone, but the qualifications for water social tariffs and WaterSure are wider in scope.

Enquiries to Barbara Leech, Policy Manager - Barbara.leech@ccwater.org.uk Phone: 07768 902 359
January 2014

¹ This includes debt written off, collection costs and the cost of uncollected revenue.