

**Complaints to Water Companies
England and Wales
April 2014 - March 2015**

2014/15 report

September 2015

Complaints to Water Companies England and Wales, April 2014 - March 2015

| Section | Contents | Page |
|---------|----------------------------------------------------------------------|------|
| 1 | Summary | 1 |
| 2 | Introduction | 7 |
| 3 | Written complaints - an overview | 8 |
| 4 | Written complaints by category | 14 |
| 5 | Written complaints and Ofwat's Service Incentive Mechanism | 18 |
| 6 | Unwanted telephone contacts | 20 |
| 7 | Non-household customer complaints | 21 |
| 8 | Written customer complaints resolved after the first written contact | 22 |
| 9 | Customer complaints received by CCWater about water companies | 23 |
| 10 | Future CCWater work | 26 |

Charts and Tables

| | | Page |
|----------|-------------------------------------------------------------------------------------------------------------------|------|
| Chart 1 | Written complaints from customers to water companies and complaints to CCWater about companies 2004/05 to 2014/15 | 1 |
| Chart 2 | Written complaints from customers to companies per 10,000 connections in 2014/15 and change from 2013/14 | 2 |
| Chart 3 | Written complaints from customers to water companies by category 2013/14 to 2014/15 | 4 |
| Chart 4 | Written complaints per 10,000 connections by main category household and non-household customers 2014/15 | 5 |
| Chart 5 | Unwanted telephone contacts and written complaints to companies 2009/10 to 2014/15 | 6 |
| Chart 6 | Total written complaints from customers to water companies 2004/05 to 2014/15 | 8 |
| Chart 7 | Complaint trends per 10,000 connections from 2006/07 to 2014/15 | 9 |
| Chart 8 | Written complaints from customers to water companies per 10,000 connections 2014/15 and change from 2013/14 | 10 |
| Table 1 | Written complaints from customers to water companies 2010/11 to 2014/15 per 10,000 connections | 12 |
| Chart 9 | Written complaints from customers to water companies by category 2013/14 to 2014/15 | 14 |
| Chart 10 | Written complaints per 10,000 connections by main category 2011/12 to 2014/15 | 15 |
| Chart 11 | Three poorest performing companies in each complaint category when measured by complaints per 10,000 connections | 15 |
| Chart 12 | Billing and charges complaints from measured customers per 10,000 metered connections | 16 |
| Table 2 | Written complaint performance per 10,000 connections and SIM impact | 19 |
| Chart 13 | Unwanted telephone contacts and written complaints to companies from 2009/10 to 2014/15 | 20 |
| Chart 14 | Household and non-household main category complaints per 10,000 connections | 21 |
| Chart 15 | Written complaints from customers that water companies resolved after the first written contact | 22 |
| Chart 16 | CCWater total complaints and investigations 2004/05 to 2014/15 | 24 |

Appendices

- 1 Written complaints to companies 2004/05 to 2014/15
- 2 Written complaints to companies per category and 10,000 connections in 2014/15

Written complaints received by companies and investigated by CCWater in 2014/15:

- 3 Billing and charges
 - 4 Water supply
 - 5 Sewerage services
 - 6 Metering
 - 7 "Other" services
-
- 8 Overview of complaints escalated (customers wrote more than once) 2014/15
 - 9 Complaints to CCWater about companies 2014/15
 - 10 Unwanted telephone contacts 2014/15
 - 11 Non-household customer complaints 2014/15

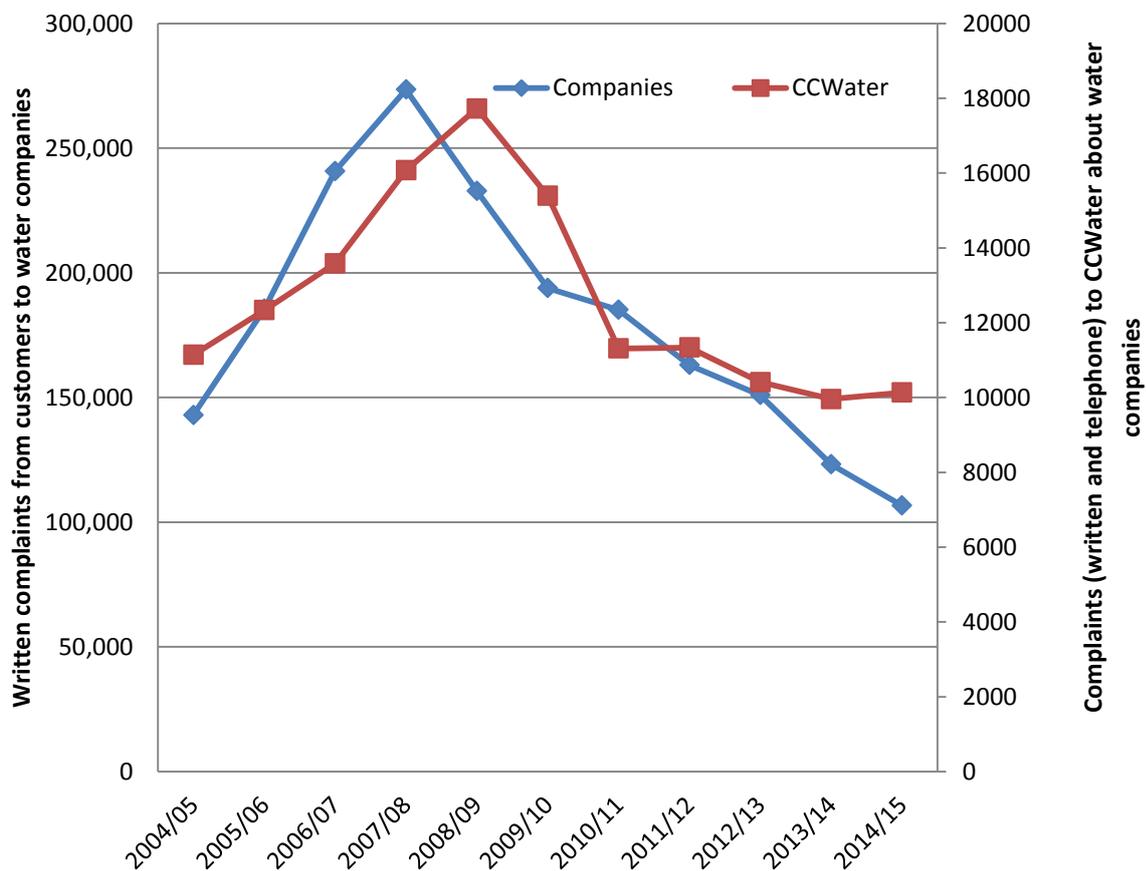
1. SUMMARY

Written customer complaints fall for seventh successive year but there is no room for complacency.

Written customer complaints to the water companies in England and Wales have reduced for the seventh consecutive year. Complaints are now below the levels they were before CCWater was set up in 2005.

Chart 1 shows the industry overall has responded well to our continued pressure to drive down complaints by embedding a right first time ethos into their customer service. The downward trend of written complaints, evident since 2008/09, continued during 2014/15 with water companies reporting 13.4% fewer complaints than the previous year, falling from 123,218 to 106,693.

Chart 1: Written complaints from customers to water companies and complaints to CCWater about companies from 2004/05 to 2014/15

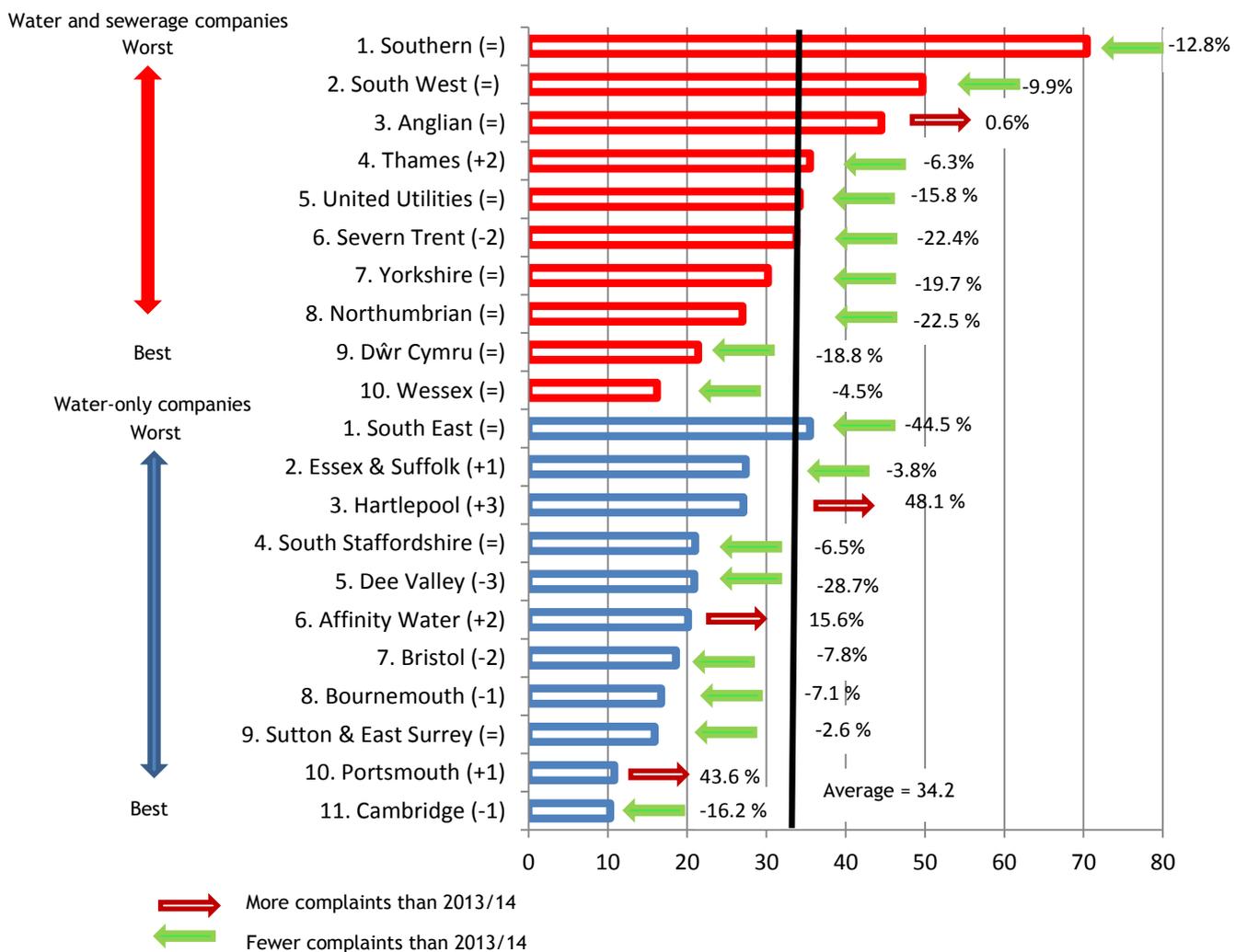


Comparative company performance

As companies have different numbers of customers we normalise complaint numbers by showing them on a per 10,000 connections basis. In this way we can identify company performance against both total complaints received and those assigned to five categories, identify changes in relative positions, and use this information to work with companies to address issues.

The number of complaints per 10,000 connections for all water companies in 2014/15 is shown in Chart 2. It shows where a company has improved (-) or worsened (+) from its previous year's position and percentage change for total complaints. We have separated the water and sewerage companies and water-only companies as the former provide an additional service which generates other types of complaint.

Chart 2: Written complaints from customers to companies per 10,000 connections in 2014/15 and change from 2013/14



The average number of complaints per 10,000 connections in 2014/15 was lower than the previous year, falling from 39.8 to 34.2.

Four companies reduced complaint numbers by more than one-fifth over the year. South East led the way with a 44.5% reduction which it attributes to a number of initiatives, including a complaints analysis tool and a steering group that meets monthly to review complaints and address recurring issues. Each of their directors also reviews complaints at least once a week.

Dee Valley reported a fourth successive reduction in complaint numbers, this year by 28.7%. Northumbrian reduced complaint numbers by 22.5% and was closely followed by Severn Trent (22.4%).

Four companies, however, reported an increase in complaints. For both Hartlepool and Portsmouth there was a 40%+ increase, though in the latter's case this was from a comparatively low base. Affinity's complaint numbers rose by 15.6%, while Anglian's modest rise (0.6%) reversed the downward trend of prior years.

Poorest performers for complaints per 10,000 connections

Southern was once again the worst performing company for complaints per 10,000 connections - a position it has held since 2012/13. It is unacceptable that its complaints per 10,000 connections are more than twice the industry average, despite falling by 13 per cent in 2013/14. Southern has repeatedly pledged to improve its performance but it needs to accelerate its improvement programme to move into line with the rest of the industry. We will continue to work with the company to put in place processes and procedures that will improve its service to customers so that it does not continue to generate high levels of complaint.

South West has historically been a poor performer, but last year it also managed to reduce the number of complaints it received. However, the company recognises there is still much to do to bring complaint numbers down. Last year, it commissioned research to better understand why customers complained and how the root causes of those complaints might be addressed. It is using the findings of that research to improve its offering to customers.

Anglian has over a number of years reduced complaint numbers but its rate of progress has been slower than that of its peers, and it now finds itself as the third worst performing company. Its operational complaints improved in the year but complaints about billing and charging and administration increased.

South East was the only water-only company having performance worse than the industry average. This is despite the big strides it has taken - and is continuing to take - to improve its overall position, as mentioned above. It has committed to improve over the next three years to bring the company into line with the rest of the industry. Its complaint numbers for last year are on track, but it has more to do.

Better performers

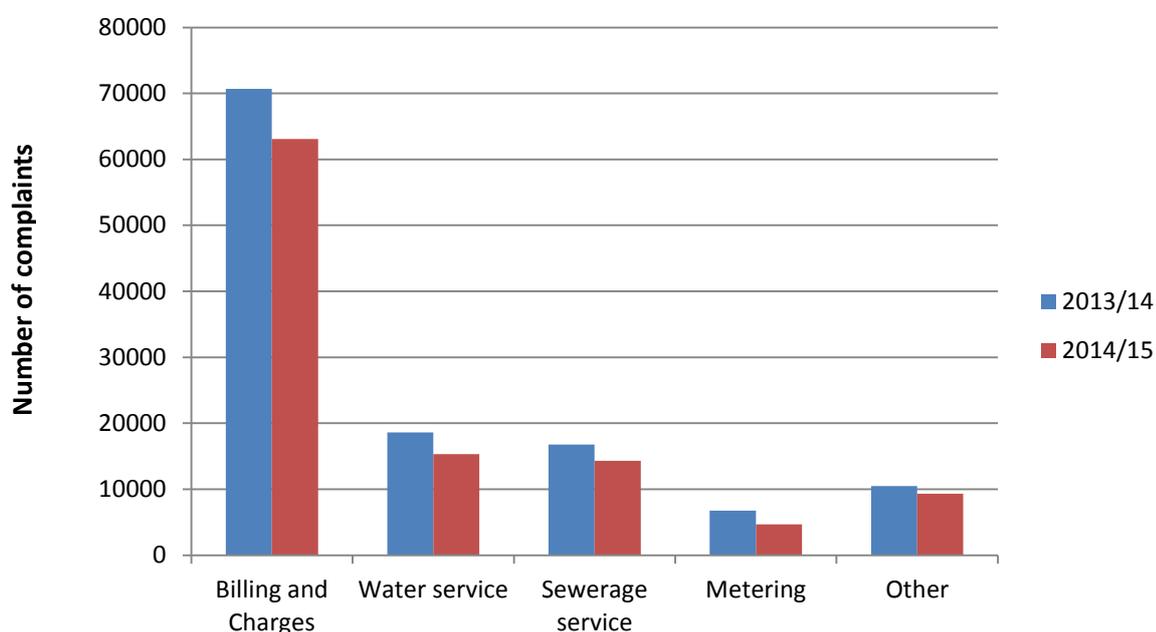
Wessex once again led the water and sewerage companies with the lowest number of complaints per 10,000 connections. CCWater recognises Wessex's consistency in delivering good service which is reflected in low complaint numbers.

Water-only company Cambridge had the lowest complaints per 10,000 connections. Its reduction meant Portsmouth - which saw an increase in complaints - was replaced as the best performer for the first time since we began reporting complaints data almost ten years ago.

Main complaint categories

We ask water companies to report their complaints in five categories: billing and charges, water supply, sewerage service, metering and 'other' (other complaints include those about the company telephone system, such as delays and administration complaints). The industry reported fewer complaints for all five categories in the year, as Chart 3 shows.

Chart 3: Written complaints from customers to water companies by category from 2013/14 to 2014/15



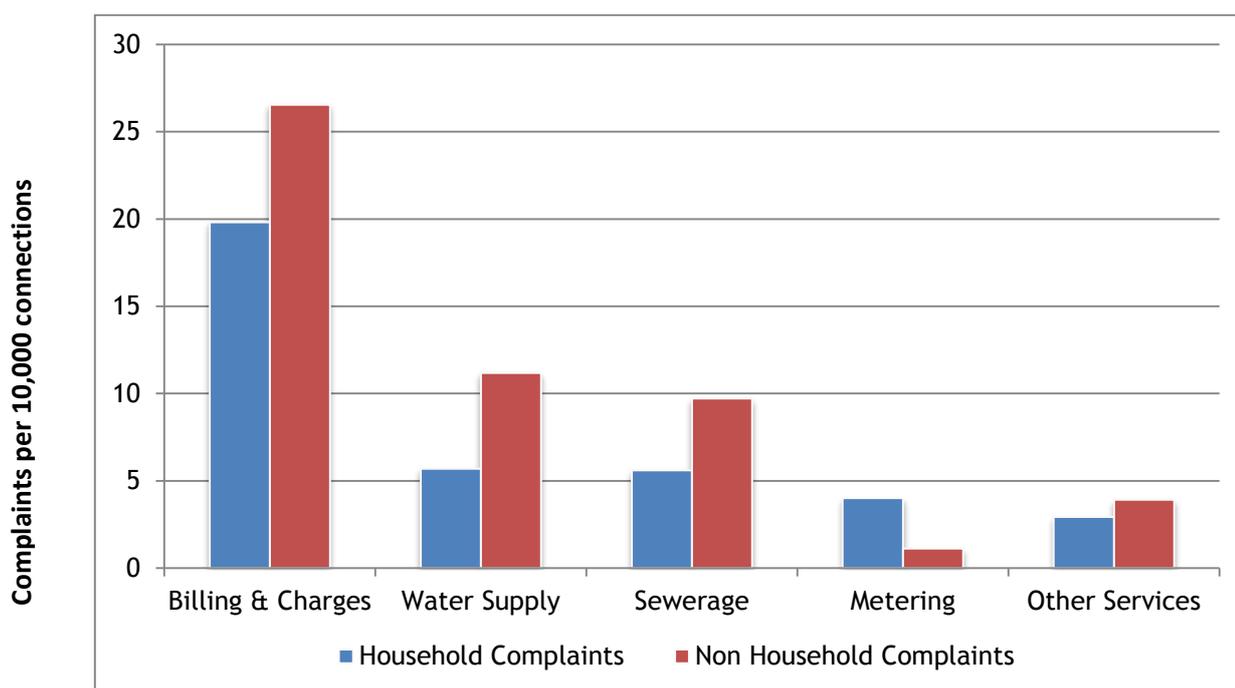
Billing and charges was again the dominant complaint category. All customers are sent / receive bills while operational problems affect fewer customers. However, we want to see further improvements across all five categories in future years. We will continue to press all companies, especially the poorer performers to improve their customer service, through:

- clear, accurate and timely bills;
- taking promised action at the first point of contact;
- effective complaint resolution;
- fixing reported leaks (a regular source of irritation for customers);
- promptly restoring interrupted supplies; and
- addressing sewer flooding issues.

Household and non-household complaints

We asked companies to report household and non-household customer complaints separately. As Chart 4 shows, more non-household customers complained per 10,000 connections than household customers in all but the metering category. In the latter case, this may be due to the fact that compulsory metering is being rolled out to household customers and this generates concerns and complaints. In contrast, meters have been in place for most non-household customers for many years, and they do not raise the same concerns.

Chart 4: Written complaints per 10,000 connections by main category household and non-household customers 2014/15



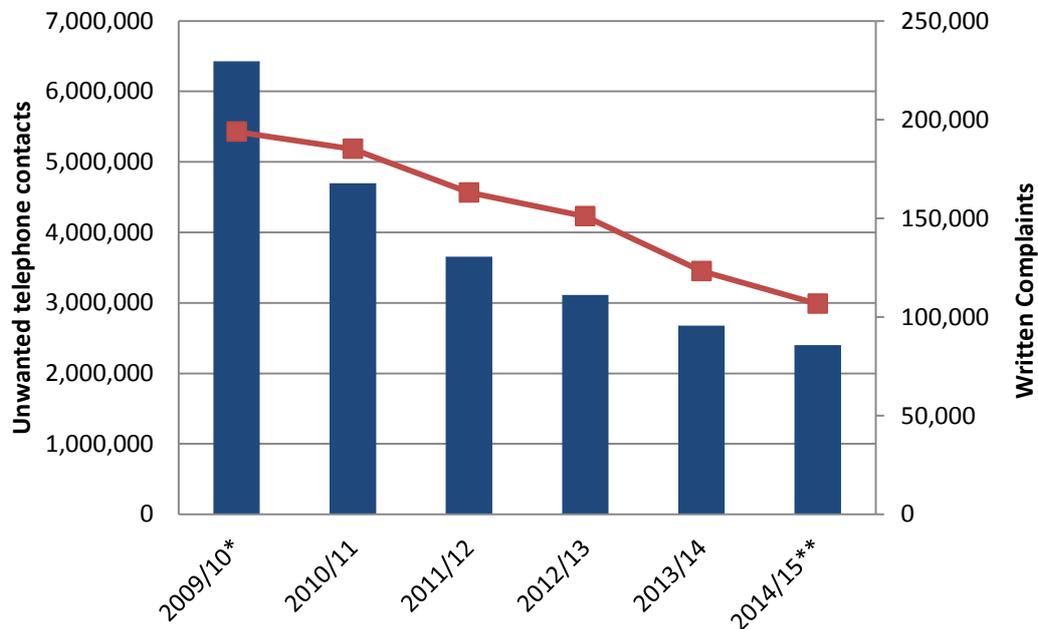
In 2017 all eligible non-household customers in England will be able to choose a different retailer for the customer-facing services of meter reading, billing and contact handling. Companies delivering a poor service will not only risk receiving complaints but also losing disaffected customers to their competitors. Some companies will need to significantly improve their service if they are to compete successfully in the new retail market.

Unwanted telephone contacts

Customer telephone contacts to water companies also fell during the year from around 2.7 million to 2.4 million. These contacts are defined by the industry regulator, Ofwat, as 'unwanted' by the customer. They include telephone complaints but exclude payments, change of address and the first contact from a customer to report a leak.

Chart 5 shows the unwanted contacts and written complaints broadly follow the same, improving trajectory.

Chart 5 Unwanted telephone contacts and written complaints to companies from 2009/10 to 2014/15



*2009/10 was a pilot year for unwanted contacts which may not be reflective of industry performance

**2014/15 includes unwanted contacts for households only from some companies

| | |
|-----------------------------|--|
| Written complaints | |
| Unwanted telephone contacts | |

2. Introduction

The Consumer Council for Water (CCWater) is the statutory consumer organisation representing the customers of the water and water and sewerage companies in England and Wales. Our main roles include:

- ensuring customer views on areas such as satisfaction with service and value for money from their water company are heard through our research;
- providing advice to customers and dealing with customer complaints against their water company; and
- monitoring company performance from the information we obtain through research and complaints, pressing the poor performers to improve and commending the better performers.

This annual report forms a significant part of the information we use to monitor company performance. It is our ninth report and covers the written complaints reported by the water only and water and sewerage companies in England and Wales in 2014/15. Written complaints include those sent by post, email, web form and fax. Appendix 1 to 11 provides the complaint numbers in full.

This report also includes the number of customer complaints CCWater received against companies by post, email, fax and telephone. For the first time this year we are also able to report written complaints to companies from household and non-household customers separately.

The information we cover in this report includes:

- the number of written complaints received by water companies in England and Wales in 2014/15 and trends from previous years;
- how well companies compare to others in the industry based on complaints per 10,000 connections;
- non-household compared to household complaint numbers for 2014/15;
- the impact on the 2014 Price Review from the water industry regulator Ofwat's Service Incentive Mechanism (SIM);
- the proportion of customer complaints not resolved first time, resulting in customers having to write again to their company;
- complaints received by CCWater about water companies, where a customer remains unhappy with the company response.

Each section of the report looks at company performance in 2014/15 and then examines trends over the past five or more years.

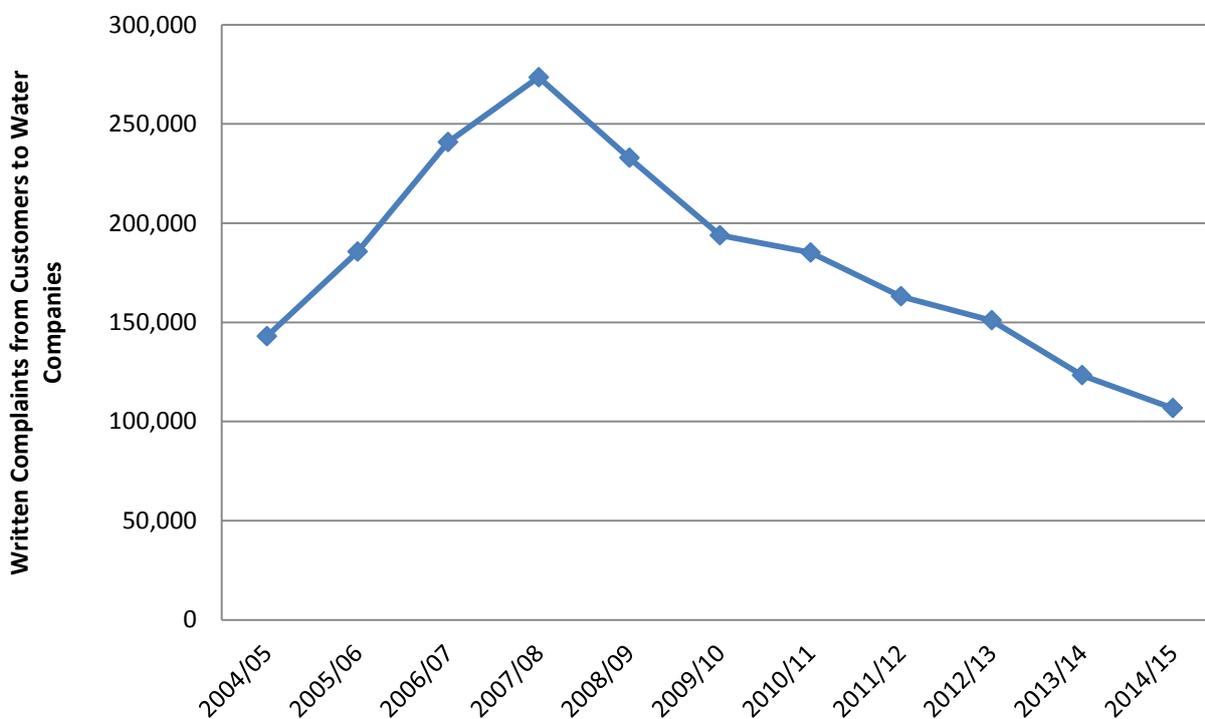
We use the information in this report to press the poor performing companies to demonstrate how they intend to improve in the future. This is done through our meetings in public and meetings with senior water company staff. CCWater also visits the poorer performing companies to review a sample of their written complaints. We also discuss individual company performance and issues across the industry with Ofwat on a regular basis.

3. Written complaints - an overview

For the seventh successive year companies received fewer written customer complaints. In 2014/15 the number of written complaints reduced to 106,693. This was 13.4% lower than the previous year's total (123,218).

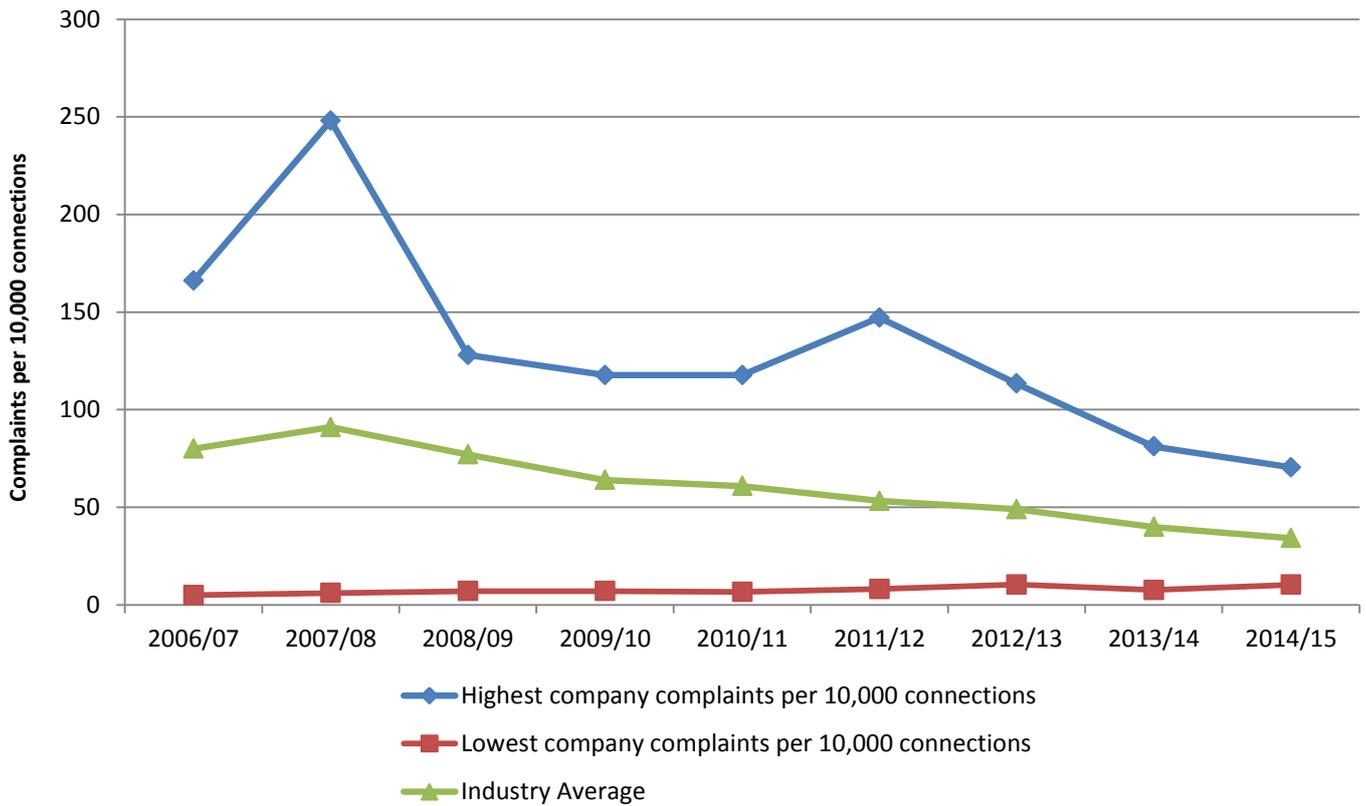
Over the past seven years CCWater has worked with companies to embed a 'right first time' ethos across their interactions with customers. By improving their delivery of services, avoiding things going wrong (and acting quickly to put things right), companies are better addressing the causes of complaints. Complaints are now below the level they were before CCWater was set up in October 2005, and 61% below the peak of 2007/08, as shown in Chart 6.

Chart 6: Total written complaints from customers to water companies from 2004/05 to 2014/15



The gap between the best and worst performing companies is falling, as Chart 7 below shows. But there can be no room for complacency, particularly for the poor performing companies. The worst performing company received twice as many complaints as the industry average in 2014/15 for complaints per 10,000 connections and over six times as many complaints as the best performing company.

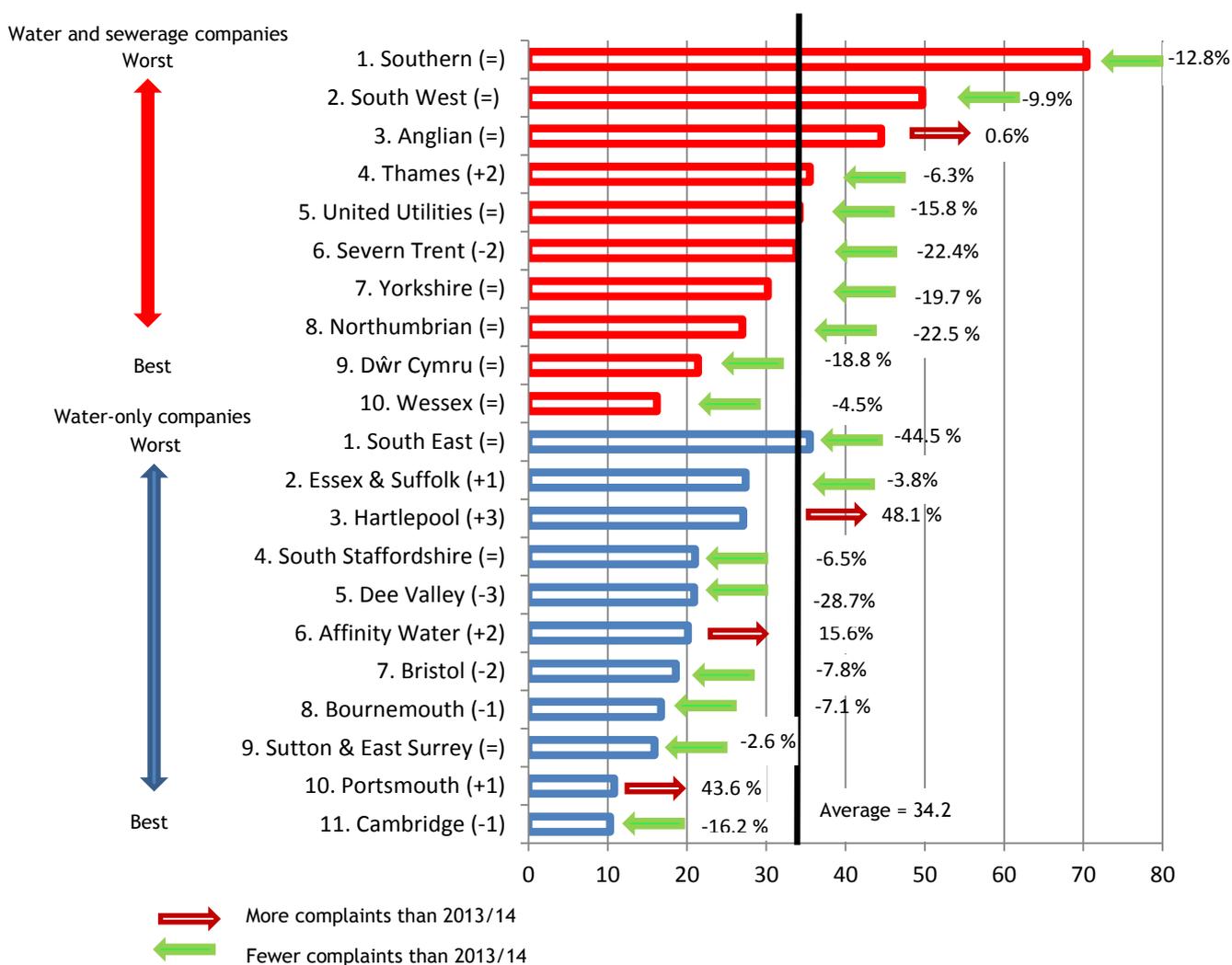
Chart 7 Complaint trends per 10,000 connections from 2006/07 to 2014/15



Complaints received in 2014/15

We compare company performance by the number of written complaints they receive per 10,000 connected properties. Chart 8 shows the number of complaints per 10,000 connections for the water-only and water and sewerage companies in 2014/15. It also shows whether the company has improved its position (-) or got worse (+) compared to the previous year. Companies that remained in the same position are denoted by (=).

Chart 8: Written complaints from customers to companies per 10,000 connections in 2014/15 and change from 2013/14



Poorest performers

Southern was the worst performer for complaints per 10,000 connections for the third successive year and higher than they were in 2010. Despite reducing complaints by almost 13% it remains well adrift with the rest of the industry, with a complaint level more than twice the industry average. Southern has had ample time to tackle its service issues, and now needs to intensify its

efforts to move into line with the better performing companies. We will continue to work with the company to put in place processes and procedures that will improve its services to customers so that it does not continue to generate high levels of complaint.

Affinity has reported an increase in complaints for the second year in a row and has made no progress in improving its position since 2010. We would like to see the company reverse this trend in time for next year's report. We will monitor the complaints we receive against Affinity and press it to improve, in particular, its 65% increase over the last two years in complaints about billing and charges.

Anglian had a slight increase in complaints, mainly about operational issues, and was the only water and sewerage company to report an increase. South West, Anglian and Thames had more complaints per 10,000 connections than the industry average.

South East was the only water-only company to be worse than the industry average for complaints per 10,000 connections. Although disappointed with its position, we are heartened that the company is moving in the right direction with a 44.5% reduction in complaints this year. South East has started an ambitious strategy to improve service through a complaint analysis tool which looks into the root causes of complaints and identifies where it can improve. It has also told us that a steering group meets monthly to review complaint numbers and issues, and that each of its directors reviews complaints at least once a week.

Hartlepool, Affinity and Portsmouth were the only water-only companies to receive more complaints than the previous year. They do not compare badly with the rest of the industry based on complaints per 10,000 connections, but Hartlepool moved to the third poorest performing water-only company. It has the lowest number of connections so a small increase in complaints can have a significant impact on its relative position.

Better performers

For the fifth year running Wessex Water was the best performing water and sewerage company for complaints per 10,000 connections; only three water-only companies reported proportionately less complaints.

Notable reductions in complaints were reported by Dee Valley (28.7%), Northumbrian (22.5%), Severn Trent (22.4%), Yorkshire (19.7%) and Dŵr Cymru (18.8%).

Cambridge replaced Portsmouth as the company with the fewest complaints per 10,000 connections by reducing complaint numbers by almost one-sixth.

We will be discussing with Portsmouth how it might reverse its upward trend in complaint numbers.

Complaints across the past five years

Although the industry has reduced complaint numbers per 10,000 connections by 43.7% over the past five years, some companies have done significantly better than others. Table 2 shows the number of written complaints to all water companies since 2010 per 10,000 connections. Companies are separated between water and sewerage and water-only companies and are ranked based on how much they have improved over the five years.

We commend United Utilities, Wessex, Northumbrian, Cambridge, Dee Valley, South Staffs, Bristol, Essex & Suffolk, Sutton & East Surrey, and Bournemouth for showing a year on year improvement in reducing complaint numbers over the five year period.

Table 1: Written complaints from customers to water companies from 2010/11 to 2014/15 per 10,000 connections

| Water company | | 2010/11 | 2011/12 | 2012/13 | 2013/14 | 2014/15 | % change from 2010/11 |
|------------------------------|----------------------|-------------|-------------|-------------|-------------|-------------|-----------------------|
| Water and Sewerage Companies | United Utilities | 117.7 | 81.5 | 49.4 | 40.8 | 33.9 | -71.2 |
| | Dŵr Cymru | 72.4 | 30.4 | 26.0 | 26.4 | 21.0 | -71.0 |
| | Wessex | 37.8 | 22.5 | 20.4 | 17.1 | 16.2 | -57.1 |
| | Northumbrian | 47.4 | 30.4 | 36.8 | 32.6 | 27.2 | -42.6 |
| | Severn Trent | 57.2 | 48.8 | 41.9 | 43.8 | 33.8 | -40.9 |
| | South West | 77.1 | 56.8 | 53.1 | 55.6 | 50.1 | -35.0 |
| | Thames | 54.2 | 60.7 | 56.5 | 38.2 | 35.5 | -34.5 |
| | Anglian | 66.7 | 60.4 | 56.9 | 44.4 | 44.5 | -34.2 |
| | Yorkshire | 41.1 | 36.1 | 45.0 | 37.8 | 30.2 | -26.5 |
| | Southern | 62.5 | 64.5 | 113.3 | 81.1 | 70.4 | 12.6 |
| Water-only companies | Cambridge | 31.8 | 24.5 | 20.6 | 12.4 | 10.3 | -67.6 |
| | Dee Valley | 59.5 | 50.4 | 35.8 | 29.6 | 20.9 | -64.9 |
| | South East | 93.0 | 147.1 | 98.0 | 69.4 | 38.2 | -58.9 |
| | South Staffordshire | 45.3 | 39.8 | 27.2 | 20.9 | 19.0 | -58.1 |
| | Bristol | 39.3 | 23.2 | 22.3 | 20.3 | 18.6 | -52.7 |
| | Essex & Suffolk | 44.6 | 41.3 | 34.6 | 28.7 | 27.4 | -38.6 |
| | Sutton & East Surrey | 23.4 | 19.7 | 17.8 | 16.4 | 15.9 | -31.6 |
| | Bournemouth | 23.7 | 23.0 | 18.5 | 18.0 | 16.7 | -29.5 |
| | Affinity | 20.3 | 16.6 | 15.2 | 17.4 | 20.1 | -1.0 |
| | Hartlepool | 26.5 | 30.1 | 26.1 | 18.5 | 27.1 | 2.3 |
| | Portsmouth | 6.6 | 8.1 | 10.4 | 7.6 | 10.8 | 63.6 |
| All companies | | 60.8 | 53.2 | 49.0 | 39.8 | 34.2 | -43.7 |

| Key | |
|------------------------------------------|--|
| Decrease on previous year/2010 base year | |
| Increase on previous year/2010 base year | |

Making progress

United Utilities' performance over the past five years highlights the significant improvements a water company can make. In 2010 it was the worst performer in the industry. Since then the company has made great efforts to turn around its complaint numbers which are now at the industry average. It adopted a greater priority on customer service through:

- bill simplification;
- up-skilling staff through training;
- a new operating model to three centres, metered, unmetered and business customers so their staff have more ownership of customer issues;
- a web chat facility;
- the development of a knowledge management system; and
- keeping customers informed through text messaging to keep them updated on progress and confirm resolution.

Dŵr Cymru should also to be congratulated on the improvement it has made since 2010, reducing complaints by over 70%. Cambridge and Dee Valley have done well to report the highest percentage reduction over the period for water-only companies (67.6% and 64.9% respectively).

4. Written complaints - by category

We ask water companies to report their written complaints under five categories:

- billing and charges;
- water supply (water pressure, quality, leakage, etc.);
- sewerage services (drainage, sewage treatment, sewer flooding, etc.);
- metering; and
- “other” services (company administration, attitude of staff, etc.)

Although companies’ reporting systems vary slightly in how they assign complaints received to the five categories, they are robust enough year on year to provide an indication of issues that may require further investigation. For example, we use the information to identify patterns or particular issues, and raise these with individual companies or with the wider industry.

Chart 9: Written complaints from customers to water companies by category from 2013/14 to 2014/15

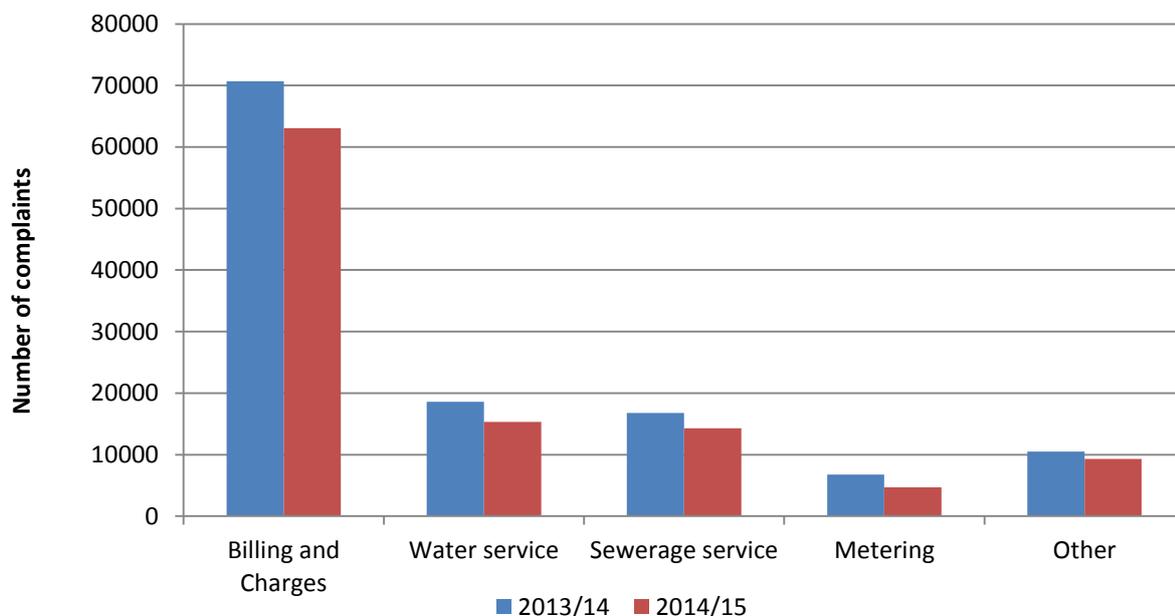
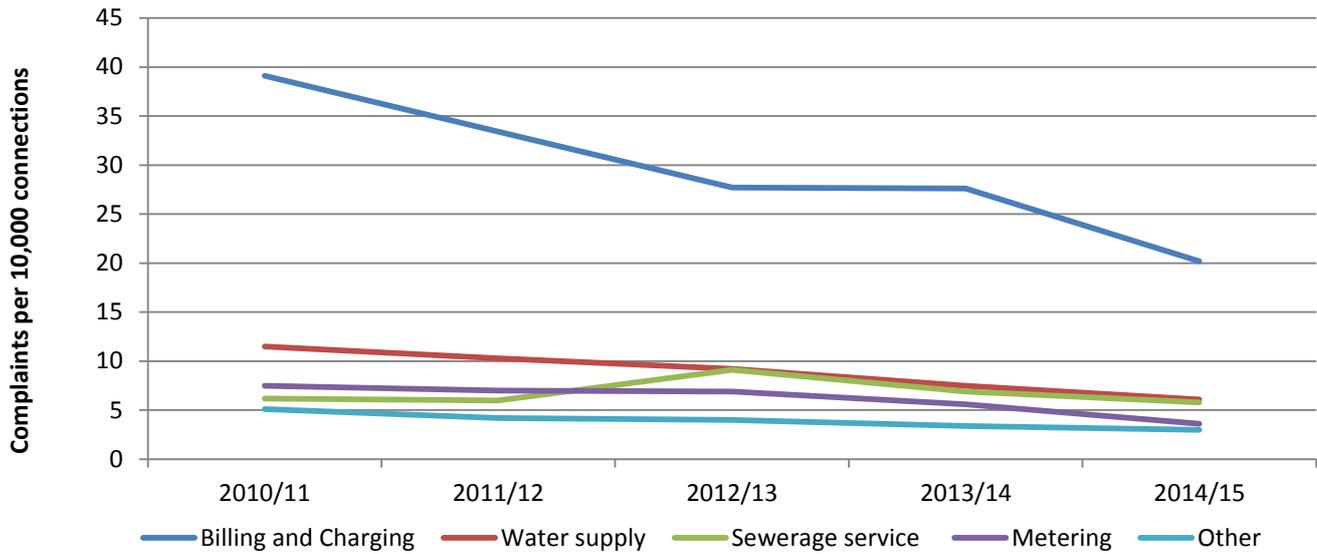
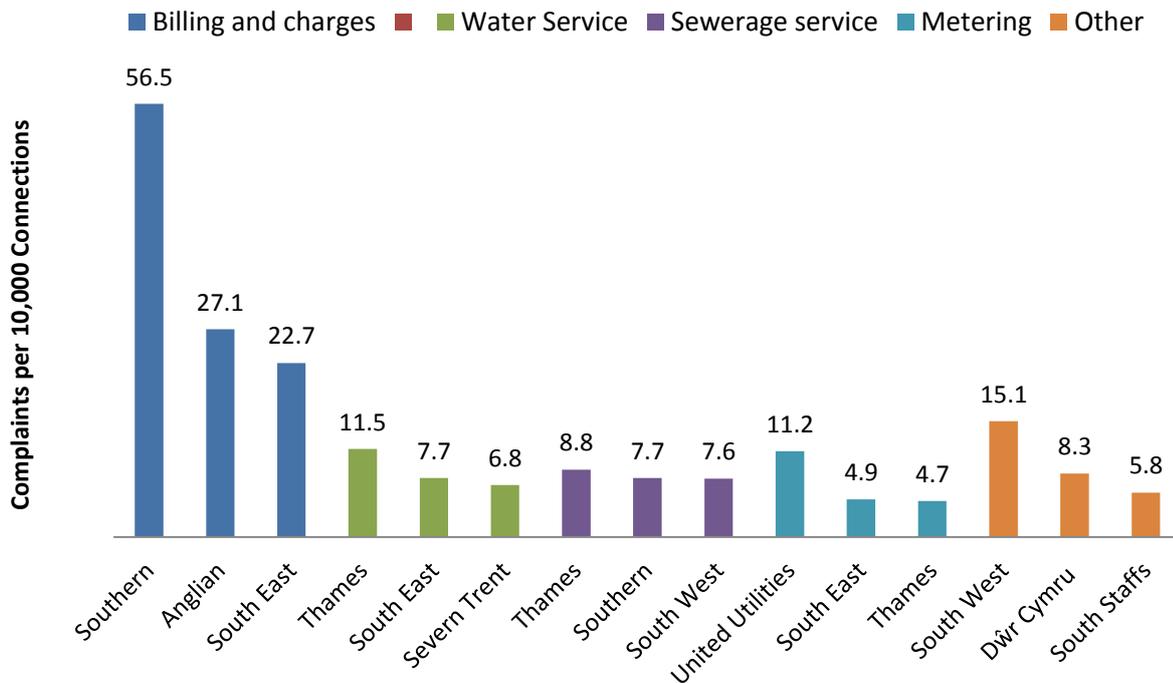


Chart 10: Written Complaints per 10,000 connections by main category from 2011/12 to 2014/15



With the notable exception of sewerage services, there is an improving picture over the past five years. For example, complaints about billing and charges, the dominant complaint category, almost halved during the period. Yet for some companies, complaint numbers in one or more of the five categories continue to be comparatively high, as Chart 11 shows.

Chart 11: Three poorest performing companies in each complaint category when measured by complaints per 10,000 connections



Billing and charges

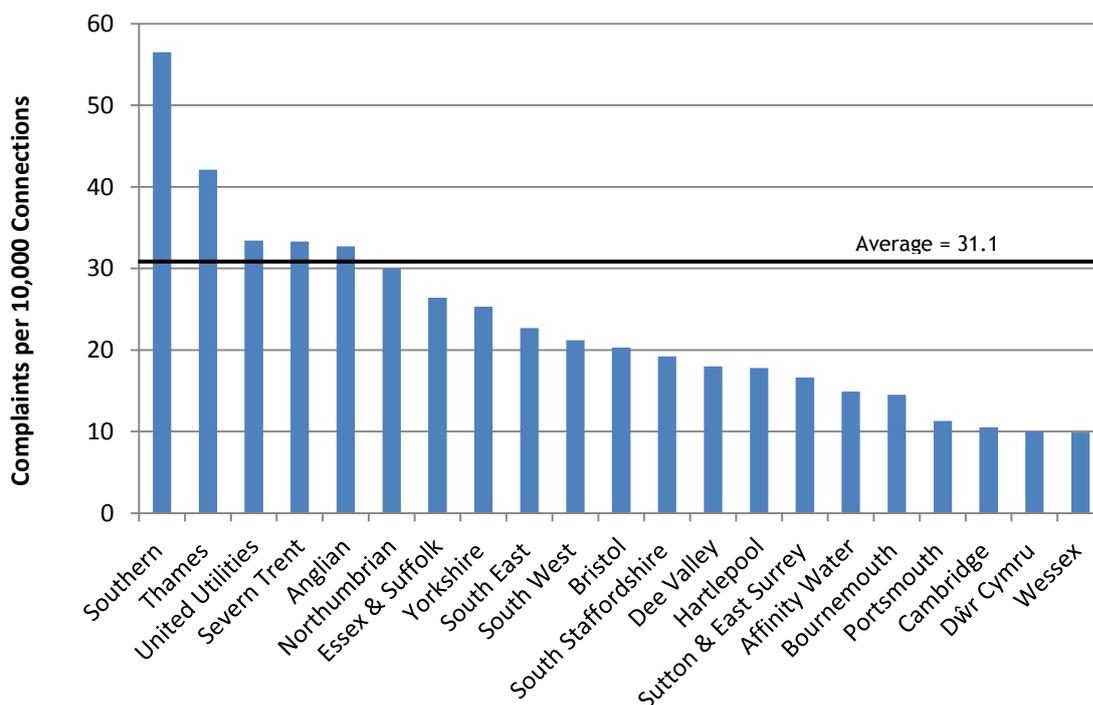
Billing and charges affect all customers. Generally, problems arise on individual accounts, either because of a company oversight or because customers believe they have been overcharged or unfairly treated. Water companies charge on a measured basis for customers with a meter who pay by the volume of water they use. Customers without a water meter pay on an unmeasured basis, a set amount each year. Unmeasured customers often complain about the level of charges. In most cases the only way this can be changed is if the customer chooses to have a meter.

Although paying for the amount of water a customer uses is a fairer basis for charging, there is scope for more to go wrong on the customer's account. Complaints about delays in companies reading meters, misreads, estimated bills, leaks on the customer's side of the meter leading to higher than normal bills are typical of the issues that metered customers raise.

It is in every company's gift to resolve measured billing complaints. We have challenged them to waive excess charges when it cannot be explained why customers have one-off high bills. We have advised customers, and encouraged companies, to offer advice on the importance of saving water as a means of keeping bills down.

Chart 12 shows measured billing and charges complaints per 10,000 metered connections. Some companies have not been able to provide data as accurate as they would like; these companies are engaged in compulsory metering programmes. Where this is the case, the billing and charges complaints have been apportioned based on the number of measured customers.

Chart 12: Billing and charges complaints from measured customers to water companies per 10,000 metered connections



Water supply

Complaints about water supply include leaks on pipework, poor water pressure, interruptions to supply and tap water quality. Water supply complaints were the second biggest cause of complaints to the industry in 2014/15.

Sewerage service

Complaint numbers for this category can fluctuate with extreme weather. There were no prolonged periods of heavy rainfall in the year so a fall in complaint numbers was to be expected.

Sewerage service complaints can sometimes take a long time to resolve as resolution can involve repairs or improvements to infrastructure. We press companies to implement mitigation measures for customers, while a longer-term solution is developed. In these situations it is crucial that the customer accepts the temporary measure and is kept informed about progress towards a permanent solution.

Metering

More than half of the customer base in England and Wales are charged for water by a meter. The figure has increased over the years as:

- all newly built properties are metered;
- some companies meter properties on change of occupancy;
- in areas of water scarcity, such as the south east of England, some companies are working to meter all properties; and
- customers choose to have a meter to save money.

We are pleased that metering complaints continue to reduce despite more customers being metered. What is unusual and requires attention is that the poorest performer - United Utilities - is not one of the companies engaged in a compulsory metering programme.

'Other' services

Generally, 'other' service issues involve administrative complaints such as customers being unable to contact the company, confusing company correspondence and literature, or a failure by company staff to understand and resolve a customer's query. Despite these types of complaints not being as severe as, for example, a supply interruption, they can often expose an underlying or fundamental administrative weakness or problem.

Companies can avoid these complaints by ensuring their literature is clear, their telephone and IT systems work effectively and contact centre staff are suitably trained and resourced.

5. Written complaints and Ofwat's Service Incentive Mechanism

Water companies that deliver better service have:

- a reputational boost as they will compare better to their peers in this report;
- lower costs as companies use less resource to deal with and resolve customer complaints;
- better performance in Ofwat's Service Incentive Mechanism (SIM).

The SIM is a tool used by Ofwat to incentivise the service companies provide to customers. It measures company performance in two ways;

- customer satisfaction from a contact survey based on all contacts a company receives;
- a metric based on:
 - unwanted telephone contacts ('unwanted' from the customer's point of view); and
 - written complaints, repeat written complaints and CCWater investigations. The latter occurs when a customer remains unhappy with the company's response to their complaint.

SIM performance is used in Ofwat's five year pricing period to reward those companies which deliver better service with up to an additional 0.5% on a company's first-year charges in the following pricing period, while penalising the poor performing companies up to -1%.

We called for Ofwat to use the full range of penalties and incentives for the 2014 Price Review to ensure companies are fully incentivised to deliver better service to customers. Ofwat shared our view and used almost the full range of the SIM's penalties and incentives in its determination of price limits.

Table 2 shows each company's complaint performance from 2010/11 to 2014/15 and the SIM reward or penalty, including financial adjustments. It should be noted that Ofwat used only data for the three years from 2011/12 to 2013/14 within the SIM assessment for the 2014 Price Review.

As noted above, written complaints form only part of the SIM and therefore there is no direct read across between complaints performance and SIM. However, there may be some correlation between the two as customers taking part in the contact survey may obtain their impression of the company as much by how they handle contacts and complaints as by the service they deliver 24 hours a day, seven days a week.

Table 2: Written complaint performance per 10,000 connections and SIM impact

| Complaints per 10,000 connections | | | | | Water company | SIM impact | | |
|-----------------------------------|---------|---------|---------|---------|------------------------------|----------------------------|-------------------------------|-------|
| 2010/11 | 2011/12 | 2012/13 | 2013/14 | 2014/15 | | SIM penalty or incentive % | Financial adjustment £million | |
| 66.7 | 60.4 | 56.9 | 44.4 | 43.9 | Water and Sewerage Companies | Anglian* | +0.3 | 17.4 |
| 72.4 | 30.4 | 26.0 | 26.4 | 21.0 | | Dŵr Cymru | +0.2 | 6.8 |
| 47.4 | 30.4 | 36.8 | 32.6 | 27.2 | | Northumbrian** | +0.2 | 7.2 |
| 57.2 | 48.8 | 41.9 | 43.8 | 33.8 | | Severn Trent | - | 0 |
| 62.5 | 64.5 | 113.3 | 81.1 | 70.4 | | Southern | -0.7 | -26.0 |
| 77.1 | 56.8 | 53.1 | 55.6 | 50.1 | | South West | -0.5 | -11.8 |
| 54.2 | 60.7 | 56.5 | 38.2 | 35.5 | | Thames | -0.9 | -84.0 |
| 117.7 | 81.5 | 49.4 | 40.8 | 33.9 | | United Utilities | - | 0 |
| 37.8 | 22.5 | 20.4 | 17.1 | 16.2 | | Wessex | +0.5 | 12.3 |
| 41.1 | 36.1 | 45.0 | 37.8 | 30.2 | | Yorkshire | - | 0 |
| 20.3 | 16.6 | 15.2 | 17.4 | 20.1 | Water-only companies | Affinity | - | 0 |
| 23.7 | 23.0 | 18.5 | 18.0 | 16.7 | | Bournemouth | +0.5 | 1.1 |
| 39.3 | 23.2 | 22.3 | 20.3 | 18.6 | | Bristol | +0.5 | 3.0 |
| 59.5 | 50.4 | 35.8 | 29.6 | 20.9 | | Dee Valley | -0.1 | -0.1 |
| 6.6 | 8.1 | 10.4 | 7.6 | 10.8 | | Portsmouth | -0.5 | -0.9 |
| 93.0 | 147.1 | 98.0 | 69.4 | 38.2 | | South East | -0.7 | -7.2 |
| 45.3 | 39.8 | 27.2 | 20.9 | 19.0 | | South Staffs*** | +0.5 | 2.8 |
| 23.4 | 19.7 | 17.8 | 16.4 | 15.9 | | Sutton & East Surrey | +0.1 | 0.3 |
| 60.8 | 53.2 | 49.0 | 39.8 | 34.2 | | Average / total | | |

| | |
|------------------------------------|--|
| ≤ 25% of the industry average | |
| Within 25% of the industry average | |
| ≥ 25% of the industry average | |

* Includes Hartlepool Water

**Includes Essex & Suffolk Water

***Includes Cambridge Water

6. Unwanted telephone contacts

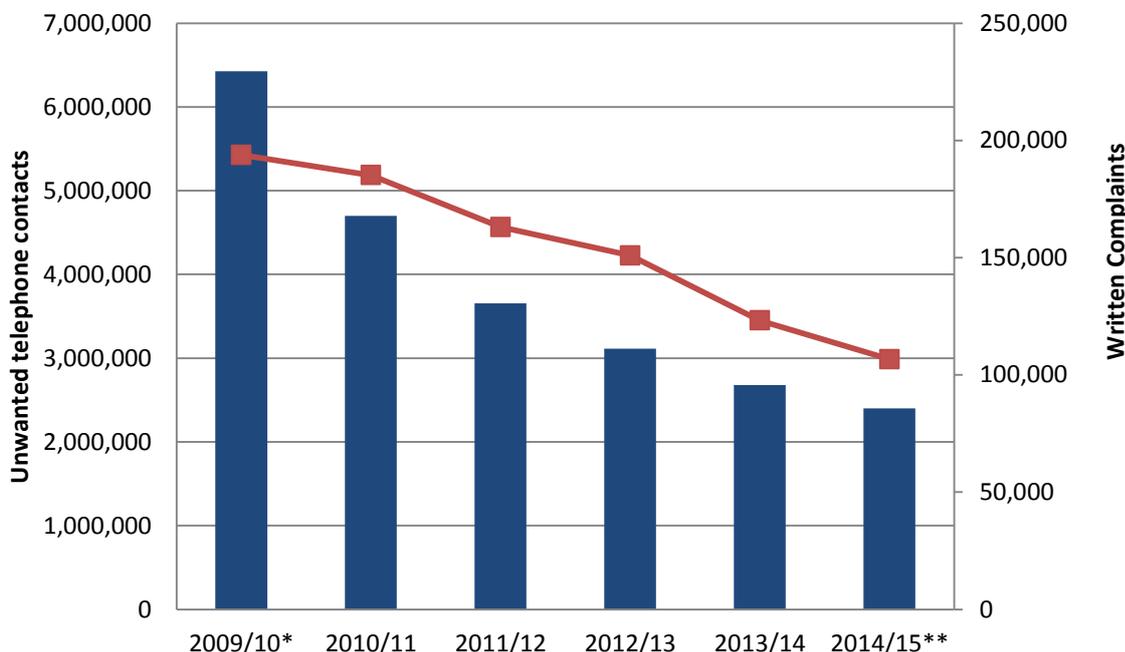
Email, text and web forms are increasingly being used by customers to contact companies. Yet, the telephone is still the preferred means of contact for most customers. Depending on the individual customer, it offers immediacy and convenience to the customer.

As written complaints have fallen, so too have those telephone contacts which are considered ‘unwanted’ from the customer’s perspective. This may suggest that, among other things, company initiatives in directing customers to the Frequently Asked Questions section of their website is helping to reduce telephone traffic.

In 2014/15, there were just over 2.4 million unwanted contacts reported, a 10% fall on the previous year’s figure of 2.68 million. The two figures are, however, not directly comparable as, for some companies, the 2014/15 data excludes contacts from non-household customers. This is because Ofwat require companies to report, from 2015/16 onwards, unwanted contacts from household customers only. Some companies decided to do so a year earlier as it was only a pilot year on the new SIM measures.

Nevertheless, as Chart 12 shows, the fall in written complaints and telephone contacts broadly follow the same, improving trajectory.

Chart 13 Unwanted telephone contacts and written complaints to companies from 2009/10 to 2014/15



*2009/10 was a pilot year for unwanted contacts which may not be reflective of industry performance

**2014/15 includes unwanted contacts for households only from some companies

Key

| | |
|-----------------------------|--|
| Written complaints | |
| Unwanted telephone contacts | |

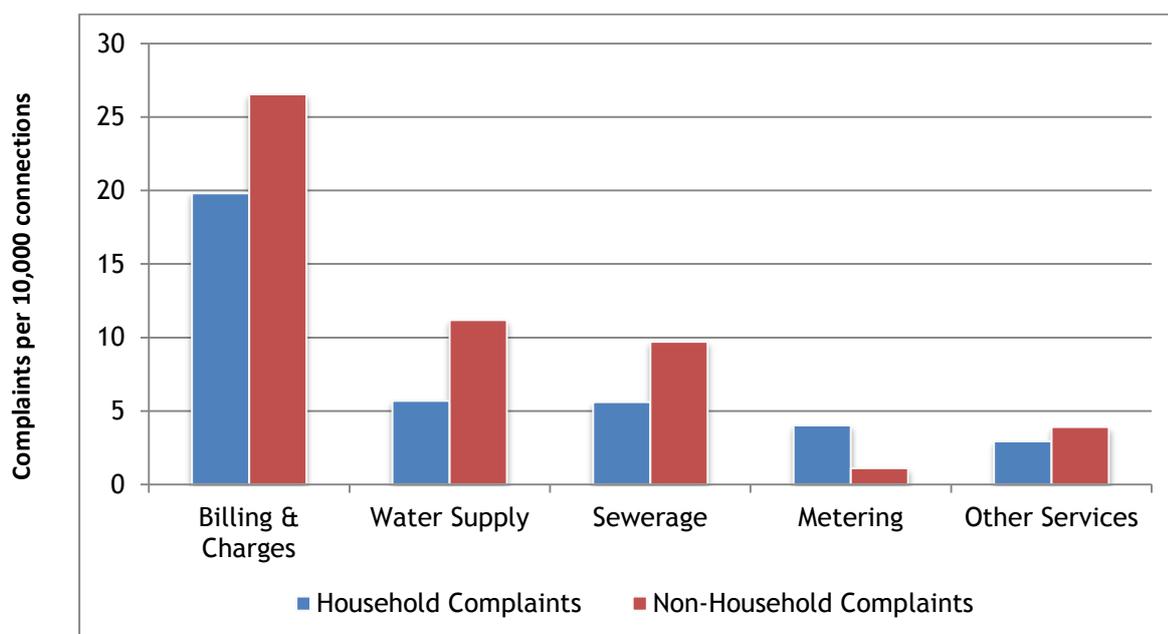
7. Non-Household Customer Complaints

We asked water companies to report complaints received from households and non-households separately. Non-household customers include commercial premises, factories, shops, hospitals, universities, etc. This provides CCWater with additional data to help inform our work improve services for non-household customers.

In 2017 retail competition will be extended in England to include all eligible non-household customers. This will apply to around six per cent of customers who will be able to choose who provides their retail services (the customer facing services rather than the supply of water and treatment of used water).

There were 47.8 written complaints per 10,000 connections for non-household customers compared to 33.1 for household customers. Caution should be taken with the numbers as this was a new reporting requirement last year. However, the figures show significant differences across four of the five complaint categories.

Chart 14: Household and non-household main category complaints per 10,000 connections



As Chart 14 shows, the biggest difference was water supply complaints which were almost twice as high. This could have significance for water companies in England when retail competition is extended to all non-households from April 2017.

Non-household customers receiving a poor service may be more demanding of their retail provider than in the past with the threat of switching to another retailer if service does not improve. Companies that deliver poor service, or are unable to press their wholesaler to improve service delivery, run the risk of losing customers to their competitors.

8. Written customer complaints resolved after the first written contact

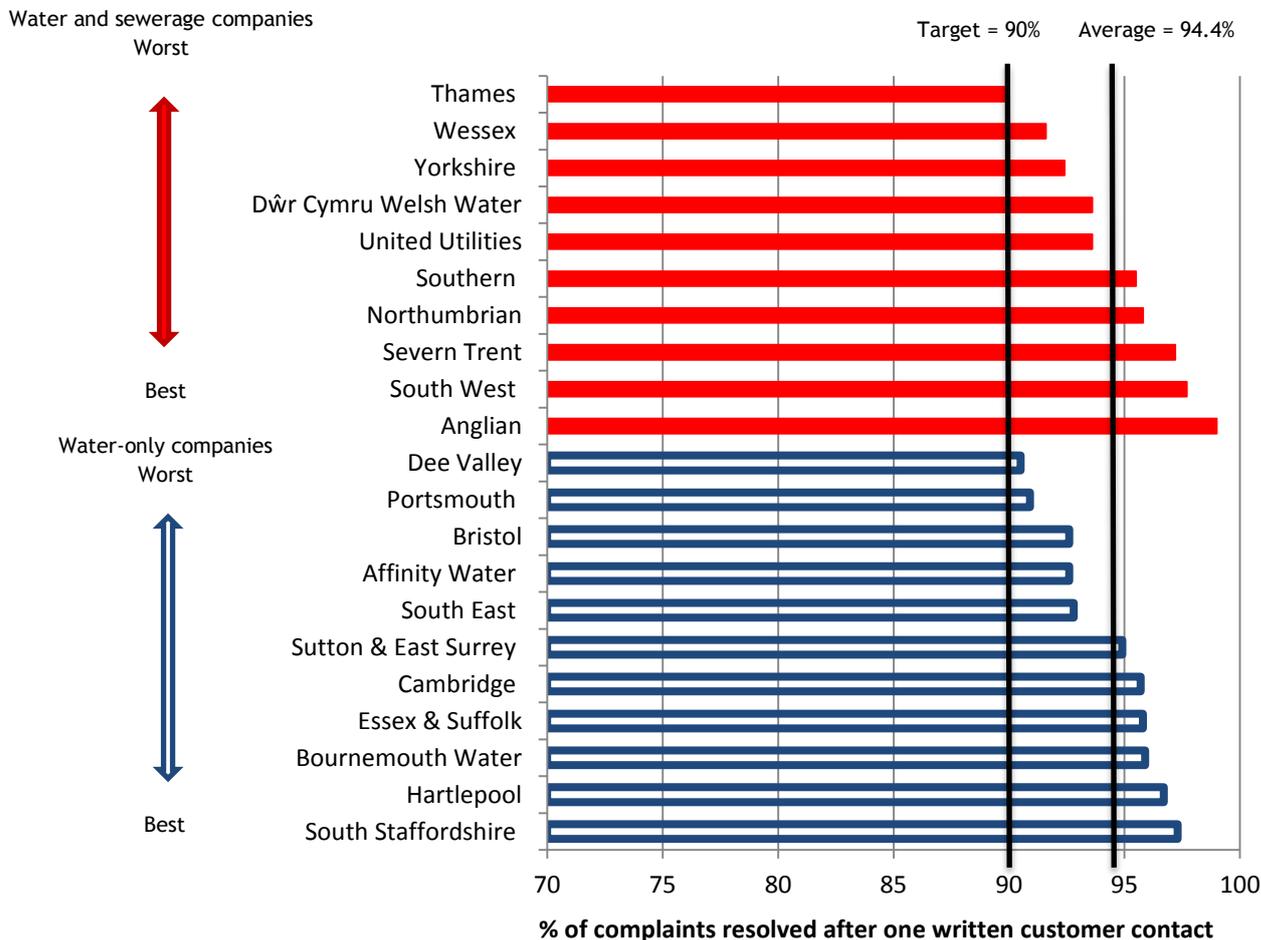
Water companies should provide a good service and work to minimise customer complaints. When customers do complain, companies should deal with them effectively and within a reasonable time scale.

Not all complaints can be resolved straight away, and some may require a company to make a site visit to identify the issue. Generally, companies should be able to address customer concerns once they become aware of the problem after the first written contact.

Too often, companies miss the opportunity to resolve complaints after the first contact. Reasons for this can vary but are often a result of not addressing all customer concerns, company staff not being empowered to resolve complaints, or poor communication within the company. Customers' expectations and demands are changing and companies need to adapt to deal with these changes, whether through improving communication, internally and externally, or a change of policies, processes and procedures.

We expect companies to resolve 90% of complaints after the first written contact. Last year 94.4% of complaints were resolved at that point, a 0.4% improvement on the previous year. Company rankings are shown in Chart 15.

Chart 15: Written complaints from customers resolved after the first written contact



9. Customer complaints received by CCWater about water companies

Companies generally have a two-stage complaints procedure, and we only formally investigate a complaint once it has exhausted the company's complaints procedure.

However, we are often approached by customers for advice about company policies or procedures, including the complaints procedure. We provide that advice, and in some cases we will advise customers on their rights and responsibilities. For some customers that is all that they initially require as they plan to take up their complaint directly with the company.

Informal complaint resolutions

Customers sometimes need a helping hand. This may be CCWater referring a complaint to the company on the customer's behalf. In other cases we may phone or write to the company to informally suggest a resolution to the complaint. This sometimes involves a lot of negotiation with the company to meet the customer's concerns where we feel these are reasonable.

We offer this service irrespective of the stage at which the customer's complaint sits within the company procedure.

In 2014/15, CCWater dealt with 10,138 customer complaints about their water company both by telephone and in writing. This was 2% higher than the previous year (9,957). Full details appear in Appendix 9.

Company performance was mixed. We received fewer complaints against most companies, but there were some exceptions. Of the water and sewerage companies, we received 55% more complaints in telephone and writing about Southern than the previous year. For Severn Trent and Anglian, we received 12% and 13% more complaints respectively.

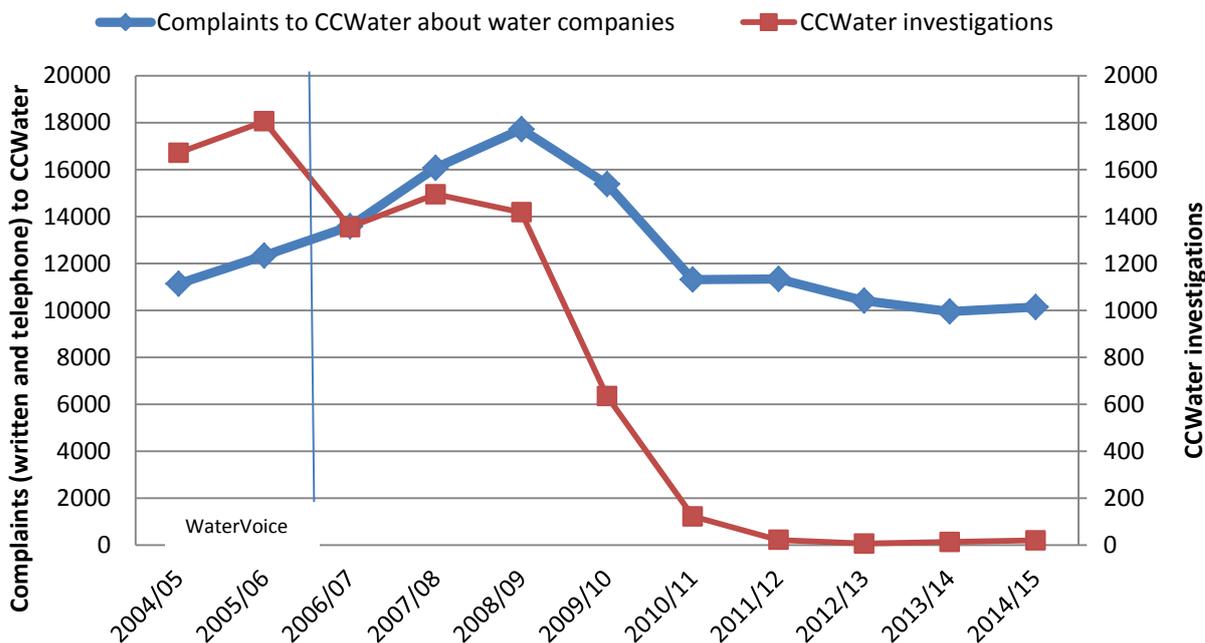
More customers complained to us about the following water-only companies than in the previous year: Bristol (9%), Portsmouth (12%), Hartlepool (17%), Affinity (19%) and South Staffs (74%). However, caution should be taken with the water-only company complaint numbers as some of the baseline numbers and increases are low, in absolute terms.

Formal investigations

When a customer complaint has gone through the company's procedure, and we feel the issues have not been addressed sufficiently, we will challenge the company to reconsider its position through a formal investigation of the complaint. In 2014/15, CCWater formally investigated 20 customer complaints about water companies. This was an increase on the previous year's total of 13. However, the number is still much lower than previous years.

Chart 16 shows both the total number of complaints received and those formally investigated by CCWater since our inception in October 2005. It also shows data going back to 2004/05 when complaints were handled by our predecessor, WaterVoice.

Chart 16: CCWater total complaints and formal investigations from 2004/05 to 2014/15



The reduction in CCWater formal investigations is attributable to a combination of:

- CCWater’s informal involvement with customer complaints, adding value by making recommendations to companies earlier in the complaint process;
- company initiatives to improve their complaint handling, which we welcome; and
- a high SIM penalty for a CCWater investigation.

Over the past five years, formal investigations have been the exception rather than the norm. We have challenged the industry to improve their complaint handling, and most companies have made good progress. Going forward, we want to see the worst performing companies move closer to the better performing companies for complaints per 10,000 connections.

Rebates and compensation

In 2014/15, we helped secure £2.2 million in bill rebates and compensation for customers who approached us with a complaint about their water company. Overall, we have helped to secure more than £20 million in financial redress for customers since 2005.

Alternative Dispute Resolution

Companies mostly follow our recommendations to resolve complaints. However, complaints sometimes reach deadlock, either because the company and CCWater do not reach agreement or the customer remains dissatisfied with the proposed resolution. Over the past two years we have worked with the industry and Ofwat to introduce an Alternative Dispute Resolution scheme for the few cases which remain deadlocked.

The Water Redress Scheme (WATRS) was launched on 1 April 2015 and provides an opportunity for customers to have an independent resolution to their complaint that is binding on the company. It provides customers with a quicker and cheaper alternative to the courts.

10. Future CCWater work

There are many positives in seeing complaints to companies reducing for the seventh consecutive year. All of the main categories of complaint have reduced, showing improving service in all areas from water companies. However, there were factors which helped companies:

- There was no significant extreme weather in the year which could have increased operational complaints; and
- There were no significant bill increases in the year.

Companies are incentivised to keep complaints low or face penalties from SIM. Despite this some companies still received more complaints than previous years. The gap between the best and the worst has closed, but remains too high.

There is no room for complacency, and the industry still has much to do to meet current and future challenges. The higher proportion of complaints made by non-household customers to households show there are service issues which need to be addressed. This is an area we will look at closely, and particularly as we move towards increased retail competition for non-household customers in England from April 2017.

As the number of household properties being metered continues to grow, so will the opportunity for things to go wrong. Incorrect or estimated readings, one-off high consumption and leaks on pipework leading to high bills are all challenges the companies need to overcome if they are to maintain year-on-year reductions in complaints.

In addition, the effects of climate change and extreme weather events on operational activities could lead to more complaints. This could include the need to impose water restrictions, tackle increased supply interruptions due to very cold weather and a subsequent rapid thaw, or deal with an increase in sewer flooding incidents.

Customer expectations are also changing. A large proportion of written contact is now done by email and customers often expect a quicker response. Customers are also empowered to pursue their grievances with water companies through social media channels, such as Twitter and Facebook.

We will use the information in this report to actively address issues with companies and drive the right behaviour for the industry to deliver better customer service and continued year-on-year reductions in complaints whatever channels customers choose to use.