

CONSUMER COUNCIL FOR



CYNGOR DEFNYDDWYR



CCWater Cyclical Debt Assessments Overview

2016/17

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Introduction

The Consumer Council for Water (CCWater) is the statutory body that represents the interests of consumers of the water and water and sewerage companies in England and Wales. We operate through four committees in England and a committee in Wales. Since our formation in 2005, we have pressed companies to deliver the best possible service to customers.

How companies collect revenue is one of their most important areas of service. They should collect revenue effectively; through good administration, keeping in contact with their customers and taking appropriate action when customers do not pay. However, we expect companies to be sensitive when customers are experiencing difficulty.

Communication between the customer and company is essential for revenue collection to work well. It is better if the customer informs the company when experiencing financial difficulty as the company can then steer the customer to available help. Companies should at least make regular attempts to keep in touch with customers outside the normal billing process. Successful communication avoids customer debt accumulating to an unmanageable level that can deter the customer from making contact with the company.

CCWater's debt management assessments consider this balance. Each year CCWater staff and our Local Consumer Advocates from our committees in the English regions and Wales visit companies to review a sample of 25 domestic accounts in arrears. We assess:

- How effective companies are when collecting revenue and how flexible they are with customers experiencing difficulty;
- Whether companies have adhered to their Code of Practice on debt; and
- Whether the company has followed Ofwat's 'Guidelines for dealing with households in debt'.

Our assessments form an important but only a part of the work we do on affordability and debt. Other work we do includes:

- Our regional Chairs, Local Consumer Advocates (LCAs) and Policy and Consumer Relations teams discussing debt and affordability amongst other areas of business in regular liaison meetings with companies.
- Through our research, ensuring that for the five year price review, bills are acceptable to customers.
- Helping develop advice, awareness and access to assistance schemes for customers experiencing affordability issues.
- Working with companies on the development, implementation and enhancement of social tariffs and assistance schemes so they maximise the help to customers in need.
- Dealing with customer complaints against their water company about debt collection issues.

2.	Debt Assessment Process
	<p>Regional and Wales LCAs and staff visit at least one company in their area annually and review a sample of 25 pre-selected accounts that have fallen into arrears. The accounts include:</p> <ul style="list-style-type: none"> • five which have current year debt, • fifteen with arrears greater than a year, and • five which the company passed to an external debt collection agency. <p>In the event companies do not use an external debt collection agency we assess twenty accounts with arrears over a year old.</p> <p>Ahead of the assessment, companies provide information on their collection strategies and performance. Companies also provide an outline of their collection process and, if applicable, update the panel on previous recommendations made. The assessment panel uses this information in discussion with the company on the day and to see how well the company initiatives are working in practice.</p> <p>On the day of the assessment, the CCWater panel discusses with the company its initiatives and the information provided by the company ahead of the assessment. The panel then assesses the accounts and marks them either as ‘good’ or ‘needs improvement’ based on a set of standard questions.</p> <p>The assessment questions whether the company has:</p> <ul style="list-style-type: none"> • adhered to its collection timescales and processes; • used different strategies and techniques to contact the customer; • used appropriate methods to contact the customer; and, • considered the customer circumstances once they have made contact. <p>Companies can appeal any account the panel marks as ‘needs improvement’, which is then reviewed by a Chair or LCAs from another region.</p>
3.	Company Performance from the assessments
	<p>Revenue collection is changing, companies are now using credit reference agencies as a means to identify any customer issues, help trace customers and give customers more of an incentive not to fall into arrears. Companies are also using technology differently such as online instructions and social media.</p> <p>We saw an improvement in the year overall, with some companies performing very well. Overall, panels marked almost 74% of cases as ‘good’. This was a significant improvement on the 59% on the previous year.</p> <p>The difference between companies’ performance was mainly down to communication. The better performers used more methods of contact more regularly, and, having contacted customers, learned of their circumstances and offered appropriate assistance. Companies with lower scores tended to let accounts lapse for too long without attempts at contact.</p>

4.	Good company practice
	<p>Companies evidenced good initiatives in their revenue collection, especially through their use of communication tools. Panels saw good practice from previous years become the norm - such as communication with external agencies and charities. Customers were accessing social tariffs and companies were offering them in correspondence to their customers.</p> <p>All companies were liaising with debt charities as well as having their own schemes and social tariffs to help their customers get back on track.</p> <p>Our assessment panels noted that where companies were aware of customer circumstances, they were more effective in finding the right assistance. Other areas of company good practice from the assessments in the year included:</p> <ul style="list-style-type: none"> • companies attempting home visits before pursuing the matter through the courts; • for customers struggling, the company offering a payment plan of £1 for three months to give the customer time to contact the Stepchange charity; • online video guidance on how to pay your bill and help available; • increasing awareness through local radio and roadshows; • payment holidays; • ‘town action planning’ where companies carry out doorstep visits to customers who have not contacted them to help find the right scheme to help; • ‘tell me’ initiative where customer advisors highlight any policies or processes they feel should be changed to the company’s Customer Services Director.
5.	Assessment panel recommendations
	<p>Where our panels see good practice in one company we will share it with another if we feel it would benefit. This year panels made generic recommendations such as keep in regular contact and learn more about their customers.</p> <p>Below are examples of more specific assessment panel recommendations:</p> <ul style="list-style-type: none"> • use what the customer can pay as a finishing point rather than setting payments too high; • consider offering a benefit check for customers through some websites which offer this assistance; • try using different forms of communication such as text messages where possible. It might help reduce costs; and • consider clarifying the outstanding balance to customers by separating the amounts from different account years. <p>Companies usually adopted our recommendations or provided us with evidence that they were already following the recommendations we made.</p>
6.	Conclusion
	<p>Our Panels were pleased to see companies improving on the previous year. However, there were gaps between the best and poorer performing companies. We will work to ensure that companies lagging behind the better performers close this gap and</p>

customers receive a similar service, although we accept that there are different demographic challenges for each company.

Revenue collection has to be a two way process when it comes to communication. This is a challenge when some customers cannot or refuse to engage. Companies identifying customer vulnerability and offering assistance goes some way to building a bridge to customers but this does not always happen.

For most customers, the bill and payment is the only interaction they have with their company. Our debt management assessments provide us with first hand information on how companies deal with customers when things go wrong and how they perform. By looking at actual cases we can see how well company initiatives are working. We will continue to monitor company activity and look to the industry to build on the improvements made last year.