

CONSUMER COUNCIL FOR



CYNGOR DEFNYDDWYR



CCWater Debt Assessments Overview

2017/18

1	Introduction
	<p>The Consumer Council for Water (CCWater) is a statutory body that represents the interests of customers of the regulated water and water and sewerage companies in England and Wales. We operate through four committees in England and one committee in Wales.</p> <p>Many customers face pressure in managing their household income to meet the rising cost of bills. CCWater research suggests that around 3million households in England and Wales find their water bills unaffordable.</p> <p>Over the years we have challenged the water industry to ensure they do more to help those customers struggling to pay. As a result, almost 400,000 low income households are now receiving lower water bills through companies' social tariff schemes.</p> <p>Good communication with customers is essential when collecting revenue. We expect water companies to effectively collect revenue but to offer assistance to customers who are struggling financially to pay their water charges.</p> <p>We issue advice to customers on ways they can cut their bills. Our water meter calculator provides a guideline for customers to check if they would be better off with a meter rather than paying unmeasured charges. We have also partnered with Turn2us, a national charity which provides a benefits calculator and grants search so customers can identify what financial assistance they could be eligible for.</p> <p>Debt assessments is another area of work we carry out to assist customers who are struggling to pay. Every year we assess one company in each of our regions in England and in Wales. We review a sample of household customer accounts to check how well companies collect outstanding revenue. Our assessments review the effectiveness of the company's collection process and also consider what help companies are offering customers who are struggling to pay and that they are being treated sensitively according to their circumstances.</p>
2.	Debt Assessment Process
	<p>We assess a total of 25 accounts for each company debt assessment. The accounts include five with current year debt, five which the company hands over to a debt collection agency and 15 where the customer debt is over a year old. These accounts are selected randomly from a sample of 200. Before each assessment, companies fill out a pre-assessment questionnaire which updates us on the company's position on revenue collection compared to the previous year, and any changes which have been made to their collection process or new initiatives introduced. The company also provides an update on actions it may have taken on recommendations made by our assessment panel previously.</p> <p>On the day of the assessment we have an initial discussion with the company based on its pre-assessment questionnaire and looking at its performance and any new initiatives. The panel then assesses each account and marks them as either 'Good' for the accounts we feel the company has dealt with well or 'Needs improvement' where we feel there are some areas the company could have dealt with better.</p>

	<p>The criteria for marking each case are whether the company has:</p> <ul style="list-style-type: none"> • adhered to its own collection timescales and procedures; • used different strategies and techniques to communicate to the customer; • used appropriate methods to contact the customer; and • considered the customer circumstances. <p>Companies can appeal any cases that the panel considered ‘Needs improvement’.</p>
3.	Outcomes from the debt management assessments
	<p>Over the years we have found more companies are being innovative and using different and new contact channels as part of their collection strategies. It is not unusual for assessment panels to see evidence of text messages and alerts to customers as reminders when payments are due. Companies are also partnering local debt charities and other organisations, such as food banks, which work with customers in vulnerable circumstances. Some companies are also contacting customers directly through local initiatives such as roadshows.</p> <p>Some companies have used credit reference agencies to trace customers and have included the customer water debt on the credit reference report. Where this is done incorrectly we expect the company to remedy the matter with no detriment to the customer.</p> <p>A lot of how well companies do in collecting revenue depends on how well they communicate with their customers, regular contact and offers of assistance helps both the customer and the company. In many assessments there were examples of customers making some payments and the company regularly offering assistance or trying to communicate. When a company understands a customer’s circumstances it can tailor a payment plan and target the necessary help to the customer.</p> <p>From our assessments we saw many examples of companies trying to communicate with customers. However, there were still times the customer would not engage with the company. This continues to pose problems in what remains a mostly automated process. Bills and reminders are sent automatically but continue to be ignored by the customer. Our Assessment Panels always stress the importance for companies to understand the customer circumstances when the opportunity arises.</p> <p>In 2017/18, 69% of accounts assessed were marked ‘Good’. This was slightly lower than the previous year’s score of 74%. The problems were mostly from occasional long gaps between contacts from some of the accounts.</p>
4.	Good company practice
	<p>Where our assessment panel feels a company is doing something well, such as bill layout or an initiative which helps reach out to customers, we will share it with other companies-in case their customers could benefit from that particular innovation. Sometimes our panel recommendations require a substantial shift in a company’s processes but we will often receive confirmation from a company that it is adopting this policy or an update on subsequent assessments.</p> <p>In our 2017/18 assessments our panels identified six areas of good practice. Some were general, such as seeing communications strategies working and revenue being</p>

	<p>collected. There was also evidence that when companies found an effective way to make contact with the customer it would adhere closely to that method.</p> <p>Other areas of good practice identified by our assessment panels included:</p> <ul style="list-style-type: none"> • Companies highlighting assistance schemes to customers; • Pre claim checks on customer properties to assess the customer circumstances; • A company working with local food banks to advise customers of available help with their water bills; and • Rolling out of Dementia Friends training to all staff.
5.	<p>Assessment panel recommendations</p> <p>In the year, our assessment panels made ten recommendations to companies. Some we made to more than one company. The most common recommendation we made was advising companies to take the opportunity to get to know more about their customers when they made contact. A common problem in revenue collection is when contact is made with the customer, the customer will agree to something just to end the call and then slip back into non-payment of their water bill. Our panels saw this as a lost opportunity to offer the customer assistance or a more suitable payment plan.</p> <p>Other examples of individual assessment panel recommendations include:</p> <ul style="list-style-type: none"> • advising unmeasured customers with high bills of the free meter option; • trying different methods of contact other than repeatedly sending texts, sometimes a call may be better; • to avoid sending a different reminder letter each week as over time customers will become immune; • to avoid making threats of court action and then taking a different route; and • trying to find a policy for closure rather than simply recycling the process of bills and reminders; better communication would identify those customers struggling to pay. <p>Companies generally adopted our assessment panel recommendations made in 2016-17, or provided us with evidence that they were already following the recommendations we made.</p>
6.	<p>Conclusion</p> <p>Seeing first-hand how companies deal with customer accounts in arrears provides a valuable insight into how company strategies and initiatives are working. It is not easy to balance effective collection and taking into account customer vulnerability. However, there have been big improvements in the number of customers receiving assistance and companies adopting new initiatives to make revenue collection more effective - particularly in making contact with their customers.</p> <p>Despite the assessments now being in their tenth year, they remain a valuable tool and useful way of encouraging companies to continue to evolve their recovery</p>

	processes, to find new ways to assist customers and to share good practice within the industry.
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