

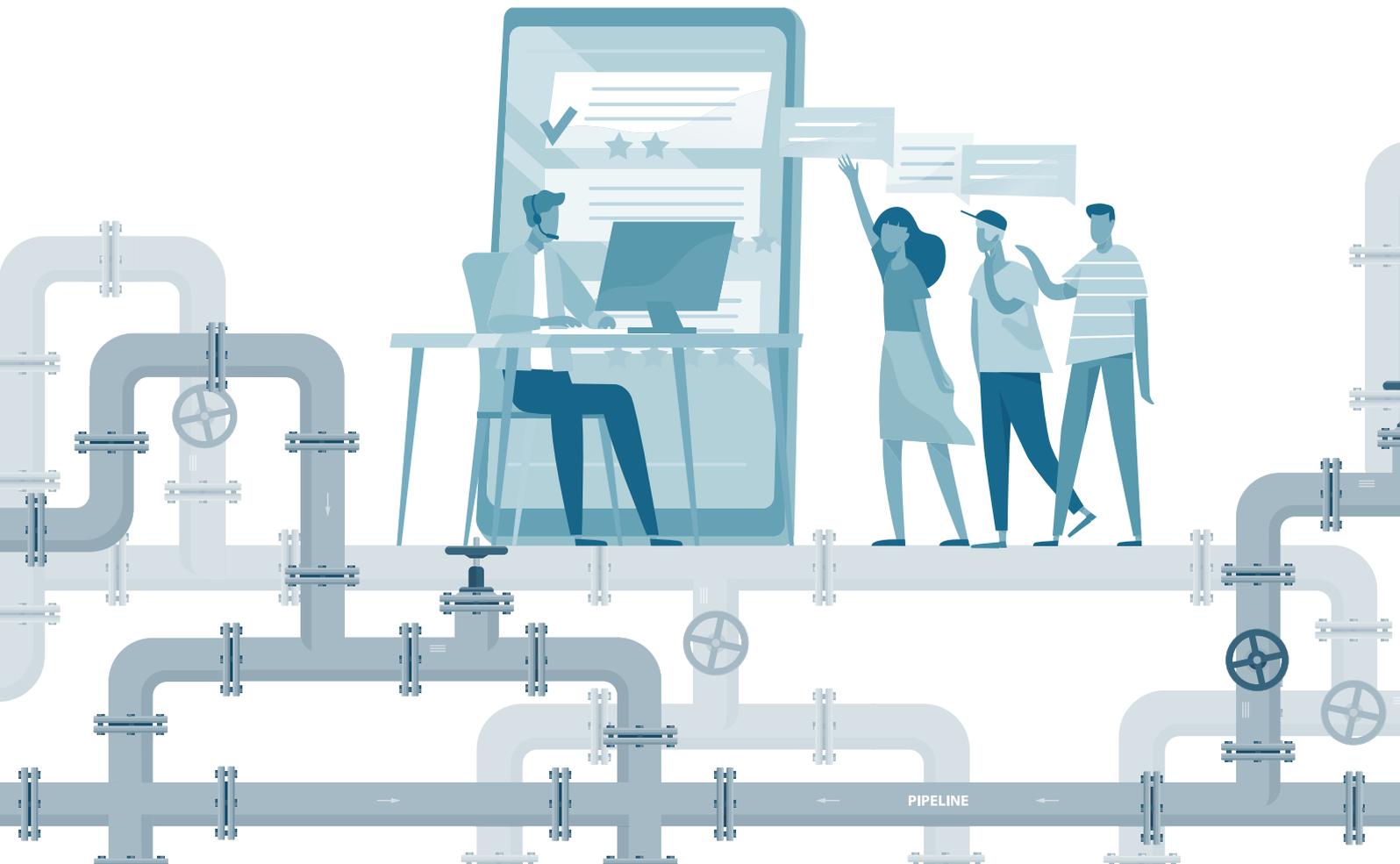
CONSUMER COUNCIL FOR

CYNGOR DEFNYDDWYR



# Household complaints to water companies in England and Wales

April 2018 - March 2019



CCWater was created in 2005 to champion the interests of water consumers across England and Wales. Over the past 14 years we've challenged the regulated water companies to deliver the best possible services for their customers and provide value for money.

We have done this in various ways, including:

- highlighting areas of concern for customers through our regular liaison with companies by our Local Committee Chairs, Local Consumer Advocates (LCAs), Policy and Consumer Relations teams;
- using the evidence of the complaints made against water companies that we deal with on behalf of customers;
- our monitoring of the performance of companies based on the information they provide to us each quarter; and
- our extensive research gauging consumers' views on everything from satisfaction with service and value for money to trust in companies and the affordability of their bills.

Customer complaints, whether these are telephone contacts about a particular service failure or made in writing by letter or email, give a strong indication of how well the water industry and individual companies are performing for their customers.

This is our thirteenth annual complaint report and the second year it has covered only household customer complaints<sup>1</sup>. Information in this report therefore relates to household customers only, unless we specify otherwise. We published a separate 2018-19 report on non-household complaints in July 2019, which can be accessed [here](#).

<sup>1</sup> In April 2017, competition was extended in England so non-household customers (NHH) could choose the provider of their billing, meter reading and administration through retail companies. We reported on the NHH complaints against the retailers in July, which can be found [here](#).

<sup>2</sup> Unwanted telephone contacts are those considered unwanted from the customer's perspective such as complaints, low pressure, flooding and repeat customer contacts to the company about the same issue.

In this report we use complaint information to compare company performance, criticising poor performers and commending those companies that have received a low number of complaints based on the number of households they serve.

We focus on unwanted telephone contacts<sup>2</sup>, (called 'unwanted contacts' throughout this report); written complaints received by companies; and the complaints against companies received by CCWater. This includes the formal investigations we carried out, in cases where we felt a company had not gone far enough in resolving a customer's complaint. The number of unwanted contacts provides an overall picture of companies' performance. Written complaints provide more information about the causes of dissatisfaction and how well companies addressed them.

Once again we compare company performance based on unwanted contacts, and/or written complaints against the previous year's numbers and per 10,000 connected households. We have continued to use a red, amber and green colour scheme to highlight company performance in the tables throughout this report. Companies marked red are those with complaint numbers of greater than 25% above the industry average or have received an increase in unwanted contacts or written complaints. Those companies with complaint numbers that are within 25% of the industry average are denoted amber. Better performing companies reporting complaint numbers of more than 25% below the industry average or with a reduction in unwanted contacts or written complaints are coloured green in the tables in this report.

Companies that are marked red in the table for unwanted contacts and written complaints and have shown an increase on the previous year will be asked by us to provide quarterly updates. These must explain what actions the company is taking to improve its service, reverse the increases and bring itself back into line with the rest of the industry.

During the year, we asked companies to broaden the reported channels customers use to complain. These included: social media, web chat, short messaging service (SMS) and where customers visited the company premises. Companies reported this additional information from the second half of the year (1st October 2018) and we have included an aggregate number for the whole industry in this report. We have not made comparisons between companies as they need time to familiarise themselves with the new reporting requirements and iron out any initial inconsistencies. Our next annual report in 2020 will compare company performance across these channels.

This is also the last year we will be presenting unwanted contacts as we move towards reporting telephone complaints. Companies have already started to provide us with this data and our next annual report will feature the aggregate number of telephone complaints. We will also provide a breakdown of these complaints by category type. Longer term, our aim is to be able to compare each company's performance on telephone complaints, once we have sufficient confidence in the data.

More detailed data on complaint and unwanted contact numbers is given in Appendices 1-10.

**Comments on this report should be sent to [feedback@ccwater.org.uk](mailto:feedback@ccwater.org.uk)**



# Contents

<b>1</b>	<b><i>Executive summary</i></b> .....	<b>4-9</b>
	<i>Chart 1</i> Written complaints and unwanted contacts against companies 2015/16 to 2018/19	
	<i>Table 1</i> Written complaints and unwanted contacts - 2018/19 and increase/decrease on 2017/18	
<b>2</b>	<b><i>Overview of water industry complaint performance</i></b> .....	<b>10-11</b>
	<i>Chart 2</i> Unwanted contacts and written complaints to the water companies in England and Wales 2015/16 to 2018/19	
<b>3</b>	<b><i>Individual company performance</i></b> .....	<b>12-15</b>
	<i>Chart 3</i> Unwanted contacts to water companies per 10,000 connected household properties in England and Wales 2018/19	
	<i>Chart 4</i> Written complaints per 10,000 connected household properties 2018/19 and increase/decrease on the previous year	
<b>4</b>	<b><i>Company performance further detail</i></b> .....	<b>16-19</b>
	<i>Chart 5</i> Water industry written complaints by main category - 2017/18 to 2018/19	
	<i>Chart 6</i> written complaints by main category 3 poorest performers 2018/19	
	<i>Chart 7</i> Written complaints resolved at the first stage of companies' procedures - 2018/19	
<b>5</b>	<b><i>Complaints received by ccwater</i></b> .....	<b>20-21</b>
	<i>Chart 8</i> Complaints against companies received by CCWater 2018/19	
<b>6</b>	<b><i>Non-household complaints</i></b> .....	<b>22</b>
<b>7</b>	<b><i>Conclusion and next steps</i></b> .....	<b>23</b>

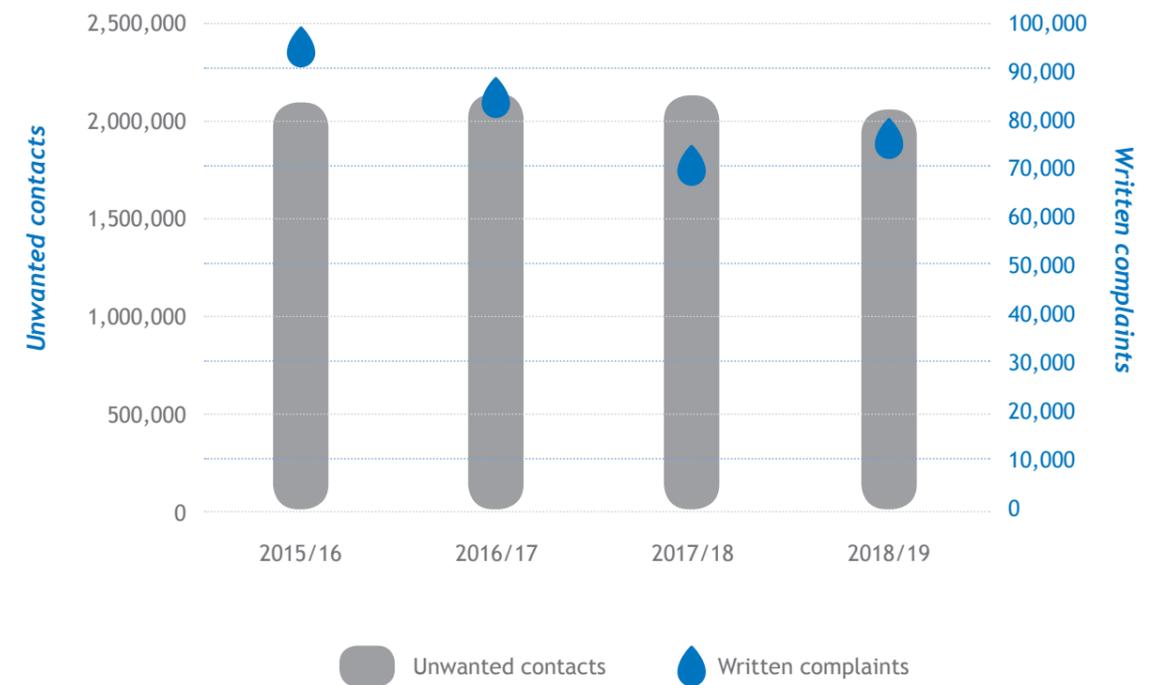
# 1. Executive Summary

A challenging year for the water industry began with some companies still dealing with the aftermath of Storm Emma and the Beast from the East. The disruption experienced by thousands of customers during March 2018 sparked a wave of complaints about the loss of water supplies and compensation. Some companies then struggled to manage a surge in demand for water as the cold spring gave way to one of the hottest summers on record in England. This led to an increase in complaints about water pressure and supply. We raised concerns over the way some companies handled the challenges presented by the weather, and that is reflected in their complaint performance.

Despite the disruption, unwanted contacts reduced by 2.8% in the year - the best reduction in a single year since 2015/16, when companies began reporting only those from household customers. The overall trend since 2015/16 is less impressive with unwanted contacts having only fallen by 1.1%.

In contrast written complaints increased by 7.7% in 2018/19 from 69,324 to 74,689, but the four-year trend shows a much bigger reduction of 21.1%. Chart 1 shows the industry trend for both measures since 2015/16.

*Chart 1* Written complaints and unwanted contacts against companies 2015/16 - 2018/19.



### Individual company performance varied

Seven companies reported more unwanted contacts and nine companies saw an increase in written complaints compared to the previous year. Table 1 opposite shows the performance of each company.

2.8% reduction in unwanted contacts in 2018-19, down to 2,073,337



2.8%

1.1% reduction in unwanted contacts since 2015/16



1.1%

7.7% increase in written complaints on the previous year



7.7%

28.1% increase in water service complaints



28.1%

60% increase of customers having to write to their company more than once to resolve their complaint



60%

Only two of the five main categories of written complaints decreased

Company	Connected properties	Unwanted contacts			Water and sewerage companies Per 10k connections	Written complaints			
		2017/18	2018/19	% change		2017/18	2018/19	% change	Per 10k connections
Southern	1,991,832	248,936	206,944	-16.9	1,039.0	6,259	4,544	-27.4	22.8
Thames	5,687,829	509,964	561,844	10.2	987.8	17,039	21,108	23.9	37.1
Dŵr Cymru	1,461,681	121,361	110,959	-8.6	759.1	3,148	2,720	-13.6	18.6
Northumbrian	1,222,407	81,077	91,825	13.3	751.2	2,534	4,168	64.5	34.1
Yorkshire	2,298,208	189,821	171,898	-9.4	748.0	3,897	3,623	-7.0	15.8
Hafren Dyfrdwy*	98,201	4,646	6,611	42.3	673.2	180	458	154.4	46.6
Wessex	1,234,150	79,615	77,478	-2.7	627.8	1,787	1,889	5.7	15.3
South West	779,878	53,753	47,512	-11.6	609.2	2,202	1,794	-18.5	23.0
Severn Trent*	4,220,975	262,409	250,726	-4.5	594.0	9,921	11,335	14.3	26.9
United Utilities	3,234,161	174,391	172,365	-1.2	533.0	6,755	7,007	3.7	21.7
Anglian	2,894,943	103,798	101,283	-2.4	349.9	6,382	6,313	-1.1	21.8
Water only companies									
SES Water	278,146	27,248	22,330	-18.0	802.8	567	331	-41.6	11.9
Affinity Water	1,438,973	113,321	92,755	-18.1	644.6	2,743	2,149	-21.7	14.9
Essex & Suffolk	768,506	36,807	47,062	27.9	612.4	1,356	2,781	105.1	36.2
Bristol	507,508	35,885	26,240	-26.9	517.0	1,560	1,328	-14.9	26.2
Cambridge	134,295	6,241	6,837	9.5	509.1	286	207	-27.6	15.4
Portsmouth	303,208	12,175	12,988	6.7	428.4	310	312	0.6	10.3
South Staffs	557,524	22,072	23,377	5.9	419.3	585	502	-14.2	9.0
Hartlepool	43,233	1,802	1,741	-3.4	402.7	92	90	-2.2	20.8
South East	964,355	40,342	35,028	-13.2	363.2	1,476	1,823	23.5	18.9
Bournemouth	194,277	7,292	5,534	-24.1	284.9	245	207	-15.5	10.7
Total	30,314,290	2,132,956	2,073,337	-2.8	683.9	69,324	74,689	7.7	24.6

\*Severn Trent acquired Dee Valley in the year, changing the name to Hafren Dyfrdwy. This also resulted in a change to both Severn Trent's and Hafren Dyfrdwy's regions and changed the connected property numbers, so the previous year's comparisons should be treated with caution.

Increase on previous year for written complaints or unwanted contacts and >25% above average per 10,000 connected properties

Average written complaints or unwanted contacts per 10,000 connections

Decrease on previous year for written complaints or unwanted contacts and <25% below average per 10,000 connections

## 2018/19 - Poor performers

Southern again had the highest unwanted contacts per 10,000 connected properties but closed the gap on the rest of the industry - particularly Thames which reported a 10.2% increase. Like 2017/18, Thames was more than 25% above the industry average per 10,000 connected properties on both measures but showed a small improvement in that year. However, in 2018/19 those small improvements were more than lost because of the increases in the year. Thames acknowledges its poor performance and is engaging with CCWater to rectify this. As the largest company, its increases have had a detrimental effect on complaint numbers for the industry as a whole.

Northumbrian and Essex and Suffolk are part of the same company but report complaints separately. The introduction of a new billing system caused problems which impacted on the service thousands of customers received. Staff took longer to process contacts, leading to calls being abandoned and then complaints. This brought increases in both unwanted contacts and written complaints and resulted in them being two of the worst performing companies for written complaints per 10,000 connected properties.

Hafren Dyfrdwy (formerly Dee Valley) experienced similar problems following its acquisition by Severn Trent and subsequent changes in July 2018. Account changes and new bill formats increased customer contact and waiting times, contributing to making it the worst performing company for written complaints per 10,000 properties.

Thames, Northumbrian, Essex and Suffolk and Hafren Dyfrdwy have reached the trigger of more than 25% above the industry average for unwanted contacts and/

or written complaints when compared to the previous year. Consequently, we will be asking these companies to provide us with action plans setting out how they will improve. We will expect these companies to report to us quarterly on what they are doing to improve service and to reverse the increasing trend, and where they have implemented new billing systems, whether they are achieving the desired effect.

### Last year's poor performers improve

Last year, we requested detailed quarterly updates from three poor performers - Southern, SES and Bristol. All of these companies reported fewer unwanted contacts and written complaints in 2018/19 and, with the exception of Southern for unwanted contacts, they improved enough to move below the trigger point of 25% above the industry average. We will continue to monitor their performance but no longer require them to provide more detailed reports.

### Companies that did better

Bournemouth reported strong performance and a reduction in both measures. It had the lowest number of unwanted contacts per 10,000 connected properties and also showed good results for written complaints. Anglian, South East and Hartlepool also performed impressively on unwanted contacts but not quite so well on written complaints, either performing at the average banding per 10,000 connected properties or reporting an increase on the previous year.

South Staffs reported the lowest number of written complaints per 10,000 connected properties but had an increase in unwanted contacts.

## Causes of complaint

We ask companies to report written complaints by cause: billing and charges, water service, sewerage service, metering, or 'other' which covers administration complaints and anything else that does not fall into the main categories.

Billing and charges remained the main cause of customer complaints but accounted for less than half of the overall total for the first time since we began reporting household complaints separately. However, there was only a marginal reduction - falling from 37,185 to 36,973 (0.6%). Disappointingly, this indicates that complaints in the other categories increased.

We will be campaigning to push the industry to improve its approach to billing and charges and understand what more companies can do to tackle the causes. These may be the layout of company bills or better identification of a leak or abnormal consumption. We will be holding a workshop in the autumn with companies to gauge the causes and steps companies can take to reduce billing complaints.

Complaints about water supply had the biggest increase on the previous year, up from 15,276 to 19,564 (28%). More customers complained about sewerage service (up 11%) and the 'other' category rose by 8.6%.

### Repeat written complaints rise sharply

We expect companies to resolve complaints first time. In 2018/19 more customers had to escalate their complaint by writing to their company more than once before it was resolved (from 2,983 to 4,778). This disappointing increase was due mainly to much higher numbers reported by Thames. It reported more than three times the number of escalated complaints compared to the previous year (from 818 in 2017/18

to 2,719 last year). This alarming increase across all of its categories meant the company accounted for more than half the industry's repeat written complaints.

### Complaints to CCWater

There was a 6.2% increase in the number of complaints CCWater received from household customers, rising from 6,815 to 7,237. We received more complaints against 12 companies. Thames, Severn Trent and to a lesser extent United Utilities and Yorkshire accounted for the majority of the overall increase. We carried out six formal investigations into cases where a company's complaint procedure had been exhausted but we felt more could have been done for the customer.

### New reporting channels

We worked with companies to broaden the range of contact channels reported on to include complaints made on social media, webchat, short messaging service (SMS) and customers visiting company premises. Companies piloted complaint reporting of these contact channels from 1st October 2018. For the six months from October 2018 to March 2019, a total of 8,248 complaints were reported by companies. Future complaint reports will include company comparisons for complaints data reported from these channels.

### Complaints made by telephone

The reporting of unwanted contacts<sup>3</sup> concluded in 2018/19. From October 2019, companies will report telephone complaints based on how the customer felt at the conclusion of the call, rather than the reason for the contact. We will report an aggregate number next year for 2019/20, alongside the main reasons for the contact. Information comparing companies' performance will feature in our reports from 2020/21.

<sup>3</sup> An 'unwanted contact' is when a customer calls their water company to get an issue resolved. The contact is unwanted from the customer's perspective because they would not need to make the call if they had no issue with their bill or water or sewerage service.

## 2. Overview of water industry complaint performance

A key area of our work involves using analysis of customer complaints against water companies under our 'Right First Time' objective. We do this in two ways:

- we use the complaints against water companies that come from customers directly to us to help us quickly identify any trends or issues that are emerging in the industry. Issues might include poor company resourcing of staff, a charging policy or operational problems either in a specific area or across the whole company.
- we use the number of complaints received directly by the companies which they report to us each quarter and the commentary they provide. This allows us to make comparisons against previous years and between companies.

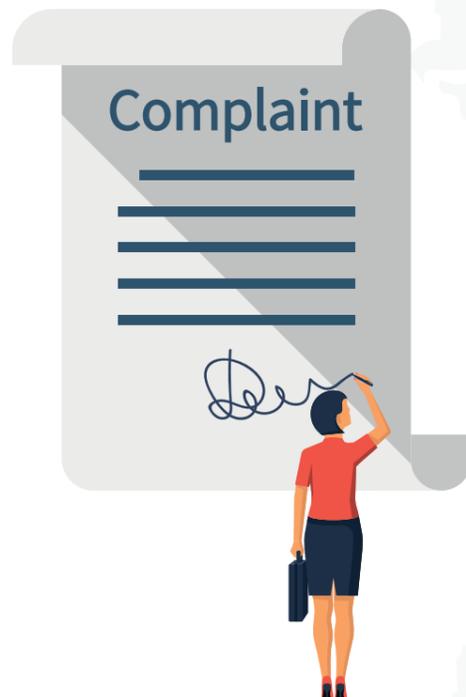
In our 2017/18 report, we raised concerns about:

- the slow progress in companies reducing unwanted contacts;
- too many companies seeing an increase in unwanted contacts or written complaints; and
- companies being prone to letting their customers down, caused by new billing systems, policy changes or extreme weather events resulting in sudden increases in complaints.

Disappointingly, these themes continued in 2018/19. There was a 2.8% reduction in unwanted contacts but the longer-term trend remains static, with only 1% fewer compared to 2015/16 - down from 2,095,619 to 2,073,337.

Written complaints increased by 7.7% during the year although they remain about 21% lower than in 2015/16, down from 94,626 to 74,689.

New billing systems continued to pose problems for some companies such as Northumbrian and Essex and Suffolk. Many of our previous complaint reports have highlighted the impact introducing a new billing system can have on complaints, if companies do not handle the implementation well. It can sometimes take years for a company to recover.



Extreme changes in the weather continued to cause significant disruption to customers. The impact of the sudden freeze and then rapid thaw caused by the 'Beast from the East' and Storm Emma in March 2018 continued to be felt in the early part of 2018/19. There were the immediate problems caused by more than 200,000 customers losing their water supply for four hours or longer. But companies also struggled to resolve longer-term issues, as some customers chased financial recompense. The dry summer which followed the cold spring also increased complaints about water pressure and supply for some companies.

These issues and the challenges faced by millions of low-income customers who struggled to afford their water bills, continued to cause complaints and affect customers' perceptions of the industry. Our Water Matters report - published in July 2019 - showed that water companies need to do much more to convince customers they are getting value for money and fair bills.

Chart 2 shows the unwanted contacts and written complaints over the last four years.

We raised the need for companies to have more robust contingency plans in place to

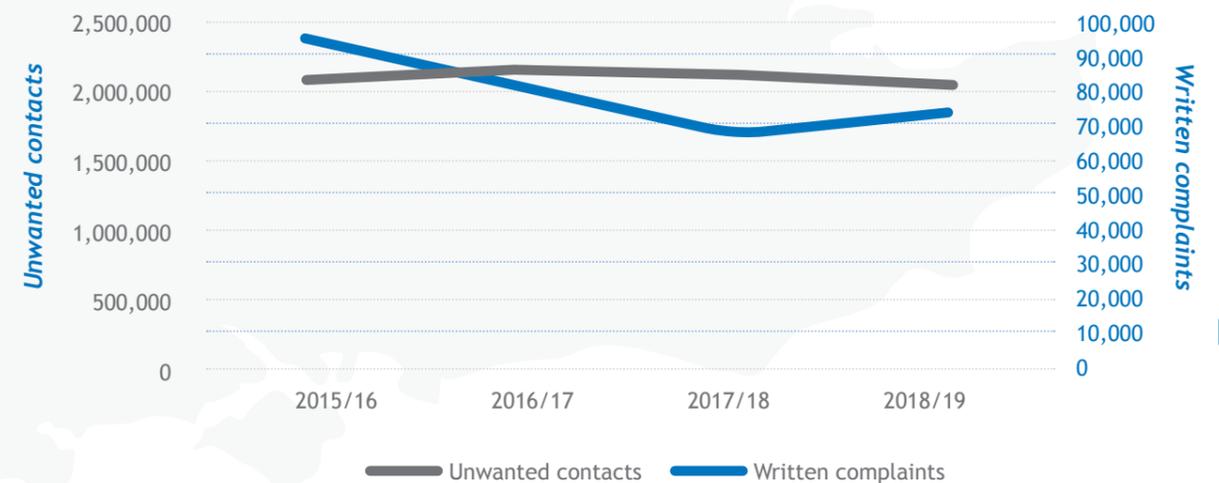
manage planned and unexpected events, and how better communication with customers before, during and after these events can help reduce unwanted contacts and complaints.

### New reporting channels

We know complaints made by telephone and e-mail are not the only communication channels customers are using nowadays. That's why we worked with companies to report complaints which were made via social media, webchat, SMS and when customers visit their company premises. In total for the six months from October 2018 to March 2019, companies reported 8,248 complaints received through these additional channels.

We are not reporting company comparative information this year, as there were delays in some companies reporting the data and we used the time to allow them to familiarise themselves with the new reporting requirements. From next year we intend to include complaints through these channels in our annual report.

Chart 2: Unwanted contacts and written complaints to the water companies in England and Wales - 2015/16 to 2018/19



### 3. Individual company performance

Seven of the 21 water companies reported an increase in unwanted contacts in the year. The highest percentage increases were from Hafren Dyfrdwy (42.3%) followed by Essex and Suffolk (27.9%), Chart 3 shows the unwanted contacts per 10,000 connected properties.

Sometimes calls from customers to resolve problems can be complex, or people can grow frustrated at having to pick up the phone

repeatedly without a resolution. That can lead to customers putting a complaint in writing and in 2018/19 there was a 7.7% increase in written complaints. Some companies experienced a much higher percentage increase.

Chart 4 shows the written complaints per 10,000 connected properties.

Chart 3: Unwanted contacts to water companies per 10,000 connected household properties in England and Wales - 2018/19

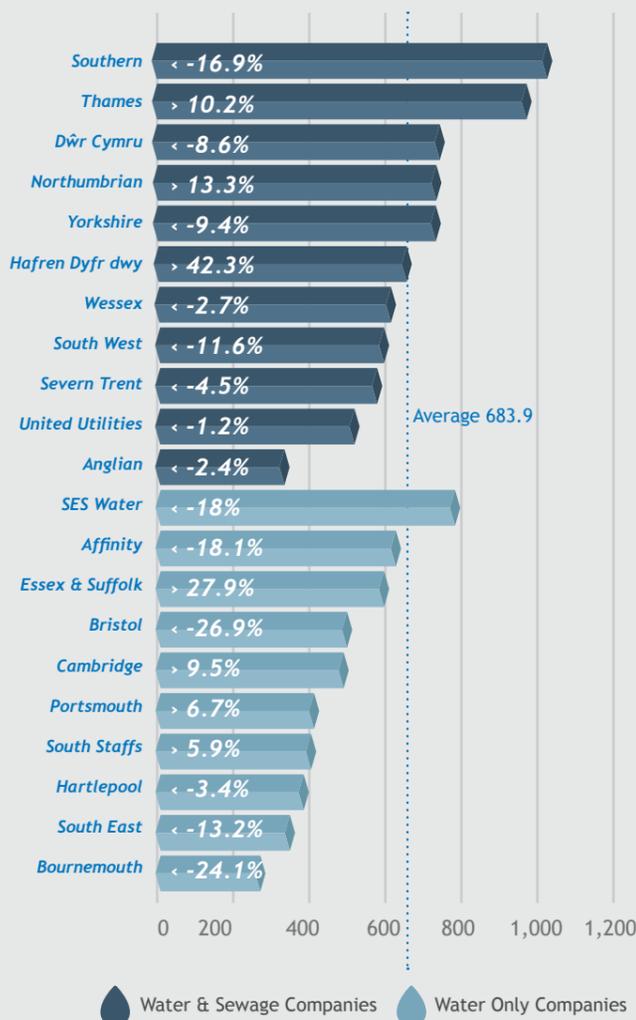
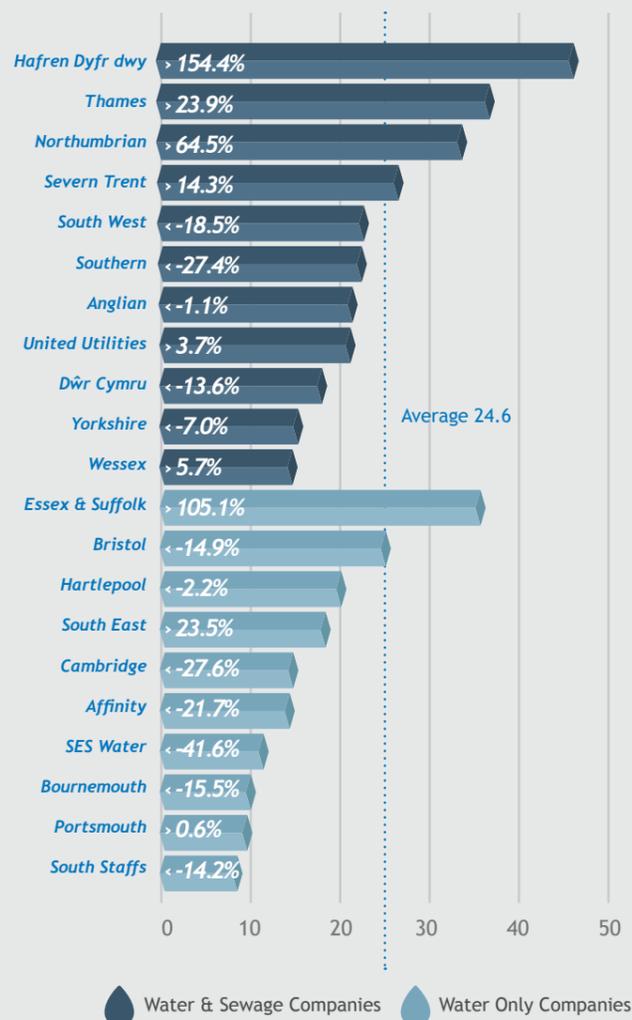


Chart 4 Written complaints per 10,000 connected household properties and increase/decrease on the previous year - 2018/19



We expect companies to resolve the customer contact during the first telephone call. However, sometimes this does not happen and customers have to make repeat telephone calls or put their complaint in writing.

More customers had to make written complaints to the industry in 2018/19. While some companies saw a decrease in complaints there were significant increases for others, with two reporting more than double the previous year's number. In total, nine companies reported an increase in written complaints compared to 2017/18.

We expressed concerns when the complaints and unwanted contacts increased in the second and third quarter, although there were small signs of improvement towards the end of the year. Its unwanted telephone contacts were below the industry average despite the increase. However, it became the worst performing company for written complaints per 10,000 connected properties, with more than twice the number seen in the previous year when it reported as Dee Valley.

A new billing system was the cause of additional calls from customers to resolve problems and written complaints to Essex and Suffolk and Northumbrian too (which are one company but report separately). Their staff took longer to process customer contacts leading to lengthier waiting times and more abandoned calls. This impacted on the number of unwanted contacts and written complaints for both companies. More staff were brought in to deal with the increased contacts, albeit not straightaway. On a positive note there was no impact on the number of complaints CCWater received against them, suggesting the company handled customer contact effectively.

#### Poor performers

Four companies - Thames, Hafren Dyfrdwy, Northumbrian and Essex and Suffolk - exceeded our trigger point of more than 25% above the industry average for unwanted contacts and/or written complaints per 10,000 connected properties and reporting an increase on the previous year.

Thames hit the trigger on both measures. In last year's report we highlighted it as a company we would monitor closely as it reported small decreases for each measure. These improvements were lost in 2018/19 and its increases in both measures has put it in a very poor position compared to the rest of the industry. As the largest company, its performance has had a significant impact on the wider industry with 55,000 more negative contacts in the year. Thames has accepted its poor complaint handling performance and is engaging with CCWater to rectify this.

Severn Trent acquired Hafren Dyfrdwy (formerly Dee Valley) during the year. This led to problems with more customer contact, especially about the company's new bill layout. This resulted in increased waiting times, abandoned calls and additional complaints.

Written complaints against Essex and Suffolk doubled in the year to 2,781, making it the worst performing water only company for that measure. It also had a 27.9% increase in unwanted contacts, more than 10,000 above the previous year. Northumbrian fared a little better with a 13.3% increase in unwanted contacts and a 64.5% rise in written complaints.

We will be asking Thames, Hafren Dyfrdwy, Northumbrian and Essex and Suffolk to provide detailed quarterly reports to update us on their performance and highlight what actions they are taking to improve service and bring their complaint numbers down. For Northumbrian and Essex and Suffolk, we will seek clarification on what benefits the new billing system will deliver for customers and whether it met the organisation's objectives.

### Update on last year's poor performers

Last year we highlighted Southern, SES and Bristol as companies we would challenge about their performance.

Southern remained the worst performing company for unwanted contacts per 10,000 connected properties in 2018/19. Its 16.9% improvement has brought it closer to the rest of the industry but it still has more to do to reduce the large proportion of its customers that are being inconvenienced and having to contact it. Its performance on written complaints was better and it moved from being the worst performing company to being better than the industry average. We will continue to closely monitor Southern, but we will not be requiring the more detailed quarterly updates.

Bristol's actions to reduce unwanted contacts and written complaints has been more successful with reductions of 26.9% and 14.9% respectively in the year. Its current position in the industry does not warrant additional scrutiny, but we will continue to look for further improvement and to monitor performance through its quarterly data returns and the complaints we receive.

We picked out SES Water in last year's report on its unwanted contact performance as its reported number had increased and it was greater than 25% above the industry average. It improved in 2018/19 but was still the worst performing water only company. As its reported number headed in the right direction and is also below the 25% threshold, we will continue to monitor it but have said it does not need to report in as much detail as it did last year given the progress it has made.

### Better performing water companies

Bournemouth has come a long way from where it was in 2015/16 when we criticised it for a huge increase in written complaints. Since then it has been acquired by South West, and both companies have benefitted by the adoption of mutual good practice in their customer service. It made further improvements in 2018/19, and reported the lowest number of unwanted contacts of all the companies. It also compared well on written complaints.

It is notable that this performance has been delivered in a year when its customers were transferred to a new billing system, demonstrating that these transfers can have minimal impact when they are well managed.

Anglian reported the lowest number of unwanted contacts per 10,000 connected properties for a Water and Sewerage Company (WaSC), improving on last year's already low number. South East performed well despite its increase in written complaints.

Hartlepool was another company that reported reductions in both measures.

For written complaints, South Staffs had the lowest number for complaints per 10,000 connected properties but saw an increase in unwanted contacts. Wessex Water remained the best performing WaSC on this measure but reported an increase for the third year running and saw its lead narrow against Yorkshire, which received 7% fewer written complaints in the year.

### CCWater monitoring

The increases in unwanted contacts and written complaints we have seen for some companies in 2018/19 shows the industry has much more to do to manage unexpected events and avoid them impacting on customer service.

2018/19 was the last year where Ofwat's regulatory measure - the Service Incentive Mechanism (SIM - was in operation. This took into account companies' performance on written complaints and unwanted contacts. As well as rewards, companies that don't perform well can be hit with a financial penalty. However, even with the SIM in place we have seen individual company complaints performance slip.

Planned changes, such as the introduction of a new company billing system, caused disruption and inconvenience for customers. Companies have no excuse when they have ample time to prepare and learn from past mistakes, particularly when we have repeatedly highlighted this in our past annual reports and our discussions with companies.

Changes in our climate present much more difficult challenges that are harder to predict but the failures witnessed during the 'Beast from the East' and Storm Emma revealed that some companies are much better prepared than others. It is down to companies to ensure they learn lessons when things do go wrong and for the industry to share experiences when things are done well.



<sup>4</sup> Ofwat incentivises water companies to improve their customer service performance through its Service Incentive Mechanism (SIM). This measures service to household customers through a count of total customer contacts and complaints and a survey of customers who contacted their company. Companies that perform well are given up to 0.5% additional revenue in the first year of the five-year price review period, with poorer performers handed a penalty of up to -1%.

## 4. Company performance further detail

### Main causes of written complaints

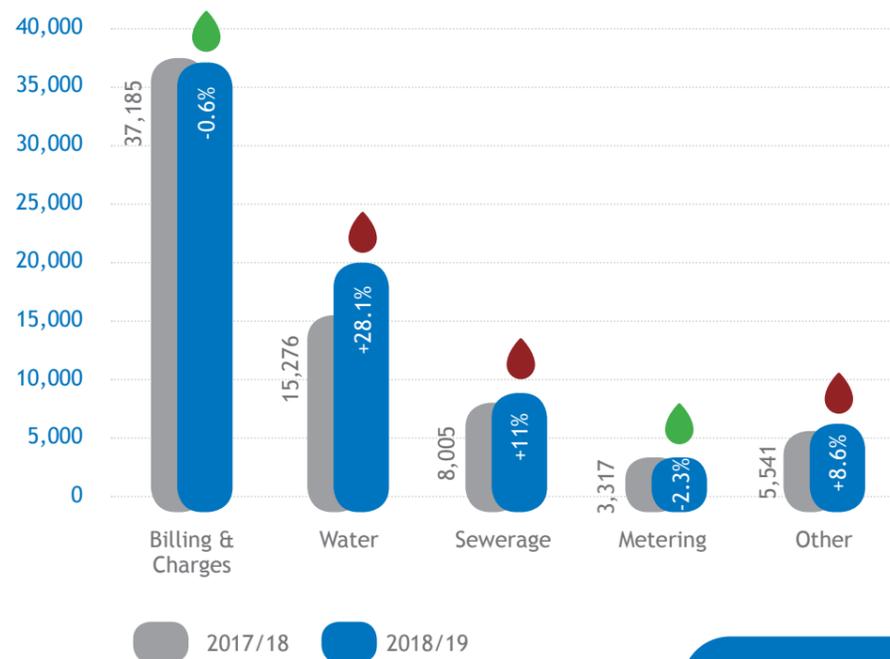
Currently, unwanted contacts provide a good indication of the volumes of calls made by customers to companies to resolve problems, but there is no additional information about the causes. Companies provide us with a commentary on the figures but that provides us with very limited insight. This will change in future years when companies will be reporting telephone complaints under the categories of billing, water and wastewater.

For written complaints we currently ask companies to report the number under five main categories: billing and charges, water service, sewerage service, metering and 'other' which include administration complaints and those which do not fall under the other categories.

Companies operate under different systems which can lead to inconsistencies in their categorisation of the main cause of complaint. Caution is therefore exercised when making comparisons on individual companies by main category. In future annual reports, we will be reporting complaints from all channels under billing, water or wastewater for consistency. This will give us a more rounded picture of the issues causing complaints and where we can challenge companies to improve.

Chart 5 shows the written complaints by main category compared to the previous year.

Chart 5: Water Industry written complaints by main category - 2017/18 - 2018/19



The number of complaints about billing and charges decreased slightly in the year but remained by far the highest category of customer complaint. This area encompasses many service failures including measured and unmeasured billing, payment plans and debt recovery.

We have campaigned to increase the awareness of assistance available for customers struggling to pay their bills and for companies to boost the take-up of these schemes. Moreover, our water meter calculator has helped customers who do not have a meter to see if they would benefit if they had one installed by their water company. This has helped customers identify potential bill savings of £19 million in the last year alone. However, there is still more to do. We will be campaigning to push the industry to improve its approach to billing and charges and will be holding a workshop with companies in the autumn to address the issues it can create. Our aim will be to understand why customers complain about their bills and what they are charged and what more companies can do to tackle the causes. That might include improving the layout of their bills; better identifying when customers have a leak on their supply pipe and advising them quickly to take the necessary action; or considering a one-off allowance for unexplained high consumption. Resolution is often in the companies' gift and for some suppliers a lot of resource is used in dealing with these issues, with the resulting loss of customer goodwill.

The 28% rise in the number of complaints about water service shows the potential problems companies can encounter from unexpected or extreme weather events. Water service complaints had already increased in 2017/18 but leapt up in 2018/19. There were still issues arising from the freezing conditions and sudden thaw in March 2018, with customers continuing to complain about the loss of supply and the compensation offered by companies. Our research, which fed into the

wider review by Ofwat, found customers felt let down by poor company communications. Many people experienced delays in receiving information when the problems first became apparent or were not informed when the supply would be restored. Customers felt some companies should have been more active 'on the ground' to assist those customers who did not have access to the internet, rather than relying heavily on social media.

The number of sewerage service complaints increased by 11% in the year. Like water service, the number of complaints is partly dependant on weather patterns, particularly where flooding occurs. It might be affected by a high level of rainfall over a long period of time or thunderstorms where the system cannot deal with intense levels over a brief period. Customers can sometimes cause problems by disposing of unsuitable products down the toilet, such as wipes, cotton buds, fats and grease and other substances which can clog up the system. Companies and CCWater have campaigned to help customers understand what they should and should not put into the system.

Metering was one of the two categories where the number of complaints reduced in the year, down 2.3%. These might include customers disputing the location of a meter or a damaged meter. Many complaints under this category in recent years have stemmed from companies making it compulsory for properties in the south-east of England to have a water meter. The rollout of metering forms part of wider efforts to reduce water consumption and better manage resources in a region of serious water stress.

Other complaints cover mostly administration, attitude of staff and company literature. It also includes written complaints about company telephony services, such as waiting times and abandoned calls. In the year these increased by 8.6%.

**Individual company performance main categories**

Chart 6 shows the three worst performing companies by main category of complaint.

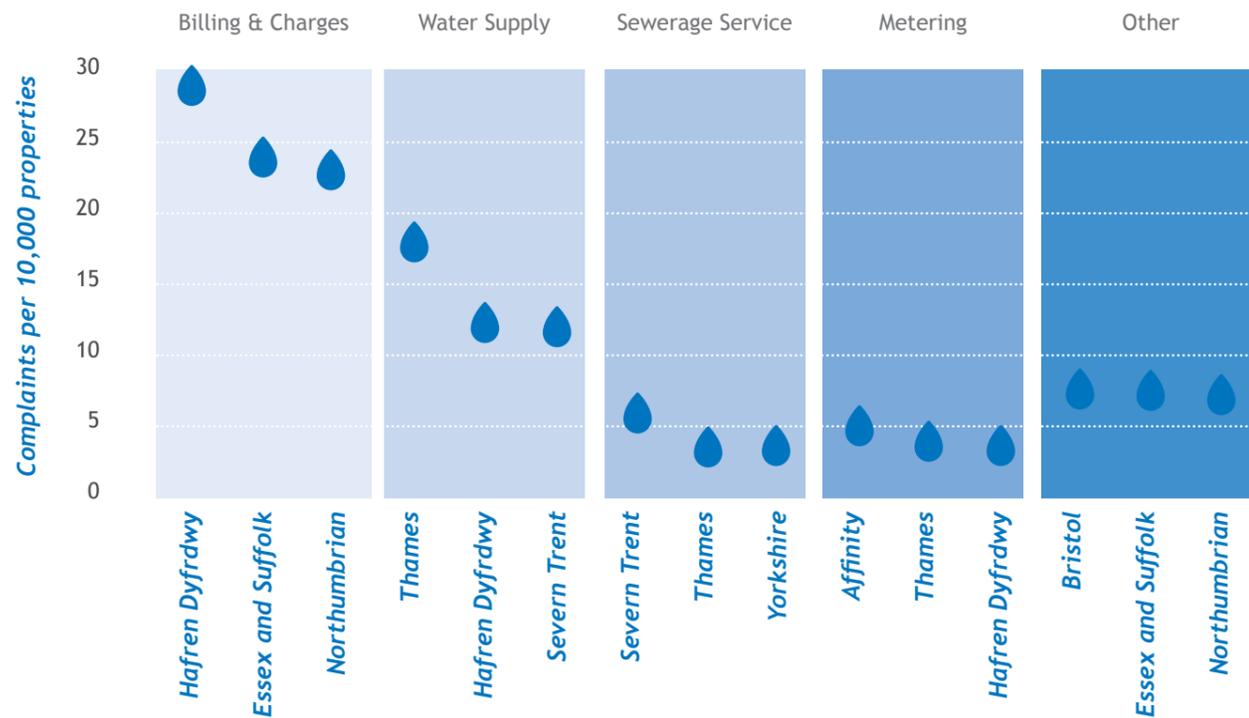
The three companies with the highest number of written complaints when divided by the number of billed properties, Hafren Dyfrdwy, Essex and Suffolk and Northumbrian, have been highlighted as poor performers in this report. They all encountered problems from the billing system changes they implemented and we expect them to improve in 2019/20 as these were one-off issues. We will be monitoring their progress through their detailed quarterly reports and seeking to make sure they get back on track.

Thames and Severn Trent were two of the companies most severely affected by severe cold weather and rapid thaw in March 2018. We commissioned qualitative research<sup>5</sup> in the year and expect the companies to learn from the conclusions of the research.

There is less of a variation between the companies for the number of sewerage service complaints. Sewer flooding is an extremely serious service failure, especially when wastewater enters a customer's property. These complaints can take a long time to resolve if the solution involves improvements to the existing pipework. However, in the short term we would expect the company to take action to alleviate the risk of a further incident.

Two of the three companies with the highest number of metering complaints per 10,000 metered properties are located in the south east of England. Thames has been carrying out a compulsory metering programme for some of its area and a smart metering programme. Affinity is also one of the companies that has implemented a compulsory metering programme over the last few years in order to help reduce water demand. Just over half of Hafren Dyfrdwy's customers are metered but its metering complaints are not a current cause for concern as its position on the chart only relates to 19 complaints.

Chart 6 written complaints per 10,000 properties by main category 3 poorest performers - 2018/19



Complaints from customers experiencing difficulties getting through by telephone was one of the most likely causes for Northumbrian and Essex and Suffolk and Northumbrian, have been highlighted as poor performers in this report. They all encountered problems from the billing system changes they implemented and we expect them to improve in 2019/20 as these were one-off issues. We will be monitoring their progress through their detailed quarterly reports and seeking to make sure they get back on track.

Bristol reported the highest number for the 'other' category but improved on where it was last year, with its number reducing from 505 in 2017/18 to 400.

**Written complaints not resolved first time by the company**

There was a very worrying increase in the number of occasions customers had to write more than once to their company to get their complaint resolved. Repeat written complaints increased more than 60%, from 2,985 in 2017/18 to 4,778, higher than any year since we have been separating household and non-household customers.

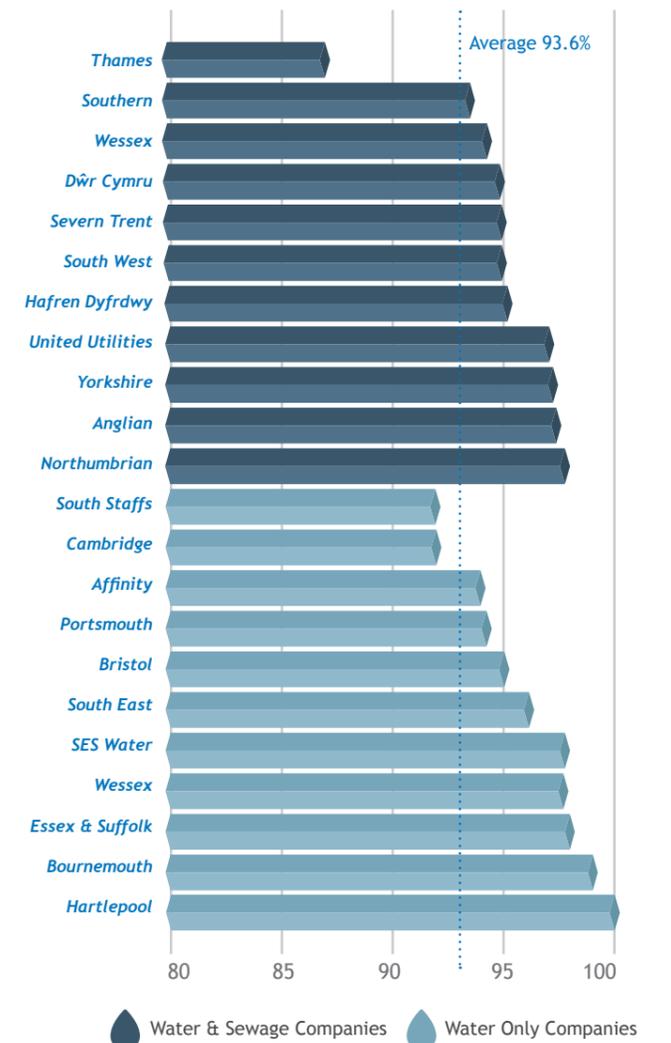
One of the main causes was the increase in repeat written complaints against Thames. The company reported more than three times the number of the previous year and a higher number across all the main categories.

Chart 7 shows the percentage of complaints resolved at the first stage of the company procedure.

Thames' number of repeat written complaints adversely affected the performance of the industry as a whole. Taking that company out of the equation would have changed the industry average from 93.6% of complaints resolved first time to 96.2%. Thames should thoroughly review its complaint handling to find out where it is going wrong and then address it. The company can expect to come under much closer scrutiny from us in 2019/20.

Hartlepool was the best performing company as it resolved all written complaints at the first stage of its procedure. Bournemouth also did well resolving all but 1% of written complaints at the first written customer contact.

Chart 7: Written complaints resolved at the first stage of companies' procedures - 2018/19



<sup>5</sup> <https://www.ccwater.org.uk/wp-content/uploads/2018/06/SYSTRAS-CCWater-Freeze-Thaw-Research-Final-Report.pdf>

## 5. Complaints received by CCWater

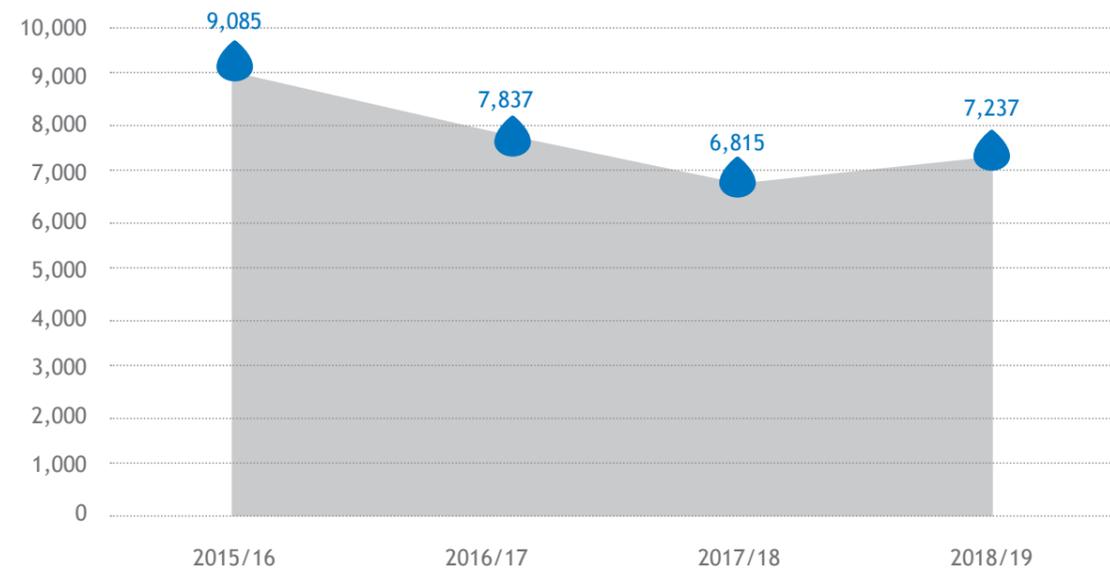
### A 6.2% increase in the number of household complaints received by CCWater

CCWater only receives a small proportion of the number of complaints companies get but these provide a good early warning of any emerging issues. The insight we receive from these complaints is much quicker than we get from the quarterly complaint data we receive from companies. Often, but not always, they reflect the performance of the industry and individual companies in particular.

Many customers who complain to us have already approached their company. Sometimes they are seeking a second opinion or asking us to take the matter up on their behalf.

In 2018/19, CCWater received a total of 7,237 complaints from household customers (see Chart 8).

Chart 8 Complaints against companies\* received by CCWater - 2018/19



\*Includes complaints made by telephone

Sometimes, the customer's complaint may be a matter which is set in legislation or we feel the company has acted reasonably so we do not take it forward. We will sometimes provide advice and help the customer, by referring the complaint to the company on their behalf.

The way a company resolves a complaint varies from carrying out operational works to giving an apology, explanation or financial redress to the customer. We helped household customers receive £610,000 in financial redress from their company, either through an amended bill or charges, compensation or a company gesture of goodwill.

### CCWater investigations increase but remain low

Companies usually follow our recommendations when it comes to achieving complaint resolution. Where possible, we will discuss with the company what actions we feel it should take to resolve the complaint, even before it has exhausted its complaints procedure.

Sometimes we may need to investigate a complaint if a customer has exhausted their company's procedure and we feel the supplier could have done more. We only needed to do this six times in the year but that was four more than the previous year. Four of the six investigations were against Thames with the remaining two against Affinity and Severn Trent.

### Deadlocked complaints

Sometimes, a customer may reach deadlock with the company. In these circumstances, they can take the matter to adjudication and receive a decision that is binding on the company. In the year, a total of 490 customers submitted an application to the Water Redress Scheme (WATRS) for adjudication.



## 6. Non-household complaints

Non-household customers, including businesses and charities, can also turn to us for help resolving a complaint. Over the past two years these customers in England have had the freedom to shop around for a better deal on price and service from a range of retailers.

Since the opening of the non-household retail water market in April 2017, this report has focused on household customers. We report separately on the non-household complaints performance of the retailers and companies in Wales. We published our latest 2018/19 report earlier this year. It can be located here.

In the report, we criticised the performance of some retailers as complaints from non-household customers rose in the year, both directly to the retailers and those received against retailers by us. Given that the retail market has now entered its third year, we expect improvement from some retailers going forward.

We have committed to:

- publicly highlighting each quarter the better and poorer performers on complaints made to us to help customers make a more informed choice when switching retail provider;
- challenging the retailers who compare badly and are getting worse;
- pressing for better working relationships between wholesalers and retailers;
- seeking improvements to market codes where they will benefit consumers; and
- working with Ofwat where we see retailers and/or wholesalers failing to meet their obligations and identifying the need for regulatory intervention.



## 7. Conclusion and next steps

### Overall performance of the industry

We can see some positives coming out of the performance by companies during 2018/19. The 2.8% reduction in calls made to companies to resolve problems is encouraging, given the challenges the industry faced in the year.

Some of the better performing companies continued to build on previous years' progress and the turnaround by Bournemouth shows that a company can transform its service in a fairly short period.

The companies we identified as poor performers in 2017/18, Southern, SES and Bristol have responded to our concerns and we have since seen a general improvement.

However, the increase in written complaints is a concern, especially as companies do not seem to be learning from their mistakes. It is disappointing that the problems we highlighted in our 2017/18 annual report came to light again in 2018/19.

Billing and charges continues to be the main cause of written complaints. We will campaign to push the industry to improve on this measure through a forthcoming workshop to better understand why so many customers complain about their bills. Companies better identifying the causes ahead of the complaints, such as a spike in consumption and better layout of customer bills should help drive improvements.

### Further actions for the poorer performers

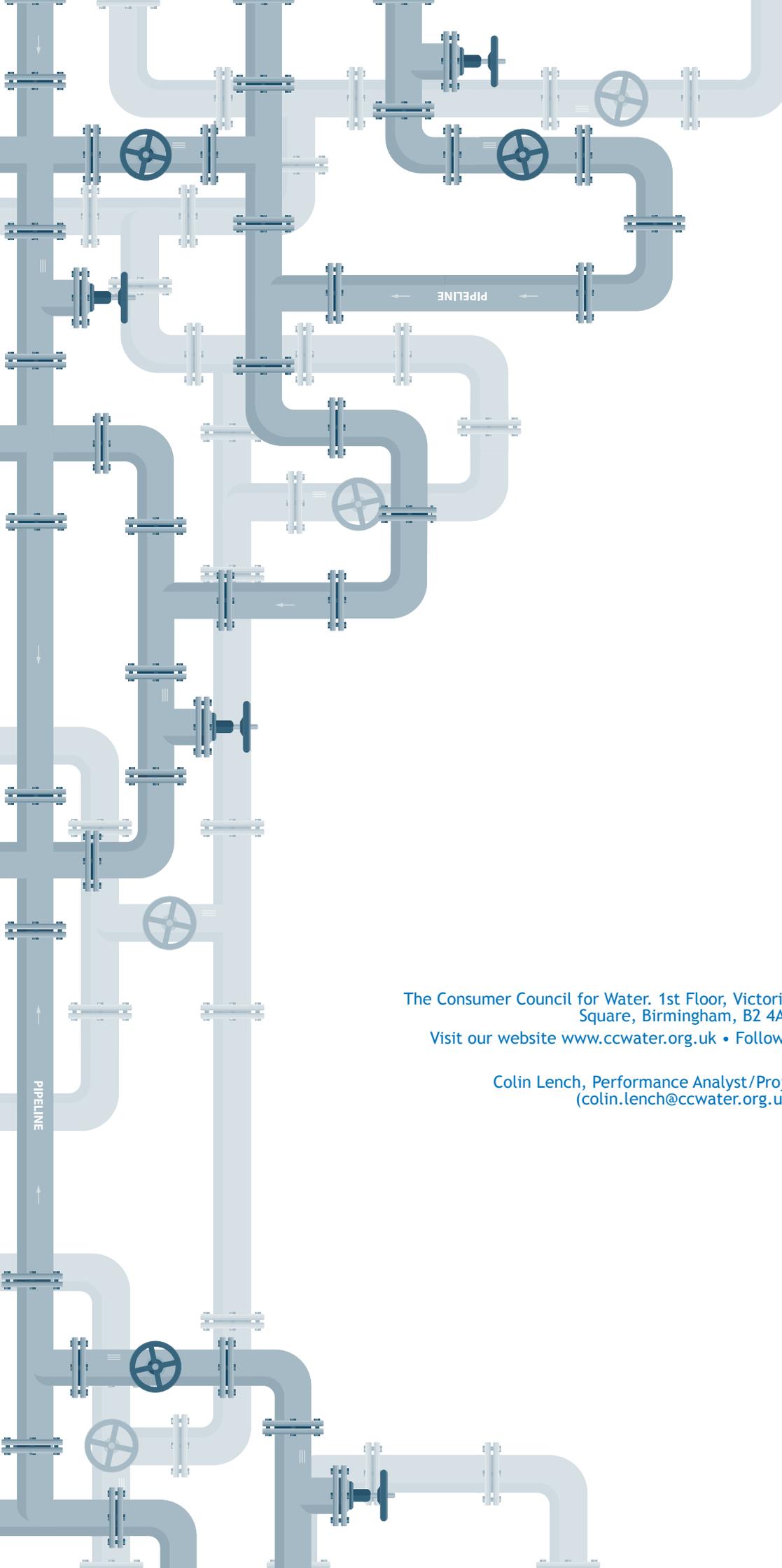
We expect to see improvements from the four poor performing companies highlighted in this year's report - Northumbrian, Essex and Suffolk, Hafren and Thames.

The huge increase in the number of complaints not resolved first time by Thames is particularly concerning and needs to be urgently addressed.

We will continue to monitor company performance throughout the year and look to identify and address issues as and when they arise. Where we see problems we will challenge the companies to turn things around quickly.

### Future complaint reporting

We know customers and companies are interacting through other communication channels and our 2019/20 report will include company complaint performance via these additional methods of contact. We will continue to work with companies on the reporting of telephone complaints, rather than unwanted contacts and we will begin to report on these next year.



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Visit our website [www.ccwater.org.uk](http://www.ccwater.org.uk) • Follow us @WaterWatchdog

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