

ccw

The voice for water consumers
Y corff sy'n rhoi llais i ddefnyddwyr dŵr



Getting the measure of billing and debt complaints



ccwater.org.uk



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Overview

This report considers the root causes for the main complaints received by water companies and CCW. The billing and charges category makes up around 50% of all complaints that customers have to make and has been the main driver of complaints for the last decade.

Our research suggests that billing and charges complaints affect customers' views of value for money and fairness of bills. We want to help the industry gain a better understanding of what can be done to stop these problems before customers are forced to complain to their company or escalate it to CCW.

The most common billing and charges complaints that customers have are:

- When they either do not agree that their metered bill is for the correct amount.
- That they are responsible for the bill.
- About debt recovery.

There are some simple steps that companies can take to address these problems.

Specifically for disputed liability complaints, we expect companies to:

- Introduce transitional payment arrangements for compulsory metering.
- Engage early with customers moving from an unmetered home to a metered property to help them manage their water use.
- Flag unexpected bill increases to the customer before sending the bill to help households manage their water use, identify leakage and offer payment plans.
- Read meters frequently to identify any potential issues early.

For debt recovery, companies should:

- Keep in regular contact with customers to understand their individual circumstances and offer the appropriate assistance, tailored to their needs.
- Ensure that revenue collection is suitable for the customers so that they do not slip back into non-payment of their water bill.

When someone does have cause to complain, companies need to ensure that the process is clear, quick and easy for customers to follow. It should be resolved without the need for a customer to escalate the problem to CCW.

We are publishing this report as part of our campaign to reduce billing and charges complaints and will be holding an industry-wide billing workshop in March 2020. It will be an opportunity for all companies to share good practice and discuss what improvements can be made to make things easier for their customers. We will be following up on the progress of each company on the recommendations made in this report and at the workshop in 2020-21.

1. Introduction

We have successfully worked with water companies over the years to help them identify the root causes of customer complaints.

This approach has helped to reduce complaints by 70% since their peak in 2007-08. In this report, we look at the key issues that the industry is facing and make recommendations on how all companies can improve the experience for customers.

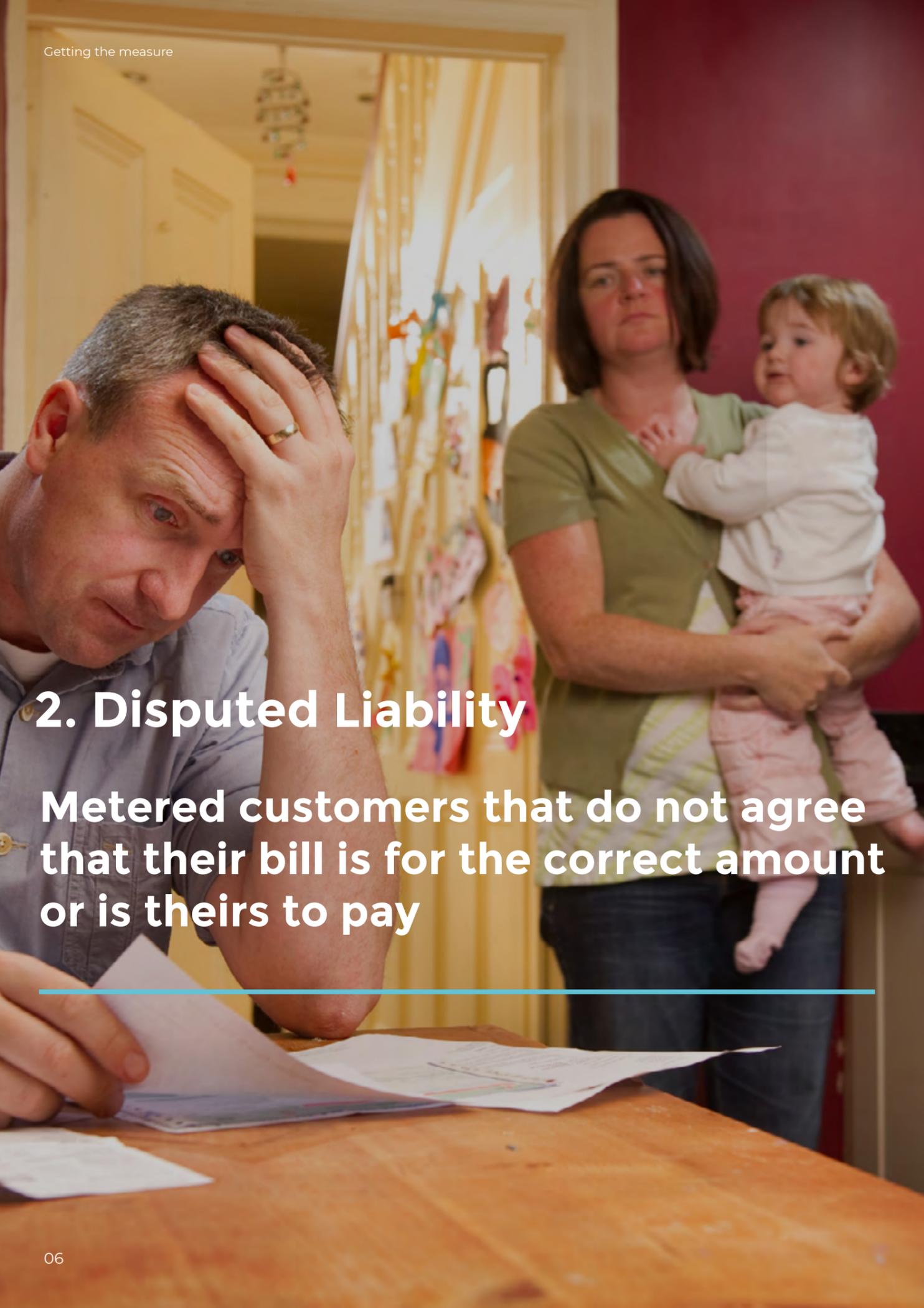
Time and again our [annual household complaints to water companies in England and Wales report](#) shows that customers have most cause to complain about billing and charges. Last year, this category made up 50% of all complaints received by companies and 53% of complaints to CCW. We wanted to understand the underlying problems and how the industry might be able to adapt to ensure that customers are not forced to complain. In the event a household has to raise a complaint, the process should be straightforward enough to achieve a prompt resolution.

The data that we get from companies is very high level, but we know that it echoes the information that we hold about customer complaints. We have scrutinised our own data to understand the root causes of complaints about billing and charges. It revealed that the most common complaints that customers have are:

- When they either do not agree that their metered bill is for the correct amount.
- That the bill should be theirs to pay (disputed liability – metered).
- About debt recovery.

In our [Water Matters Highlights Reports](#), we have already identified that there is an issue within the industry surrounding customers' perceptions of value for money and fairness of bills. Reducing the need for customers to complain about their bills could help to increase satisfaction in both of these areas. Cost and price rises are in fact the biggest reason for dissatisfaction with fairness of bills – this directly relates to disputed liability complaints.

This report considers what companies can do to help prevent disputed liability and debt recovery problems. It also sets out what they can do to make each customer's journey smoother when someone does need to complain.



2. Disputed Liability

Metered customers that do not agree that their bill is for the correct amount or is theirs to pay

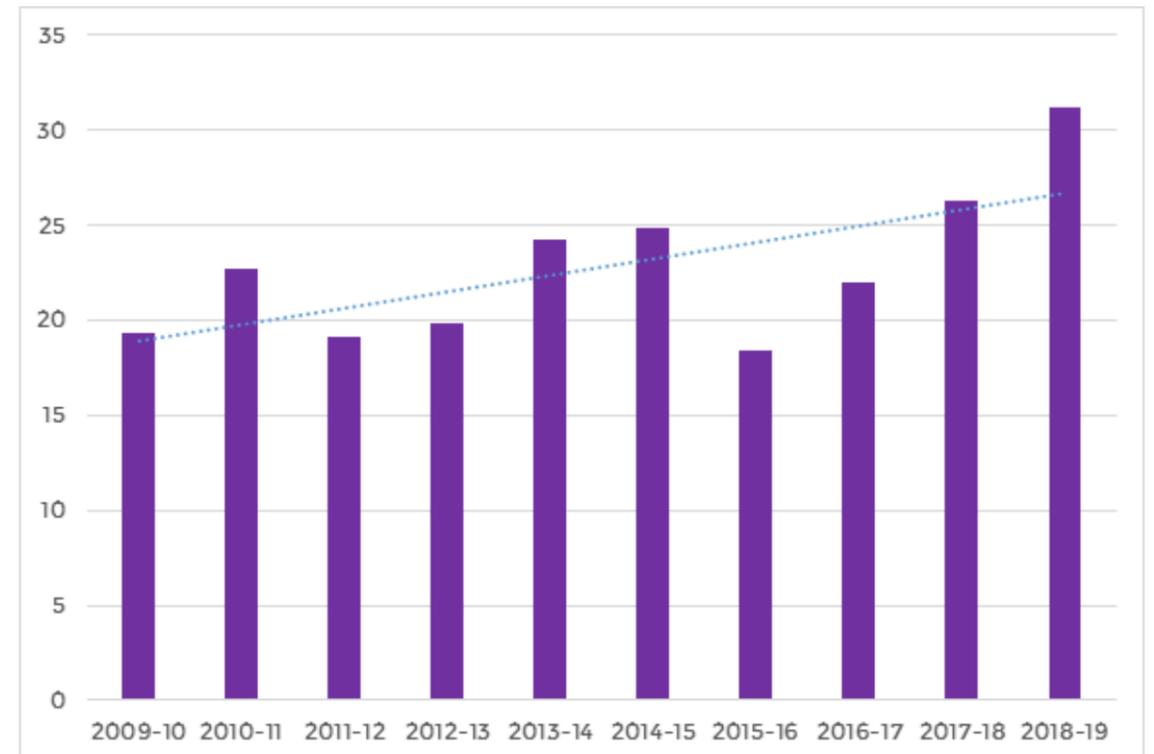
While some liability disputes are over who the correct bill payer is, the majority occur when a customer does not believe that their metered bill is correct.

In some cases these complaints are not inaccurate bills, but the customer response to a change in their own consumption. As this can be foreseen by the company, it is possible to avoid a complaint. This is the top cause of complaint to CCW every year and a problem that the industry must address quickly.

Looking at the last five years (1 April 2014 – 31 March 2019), companies have averaged 0.6 complaints on this matter per 10,000 connections. Some companies are notably above the average, with Southern Water being the worst performer (1.4 complaints per 10,000 connections), Thames Water second worst (1.2 complaints per 10,000 connections).

While the percentage of metered households in England and Wales is increasing, we are pleased to see that the amount of disputed liability complaints for these customers is falling. But there is still significant work to do in this area. The chart below shows that the percentage of disputed liability complaints against all billing and charges complaints is increasing.

We ran a billing workshop with companies in April 2010, which included focussing on reducing disputed liability complaints. In the two years following the workshop, we saw a notable change in these complaints to CCW. However, we have not seen a significant improvement in these types of complaints. Companies should focus on increasing their efforts to do all that they can to ensure that customers do not need to complain about their bills.



Percentage of disputed liability complaints against all billing and charges complaints

CCW believes there are some simple good practice steps that all companies should adopt:

- Where a household is metered through a compulsory metering programme, companies should introduce transitional arrangements to help the customer manage any unexpected bill shocks.
- Similarly, if a previously unmetered customer moves into a metered house within the same company area, the supplier should be able to communicate with them about what this may mean for their water use and bill. Our Information on Stream research considered what information customers normally require, when they need it and what format they prefer. It outlines that companies should be providing support and information to customers at the point of need. During this time customers want a good service experience with clear information, easily accessed through their preferred communication channel.
- Unexpected increases to metered bills should be flagged by the company before they are sent out to the customer. This will allow the company to proactively help the

customer understand why there has been an increase in water use. In these instances, companies should be offering free water audits to identify the problem and help the customer manage their water use in the future.

- Companies can also offer a payment plan to help customers manage the increased payments. In instances of unexplained, one-off high consumption, companies might even consider giving an allowance as a gesture of goodwill. Companies should make it clearer to customers what water-saving practices and devices are available and how to access and install them.
- Frequent meter reads - either by the company or by informing customers about how they can do this for themselves - will help identify any potential issues such as leakage at an early stage, before the customer has cause to complain.



Portsmouth Water is one of the better performing companies in relation to disputed liability complaints. They, like many other companies, have a process in place to validate increases to bills. If an increase is recorded, then a bill will not be produced and the account will be reviewed. The company will then either:

- Release the bill if they are already aware why consumption has increased.
- Write to the customer outlining that the bill is higher, which may indicate a leak if usage has not changed.
- Call the customer to discuss the change in the bill; or
- Send a technician to investigate for leaks, accuracy of meter reads or anything else that may have caused an unexplained increase in consumption.

While these reviews are taking place, the company suspends the issuing of bill reminders to the customer.

We know that there is increasing water stress across England and Wales due to rising demand and our changing climate. Therefore, helping customers to manage their water use is becoming increasingly important – not just from a complaints perspective, but from a resilience aspect too.

Case study: The Customer Perspective

After unexpected bill increases in 2011, Mr Brown had been complaining to Thames Water - he even asked a plumber to check for leaks on the property.

An investigation by the company revealed that a meter should not have been fitted as the property was on a shared water supply. They agreed to refund £3,000 to Mr Brown but the offer was withdrawn the following month.

Mr Brown raised a complaint with Thames Water and when he could not progress this further, turned to CCW for help. Our challenge resulted in Thames Water reinstating the original offer of a £3,000 refund.

Simply checking the meter was fitted correctly in the first place could have saved Mr Brown a lot of upset and the company a hefty refund. Getting the basics right is an easy way to avoid complaints.

3. Debt recovery

Over the last ten years, debt recovery has always featured in the top three reasons why customers decide to pick up the phone and complain to us about their water company.

Looking across the five years from 1 April 2014 to 31 March 2019, water companies have averaged 0.3 complaints per 10,000 connections on debt recovery. At 1.2 complaints per 10,000 connections, both Southern Water and Dŵr Cymru are four times this average, and the worst performers over the period. South West Water is second worst, with 0.7 complaints per 10,000 connections and Thames Water is third, with 0.5 complaints per 10,000 connections. The best performer across the five years is Portsmouth Water, with 0.03 complaints per 10,000 connections. Second best is Bournemouth Water (0.05) with Wessex Water (0.07) completing the top three.

Complaints in this area initially tailed off after 2011-12, but we are still receiving more than we did in 2013-14. In 2016-17, companies started to use credit reference agencies. At this time, we were working closely with the industry to try to minimise the customer impact of incorrect data sharing with the credit reference agencies. This included when customers had received final reminders and default notifications and a marker placed on their credit file but were insistent that their bills had been either paid on time, or entered into payment plans (some not realising that being on a payment plan itself does not prevent the marker being registered).

We were also looking to ensure that company communications about the use of agencies were clear and transparent to customers.

Revenue collection started to change in 2017-18 and companies used credit references to identify customer issues, help trace customers and give them more of an incentive not to fall into arrears.

Cambridge Water perform relatively well in terms of debt collection complaints. It attributed this to the amount of proactive work that it does in this area. Its debt recovery process is broken into multiple strategies dependent on a customer financial segmentation. Each one covers a series of letters, emails and SMS interactions. The company also has links with Citizens Advice and this is one option that may be suggested to customers.

We carry out customer debt assessments at companies and publish an [annual debt report](#). In the 2018-19 report, we found that some companies had modernised their processes and were interacting with customers in several ways - focussing more on opening communication with their customers. Companies that are in regular contact with customers are able to understand their individual circumstances and can offer the appropriate assistance, tailored to their needs. This also chimes with the recommendations from our [Information on Stream](#) that state that customers want clear information, when they need it, through a communications channel that works best for them.

Through our debt assessments we have found that a common problem with revenue collection is when contact is made with the customer. The customer will agree to something that is not really suitable for them and then slip back into non-payment of their water bill. This is a lost opportunity to offer the customer financial assistance or a more suitable payment plan, tailored to their circumstances.

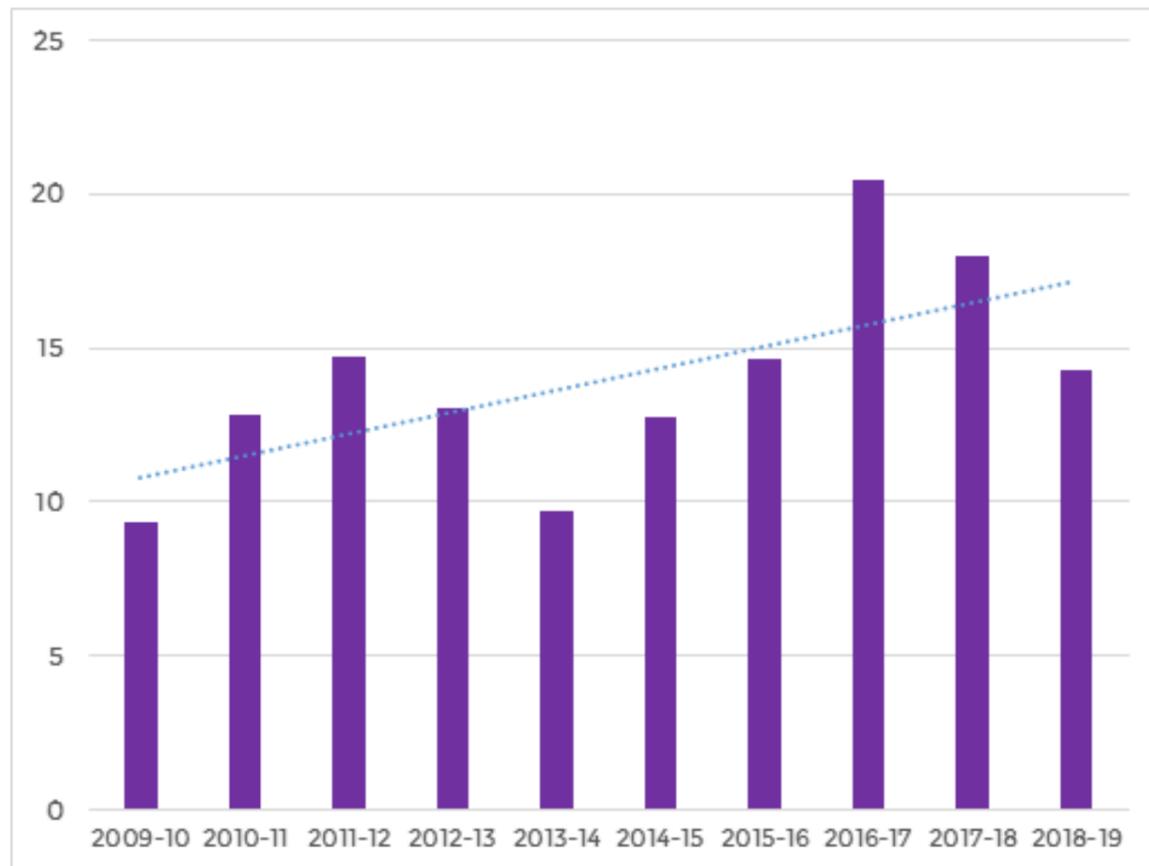
Our debt assessments have also helped identify areas of good practice, which we believe all companies could adopt to help reduce complaints. These include:

- Advising unmeasured customers with high bills of the option to trial a meter for up to two years.
- 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.
- 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.

Companies must learn from our assessment recommendations and look internally to see how they can further support their customers. The work companies are doing around affordability has improved markedly, along with debt management. But these issues are still posing problems for many customers that are having to complain to their company.



Percentage of debt complaints against all billing and charges complaints

Case study: The Customer Perspective

Thomas had a water meter installed in October and received his first bill in April the following year. He was surprised to see that, along with his new metered charge, there was a debt for around £40 left from his Rateable Value (RV) bill. He paid the bill promptly, but checked his credit file and was angered to see two late payment markers filed against him, one in January and another in February.

The company said when it closed his RV account he was sent a final bill, but never made payment. Thomas said he had never received that final bill so was unaware of the outstanding balance, and felt the late payment markers should be removed. The company refused to change its position.

The case reached deadlock, having exhausted the company procedure. When CCW looked at it, it was clear that no reminders had been sent to Thomas after the final bill was issued. The late markers were added three months after the meter was fitted. Had further communication been made in that time, Thomas would have been afforded an opportunity to make the payment and avoid the late markers altogether.

These markers were eventually removed and the company made a £50 gesture for the inconvenience caused to Thomas.

Better communication could have avoided this issue arising in the first place. Thomas would have been saved inconvenience and the company would have had its money sooner.



4. Deal with the complaint to the customer's satisfaction

Customers are choosing to contact us with complaints at varying stages.

In some cases, they will have exhausted the complaints process with the company and turn to us for help. However, we are also seeing an increase in the number of people who are choosing to contact us before trying to resolve the issue with their water company. In both of these circumstances, there are lessons to be learnt to help improve the customer journey.

In May 2017, we published research that investigated the low take up of the [Water Industry Redress Scheme \(WATRS\)](#). The research highlighted the barriers to taking complaints further, which included that the customer had simply given up or did not see the point in continuing. This may be indicative of customer sentiment at earlier stages of the complaint process too. The same research also revealed that the effort involved in escalating a complaint put customers off doing so. Over half of the customers surveyed had already been trying to resolve their complaint for three months and did not feel this was an acceptable timescale. Customers want a simple, pain free and quick resolution to their complaint. Recent research undertaken by Huntswood - [Complaints Outlook 2019](#) - which looked at the finance and utility (energy and water) sectors, shows that 78% of customers expect their complaint to be closed immediately.

The longer a complaint goes on for, the less engaged customers feel. Companies need to be doing all that they can to resolve complaints as quickly as possible. They should now be well versed in dealing with frequent complaints such as disputed liability and debt recovery, without the customer feeling the need to escalate these to CCW. Companies need to review their processes to see how they can improve the customer journey for complaints in these areas. Of course, CCW also needs to look at its own processes. We are reviewing our customer journey, looking for ways to better tailor it to individual needs and speed up the path to resolution.

Where a customer chooses to contact CCW with a complaint rather than deal with the company directly, this raises questions about why the complaints process is not being followed. It must be straightforward and easy for the customer to understand who to go to and when. Companies must make it clear to customers how to make a complaint and the steps that they should follow. The Complaints Outlook 2019 has also uncovered that, in both finance and utilities, only 44% of customers are happy with the ease of making contact and 8% fail to complain because they can't work out how to.

An increase in complaints coming straight to CCW suggests that companies are not making the process clear and simple for their customers.

5. Conclusions

Our work with companies has helped to reduce customer complaints by 70% since their peak in 2007-08.

This is a welcome improvement and companies must continue their efforts in this area. However, we have now taken a wider look at the key issues that the industry is facing and make recommendations for how all companies can improve the experience for customers.

Every year, we see that customers are most likely to come to us with complaints about disputed liability for metered bills and about debt recovery. Companies should proactively work to identify these issues in their regions and engage at an early stage with their customers to prevent problems turning into complaints.

Specifically for disputed liability complaints, we expect companies to:

- Introduce transitional payment arrangements for compulsory metering.
- Engage early with customers moving from an unmetered home to a metered one to help them manage their water use.

- Flag unexpected bill increases with the customer before sending the bill to help the customer manage their water use and offer payment plans
- Read meters frequently to identify any potential issues early.

For debt recovery, companies should:

- Keep in regular contact with customers to understand their individual circumstances and offer the appropriate assistance, tailored to each person's needs.
- Ensure that revenue collection is suitable for customers so that they do not slip back into non-payment of their water bill.

Reducing the need for customers to complain about their bills could help to increase satisfaction in both of these areas. Cost and price rises is the biggest reason for dissatisfaction with fairness of bills – this directly relates to disputed liability complaints.

When a customer does have cause to complain, companies need to ensure that the process is clear, quick and easy for customers to follow. The complaint should also be resolved without the need for the customer to escalate the problem to CCW. More than three-quarters of customers expect their complaint to be resolved immediately. Where this is not realistic, such as with complex or operational complaints, companies need to manage customer expectations around resolution times appropriately.

In March 2020 we will hold a workshop with companies to share good practice and help the industry reduce the unacceptably high billing and charges complaints. We hope that the themes within this report will prompt companies to think about and address the issues early, so that lessons learnt and company actions can be openly discussed and agreed at the workshop.

We encourage companies to review their own complaints data to see if it holds insights into other improvements they can make, and come ready to discuss and commit to making changes that benefit their customers.

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