



Written Customer Complaints
Complaint Handling in the Water Industry
England and Wales
April 2013 - March 2014

2013/14 report

September 2014

Written Customer Complaints -Complaint Handling in the Water Industry England and Wales, April 2013 - March 2014

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1. SUMMARY

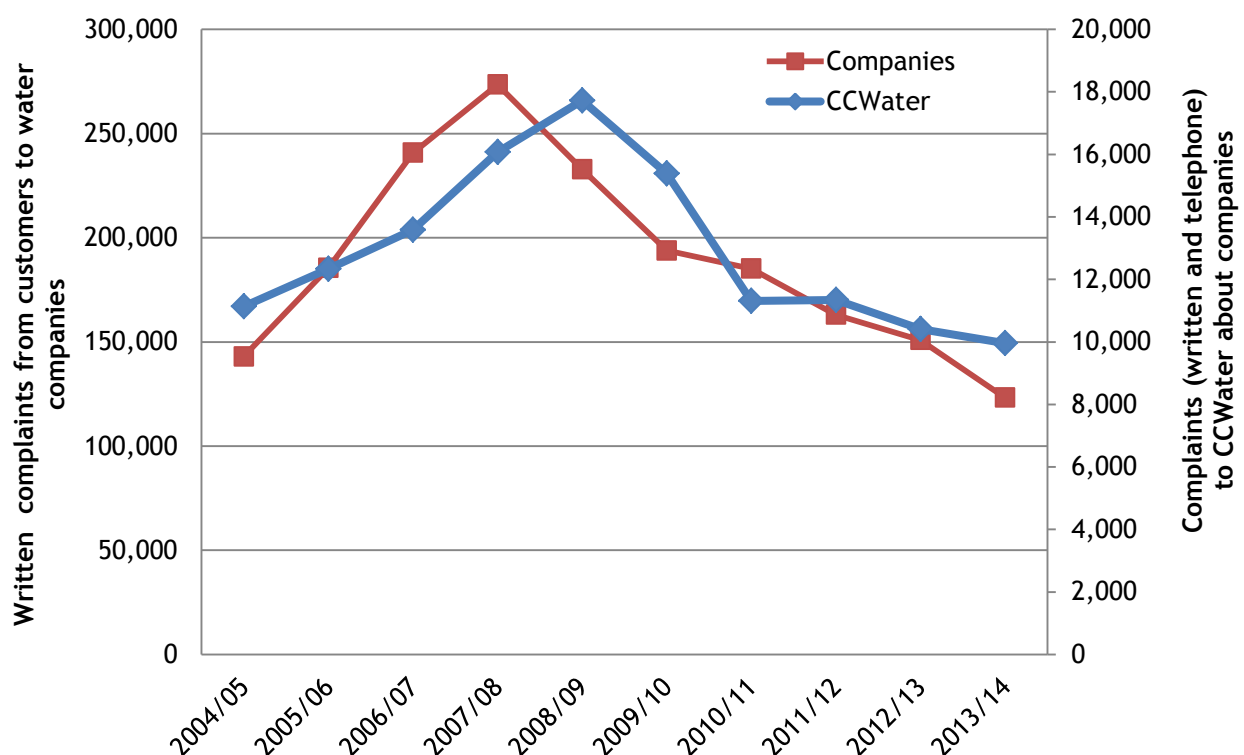
Good results overall, but there is still a lot of work to do

The Consumer Council for Water's (CCWater) work with the water industry has resulted in written customer complaints to water companies reaching their lowest level since we were created in 2005.

CCWater was formed to promote the interests of water and sewerage customers to water companies, regulators and governments, and to investigate complaints on behalf of customers.

Chart 1 shows CcWater's pressure on water companies to get things 'right first time' has had a positive effect with written complaints from customers to their water companies falling for a sixth successive year. The number of written complaints between 1 April 2013 and 31 March 2014 compared to 2012/13 fell by 18 per cent (to 123,218 from 150,893). This was a sharper fall than the previous year. Customer complaints to CCWater about their water companies also continued to fall.

Chart 1: Written complaints from customers to water companies and complaints to CCWater about companies 2004/05 to 2013/14



Telephone calls made by customers to water companies to resolve problems have also continued to fall broadly in line with written complaints.

Complaint numbers down except for four water companies

Table 1 shows that overall in 2013/14 there were 18 per cent fewer written customer complaints to water companies than in 2012/13. Water companies are ordered by the largest percentage reduction in complaints compared to 2012/13.

Table 1: Written complaints from customers to water companies 2010/11-2013/14

Water company		2010/11	2011/12	2012/13	2013/14	% change from 2012/13	% change from 2010/11
Water and Sewerage Companies	Thames	30,615	34,466	32,232	21,915	-32.0	-28.4
	Southern	12,362	12,863	22,815	16,423	-28.0	32.9
	Anglian	19,458	17,683	16,722	13,112	-21.6	-32.6
	United Utilities	39,004	27,107	16,493	13,639	-17.3	-65.0
	Yorkshire	9,561	8,443	10,677	9,003	-15.7	-5.8
	Wessex	4,691	2,817	2,577	2,175	-15.6	-53.6
	Northumbrian	6,193	4,997	4,817	4,456	-7.5	-28.0
	Dŵr Cymru Welsh Water	11,033	4,660	3,953	4,079	3.2	-63.0
	Severn Trent	24,185	20,706	17,858	18,813	5.3	-22.2
	South West	6,091	4,518	4,246	4,477	5.4	-26.5
Water only companies	Cambridge	416	323	270	167	-38.1	-59.9
	Hartlepool	115	131	114	81	-28.9	-29.6
	South East	8,232	13,095	8,787	6,261	-28.7	-23.9
	Portsmouth	201	248	320	236	-26.3	17.4
	South Staffordshire	2,745	2,475	1,643	1,315	-20.0	-52.1
	Dee Valley	730	622	444	369	-16.9	-49.5
	Essex & Suffolk	3,469	3,231	2,717	2,263	-16.7	-34.8
	Bristol	2,006	1,229	1,153	1,056	-8.4	-47.4
	Sutton & East Surrey	653	552	502	466	-7.2	-28.6
	Sembcorp Bournemouth	478	465	376	368	-2.1	-23.0
	Affinity	2,902	2,405	2,177	2,544	16.9	-12.3
All water companies		185,140	163,036	150,893	123,218	-18.3	-33.4

CCWater welcomes the continuing improvement but will continue to press the poorer performing water companies to do more work in some areas as they have not improved enough to bring them in line with better performers.

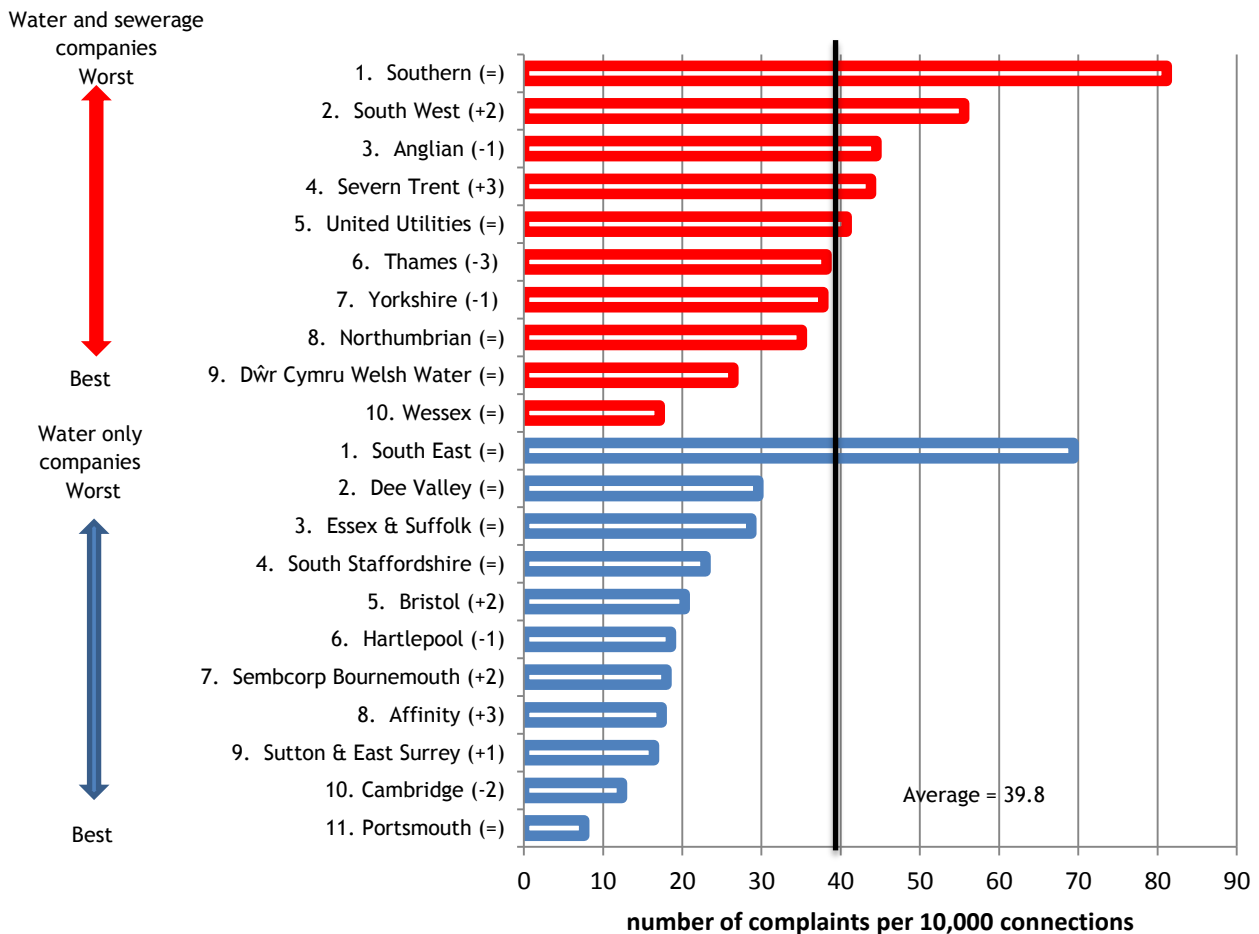
Four water companies - Dŵr Cymru Welsh Water, Severn Trent Water, South West Water and Affinity Water - bucked the industry trend and reported an increase in complaints during the year. CWater has challenged each company to explain why this has happened and what they propose to do to improve performance.

Some water companies performed relatively better than others

Some of the larger water companies have many times more customers connected for water or sewerage services than smaller companies. To enable us to compare company performance we use the number of written customer complaints per 10,000 connected properties as a measure.

Chart 2 shows the number of complaints per 10,000 connections for all water companies in 2013/14. The table illustrates whether a company has improved its position (-) or got worse (+) and by how many places compared to last year. Water companies that stayed in the same comparative position are denoted by (=).

Chart 2: Written complaints from customers to water companies per 10,000 connections



Overall, the average number of complaints per 10,000 connected properties dropped to 39.8 in 2013/14 from 49 the year before.

While Southern Water and South East Water both had fewer complaints, they remained the two worst performers when measured by complaints per 10,000 connections. Southern Water's complaint levels were twice the industry average, while South East Water had more than double the complaints of the next worst water only company. We have repeatedly told them that they need to bring themselves into line with the rest of the industry, but they continue to lag significantly behind. Both companies have renewed their commitments to us to put a greater focus on addressing the concerns of their customers.

CCWater has continually called for the regulator to hit any poor performing company with tougher penalties when it falls short of customers' expectations. This sends a clear message to a water company's management (and their investors) that their current levels of service are not acceptable.

Making improvements

Thames Water, the largest water and sewerage company in England and Wales, has responded to CCWater's calls to improve its service to customers. Evidence of this came with a reduction of 10,300 complaints, taking the company to below the industry average and improving its comparative position by three places.

Wessex Water continues to be the best performing water and sewerage company. It reduced complaints by a further 16 per cent, twice as much as a year earlier. Wessex Water, along with water only companies Cambridge Water and Portsmouth Water, continue to set the standard.

Complaint categories

Water companies record complaints under five main categories: billing and charges, water supply, sewerage service, metering, and “other” services. Chart 3 shows that there were fewer complaints in each category in 2013/14 compared to the previous year.

Chart 3: Written complaints from customers to water companies by category 2012/13 - 2013/14

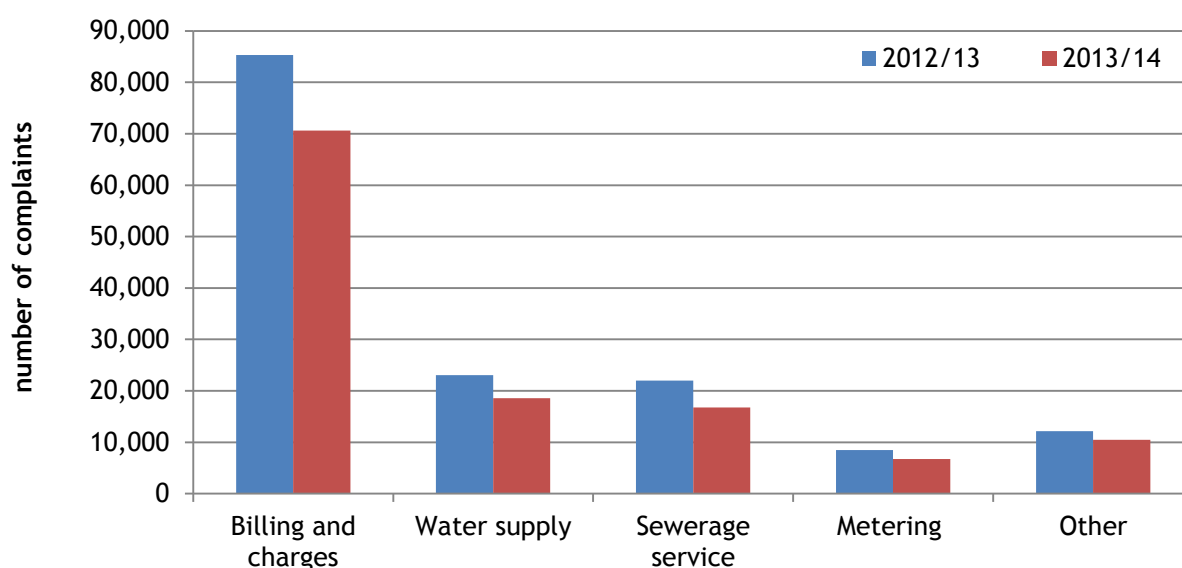


Table 2 shows billing and charges complaints continue to make up over half (57 per cent) of all complaints, although the proportion is showing a downward trend from 2010/11. Nevertheless, complaints of this nature remain high and water companies need to identify and tackle the root causes of billing and charges complaints.

Table 2: Written complaints from customers to water companies by category 2010/11 - 2013/14

Category	2010/11		2011/12		2012/13		2013/14		% change from 2012/13	% change from 2010/11
	number	% share	number	% share	number	% share	number	% share		
Billing & charges	119,087	64.3%	102,415	62.8%	85,289	56.5%	70,616	57.3%	-17.2	-40.7
Water	28,431	15.4%	25,562	15.7%	23,017	15.3%	18,585	15.1%	-19.3	-34.6
Sewerage	14,796	8.0%	14,473	8.9%	21,964	14.6%	16,766	13.6%	-23.7	13.3
Metering	7,378	4.0%	7,576	4.6%	8,466	5.6%	6,762	5.5%	-20.1	-8.3
Other	15,448	8.3%	13,010	8.0%	12,157	8.1%	10,489	8.5%	-13.7	-32.1
Total	185,140		163,036		150,893		123,218		-18.3	-33.4

Water companies have responded well to CCWater’s pressure to improve their services and, as a result, across the industry as a whole customers have made fewer complaints. But the industry faces many challenges.

Affordable bills vital if the downward trend in complaints is to continue

CCWater's Water Matters 2013 research tells us that one in five water customers say they cannot afford their water bill. With just a few months to go until Ofwat sets bill prices for 2015-20, the large number of billing and charges complaints shows why all water companies and the regulator need to deliver what customers find acceptable at a price they can afford.

There are many signs to suggest this will be the most customer-driven price setting review to date as we have challenged the water industry to put customers' views at the heart of their plans on services, investment and price. All but two water companies submitted plans to the regulator pledging to reduce bills or keep them flat (before inflation is added) by 2020. We still believe there is opportunity to secure an even better deal for customers and will be keeping up the pressure on water companies and Ofwat.

Compulsory Metering

The pace of water metering is increasing with some water companies installing meters compulsorily. These companies need to be mindful of the pressure this puts on some customers who are not used to receiving a water bill that changes in line with their consumption. Good communication is critical to ensuring customers know what to expect, along with effective support and advice for those who see their bills increase significantly.

Sewer Flooding

This past winter was unprecedented for the amount of rain that fell on England and Wales, and sewerage systems did not always cope well. As the climate changes, sewerage companies will be expected to keep the sewerage system flowing to minimise flooding and complaints.

Competition

The water and sewerage market is being opened to competition for non-household customers in England from April 2017. The parts of water and sewerage companies' businesses that deal with billing and customer service, as well as delivering the water and sewerage services, will need to be fit for purpose as they are accessed by new customers.

Binding resolution for deadlocked complaints

Over the next year, CCWater will be helping the industry introduce an alternative dispute resolution scheme. This will allow for complaints that CCWater cannot resolve through mediation with the water companies to be decided by an alternative dispute resolution provider that can offer a binding resolution on water companies. Consultations are being held within the industry at the moment and CCWater remains at the heart of these discussions. We want to ensure the scheme is actually of benefit to consumers and not just a hurdle in the complaints process or a get out clause for water companies.

2. Introduction

The Consumer Council for Water (CCWater) is the statutory consumer organisation representing water and sewerage customers in England and Wales.

One of CCWater's roles is to advise and help customers who have complaints about their water company. Most of the time, water companies are able to resolve the matter directly with the customer. In other cases, CCWater will intervene to help customers receive a good outcome to their complaint.

This is our eighth annual report examining the number of written complaints that customers sent to their water and sewerage companies. This includes complaints sent to companies by post and by email. Our report also shows the number of complaints that customers made to CCWater by post, email and telephone about water and sewerage companies. Our report focuses on complaints received between 1 April 2013 and 31 March 2014 but makes some comparison to previous years.

The information in this report includes:

- Company performance as measured by the number of written complaints from customers.
- Comparative analysis based on written complaints per 10,000 connections.
- The number of customer complaints not resolved first time, resulting in customers having to write again.
- Complaints received by CCWater about water companies.
- Findings from our Water Matters 2013 research which asks customers about their overall satisfaction with the services and value for money provided to them by their water company.

The types of complaints that water companies receive and how well they deal with them and the customer complaints we receive against water companies tells us a lot about the industry's performance.

CCWater uses the information in this and previous complaint reports to:

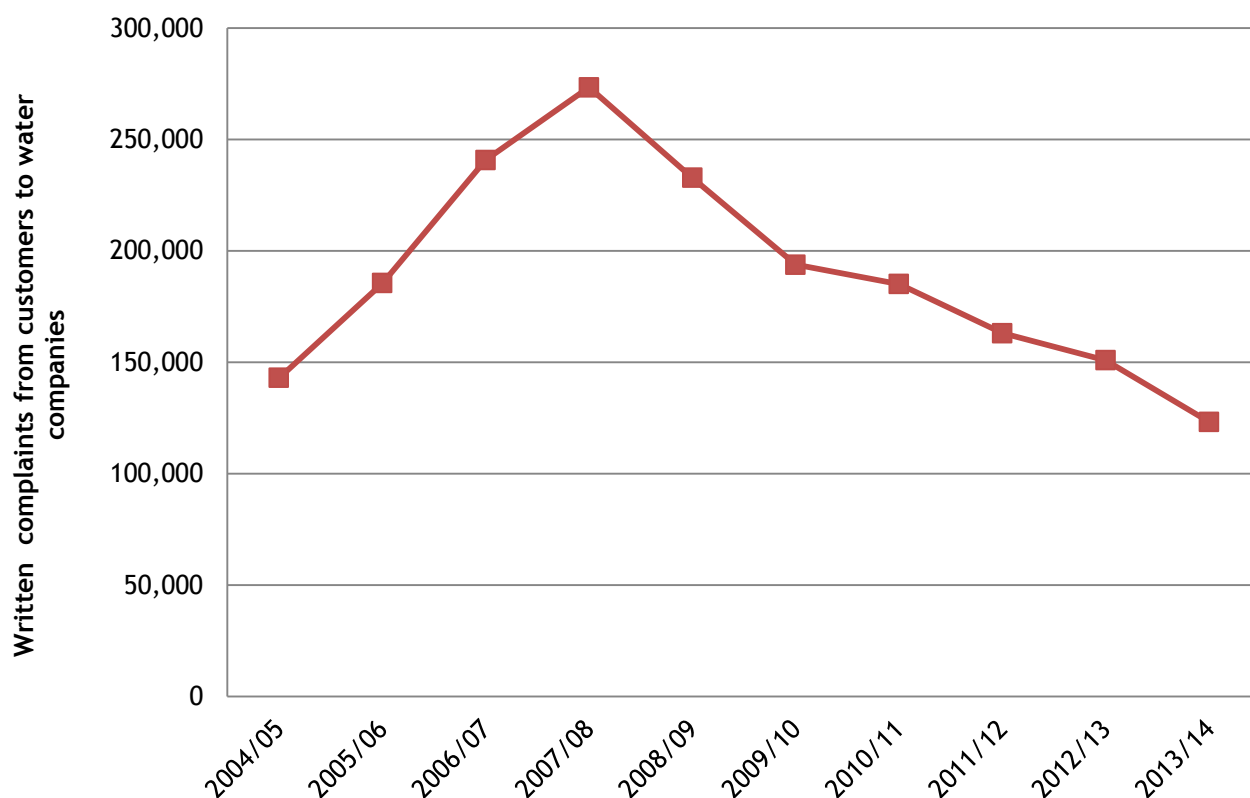
- Press poorer performing water companies to improve by meeting with their senior staff to discuss where they are going wrong and what they need to do to reduce complaints.
- Target the poorest performers and review a sample of their written complaints.
- Feed into our discussions with the regulator, Ofwat, about improving customer service in the water industry.

3. Written complaints from customers to water companies are falling

Chart 4 shows CCWater's pressure on water companies to get things 'right first time' has had a positive effect. Written complaints from customers to their water companies fell for a sixth successive year from a high of 273,463 in 2007/08 to 123,218 in 2013/14 (a 55 per cent drop).

The number of written complaints between 1 April 2013 and 31 March 2014 fell by 18 per cent to 123,218 from 150,893 the year before. The rate at which complaints fell was higher than it was between 2011/12 and 2012/13.

Chart 4: Written complaints from customers to water companies 2004/05 - 2013/14



Some water companies performed relatively better than others

Table 3 shows the number of written complaints to all water companies since 2010, the first year of the current regulatory price setting period. Water companies are ordered by the largest percentage reduction in complaints compared to 2012/13.

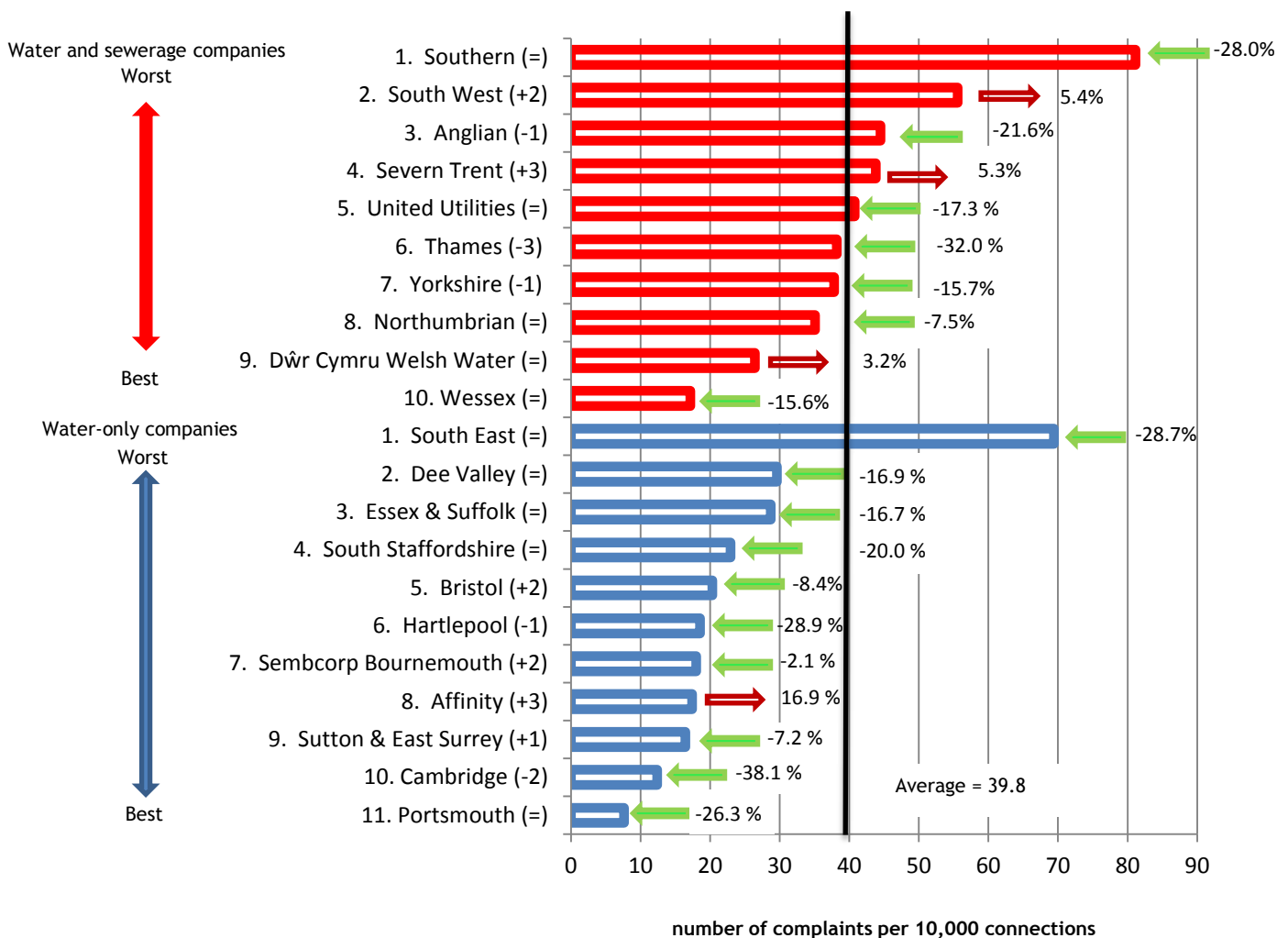
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	Affinity	2,902	2,405	2,177	2,544	16.9	-12.3
	All water companies	185,140	163,036	150,893	123,218	-18.3	-33.4

Any changes in the volume of complaints will be affected by the relative size of each water company. Some of the larger companies have many more customers connected for water or sewerage services than smaller suppliers. To make more accurate comparisons, we compare the number of written customer complaints per 10,000 connected properties.

Chart 5 shows the number of complaints per 10,000 connections for all companies in 2013/14. The table illustrates whether a company has improved its comparative position (-) or got worse (+) and by how many places compared to last year. Water companies that stayed in the same comparative position are denoted by (=).

Chart 5: Written complaints from customers to companies per 10,000 connections 2013/14 and change from 2012/13



Note: There are fewer water only companies listed this year due to the merger of Affinity Water's three operating companies.

Four water companies - Dŵr Cymru Welsh Water, Severn Trent Water, South West Water and Affinity Water - bucked the industry trend and reported an increase in complaints during the year. CCWater has challenged each company to explain why this happened, and what they propose to do to improve performance.

South West Water has moved to being the third worst performing water company overall. It needs to urgently address the underlying causes for the rise in complaints which the company tells us was due to challenges it faced dealing with an increase in water supply demand and the extreme weather. The company says it has introduced outbound messaging to inform its customers when there is a water interruption in its area as well as other operational events and it is simplifying its internal processes. We will monitor whether the implementation of this proposal delivers required service improvements.

Written complaints to Affinity Water rose by almost 17 per cent which the company attributed, in part, to problems arising from the merger of its three previously separate companies - Affinity Central, Affinity Southeast and Affinity East. The company states that it expects to reverse this increase during 2014/15. We will be monitoring their performance closely to ensure it delivers on this pledge and remains in the top five performers when measured by 10,000 connections

Severn Trent Water says that it had five per cent more complaints because it increased its online profile. But other water companies increased their profile and most still had fewer written complaints. The company tells us it will be putting more resources into its call centre so that staff can take time to better understand customers' concerns and expectations. In doing so, the company hopes to resolve issues at first contact and thereby reduce written complaints.

In Wales, Dŵr Cymru Welsh Water's complaints increased by just over three per cent, reversing the downward trend of recent years. The company accepts that it did not manage customers' expectations effectively, and plans to be more proactive in its communication with customers through its website, email and new social media channels. It also says it will prioritise updating customers via these channels, and is also building a customer experience and resolution team to manage the process. CCWater will be working closely with the company to see if these steps make the expected positive difference and lead to a fall in complaint numbers.

Although Southern Water received 28 per cent fewer complaints than in 2012/13, it remains the worst performing company on the basis of complaints per 10,000 connected properties. At 81.1, the company has received more than twice the industry average of 39.8 complaints per 10,000 connected properties, and this has been the case for the past two years. Southern Water will have to maintain a rapid pace of improvement to come into line with other water companies within the next few years. The company has told CCWater that it will continue to place a greater focus on its customers rather than policies and procedures. It recognised that the style and tone of its communication was not as good as it could be.

South East Water received nearly 29 per cent fewer complaints from its customers. But when measured by complaints per 10,000 connections, it was second worst overall in the industry and attracted more than twice as many complaints as the next worst water-only company. CCWater considers this performance unacceptable. The company has made a fresh commitment to us to put a recovery plan in place to improve its service and bring its complaints in line with the rest of the industry.

CCWater has continually called for the regulator to hit any poor performing company with tougher penalties when it falls short of customers' expectations. This sends a clear message to a water company's management and its investors that its current levels of service are not acceptable.

CCWater has consistently challenged Thames Water, the largest water and sewerage company, on customer service issues. The company has responded well, and as a result its customers made 10,300 fewer written complaints in 2013/14 than the previous year. Because its complaints fell by nearly a third, on a per 10,000 connections basis, it is now below the industry average, and its comparative position improved by three places.

Wessex Water was again the best performing water and sewerage company for complaints per 10,000 connected properties. It oversaw a reduction in complaints of nearly 16 per cent, an even better improvement than in 2012/13.

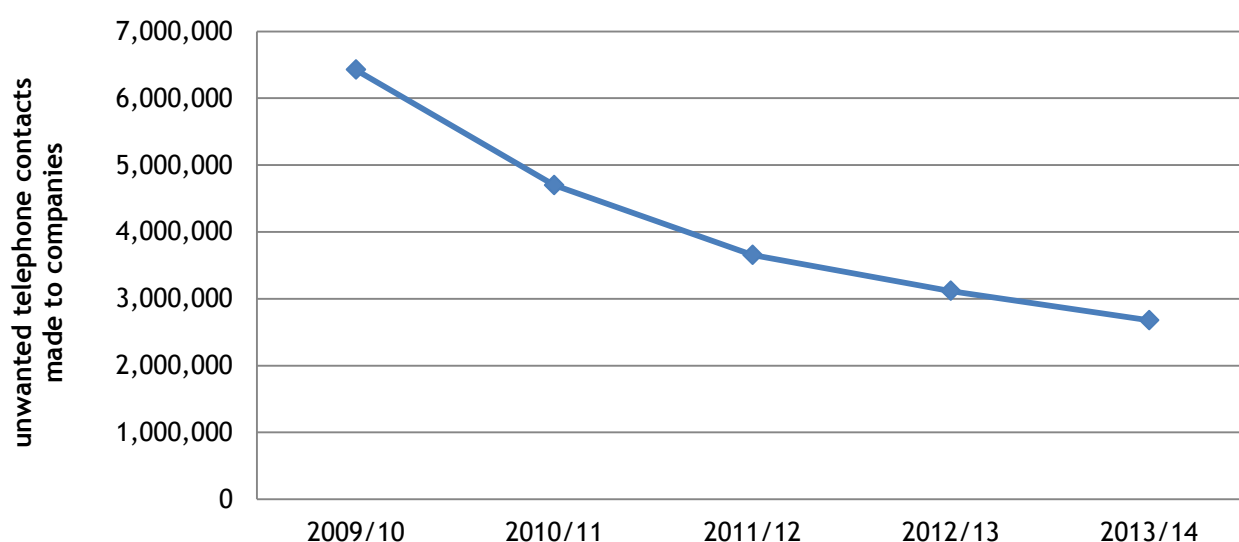
Water-only company Portsmouth Water maintained its position as the best performer in the whole industry for complaints per 10,000 connections, aided by a 26 per cent reduction in complaints during 2013/14, reversing the previous year's increase. Cambridge Water recorded the largest reduction in complaints at 38 per cent to cement its position as one of the best performing companies.

4. Telephone contacts from customers to water companies are also falling

This report focuses on written customer complaints to water companies but these alone do not reveal the whole picture. The regulator Ofwat also asks water companies to report separately telephone contacts which their customers should not have had to make (unwanted contacts).

Chart 6 shows the telephone contacts from 2009/10 to 2013/14. There were almost 2.7 million telephone contacts in 2013/14 which were unwanted. This is less than half as many as there were in 2009/10. The trend shows these have reduced broadly in line with written complaints, which further supports the view that water companies are getting more things right first time and customers have to make fewer unwanted contacts.

Chart 6: Telephone contacts (unwanted) from customers to water companies 2009/10 - 2013/14



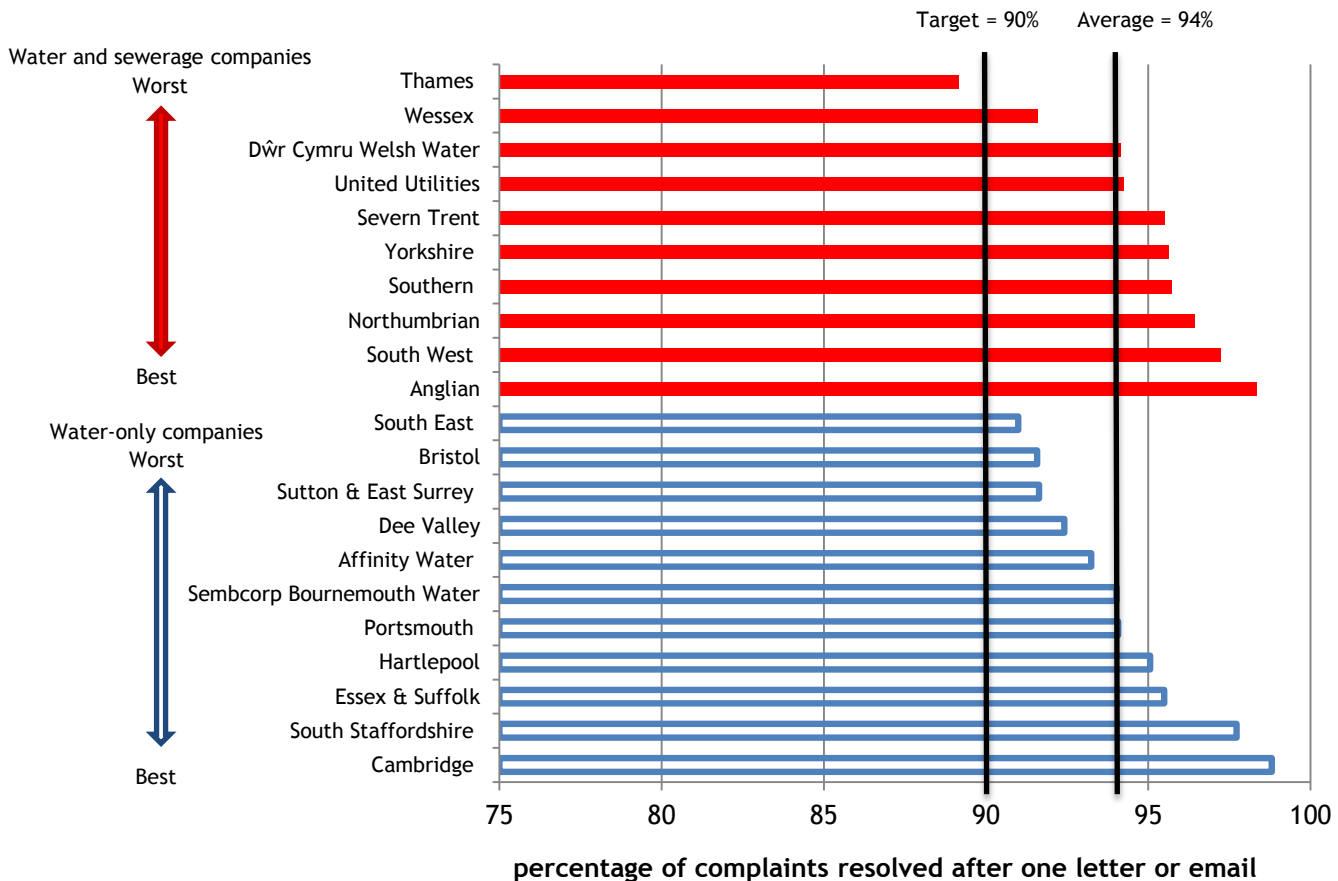
5. Complaints from customers to water companies resolved after the first written contact

Water companies should strive to avoid problems, but when they do arise then they should be addressed quickly. If the problem generates a written complaint then we expect the company to adopt a 'right first time' approach to resolving it.

That is not to say that every complaint will be resolved immediately. Some operational issues can take time to resolve, but we expect water companies to resolve at least 90 per cent of complaints after only one customer letter or email.

In 2013/14, 94 per cent of complaints were resolved at first contact compared to 91.3 per cent the previous year as shown in Chart 7.

Chart 7: Written complaints from customers that water companies resolved after the first contact



Only one company - Thames Water - did not meet the target, although it was just below the mark at 89.2 per cent. This represented an improvement on the previous year (83.4%).

As customer expectations increase, we will challenge water companies to ensure that:

- Company staff take ownership of cases and are empowered to resolve complaints without recourse to senior management;
- Organisational structures allow for more experienced complaint handling staff to deal with those complaints that are more difficult to resolve; and
- Policies or service areas that generate more complaints are reviewed by management, and, where appropriate, policies are changed.

Water companies should make every effort to prevent customers having to enter into lengthy correspondence. Not only does it represent good customer service but it projects a more positive image for the company, both with the complainant and to the wider community. It can also keep the water company's costs down, freeing up resources to focus on improving other areas of the business.

We have pressed water companies to have no more than two stages in their written complaint procedure as we believe any more than this is not customer friendly.

6. Customer complaints received by CCWater about water companies

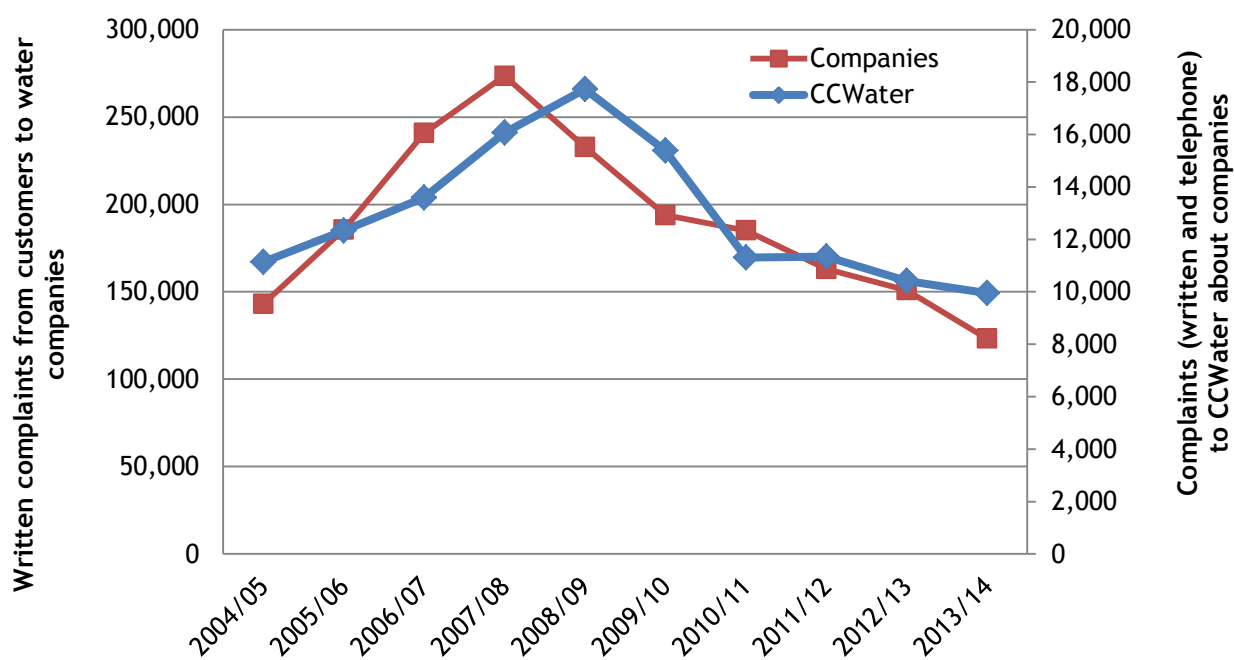
CCWater offers to help customers at all stages of their company's complaint procedure. In many cases we provide advice, based on our experience and knowledge of company policies and procedures, which a customer can then use to take their complaint to the company.

Other customers may want or need more support from us. We refer complaints to the company on the customer's behalf and then follow-up the referral to ensure the company resolves the matter quickly and effectively. In some cases, we will suggest to the company how it might resolve the complaint amicably and with minimal hassle for the customer.

Ultimately, our sanction against water companies is to formally investigate a complaint where the matter has exhausted the company's procedure, but where we feel there are unaddressed customer service issues that we should challenge.

In 2013/14, water customers brought 9,957 complaints (in writing and by telephone) to CCWater compared to 10,410 the year before, a drop of more than four per cent. This, too, was the lowest level of complaints for a decade as Chart 8 shows; 44 per cent reduction from their high of 17,724 in 2008/09.

Chart 8: Written complaints from customers to water companies and complaints to CCWater about water companies 2004/05-2013/14



While the number of written complaints to water companies is much higher than the complaints CCWater receives about companies, the trends are similar.

Out of the 9,957 complaints CCWater received against water companies in 2013/14, we formally investigated 13 - seven more than the previous year. In a further 6,090 cases, CCWater assisted customers in taking their complaint to their water company and we advised the water company what it could do to resolve each complaint as quickly as possible for the customer.

Before CCWater's 'right first time' attitude was adopted by water companies, we had to formally investigate hundreds of complaints against some water companies just to achieve the same results that we see now.

Falling levels of complaints to both the industry and to CCWater show that water companies are getting more things 'right first time'. But where companies did not offer a good service in 2013/14, CCWater pressed companies to put problems right.

Water companies are not bound by CCWater's recommendations but nearly always follow our advice. In 2013/14, CCWater helped deliver positive company outcomes for thousands of customers who brought their complaints to us. We may have secured an apology, a better explanation, an action to prevent a problem from recurring, waived or refunded charges, or an offer of a financial payment as a gesture of goodwill from the water company. CCWater helped return nearly £1.8 million in compensation and rebates for customers of water companies in 2013/14.

7. Main categories of written complaints from customers to water companies

We ask water companies to report their written complaint numbers under five main categories which represent the major areas of their service:

- 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.)

Chart 9 shows the number of complaints by category compared to 2012/13. Despite the wet winter, the largest percentage reduction was in the sewerage service category.

Chart 9: Written complaints from customers to water companies by category 2012/13 - 2013/14

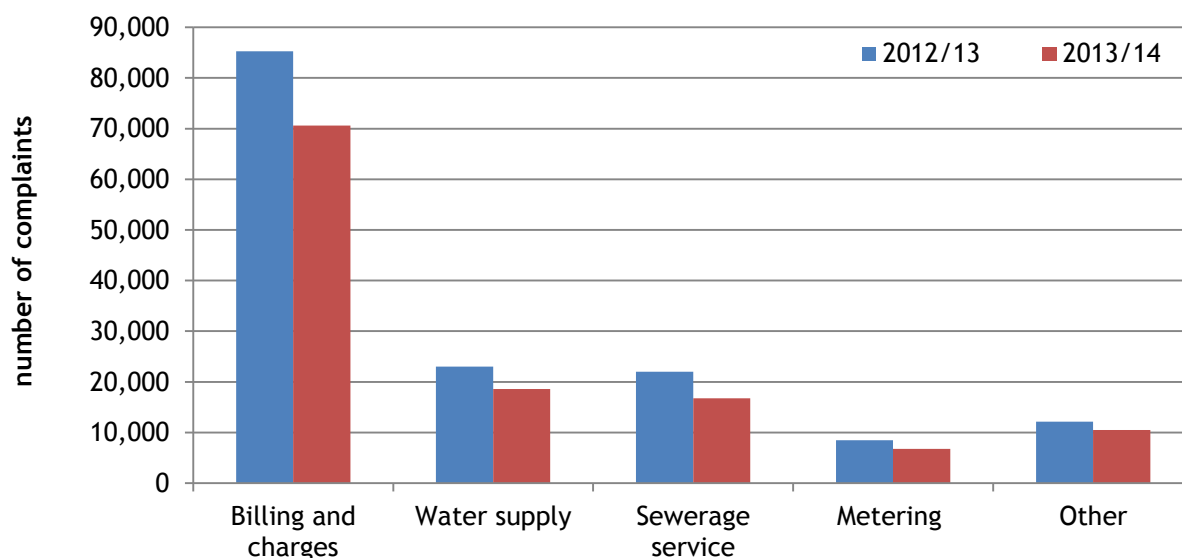


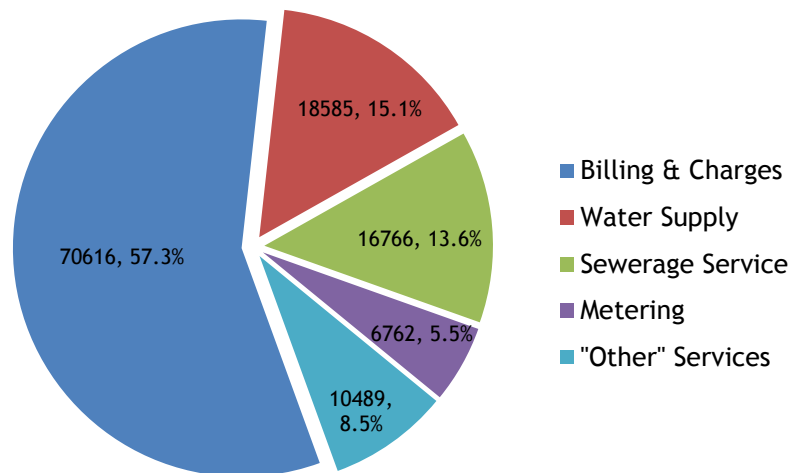
Table 4 shows a longer term trend of complaints by category back to the start of the current regulatory price period in 2010/11.

Table 4: Written complaints from customers to water companies by category 2010/11-2013/14

Category	2010/11		2011/12		2012/13		2013/14		% change from 2012/13	% change from 2010/11
	number	% share	number	% share	number	% share	number	% share		
Billing & charges	119,087	64.3%	102,415	62.8%	85,289	56.5%	70,616	57.3%	-17.2	-40.7
Water	28,431	15.4%	25,562	15.7%	23,017	15.3%	18,585	15.1%	-19.3	-34.6
Sewerage	14,796	8.0%	14,473	8.9%	21,964	14.6%	16,766	13.6%	-23.7	13.3
Metering	7,378	4.0%	7,576	4.6%	8,466	5.6%	6,762	5.5%	-20.1	-8.3
Other	15,448	8.3%	13,010	8.0%	12,157	8.1%	10,489	8.5%	-13.7	-32.1
Total	185,140		163,036		150,893		123,218		-18.3	-33.4

Chart 10 shows that more than half of complaints (57.3 per cent) were about billing and charges. This marks a slight increase in the overall share compared to 2012/13 (56.5 per cent) but is down from 2010/11 (64.3 per cent).

Chart 10: Number and proportion of written complaints from customers to water companies by category



Water companies can bill their customers using an unmeasured charge based on a property's rateable value (sometimes referred to as water rates). Or the bills can be measured, based on the amount of water that flows through a meter.

This year the number of customers who pay water charges based on meter readings exceeded 50 per cent*, and will continue to rise as water companies install more meters. Some water companies install a meter only when a property has new occupiers. In the south eastern area of England, water companies are compulsorily installing meters for virtually all of their customers.

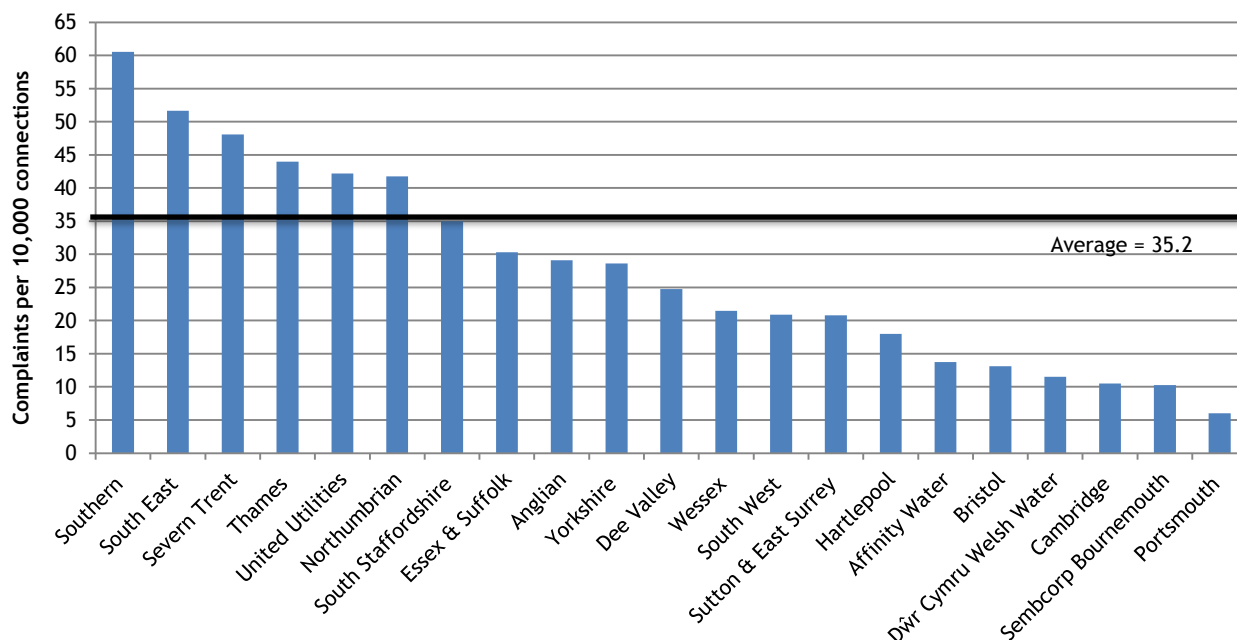
The proportion of metered customers is important because the largest single cause of complaints to CCWater about water companies relates to customer disputes about their metered charges. Customers can find it hard to reconcile the water they have used with what their bill says they used.

To deal with the complaints that can arise from metered customers, CCWater has challenged water companies to produce clear and accurate bills using information from new metering technology where it is available. We have pressed water companies to be flexible and consider waiving charges as a gesture of goodwill when a sudden high bill cannot be explained. We expect companies to have robust systems in place to set reasonable payment plans that reflect customers' water consumption. CCWater also compares water companies' procedures for identifying and dealing with leakage to prevent high bills from happening in the first place and we criticise those companies that are not doing enough.

*Ofwat consultation, "Wholesale and Retail Charges": http://www.ofwat.gov.uk/competition/review/pap_con20140117charging.pdf

Chart 11 shows the metered billing and charges complaints based on 10,000 metered properties.

Chart 11: Written billing and charges complaints from measured customers to water companies per 10,000 metered connections



The industry average number of complaints about metered billing and charges fell from 40.9 last year to 35.2. The two worst performers, Southern Water and South East Water have come closer to the average. However, there is still an unacceptable gap between the best and worst performers.

South East Water had 51.7 complaints, a significant drop from almost 90 in 2012/13. Southern Water also reported fewer metered complaints, down from 73 to 60.5.

Affordable bills vital if the downward trend in complaints is to continue

One in five water customers told us in our Water Matters 2013 survey that their water bill was not affordable. The same research also showed that satisfaction with value for money fell for water services to 69 per cent from 71 per cent last year, and remained static for sewerage services at 71 per cent. In contrast, satisfaction with the overall service remained higher. For water, overall satisfaction increased to 93 per cent from 90 per cent and for sewerage services it increased to 87 per cent from 85 per cent.

With just a few months to go until Ofwat determines price limits for 2015-20, complaint figures and CCWater's research show why it is crucial that water companies deliver services that customers want at a price they can afford and think is acceptable.

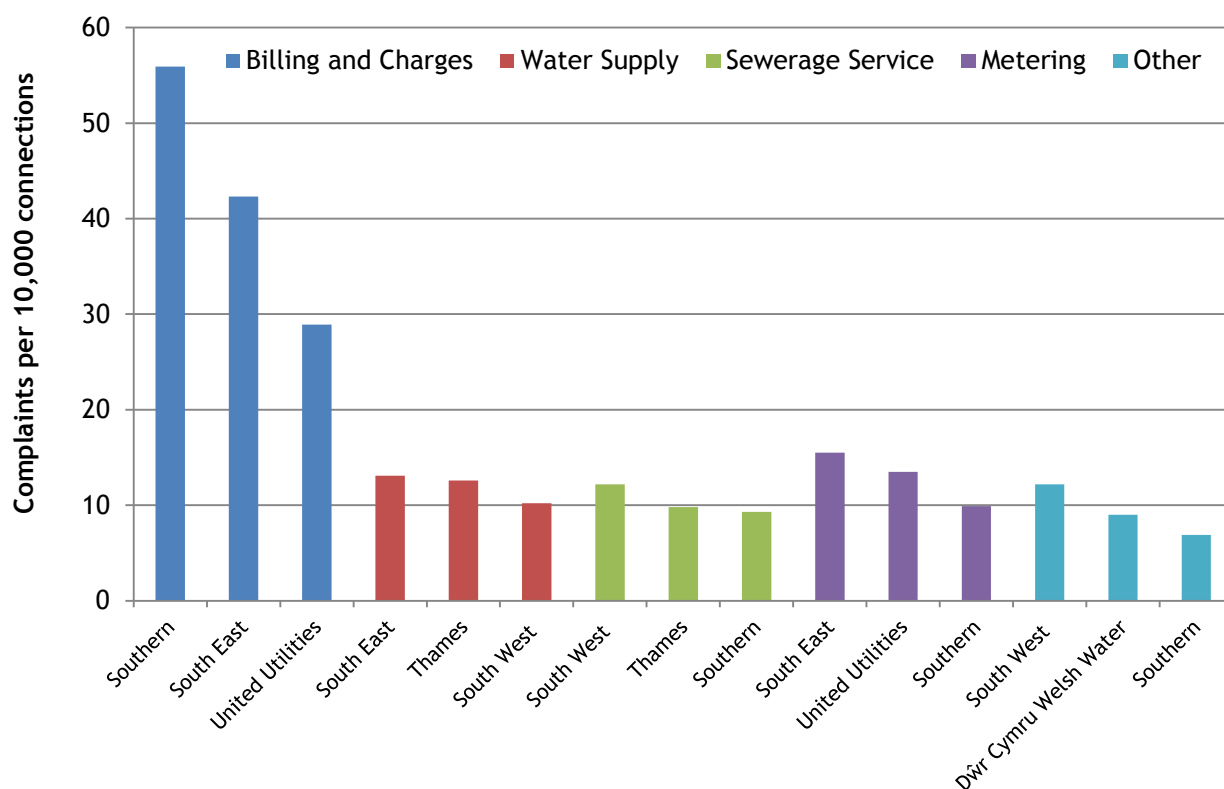
We have challenged all water companies to listen to their customers' views and put them at the heart of their plans. As a result all but two companies submitted plans to reduce bills or keep them flat by 2020, before inflation is added. But we feel there is still an opportunity to deliver an even better deal for customers and we will be keeping up the pressure on the regulator Ofwat and all water companies before the final decisions on price limits are made in December.

CCWater is continuing to work with water companies on the development of social tariffs, which are schemes to support those households struggling to pay their water bill. Affinity Water, Sutton & East Surrey Water, and Thames Water introduced schemes on 1 April 2014, adding to the schemes launched in 2013 by Bristol Water, South West Water and Wessex Water. A further ten water companies are currently considering implementing schemes in 2015.

Poorest performing companies in each complaint category

Chart 12 shows the three poorest performing companies for each of the five main categories. This shows that some water companies will have to focus on a different issue than others if they are to satisfy their consumers. The differences between water companies could be attributed to a number of factors, including policies and procedures which are not customer friendly, as well as regional variations like the weather and level of company charges.

Chart 12: Three poorest performing companies in each complaint category when measured by complaints per 10,000 connections



Billing and charges

The only contact many customers have with their water company is when they receive and pay their bill. Unclear bills or charges that are higher than expected will inevitably lead customers to complain.

Although all companies received fewer complaints, the same three water companies as last year, Southern Water, South East Water and United Utilities, received the most complaints per 10,000 connections about billing and charges.

Southern Water and South East Water have both produced recovery plans aiming to reduce their high levels of complaints. They told CCWater that they are making improvements to their bills or billing systems.

United Utilities told CCWater it recognises that it still has more to do to listen to its customers and provide a better customer experience to drive down the number of complaints.

Water supply

South East Water, Thames Water and South West Water had the most complaints per 10,000 connected properties about water supply issues, although South East Water and Thames Water reported fewer complaints in this category.

South East Water says it plans to better manage supply interruptions that caused many of these complaints.

Thames Water says it has identified leakage as a major source of water supply complaints and aims to address this issue.

South West Water says that it can do more to proactively contact customers to minimise complaints that arise from water supply interruptions.

Sewerage service

The same three sewerage companies as last year, South West Water, Thames Water and Southern Water, feature as the worst performers.

Sewerage service complaint numbers are prone to severe weather and the 2013/14 winter had higher than usual rainfall. Nevertheless, flooding has such a damaging effect on customers' lives. CCWater therefore expects companies to work with local authorities and the Environment Agency to minimise impact on customers where possible.

Between 2011/12 and 2012/13 the number of written complaints about sewerage increased significantly as companies assumed responsibility for customers' private sewers and lateral drains in October 2011. We pressed sewerage companies to communicate information about the transfer of responsibility and ensure they had sufficient call centre and operational staff resources to deal with the increased responsibility. As a result, the overall number of complaints about sewerage services fell in 2013/14.

Metering

Despite an overall increase in the numbers of customers who pay their charges based on a water meter, including in areas of water scarcity in South East England, metering complaints reduced by 20 per cent.

South East Water received the most complaints relative to its metered properties but had fewer complaints than last year. It is a water company that is proceeding with a compulsory metering programme.

United Utilities was the second most complained about company in this category. The company pledged to reduce the hand-offs between its staff members that annoy customers and prevent case ownership. It told us it plans to use new meter technologies to help it deal with complaints about high water consumption and leaks which lead to complaints about bills and meters.

Southern Water had fewer complaints than last year due to steps it took to use metering technology to identify leaks. The company also responded to our call to ease customers into metering by introducing charges metered gradually over three years.

'Other' services

There was a 13.7 per cent decrease in complaints about 'other' services in 2013/14. Customers usually complain about this category when their contact with their water company does not go well, for example, when experiencing difficulties in contacting appropriate or named company staff. While administrative issues may not be as upsetting to the average customer as, for instance, sewer flooding, CCWater believes that water companies should still devote resource to preventing easily avoidable complaints. We want to see water companies taking steps to improve the customer experience so that 'other' complaints keep falling in future years.

South West Water was a worse performer in this category compared to the previous year and had the most complaints per 10,000 connections. The company feels many complaints came from customers sending multiple emails and is addressing this with a new web chat facility.

Dŵr Cymru Welsh Water says it received more complaints in this area mainly because it failed to manage customers' expectations effectively. The company is planning to enhance proactive contact with its customers by improving its website functionality paying more attention to how it responds to customers.

Southern Water reversed the significant increase in "other" complaints it experienced in from 2011/12 to 2012/13. The water company fell from first to third place.

8. Looking to the future of the industry

The downward trend of water industry complaints shows that water customers are benefiting from service improvements in the industry. But improving satisfaction with value for money and affordability remains a major challenge for the industry. One in five water customers tell us they cannot afford their water bill with many households battling to manage their household budgets. Water companies need to tackle these issues head on and deliver the standard of services water customers expect, at a price they find acceptable. Ofwat's final decisions in December 2014 on water company's price limits for 2015 to 2020 will be critical in enabling the industry to provide the evidence that customers are getting good value for money.

CCWater has worked hard since 2005 to put customers' views at the heart of the 2009 and 2014 price setting processes, and to ensure every water company's plan is acceptable to its customers. Our work has already made a real difference. At the last regulatory price review in 2009, our contribution helped to deliver over £1 billion worth of value for customers - the equivalent of over £50 per customer, compared to the 2004 review. We will continue to press Ofwat to be tough on water companies that do not perform well, using regulatory tools to effect a step change in performance.

Some water companies are still lagging too far behind the industry average with their level of written complaints and must improve their customer service and complaint handling to come into line. CCWater will continue to work with water companies to address the root causes of their complaints, as well as handle complaints about water companies to help customers achieve the best possible outcomes.

An increasing number of properties are being charged through a water meter and this can lead to more complaints about billing and charges. Water companies need to ask themselves if they are doing enough to make sure that their customers understand how much water they use and are reassured that their bills reflect genuine consumption.

Many water companies still find themselves stretched when bad weather strikes. Sewers can be overcome by surface water or ground water leading to sewer flooding which can be devastating for customers. Sewerage companies will need to think seriously about how well prepared they are to deal with a changing climate.

As water companies get better at preventing or quickly resolving straightforward problems, they will face a larger share of more complex issues that are not as easy to resolve. Greater use of new electronic contact methods and social media mean customers will expect faster replies or more frequent updates. As customer expectations increase about the service they receive, their complaints are more likely to escalate to CCWater.

The industry is also changing. Over the next year, CCWater will be helping companies set up an alternative dispute resolution system so that complaints that CCWater cannot help a customer resolve through negotiation can be considered and a binding decision reached. This should help some customers avoid complicated or costly approaches to the court system.

CCWater will use the information in this report, along with our customer research and the complaints we receive against water companies, to press underperforming water companies and encourage the entire industry to keep improving its customer service and complaint handling.