

# Non-household customer complaints to water retailers, water companies in Wales, and Consumer Council for Water 1 April 2018 - 31 March 2019



## Contents

Foreword	2
1. Executive Summary	4
1.1 Total complaints increase	4
1.2 Many retailers/companies a cause for concern, some perform better	4
1.3 Poorest performers	5
1.4 Companies with mixed complaints performance	Е
1.5 Companies on CCWater's 'Watch list'	ε
1.6 Better performers	ε
1.7 Causes of complaints	Ε
1.8 Long-standing complaints	ε
1.9 Complaints with involvement of wholesalers	
2.0 Future CCWater work	7
2. Introduction	8
3. NHH customer complaints in England and Wales	9
3.1 Total complaints increase again	g
3.2 Customer research also shows decline	g
4. Individual company complaint performance	12
4.1 Big differences between the best and worst performers	12
4.2 NHH complaints received against retailers and companies to CCWater also increase	
4.3 Poor and better performers	15
4.4 Poor performers	17
4.5 Companies with mixed performance	17
4.6 Retailers on CCWater's 'Watch list'	
4.7 Better performers	18
5. Root causes of complaints received against companies by	
CCWater	19
6. Long standing NHH complaints	20
7. Complaints with involvement of wholesalers	22
8. Conclusion	74
~~ ~~::~;~~:~:~:.:::::::::::::::::::::::	—

## **Foreword**

In April 2017, competition in the provision of retail services in the water sector was extended to all business, charity and public sector organisations operating out of non-household (NHH) premises in England. Like other utilities, the new retail companies (referred to in this report as 'retailers') handle NHH customer complaints and enquires, bill the customers and read their meters. The supply of water and treatment of wastewater, and the maintenance of the supply network is the responsibility of regional water companies (referred to in this report as 'wholesalers').

This report presents NHH customer complaints information for 2018/19. It covers written customer complaints received directly to retailers, as well as the complaints against the retailers and water companies in Wales received by CCWater<sup>1</sup>. These are the two most reliable sets of complaint data to identify emerging issues. We have included complaints from customers in Wales so we can provide a full overview of NHH customer complaints in England and Wales. We refer to the retailers and companies in Wales throughout the report as retailers/companies or retailers and companies.

We recognise that wholesalers also have a vital part to play in the delivery of customer service for the NHH open market, particularly in providing resolutions to operational issues such as leakage, low water pressure and flooding. Wholesalers can also influence some elements of billing complaints, for example, the provision of leakage allowances and legacy issues around meter reading history. For competition to be a success, wholesalers and retailers must work well together to ensure customer issues are resolved quickly and effectively. The retailer and wholesaler interface should be as seamless as possible and invisible to the customer.

Complaints provide a strong indication of customer service but do not give the full picture. We know from our 'Testing the Waters' research that there is a proportion of customers who are dissatisfied with the service they receive but choose not to complain. We have referenced our NHH customer research, to identify any correlation between the views of customers surveyed and the complaint numbers in the year.

This report looks at various levels of customer service performance for individual companies and within the wider industry. We compare individual company performance based on the number of complaints normalised by the number of supply points (SPIDs, or connections for the companies in Wales) served by each company at the end of the financial year. We have used this same measure from our first 2017/18 annual report for consistency, and to gauge increases and decreases in complaint performance rather than simply comparing complaint numbers themselves. We do this to account for any retailer changing market share. We asked retailers to provide assurance statements on the complaint data they have provided to us.

We have considered retailers' and companies' performance from the written complaints they have reported, and the complaints CCWater has received against them. We commend retailers who, in terms of complaints per 10,000 SPIDs for both measures, are below 25% of the industry average. But this is against the background of an industry that is not where it was before the market opened in 2017. Since that time we have seen a disappointing rise in the level of

<sup>1</sup> Welsh Government chose not to open the water and sewerage retail market further in 2017 and has kept the switching level to NHH customers who use above 50 mega litres of water per year

<sup>&</sup>lt;sup>2</sup> https://www.ccwater.org.uk/research/testing-the-waters-business-customers-views-on-their-water-and-sewerage-services-2018/. In the survey around 1% of customers said they had complained but a higher proportion were not satisfied with elements of their service.

complaints generally. We are especially critical of those retailers who are above the industry average for complaints per 10,000 SPIDs and whose performance has deteriorated in one or both measures on the previous year.

The water retail market is now more than two years old and it is important that we highlight complaints performance to give customers a clearer idea of how well retailers are performing. The report is also one of the ways we challenge poorer performing retailers and wholesalers to improve.

Detailed information on complaint numbers can be found in the appendices which accompany this report.

If you have questions or would like to comment on our report, you can send your feedback to feedback@ccwater.org.uk.

## 2018/19 IN NUMBERS

17,918

NHH written complaints received by companies; a 20.4% increase on the previous year

43.0%

Increase in NHH complaints received against companies by CCWater on the previous year

58

The number of CCWater investigations against retailers; more than twice the number of the previous year

52.2%

Increase in NHH written complaints compared to 2016/17 (pre retail market opening)

382%

Increase in NHH complaints against retailers to CCWater compared to 2016/17 (pre retail market opening)

## 1 Executive Summary

#### 1.1 Total complaints increase

We are disappointed and concerned that more NHH customers in England and Wales had to complain than the previous year, widening the gap in the number of complaints further from before the market opened.

It is clear that the retail market has caused a number of customer service failures to emerge. These have included disputes about market eligibility and billing issues.

From a relatively stable position between 2015/16 and 2016/17, a significant increase in NHH complaint numbers occurred in 2017/18. We are disappointed in the further increases seen in 2018/19, both for the industry from 14,885 to 17,918 and the complaints CCWater received from 2,780 to 3,975. The increase in complaints is consistent with our 'Testing the Waters' research which showed a decline in customer trust and satisfaction and with how their contact was handled.

In our 2017/18 report, we challenged Castle Water, Clear Business Water, Wave, Water Plus and Yorkshire Water Business Services to improve their service and reduce the number of complaints made against them. If a NHH customer is not happy with the service they receive, they can switch retailer. Retailers who do not meet their customers' expectations risk losing them altogether.

## 1.2 Many retailers/companies a cause for concern, some perform better

Disappointingly, just six retailers reported fewer written NHH complaints per 10,000 SPIDs. CCWater received more complaints per 10,000 SPIDs about all retailers apart from Castle Water, last year's worst performer, which saw a marginal improvement.

Table 1 highlights the complaint performance of each retailer and companies.

Table 1 Retailer/companies - NHH complaint performance

	plaints reported by rs/companies	Retailer/company	Complaints re	eceived by CCWater	
Per 10,000	Increase/decrease		Per 10,000	Increase/decrease	
SPIDs	on previous year		SPIDs	on previous year	
97.1	70.9%	Water Plus	19.3	106.4%	
78.4	41.0%	Yorkshire Water Business Services	2.5	65.3%	
76.4	32.5%	Clear Business Water	22.8	105.5%	
65.5	186.5%	Everflow	16.8	166.4%	
55.5	-20.3%	Castle Water	17.9	-4.0%	
53.5	-18.1%	Wave	12.8	60.9%	
49.1	12.7%	Pennon	9.5	4.9%	
27.5	-2.4%	Dŵr Cymru	1.7	54.5%	
25.0	-6.0%	Business Stream	9.7	9.4%	
23.5	32.2%	Water2business	3.1	25.9%	
23.3	-8.8%	The Water Retail Company	0	0	
23.1	2012.1%	Hafren Dyfrdwy	4.0	267.3%	
19.6	8.8%	Affinity for Business	5.1	21.5%	
17.2	-22.1%	SES Business Water	17.2	224.5%	
7.5	N/A	First Business Water	0	0	
62.3	20.4%	Average/total	13.1	43.0%	

Key

Above the industry average for complaints per 10,000 connections/SPIDs and/or an increase on 2017/18.
Below the industry average for complaints per 10,000 SPIDs/connections and/or a decrease on 2017/18.

## 1.3 Poorest performers

Water Plus, the largest retailer, reported the highest number of complaints - driving up the industry average compared to 2017/18. Clear Business Water and Everflow also performed poorly on both written complaints and those which CCWater received.

#### 1.4 Companies with mixed complaints performance

Yorkshire Water Business had mixed results, performing relatively poorly on written complaints but emerging best performing larger retailer for complaints received against it by CCWater.

SES Business Water was a poor performer for complaints we received against it, but reported a lower proportion of written complaints directly from NHH customers. That has led us to question SES Business Water on the validity of its complaint numbers.

#### 1.5 Companies on CCWater's 'Watch list'

For the companies who were around or just below the industry average on one or both complaint measures, we will continue to monitor their performance. Castle Water, Pennon and Wave have shown some improvements, but still remain a cause for concern with the either the number of complaints or the increase in complaints CCWater has received against them.

#### 1.6 Better performers

Other retailers and companies have done comparatively well but saw an increase in at least one of the complaint measures. Business Stream, Affinity for Business, Hafren Dyfrdwy Water2business and Dŵr Cymru were below 25% of the industry average.

First Business Water and The Water Retail Company reported only one written complaint against them. On a positive note, many of the smaller retailers reported no complaints.

#### 1.7 Causes of complaints

Data provided to us directly from retailers contains only the numbers of written complaints received but our data can be broken down by main category, providing further detail as to why customers are contacting their retailer.

Billing and charges accounted for the majority (69.9%) of NHH complaints made to us. Administration complaints, such as failure to receive a response from the retailer or difficulties contacting via the telephone made up the second highest total at 14.2%. The remaining categories: (metering, water, sewerage, retail competition and 'other') complaints accounted for the final 15.9% of the complaints.

## 1.8 Long standing complaints

Where an issue exhausts a retailer's complaints procedure, CCWater may undertake a formal investigation.

In 2018/19, CCWater investigated more than twice as many complaints against retailers than in 2017/18 - up from 28 to 58. Most of the investigations were against Water Plus (21), followed by Wave (14) and Castle Water (9). This number is well above the six investigations we carried out against wholesalers in the year, and is another indication of the decline in customer service by some companies since the retail market opened.

#### 1.9 Complaints with involvement of wholesalers

While the two main causes of complaints received by CCWater were related to retail services, some were related to operational issues, such as leakage allowances and other long-standing issues. These require the involvement of the wholesaler and we therefore ask retailers to provide the number of complaints they receive which are wholly, or partly, attributable to wholesalers.

These accounted for just under 25% of total written complaints received by retailers and shows a need for wholesalers and retailers to work together effectively to deliver better customer service.

#### 2.0 Future CCWater work

CCWater is disappointed to see another rise in complaints when retailers have had two years to get to grips with the service requirements of the market two years on. The fall of customer satisfaction is another cause for concern. Some retailers have dealt with the market better than others. It is critical for the overall increasing trend in complaints to be reversed. Customers deserve good service and more complaints are not cost effective in a competitive market. To drive the improvement, we will focus on the poor performing retailers by continually demanding they improve, as well as making sure wholesalers play their part in ensuring their relationship and interactions are seamless, invisible and benefit NHH customers.

If we see evidence of companies failing to meet their licence conditions, we will be pushing Ofwat to take regulatory action.

#### 2. Introduction

Over the last two years NHH customers in England have been able to choose their retailer for both water and/or wastewater services. When the market first opened in April 2017 it was and still remains predominantly geographically based. Most NHH customers received their retail services from a retailer newly formed from the wholesaler in the supply area, or from a company that bought the NHH retail business from the wholesaler.

Welsh Government did not introduce a retail market in Wales and kept the switching of water and wastewater retail services to only those NHH customers who use more than 50 mega litres a year, which greatly reduces the number of eligible customers in Wales. We have included NHH complaints against companies in Wales for this report to give a more complete picture of the service customers are receiving within the regulated water industry of England and Wales.

In addition to the geographically based companies providing retail services, other retail companies entered the market and over time have increased their NHH customer base across different areas of England. Some customers have switched to these companies or between the geographically based retailers.

Switching retailer can deliver benefits, but it can also bring new areas of service failure; for example, delays, poor communication between retailers and wholesalers, or disputes about eligibility. Problems can also arise through operational issues between retailers and wholesalers. In addition, retailers new to the market may encounter teething problems, such as underestimating the levels of customer contact, which can cause administrative delays. On a more positive note, with open market competition, customers can choose a new retailer either because of price or service. Companies that deliver poor service risk seeing their market share of customers decrease.

Throughout 2018/19 we have been monitoring the performance of retailers closely. Where we have seen issues we have addressed them directly with the retailers by highlighting the complaints we have received against them. We also ask them what actions they will take to reduce the numbers, either through better resourcing for administrative issues or changing policies that customers find unacceptable.

In our 2017/18 report we challenged Castle Water, Clear Business Water, Wave, Water Plus and Yorkshire Water Business Services to improve their service and reduce the number of complaints made against them. Some retailers need to improve their service and work to reduce complaints. Driving better service and value were two of the aims when extending competition. Some retailers are a long way from achieving the complaint levels we saw with NHH customers prior to the market opening.

Some retailers like Business Stream, Affinity for Business and Water2business have adapted much better to the market than others, keeping complaint numbers to an acceptable level at or below the levels seen before the market opened. But several retailers are receiving too many complaints, either directly or through their customers having to come to CCWater, either out of frustration with their service or just for a voice on the telephone when they can't get through to their retailer.

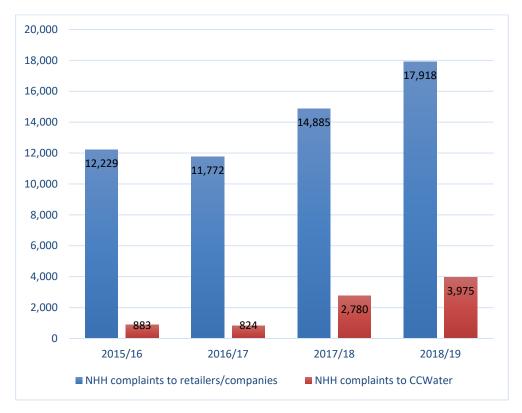
We will continue to press the industry to see some real evidence of customer service improvement. This will be through monitoring complaint trends, publishing quarterly complaint information on our website, root cause analysis on complaints and retailer policies which are causing NHH customer complaints. Where we see issues we will address them with the retailers and share our concerns with Ofwat.

## 3. NHH complaints in England and Wales

#### 3.1 Total complaints increase again

From relatively steady numbers before April 2017, 2018/19 saw a further increase in the number of written NHH complaints to retailers (20.4%) and a steeper rise in complaints received by CCWater (43.0%). Given most retailers have now had ample time to familiarise themselves with the market and the needs of their customers, these numbers are very concerning. Chart 1 shows complaint levels over the last four years.

Chart 1 NHH written complaints received by retailers/companies and complaints received by CCWater\* 2015/16 to 2018/19



\*Includes complaints made by telephone

We are disappointed to see complaints increase again after a poor showing in 2017/18. The current levels are unacceptable and the increasing trend must reverse. Customers should enjoy low costs and good service and complaints carry a financial and reputational cost to a company. Retailers must put customer service first as too many customers are being let down and are having to complain.

CCWater has continued to monitor retailer performance and the issues behind the complaints we have received. We have published quarterly information on the retailer complaints we have received, met with retailers to press them on service issues and brought together retailers and wholesalers to help identify issues and improve the way they work together to deliver a better, seamless resolution for customer complaints.

#### 3.2 Customer research also shows decline in satisfaction and trust

To gauge the overall satisfaction with service given to NHH customers, we commissioned research into their views of the retail market and tracked it to research prior to the market opening in 2016. We published the findings of our 'Testing the Waters' research in April 2019. It painted a picture of decreasing customer satisfaction, correlating with the increasing number in

complaints seen during 2018/19. There was also a significant gap in the views between customers of retailers in England and the companies in Wales, where there remains no choice of retail provider for most NHH customers. Figure 1 provides an extract from the summary of the findings of the research.

Views on Suppliers & Services

Figure 1 CCWater findings from 'Testing the Waters' research.

## in England and Wales are satisfied with sewerage services, still in line with 87% in 2016 70% of customers are satisfied 87% are satisfied with their retail services with their water services - a significant fall from 93% in 2016 52% 62% Satisfaction with value for money of water and sewerage services is flat 52% agree that their water company cares about the service they give to business customers - a significant fall from 62% in 2016. <sup>2</sup> Levels of trust have fallen significantly since 2016, when 35% gave their service 66% provider a high Satisfaction score of 9 or 10 out with contact of 10 for trust. In handling 2018, 29% gave a has fallen score of 9 or 10. significantly from 66% in 2016 to 55% in 2018. 4

The research shows satisfaction with value for money made little progress despite the opportunities for customers to get a better deal from another retailer. Levels of customer trust also reduced. Satisfaction with contact handling also dipped.

In many instances, retailers will have one chance to make a good first impression with customers. If they fail to get that right, then perception reduces and customer complaints increase. The effective handling of customer contact is an area of business some retailers must improve.

## 4. Individual company complaint performance

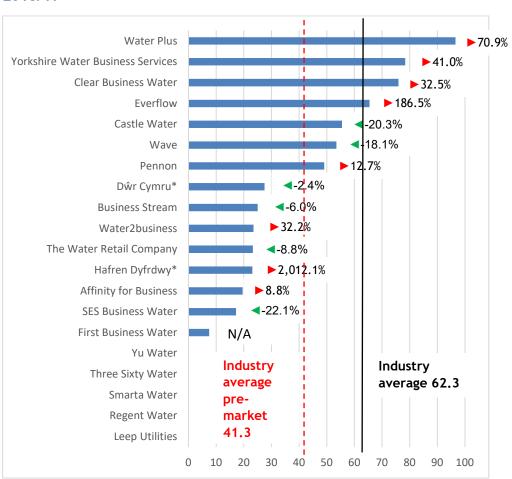
#### 4.1 Big differences between the best and worst performers

When comparing complaints per 10,000 SPIDs there are significant differences between the best and worst performers. Many of the retailers with a very small number of SPIDs reported no complaints, or in the case of First Business Water and the Water Retail Company, reported only one written complaint.

The percentages for the increasing and decreasing complaints is based on the complaints per 10,000 SPIDs/connections of the previous year rather than actual numbers to take account of the changing retailer market share.

Chart 2 shows the complaints per 10,000 SPIDs or connections for 2018/19.

Chart 2: NHH written complaints to companies per 10,000 supply points (SPIDs)/connections 2018/19



<sup>\*</sup>Measured in connections rather than SPIDs

#### Key

•	% decrease in complaints per 10,000 connections/SPIDs on 2017/18
	% increase in complaints per 10,000 connections/SPIDs on 2017/18

Only six companies reported an improvement on the written complaints per 10,000 SPIDs/connections compared to 2017/18. The figure for written complaints reported by SES Business Water should be treated with caution. It reported very low numbers which did not correlate with the number of complaints CCWater received against it throughout the year.

Chart 2 provides a good insight into retailer performance, but does not give the full picture as complaints made in writing (including email) only tell part of the story. Many more customers made contact via telephone. For the second year, retailers reported the number of telephone complaints they received, but the reporting processes were not consistent enough to make any accurate and meaningful comparisons between retailers. The companies in Wales provided the number of unwanted contacts, which are telephone calls deemed 'unwanted' from a customer point of view and are linked to the reason for the contact rather than whether it was a complaint. The total number of telephone complaints and unwanted telephone contacts was 43,375. This was slightly down on last year, although we are disappointed the information was not reliable enough for comparative reporting.

We will continue to work with retailers to ensure future years will provide better information on the level of telephone complaints, which can be directly compared.

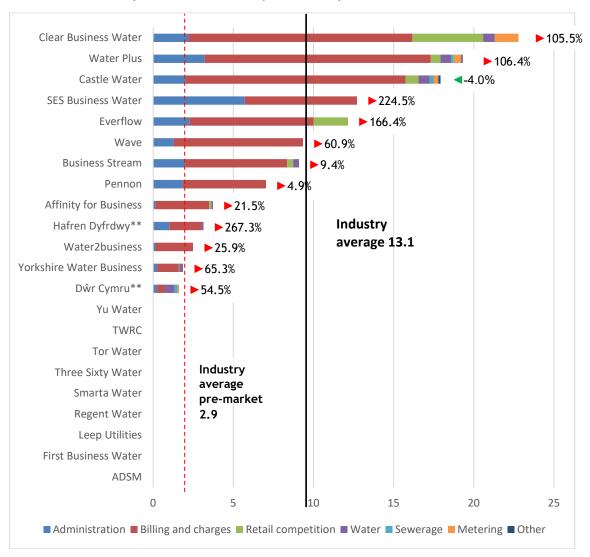
#### 4.2 NHH complaints received against companies to CCWater also increase

NHH complaints against companies received by CCWater include telephone complaints. Our recording methods allow us to go into greater detail on the causes of customer complaints. We break complaints down into seven main categories: administration, billing and charges, retail competition, water, sewerage, metering and 'other' for complaints which do not fit into any of the main categories, for example, environmental concerns or a dispute where a third party is involved.

Although the numbers are lower than the NHH written complaints reported by the companies, they provide a good comparator. By cross referencing both sets of information we can make a more informed view on retailer performance.

Chart 3 shows the complaints received by CCWater and the change on the previous year. It also breaks down the main root cause of complaint.

Chart 3: NHH complaints\* received by CCWater per 10,000 Connections/SPIDs 2018/19



<sup>\*</sup>Incudes complaints made by telephone

#### Key

•	% decrease in complaints per 10,000 connections/SPIDs on 2017/18
	% increase in complaints per 10,000 connections/SPIDs on 2017/18

For complaints CCWater received against retailers, only Castle Water improved. But this was slight, showing it still has much more to do. It is a cause for concern that while Castle Water was by far the worst performer in 2017/18 and has only made a small improvement, it was overtaken by two other retailers with others closing the gap this year. This highlights the overall worsening picture within the retail market.

<sup>\*\*</sup>Measured in connections rather than SPIDs

#### 4.3 Poor and better performers

When considering retailer performance, it should be remembered that the increasing industry average caused by the volume of complaints received for the larger retailers has meant that some retailers who performed worse than last year, in one or both measures, look better than their actual performance justifies.

Many of the companies are in a better position on the charts but saw an increase in both their own written complaints and those received by CCWater. We can consider several measures when assessing how well or poorly a company has performed in the year. A lot of the smaller retailers reported no complaints and we received no complaints against them. Table 2 provides a breakdown of the triggers we have used when assessing company complaint performance.

Table 2 Retailer and companies' NHH complaints 2018/19 - assessed against triggers for poor performance

Company	Written complaints per 10K SPIDs % increase	CCW complaints per 10k SPIDs % increase	Above industry average written complaints per 10k SPIDs	Above industry average CCW complaints per 10k SPIDs	Above pre market average CCW complaints per 10k SPIDs	Above pre market average company complaints per 10k SPIDs
Water Plus	Х	Х	X	Х	Х	Х
Clear Business	Х	X	Х	Х	Х	Х
Everflow	Х	Х	Х	Х	Х	Х
Yorkshire Water Business Services	Х	Х	Х			Х
SES Business		Х	Х	Х	Х	
Pennon	Х	X			Х	Х
Castle				Х	Х	Х
Wave		Х			Х	Х
Business Stream		Х			Х	Х
Affinity for Business	х	Х			Х	
Hafren Dyfrdwy	Х	Х			Х	
Water2business	Х	Х			Х	
Dŵr Cymru		Х				
First Business Water	Х					



Poor performing trigger point met	X
-----------------------------------	---

#### 4.4 Poor performers

Three companies met all of the poor performance triggers. We will be continually challenging them to improve their service and reduce complaints. We will also publish quarterly information on the complaints we receive and the worst performers in the period.

Water Plus is the largest retailer and it reported the highest number of NHH customer complaints and was the worst performer for written complaints when normalised by 10,000 SPIDs. We identified problems in July 2018 when we received twice the number of complaints against it compared to the previous month. Most of the complaints CCWater received against Water Plus related to issues around billing and charges or administration. We raised this with the retailer who put one of the causes down to contacting customers who had not been billed. The increased customer contact then put a strain on its response times and customers being unable to contact the company, resulting in more complaints. Our regional Chair made a strong challenge to the company that it had to resolve this issue quickly. Water Plus implemented an improvement plan but to date this has had limited success with month-on-month improvements coming slowly. Complaints did eventually drop closer to the levels it had been receiving before its issues with contacting customers who had not been billed began.

As the largest retailer, Water Plus must improve. Its high number of complaints has pushed up the industry average. The additional written complaints it received in the year was higher than the industry increase, although it was not the only company to report more complaints.

**Clear Business Water** has grown over the last two years, starting with no customers to over 13,000 SPIDs. Chart 3 shows a higher proportion of complaints were about retail competition, compared to the other retailers. These include complaints where customers encountered difficulties when switching retail provider, which is sometimes due to missing or inaccurate market data.

We provided monthly complaints data to Clear Business Water so it could identify and address trends. Most of the complaints CCWater received were in the second quarter of the year. Clear Business Water improved in the second half of the year but it has more to do.

**Everflow**, like Clear Business Water, has grown its customer base since the market opened. It is the largest new entrant based on the number of SPIDs. For the complaints CCWater received against Everflow, it was slow in responding to us as well as to its customers. We challenged the retailer to take action, and its complaints gradually reduced in the second part of the year when its complaint handling team was better resourced. It reported fewer written complaints in the second half of the year but it needs to do more going forward.

#### 4.5 Companies with mixed performance

**SES Business Water** also grew in size during the year and CCWater received a higher proportion of retail competition complaints. It was above average for complaints we received against it but for the direct written complaints it reported the figure was much lower. We have questioned its reported numbers as it is disproportionate to the complaints that CCWater received. There were also issues with the company not responding to customers, so its position on Chart 2 should be treated with caution.

Yorkshire Water Business reported the second highest number of written complaints per 10,000 SPIDs, but was the best performing large retailer for complaints CCWater dealt with. This suggests it was dealing with complaints effectively so customers did not need to involve us. It has been sold to Business Stream so we expect it to improve what it does poorly with written complaints but maintain its better performance in complaint resolution.

#### 4.6 Retailers on CCWater's 'Watch list'

Some companies, although they had less complaints per 10,000 SPIDs than the poorest performing companies, they were at a level which we will continue to monitor.

Castle Water improved on the previous year, both for written complaints and those we received against it. We welcome this improvement but it was the worst performing larger retailer in 2017/18 for both measures and has not made any significant gains this year. It has much more to do, especially in bringing down the complaints we received against it in the year, as it was still above the industry average.

**Pennon** was below the industry average on both of the charts showing complaints per 10,000 SPIDs, but it did show an increase in both measures. It is not currently in a position where it is a major cause for concern but we would like to see it reverse the increases over the next year.

**Wave** reduced written complaints compared to the previous year but complaints received by CCWater increased by more than 60%. It is below the industry average for both measures but given the rise in complaints to CCWater, we will keep a close watch on its complaint numbers. It is the third largest retailer and it remains fairly close to the industry average for both complaint measures per 10,000 SPIDs.

#### 4.7 Better performers

Other than the smaller retailers who reported no written complaints and no complaints were received against them by CCWater, two retailers - First Business Water and The Water Retail Company - each reported only one complaint in the year.

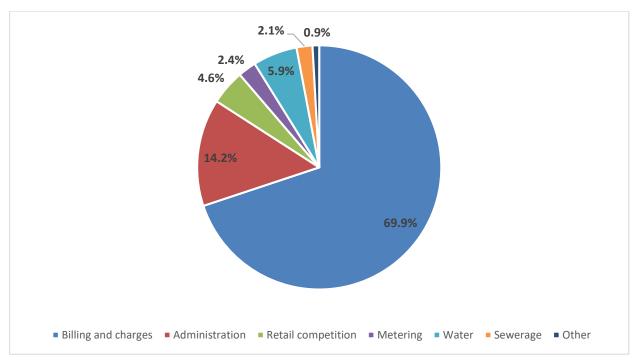
Three retailers in England reported a figure lower than 25% of the industry average for written complaints and those received by CCWater per 10,000 SPIDs: Business Stream, Affinity for Business and Water2business. Both companies in Wales, Hafren Dyfrdwy and Dŵr Cymru were also lower than 25% of the industry average for both measures. However, there is no room for complacency as five of the six companies reported an increase in one or both measures.

# 5. Root causes of NHH complaints received against companies by CCWater

We did not ask retailers to report the types of complaints they have received. For the complaints received against retailers by CCWater, we separate them into seven main categories: billing and charges, administration, retail competition, water, sewerage, metering and 'other' for the complaints which do not fit in the main categories.

Chart 4 shows the NHH complaints received by CCWater by main category.





Billing and charges was again by far the highest category of complaint in 2018/19, well ahead of the second highest, administration. Billing and charges is also the highest category of complaints from household customers, although the percentage figure for NHH received by CCWater is higher.

Administration was the second highest cause of complaints received by CCWater, with the remaining five categories making up the final 15.9% of the total.

## 6. Long-standing NHH complaints

CCWater will investigate a complaint when the NHH customer's grievance has not been resolved through a retailer's or company's complaint procedure and we feel there are customer service issues that need to be addressed. This is our most serious involvement in complaints.

In 2018/19 there was a disappointing and significant increase in the number of investigations on the previous year. Most were against the three largest retailers; Water Plus, Castle Water, and Wave but these were not the only retailers we investigated complaints against.

Companies must work harder to resolve complaints quickly and effectively, fully addressing all of the points the customer has raised. Table 3 shows the investigations CCWater carried out against the retailers in the year.

Table 3: CCWater investigations against retailers/companies 2018/19

Company	Investigations 2017-18	Investigations 2018-19	Difference
ADSM	0	0	-
Affinity for Business	1	0	-1
Business Stream	0	3	+3
Castle Water	1	9	+8
Clear Business Water	0	0	-
Hafren Dyfrdwy	0	0	-
Dŵr Cymru	0	0	-
Everflow	1	5	+4
First Business Water	0	0	-
LEEP Water Networks	0	0	-
Pennon	3	5	+2
Regent Water	0	0	-
SES Business Water	0	0	-
Three Sixty Water	0	0	-
Water Plus	17	21	+4
The Water Retail Company	0	0	-
Water2business	0	1	+1
Wave	5	14	+9
Yorkshire Water Business Services	0	0	-
Yu Water	0	0	-
Total	28	58	30

The investigations CCWater carried out against retailers were significantly higher than the six we conducted against wholesalers in the year, showing a gap between the complaint handling of retailers and wholesalers which retailers need to close. Over many years we have worked with wholesalers to improve their service and minimise the number of investigations we undertake. Some retailers have done well and have had no investigations to date. However, others should be learning from their mistakes and preventing repeat service failures. When they make a

mistake they should work to rectify it quickly rather than allowing it to go all the way through their complaint procedure, be challenged again by CCWater, and then have to go through an adjudication process. This is infuriating for customers and costly to the companies.

In the event a complaint reaches deadlock, customers have the option to take their complaints to adjudication. They can do this after CCWater involvement or instead of it.

## 7. Complaints with involvement of wholesalers

Last year we asked retailers to provide the number of complaints it considered the wholesaler to be partially or fully responsible for. We have continued this exercise in 2018/19 to help identify whether there are any issues between the two areas of business.

Overall, retailers reported almost one in four complaints had at least some involvement from the wholesaler. Table 4 shows the full year's data of the proportion of complaints where the retailer reported partial or full responsibility of the wholesaler.

Table 4 NHH written complaints that retailers deemed was a wholesaler issue

Company	Written complaints	Deemed to be a wholesale issue	Deemed to be mixed wholesale/retail issue	% of complaints with wholesaler involvement
ADSM	0	0	0	0.0
Affinity for Business	146	50	5	37.7
Business Stream	400	91	77	42.0
Castle Water	2,934	180	651	28.3
Clear Business Water	104	6	0	5.8
Hafren Dyfrdwy	23	-	-	0.0
Dŵr Cymru	560	-	-	0.0
Everflow	262	30	38	26.0
First Business Water	1	1	0	100.0
Leep Utilities	0	0	0	0.0
Pennon Water Services	796	179	202	47.9
Regent Water	0	0	0	0.0
SES Business Water	66	7	2	13.6
The Water Retail Company	1	1	0	100.0
Three Sixty Water	0	0	0	0.0
Water 2 Business	328	132	5	41.8
Water Choice	34	15	0	44.1
Water Plus	8,067	301	1639	24.0
Wave	2,289	399	139	23.5
Yorkshire Water Business Services	1,907	177	96	14.3
YU Water	0	0	0	0.0
Total	17,918	1,569	2,854	24.7

The percentage of wholesaler involvement is what we would expect based on the proportion of NHH operational complaints received by CCWater and taking into account the billing and

charging issues that arise. There was a small increase on the proportion from last year (23.3%). It is disappointing that there has been no real improvement in wholesaler and retailer interactions in resolving customer complaints. Some retailers reported a much lower proportion of wholesaler involvement than the industry average: Clear Business Water, SES Business Water and Yorkshire Water Business Services which shows there is the potential for retailers and wholesalers to work better together.

As well as the written complaints retailers report had wholesaler involvement, we also have information from when a retailer refers a complaint to the relevant wholesaler<sup>3</sup>. These occur when the direct involvement of the wholesaler is needed. Reported data from the wholesalers show they received 4,156 complaint forms from retailers in 2018/19. This was almost a 49% increase on the previous year's figure of 2,797. It was also very close to the 4,423 written complaints retailers reported had wholesaler involvement.

We expect retailers and wholesalers to work together better in resolving operational complaints, the provision of leakage allowances and other legacy issues. Operational complaints can take a long time while the relevant parties investigate the issues, arrange site visits and monitor progress. Poor interaction between retailers and wholesalers will only exacerbate the situation. For customers to get the best service there has to be effective and efficient interaction between retailers and wholesalers.

We will continue to monitor this area of business and work with both parties to help make sure the communication is seamless, invisible and benefits customers.

\_

<sup>&</sup>lt;sup>3</sup> This data was self-reported by wholesalers, collated by MOSL the market operator, and shared with CCWater

#### 8. Conclusion

The opening of the retail market in England has provided NHH customers with the option to shop around for a better deal - either on price or service. However, complaint numbers and customer satisfaction are strong indicators of the quality of customer service delivery. If NHH customers have bad experiences dealing with their retailer, the benefits of a competitive market could be outweighed by poor service.

Retailers have now had two years to familiarise themselves with the market. Some have coped better than others and poor performing retailers are likely to lose customers if they do not raise their game. Awareness of the market should increase over time and switching will increase with it, especially if customer dissatisfaction with service remains high.

CCWater expects to see improvements in 2019/20. As a consumer body, we will be using all means possible to press retailers and wholesalers to improve their service to customers. We will continue to:

- publicly highlight the better and poorer performers each quarter to give customers an insight into which retailers are delivering better service;
- directly challenge retailers who receive complaint numbers above the industry average or see complaints rise per 10,000 supply points;
- monitor the companies on our 'Watch list' to make sure they do not slip into becoming poor performers;
- press wholesalers and retailers to strengthen their working relationships;
- seek improvements to market codes where they will lead to improvements to consumers, and
- work closely with Ofwat where we see retailers/wholesalers failing to meet their obligations and identify the potential for regulatory intervention.

Appendix 1 - NHH written customer complaints to retailers/companies in Wales by month 2018/19

Company		Supply points/ connections	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total	Per 10K SPIDs	Trend
ADSM		934	0	0	0	0	0	0	0	0	0	0	0	0	0	0.0	
Affinity for Business		74,318	11	11	12	22	7	6	20	9	5	19	12	12	146	19.6	-///
Aquaflow	1	246	0	0	0	0	0	0	0	0	0	0	0	0	0	0.0	
Business Stream		160,290	36	29	25	47	44	28	19	37	25	30	30	50	400	25.0	\\\
Castle Water		528,981	321	225	287	296	174	185	300	253	168	259	226	240	2,934	55.5	VV~
Clear Business		13,607	7	6	2	5	5	9	13	11	6	6	14	20	104	76.4	~~/
Dŵr Cymru		203,347		204			142			131			83		560	27.5	
Everflow		39,971	18	32	38	34	12	53	22	15	6	8	12	12	262	65.5	$\sim$
First Business Water		1,326	0	0	0	0	0	0	0	0	0	0	1	0	1	7.5	
Hafren Dyfrdwy		9,975	0	1	0	0	3	4	3	4	2	2	3	1	23	23.1	~~~
Leep Utilities		49	0	0	0	0	0	0	0	0	0	0	0	0	0	0.0	
Pennon		161,969	74	57	82	87	78	58	62	64	50	51	69	64	796	49.1	V~
Regent Water		247	0	0	0	0	0	0	0	0	0	0	0	0	0	0.0	
SES Business Water		38,480	1	0	5	1	2	5	5	15	2	3	14	13	66	17.2	~~
Smarta Water		201	0	0	0	0	0	0	0	0	0	0	0	0	0	0.0	
Three Sixty Water		5	0	0	0	0	0	0	0	0	0	0	0	0	0	0.0	
TWRC		430	0	0	0	1	0	0	0	0	0	0	0	0	1	23.3	\
Water Choice	2		12	8	14										34		$\vee$
Water Plus		830,859	468	997	749	637	633	706	654	559	447	508	757	952	8,067	97.1	<b>/</b>
Water2business		139,522	21	21	28	21	32	35	42	37	32	26	20	13	328	23.5	~~
Wave		427,722	153	164	167	175	192	199	180	228	163	228	223	217	2,289	53.5	~~
Yu Water		15	0	0	0	0	0	0	0	0	0	0	0	0	0	0.0	
Yorkshire Water Business Services		243,343	174	177	147	147	131	146	239	136	146	204	123	137	1,907	78.4	$\sim M$
Total		2,875,837	1,500	1,728	1,556	1,615	1,313	1,434	1,690	1,368	1,052	1,427	1,504	1,731	17,918	62.3	~~\/

<sup>1.</sup> Ceased trading in March 2019

<sup>2.</sup> Retail business transferred to Castle Water on 1 July 2018

Appendix 2 - NHH customer complaints to CCWater against retailers/companies by month 2018/19

Company		Supply points/ connections	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total	Per 10K Trends
ADSM		934	0	0	0	0	0	0	0	0	0	0	0	0	0	0.0
Affinity for Business		74,318	2	1	2	2	1	4	6	4	1	2	5	8	38	5.1
Aquaflow	1	246	0	0	0	0	0	0	0	0	0	0	0	0	0	0.0
Business Stream		160,290	11	9	6	13	10	14	12	16	8	17	14	26	156	9.7
Castle Water		528,981	70	75	65	67	63	81	98	93	58	100	87	90	947	17.9 ~~~
Clear Business		13,607	0	1	0	7	8	4	2	3	3	1	0	2	31	22.8
Dŵr Cymru		203,347	3	1	2	3	5	8	1	2	1	0	4	4	34	1.7 🔨
Everflow		39,971	0	2	4	4	8	11	2	8	2	9	8	9	67	16.8
First Business Water		1,326	0	0	0	0	0	0	0	0	0	0	0	0	0	0.0
Hafren Dyfrdwy		9,975	0	0	0	1	0	0	0	0	1	1	0	1	4	4.0//
Leep Utilities		49	0	0	0	0	0	0	0	0	0	0	0	0	0	0.0
Pennon		161,969	12	15	11	13	18	11	10	18	10	8	7	21	154	9.5
Regent Water		247	0	0	0	0	0	0	0	0	0	0	0	0	0	0.0
SES Business Water		38,480	4	2	8	5	3	11	11	3	1	3	4	11	66	17.2 🔨
Smarta Water		201	0	0	0	0	0	0	0	0	0	0	0	0	0	0.0
Three Sixty Water		5	0	0	0	0	0	0	0	0	0	0	0	0	0	0.0
TWRC		430	0	0	0	0	0	0	0	0	0	0	0	0	0	0.0
Water Choice	2		1	0	0									0	1	0.0 \_
Water Plus		830,859	121	95	90	181	175	144	151	139	104	135	159	109	1,603	19.3
Water2business		139,522	3	3	5	5	5	8	4	3	0	3	2	2	43	3.1 -
Wave		427,722	33	29	24	38	54	40	59	61	61	52	54	43	548	12.8
Yu Water		15	0	0	0	0	0	0	0	0	0	0	0	0	0	0.0
YWBS		243,343	7	4	3	5	2	7	7		4	4	6	8	61	2.5
Other	3		15	11	16	23	26	17	21	31	12	10	18	22	222	<b>~</b>
Total  1. Ceased trading in Ma		2,875,837	282	248	236	367	378	360	384	385	266	345	368	356	3,975	13.1

<sup>1.</sup> Ceased trading in March 2019

<sup>2.</sup> Retail business transferred to Castle Water on 1 July 2018

<sup>3.</sup> Other includes NHH complaints against wholesalers, where the company was not known or general complaints not about a specific retailer

Appendix 3 - NHH complaints received by CCWater from 1st April 2018 - 31st March 2019 by main category

Company		Administration	Billing and Charges	Metering	Other	Retail Competition	Sewerage	Water	Total
ADSM		0	0	0	0	0	0	0	0
Affinity for Business		1	25	1	0	1	1	9	38
Aquaflow	1	0	0	0	0	0	0	0	0
Business Stream		32	102	6	1	6	2	7	156
Castle Water		107	725	16	7	42	12	38	947
Clear Business		3	19	2	0	6	0	1	31
Dŵr Cymru		5	10	2	1	0	4	12	34
Everflow		9	31	2	1	20	2	2	67
First Business Water		0	0	0	0	0	0	0	0
Hafren Dyfrdwy		1	2	0	0	0	0	1	4
Leep Utilities		0	0	0	0	0	0	0	0
Pennon		30	103	8	0	2	4	7	154
Regent Water		0	0	0	0	0	0	0	0
SES Business Water		22	30	0	0	10	1	3	66
Smarta Water		0	0	0	0	0	0	0	0
Three Sixty Water		0	0	0	0	0	0	0	0
TWRC		0	0	0	0	0	0	0	0
Water Choice	2	0	1	0	0	0	0	0	1
Water Plus		267	1,172	40	7	50	12	55	1,603
Water2business		2	34	0	0	2	2	3	43
Wave		55	424	14	3	24	8	20	548
Yu Water		0	0	0	0	0	0	0	0
YWBS		6	33	0	0	1	12	9	61
Other	3	26	68	5	15	16	24	68	222
Total		566	2,779	96	35	180	84	235	3,975

<sup>1.</sup> Ceased trading in March 2019

<sup>2.</sup> Retail business transferred to Castle Water on 1 July 2018

<sup>3.</sup> Other includes NHH complaints against wholesalers, where the company was not known or general complaints not about a specific retailer

Appendix 4 - NHH complaint investigations carried out by CCWater from 1st April 2018

Company		Investigations	
		2017/18	2018/19
ADSM		0	0
Affinity for Business		1	0
Aquaflow	1	0	0
Business Stream		0	3
Castle Water		1	9
Clear Business		0	0
Dŵr Cymru		0	0
Everflow		1	5
First Business Water		0	0
Hafren Dyfrdwy		0	0
Leep Utilities		0	0
Pennon		3	5
Regent Water		0	0
SES Business Water		0	0
Smarta Water		0	0
Three Sixty Water		0	0
TWRC		0	0
Water Choice	2	0	0
Water Plus		17	21
Water2business		0	1
Wave		5	14
Yu Water		0	0
Yorkshire Water			
Business Services		0	0
Total 28 58			

<sup>1.</sup> Ceased trading in March 2019

<sup>2.</sup> Retail business transferred to Castle Water on 1 July 2018