



**Customer Protection Code of Practice:
decision to accept & amend change
proposals (CP-0001) -
CCWater response to an Ofwat consultation**

Introduction

1. The Consumer Council for Water (CCWater) is the statutory body representing the interests of household and business customers of water and sewerage companies and licensed retailers in England and Wales. We operate through four Committees in England and a Committee for Wales.
2. In August 2018, Ofwat approved the deferral of the final financial settlement run post April 2017 due to inconsistencies between the Wholesale Retail Code (WRC) and the Customer Protection Code of Practice (CPCoP). The deferral period is until 28 February 2019, after which time the final settlement will take place, crystallising the data held in the central markets operating system (CMOS).
3. The delayed final settlement, which enables wholesalers to invoice retailers and, in turn, retailers to bill their non-household (NHH) customers, may mean that some customers could experience back-billing up to 24-months where a settlement dispute is raised. The current CPCoP protection sets a 16-month limit on back-billing.
4. In November 2018 there was a request for information on DCP010 – WRC inconsistency – and an Ofwat consultation on inconsistencies between the WRC and the CPCoP. These consultations proposed changes to the WRC and CPCoP, and explained the impact of the changes, specifically around billing and invoicing, on trading parties and customers. We responded to the consultations setting out our views and concerns on behalf of NHH customers.
5. CCWater welcomes the opportunity to submit our views on this further consultation. We have considered the proposed decisions to accept and amend changes to the CPCoP, having also taken account of the evidence provided in the consultation, and reflecting on our prior concerns. Our views on the two phases of consultation are set out below.

Phase 1 change proposal - inconsistencies, in and between, the WRC and the CPCoP

6. We acknowledge that there is an inconsistency between the market and customer documents. Whilst we accept the inconsistency needs to be corrected, the proposed solution will extend the period in which NHH customers' bills can be back-dated. We are concerned about the impact that unexpected bill increases, as a result of back-billing, will have on NHH customers. Many NHH customers will see this as an unfair erosion of existing customer protection.
7. We want trading parties to work harder to replace estimate reads with meter reads so that customers are billed on actual consumption. In this consultation, Ofwat state that improving some elements of underlying data quality (e.g. the number of long unread meters) should assist in reducing the number of unplanned settlement runs. However, it is not currently clear whether retailers (and wholesalers) have made significant progress against data improvement plans. We want instances where a dispute settlement run opens up NHH customers to the risk of back-billing up to 24 months to be kept to a minimum.
8. Implementation of the change proposal, which will extend the back-billing period, will likely lead to some customers feeling they are being unfairly penalised. We expect to see more complaints from NHH customers to retailers and to CCWater about back-

billing. However, as the impact of the proposed change on NHH customers is largely unknown, and is dependent on data quality and the number of dispute settlement runs that are raised post financial settlement run, we will see the fallout over time. CCWater publishes its complaints data and the data from retailers, so any spike in complaints caused by this issue will be reported in due course.

Phase 2 change proposal - additional changes to the CPCoP

9. We welcome the following proposed additional changes to the CPCoP:

- Change 1 - payments: We agree that refunds and credit adjustments from the recalculation of charges, resulting in payments made by a wholesaler to a retailer, should be passed on to NHH customers. We welcome this proposed payment requirement and believe it to be fair and transparent.
- Change 2 - payment information in terms and conditions of supply: We agree it is important for retailers to set out in their terms and conditions of supply how they will comply with the requirement to pass payments on to NHH customers, so that this is clear to all.
- Change 4 - final bill: We agree a final bill should be provided to all NHH customers within six weeks of switching or expiry of contract terms. Whilst this is currently required for micro-businesses, we agree that all NHH customers should receive this certainty by retailers working to a set timeline for final bills.

10. We disagree with the decision around the following proposal:

- Change 3 - definitions: We want micro-businesses, as a minimum, to be able to arrange a reasonable payment plan for the entire period of a back-bill. In the November consultation Ofwat proposed that micro-businesses would be able to repay a back-bill over a period of 24-months. We are disappointed that Ofwat now plans to retain the 12-month timeframe for a reasonable payment plan for a back-bill. Ofwat cites retailer cashflow as its rationale, but it does not appear to have considered the cashflow of customers. We do not believe this is in the best interests of NHH customers. In any event, we expect retailers to engage with NHH customers to reach repayment solutions to meet the customers' needs.

11. We are disappointed that the CPCoP amendments, at this time, will not include an obligation to keep NHH customers informed about a dispute that would lead to back-billing for a period of 24-months. However, Ofwat has agreed to further reflect on this obligation. We would welcome a discussion with Ofwat around this.

Enquiries

Enquiries about this submission and requests for further information should be addressed to:

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