



CCW

The voice for water consumers
Llais defnyddwyr dŵr

Business customer complaints

1 April 2022 - 31 March 2023



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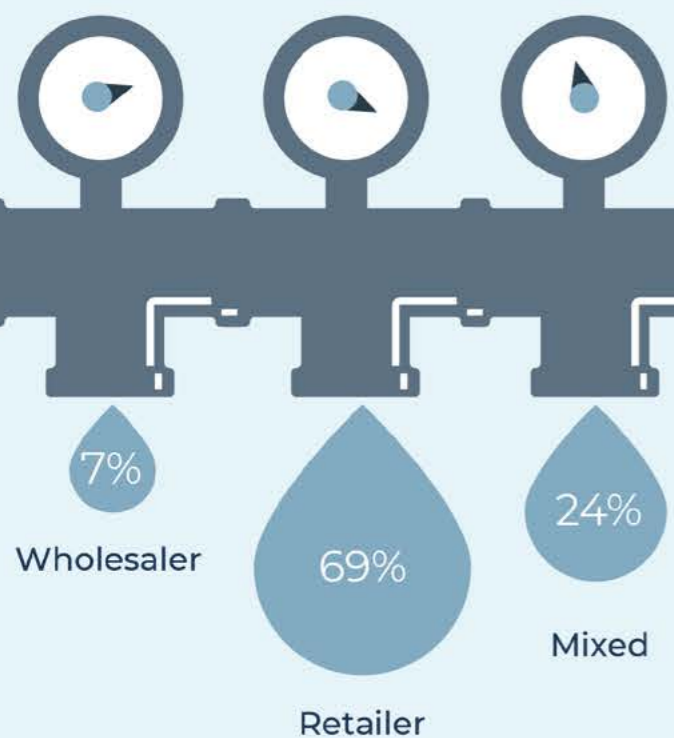
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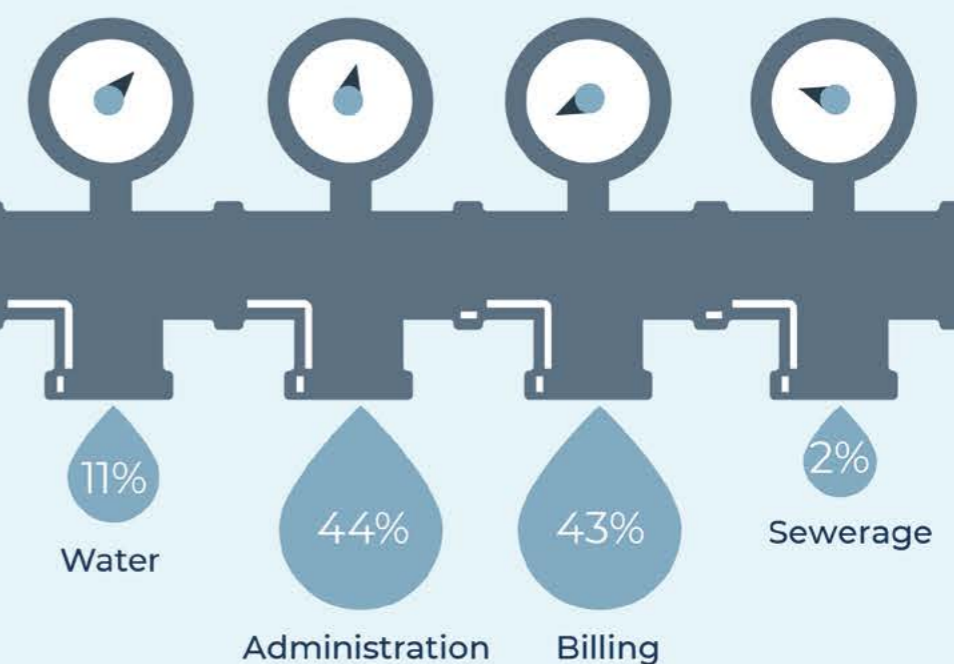
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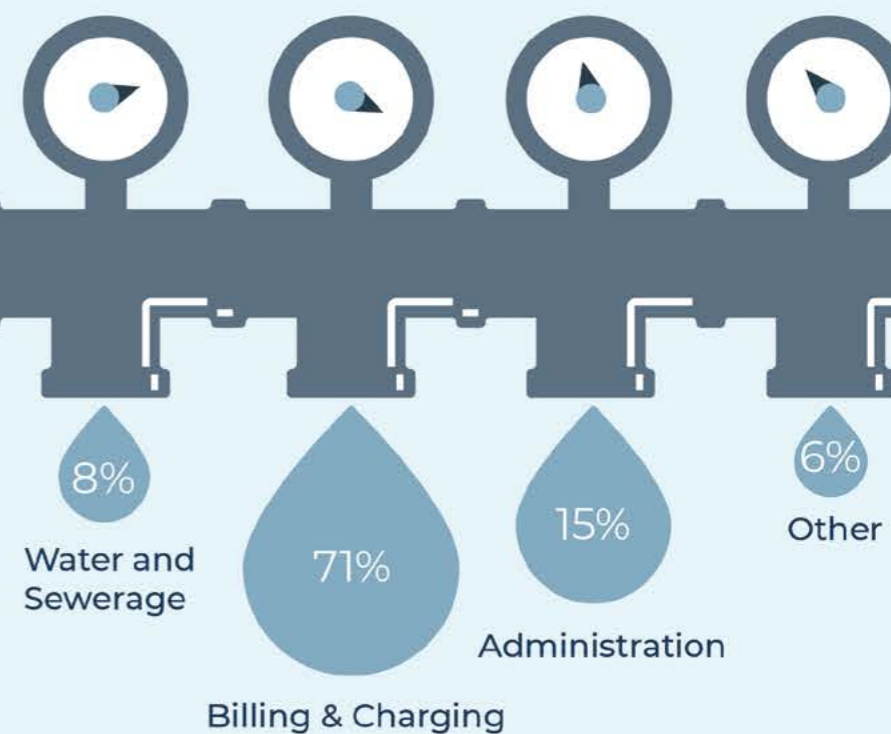
Who is driving business customer complaints?



Type of complaint to retailers



Type of complaint to CCW



Total written complaints to retailers



Poorer Performers

- Water Plus
- SES Business Water
- Castle Water

Better Performers

- ADSM
- First Business Water
- Water2Business
- Hafren Dyfrdwy

2021-22 **2,295** Total complaints to CCW

2022-23 **2,233** Total complaints to CCW

3% Decrease

Introduction

This annual report gives an overview of complaints made by business customers in the water retail market in England and Wales during 2022 to 2023. In Wales, only businesses using very large quantities of water are able choose their water retailer¹. For the purpose of this report, we use the word ‘retailers’ to refer to both water companies in Wales and retail service providers in England, unless otherwise stated.

Within this report, we show performance based on both written complaints received directly by retailers and those escalated to CCW. Comparisons are made by normalising complaint numbers by the amount of connections, known in the industry as supply points (SPIDs²), served by each retailer.

In April 2022, we launched new guidance to make business customer complaints more aligned to those made by households and to give us more information about the reasons why businesses are raising a complaint. We also collect information on complaints received through channels such as social media and telephone. As we are still trialling this data collection, we cannot make comparisons between retailers until next year. However this additional information provides useful insight at an industry level.

Almost all³ business customer complaints were to larger retailers who supply more than 5,000 SPIDs⁴. There are a number of smaller retailers operating in the water retail market that supply fewer than 5,000, who have very small numbers of complaints. This can make their normalised performance appear extreme. We therefore consider this group separately from larger retailers.

For larger retailers we compare performance using the median (mid-point) and quartiles. You can find out more information about our methodology for making comparisons about performance on our website [here](#).

¹ In April 2017, the water retail market in England was opened to businesses, charities and public sector organisations. This allowed them to choose who provides their retail services, which cover customer service, billing and meter readings. In Wales, only business customers who use 50 megalitres of water a year are eligible to access the retail market and choose their water retailer. Therefore, for the majority of business customers in Wales, their retail services are still provided by the water companies Dŵr Cymru Welsh Water and Hafren Dyfrdwy.

² A Supply Point ID (SPID) is a reference number for each supply point to a business customer premises and applies only to retailers. For water companies we use connections instead of SPIDs for normalising complaints.

³ 99.9%

⁴ We refer to these as larger retailers throughout this report.

The water retail market in 2022-23

As we entered the sixth year since the water retail market opened in England, it was clear the market was still not delivering the promised benefits for the majority of businesses. Complaint levels remain higher than in 2016 to 2017 and business customers are still experiencing many issues as they engage with their retailers.

To understand fully what it feels like for a business operating in the water retail market, CCW set about collating and analysing our raft of evidence from business customer research, data derived from business customers' complaints and enquiries, and talking directly to businesses. Based on that evidence, we published a report on **'Business Customers' Experience of the Water Retail Market – Five Year Review'** on 15 March 2023.

This set out our findings and made 22 recommendations on what needs to change and when to improve the market for businesses. The review also sets out which organisations CCW needs to work with to deliver the changes over the next two years. The evidence in this and previous complaints reports supports the need for many of our recommendations to be taken forward to benefit businesses and make the water retail market more effective.

Customer complaints formed a key part in informing our five year review of the market. While we have seen signs of improvement with written complaints, there remains more work to be done to reach pre-market levels.

Written complaints to retailers fall

There were 12,312 written complaints made to all retailers in 2022 to 2023. All but 14 of these were raised with larger retailers.

This marked a welcome 16% decrease from the 14,694 complaints received in the previous year, bringing the number closer to pre-market opening levels. It is a positive step and highlights that retailers are taking action to tackle the reasons why business customers contact them to make a complaint. However, levels remain 5% higher than before the market opened.

Also, not all retailers saw a decrease in complaints, with seven of the larger retailers generating more complaints. We are working with these retailers and urge these poorer performers to follow suit, so that complaints continue in the right direction to reach or fall below pre-market opening levels next year. We will continue to encourage the sharing of best practice on complaints processes with retailers through our Business Retail Market Forum held every other month.

Chart 1: Written complaints to retailers from 2016-17 to 2022-23

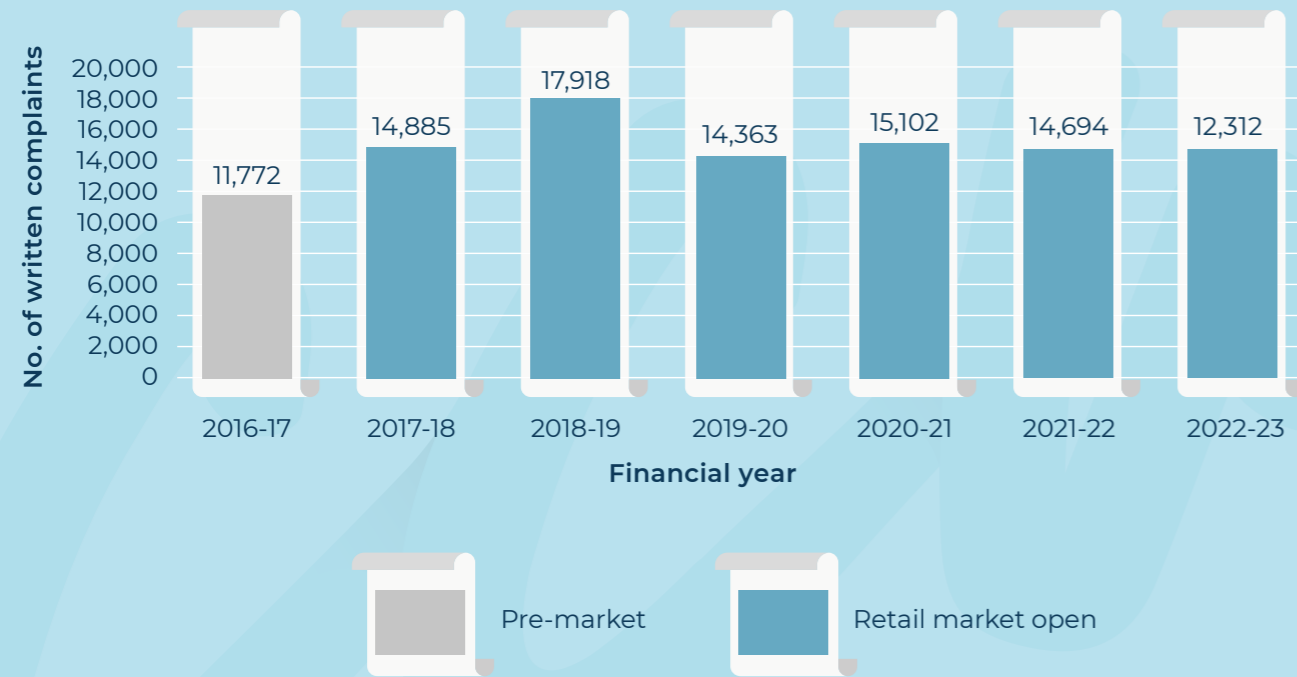
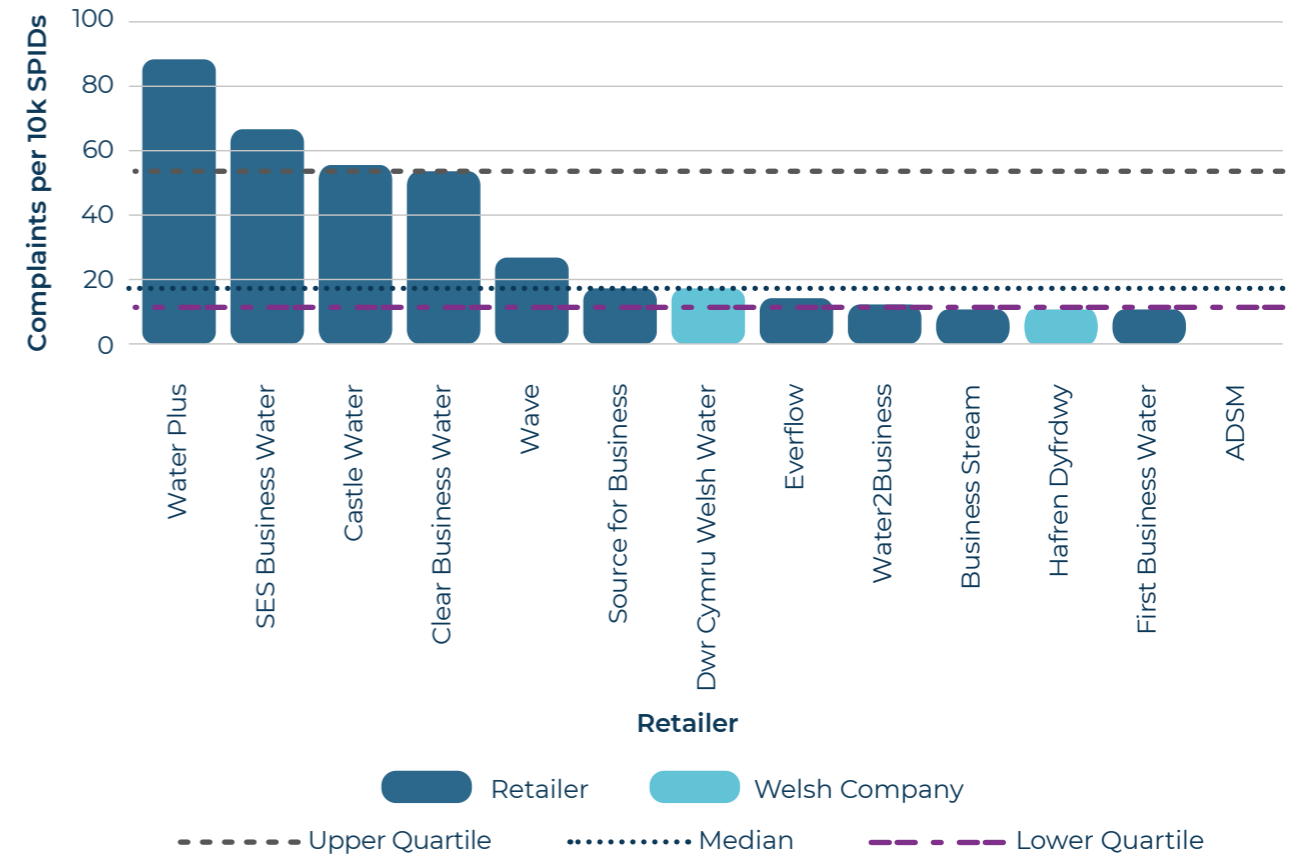


Chart 2: Normalised Written complaints to larger retailers (Written complaints per 10,000 SPIDs)



Complaints involving wholesalers⁵

It is positive to see the number of complaints caused solely by retailer issues⁶ fall by 23% from 10,751 to 8,225.

However issues stemming from retailers continue to make up the bulk of all written complaints (69%).

Retailers reported that 3,755 complaints from business customers were caused, in some part, by wholesaler activity. This is broadly in line with the number reported last year (3,708).



⁵ The provision and maintenance of water and wastewater services remains the responsibility of regional water companies, referred to as 'wholesalers' in the business sector.

⁶ Includes complaints caused by another retailer.

Complaints about leak allowances

Leak allowance is a compensation payment that may be granted to customers to cover the cost of water lost due to a leak. In our Five Year Review of the water retail market, we identified leak allowances as a key area that needs improving, as it is causing businesses to complain.

Applications by business customers for leak allowances that have not been granted often result in complaints.

This can be due either to mistakes on the part of the retailer or, more often than not, a wholesaler not taking into account any mitigating customer circumstances that may have warranted granting the allowance. This year we have collected further information to help understand the impact of allowances. We found that 8% of all complaints to retailers were allowance related, three-quarters of which were caused wholly or in part by wholesaler actions.

Our Five Year Review called for greater customer focus by wholesalers in this area as there are significant inconsistencies across wholesaler policies, which are not aligned to those for household customers. The significant variance in the number of allowance related complaints across different retailers provides evidence that differing wholesaler approaches contribute more to some retailers' complaint levels than those of others.

Table 1: Written complaints broken down by responsibility⁷

	Retailer	Other retailer	Wholesaler	Mixed	Total	% of Total written complaints
Leak allowance related	257	-	298	446	1001	8%
Non-allowance related	7602	366	597	2414	10979	92%
Total	7859	366	895	2860	11980	
% of Total written complaints	66%	3%	7%	24%		

⁷ Excludes Welsh companies and retailers who have reported zero complaints.

Table 2: Allowance related complaints retailer breakdown

Retailer	Total written complaints	Written leak allowance related complaints	Leak allowance related (%)
Business Stream	439	123	28%
Castle Water	2894	125	4%
Clear Business Water	115	4	3%
Everflow	174	28	16%
First Business Water	9	1	11%
SES Business Water	272	9	3%
Source for Business	287	121	42%
Water Plus	6489	527	8%
Water2Business	204	11	5%
Wave	1083	38	4%
Smarta Water	1	1	100%
Yu Water	13	13	100%
Total	11980	1001	8%

While the overall percentage of leak allowance complaints is fairly low, these tend to be protracted and can have a particularly adverse financial impact on customers. That's why we will be working with retailers to gain a better understanding of these complaints.

Insight from complaints to retailers

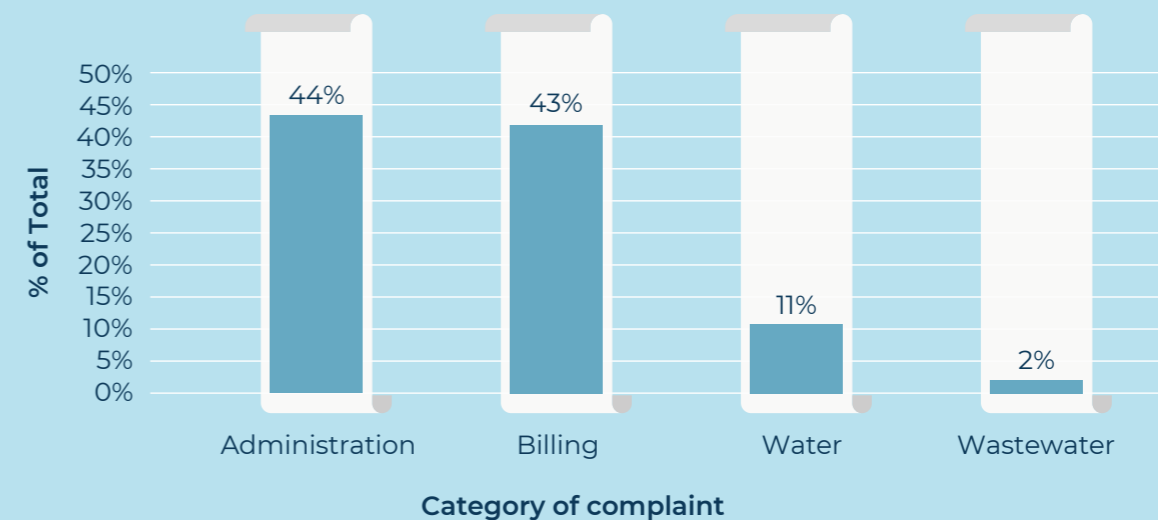
The highest proportion of all complaints to retailers (44%) are associated with administration issues. These include complaints about incorrect account information, data problems related to switching and failure to respond to queries or complaints.

Our Five Year Review identified problems with the quality of data across the market and supported a one-off data cleanse project that will be led by MOSL⁷. The market operator will be working with water companies, retailers, CCW and Ofwat on this project. It is particularly disappointing that these issues continue to cause dissatisfaction six years after the market has opened, showing that some retailers are still failing to get the basics right for their customers.

Billing accounted for a similar amount of complaints (43%), with service related complaints, ie water and wastewater provision, making up the remainder.

This year we are able to see how many complaints to retailers were not resolved at the first opportunity and were escalated to the next stage of the company process (known as Stage 2 complaints). Our analysis shows significant variance between retailers, with some resolving all complaints first time. However, more than 1 in 5 customers of the worst performing retailer needed to escalate their complaint to Stage 2 and this is significantly worse than any water company in the household sector. We will be discussing performance with individual retailers in the coming year and publishing data in full in next year's report.

Chart 3: Breakdown of complaints to retailers across all channels



⁷ The market operator for the non-household water retail market in England and Wales.

Complaints to CCW fall slightly

As business complaints to CCW were significantly higher than pre-market levels, we set a target for retailers to reduce these in 2022 to 2023 by 10%. Although the majority of larger retailers saw fewer complaints raised to CCW, overall complaints made to us about retailers fell by only 3%.

Levels of business complaints to CCW therefore remain over 2.5 times greater than before the market opened.

We estimate that the cost to CCW of handling these complaints in 2022 to 2023 was £631,000. We're calling on retailers to address the causes of these complaints and have put in place plans to support this by sharing greater detail on the complaints we receive on a more frequent basis.

We are also working directly with some retailers to look at those complaints where customers approach us for help before having completed Stage 1 and 2 of the complaints process with their retailer. Additionally, this initiative should help reduce the level of Stage 2 complaints.

As part of our Five Year Review recommendations, we will also be working with retailers, water companies, MOSL and Ofwat to address some of the issues causing business customers to raise complaints, including leak allowances and bills based on estimate reads.

Chart 4: Complaints made directly to CCW

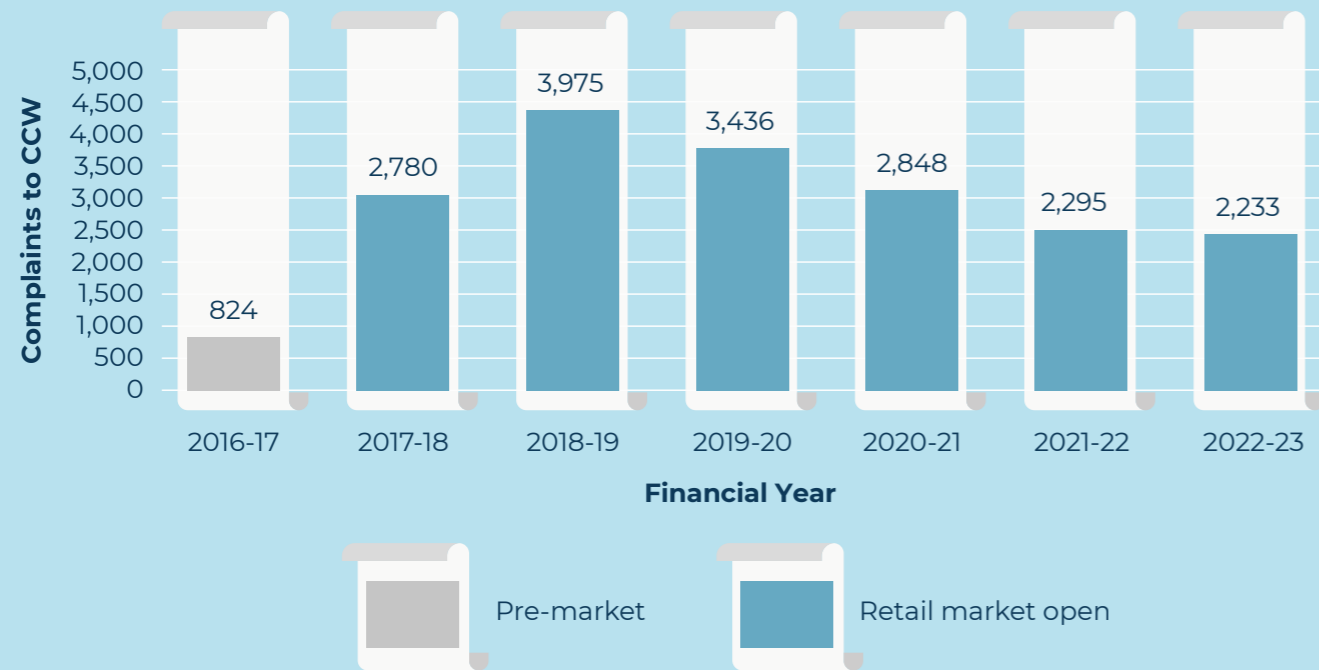
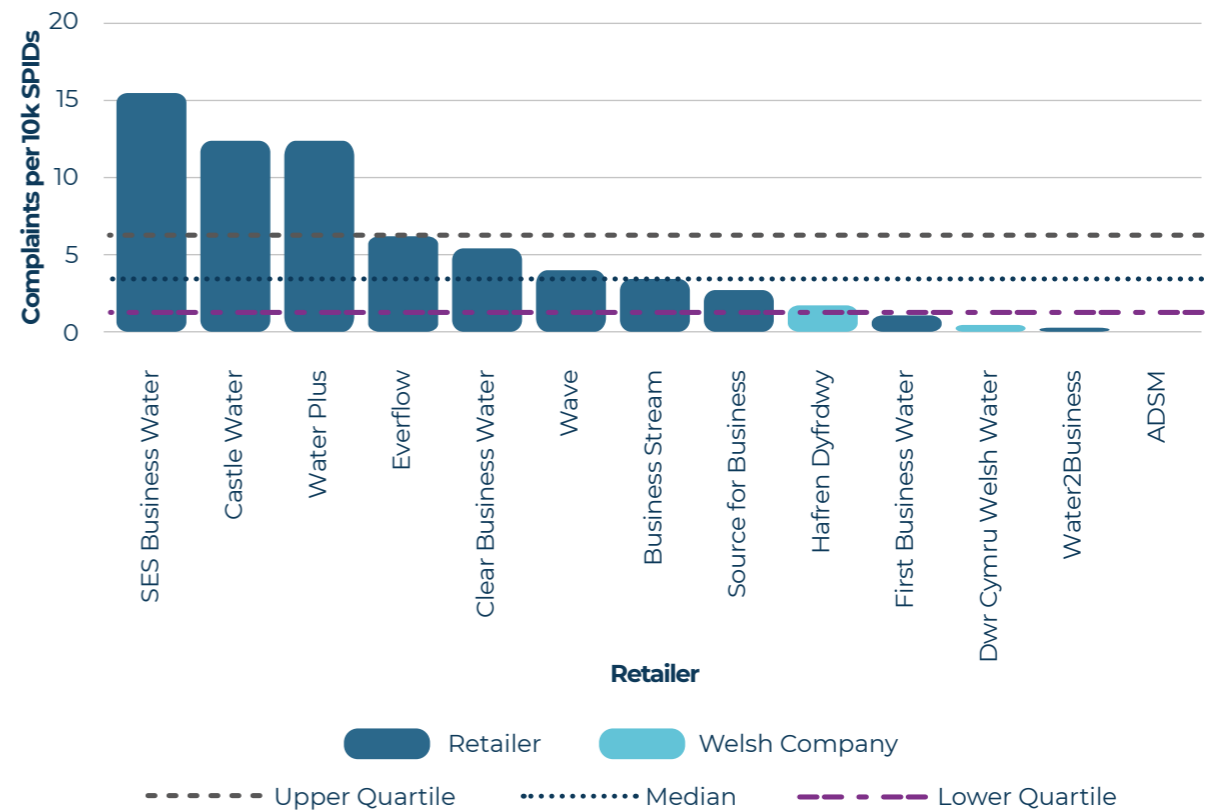
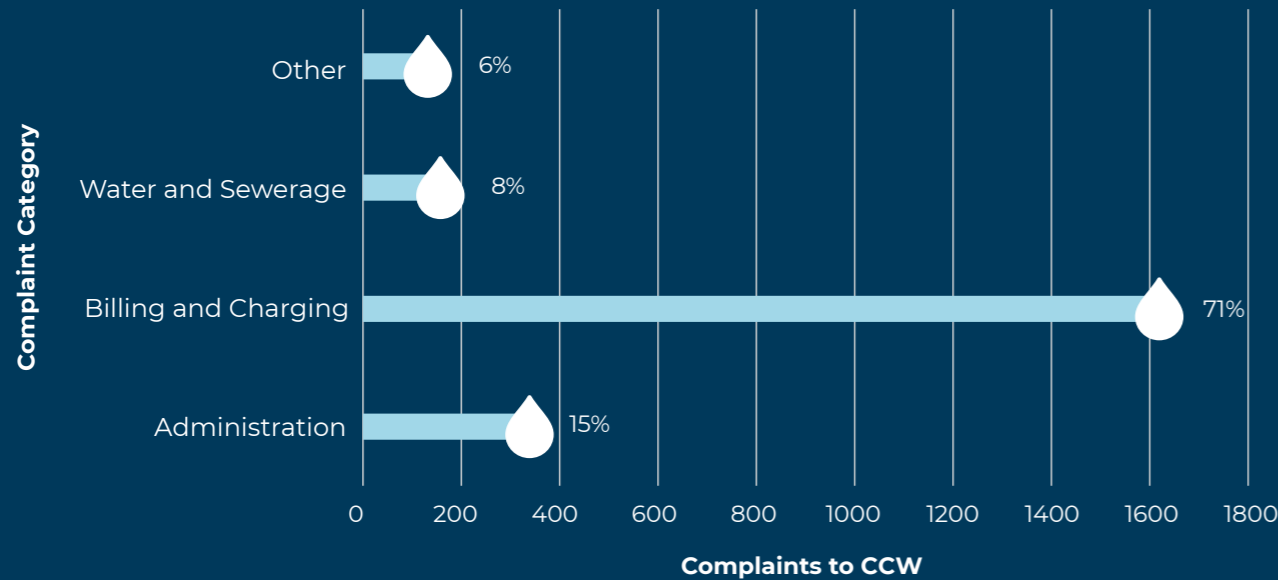


Chart 5: Complaints per 10,000 SPIDs



Reasons for complaints to CCW

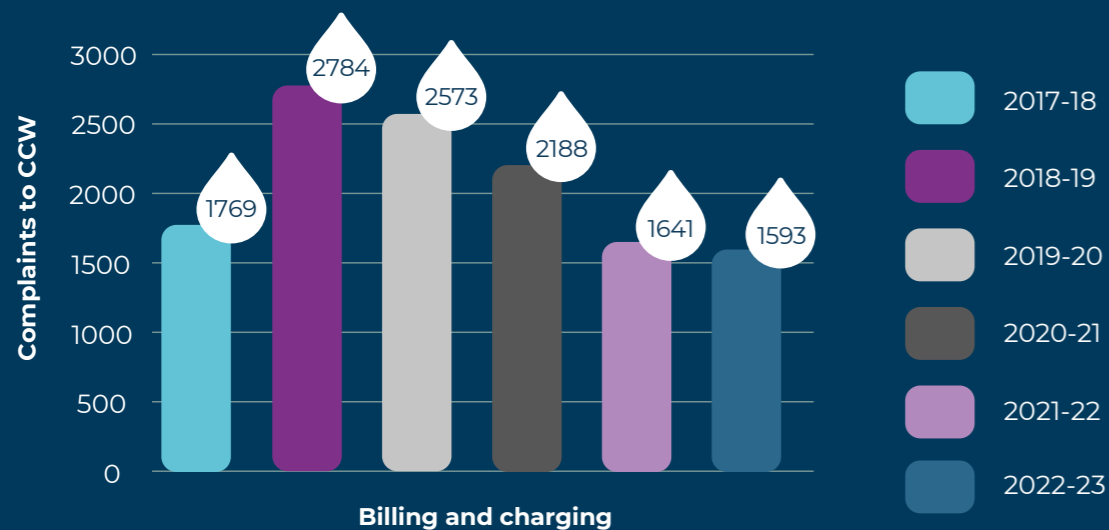
Chart 6: Business complaints received by CCW by main category



The majority of complaints CCW received from business customers related to billing and charging issues. This has continued to be the main driver of complaints to us year-on-year. These cover a range of areas such as customers disputing the amounts on their bills, leakage allowance and debt recovery.

Complaints of this type had fallen by 36% over the previous two years, but this rate of improvement did not continue.

Chart 7: Billing and charging complaints to CCW



A business customer had been getting higher than expected bills from their water retailer. They initially believed that the issue was due to their meter being faulty. Despite making it clear they were not happy with the retailer's refusal to contact the wholesaler to get a leak check done, the customer went on to investigate the cause themselves. When approaching CCW the customer was very stressed and concerned about losing their business over their rising bills. CCW reviewed the case and robustly challenged the retailer to perform a full investigation and liaise with the relevant wholesaler. Nearly a year after they first complained and three months after approaching CCW, the retailer subsequently identified a leak on the supply pipe and applied a leak allowance totalling £50,775.67.

Complaints associated with disputed liability – where the customer challenged the amount of water they had been charged for - reduced by 7% but continued to be the main reason that customers came to CCW. Leakage allowance complaints rose significantly by 45% and now form 9% of all billing and charging complaints we receive.

Aside from disputes about liability and allowances, we receive complaints about billing errors, estimated billing and the frequency of meter reads. Collectively these make up 18% of billing complaints. The proportion of meters that have not been read for over a year (Long Unread Meters) remains similar to last year and continues to be a contributory factor to this type of complaint.

Retailers are responsible for reading meters, so we expect them to continue addressing long unread meters to improve billing accuracy, which should reduce the number of complaints in this area. We also recognise the role that wholesalers have to play and in our Five Year Review, we called for them to have a clear plan for smart metering business customers. They should prioritise those where meters have been left unread for more than 12 months, as well as high water users and customers in water-stressed areas. We believe that sharing the data that smart metering can bring to the water retail market for billing and water efficiency purposes can significantly reduce the amount of billing complaints that are generated, both to retailers and to CCW.

Chart 8: Reasons for billing and charging complaints to CCW

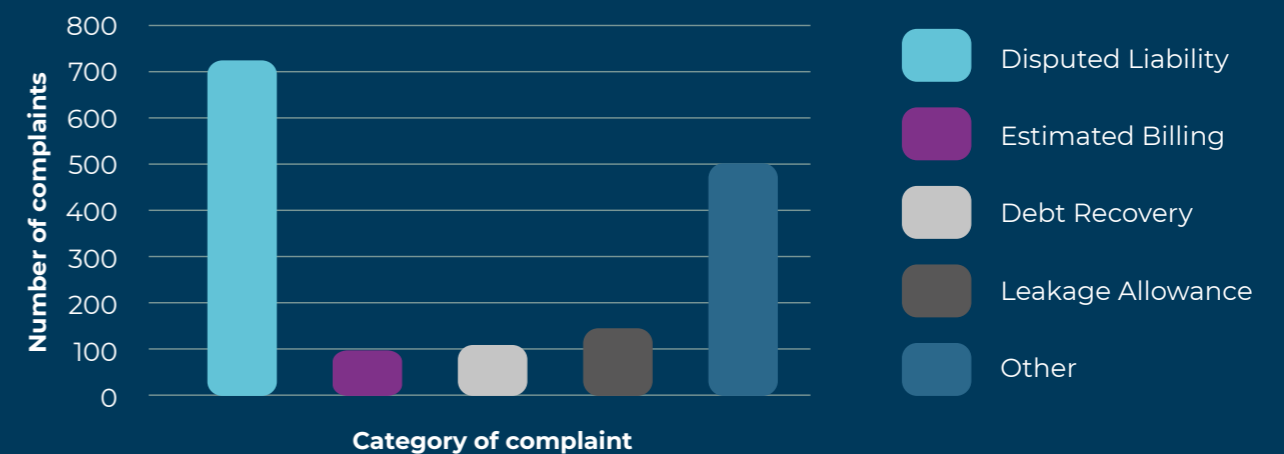


Chart 9: Reasons for administration complaints to CCW

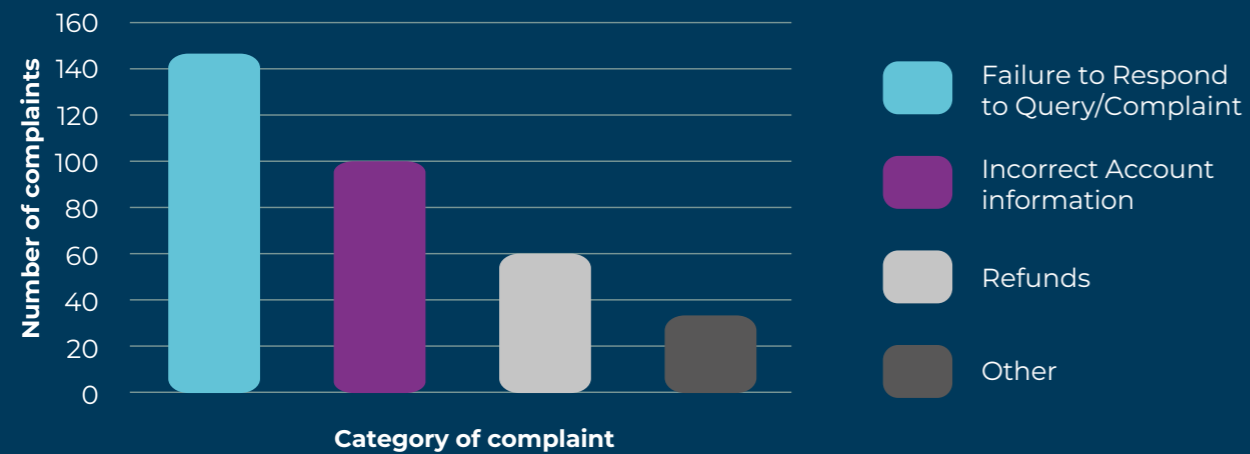
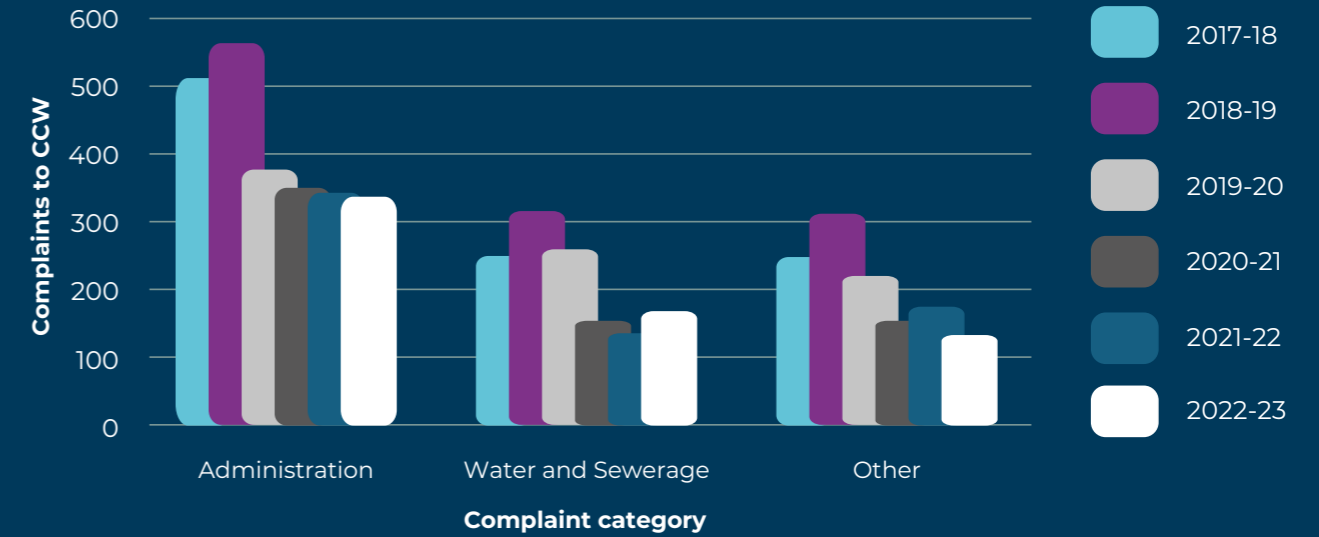


Chart 10: Non-billing and charging complaints to CCW



A business customer had put through a trade effluent application in May to their retailer to get consent to discharge. By November they had heard nothing despite contacting the retailer several times. After they contacted CCW, we got in touch with the retailer and within a couple of weeks they had contacted the customer to complete their application.

Although numbers of complaints to CCW relating to poor administration were not as high as those raised directly with retailers, they still make up a significant amount. Furthermore, there was an 83% rise in the number of business customers who came to us because they were unable to get a response from their retailer. The majority of these complaints came from customers of Water Plus (42%) and Castle Water (32%).

While it is encouraging to see a 37% reduction in the number of complaints caused by incorrect account information, there is still more to do to improve services for customers. Retailers having the wrong billing address, or incorrectly billing a customer for a demolished property, are some of the issues included in this complaint category, with incorrect information in CMOS⁹ often being one of the causes. Given the customer impact, we believe that this is an area that can be improved further across the sector and a one-off data cleanse is in the recommendations from our Five Year Review.

Complaints about the water supply rose by a third, with the issues encountered by customers during the summer drought contributing to this increase. However numbers remain low compared to billing and administration complaints. Sewerage complaints were broadly similar in volume to the previous year.



⁹ The Central Market Operating System (CMOS) is the core IT system for the non-household market. CMOS manages all the electronic transactions involved in switching customers and provides water usage and settlement data.

Investigations

Investigations⁹ are our most serious involvement in complaints and these fell to 15 in 2022 to 2023 from 23 the previous year.

We are, however, currently assessing our investigation criteria, and revisiting our processes to improve the support we give to customers for the most severe complaints that we see. Once this concludes, we will place a greater focus on investigations in future reports.



Alternative Dispute Resolution (ADR)

Customers who are unable to resolve a dispute with their retailer can approach CCW and we will review their case and provide advice and/or mediation so they can get a good outcome.

If a customer remains unable to resolve their dispute with their retailer, they can go through an independent ADR provider without the need to go to court. We ask each retailer to report on the number of referrals that were made to their respective scheme. In 2022 to 2023 referrals rose by 25%, from 75 to 94.



⁹ Investigations are instigated under the following criteria:

- when the retailer complaints process has been exhausted and issues remain that the customer has raised and should be addressed by the retailer
- where there are long-standing service failures that the retailer was aware of but failed to action
- where the retailer has not correctly escalated a complaint in line with its complaints process and CCW would have investigated it if the retailer had done so

Individual retailer performance

Our main focus is on larger retailers, as these supply over 99% of the water retail market and generate 99.9% of complaints.

We compare retailers directly in both written complaints and complaints to CCW and assessed performance based upon respective **quartiles**.

Smaller retailers are assessed separately due to the effect that very small changes can have in their respective normalised complaint rates due to their low absolute number of complaints.

Larger retailers

Although total written complaints fell by 16%, there is significant variability across the market with more than half of larger retailers receiving higher levels of complaints in 2022 to 2023. Conversely, although total complaints to CCW fell by a smaller amount, more retailers actually improved against this measure.

ADSM has been assessed as a larger retailer for the first time this year, having increased its supply points to over 5,000 in the first quarter of the year. It is the best performing of the larger retailers, having recorded that it received no complaints.

No other retailers were ranked as good for both measures. **Water2Business** was better than average for written complaints and good for complaints to CCW, having reduced levels by around a quarter in both measures.

First Business Water remained one of the good performers in written complaints and was better than average for complaints to CCW.

Of the Welsh companies, **Hafren Dyfrdwy's** performance worsened in both measures but remained good for written complaints and better than average for complaints to CCW.

SES Business Water and **Water Plus** were the worst performers for both written complaints and complaints to CCW for the second year running and Castle Water joined them in the bottom quartile. All three retailers ranked as poor in both measures.

Complaints about **SES Business Water** increased significantly in both measures. In our 2022 report, we highlighted a similar pattern, with the rises then being largely because the retailer was under-resourced and had problems with its administration processes. Having received assurances that it had taken steps to address these issues, we expected to see an improvement. While resources have been increased, and improvements made to customer contact handling, the retailer's efforts to resolve legacy billing issues, alongside stricter debt recovery activities, have resulted in a further rise in complaints. Although SES Business Water is taking steps to address these issues, the significant increase for the second successive year is concerning. We will continue to work with the retailer to improve its performance.

Table 3: Complaint performance of larger retailers

Retailer	Written complaints per 10,000 SPIDs		Complaints to CCW per 10,000 SPIDs	
	2022-23	% Change	2022-23	% Change
ADSM	0.0	0%	0.0	0%
Business Stream	11.0	-67%	3.4	20%
Castle Water	55.6	2%	12.6	-1%
Clear Business Water	53.0	-31%	5.5	-22%
Dŵr Cymru	16.8	19%	0.6	-31%
Everflow	14.4	32%	6.2	-15%
First Business Water	10.4	Increase ¹⁰	1.2	-13%
Hafren Dyfrdwy	11.0	56%	1.8	Increase ¹⁰
SES Business Water	66.8	19%	15.7	28%
Source for Business	18.0	-10%	2.8	-35%
Water Plus	88.5	-19%	12.5	6%
Water2Business	12.2	-25%	0.4	-26%
Wave	27.2	36%	4.1	-18%

Key

Good

Better than average

Worse than average

Poor

We are pleased that **Water Plus** has started to see an improvement in the number of complaints it received, with a 19% reduction in 2022-23. However, the rise in complaints reaching CCW is a sign that Water Plus is failing to deal with the complaints it receives to customers' satisfaction. The main driver of Water Plus' complaints continues to be billing queries. These stem primarily from customers challenging bill amounts and needing further information on tariff charges. The retailer has subsequently made changes to the tariff information on bills to try to reduce these complaints.

There have also been problems with the procedure for change of tenancy which has resulted in complaints and the company now has a process in place to deal with this, alongside other long-standing complaints. We will continue to work with Water Plus, providing help and assistance to enable it to better understand the reasons for its high complaint figures, and put in place measures to improve its performance and deliver a better service for its customers.

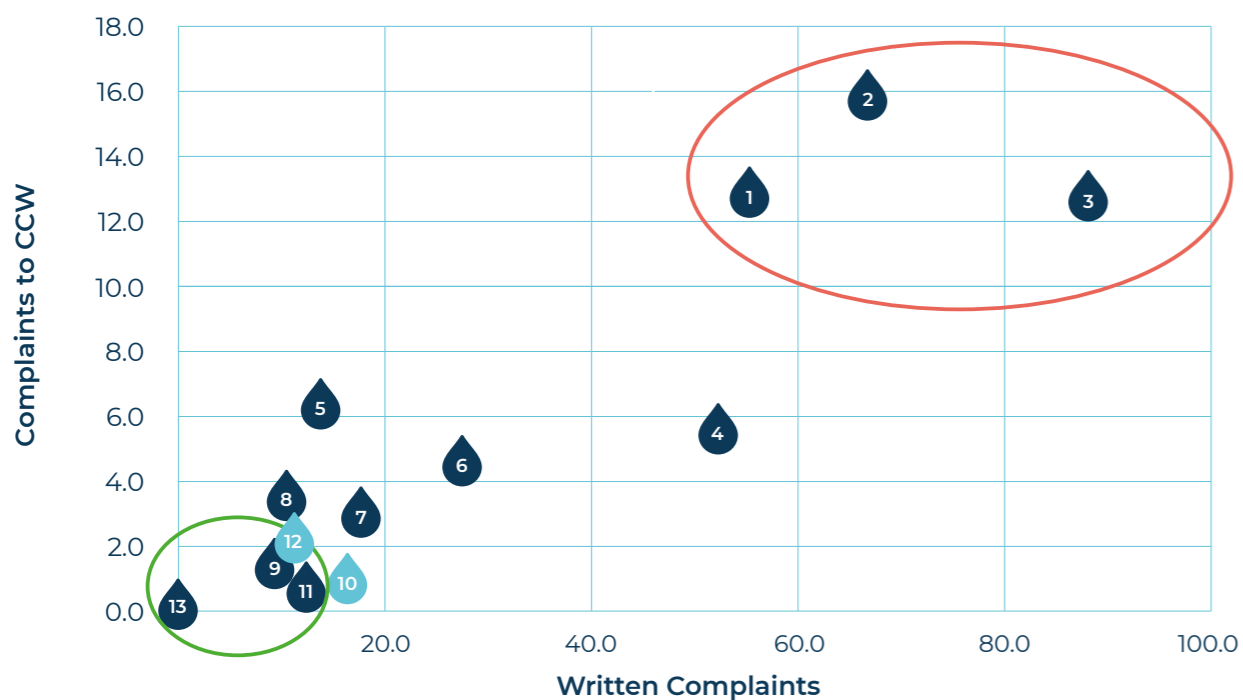
¹⁰ Zero complaints in 2021-22 hence percentage change not possible to calculate.

Having improved significantly in 2021-22, **Castle Water's** performance remained largely unchanged and it finished the year in the worst performing quartile for both measures. While spikes in contact levels have not been as pronounced as last year, Castle Water has continued to struggle to address customer contact in a timely way. This has led to similar levels of customer dissatisfaction. In addition, the number of customers complaining about inaccurate estimation of billing remains high, despite ongoing efforts to try to reduce the number of long unread meters. It is disappointing that the improvements made in 2021-22 have not been sustained, and we will continue to work with Castle Water to help it resolve outstanding complaints and ensure customers receive quicker responses.

Clear Business Water was named as one of the poorer performers in our 2022 report. Throughout the year, an increased understanding of the reasons for complaints, alongside changes to its complaints process, have resulted in large reductions in both measures. This is a very encouraging improvement, which we hope will be sustained. It shows promise for other retailers that have poorer performance.

The relative performance of each retailer can be seen in Chart 11.

Chart 11: Written complaints plotted against complaints to CCW



- 1. Castle Water · 2. SES Business Water
- 3. Water Plus · 4. Clear Business Water
- 5. Everflow · 6. Wave · 7. Source for Business
- 8. Business Stream · 9. First Business Water
- 10. Dŵr Cymru · 11. Water2Business
- 12. Hafren Dyfrdwy · 13. ADSM

Welsh Company # Retailer
○ Better performers ○ Poorer performers

Small retailers

There are a number of small retailers actively providing services, and collectively these account for less than 1% of the market share in the water retail market. Table 3 details the respective performance of each small retailer.

Table 3: Performance of small retailers

Retailer	SPIDS	Written complaints		Complaints to CCW	
		Total complaints	Complaints per 10,000 SPIDs	Total complaints	Complaints per 10,000 SPIDs
ConservAqua	2080	0	0	0	0
Smarta Water	3805	1	2.6	0	0
The Water Retail Company	880	0	0	0	0
Veolia	512	0	0	0	0
Yu Water	1228	13	105.9	6	48.9

Yu Water recorded complaints for the third year in succession. All of these complaints were allowance related. There were also some that customers escalated to CCW due to being dissatisfied with either the quality, or lack, of response. Given the disappointing complaints performance last year, it is concerning that this has deteriorated further. We will be increasing our level of engagement with the retailer in order to try to improve its performance.

Smarta Water was the only other small retailer to report any complaints, recording a single complaint. In March 2023, its number of SPIDs increased to greater than 5,000. It will be considered as a larger retailer in future reports, if the SPID levels remain above 5,000.

Conclusions and next steps

There are encouraging signs that the overall number of written complaints to retailers is falling and levels are now approaching those seen before the market opened in 2017.

However, it has taken too long to get to this stage and progress is tempered by the differences between retailers. Over half of the larger retailers generated more complaints in 2022 to 2023 and comparisons with the household sector are unfavourable. For example, the highest level of complaints to CCW among retailers is almost four times greater than the worst performing water company in the household sector. The level of complaints to the worst performing companies - Water Plus, SES Business Water and Castle Water - is particularly concerning and we call upon these companies to address the underlying reasons for their complaints and put in place strategies to prevent those issues that generate the most dissatisfaction.

In our Five Year Review of the water retail market, we called on retailers to resolve complaints quickly, effectively and transparently for business customers of all sizes. When customers feel the need to involve CCW to resolve disputes, this shows that retailers are failing to do so. Our target to reduce complaints to CCW by 10% was not achieved and levels remain 2.5 times higher than they did before the market fully opened in 2017.

Furthermore, retailers reported an increase in the number of complaints customers referred to alternative dispute resolution. Our early analysis of Stage 2 complaints also suggests that the level of complaints that need escalating within the retailer to achieve resolution is higher than that in the household sector. Retailers need to do more to resolve complaints at the first opportunity, and we are working with these companies individually, and through our Business Retail Market Forum, to understand the reasons for this and drive remedial action, as well as encourage sharing of best practice.

The main causes of complaints remain largely unchanged. The level of billing and charging complaints remains high and these can be reduced by ensuring that businesses receive bills based on accurate and frequently read meters. This was one of the key recommendations from our Five Year Review. There is more that can be done by retailers and wholesalers to reduce the number of long unread meters and ensure that customers receive at least two bills based on an actual meter reading each year.

The role of wholesalers in reducing complaints was highlighted in the Five Year Review, and evidence from this year's complaints data illustrates this further. 31% of complaints to retailers were either wholly or partly caused by wholesalers, with a number of these subsequently coming to CCW for resolution. It is clear from our experience that wholesalers need to improve their service provision, and work better with retailers to resolve complaints. We call on wholesalers to provide their services to a higher standard for business customers in the same way they do for households, particularly in areas such as leak allowances, and end the unfairness currently endured by many businesses.

Increasing smart metering is another area where wholesalers can help reduce the level of complaints across the market. We laid out a targeted approach for smart metering rollout for wholesalers to follow in the recommendations from our Five Year Review. A further recommendation from the review calls for a one-off data cleanse. This will help reduce the significant level of administration related complaints received by both retailers and CCW.

CCW continues to work closely with retailers, water companies, Ofwat and partner agencies to drive improvement across the market. The Business Retail Market Forum provides a good opportunity to share best practice and this is well attended by the majority of retailers.

Our revised complaint guidance has been in place for over a year and we are now in a position where we can report on complaints across all channels in future reports. This will enable us to provide a more holistic picture of complaints and more easily allow comparison with performance in the household sector.

CCW

The voice for water consumers
Llais defnyddwyr dŵr



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