

Introduction

Severn Trent response to the Guaranteed Standards Scheme – Call for Evidence.

We welcome the opportunity to provide insight to the Guaranteed Standards Scheme (GSS). We have made changes to the Guaranteed Standards over the years, particularly in 2018 following the recommendations set out in the minimum statutory compensation scheme in response to the 'Beast from the East' storms. We agree that GSS should reflect current expectations within the industry and wider economy; and we believe this is an appropriate time to review with the development of the Customer Licence Condition.

We have set out below our detailed answers to the questions you have posed.

Within the current standards what do you feel works well and why?

We think the standards and definitions currently work well and we believe the arrangements for payments under the specific areas are still appropriate. The incentive for GSS payments should continue to focus on delivering a better service, which in turn should result in less GSS payments and penalties being required for avoidable service failings.

Whilst we believe the standards are still appropriate, we do agree that there is a lack of consistency across England and Wales, and we welcome the opportunity to work alongside the industry in improving the GSS guidance, ensuring consistency. We would also advocate a wider benchmarking exercise to compare with other sectors such as electricity and gas.

Are there new standards we should add, are there others that are out of date and need revising and if so, how?

We have reviewed the basic service failures and the proposal to include the new standards below, we have listed these below with our thoughts for consideration.

Payments for flooding from water mains

In our view this standard should fall outside the scope of GSS. Water undertakers are liable for escapes of water from pipes under the Water Industry Act 1991 and Customers are entitled to pursue a damages claim against us directly. Typically, customers are insured and will have the damage covered by their buildings and/or contents insurer. A customer's insurer can, in-turn, pursue a claim against us directly if they see fit and this process can be dealt with largely without a customer being involved in the process. Finally, we do have a fair claims process for customers who are uninsured or do not wish to claim against their own insurer. The inclusion of this standard within GSS may complicate the insurance process, interfere with court proceedings, or potentially confuse customers who do not make an appropriate recovery claim or attempt to seek a "double recovery" for the same losses by claiming under their insurance and seeking a GSS payment.

Payment for boil water notices and any other supply suspensions due to WQ problems that are the company's fault

We are pleased that we already have this standard within our GSS Code of Practice and agree this should be a minimum standard, we currently pay £25, and if the notice period lasts longer than 24 hours customers will receive an additional £10.

Damage from service failures such as discolouration of washing/damage from high pressure

This standard should also fall outside of the scope for GSS, similarly to the flooding from water mains, as it is already falls within our fair process for claims. If we are responsible for any damage, we will settle the claim internally, and if there are any additional considerations outside of the claim required, we will review this separately as part of a Gesture of Goodwill payment. We do not feel prescribing a required standard is the right approach as these scenarios will require thresholds of proof and will be determined on a case-by-case basis and are not, therefore, suited to automatic payments.

Failure to provide bottled water when there is a supply interruption. As part of this additional payment to be made if there is an additional impact such as customer being on PSR

Whilst we believe this is necessary, it is not suited to the scope of GSS automatic payments. We will always do what we can to ensure in the event of a supply interruption that all customers received access to water. However, each supply interruption is different, and we respond to each of these according to its own unique circumstances. We feel this cannot be determined by one approach and should be subject to its own individual assessment for payment. During supply interruptions we do either of the following depending on which is necessary:

- Provide an alternative supply of water in an emergency.
- Re-route water in our network.
- Deliver bottled water to residents.
- Set up water stations in local areas.

Failure to implement a complaints resolution within promised timescales. For example, if a company agrees to pay an amount of compensation but does not make the payment

We do believe this standard is appropriate and necessary, however, we believe this would need to be clearly defined. We would welcome clarity on the scope of the definition and the detail within this standard. Whenever a 'gesture of goodwill' payment is offered to a customer as part of a resolution to their complaint, this is applied immediately at the point of the resolution. We do on occasions allow the customer some time to reflect on our offer and either accept or decline whilst the complaint continues through the complaints process. During this time, we hold the complaint open until the customer is satisfied of the outcome.

As an industry over the past 18 months, we have made changes to our complaints guidance, and whilst we feel the GSS standards are still appropriate, we would welcome some clarity on whether this may change to align with the new guidance and include Multi-Channel Complaints. Whilst timescales to respond to a written complaint vs a real time telephony complaint vary, we would like to explore whether there should be an additional level to this for absolute clarity for our teams and customers. As presented, the definition in the guidance states that regardless of the channel they should be treated with the same rigour, but this may need to be nuanced depending on the relevant channel.

Common complaints

Over the years we have seen complaints from customers regarding bill disputes, debt recovery and incorrect account information and, whilst we agree that there is a need to create new standards for these areas, we do believe that a 'one size fits all' approach is not appropriate. Similar to the above point, we already review these complaints on an individual basis, and as part of every resolution we do take into consideration appropriate levels of 'gesture of goodwill' payments that could be paid to a customer depending on the service failings that have occurred. Gesture of goodwill payments will vary from customer to customer based on circumstances that may have happened, such as multiple complaints, multiple issues about their account and long-standing cases. In most cases the average amount we would pay as a gesture of goodwill payment is £25,

and we use this as a guideline. For example, if a customer has multiple issues where we have failed in our service, we will use the methodology below when working out the overall goodwill payment:

Number of service failings X £25 goodwill payment = Overall GOG amount.

Repeat service and extended periods of service failures

In regard to repeat service failures we completely agree that there is a need for more consideration in these areas you have listed where repeat incidents could occur over a specific period and would welcome the opportunity to be involved in creating clear guidance on GSS payments for repeat service failures.

We do agree that longer periods of service failure create an additional level of distress for customers which we strive to avoid and agree customers should be compensated appropriately to reflect the additional periods of service failing, we would welcome this and look forwards to working with the industry to determine what this could look like going forwards.

Extreme weather exemptions

We agree it feels appropriate to review the approach to extreme weather conditions and exemptions within the GSS guidelines to align with the End Sewer Misery campaign.

Simplifying late penalty payments

Our late payment penalties currently vary between £15 - £55, and we agree with the proposal to keep the late payment penalty the same for all standards. Paying a GSS payment late is not acceptable and although we agree that the amounts per standard should differ the late penalty amounts should be consistent.

Appointment requirements

We do currently offer flexible appointment times, and these can be changed and shortened upon request from a customer.

Visibility and clarity of service standards

We already have a clear and visible GSS leaflet that is available on our website and accessible to customers. The leaflet can be located [here](#). The leaflet clearly breaks down all of our standards and provides a 'key' that can be followed throughout to advise for automatic payments and payment amounts.

Should payments better reflect the impact of service failures on customers, taking into consideration both the direct financial costs and the inconvenience?

We are of the opinion that this scenario of direct financial costs and inconvenience should be reviewed on an individual basis and within the form of a claim for which we have a clear claim process. We do feel it would be difficult to create a standard that fits all customer scenarios. Stress and inconvenience have always been a contentious topic when it comes to assessing impacted service failings and, whilst we are determined to ensure service failings are kept to a minimum, we know that this is not always the case. We are committed to compensating appropriately when things go wrong, and we feel this should remain to be reviewed on an individual basis.

Should different service standards apply for customers who need extra help or who have been identified as needing extra help, especially those on the priority services register?

We feel that there should not be different compensation arrangements for customers who need extra help or identified as needing extra help and that it should be fair for all customers. Any customer who needs extra help would have already been identified on our PSR or would identify themselves during an event and additional appropriate support will be given to them (e.g. doorstep delivery of bottled water). We feel that this provides the support they need during an outage and, thereafter, they should receive the same standard

compensation as all customers affected. We do also believe having different compensation arrangements with customers needing extra help does send an adverse message to our overall customer base who may have experienced the same, similar, or worse experiences. We feel the GSS standards should be applied to all customers regardless of whether they require extra help or not.

**Has your company asked customers for their views on GSS and, if so, what did they say?
Can you share the research with us?**

We have not asked customers for their views on GSS; however, this is something we can do, and we will be able to share the feedback once complete.

How do you use GSS data internally to drive performance?

GSS is internally tracked on a monthly basis across multiple different teams. The volume and value of GSS payments we pay out is then root caused and where possible is split between 'unavoidable' payments, for example unexpected supply interruptions, and 'avoidable' payments such as not responding to a written complaint within the timescale, and this is then built into performance improvement plans across the teams where applicable.

All companies have, at some point, voluntarily enhanced their GSS. What triggered this decision for your company?

We last enhanced our GSS payments in 2018, this was triggered following the recommendations in response to the 'Beast from the East' storms.