



The voice for water consumers  
Llais defnyddwyr dŵr

# **CCW response to the Ofwat Customer Protection Code of Practice (Tranche 2 Changes) Consultation**

**February 2024**

# CCW response to the Ofwat Customer Protection Code of Practice (Tranche 2 changes) Consultation

## 1. Introduction

CCW (the Consumer Council for Water) is the independent voice for household and business water consumers in England and Wales. We welcome the opportunity to submit our views on this consultation on the Customer Protection Code of Practice (CPCoP) Tranche 2 changes.

## 2. Key points

We are supportive of Ofwat's proposals to increase the protections afforded to business customers by the CPCoP in the Tranche 2 consultation.

We are pleased that Ofwat has fully considered the majority of the requests for change we put forward in our response to the Call For information in June 2023. Many of our requests were informed by the recommendations from our report on 'Business Customers' Experience of the Water Retail Market – Five Year Review'<sup>1</sup>.

We support the proposals to:

- Extend protections afforded to microbusinesses to small business customers
- Introduce additional protections for vulnerable customers by requiring retailers to develop a vulnerability strategy
- Improve collection and sharing of customer contact information in emergency or unplanned events
- Increase customer awareness of the market and their ability to switch or renegotiate contracts through messaging on bills and the Open Water website
- Require retailers to provide more information to customers to help resolve switching request blocking issues
- Require retailers to submit annual statements of compliance within the CPCoP

We would like to see the following further changes:

- We do not believe that customers should have to wait for up to six weeks to receive a final bill and think this should be reduced to a maximum of four weeks.
- We want to see retailers issue at least two bills a year to their metered customers, based on actual meter reads, and we submitted a separate code change request to Ofwat in December 2023 on this.
- We want to see retailers refunding annual credit balances to their customers and we continue to work with Ofwat to push the objectives from our Credit Where its Due<sup>2</sup> campaign
- We strongly believe there should be a set timescale of six months for dealing with code changes. Any deviations to this should be by exception and not a reason to refrain from

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<sup>1</sup> [CCW Business Customers Experiences of the Water Retail Market – Five Year Review 2023](#)

<sup>2</sup> [Credit where it's due for businesses - CCW](#)

setting a defined period by which Ofwat will evaluate, consult and make a decision on a change proposal. We repeated this request in our response to the Tranche 1 CPCoP consultation.

### **3. Response to Questions**

#### **1. What are your thoughts on our plans to rename the General Principles of the CPCoP, introduce a Primary Principle and Supporting Principles, and amend the change process?**

This is a welcome and sensible change proposal that rightly places the emphasis on the overriding aim of ensuring protections for those customers who have been unable to benefit from the business retail market in water. We agree that the proposed change makes this clearer. This should overcome some of the difficulties which are intended to benefit customers but do not easily meet the existing principles, and are more about the interactions between retailers and wholesalers.

We also note that the primary principle has been introduced into the market codes (the Market Arrangements Code and Wholesale Retail Code). This change proposal will align the market codes with the CPCoP, which we support, as this brings customers to the focal point across all codes that govern the market.

#### **2. What are your thoughts on extending the protections currently offered to micro-businesses in the CPCoP to all small businesses (i.e. those with fewer than 50 employees)?**

We are in favour of this change and suggested a similar change in our response to the CFI. Many smaller businesses are either unaware of the market or unable to realise sufficient benefit in terms of price or service improvement to feel it is worth their while engaging with it. Our research and complaints information suggest there is little difference in the experience of micro-businesses and smaller SMEs.

Awareness of the market among smaller business customers is at similarly low levels, only 52% of micro-business and 57% of small businesses (with between 11 and 50 employees) are aware that the business retail market exists. Among those businesses who do know that they have the option of switching or renegotiating their contract for retail water services, 55% of micro-businesses and 49% of small businesses have taken no action<sup>3</sup>. The complaints we receive from customers show that micro and small business customers are experiencing the same issues as micro businesses. Billing, administration and metering complaints are the top three reasons for complaining for both groups of businesses.

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<sup>3</sup> [CCW Testing The Waters 2022, January 2023](#)

In view of these similarities, we feel that both groups should be afforded the same protections. We agree with the response by Water Plus that it should be simpler and more proportionate to extend the existing protections for micro-businesses to a wider group of business customers, rather than devising an additional, or amended set of protections.

We are supportive of the proposal to extend protections to businesses with fewer than 50 employees as this would capture those business that are not benefiting from the market, but are excluded from existing additional protections. Some smaller businesses, lack the time to seek out better deals and have limited knowledge of the water sector. This could also leave them more vulnerable to poor market behaviours such as mis-selling and they may lack the knowledge to challenge poor market behaviour.

Our June 2023 CFI response suggested extending protections to all Group One customers as this is an existing demarcation used by the market that would allow easy identification of those affected. However, we recognise that some customers in this group, particularly larger SMEs, may be engaged with the market and realising price and service benefits.

We note the concerns raised by some trading parties about the potential difficulties in easily identifying small business customers by employee numbers. We are interested to understand more about the concerns through the views to this consultation.

**3. If the protections currently offered to micro-businesses in the CPCoP were extended to small businesses, what, if any, cost implications would there be? If you are a Retailer, can you give an indication of how many of your customers would be covered under any such extension?**

As mentioned above, we believe that extending existing protections should be the simplest way to roll out protections for retailers as they should already have processes in place for micro-businesses.

**4. If the protections currently offered to micro-businesses in the CPCoP were extended to small businesses, how long would it take Retailers to identify their existing small business customers and extend additional protections to them?**

We would expect Ofwat's final change proposal on this matter to determine how retailers will manage the extension of these protections that strikes a balance between an efficient roll out of protections as soon as possible without placing significant additional burden on retailers to obtain this information from their customers. This extended protection must not be delayed unnecessarily.

**5. What are your thoughts on our plans to introduce additional protections for vulnerable customers? How should the issue of customer identification be approached?**

We are pleased that Ofwat is planning to add protections for vulnerable customers as set out in the Tranche 2 consultation. We are concerned by the response of some trading parties who fail to acknowledge that vulnerabilities can be experienced by business

customers in similar ways to domestic customers. The recently published Business without Barriers<sup>4</sup> report by the FSB found that 25% of small business owners are disabled or have a health condition so ensuring that the market meets the needs of these customers is essential.

Ofwat's recent work on vulnerability offers a good starting point for retailers to consider when devising their own strategies and we would also highlight some of the points we made in response to the Ofwat work:

- It is essential that retailers' vulnerability strategies are innovative and inclusive. Inclusive should mean that people who need the extra help are included in the design of the strategy and the service proposals.
- People who need the extra help<sup>5</sup> are best placed to comment on whether the extra help they receive is meaningful and timely. We would, therefore, recommend that a requirement is added to measure people's satisfaction with the extra help they receive.

We would expect retailers to consider both these points when developing a vulnerability strategy.

#### **6. If our plans for additional protections vulnerable customers were implemented, what, if any, cost implications would there be?**

In reviewing responses to this question we would urge Ofwat to consider, alongside any financial costs incurred by retailers, the benefits that would be felt by business customers that find themselves in need of extra help.

#### **7. What are your thoughts on our plans to amend the General Principle regarding accessible communications?**

We are supportive of this change. We have carried out research<sup>6</sup> on the best way to communicate with customers which found that, where possible, communications should be tailored to fit the circumstances of the customer.

#### **8. What are your thoughts on our plans to update the CPCoP to improve information-sharing in advance of emergency or unplanned events?**

In our response to the proposed code change CPW110 we stated that when unplanned events occur, it is vital that wholesalers can readily access contact details. This helps ensure that customers receive timely information, which can then reduce the potential for detriment that may be caused by the incident in question. Requiring this information to be

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<sup>4</sup> [FSB Business Without Barriers, April 2022](#)

<sup>5</sup> A customer who due to personal characteristics, their overall life situation or due to broader market and economic factors, is not having reasonable opportunity to access and receive an inclusive service which may have a detrimental impact on their health, wellbeing or finances. [CCW Response to Service for All – Ofwat's draft vulnerability guidance consultation October 2023](#)

<sup>6</sup> [CCW Credit Where its Due Communication Research October 2022](#)

held in a central location accessible by wholesalers during an incident is a sensible approach.

If customers do not receive communication regarding incidents, it may be difficult for them to react appropriately, and take any mitigating actions. For example, in the event of a supply interruption, customers need to know what support they will receive. This includes whether there is a need to access bottled water, and how long their business may be impacted, particularly if the business needs to temporarily close as a result. A lack of information would create unnecessary disruption and uncertainty if this is not provided. It is important for a customer to be contacted as soon as possible and having access to this centrally held information will help improve the process to the benefit of customers.

In addition, there may be unplanned events that have a health and safety impact. For example, if customers are not notified promptly of a water quality incident, this may have adverse consequences for them and the wider public if they continued to use the supply.

A lack of customer communication may also cause increased contact to retailers in an attempt to obtain information. However, as wholesalers are often best placed to provide assistance in these instances, this may result in poorer customer service and friction between retailers and wholesalers. We want to see co-ordinated communication between wholesalers and retailers to avoid customer confusion with clear agreement about the roles each party will have in ensuring customers receive the right information.

Key lessons from our joint research with Ofwat on the South East Water <sup>7</sup>supply interruption in June 2023 and the Anglian Water boil water notice in July 2023<sup>8</sup>, which can equally apply to businesses, show:

- Quality of communication is key to customers' experience of an incident
- Affected customers should be informed as soon as possible about an incident
- Communication should be open and honest
- Information must be accurate, timely and not unreasonably raise expectations
- All available communication methods should be used to inform those affected, including both digital channels and direct communication
- Post-incident communications should address specific information needs

Without improved information-sharing, communication will continue to impact customers' experience during an incident. We, therefore, support Ofwat stipulating the minimum information that retailers must collect from all businesses and sensitive customers, and for this information to be stored in a central location.

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<sup>7</sup> [CCW and Ofwat joint research into South East Water incident response, November 2023](#)

<sup>8</sup> [CCW and Ofwat joint research into Anglian Water incident response, November 2023](#)

**9. What minimum information should Retailers be required to collect from (1) all customers, and (2) sensitive customers?**

We are supportive of the minimum information requirements that Ofwat has suggested in the consultation document. 24 hour contact details are essential to ensure that customers can be notified quickly about incidents that can occur at any time of day. The minimum information about sensitive customers detailing risk to life, business critical functions and livestock that would be impacted by supply interruptions are also vital pieces of information that demonstrate the need to ensure that this data is captured and accessible.

**10. If our plans for improved information-sharing were implemented, what, if any, cost implications would there be?**

There would be no direct cost implications for CCW, but we would expect to see less contact from businesses who are struggling to get information during incidents.

**11. What are your thoughts on our plans to improve the transparency of the complaints process?**

It is important that customers who are experiencing issues with their service are able to clearly understand the process by which they can make a complaint to their provider. We support the proposal made by Ofwat. We also welcome the requirement to make it explicit that unresolved complaints can be referred to CCW. We would expect retailers to set out the point in the complaint process where this should occur as we continue to receive a significant amount of contact from customers who have not exhausted the complaint process with their retailer. As stated in the consultation, CCW guidance clearly sets out how NHH complaints should be reported. This is data that we collect from retailers on a monthly basis.

**12. What are your thoughts on our plans to increase customer awareness through requiring Retailers to include switching information on bills and their website?**

The levels of awareness in the market remain low among business customers<sup>9</sup>. The market cannot be said to be operating effectively and delivering benefits when a significant proportion of eligible customers are not even aware that they can take action to switch supplier or renegotiate their contract. The level of awareness is markedly lower among newer businesses which have been set up after market opening suggesting there has not been sufficient, effective promotion in recent years.<sup>10</sup>

We support the proposal to make switching and renegotiation information clearer on websites and bills, it should be as easy as possible for customers to engage with the market and simply making them aware of their right to switch and renegotiate should be non-controversial.

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<sup>9</sup> 48% of customers are aware of the market - [CCW Business Customer Insight Survey 2022](#)

<sup>10</sup> 59% awareness for pre-2017 businesses compared to 33% among more recently set up operations - [CCW Business Customer Insight Survey 2022](#)

We believe that a Cheapest Tariff Message style could help to engage customers in exploring their options in the market. Making customers aware that they can switch or renegotiate may not be enough to drive action if a customer is concerned that making a change will be a complex and time consuming process. Although customers who go through the switching process are generally happy with their experience, the synthesis of the business retail market carried out for CCW and MOSL by Blue Marble<sup>11</sup> found a number of perceived barriers to switching. This included a belief among SMEs that the cost would outweigh any benefits, the market was too complex to engage with and that businesses simply did not have the time to put effort into looking for savings or switching.

**13. Should any of the current Minimum Information Requirements for bills be removed or amended? Please give reasons for your answer.**

No, we do not believe that there is a case for removing any of the existing minimum information requirements. In terms of bill design, we would expect retailers to consult with their customers and CCW when refreshing the bill layout, including asking what they want to be informed about. We would want the appropriate text to be added to make this part of the requirement.

**14. What are your thoughts on our plans to require Retailers to only work with Third Party Intermediaries (TPIs) which operate in line principles of good practice set out in the CPCoP?**

We support this approach. There would need to be a process in place setting out how a TPI can demonstrate compliance with these principles. Such as:

- Would stating compliance be enough?
- What evidence would a TPI need to provide and to who?
- Who would judge whether a TPI is compliant with the principles and what system would be put in place to deal with any disputes about compliance?
- What would be the consequences of non-compliance?

We would welcome more clarity about how the process would be monitored.

We agree that TPIs can help customers to navigate the market and find deals that they may not have the time or expertise to seek out themselves. However, retailers have raised issues about mis-selling and misrepresentation, which highlights the issue about customers not being able to effectively judge what is a good deal for them in the market as they are reliant on information being provided by others.

**15. If we were to go ahead with these plans, we would draft the principles with reference to Ofwat's 2017 voluntary principles of good practice for TPIs. What are your thoughts on the 2017 principles, and do you think any additional principles are necessary?**

The existing principles work as a framework for establishing a minimum code of conduct for TPIs. They should be updated to reflect any wider changes to the CPCoP, for example, extending protections wider than micro-businesses. Ofgem responded to a question in

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<sup>11</sup> [CCW: Synthesis of the Business Retail Market. Blue Marble 2023](#)

relation to its recent consultation on an ADR scheme for TPIs<sup>12</sup> by indicating that work is underway in the sector to look at a Code of Practice for TPIs. Ofwat should consider the outputs of this work to see what aspects are transferable to water.

**16. What are your thoughts on our plans to require Retailers to co-operate with TPIs unless they have good reason not to do so?**

Examples of acceptable reasons for retailers to reject co-operating with TPIs, such as those given by Ofwat in the consultation document, should be set out alongside the principles of good practice. This could be as simple as stating that if a TPI does not adhere to the principles then it is reasonable for the retailer not to work with them. As with the question of compliance with the principles, there would also need to be a process to deal with any disputes that arise through a retailer's refusal to work with a TPI.

**17. Do you think the LOA template should be amended, and if so, in what specific ways?**

We require those acting on behalf of customers to complete our Third Party Consent form. It may be helpful to make reference to this as part of the general LOA template so that TPIs can obtain the necessary consents from their customers when the agreement to act on their behalf is first established. We have included a copy of our consent forms in Appendix 1.

**18. What are your thoughts on our plans in relation to automatic contract renewals?**

We agree with the proposal to require approval from customers before rolling over a contract, this would prevent a situation where a customer may find themselves locked into a contract they may not have chosen. Clear, effective, communication through a customers' preferred channel is the most important way of ensuring that they can make an informed choice.

Ofwat needs to take forward our proposal to shorten the length of time that customers have to wait to receive a final bill when switching suppliers. Six weeks is too long for customers to wait and does not indicate a well-functioning market. We note that CPW148 looks to make improvements to the transfer read process, but this is focussed on requiring outgoing retailers to be notified of an amended transfer read in CMOS. There is no mention of improving the timescale over which the process takes place.

We do not feel that continuing to allow up to six weeks to provide a bill because some retailers are struggling to even achieve this generous length of time is sufficient reason not to amend the timescale. The rollout of smart meters across the non-household market will allow retailers much greater access to customers' consumption and provides further justification for shortening the period for sending the final bill. We would urge this to be revisited, particularly as more smart meters are installed.

**19. Should we consider introducing requirements to the CPCoP regarding contract termination notice periods, and if so, why?**

All customers must be provided with timely and accurate information relating to their contract situation. This should include the date the existing contract ends and options to

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<sup>12</sup> [Ofgem: Decision on Guidance for Third Party Intermediary Alternative Dispute Resolutions scheme criteria. June 2023](#)

renew or terminate the agreement. This information needs to be provided in good time (30 days) before the contract is due to end

It is appropriate to retain the ability for micro-businesses to terminate an automatically renewed contract without charge so they are not inadvertently locked into a contract they would not have chosen. It is reasonable for retailers to adopt a different approach for other customers to prevent additional costs and disruption. However, there should be a route for a customer to exit an unfavourable contact that has been renewed automatically if the customer can demonstrate that they had not been given sufficient information, with enough time for them to consider their options.

**20. What are your thoughts on our plans in relation to supporting customers who have a switch attempt blocked?**

We are supportive of the changes that Ofwat is proposing to attempt to unblock the switching process. As we said in response to the June 2023 CFI, we receive complaints from customers that outline their frustration at being both unable to resolve an on-going billing dispute with their retailer and being unable to act on their dissatisfaction with the handling of the dispute by taking their business elsewhere.

We welcome Ofwat's adoption of our suggestion about requiring retailers to provide evidence of the reason for the switch block and to highlight the avenue for customers to resolve the issue (including raising a complaint with CCW.)

**21. What are your thoughts on our plans to increase our assurance of compliance with the CPCoP?**

This is an appropriate and necessary step to ensure that all retailers are fulfilling their requirements under the CPCoP. The code is only effective if retailers are complying with the protections and there is a means of monitoring this compliance. We note Ofwat's response to our question about enforcement by highlighting the existing mechanisms it has in place.

We are supportive of the existing mechanisms, however these should be made more prominent within the CPCoP itself in order to make it clear to retailers that there are potential consequences for non-compliance. Ofwat needs to make clear in the code how it will monitor and enforce compliance using its existing mechanisms.

**22. What are your thoughts on amending 9.3.3 to require refunds be made to customers as soon as possible?**

We are supportive of this recommendation and asked for this change to be included in our response to the CFI.

**23. What are your thoughts on our plans to allow Retailers to extend the Reasonable Repayment plan period for a back-bill to 24 months at their discretion?**

As this proposal is voluntary for retailers, it may result in no actual change for customers and we don't believe it will be effective. We want to see the wording strengthened by adding "*up to 24 months unless there is reasonable justification not to.*" For example, if a customer regularly defaults on payments or fails to honour a payment plan. This would provide some symmetry that allows a customer who has been back-billed for 24 months the equivalent

time period to repay the charges. It would also offer some protection to retailers to address the potential risk highlighted by Ofwat in its response.

**24. What are your thoughts on amending the CPCoP to require Retailers to issue two accurate bills per year? Please support your answer with evidence where possible.**

Requiring retailers to issue at least two accurate bills each year was one of the recommendations in our Five Year Review of the Business Retail Market.

We submitted a formal change proposal to Ofwat in December 2023 for this to be mandated under the CPCoP. Billing accuracy continues to be an area that drives a high number of complaints from business customers, and remains a key cause of their dissatisfaction. Being charged accurately is a basic service expectation, which is why we believe the minimum standards in this area need improving.

Our change proposal stipulates that retailers must issue at least two bills a year to their metered customers, based on actual meter reads. This would ensure consistency across market processes, as it would align to the current requirement under the Wholesale Retail Code that requires retailers to submit two meter readings a year to CMOS. It is also reflective of customer preference, as shown in our research on Small and Medium Enterprises (SME) customers' preferences for meter reading frequencies<sup>13</sup>, where a majority of respondents (88%) believed it is important that their bills are based on meter reads rather than estimates.

**25. What are your thoughts on our plans to require Retailers to supply customers with a short-form version of the CPCoP upon issuing a new contract or renewing an existing one?**

We are very supportive of this and welcome the proposal by Ofwat. The CPCoP is not a customer friendly document in its current form. Providing details of the protections the code affords in a format which is easy for customers to understand will help it to be more effective. We note the Utilities Intermediaries Association comments that CCW should help with promoting the CPCoP and we would welcome working with Ofwat to develop and promote an accessible, customer friendly version of the CPCoP.

## **Enquiries**

Enquiries about this consultation should be addressed to:

James Mackenzie, CCW  
Email: [james.mackenzie@ccwater.org.uk](mailto:james.mackenzie@ccwater.org.uk)  
Telephone: 07810815756  
Date: 20 February 2024

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<sup>13</sup> [CCW: SME customers' preferences for meter reading frequencies. August 2021](#)

## Appendix 1: CCW Third Party Consent Forms

### **Covering Letter:**

CCW Ref:

Your Ref:

Date:

*Name*

*Address*

Dear

Re:

Thank you for getting in touch about your complaint on behalf of XXXXXX against XXXXXXXX.

CCW is the independent voice for water consumers in England and Wales. Since 2005, we have helped thousands of consumers resolve complaints against their water company, while providing free advice and support. All of our work is informed by extensive research, which we use to champion the interests of consumers and influence water companies, governments and regulators.

We are happy to deal with you directly to assist you in resolving XXXXXX complaint, but need to ensure we have their written consent before proceeding. [[While we appreciate that the customer has already provided a letter of consent, we do require that our own Third Party Form is signed.]] Please arrange for XXXXXX to complete and sign the enclosed Third Party Consent form and return it to us using the contact details below. This is to comply with the General Data Protection Regulation (GDPR).

Until we receive this consent we cannot discuss this matter further with you in anything other than general terms and neither can we contact XXXXXXXX for more information.

Once we receive the completed form we will register your concerns as a formal complaint and advise you of what happens next.

Take care.

## Third Party Consent Form

CCW ref:

Thank you for contacting CCW on behalf of the account holder about the complaint against **Name of company**. Before we can look into this matter, we need their written confirmation that they consent to you acting on their behalf. This ensures we comply with the requirements of the Data Protection Act 1998.

Please ask the account holder to complete and sign the section below, and return it to us. We won't be able to proceed further without a signed consent form.

I / We .....  
(CAPITAL LETTERS)

confirm that I am / we are \* aware that the services of CCW are free and that I / we \* can contact them direct, but hereby authorise

.....

to act on my / our \* behalf in my / our \* complaint against **Name of company**

Signed .....

Date .....

\* please delete as appropriate