CCW

The voice for water consumers
Llais defnyddwyr dŵr

Good Practice Guide

Compensation for Small Business customers for loss of earnings consultation

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Executive summary

Water supply interruptions can have a significant impact on smaller businesses. Under the Water Industry Act 1991, businesses can currently claim compensation for loss of earnings only following planned water supply interruptions.

There have been a number of large and long-lasting water supply interruptions in recent years and, as set out in our case studies and evidence later in the guide, small businesses have suffered significant loss of earnings as a result.

CCW's Forward Work Programme 2026-27 commits us to reviewing whether compensation for business customers is fair and consistent. The review covers water supply interruptions that disrupt trading and cause loss of earnings.

This Good Practice Guide aims to help wholesalers develop consistent policies that provide enhanced compensation for small businesses that have suffered loss of earnings. It also guides retailers and wholesalers on how to communicate these policies to business customers.

The recommendations in this guide represent voluntary good practice and do not create any legal entitlement beyond existing statutory obligations.

Summary of recommendations

The following scenarios should be eligible for a compensation claim for loss of earnings:

- Loss of water supply
- Low water pressure that is low enough to cause business operations to have to halt – below the statutory 1 bar
- Water quality notices (boil notices, do not drink and do not use notices)
- Sewer flooding

CCW recommends that wholesalers provide compensation to small businesses which have faced loss of earnings due to a water supply interruption or incident using the following eligibility criteria:

- Businesses with no more than 49 employees
- Businesses with no more than 5 separate sites
- Businesses earning a maximum net annual profit of £150,000

The following considerations should be a part of assessing a claim:

- Claims can be made once the business has been affected for more than 24 hours of their normal opening times.

- Businesses should be able to make an interim claim where an interruption or incident lasts for more than 28 days.

- Where a customer is not registered to pay for their water services (i.e. they are at a site thought to be vacant), they must first register as a water customer and clear any outstanding charges prior to making a claim.

- Claims should be processed regardless of whether the customer is in arrears with their water account and compensation should not be used to offset the arrears.

- Where a wholesaler becomes aware that a business customer has already made a successful claim via their insurance for all loss of earnings, the wholesaler should not continue to process the claim.

- Where the affected business is not the bill payer they should be encouraged to process their claim via the bill payer, but should not be prevented from making a claim should the bill payer refuse to make a claim.

- The Guaranteed Standards Scheme (GSS) payment should not be deducted from the compensation provided to affected business customers. GSS payments are to recognise service failure as opposed to provide compensation.

- Where the water supply interruption or incident is caused by an exceptional, unforeseeable and unavoidable event, compensation will not apply.

- Where the water supply interruption or incident is caused by a third party, the wholesaler should support the business customer to seek compensation from the party at fault.

- Where the supply interruption or incident is the fault of the customer, the wholesaler is not required to process a claim for compensation.

The following guidance should be followed for advising business customers to make a loss of earnings claim via their insurance company:

- Where a customer has the relevant business continuity/interruption coverage, the wholesaler can direct them to claim via their own insurance. This, however, can only be done once in a rolling two-year period.

- Where a customer has claimed and been awarded compensation for loss of earnings, they should not then have another claim processed if they fail to obtain the correct insurance. This should be communicated during the first claim. Where an insurance company has denied a business customer's claim for loss of earnings, the wholesaler should consider processing a claim.

CCW recommends that business customers are able to claim for the following:

- Direct loss of earnings

- Reasonable mitigation costs incurred during an incident, such as an alternative water supply in order to continue to operate

- Additional staffing costs, if additional staff were required during the period of the incident

CCW also recommends that both wholesalers and retailers communicate a consistent message on compensation, and provide business customers with the information they need to ensure they are aware of business continuity measures.

Introduction

Background

Smaller businesses face a significant gap in protection against loss of earnings when unplanned events force them to close. Recent incidents show the scale of the impact. Examples include:

1. Brixham Cryptosporidium outbreak (Devon, 2024) - A water quality incident in the water network resulted in thousands of homes and businesses being placed under a boil-water notice for several weeks.

2. Tunbridge Wells freezing weather incident (Nov–Dec 2025) - Rapid temperature shifts led to widespread freeze-thaw pipe fractures, leaving customers without water or enduring intermittent supply constraints for 4-5 days. This was then followed by 10-day boil water notice.

3. Kent and Sussex freeze thaw event causing pipes to fracture (January 2026) - Tens of thousands of customers suffered low pressure or complete outages lasting multiple days.

A 2026 report into small to medium businesses (SMEs) and insurance states that 28% of sole traders hold no business insurance policies at all. It also states that only 23% of SMEs have specific business interruption cover. As specific business impact insurance is often an additional ‘bolt on’ to business insurance, and considering the lower rates of business insurance cover among sole traders and SMEs, this indicates that these businesses are more vulnerable to loss of earnings.

Current requirements

At present, there are requirements of wholesalers and retailers that cover planned interruptions, physical damage and payments for service failures. In this section, we set out what those requirements are.

Planned interruptions

As stated on the Arbitration page on the Ofwat website -

Schedule 12 of the Water Industry Act 1991 (WIA91) states that it is the duty of the water or sewerage company to do as little damage as possible and to pay compensation for any loss or damage caused in the exercise of the following powers –

1. lay, inspect, maintain, adjust, repair or alter any pipe which is in, under or over any street;

2. carry out in a street all such works as are requisite for securing that the water in any relevant waterworks is not polluted or otherwise contaminated; and

3. carry out works in connection with metering.

For any loss or damage they do cause when exercising their street works powers, water companies must pay compensation.

Physical damage

Under section 209 of WIA91 of the Water Industry Act 1991, a water company is liable for damage or loss caused by water escaping from a pipe for which it is responsible. This does not apply where the party that suffered the damage or loss caused it, or where it was caused by a third party.

Guaranteed Standards of Service (GSS)

The Guaranteed Standards Scheme (GSS) requires water companies in England and Wales to make payments to both household and business customers where they have failed to provide a service. GSS is not a compensation scheme; it is recognition of service failure. Appendix 1 sets out the GSS requirements.

It was important to consider GSS when developing this guide, as there is significant crossover between the incidents covered by GSS and those that cause businesses to lose earnings.

Unplanned supply interruptions are recognised as service failures under GSS. However, when existing statutory requirements and the relevant GSS regulations are considered together, there are no protections in place where a business customer faces loss of earnings.

Evidence

CCW case examples

Note: This example contains financial loss information provided by the customer and is not representative of CCW's recommended compensation payment structure.

Case 1

- Business size: micro (0-10 employees)
- Business type: hotel, bar and restaurant

Supply interruption

The customer submitted a claim for compensation following complete loss of water supply for two days.

As a hotel, bar and restaurant, a continuous water supply is essential for lawful and safe operation. Without water, they were unable to provide accommodation, prepare food, maintain sanitation, or meet hygiene requirements.

As a result, they were forced to close the hotel, bar and restaurant on a Friday and Saturday, their busiest trading days.

Financial impact

- Cancelled hotel bookings
- Booking.com commission charges
- Lost restaurant revenue over two-day closure
- Lost bar revenue from sports fixture
- Staffing costs: lost hours

Case 2

- Business size: micro (0-10 employees)
- Business type: dry cleaners

Supply interruption

The customer owns a launderette business and was without water for approximately one week, resulting in loss of income for a week.

Scope

This guide sets out good practice for wholesalers when considering compensation claims for business customers who experience loss of earnings as a direct result of an interruption to their water supply.

It is designed to work alongside existing statutory and regulatory requirements. As highlighted already, planned events, physical damage and service failures are already covered, so this guide focuses on unplanned water supply interruptions.

Smaller businesses are particularly vulnerable to the financial impact of unplanned water supply interruptions. They may have less financial resilience and fewer ways to reduce disruption. They may also depend more heavily on a continuous water supply to operate.

This guide is not intended to supersede any statutory or regulatory requirements. It is intended to address a gap in existing requirements and help protect small businesses from detriment caused by unplanned water supply interruptions.

Nothing within this guide prevents wholesalers from providing compensation that is more favourable than those set out in this guide. The recommendations in this guide represent voluntary good practice and do not create any legal entitlement beyond existing statutory obligations.

However, CCW expects wholesalers and retailers to follow this guide to improve business customers' experience and service delivery. It may also help improve trust if companies take ownership of incidents and compensate businesses for the impact they have suffered.

This guide also sets out good practice for communicating policies and processing customer claims. Policies must be easy for business customers to find and understand so they know their rights. The claims process must not place such a heavy demand on customers' time and resources that it discourages them from claiming. Consistent policies across wholesalers support fairness and customer understanding, particularly for businesses with sites in different wholesale areas.

Desktop research

Current wholesaler policies

Prior to considering how compensation for business customers could be improved, it was important to first understand the current compensation policies of wholesalers. An important part of improving the process is ensuring that policies are accessible and consistent across wholesalers.

See the below table for information found during the desktop research:

Wholesaler	Information on website	Has a claim form on the website or guidance on details required	Guidance is easy to understand
Wholesaler 1	Yes	Yes	Yes
Wholesaler 2	Yes	Yes	Yes
Wholesaler 3	Yes	Yes	Yes
Wholesaler 4	Yes	Yes	Yes
Wholesaler 5	Yes	Yes	Yes
Wholesaler 6	Yes	Yes	No
Wholesaler 7	Yes	No	N/A
Wholesaler 8	Yes	No	N/A
Wholesaler 9	Yes	No	N/A
Wholesaler 10	Yes	No	N/A
Wholesaler 11	Yes	No	N/A
Wholesaler 12	No	No	N/A
Wholesaler 13	No	No	N/A
Wholesaler 14	No	No	N/A
Wholesaler 15	No	No	N/A

Industry working group

To develop this Good Practice Guide, CCW felt it was essential to bring together an industry working group with wholesalers. This allowed us to gather information on current approaches to compensation claims, the number of claims received, and consider what could be changed to improve compensation policies and processes for business customers.

The working group sessions were attended by 13 of the 15 wholesalers.

Four sessions were held with wholesalers covering the following areas:

1. Current approaches to compensating business customers beyond statutory requirements. A number of wholesalers shared incidents that had caused loss of supply for more than 24 hours and explained how compensation claims were considered.

2. Eligibility for claims relating to interruptions not covered by statute, including who would be eligible and how eligibility would be assessed.

3. Current processes for making a claim and how claims for incidents not covered by statute would be processed.

4. Communication and correspondence and how this could be consistent across the industry to help improve customer understanding.

Recommendations

Drawing on our working group findings, evidence and desktop research, we have developed a set of recommendations to improve compensation for small businesses that experience loss of earnings. This section covers identified gaps in compensation, eligibility requirements and the trigger points that must be reached for compensation to be considered. This section also covers key factors wholesalers should consider when assessing a claim.

How will it be funded?

We recommend that compensation provided under this guide is funded via the wholesalers' insurance where applicable. Where funding cannot be sought through insurance, wholesalers should use the allowances they already have to provide water services to customers. The funds must not be recovered directly through customers' bills.

Unplanned supply interruptions and incidents

When considering what is already covered in statute and the relevant GSS regulations, unplanned supply interruptions, low pressure, water quality notices and sewer flooding are recognised as service failures under GSS. However, there are no protections in place where a business customer faces loss of earnings.

For the purposes of this guidance, unplanned supply interruptions and incidents include:

- Loss of water supply
- Low water pressure below the statutory 1 bar that requires business operations to halt
- Water quality notices (boil water, do not drink and do not use notices)
- Sewer flooding

Clean water flooding was also considered. However, the working group confirmed that this, including loss of earnings, is covered through wholesalers' insurance.

As shown in the case studies above, loss of water supply can have a significant impact on a smaller business where an interruption continues for days and even weeks. Business customers face having to close their businesses, and are unable to operate safely without a water supply.

Level of unplanned interruptions

As part of the working group sessions, wholesalers agreed to provide information on GSS payments made to business customers over the last year for unplanned water supply interruptions. This information was used to help understand the level of interruptions experienced by customers.

The below table shows the information provided by four wholesalers:

Wholesaler	Number of business customers paid GSS for supply interruption	Number of business customers paid GSS for supply interruption more than once in the last year
Wholesaler 1	342	0
Wholesaler 2	486	9
Wholesaler 3	8	0
Wholesaler 4	49	2

This information shows us that there is a clear variation between wholesale areas in the level of interruptions and gives an indication as to the level of claims that could potentially be made as a result of this good practice guide. This information should only be taken as an indication as it is not representative of all wholesalers and cannot account for the number of business customers who claim via their business insurance. This information also does not account for the sizes of the businesses who have received payments.

Eligibility

Working group discussions found that no single eligibility criterion could reliably identify the businesses that should be able to claim. The guide therefore uses several criteria together to target compensation accurately. Each criterion was developed through working group discussions and research.

In order to ensure that compensation is available to businesses that face greater risk from loss of earnings, CCW recommends that the following criteria are used when assessing claims:

1. Employee levels – The business should have no more than 49 employees across all sites. The Small Businesses, Enterprise and Employment Act 2015 states that small businesses are classified as having less than 50 employees.

2. Number of sites – The business should have no more than five sites in total. This was agreed by the working group because an interruption may not affect all sites, meaning other sites may be able to continue operating and reduce the overall impact on business earnings

3. Maximum net profit – According to Statista the median profit of a small business is £73,000. Taking into account that this is a median figure and is based on 2024 data, we recommend a maximum net annual profit of £150,000.

These criteria will be monitored and reviewed. If we find that small businesses suffering harm from loss of earnings do not qualify, we will consider changes to the guide in consultation with wholesalers.

Trigger point

The trigger point for compensation for loss of earnings is intended to identify a point at which an interruption has moved from a short, temporary loss of supply to an interruption that has the potential to have a significant impact on business operations. The trigger point agreed upon by the working group was 24 hours. Any business that experiences a supply interruption that lasts upwards of 24 hours would therefore be entitled to make a claim for compensation providing the other criteria are met.

Business opening times

When a claim is assessed, the wholesaler should take into consideration the opening hours of the business. If an incident occurs while the business is closed, and there was no loss of earnings, the business will not qualify for a compensation claim. The trigger of 24 hours should also be based on the business opening times.

Example

- Business opening – Monday to Friday
- Incident starts on a Saturday

This business would be entitled to make a claim if the incident was still occurring from the Tuesday onwards with the Monday being the first 24 hours before the trigger point.

Considerations

Long-lasting incidents

Where an incident lasts for more than 28 days, wholesalers should allow business customers to make interim claims throughout the incident period. This is to avoid businesses facing long periods without income and the potentially detrimental impact this could have.

Water needs

Compensation must be fair and proportionate and cover only unavoidable loss of earnings. The working group discussed assessing each claimant's water needs, including whether bottled water would be sufficient for a business with only a toilet and a sink. However, HSE requirements state that workers must have access to toilets, hand basins and drinking water. We therefore recommend that wholesalers process claims

even where bottled water has been provided, to avoid businesses being non-compliant with these requirements.

Gap sites

The working group highlighted instances where claims have been made by business customers who are not registered as a water customer or paying for their water supply.

Where a claim is submitted and the wholesaler becomes aware that the business customer is not registered at the property (i.e. is thought to be operating at a vacant site), we recommend advising the customer to register with their retailer and clear any outstanding balance before the claim is considered. Business customer bills should be backdated in line with the Customer Protection Code of Practice.

It is important that business customers are registered as water customers. Firstly, it is an important indicator that the customer is the person responsible for the property, and therefore is the correct person to receive compensation. It is also important that where a business is using water, they are paying for that supply. This ensures fairness of charging for all business customers.

Customer debt

Another consideration the working group raised was claims from businesses that are in arrears on their water account with their retailer.

For registered business customers, arrears must not prevent a compensation claim, and compensation should not be used to offset the debt. The separate requirements for unregistered customers are set out under Gap Sites. Using compensation to offset debt adds complexity to the claims process. The working group advised that compensation is currently paid directly to business customers and that wholesalers do not have access to information about business customer debt.

Double claims

The group raised instances where the wholesaler has received a claim from a customer where the customer has also made a claim for the same losses via their insurance policy.

Where the wholesaler becomes aware that a business customer has already received payment through their business insurance for all the losses claimed, it is recommended that the wholesaler does not continue to process or approve a claim for those same losses. Where insurance has covered only part of the losses, the wholesaler should consider the remaining losses. The intention of this guide is to recommend compensation where insurance is not available.

As part of the application, business customers will be required to confirm that they have not received payment from an insurance policy or have only received part of their losses.

Where the customer is not the bill payer

The working group considered situations where the business customer is not the bill payer, eg a hairdresser renting a chair within a salon.

CCW recommends that in this scenario, the business owner can process a claim via the bill payer as there may be multiple sole traders affected under one bill payer. This would entail the bill payer collecting all information from any business covered under their account, and submitting the claim on their behalf.

The business owner should not, however, be prevented from submitting a claim should the bill payer be unwilling.

GSS

GSS payments recognise service failure, while compensation covers losses incurred. CCW therefore recommends that GSS and compensation be assessed separately. If a GSS payment is made, it should not be deducted from any compensation payment, because the payments serve different purposes. Deducting GSS from a compensation claim could undermine the purpose of GSS.

Exemptions

Within GSS, there are some circumstances in which payments do not apply. These are where there is an abnormal or unforeseeable event, or where there has been exceptional weather. CCW recommends that this exemption is applied to this guide, however, the event must be truly exceptional ('force majeure').

Where the supply interruption or incident is caused by a third party, the wholesaler should support business customers through the process of seeking compensation from the party at fault.

Where the supply interruption or incident is the fault of the customer, the wholesaler is not required to process a claim for compensation.

Customer insurance

Research

A 2026 report into SMEs and insurance states that 28% of sole traders hold no business insurance policies and only 23% of SMEs have specific business interruption cover. Specific business interruption cover is often an additional 'bolt on' to business insurance. These findings indicate that sole traders and SMEs may be more vulnerable to loss of earnings because of limited insurance cover.

During the industry working group sessions, participants also reported lack of awareness and coverage of business insurance among customers making complaints following supply interruptions. Awareness in this area is essential and is addressed later in this guide.

Impact on premiums

When looking at the impact claims have on premiums, while there are differences between insurers, generally, multiple or high-value claims would have a greater impact on premiums than smaller or single claims.

Taking this into consideration, this guide aims to address the risks faced by business customers where they face multiple instances of supply interruptions to mitigate considerable impact on premiums.

We still recognise that a single high-value claim can increase premiums. We therefore recommend wholesalers consider claims for increased premiums on a case-by-case basis in circumstances where a business customer sees a substantial increase to their premiums following a high value claim.

When to direct a customer to their insurance

CCW expects wholesalers to process compensation claims where the customer does not have the relevant insurance. However, customers should also be provided with information about the importance of having business insurance that includes business interruption. Where a customer has claimed and been awarded compensation for loss of earnings, they should not then have another claim processed if they fail to obtain the correct insurance. This should be communicated during the first claim.

Where the customer obtains the relevant insurance, and then subsequently has a claim for loss of earnings denied by their insurer, a claim through the wholesaler should be considered.

Where a business customer makes a claim through their business insurance, their wholesaler should consider any further loss of earnings in a rolling two-year period. It is unreasonable to expect a customer to make repeated insurance claims within this timeframe. This approach aims to reduce the risk of premium increases resulting from multiple claims.

The recommendations above apply to the compensation scenarios identified in this guide. We also recommend using the same insurance-claims process for other compensation claims covered by statute, as described in Current Requirements.

Appeals

If a wholesaler denies a customer's claim for compensation, it should provide the customer with clear reason/s for the denial.

Wholesalers should allow a 14-day period in which the customer can appeal their decision. The customer should be able to submit an appeal where they are able to provide additional information that disproves the reason for the claim denial.

Application process

Application form

During the working group, current approaches to applications were discussed. It was agreed that for claims covered by this guide, all wholesalers should follow a standard application template. This ensures consistency across the board.

The recommended application form is provided in Appendix 2.

Timescales

Wholesalers should aim to process claims within 28 days. This may take longer if additional information is required from the customer. For incidents lasting more than 28 days, wholesalers should prioritise interim claims.

Claims should be submitted within 3 months of the supply interruption or incident happening and the interruption or incident must have been reported to the wholesaler at the time it occurred.

What losses can be claimed for

We recommend that the following losses should be considered within a compensation claim:

- Direct loss of earnings
- Reasonable mitigation costs incurred during an incident, such as an alternative water supply in order to continue to operate
- Additional staffing costs, if additional staff were required during the period of the incident

Information required

Based on the eligibility requirements and considerations discussed by the working group, the following information should be provided as part of an application:

- Number of employees across the business as a whole
- The number of sites the business has
- The annual net profit of the company
- Information about the business -
    - Business name
    - Business address
    - Business director/s name/s

- Business type
- Business opening times
- Information required to prove loss of earnings

Evidence of loss of earnings and what is included

Businesses should provide reasonable evidence of loss of earnings as a result of a supply interruption.

The loss of earnings should be calculated after taking into account the initial cost of supplying the service, meaning that compensation should reflect the profit lost rather than the total revenue.

Here are some examples of evidence of loss of earnings:

- Revenue evidence
- Management accounts
- Booking records
- Till reports
- Water tanker invoices
- Bottled water purchases
- Storage costs
- Overtime costs
- Operational evidence
- Closure notices
- Production records
- Appointment cancellations

The requirement for evidence should be proportionate and not overly burdensome for the business customer to provide.

Calculation example

Business type: hairdressers

Employees: 3

Business sites: 1

Net annual profit: £60,000

Incident timeline: Sunday to Wednesday

Business opening times: Tuesday to Saturday

Applicable claim period: Wednesday

Claim information:

12 appointments cancelled totalling £680

Compensation reflects lost profit, not total revenue. The value of cancelled appointments must therefore be assessed after taking into account the cost of supplying those services.

Applicable payment £680

Communication

Website information

During the working group sessions, it was agreed that there is considerable variation in the information available to business customers depending on the wholesaler area. The group agreed that a consistent approach would be beneficial to business customers. It is important that business customers know their rights and how to find helpful information.

With this in mind, we recommend the following:

- All wholesalers should have compensation information on their website that is accessible and easy to find.
- Wholesaler websites should include a claim form that is easily accessible to reduce customer effort.
- Wholesalers should work with retailers to ensure impacted customers are correctly signposted to compensation information.

Following a claim

Where a business customer has been awarded a compensation claim, the guidance in the customer insurance section of this guide should be followed. Customers should also

be encouraged to consider business continuity planning in the event of future supply interruptions.

Retailers

Retailers should train all customer service staff on how business customers can claim compensation from wholesalers. Staff should help customers identify the wholesaler responsible for each business site and direct them to the relevant information on each wholesaler's website.

Wholesaler and retailer collaboration

Business insurance

Wholesalers should use the claims process to raise awareness of the importance of business insurance. This can be done via the claim outcome.

Retailers should use customer contact during supply interruptions as an opportunity to highlight the importance of business insurance to business customers. Retailers also have the opportunity to discuss this with new customers.

Business continuity

Wholesalers should also use the claims process to raise awareness of the importance of business continuity. This can be done via the claim outcome.

Retailers should use customer contact during supply interruptions as an opportunity to highlight the importance of business continuity to business customers. Retailers also have the opportunity to discuss this with new customers.

Other retailer requirements

While compensation claims are made directly to wholesalers, it is essential that both wholesalers and retailers work together to ensure that each customer gets the correct information about compensation claims and how they are processed.

Retailers should:

- Ensure that customer facing employees are trained on compensation including:
    - Statutory requirements
    - Compensation covered in this guide, including eligibility
    - Where a customer is entitled to GSS
- Know where to direct a customer to enable them to make a compensation claim
- Consider support available to a customer where a supply incident or interruption had a significant financial impact on the customer. Retailers should consider the

debt recovery process and if this is appropriate where a business customer has experienced losses from a supply incident or interruption.

Conclusion

Summary of recommendations

The following scenarios should be eligible for a compensation claim for loss of earnings:

- Loss of water supply
- Low water pressure that is low enough to cause business operations to have to halt – below the statutory 1 bar
- Water quality notices (boil notices, do not drink and do not use notices)
- Sewer flooding

CCW recommends that wholesalers provide compensation to small businesses who have faced loss of earnings due to a water supply interruption or incident using the following eligibility criteria:

- Businesses with no more than 49 employees
- Businesses with no more than 5 separate sites
- Businesses earning a maximum net annual profit of £150,000

The following considerations should be a part of assessing a claim:

- Claims can be made once the business has been affected for more than 24 hours of their normal opening times.
- Businesses should be able to make an interim claim where an interruption or incident lasts for more than 28 days.
- Where a customer is not registered to pay for their water services (i.e. they are at a site thought to be vacant), they must first register as a water customer and clear any outstanding charges prior to making a claim.
- Claims should be processed regardless of whether the customer is in arrears with their water account and compensation should not be used to offset the arrears.
- Where a wholesaler becomes aware that a business customer has already made a successful claim via their insurance for all loss of earnings, the wholesaler should not continue to process the claim.
- Where the affected business is not the bill payer, they should be encouraged to process their claim via the bill payer, but should not be prevented from making a claim should the bill payer refuse to make a claim.

- The Guaranteed Standards Scheme (GSS) payment should not be deducted from the compensation provided to affected business customers. GSS payments are to recognise service failure as opposed to provide compensation.

- Where the water supply interruption or incident is caused by an exceptional, unforeseeable and unavoidable event, compensation will not apply.

- Where the water supply interruption or incident is caused by a third party, the wholesaler should support the business customer to seek compensation from the party at fault.

- Where the supply interruption or incident is the fault of the customer, the wholesaler is not required to process a claim for compensation.

The following guidance should be followed for advising business customers to make a loss of earnings claim via their insurance company:

- Where a customer has the relevant business continuity/interruption coverage, the wholesaler can direct them to claim via their own insurance. This, however, can only be done once in a rolling two-year period.

- Where a customer has claimed and been awarded compensation for loss of earnings, they should not then have another claim processed if they fail to obtain the correct insurance. This should be communicated during the first claim.

- Where an insurance company has denied a business customer's claim for loss of earnings, the wholesaler should consider processing a claim.

CCW recommends that business customers are able to claim for the following:

- Direct loss of earnings

- Reasonable mitigation costs incurred during an incident, such as an alternative water supply in order to continue to operate

- Additional staffing costs, if additional staff were required during the period of the incident

CCW also recommends that both wholesalers and retailers communicate a consistent message on compensation, and provide business customers with the information they need to ensure they are aware of business continuity measures.

Next steps

CCW will monitor future supply interruptions that cause loss of earnings for small businesses, together with the compensation complaints we receive, to assess the effectiveness of this guide. If we find that the guide does not cover all small businesses suffering harm from loss of earnings, we will consider amendments in consultation with wholesalers.

Responding to this consultation

We welcome responses to this consultation, including responses to the questions set out below, by **2 December 2026**

Responses can be sent to the following:

E-mail: Louise.Mills@CCW.org.uk

Please note: If you have any concerns about making your response public, then please let us know. Unless we are informed otherwise, we will assume that we can publish all responses on our website.

Consultation questions

CCW welcomes responses to the following questions on our proposed Good Practice Guide: Compensation for Small Business Customers for Loss of Earnings during a water supply incident.

For each question, please explain the reasons for your response. Where evidence is available, please provide it to support those reasons.

1. Do you agree the guide should cover small business customer compensation for unplanned supply interruptions, low pressure, water quality notices and sewer flooding?

2. Do you agree with the three proposed eligibility criteria: no more than 49 employees, no more than 5 sites within the business, and a maximum net annual profit of £150,000?

3. Do you agree that compensation claims can be made once a small business has been affected for 24 hours based on their opening times?

4. Do you agree that businesses can make an interim compensation claim every 28 days if an interruption or incident lasts longer than 28 days?

5. Do you agree that where a business is not registered as a water customer, they should first register and clear their balance before a compensation claim can be processed?

6. Do you agree that any current debt to the retailer should not impact a compensation claim being made by a small business customer?

7. Do you agree that, where the business owner is not the bill payer, they should be able to make a compensation claim where the bill payer is unwilling or unable to make the claim on their behalf?

8. Do you agree that a business customer should be directed to make a claim via their own insurance only once within a rolling two-year period?

9. Do you agree that where a customer has claimed and been awarded compensation for loss of earnings, they should not then have another claim processed if they fail to obtain the correct insurance?

10. Do you agree losses can be claimed for the following? –

    a. Direct loss of earnings

    b. Reasonable mitigation costs incurred during an incident, such as an alternative water supply in order to continue to operate

    c. Additional staffing costs, if additional staff were required during the period of the incident

11. Do you agree with the proposed recommendations on communication, including information on wholesaler websites, customer communications from both wholesalers and retailers, and collaboration between wholesalers and retailers?

12. Does the application form at Appendix 2 cover all necessary information to accurately assess a compensation claim? Is it fair and proportionate without being overly burdensome for business customers?

13. Is there anything that you believe should be covered within this guide that is not already present?

14. Do you have any further comments about the guide that we should take into account?

Appendix 1

The table below shows what is covered by GSS for business customers:

GSS Regulation	England		Wales	
	GSS Payment	**Late Payment Penalty**	**GSS Payment**	**Late Payment Penalty**
Making appointments	£40	£40	£20	£10
Keeping appointments	£50	£40	£20	£10
Account queries and requests about changes to payment arrangements	£40	£40	£20	£10
Complaints not actioned on time	£40	£40	£20	£10
Notice of interruption to supply	£100	£100	£50	£50
Supply not restored – initial period Wales – 48 hours England – 12 hours	£100	£100 (up to cap of twice customer's annual water supply charge)	£50	£50
Supply not restored – each further Wales – 24 hours	£100	£100	£25	£50

England – 12 hours				
Low pressure	£50, up to five payments per financial year	£40	£25	N/A
Flooding from sewers – internal flooding	Payment equal to annual sewerage charges, at minimum of £300 and maximum of £2000 For repeated incidents in the same rolling 12-month period, the minimum increases by £100 per repeat occurrence and the maximum by £500 per repeat occurrence.	£100	Payment equal to annual sewerage charges (Minimum payment of £150. Maximum of £1000)	£50
Flooding from sewers – external flooding	Payment equal to 50% of annual sewerage charges, at minimum of £150 and maximum of £1000 for repeated incidents in the same rolling 12-month period, the minimum increases by £50 per repeat occurrence and the maximum by £250 per repeat occurrence.	£40	Payment equal to 50% of annual sewerage charges (Minimum payment of £75. Maximum of £500)	£50

England Only Standards:

GSS Regulation	**England Only**	
	GSS Payment	**Late Payment Penalty**
Moving to measured charging for supply of water	A sum equal to the charges payable by the customer for the supply of water (a) beginning with the day after the anticipated measured charging date, and (b) ending when the English service provider begins to charge by measure.	£40

Reading of meters	(a) £40, if it is the first time that the company has failed to read the customer's meter as required (b) £80, if it is the second or subsequent time that the company has failed to read the customer's meter as required.	£40
Water quality notices: restrictions on consumption etc. of water	£60, with a supplementary £40 for each number of complete 24-hour periods after the initial 48-hour period during which the quality of supply is not restored (up to cap of the sum of the water supply charges payable by the customer for the financial year in which the notice is served)	£40

Appendix 2

Compensation claim application form

Details

Applicant name	
Applicant contact details	
Business name	
Business type	
Director name/s	
Application date	
Number of employees	
Number of business sites	
Business opening hours	

Incident dates

Incident start date	
Incident end date	

Incident type

No water	
Low pressure	
Water quality notice	
Sewer flooding	

Financial details

Annual net profit	

Has a claim been submitted to any insurance company for losses incurred during this incident?	Yes/No Note: failure to disclose an insurance claim may be considered fraudulent
Is the business registered as a water customer?	Yes/No

Financial losses information

- Please detail all losses and additional costs incurred during the supply interruption or incident and the operational impact such as business closure or reduced services.
- Please include evidence where available to allow for a full and accurate assessment of your claim.
- Information of profit/earnings for a comparable period should be provided.
- A bill for water services should be provided.

CCW

The voice for water consumers
Llais defnyddwyr dŵr

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