

WATRS Independent Oversight Panel

The Water Redress Scheme (WATRS)

Third Review, January 2018

FOREWORD by Sandra Webber, Chair of Panel

The independent Water Redress Scheme (WATRS) is nearly 3 years old and this is the third review by the Independent Oversight Panel. The scheme has made 352* decisions on unresolved complaints and ordered compensation payments totalling over £75,000*. This service is free of charge to customers, and if a customer accepts the decision it is binding on the company. WATRS has proved a significant addition to consumer protection for water customers in England & Wales. Water companies have cooperated constructively with the scheme, and some have told us it has inspired them to improve their own complaints handling. The scheme has evolved over its life with procedure and communications changes to improve its user-friendliness. The provider, CEDR, has adopted several improvements suggested by the Panel, and this process continues.

All this is positive but it is now time to revisit whether the overall complaints structure in the water sector is as good as it could be, in particular:

- Potential length of overall complaints journey. The Panel has seen a handful of complaints go to and fro for many months and is aware that several UK industries give access to Alternative Dispute Resolution if a complaint is not resolved in 8 weeks.
- The cliff edge between the Consumer Council for Water (CCW) and WATRS. Only 12% of eligible customers choose to go forward to WATRS. Reasons for this may include that a fresh application form is needed, whereas schemes in some other industries offer mediation and adjudication under the same roof so it is seamless for the customer.
- Decision-making process. The current scheme closely mirrors the small claims court but an alternative model – perhaps more accessible for customers – could be more like an ombudsman service, which is neutral but ‘helps’ the customer by interacting and asking questions. To quote from two of the interviews conducted by the Panel’s independent researcher:

“WATRS just look at what is written on paper.... they didn't give me a chance to answer their questions....”

“The water board has a solicitor and I didn't have any help... I didn't know what to provide, I provided what I thought was relevant.... they should have asked questions rather than just ask me to make a statement.”

The Panel is pleased that the water industry is positive about reviewing the overall complaints structure. CEDR’s contract has been extended to 30 September 2019. This will allow such a review to be completed by summer 2018 and any changes to be incorporated in the specification for the next Water Redress Scheme from October 2019.

In the meantime the Panel has some recommendations for improving the scheme’s operation, which are discussed in this report.

HEADLINES

- ▶ All household and most non-household customers can get a fair, professional, independent ruling on their complaint from WATRS - free of charge
- ▶ In the first 2 years of WATRS, 37% of the 254 decisions required the company to take further action. Where money was awarded the average (median) sum was £150, although in a very small number of cases the adjudicator awarded £1000+. Billing is the biggest complaint category - problems with the amount charged being the largest sub-category followed by metering (including accuracy and location).
- ▶ Water companies cooperate with WATRS and have a positive attitude towards it. Most of the new non-household retail companies since April 2017 have joined WATRS rather than other dispute resolution schemes.
- ▶ WATRS has worked constructively with the Panel to make website and customer service improvements since the scheme began. Several improvements have been made since our last review e.g. an easier-to-understand decision document; and a welcome call to applicants, to help them understand the process.
- ▶ The Panel considers that all of our 6 success criteria (see slide 11) are met to an extent although there is more work to do.
- ▶ The next 3 slides show how the Panel has scrutinised the scheme in 2017 and our main conclusions and recommendations.

MAIN CONCLUSIONS AND RECOMMENDATIONS 2017

| | Delivery date |
|--|-----------------|
| The industry should review the overall complaints structure with a view to streamlining as it can be long and “tiring” for the customer, although 95% of written complaints were resolved at Stage 1 in 2016/17 | June 2018 |
| The transition from mediation (CCW) to adjudication (WATRS) is not smooth, compared to some other industries where both are done by the same body and the customer does not have to complete a fresh application form e.g. financial services. There should be a 3 month pilot where CCW offers to help the customer complete their application to WATRS , and the pros and cons should be evaluated. | Jan- April 2018 |
| WATRS should review the “burden of proof” i.e. what evidence the adjudicator needs from a customer, particularly a customer who is trying to prove a negative (usually that they did not use all the water billed for). | Jan 2018 |
| WATRS to make further customer service improvements e.g. phone answering. | Feb 2018 |
| There should be a strict 10 working days for companies to submit their response to WATRS. The Panel has listened to concerns about its previous 5 day expectation. | Jan 2018 |
| Decisions (anonymised) should be categorised by complaint category and more accessible online. | March 2018 |
| Panel to review end to end correspondence in a further sample of 3 cases | June 2018 |

See slides 7 & 8 for further details of recommendations made

NON-HOUSEHOLD RETAIL COMPANIES

WATRS has had retail company members since April 2017. Most of the complaints about retail companies so far were carried over from the customer's previous service. Retail companies made 4 main proposals to the Panel:

- ▶ monitoring of WATRS should be split into household/non-household.

The Panel agrees.

- ▶ retail companies should be allowed up to 10 working days to respond to WATRS where the complaint requires liaison with the wholesale company.

The Panel is now recommending a strict 10 working days for all companies.

- ▶ if WATRS finds that the retail company needs to take no action, the non-household customer should pay towards the cost of the adjudication (companies pay a per-case fee for independent adjudication by WATRS)

The Panel notes the Ofwat Business Code of Practice: 'Retailers must have in place at all times a readily accessible and effective Complaints Handling Process at no cost to Non-Household customers'

- ▶ where action is required, WATRS should be asked to indicate the extent to which responsibility for the complaint lies with the wholesaler, the retailer or both.

In the new market structure the customer's contract is with the retail company, and Ofwat requires only the retailer to join a dispute resolution scheme. It would not be fair under the current process for WATRS to attribute responsibility or costs to the wholesaler, which does not have an opportunity to explain its side of the story directly. Nevertheless we shall monitor relevant cases closely as they come up.

HOW THE PANEL DID ITS WORK IN 2017

- ▶ Tracked implementation of previous set of recommendations - see Slide 16.
- ▶ Looked regularly at data from WATRS on application numbers, decision outcomes, telephone enquiries etc.
- ▶ Read the WATRS decisions (with the customer and company names removed)
- ▶ Looked at customer and company feedback from WATRS and our independent customer research
- ▶ Informal benchmarking with other alternative dispute resolution schemes. This helped to put the customer feedback in context. We found some evidence that overall acceptance or satisfaction rates tend to be similar to the proportion of decisions where the customer is awarded a remedy. For example WATRS required company action in 32%* of decisions, and overall 33% of customers accepted the decision on their complaint. See also slide 17-18.
- ▶ Published a report on the first 2 years of WATRS. This gives statistics; the main reasons why customers “win” or “lose”; and case studies of relatively high compensation**. The Panel sent this report to all companies, inviting comment.
- ▶ Analysed 3 complaint files end-to-end from the first complaint to the company, through CCW to WATRS. The Panel made some observations and sent this report to all companies, inviting comment.
- ▶ Met representatives of 5 companies (including a NHH retailer), WATRS and CCW.

Conclusions, observations and recommendations 2017

| Companies | CCWater | Delivery date |
|--|--|---|
| Review overall complaints structure with a view to streamlining customer journey | | End June 2018 |
| Responses to be submitted within maximum 10 working days, otherwise case will be decided without company input. | | |
| Observation: WATRS report that the standard of evidence is usually high. Where customer service agents have been involved in preparing the company's response the tone tends to be more conciliatory. Given that the defence may quote part of the defence a more conciliatory tone may help future relations with the customer irrespective of outcome. | | |
| | CCWater to complete part of WATRS application form for customer - 3 month trial | Jan-April 2018 |
| | Subject to outcome of trial develop (with CEDR) template for data collection to enable pre-population of application form | Post completion and evaluation of trial |
| | Subject to outcome of trial provide case summaries with files | Post completion and evaluation of trial |
| | Case files to be indexed & duplicate documents removed | |
| | Closure letters should enclose a basic 'factsheet' about WATRS, past outcomes etc to enable customers to make a more informed choice about applying. The factsheet could be branded as from either the Panel or RWD. | Post completion and evaluation of trial |
| | Observation: a number of applications involve matters of policy. Customers should be better signposted to more appropriate channels such as Ofwat, their MP etc for these types of complaints. | 7 |

Conclusions, observations and recommendations 2017

| CEDR | RWD/Panel | Delivery date |
|--|--|---|
| Subject to outcome of trial develop (with CCW) template for data collection to enable pre-population of application form | | Post completion and evaluation of trial |
| Consider development of customer portal with RWD | | Start Feb 2018/when Board of RWD in place |
| 'burden of proof' review | | Jan 2018 |
| Review auto-attend/out of office messages | | End Nov 2017 - completed, abridged messaging/process in place |
| Revise decision format to include offers made/redress/issues in summary | | End Nov 2017 - completed - revised decision format in use |
| Review standard wording across all comms - plain English | | Jan 2018 |
| | Decisions to be categorised on website by complaint type | End March 2018 |
| | Complete 2 nd end to end review of 3 sample cases | End June 2018 |
| | Prepare factsheet for inclusion with CCWater closure letter | Post completion and evaluation of trial |

MEMBERS OF WATRS INDEPENDENT OVERSIGHT PANEL

Role: To preserve the independence and effectiveness of WATRS

Regulatory

- Claire Forbes - Senior Director, Ofwat
- Sir Tony Redmond - Regional Chair, CCWater

Independent

- Sandra Webber - Chair - former Consumer Support Director, CAA
- Helen Hunter - Director, J Sainsbury plc
- Daksha Piparia* - Director, Piparia Consulting

Company

- Rachel Barber - Director, South-Staffs Water
- Louise Beardmore - Director, United Utilities

The Panel

- ▶ Membership of the Panel is designed to represent all sectors of the water industry - customers, companies, CCWater and Ofwat.
- ▶ The Panel's terms of reference are available on the RWD website and all minutes of Panel meetings are published*
- ▶ The running costs of the Panel are funded by member companies of WATRS through RWD.
- ▶ The initial independent members of the Panel were:
 - ▶ Sandra Webber, Chair
 - ▶ Jo Causon - stood down April 2015 - replaced by Helen Hunter May 2015
 - ▶ Adam Scorer - stood down Sept 2017 - replaced by Daksha Piparia December 2017
- ▶ Replacement independent Panel members are appointed after an open competitive process
- ▶ CCWater and Ofwat representatives are nominated by their respective organisations. In February 2017 Richard Khaldi from Ofwat stood down and was replaced by Claire Forbes.
- ▶ Company representatives are chosen by RWD from nominees put forward by the companies. In March 2017 Gary Dixon from United Utilities stood down and was replaced by Louise Beardmore also from United Utilities. Rachel Barber, the water only company representative, will be stepping down when this report has been published and a new water only company representative will be appointed.
- ▶ To recognise market opening a representative from a NHH Retailer will join the Panel in 2018.

THE PANEL'S SUCCESS CRITERIA FOR WATRS

Fair and impartial

- perceived to be fair and impartial by customers and companies

Effective feedback

- effective feedback loops to drive improvements in service & identify systemic problems

Accessible

- accessible to different groups of users - experience of using it good regardless of outcome

Communicated

- communicated effectively - appropriately used and understood

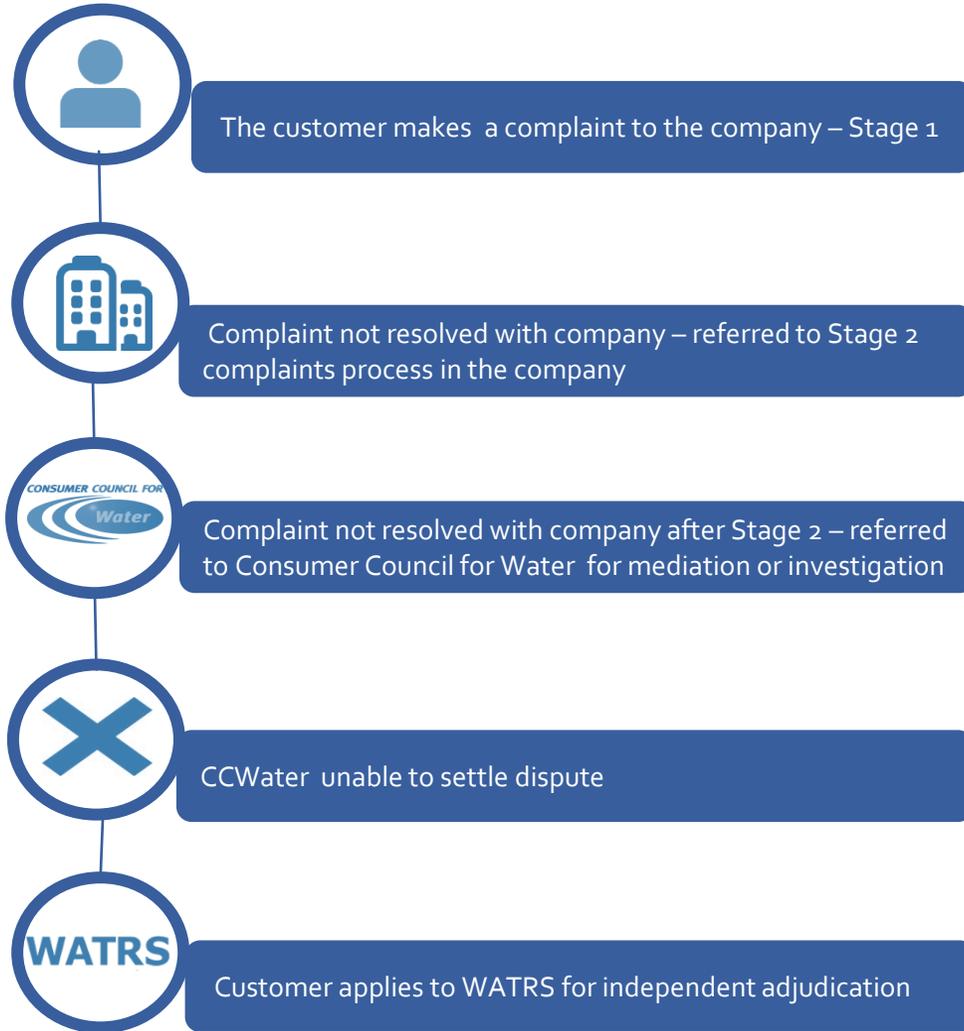
Alternative

- provides a genuine alternative to customers than litigation

Cost

- is cost effective

The process



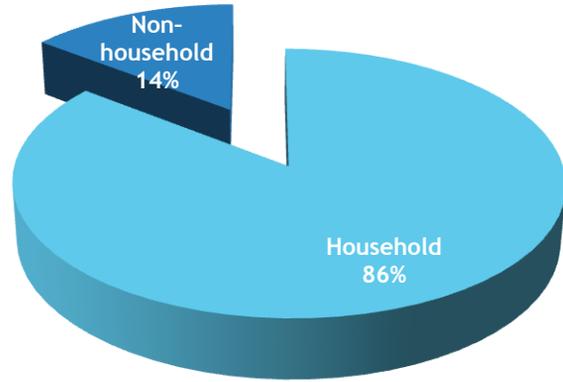
95,000 written complaints made to water and/or sewerage companies 2016/17

95% of written complaints resolved at Stage 1

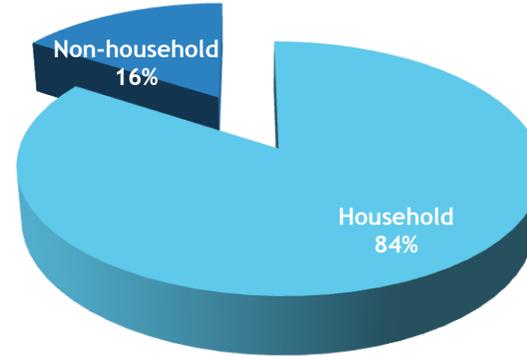
CCWater is the statutory consumer organisation representing the customers of water and/or sewerage companies. In 2016/17 CCWater dealt with 8700 customer complaints - over 80% of which were resolved through mediation between the customer and the company

1417 customers eligible to go to WATRS - only 12% do. CCWater surveyed a sample of customers who did not make an application and found multiple reasons eg - not dissatisfied with outcome of case; didn't appreciate there was a next step; couldn't be bothered

**12 months April 2016-March 2017:
total applications 214**



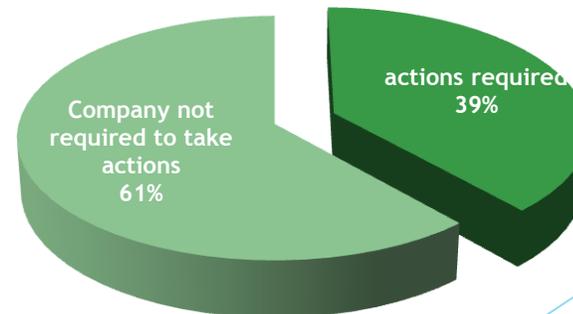
**6 months April 2017-Sept 2017:
total applications 101**



**12 months April 2016-March 2017:
decisions published 170**



**6 months April 2017-September 2017:
decisions published 98**



Reports

- ▶ The Panel's 6 month review, published November 2015
- ▶ The Panel's first 12 month review, published March 2016
- ▶ The Panel's summary of two years of WATRS cases (1 April 2015-31 March 2017) published August 2017

<http://www.resolvingwaterdisputes.org.uk/reports/>

- ▶ All case decisions made by WATRS are available with names removed

<http://www.resolvingwaterdisputes.org.uk/redacted-decisions/>

Member companies of WATRS

| Household/wholesale | | Non household/retail | |
|-----------------------|----------------------------|--------------------------------|--------------------------|
| Affinity Water | Albion Water | Affinity for Business | Anglian Water Business |
| Anglian Water | Bournemouth Water | Cambrian Utilities Ltd | Clear Business Water |
| Bristol Water | Dee Valley Water | Invicta | NWG Business |
| Dŵr Cymru Welsh Water | Independent Water Networks | Pennon Water Services | Regent Water |
| Northumbrian Water | Peel Water | Scottish Water Business Stream | SES Business Water |
| Portsmouth Water | SES Water | Three Sixty Water | Water Plus Ltd |
| Severn Trent | Southern Water | Water Plus Select Ltd | The Water Retail Company |
| South East Water | South Staffs Water | | |
| South West Water | SSE Water | | |
| Thames Water | United Utilities | | |
| Wessex | Yorkshire Water | | |

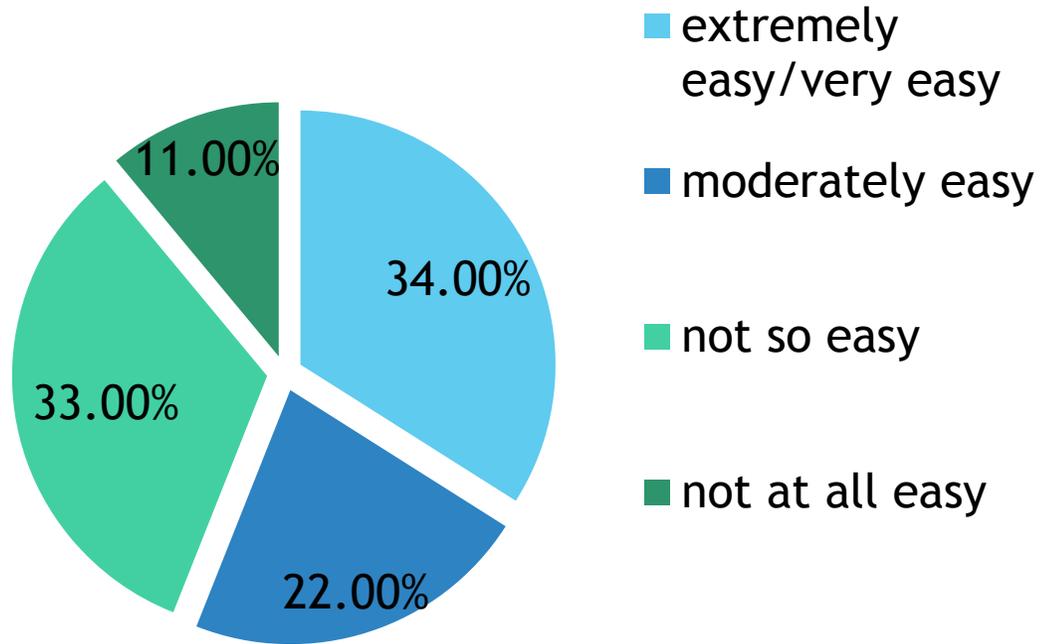
Main recommendations from Panel's previous Review

| WATRS | comment |
|---|---|
| Decision documents to be simplified - summary to be added | New format was introduced & continues to be improved |
| Email and phone reminders to customers who have not responded to decision | In place from October 2016 - 10 days (email) 15 days (phone) |
| Website redesign to include feedback facility | Completed June 2016 |
| Trial welcome phone call for customers | Welcome call now permanent feature - has been introduced as feature on other CEDR schemes |
| WATRS to investigate cost of case tracking system for customers | Having considered information from WATRS, Panel decided not to pursue this |
| WATRS to avoid 'batching' applications | No feedback from companies that batching continues to be a problem |
| Website to include FAQs and examples of 'good' & 'poor' applications | Completed October 2016 |
| Companies | |
| 10 working days for submitting response in exceptional cases, 5 days norm | Panel recognises this was not communicated clearly and is now proposing straight (and strict) 10 day turnaround |
| Panel | |
| Produce annual summary of WATRS cases | Summary of first 2 years' cases published August 2017. After that annual summaries will be produced. |

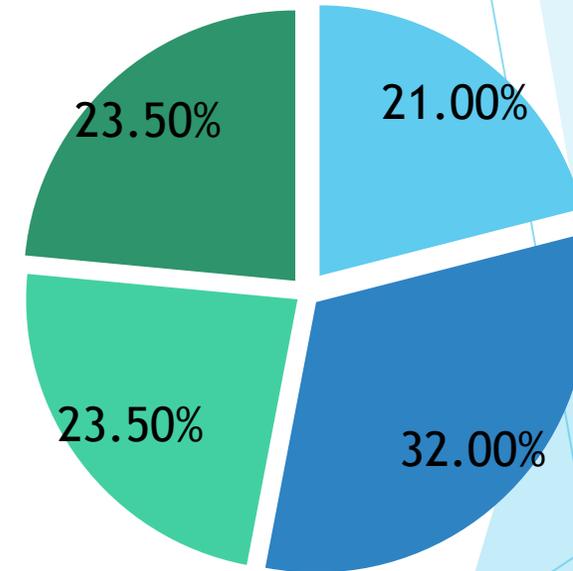
Customer feedback on the WATRS process, which varies by outcome *

'How easy has it been to have your case adjudicated by WATRS?'

Actions required

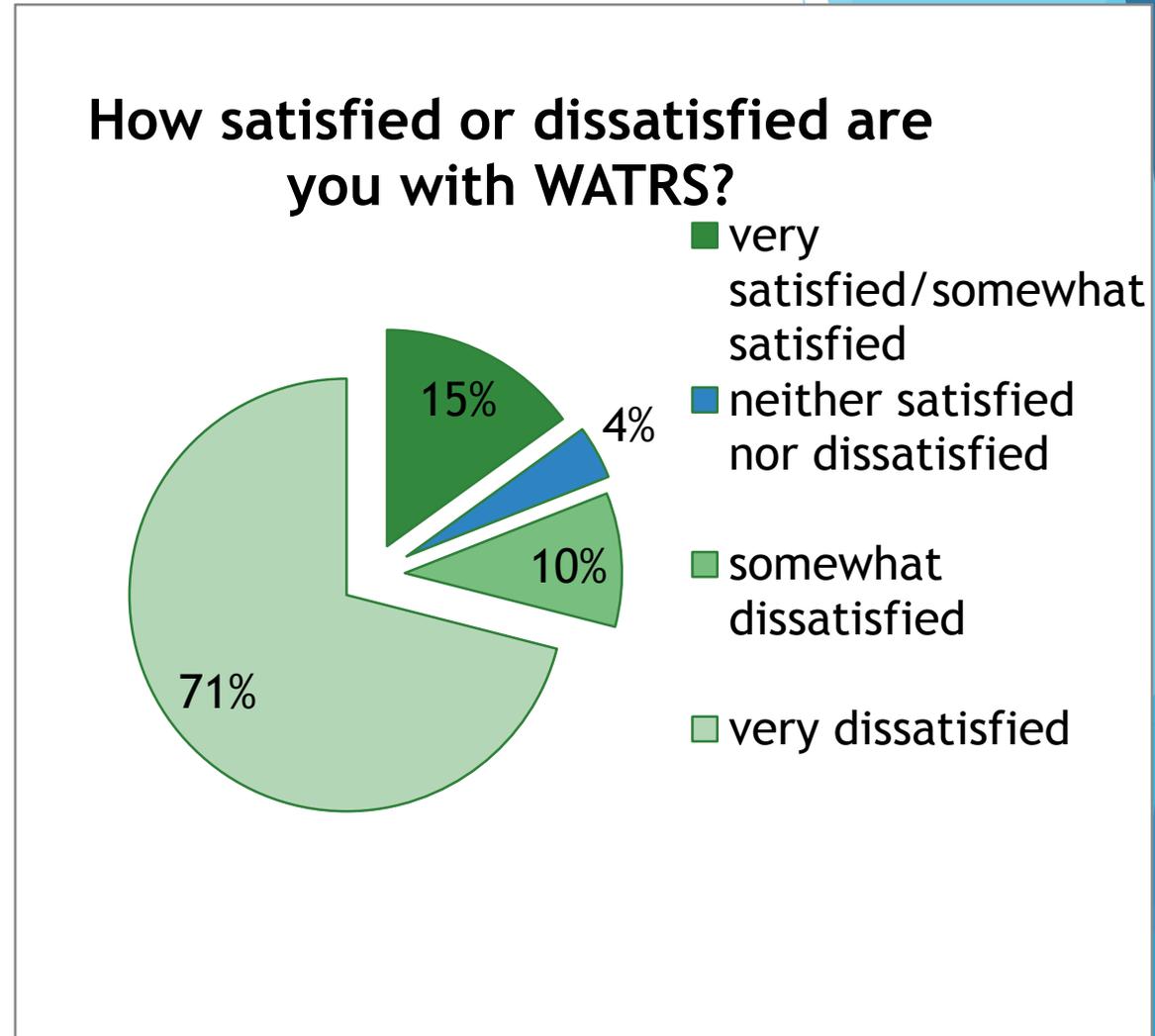
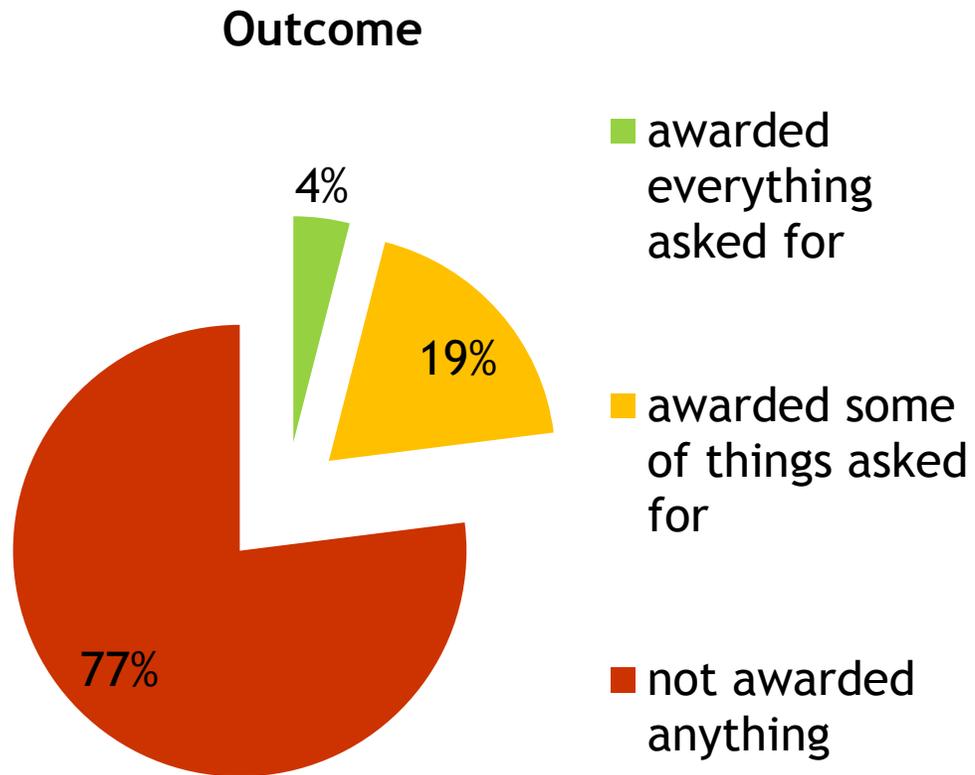


No actions required



*CEDR customer satisfaction data Jan - Dec 2016. Customers surveyed post decision - 52 responses - 168 decisions published

Customer satisfaction with WATRS in relation to outcome*



*CEDR customer satisfaction data Jan - Dec 2017. Customers surveyed post decision - 48 responses - 181 decisions published