



## **Paying for Water Customer Research**

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## EXECUTIVE SUMMARY

WaterVoice (which represents the interests of customers of the water and sewerage companies) and Ofwat (the economic regulator in the water and sewerage industry), in consultation with Water UK, commissioned Accent Marketing & Research to undertake qualitative research to explore customers' views on issues associated with paying for water.

The business objective of the research was to explore customers' views on issues associated with paying for water and sewerage services, in particular debt. This will enable WaterVoice and Ofwat to develop policy in these areas with a better understanding of customers' attitudes and behaviour in relation to paying for water.

The research objectives were:

- to explore water customers' attitudes and behaviour to paying water and sewerage bills in comparison to other household bills and to understand what motivates a customer to settle an outstanding bill and prioritise one debt above another;
- to explore the reasons why customers fall behind in the payment of water and sewerage bills;
- to identify what incentives would encourage prompt and regular payment of water bills by customers who have not paid on time or who fail to keep to payment plans;
- to explore what debt management and recovery approaches and methods of communication customers who have not paid their bills are most likely to respond to and which are most effective for different types of customers;
- to explore the extent to which water customers understand how their water and sewerage bills are calculated and the services they cover;
- to identify ways in which information provided to customers about their charges for water and sewerage services could be improved and explore the best means of helping these customers to increase their knowledge of these issues.

A qualitative research programme was conducted across the ten WaterVoice regions and comprised a mix of depth interviews and focus groups. The scope of the research included money advisers, customers with water debt, customers who had cleared water debt and customers who had no water debt.

## **MAIN FINDINGS**

The research did not identify any major differences in customers' attitudes towards their water company, their water and sewerage bill and the issues surrounding payment of the bill, either by region or by type of customer. The views of money advisers were also very similar across the regions.

### **Attitude and behaviour towards paying water and sewerage bills**

- Water customers do not see their water and sewerage bills differently from their fuel bills. Rent/mortgage and Council Tax are the priority household bills for payment but gas, electricity and water are then viewed as being equally important. This view is reinforced by the money advisers who classify water as a priority bill.
- Customers with water debt typically have multiple debt and are continually juggling which bill to pay next and how much. They will pay whoever is most persistent in contacting them for payment. This is typically not the water company or, indeed, the other utilities. Those creditors who are likely to be paid first are the banks and loan companies. Their stronger and more robust debt recovery approaches often drive people to default on their priority debts ie rent/mortgage, Council Tax and utilities.
- The ban on disconnection of domestic water supplies does not influence payment of the water bill. In fact, most customers are convinced that they can be disconnected for non payment of the water bill. For some the fact that the water is turned off at the stop-tap in their street by their water company or in their home by their landlord reinforces the view that disconnection could be carried out even if they felt that, for hygiene reasons, it probably would not be.
- Being taken to court or put on a prepayment meter (as for gas and electricity) are seen as alternatives to being disconnected, while having a child under five is felt to safeguard against it. The money advisers, with the exception of Sunderland, confirmed that their clients think the water companies can still disconnect the water supplies to domestic households. Money advisers did not correct their clients who thought that their domestic water supply could be disconnected.
- Customers with water debt divide into three main groups:
  - those who take the line 'Why should I pay?';
  - those who are genuinely struggling financially;
  - poor money managers (including some strugglers).

### **Encouraging prompt and regular payment of water and sewerage bills**

- Customers are generally aware of the range of frequent payment facilities and options currently available. But awareness does not equate to usage.
- Customer respondents suggested that payment facilities at supermarkets and petrol stations may provide a convenient place for payment of water and sewerage bills.
- The water companies are viewed for the most part as helpful, approachable and amenable to negotiating payment terms. Customers are aware that they can telephone their local water company if they have problems paying their water bills.

The water companies were described by customers and money advisors as being ‘understanding’ but also ‘lenient’ in their approach to debt recovery. Money advisors also spoke well of their contact with water companies.

- Although the water companies are considered to be helpful, they could be more flexible in agreeing instalment arrangements. Money advisors think that it would be helpful to some of their clients if water companies were to accept lower weekly payments than currently. Even if a client could only afford to pay £1 a week, they felt this should be acceptable as part of the process of encouraging prompt and regular payment. There can be a danger that setting a level the customer cannot meet not only invites them to break the arrangement but also to break off contact with the water company.
- The ‘strugglers’ and ‘poor money managers’ would prefer to be able to pay little and often and receive more frequent water bills, preferably on a quarterly basis as for other utilities.
- A quarterly bill with the amount payable automatically broken down by the water company into smaller more manageable amounts to pay by instalments or setting out the different options for payment would appeal to many customers. Many felt that the current bill focuses too strongly on the penalties of late payment or non payment, with information on contacting the water company to set up a manageable payment arrangement being less obvious or buried in an accompanying leaflet that was often discarded unread as junk mail.
- Customers and money advisors see frequent billing as a means by which to raise the profile of the water bill in the household budget. It would also help the water companies to identify at an early stage customers who have missed payments and may require help in setting up a payment arrangement.
- Incentives in the form of discounts or vouchers for prompt and regular payment would be received positively by customers, if the discounts were large enough. Some strugglers, though, simply do not have the money to pay and no incentive scheme, however attractive, would change that.
- Customers who have approached the Citizens Advice or a money advice team mostly found them to be very helpful. Customers felt they offered impartial advice and were ‘on their side’ whereas their creditors were only concerned with collecting their own money. Money advisors report that many of their clients, in particular, the younger age group, have not acquired money management skills.

### **Effective debt management and recovery by water companies**

- An early reminder by the water company following the issue of the bill would benefit customers, who could be helped while their arrears are smaller and more manageable than when they miss, for example, their six-monthly payments. Some money advisors consider that water customers are given too much leeway by the water companies to delay payment of their water bills, which contributes to an accumulation of debt.

- For customers and money advisers alike, contacting the water company, in particular by any automated telephone call centre system, is frustrating. Customers would like direct lines and Freephone numbers. Money advisers would like to have a personal contact at the water company on a dedicated telephone number.
- In terms of contact from the water company when chasing for non payment of a bill customers are more likely to respond to a personal approach. Most customers would welcome a telephone call from the water company to discuss payment of their water bill, particularly if arrangements for payment could be made immediately. Customers would like the call to be made early in the debt recovery timetable to give them the opportunity to pay while the bill size and the amount owing is still manageable.
- Home visits would be positively received by some who think this approach would offer a more sympathetic way for the company to understand an individual customer's circumstances and help them to find a way to pay their water bill. Others, though, were alarmed at the prospect of a home visit from a water company representative. They felt it would be intrusive and the water company would only be concerned with the money owed to them, and not with the customer's wider financial problems.
- Whichever approach the water company adopts to recover outstanding water debts, customers think it is important that its staff are properly trained and authorised to agree affordable payment arrangements with them and, importantly that the approach is tailored to the customer's personal situation and ability to pay.
- Letters are a form of communication that can easily be ignored – particularly if the name of the water company is written on the envelope; however, a message on the envelope not to ignore the letter could be helpful.
- E-mail, text messages and calls to the mobile phone are all considered unacceptable forms of contact by the water company.
- A home visit was thought to be the most effective approach for personal contact in terms of debt recovery. Whichever approach the water company adopts to recover outstanding water debts, customers and money advisers think it is important that the approach is made in good time to prevent the debt from becoming unmanageable and is flexible, tailored to the customer's personal situation and their ability to pay.
- The threat of a County Court Judgement (CCJ) can be effective with some customers, prompting them into paying and getting back into a regular payment habit. For others, though, they have little impact. Once a person has one CCJ against them another has little effect, especially if it is within the same twelve-month period. Despite the impact of a CCJ on credit ratings, customers with CCJs against them were still able to borrow money if they wanted. Money advisers also saw that some clients were depressed by CCJs while others were seemingly impervious to them.
- Some respondents equate debt recovery agents with the bailiffs. Few respondents said they had personal experience of debt recovery agents for water debt. Those who had thought it had been an unpleasant experience and some had been frightened.

- Penalties for late or non payment of water bills would be disliked by customers and money advisors, and are seen as increasing the debt cycle.
- Money advisers suggested that water companies should make early contact when a new occupier moves into a property and make sure the customer has all the necessary information about provision of the service and payment of the water and sewerage bill. However, post addressed to ‘The Occupier’ is likely to be ignored.

### **Understanding the water and sewerage bill**

- There seemed to be good, if varied, awareness by customers of the size of the annual water and sewerage bill although some respondents did not differentiate between their current bill and their arrears. It simply comprised the total amount they had to pay.
- Customers were generally aware of the water bill being calculated either by rateable value or by consumption recorded on a water meter. But customers thought there were inequalities with both systems.
- There was very limited awareness of what is covered by the water bill and little interest in being given further information. While there was some appreciation that the water has to be treated before it reaches the customer there was low awareness that the bill includes payment for environmental improvements. Customers thought a pie chart used in the research to illustrate the bill composition was helpful and gave a clearer picture of what was being paid for.
- Customers had little awareness of the cross subsidies that exist in water and sewerage charges but, on being told about them, had mixed feelings towards them. Overall, they were more positive towards cross subsidies for vulnerable groups and less supportive of cross-subsidies for rural communities.
- Customers with water debt were more likely than those without water debt to object to their annual bill including around a cross subsidy towards the cost of debt recovery.

### **Raising customer awareness and understanding about water and sewerage bills**

- Some customers liked the idea of receiving a company newsletter to tell them more about their water and sewerage services, although they thought the information delivered with the bill resembled junk mail and it was therefore mostly ignored.
- Television was suggested as the best means of giving information about the water company, the services provided and what the money paid in the bills is spent on. Local radio and local newspapers were not considered to be effective media channels.

## **ACCENT'S RECOMMENDATIONS**

Accent has made the following main recommendations arising from the findings of the research:

### **Encouraging prompt and regular payment of water and sewerage bills**

1. Frequent payment facilities and options could be more clearly communicated and promoted to encourage greater and more regular use by customers
2. Water companies may wish to consider providing payment facilities at supermarkets and/or at petrol stations; such a facility could provide a regular prompt to customers in an environment they visit regularly.
3. Water companies may wish to review their criteria for agreeing instalment plans and consider accepting lower weekly amounts, in particular on the advice of money advisers. This would help to encourage a regular payment habit by customers.
4. Water companies may wish to consider sending out the water bill to water customers more frequently, with quarterly billing being the minimum. This would help to raise the profile of the water bill in the household budget. This would also provide customers with more manageable bill sizes and highlight potential non payment to companies more quickly
5. Water companies may wish to explore the design and layout of the water bill to break down the amount payable into smaller more manageable amounts to pay by instalments or to set out the different options for payment clearly and concisely. The company contact details should be prominently displayed to encourage customers to respond to the bill and make payment.
6. Incentives in the form of discounts or vouchers for prompt and regular payment could be explored, perhaps for a limited time. These should be designed to incentivise payment by customers who have found it difficult to pay their water bills, rather than reward those who can afford to pay.

### **Effective debt management and recovery by the water companies**

7. Water companies may wish to review how soon after issuing the water bill or a payment request they follow up for non payment. Customers would welcome early contact so that payment arrangements can be sorted out while the amount outstanding is still at a manageable level.
8. Water companies may wish to review the use of automated telephone call systems, dedicated helplines and the provision of Freephone numbers for customers who wish to discuss payment of their water bills. Customers can be deterred from contacting the company if they know they have to go through an automated telephone call system and cannot speak directly to someone in person.
9. Money advisers should be able to bypass the water company call centre system and have a dedicated telephone number and point of contact.

10. Water companies may wish to review how best to make personal contact with customers when chasing them for non payment of water bills. Customers would find it helpful to be given the choice of a telephone call or home visit as a means of discussing and making or renegotiating payment arrangements. Separate Freephone telephone numbers could be made available to customers for this purpose.
11. Water companies may wish to consider whether they have enough appropriately trained staff available to deal with customers who want to discuss payment of their water bill. The staff need to be authorised to take payments by debit or credit card or to set up direct debits or an instalment arrangement over the telephone.
12. Water companies may wish to attempt to make contact when a new occupier moves into a property and make sure the customer has all the necessary information about paying their water and sewerage bill. However, post addressed to 'The Occupier' is not recommended. 'Water Customer' may be better. The envelope could contain a message that the letter should not be ignored.

### **Raising customer awareness and understanding about water and sewerage bills**

13. Water companies may wish to consider providing customers with a visual breakdown of the water and sewerage bill, perhaps in the form of a pie chart, to explain what the bill covers and what they are paying for.
14. A public information item or short documentary broadcast on television to explain what customers pay for in their water bills would be of interest to some customers and may help to raise their awareness and understanding.

## **1. INTRODUCTION**

### **1.1 Background**

WaterVoice (which represents the interests of customers in the water industry) and Ofwat (the economic regulator in the water industry), in consultation with Water UK, commissioned Accent Marketing & Research to undertake qualitative research to explore customers' views on issues associated with paying for water, in particular debt.

The levels of outstanding revenue, the amount of revenue written off, the numbers of customers in water debt and expenditure on debt collection within the water industry have continued to rise since 1998-99 – the last full year in which disconnection of domestic water supplies was permitted for non payment of water bills. The total household revenue outstanding for up to 48 months for the water industry for 2002-03 stood at £781million, an increase of £115million (17%) since 1998-99.

WaterVoice is exploring ways to tackle this growing debt problem and wishes to gain a better understanding of how customers view paying water and sewerage bills in the context of the household budget and identify ways in which the companies could encourage prompt and regular payment of water and sewerage bills by customers who do not pay.

WaterVoice will use the findings of the research to work with the water companies to seek to ensure that their debt management and recovery approaches are tailored to collect outstanding revenue more effectively so as to protect water customers from bearing the cost of water debt.

Each year Ofwat approves the charges schemes of the companies. These schemes set out how companies will charge customers for the delivery of water and sewerage services. The WaterVoice committees examine the companies' proposals for any changes to tariffs, charging structures and ways of paying bills. They identify the impact that the proposals may have on the bills that customers pay and bring any concerns to Ofwat's attention.

The research also aimed to find out what water customers know and understand about the bills they pay for water and sewerage services and how these are calculated. In addition it explored ways in which to raise awareness and improve customers' knowledge about their water and sewerage bills.

### **1.2 Objectives**

The business objective of the research was to explore customers' views on issues associated with paying for water and sewerage services, in particular debt. This will enable WaterVoice and Ofwat to develop policy in these areas with a better understanding of customers' attitudes and behaviour in relation to paying for water.

The research objectives were:

- to explore water customers' attitudes and behaviour to paying water and sewerage bills in comparison to other household bills and to understand what motivates a customer to settle an outstanding bill and prioritise one debt above another;
- to explore the reasons why customers fall behind in the payment of water and sewerage bills;
- to identify what incentives would encourage prompt and regular payment of water bills by customers who have not paid on time or who fail to keep to payment plans;
- to explore what debt management and recovery approaches and methods of communication customers who have not paid their bills are most likely to respond to and which are most effective for different types of customers;
- to explore the extent to which water customers understand how their water and sewerage bills are calculated and the services they cover;
- to identify ways in which information provided to customers about their charges for water and sewerage services could be improved and explore the best means of helping these customers to increase their knowledge of these issues.

### 1.3 Structure of Report

Section Two sets out the methodologies used for the two pilots and for the main stage of fieldwork. The main findings are set out as follows:

- Section Three: Attitudes to paying for water and sewerage bills.
- Section Four: Encouraging prompt and regular payment of the water bill.
- Section Five: Effective debt management and recovery by water companies.
- Section Six: Understanding the water and sewerage bill.
- Section Seven: Raising customer awareness and understanding of the water and sewerage bill.

The findings are supported by relevant quotes. Respondents are categorised as follows:

- with water debt: ie they have water debt of more than three months' outstanding;
- with cleared water debt: ie they have had water debt for more than three months, but it is now cleared;
- with no water debt: ie they have no water debt.

All references in this report to water bills and water debt relate to both water and sewerage.

An example of the questionnaires and topic guides used are included at Appendix A. Show material is included at Appendix B.

The conclusions and recommendations made by Accent are set out in the Executive Summary.

## **2. METHODOLOGY**

### **2.1 Introduction**

WaterVoice and Ofwat had given a great deal of consideration to the issues surrounding water debt to be explored in the research. Working closely with them, and in consultation with Water UK, Accent designed a programme of qualitative research to explore the subject in depth. The scope of the research included money advisers, customers with water debt, customers who had cleared their water debt and customers who had no water debt.

Respondents were asked to discuss very personal matters and it was a priority for WaterVoice, Ofwat, Water UK and Accent that they were treated with sensitivity and dignity throughout the research programme.

### **2.2 Why qualitative research?**

WaterVoice and Ofwat were concerned to discover why water debt is increasing to such an extent and how water customers can be helped and encouraged to adopt prompt and regular payment behaviour. This made a qualitative approach the most appropriate methodology for this study.

Qualitative research is concerned with developing explanations of social phenomena. It aims to understand the world in which we live and why things are the way they are. It is concerned with opinion, experience, motivation, feeling, reasons for decision-making and behaviour. It produces subjective data. Although the respondents may be considered to be representative, their responses do not provide robust or statistically significant data. This should be borne in mind when considering the results of this study. Nevertheless, when similar responses are found consistently in different areas in a qualitative project these provide a strong indication of a single pattern of behaviour.

A combination of face-to-face depth interviews and focus groups was used.

Depth interviews offer an increased level of intimacy with the respondent, reducing any feeling of being judged and allowing for open and honest responses.

Focus groups allow respondents to explore a topic in detail, with the interaction between them often prompting wider discussion and generating a good dialogue. However, this technique does require the respondents to be open and honest in front of a room full of strangers. This was a particular concern in this study but one that was successfully managed, as discussed in Section 3.2.1.

This combination of qualitative approaches enabled the research to be approached with great sensitivity. It provided valuable insight into the ways paying for water and water debt are perceived by customers and money advisers and offered an excellent overview of the water debt problem nationally as well as at a more regional level. As is customary with qualitative research, the report includes verbatim illustrative quotes.

## 2.3 Sample

The water customers who took part in the research were selected from different socio-economic groups (SEGs). SEGs are drawn from occupational groupings and are widely used in market research. While the groupings are not based on income and people in the same group will not necessarily behave in the same way, there are likely to be similarities in tastes, habits and patterns of expenditure.

The six most commonly used groups are:

### **Non Manual**

- A Senior managerial, administrative or professional
- B Intermediate managerial, administrative or professional
- C1 Supervisory or clerical and junior managerial, administrative or professional

### **Manual**

- C2 Skilled manual workers
- D Semi-skilled and unskilled manual workers

### **Manual and Non Manual**

- E State pensioners, widows (with no other earner) and casual workers.

This research included AB water customers and C/DE water customers.

## 2.4 Fieldwork

There are ten WaterVoice regions across England and Wales:

- WaterVoice Central
  - representing customers of Severn Trent Water and South Staffordshire Water
- WaterVoice Eastern
  - representing customers of Anglian Water, Cambridge Water, Essex and Suffolk Water, Tendring Hundred Water
- WaterVoice Northumbria
  - representing customers of Northumbrian Water and Hartlepool Water
- WaterVoice North West
  - representing customers of United Utilities
- WaterVoice Southern
  - representing customers of Southern Water Services, Folkestone and Dover Water Services, Portsmouth Water, Mid Kent Water, South East Water
- WaterVoice South West
  - representing customers of South West Water
- WaterVoice Thames
  - representing customers of Thames Water, Three Valleys Water, Sutton and East Surrey Water

- WaterVoice Wales
  - representing customers of Dŵr Cymru (Welsh Water), Dee Valley Water
- WaterVoice Wessex
  - representing customers of Wessex Water Services, Bournemouth and West Hampshire Water, Bristol Water, Cholderton and District Water and Thames Water (customers in Tidworth only)
- WaterVoice Yorkshire
  - representing customers of Yorkshire Water.

This study was conducted across the ten WaterVoice regions in locations chosen to provide a mix of urban and rural areas. In each region the programme of research comprised the following:

- one depth interview with a money adviser, either Citizens Advice or local authority
  - these interviews were conducted first, and were invaluable in providing local information on the extent of and main reason for water debt in each area and the advice given to debt clients; they also helped define a typical water debt family that was used to prompt discussion; this is discussed in more detail later in the report
- three customer depth interviews, conducted in-home
  - a mix of C/DE customers with water debt, C/DE customers who had cleared their water debt, AB customers with water debt and AB customers with no water debt
- one focus group
  - either C/DE customers with water debt or C/DE customers who had cleared their water debt.

The areas chosen and the water customer profiles used in each region are set out in Table 1 with fieldwork dates. The focus groups were held in viewing facilities where possible. Where this was not the case, which was typically in the rural locations, they were held in hotels with a video link set up. All focus groups were observed by representatives from WaterVoice, and some by Ofwat and water company representatives as well.

Accent planned to conduct the fieldwork in each area in one day to enable the moderator to build a strong picture of each area. However, it was not always possible and in some regions it was necessary to schedule groups and depth interviews on different dates. Where this was the case, the two dates are indicated in Table 1.

The structure of the programme was successful, making efficient use of the time. Having the depth interviews with money advisors at the beginning of the day's programme fed extremely well into the customer research, giving the interviewer a good understanding of local conditions when they came to the depth interviews with customers and, particularly, the focus groups.

**Table 1: Fieldwork Schedule**

<b>WaterVoice Region</b>	<b>Location</b>	<b>Adviser depths</b>	<b>Customer depths</b>	<b>Focus Groups</b>	<b>Date</b>
Central (1st pilot)	Birmingham urban	local authority and Citizens Advice	1 AB not in debt 1 C/DE in debt 1 C/DE now cleared	In debt	20 May
Central (2nd pilot)	Nottingham urban	none	1 AB not in debt 1 C/DE in debt 1 C/DE now cleared	in debt	17 June
North West	Liverpool urban	Citizens Advice	1 AB not in debt 2 C/DEs in debt	were in debt, now cleared	15 July 29 July
Eastern	Lincoln rural	Citizens Advice	1 AB not in debt 1 C/DE in debt 1 C/DE now cleared	were in debt, now cleared	17 July 23 July
South West	Truro rural	Citizens Advice	1 AB in debt 2 C/DEs in debt	in debt	17 July 28 July
Wessex	Bath urban	Citizens Advice	1 AB in debt 1 C/DE in debt 1 C/DE now cleared	were in debt, now cleared	22 July
Thames	Slough urban	Citizens Advice	1 AB in debt 1 C/DE in debt 1 C/DE now cleared	in debt	28 July 5 August
Southern	Brighton urban	local authority	1 AB in debt 1 C/DE in debt 1 C/DE now cleared	in debt	4 August
Wales	Carmarthen rural	local authority	1 AB not in debt 2 C/DEs in debt	in debt	4 August
Northumbria	Sunderland urban	Citizens Advice	1 AB not in debt 1 C/DE in debt 1 C/DE now cleared	in debt	6 August
Yorkshire	Sheffield urban	local authority	1 AB in debt 1 C/DE in debt 1 C/DE now cleared	were in debt, now cleared	7 August

Note: debt here refers to water debt

It had been intended to have an even split of Citizens Advice and local authority money advisers but this was not possible as not all local authorities had a money advice department.

## 2.5 Recruitment

Two recruitment methodologies were piloted in WaterVoice Central region.

For the first pilot respondents were recruited by telephone from Accent's telephone unit in Bristol using a sample of customers supplied by Severn Trent Water. The company identified a sample of customers with water debt and provided contact details. The pilot was held in Birmingham on 20 May.

The second pilot was held in Nottingham on 17 June and interviewers recruited respondents on the street. It was not thought necessary to hold another depth interview with a money adviser in WaterVoice Central region, and no further fieldwork was conducted in Central region for the main stage.

The difficulty of identifying which water customers were in debt for the second pilot recruitment on the street was addressed by asking potential C/DE respondents whether they had a weekly, fortnightly or frequent payment arrangement with their water company. Potential AB respondents were asked whether they had received any correspondence from their water company concerning their water bill.

For the main stage recruitment was done by telephone using a sample of customers' names and contact details provided by the water companies. The customer details were supplied in three lists, categorised by customers with water debt, customers who had cleared water debt and customers who had no water debt. No detailed financial information was divulged. By using this approach Accent was able to recruit more accurately and ensure that the participants were grouped together appropriately to offer their views.

WaterVoice, Ofwat and Water UK liaised closely with the Information Commissioner's Office to satisfy data protection requirements and Accent signed confidentiality agreements with the water companies.

Accent sourced the Citizens Advice and local authority respondents.

## **2.6 Incentives**

Customer respondents in Slough were given £40 and all other customer respondents £30 to thank them for taking part in the survey. The money advisers were given £40. Some money advisers requested that their donation be given to a charity.

## **2.7 Approach**

The overriding concern with this research was the issue of sensitivity and the difficulties that this could pose in terms of encouraging respondents to talk openly and frankly about their personal circumstances. Accent's approach, as set out below, overcame any such difficulties.

Information gathered from the depth interviews with money advisers was used to construct a typical household that was introduced to customers in other depth interviews and focus groups. In all cases, respondents said that this 'fictional' household presented to them was familiar, with some going so far as to say that their own situation was similar.

Respondents were then asked to focus on this typical household and say what advice they would give them, rather than being asked straightaway to talk about their own personal situation. They were then asked whether they, or anyone they knew, had been in similar circumstances and what they would have done. In this way respondents were led gently into discussing their own water debt and general debt problems.

Once respondents began to open up – and a feature of the study was that most respondents were extremely frank and very forthcoming – the device of the 'fictional' household was discarded.

## **2.8 Project material**

The recruitment questionnaires, the depth questionnaires and topic guides were developed by Accent in close consultation with WaterVoice and Ofwat, who provided a comprehensive list of topics to be explored.

Examples of questionnaires and topic guides are included at Appendix A.

Respondents were asked to prioritise household bills in order to establish the position of the water and sewerage bill in the context of the household budget and to explore their reasons for prioritising of bills. The cards used for this exercise are reproduced in Appendix B.

Awareness of what is included in water and sewerage bills was explored. A showcard giving the composition of a typical water bill was used and this is also included in Appendix B.

Most water companies were able to provide examples of bills, reminders and letters, including threats of legal action, for discussion. Information leaflets provided by Water Voice and Ofwat were also shown to respondents.

### 3. ATTITUDES TO PAYING WATER AND SEWERAGE BILLS

#### 3.1 Paying for water and sewerage services compared to other household services

##### Key findings

- For most respondents the water and sewerage bill is grouped with gas and electricity in the household budget; it is an essential household bill that has to be paid, although there is constant juggling of available funds.
- Customers who do not pay their water and sewerage bills promptly and regularly fall into three main groups:
  - **why should I pay?:** these customers feel that water falls freely from the sky and should be available to all at no cost and as a right.
  - **strugglers:** these customers live hand to mouth, are likely to be unemployed or, perhaps, in receipt of disability benefits; they are likely to have multiple debt and to find debt distressing or depressing; this group may also include self employed customers whose irregular income makes it difficult for them to meet standard payment patterns.
  - **poor money managers:** this is the largest group; they are forgetful and disorganised; they are often ill informed, they may lack education, they may be ill or depressed; they may be customers with water debt who can afford to pay, or those who are over-committed financially and for whom debt is the norm.

One respondent was quite clear about how she felt about paying for water.

*“I think everybody hates paying their water bill.”*

Focus group, with water debt [Birmingham]

Beyond this, though, customers who do not pay their water bills fell into three main groups, which were found across all regions.

First, there is the minority who do not think they should pay. They believe that water should be free. They make a virtue out of not paying and talk about “a basic human right to water”, which “falls free from the sky” and for which water companies charge in order to fund their “fat cat salaries”.

Second, there are those who are genuinely struggling to meet their bills. They live hand to mouth and are likely to be unemployed, perhaps in receipt of disability benefits. They are likely to have multiple debt, they are likely to be distressed or depressed by debt, and they simply do not have the money to pay. Self employed, people who may have irregular income, also fall into this bracket; they are not necessarily struggling but they find it difficult to adopt regular payment patterns.

Third, and this was the largest group, were customers with water debt who simply have poor money management skills. They are disorganised and forgetful. They are ill-informed and do not budget. There may be contributing factors: they may lack

education, they may be ill or depressed, or they may simply not have the necessary skills. However, the poor money managers cut across all social groups and include:

- customers with water debt who can afford to pay, who may be surprised to find themselves in debt and who often do not perceive themselves as actually being in debt;
- those who are over-committed financially and for whom debt is the norm; and
- some of those who are genuinely struggling.

Customer respondents who had cleared their water debt were found in both the struggler group and among the poor money managers.

### **Why Should I Pay?**

This group of customers feels no one should have to pay for water.

*“It falls from the sky. It should be a free commodity.”*

Customer depth, C/DE with water debt [Lincoln]

*“I don’t believe we should pay for water...or maintenance...once the pipes are laid they will still be there in a hundred years.”*

Focus group respondent, with water debt [Carmarthen]

They object to paying in advance, for water they haven’t yet used, although not to using water they have not paid for.

*“I refuse to pay for water I haven’t used. I don’t pay up front.”*

Customer depth, C/DE with water debt [Lincoln]

*“I would never pay it straightaway. My mum never did. I object to paying it in advance.”*

Customer depth, C/DE with water debt [Slough]

Those who do not feel they should pay for water take little personal responsibility for the payment of their bill, even if it is ultimately to their own disadvantage:

*“When I moved I did not tell the water company. The onus is on them to find out.”*

Focus group, water debt cleared [Bath]

Respondents across the country mentioned the lack of choice in water supplier compared to the deregulated fuel markets. To some degree, the lack of choice had a negative influence on the way these customers perceived their water company. They felt the water company should do more to treat them as a customer, as they are by other utility companies.

One respondent gave an interesting insight into the relationship between the water company and its customers in this respect and why, perhaps, she felt that she did not have to pay her water bill.

*“I feel that I buy into my other utilities whereas water and Council Tax follow you wherever you go, so you feel that it is your due and you don’t feel as though you are a customer.”*

Focus group, with cleared water debt [Bath]

## **The Strugglers**

For the strugglers, who are constantly juggling their money, robbing Peter to pay Paul – a phrase that was frequently heard during the course of the survey – there is little prospect for change. They live hand to mouth and feel they do not have many options. The strugglers include customers with water debt and those who have cleared their water debt.

*“I have ignored all of them in the month when I have no money.”*

Focus group, water debt cleared [Lincoln]

*“We get our money on Monday and it’s gone by Wednesday. We are living hand to mouth.”*

Customer depth, C/DE with water debt [Carmarthen]

*“It’s not that you don’t want to pay, it’s just that sometimes you can’t. It’s not intentional.”*

Focus group, water debt cleared [Sheffield]

*“If you’re on the £102 a week, that will not stretch. It doesn’t matter how much you juggle, you never eat, you never have any electricity in the house, you don’t have television...”*

Focus group, with water debt [Brighton]

Their circumstances may be so difficult that they are unable to see any solution or to take any action.

*“I can’t pay it. I just put it in the bin.”*

Focus group, with water debt [Sunderland]

*“I just don’t know what to do. I’ve been really depressed but I just really don’t know what to do.”*

Customer depth, C/DE with water debt [Slough]

This group also includes some people who work on a self-employed basis who may have irregular income and find it difficult to fit any pattern of payment that satisfies their creditors’ payment terms.

*“Being self-employed sometimes feels like being unemployed because you do the work but you still have to wait to be paid, and the bills are coming in so you have to play catch up.”*

Focus group, with cleared water debt [Bath]

## The Poor Money Managers

Among the poor money managers, many respondents frankly admitted to simply forgetting to pay their water bill. They were then sometimes surprised at the situation they found themselves in.

*“I used to pay monthly but kept forgetting. So now I pay weekly, on a water card.”*

Customer depth, C/DE with water debt [Nottingham]

*“It was only a small amount, £22. I wrote out the cheque but forgot. Then it was £44, but I still forgot. Then I received a bill for £258, the whole year.”*

Focus group, with water debt [Sunderland]

*“If I’ve got other things on my mind I do forget to pay sometimes. Maybe one week you’re short of money or something. Sometimes I do forget, then I get a reminder.”*

Customer depth, C/DE with water debt [Sunderland]

Perhaps they had not actually forgotten but still did not have a system for prompt payment:

*“I had something that said it was just for my information. I didn’t read it properly. Then I got into terrible arrears. I thought it was being paid with my benefits.”*

Focus group, with water debt [Brighton]

*“I came back from holiday and they’d sent me a letter from debt recovery. You were late paying. But I’ve been on holiday.”*

Focus group, with water debt [Slough]

The poor money managers are unable to prioritise and are likely to have multiple debt. They often have their heads in the sand – another phrase that was heard often – and, as one money adviser said, people with multiple debt do not think logically.

*“Being lazy, disorganised and in denial, I could have paid but there is always something else to buy or somewhere else to go.”*

Focus group, cleared water debt [Bath]

Some respondents had tried to budget but, for different reasons, were unsuccessful. Some need more information or education while others simply need help and support.

*“I have a budget account and I put in enough to cover the gas, electricity and Council Tax. But I did not factor in the water and when it came I had to find it because they want it in advance.”*

Focus group, cleared water debt [Bath]

*“I used to be organised but then I became ill again. I’m trying to get organised again. I sit there every night surrounded by bills, with a list of incoming and outgoings.”*

Focus group, cleared water debt [Liverpool]

Money advisers also talked of poor money management being a fundamental problem.

*“Just poor money management. We can’t often change the circumstances.”*

Money adviser [Liverpool]

Money advisers said that many people do not acquire money management skills because their parents have not passed them on. They pointed out that parents may think they are helping their children by subsidising them financially but in reality they are failing to teach them how to look after themselves. This was highlighted as a particular problem in the Carmarthen area, where the clients of the money advisers were mainly 17-25 year olds who contribute little to their parents while living at home and have no idea of what they are going to face later in terms of household budgeting.

*“There is a lack of education and budgeting skills.”*

Money adviser [Carmarthen]

The Sunderland money adviser also found this to be a problem, to the extent that the parents will themselves have financial difficulties as a result of subsidising their grown-up children.

*“The son and daughter are still at home, paying £60 a month board, but the mum and dad are in financial difficulties...A lot of it is mum and dad shielding. So when they go out into the real world they get into difficulties because they haven’t got any idea.”*

Money adviser [Sunderland]

Some money advisers felt strongly that money management skills and an awareness of household bills should be taught at school.

*“Better budgeting. People should be taught budgeting in schools because people don’t know how to budget.”*

Money adviser [Truro]

One customer respondent made a similar point:

*“From an early age they should be taught to manage their money. They don’t start early enough in the schools.”*

Customer depth, C/DE with water debt [Truro]

## 3.2 Priority of water and sewerage bills compared to other household bills

### Key findings

- Rent/mortgage was a priority bill for all respondents, followed by Council Tax in those areas where the council was seen as robust in their debt recovery.
- For some, particularly those who had cleared water debt, interest bearing loans were the next priority; for others it was the utilities, including water.
- There was evidence that water companies were considered to be more ‘lenient’ or ‘understanding’ than the fuel companies in chasing outstanding bills.
- For many customers, the most important creditor is the one who is most persistent and in frequent contact with them.
- Money advisers all treat water as a priority bill alongside rent, Council Tax, gas and electricity.

### 3.2.1 Customers’ Prioritisation of Household Bills

#### Introduction to the hypothetical family

Customers in the depth interviews and in the focus groups were presented with a hypothetical family constructed on the basis of the information supplied by the money advisers.

With some minor variations for different regions, the fictional family profile presented to respondents was as follows:

- Mr and Mrs X, 20-40 years old
- two children at school
- Mr X is unemployed; Mrs X works part time
- weekly income in the region of £85
- weekly outgoings in the region of £87
- car to keep on the road, in case Mr X needs it when he gets a job
- debts of £5,000 already accumulated.

This was accepted as a realistic scenario by all respondents.

*“I’ve certainly been in that situation where there’s more going out. You juggle, don’t you?”*

Focus group, with water debt [Birmingham]

*“There’s quite a few people in this situation.*

Focus group, with cleared water debt [Liverpool]

*“That’s everyone, isn’t it?”*

Customer depth, C/DE with water debt [Sunderland]

Respondents were then asked to prioritise household bills, first on behalf of Mr and Mrs X and then for themselves. They were also asked to explain their decision for the positioning of each bill.

The household bills under discussion were:

- Council Tax
- credit card
- electricity
- gas/oil
- other loans/debts
- rent/mortgage
- storecard/catalogue
- telephone
- TV licence
- water.

The device of discussing the ‘fictional’ family was very successful in enabling respondents to talk frankly about their own situations.

### **Rent/mortgage**

For all respondents the rent or mortgage was the absolute priority. Apart from the obvious practicality of needing somewhere to live, the risk of eviction or prison was mentioned by several respondents.

*“The rent, first, obviously. You’ve got to have a roof over your head... They still threaten you with eviction.”*

Focus group, with water debt [Nottingham]

After that, respondents were divided as to how they prioritised the remaining bills.

### **Council Tax**

For some, Council Tax was the next priority. Although this varied by region, depending on respondents’ perceptions of the vigour with which outstanding Council Tax was pursued, there could be conflicting perceptions within the same area. Those for whom Council Tax was a priority bill mentioned possible prosecution or imprisonment as consequences of not paying.

*“They’ll just send in the bailiffs. They’re owed that much money.”*

Focus group, with water debt [Birmingham]

*“Council Tax take you to court.”*

Customer depth, C/DE with cleared water debt [Lincoln]

*“Council Tax – they are not as considerate when people fall into debt.”*

Customer depth, C/DE with cleared water debt [Sunderland]

*“They can send you to prison for not paying Council Tax.”*

Focus group, with water debt [Truro]

Others, though, even in the same regions, felt comfortable with not paying their Council Tax.

*“The Council Tax, you don’t have to worry about that.”*

Focus group, with cleared water debt [Liverpool]

*“You can get away with the Council Tax.”*

Focus group, with water debt [Truro]

## **Interest bearing debts**

For others, particularly those water customers who had cleared their debt or were in the process of doing so, the second priority was any bill that attracted interest. These included storecards, catalogues, credit cards and any other loans or debts.

*“Rent, then all the bills that accumulate interest as these exacerbate the problem. You can talk to everyone else.”*

Focus group, with cleared water debt [Liverpool]

*“I got myself into difficulties once, I paid off all the storecards, catalogues and credit cards, because of the interest. Otherwise you’re just getting deeper and deeper into debt.”*

Focus group, with cleared water debt [Liverpool]

*“I would pay off all interest bearing loans”*

Customer depth, C/DE with cleared water debt [Lincoln]

## **Utilities**

Most respondents grouped electricity, gas and water together as being essential and placed them after the rent/mortgage or Council Tax. They would talk to their utility providers and come to some arrangement to pay what they could. The remaining bills were seen as non-essential items which they would, if necessary, forego. They would cut up their credit cards, use public telephones and manage without a television.

*“Electricity, gas, water on card, then pay other loans and debts, because they attract interest, which all adds up, credit cards for the same reason. Use public telephone, lose the TV.”*

Customer depth, C/DE with cleared water debt [Lincoln]

Although the money advisers stressed that they treat water as a priority bill alongside rent, gas and electricity, water customers did not always do so.

*“With water you can get away with it”.*

Focus group, with cleared water debt [Lincoln]

*“Water are more lenient, more understanding”.*

Focus group, with water debt [Truro]

The more proactive company is the one who gets paid. Customers thought that the gas and electricity companies were more vigorous in pursuing outstanding payment than the water companies, and this reinforces the case for more frequent billing.

*“My gas is even higher than my water rate and I still find the money to pay that. I think it is because they send letters all the time, whereas with the water I have six months to think about.”*

Focus group, with cleared water debt [Bath]

*“I think gas and electricity are probably more heavy handed in their approach with non payment.”*

Money adviser [Liverpool]

There were a handful of respondents – two in Lincoln, one in Sunderland and one in Carmarthen – who left water till last because they felt they could.

*“Water last, because it is illegal to disconnect.”*

Customer depth, C/DE with water debt [Lincoln]

The effect of the ban on disconnection is discussed in Section 3.6.

## **Television Licence**

Although most respondents felt that they would, if necessary, go without television, some considered it to be essential. These included respondents with children and people in receipt of disability benefits. Indeed, many of the in-home depths were conducted with the television on in the background.

A few respondents put the television licence above all other bills but they were very much in the minority.

*“TV first. You can be fined up to £5000 and taken to court. But the council would forego the rent and the Council Tax.”*

Customer depth, C/DE with water debt [Lincoln]

*“TV are a no no. They fine you £1000 and put you in prison.”*

Focus group, with cleared water debt [Liverpool]

A respondent (with cleared water debt) in Lincoln had a ‘slot television’ and the Sunderland money adviser said they were very common among his clients.

## **The most persistent creditor**

For many respondents, however, the priority in deciding which household bill to pay first is to pay the creditor who is the most persistent and in frequent contact. This is symptomatic of – and perpetuates – the poor money management skills and the absence of any household budgeting that many respondents demonstrated.

*“It’s when they’re banging on the door, that’s when [you pay].”*

Focus group, with water debt [Birmingham]

*“Whoever is badgering me.”*

Focus group, with water debt [Carmarthen]

For the most part, it is not the electricity, gas or water companies who are getting their customers’ attention. The loan companies who threaten to send the bailiffs, the catalogue representatives who knock on the door and the banks who bombard their

debtors with telephone calls and letters are the ones who were quoted as most likely to be paid.

*“Credit card debt, catalogue in particular, because they know they are a non priority and have no security, they will telephone a lot, seven days a week between 9.00 and 9.00... particularly the high street banks, and in a week would send 3 letters, bombard the client...they are much more proactive.”*

Money adviser [Lincoln]

Unfortunately, as the money advisers pointed out, when their clients respond to the most demanding creditor, they then find they are unable to pay their priority bills (rent, electricity, gas and water) and so get into further difficulties.

*“What I find is that because water is a bill that comes in once a month [sic] it’s often the one that is robbed when they rob Peter to pay Paul. The guy from the bank will phone them up and threaten, and use bully boy tactics, the water board don’t, which is all good to them.”*

Money adviser [Sunderland]

Water customers who were not in water debt did not weigh up one bill against another.

*“I don’t know that I do prioritise if I were perfectly honest. They’ve got to be paid, haven’t they?”*

Customer depth, AB with no water debt [Lincoln]

### **3.2.2 Money advisers’ advice**

The money advisers’ advice to their clients is that the following are priority bills:

- rent/mortgage first
  - risk of eviction
- Council Tax second
  - can go through courts, with risk of imprisonment
- gas and electricity
  - can be disconnected.

All other bills are non priority bills, and water heads these. All money advisers, with the exception of the Slough respondent, stressed that although water is classified as a non priority bill – because there is no disconnection – it is treated as a priority bill alongside gas and electricity and their clients are advised with this in mind.

*“Water is not a priority...but I treat it as one because it is a utility.”*

Money adviser [Lincoln]

The money advisers look at each client’s overall financial situation. Their aim is to help their clients “manage their debt”. They can arrange for interest on loans to be frozen and they will make arrangements with their creditors, while ensuring that rent, Council tax and gas, water and electricity are rated as priority bills.

### 3.3 Reasons for water and sewerage debt compared to other household debt

#### Key findings

- There was little or no differentiation between the reasons for water customers falling behind with payment for water and sewerage services and falling behind with payments for any other household bills.
- In a climate of growing general, multiple debt, water debt seems to be increasing because customers prioritise non-essential bills before their household bills, including water; this is often as a result of more aggressive debt recovery approaches employed by other creditors in contrast with water companies, who are considered to be more lenient.
- Debt can be triggered by a change in circumstances (eg sickness, unemployment, a new baby, a partner leaving, a bereavement) for which the customer is completely unprepared; if, as is often the case, the customer was already in debt before a change in their circumstances, the effects can be devastating.
- Water debt, as with general debt, seems to arise out of:
  - poor money management
  - genuine hardship.

#### 3.3.1 General debt

General debt is a growing problem in all areas and respondents – water customers and money advisers – did not talk about water debt in isolation. There was little or no differentiation between the reasons for water customers falling behind with payments for water and sewerage and falling behind with payments for any other household bills. The customer respondents had multiple debt, as did the other clients of the money advisers. They were constantly juggling bills, perhaps missing them in turn. Customers and money advisers alike referred many times to having to ‘rob Peter to pay Paul’.

*“I share out what I’ve got. I can pay one this month and one another month.”*

Focus group, with water debt [Brighton]

The current ease of obtaining credit – indeed, the positive encouragement to do so – was felt by all respondents to be a major contributory factor to what is seen to be a growing debt problem, where “debt leads to more debt”.

Respondents felt they were “bombarded through the post” to buy things they could ill afford or to take out loans or have credit cards they did not need. In particular, the cycle caused by borrowing money to pay off debts was felt to be very difficult to break. Advertisements advising people to consolidate their loans came in for heavy criticism from money advisers and customers alike, particularly if they carried celebrity endorsement.

*“They’ll get three or four credit cards, run them up to the limit and then get a consolidation loan to pay the credit cards off. Then they’re paying that off and start with the credit cards again.”*

Money adviser [Sunderland]

*“Loan companies should be banned.”*

Customer depth, C/DE with cleared water debt [Lincoln]

*“I know people who give their family allowance book to loan sharks.”*

Focus group, cleared water debt [Liverpool]

One money adviser said that debt cases dealt with nationally by the Citizens Advice had risen by 47% in the last 5 years, and “very, very lax lending practices” in the past “were now catching up with creditors and debtors” alike:

*“Very heavy debt, everyone is overloaded. People made lax lending decisions. A lot of the clients have £30-50,000 unsecured debt. A lot of debt consolidation. They go to a high street lender, say they can’t afford to pay their bank loan; ‘We’ll lend you more money etc.’ Three months later they can’t pay it.”*

Money adviser [Lincoln]

One money adviser mentioned loan companies as being a particular problem. They lend to people who can ill afford it and their weekly doorstep collection method ensures that they are paid, often at the expense of essential household bills.

*“The interest is phenomenal. They borrow £100 and pay about £150. And then, when they get down to, say, £80, the agent will say ‘You’re doing really well. Why don’t you have another £100?’ And they do.”*

Local authority money adviser [Birmingham]

Parents will miss payment on essential household bills to pay back the loan companies so that they can continue to borrow money from them to buy clothes and computers etc for their children. The post Christmas weeks are a particularly bad time in this respect.

*“People with families want to be able to give their children the same as their peers...the trainers etc. We had a couple with very serious rent arrears, getting towards eviction stage, and I said ‘We are going to have to reduce your payments’. She said ‘No, it’s my daughter’s birthday and I need to borrow the money for the party.’”*

Local authority money adviser [Birmingham]

Living beyond one’s means and over-spending on non-essentials was evident in all socio-economic groups – as one money adviser said, “a level of over-commitment, which they’ll admit to”.

### 3.3.2 Triggers for debt

Triggers for debt can be any change in circumstances. Customer respondents mentioned:

- sickness or injury, unemployment;
- a baby;
- a partner leaving;
- a bereavement.

But most people seem totally unprepared for any such change. Whereas living on credit or having some degree of debt can be considered acceptable while there is a reasonable level of income, if this changes the effect on people's lives can be devastating.

*"I went from a £30,000 job to £5,000 a year. I've got debt. It's OK when you're working."*

Focus group, with water debt [Sunderland]

*"People don't plan for the future, so just being sick for a short time can have a major impact financially, and can result in unemployment...It's as if the majority of people are living literally to the penny of their income, and not planning for mishaps."*

Money adviser [Sunderland]

The situation gets worse when people borrow to settle loans.

*"They use credit to pay off other debts. It can spiral out of control quite a bit."*

Money adviser [Liverpool]

The trigger for seeking help to resolve a debt problem is often when one creditor has issued an ultimatum.

*"They have multiple debt, but they really get concerned when court is threatened or action taken. It really shocks them. A lot of people still think they can be put in prison for debt."*

Money adviser [Sunderland]

### 3.3.3 Water and sewerage debt

A key focus for this research was to identify reasons specifically for water and sewerage debt.

It was initially difficult to look at water debt outside the context of general household debt as water debt customers often have multiple debt.

*"I think generally you'll find people with water debt have other debt as well."*

Money adviser [Liverpool]

*“People who don’t pay [their water bill] have other debts as well. Credit cards, they are a big problem. Easy credit.”*

Money adviser [Carmarthen]

*“They are all there.... You don’t often see people with just one debt. That is unusual.”*

Money adviser [Truro]

The pressure to buy non-essential items and to borrow money, thereby contributing to the general debt situation, impacts heavily on the payment of the water bill, as on other essential household bills. Money advisers talked of their clients paying their loan companies or their catalogue bills to the detriment of priority household bills, including water. Sometimes this was because other creditors adopted a more aggressive debt recovery approach than the water company. Sometimes the customer chose to put the water bill to one side, preferring instead to spend money on non-essentials that seemed more important at the time.

*“I’ve had a client who’s been told that unless they pay so much by the end of the week they are going to have an attachment of earnings and the bailiffs are going to come in. The client paid the money which meant that she didn’t pay the gas, the electric, the water, the rent.”*

Money adviser [Sunderland]

*“It’s not that they object to paying it, 99% of the time, but it’s one of the easiest bills not to pay to pay something else. The water company don’t use bully boy tactics and I respect them for that.”*

Money adviser [Sunderland]

Some customers displayed a very relaxed attitude to settling their water bill. The issue for them was ‘when’ rather than ‘if’ they would pay and there was no feeling that they were in any way doing anything wrong. This attitude was found among those with water debt and who had cleared their water debt.

*“If I couldn’t pay these [household bills] I’d be very worried. The only reason I don’t pay is that I know I can.”*

Focus group, with cleared water debt [Liverpool]

*“I wish they’d get off my back. They get paid eventually.”*

Focus group, with water debt [Brighton]

*“I wait until the red. I don’t wait until I get a letter saying we’re taking you to court. My bills are getting paid, not in the way that the electric and water company would like, but they are being paid.”*

Focus group, with water debt [Slough]

In terms of water debt specifically, one money adviser had noticed a seasonal pattern for water debt:

*“Fuel debts generally, and I count water in with fuel debts, it seems as if it comes in spasms. We get a lot, and then hardly get any at all... A prime example is from April to now, last year’s bills, then we’ll get more in October to December.”*

Money adviser [Lincoln]

Another money adviser acknowledged that it was more difficult for the water companies, not because they did not have the ultimate sanction of disconnection but because they could not install the key prepayment meters that were of such a huge benefit to the gas and electricity companies.

*“If anything, it’s easier for the gas and electricity companies purely and simply because, as a last resort, they can put in a key meter. And then it’s a case of negotiating how much comes off the bill.”*

Money adviser [Sunderland]

Ultimately, the key reasons for water debt were found to be largely the same as those for general debt:

- poor money management (the most common reason);
- genuine hardship.

### 3.4 Importance of water debt compared to other household debt

#### Key findings

- The **strugglers** are likely to be as distressed by water debt as they are by any other debt.
- The **why should I pay?** customers will leave the bill as long as they feel comfortable, but not generally to the extent of accumulating water debt.
- The **poor money managers** will respond to the most demanding and immediate creditors; they may feel that the water company will be more understanding and lenient in recovering an outstanding amount and so they put the water bill to one side.

Customers appeared generally to think about water debt in the same way as they do their other debts. They are all debts to be paid. The question is which one and when?

*“You can’t put any of your bills on one side. You know you’ve got to pay them.”*

Focus group, with water debt [Birmingham]

Some respondents felt that, whereas some creditors may be more aggressive, the water, gas and electricity companies could all be contacted to discuss payment terms to clear the debt and there was little difference between them.

*“Credit cards, catalogues and other debts – they send people round to repossess. Plus Council Tax, they take you to court if you don’t pay. But realistically water, gas or electricity are about the same.”*

Focus group, with water debt [Slough]

The **strugglers** generally dislike all kind of debt; they may feel very distressed by it, they may feel helpless, they may be trying to get back on course.

*“When, for no fault of your own, you have no money and you have every creditor, gas, electricity, Council Tax, rent, whatever, on your back and you have no money at all...I got very ill...I froze. It was so horrendous. Red bills make you freeze. Threat of court freezes you.”*

Focus group, with water debt [Brighton]

Although the strugglers made no distinction between how they view water debt and other household debt, this was not the case with the other customer groups.

**Why should I pay?** These water customers think they should not pay for water as a matter of principle and would leave paying the water bill for as long as they could – but often not to the extent of accumulating water debt. It is not a principle for which they wish to go to court. In fact, they mostly did not consider themselves to have water debt.

*“They’ve all got to be paid. It’s just a matter of when...wait until they call you. It will be the company who should write first.”*

Customer depth, C/DE with water debt [Lincoln]

The **poor money managers** are likely to pay the creditor who is most immediately demanding. This group is more likely to treat water debt differently from other household debt, putting the water bill to one side in favour of paying a creditor whose debt recovery approach is more robust.

*“Water are more lenient. You can leave it longer than gas and electricity and you can come to an agreement.”*

Focus group, with water debt [Brighton]

The money adviser respondents all said they give water bills the same priority as gas and electricity bills. One money adviser said his clients were sometimes surprised at this.

*“When we...say that [water] is an essential expenditure, that has to be paid before anything else, that’s when we start getting the shocked looks and the ‘oh’ type of response. We classify it as high priority.”*

Money adviser [Sunderland]

### 3.5 Size of water debt before payment

#### Key findings

- It was never the case that the size of an outstanding water bill influenced its payment.
- A water customer would typically be prompted to seek debt advice by an accumulation of debt and, perhaps, by one creditor causing alarm; this was more likely to be a bank, loan company, credit card or catalogue company rather than a utility company; advisers would then recommend that water be paid along with rent/mortgage, Council Tax, gas and electricity as a priority.

It was never the case that the size of an outstanding water bill influenced its payment. Rather, it was typically an accumulation of debt that reached a critical point. One creditor perhaps caused sufficient alarm for the customer in debt to seek help and this would either be the catalyst for seeking help from other creditors or, if they were talking to a money adviser, to review all their debts.

This was unlikely to be prompted by any action taken by a utility company. Other creditors such as banks, loan companies, credit cards and catalogues are more aggressive in pursuing payment of debts. This can then cause people to miss paying their rent which, because of the possibility of eviction, is likely to prompt them to seek help.

*“Contact with non priority creditors, confuses and stresses them. Instead of thinking all the catalogue company can do to get this debt is sue me through the courts, they think ‘This is making my life hell. I won’t worry about the rent this week, I’ll pay this instead’.”*

Money adviser [Lincoln]

*“They pay...because people come knocking at the door. Every Friday. So they give them the money...But they miss the rent. A lot of the time they are coming here for rent or council tax arrears, and I always say ‘Have you got water?’”*

Money adviser [Birmingham]

If the debtor then sought advice from the Citizens Advice, the adviser would look at all their debts and recommend that water be paid along with rent/mortgage, Council Tax, gas and electricity.

*“Then, water on a par with gas/electricity. Gas and electricity are priority debts. Water is not really a priority debt because they don’t disconnect, but we actually deal with it as a priority.”*

Money adviser Birmingham]

### 3.6 Influence of ban on disconnection of domestic water supplies

#### Key findings

- There was general low awareness of the ban on disconnection of domestic water supplies among customer respondents, both those with water debt and those who had cleared their water debt.
- Awareness of the ban was not seen to influence payment of the water bill.
- Some thought disconnection would not take place on grounds of hygiene or if there were children under five years old in the household. Some thought they had been threatened with disconnection and some even thought they knew people who had been disconnected; water being turned off at the stop-tap in the street by the water company or in rented accommodation by a landlord strengthened the feeling that disconnection could still happen.
- Some respondents thought that the gas and electricity companies would not disconnect for non payment of these bills but would put customers onto prepayment meters instead. Again, having children under five years old was thought to offer protection against disconnection.

For the most part there was very low awareness of the ban on disconnection of water supply to domestic customers for non payment of water charges, although some respondents did know that they could not be disconnected. Respondents in the Carmarthen area showed more awareness of the ban on disconnection than did respondents in other regions.

- Two depth customers in Lincoln stated that they knew it was ‘against the law’ to disconnect water; one of these was a ‘struggler’ who had cleared his water debt, the other, with water debt, was of the opinion that water is “god-given” and should be free.
- One Slough group respondent (with water debt) had heard that “Water...are not allowed to; it’s a basic human right, a staple of life. I’ve seen it on the news”.
- One Carmarthen group respondent (with water debt) cited legislation but, although a couple of other respondents in the group were aware, others were not and were not persuaded by him; one even mentioned a neighbour whose water supply had been cut off the previous week (it turned out this had been done by his landlord).
- One Carmarthen depth respondent (with water debt) said, “everyone in debt pretty much knows you can’t be disconnected”.

In most regions there were one or two respondents who were not sure but who assumed that the water companies could not disconnect because of the hygiene risks.

*“I thought you could never cut off water because it could cause terrible disease.”*

Focus group, with cleared water debt [Bath]

*“I think they would give you the benefit of the doubt. Because of hygiene, toilet, washing.”*

Customer depth, C/DE with cleared water debt [Sunderland]

*“If that water goes off, then you’ve got sewerage. That’s going to have an effect on your neighbours.”*

Focus group, with cleared water debt [Liverpool]

The majority, though, thought that their water could still be disconnected like any other utility. This included customers with water debt and those who had cleared their water debt, and cut across all regions.

*“Yes, of course, they’re like any other service, aren’t they?”*

Focus group, with water debt [Slough]

*“I’d have thought the basic procedure for any utility would be the same. If you don’t pay the bill, you get cut off.”*

Focus group, with water debt [Birmingham]

*“They can all cut you off, even if you’ve got children.”*

Focus group, with cleared water debt [Sheffield]

*“If you broke your agreement? They would cut you off immediately.”*

Focus group with cleared water debt [Lincoln]

*“I’m sure water would, because it’s a private company. I think they would, until an agreement could be reached, that’s what I’ve heard. I’ve heard that’s their philosophy.”*

Focus group, with cleared water debt [Liverpool]

*“I think they would cut you off a lot quicker if you’ve got a meter than if you don’t have a meter.”*

Focus group, with water debt [Sunderland]

Most money advisers said that their clients were unaware that their water supply could not be disconnected. The advisers often did not disabuse them of this view.

*“They don’t know the disconnection policy.”*

Money adviser [Birmingham]

*“No, the clients don’t know.”*

Money adviser [Lincoln]

However, the Sunderland money adviser said that many of his clients did know of the policy.

*“A lot of people are very streetwise and know they can’t be disconnected.”*

Money adviser [Sunderland]

Some respondents felt that the water supply would only be disconnected in extreme circumstances. These could, they felt, include habitual non payment.

*“If they break the payment arrangement, they would disconnect. They would leave them no option, if they’ve done it over and over again. They would only disconnect if it was the last straw.”*

Customer depth, C/DE with cleared water debt [Sunderland]

*“Water would, if it’s a lot of money.”*

Focus group, with cleared water debt [Liverpool]

*“What can the water company do? Cut it off in a week, warn them first and, if you don’t get something from them, just cut it off.”*

Focus group, with cleared water debt [Lincoln]

For other respondents it was in some way associated with being taken to court.

*“They don’t disconnect, they just take you to court.”*

Focus group, with water debt [Birmingham]

*“Maybe [they would disconnect] in extreme circumstances, maybe if they take you to court.”*

Focus group, with water debt [Truro]

*“They are going to take you to court. ‘We will cut you off if you don’t pay.’ Because from my experience you don’t want to go to court because you get blacklisted.”*

Customer depth, C/DE with water debt [Lincoln]

The fact that no one had any recent knowledge of anyone having their water disconnected was explained by alternative procedures adopted by the companies. The same seemed to apply to gas and electricity, where customers are put on a prepayment meter.

*“Gas and electricity used to cut you off but don’t now. They put you on a meter or card.”*

Focus group, with cleared water debt [Liverpool]

Some respondents thought they had actually been threatened with disconnection.

*“Wessex Water sent a threat to cut my water off.”*

Focus group, with cleared water debt [Bath]

*“They sent me loads of letters then they came round in a big red van and said ‘We’re going to disconnect you’.”*

Focus group, with cleared water debt [Lincoln]

*“From previous experience, they cut you off with gas, electricity or water.”*

Customer depth, C/DE with water debt [Liverpool]

The fact that so many customers think that water can be disconnected may be associated with hearing of or experiencing the water being turned off in someone’s home by a landlord or in the street by the water company. This was certainly the case for two respondents.

*“They can cut the water off as well. They came and turned it off in the street.”*

Focus group, with water debt [Brighton]

*“A neighbour of mine...had his water disconnected last week...by his landlord.”*

Focus group, with water debt [Carmarthen]

A commonly held view was that having young children in the household afforded some protection from disconnection.

*“Water cannot be disconnected if you have a child under five.”*

Customer depth, C/DE with water debt [Birmingham]

*“I pay gas and electric before water because they disconnect...If you have a child under five they cannot disconnect water. I believe they can cut off gas and electric if you have children under five.”*

Customer depth, C/DE with cleared water debt [Birmingham]

*“Water? Yes. But I’ve heard that if you have children they don’t.”*

Focus group, with water debt [Slough]

Being in receipt of benefits was also thought to provide some protection.

*“I believe that if you’re on the dole they won’t cut you off.” “I’ve heard that too”*

Focus group, with cleared water debt [Liverpool]

Water customers who were not in water debt were asked what action they thought the water companies could take and they, too, thought that disconnection was a possibility.

*“Talk to the water company, they might be sympathetic. They should arrange payments or they would cut them off. The water company is a business”*

Customer depth, AB with no water debt [Carmarthen]

Just as there were mixed views and confusion surrounding the disconnection of water supply, so there were with gas and electricity. Some respondents thought the fuel companies could not disconnect their customers while others were certain they could.

*“Electricity disconnection? Yes, after about nine months. Gas? Yes.”*

Focus group, with water debt [Slough]

*“I don’t think they can cut you off with electricity.”*

Focus group, with water debt [Brighton]

However, customers knew that gas and electricity companies would install a meter, which would ensure payment of their bills.

*“Gas and electricity are very quick to insist on a meter, quick to disconnect.”*

Focus group, with water debt [Sunderland]

*“If anything, the gas and electricity are easier, purely and simply because as a last resort they can put in a key meter. And then it’s a case of negotiating how much comes off the bill...Water doesn’t have that.”*  
Money adviser [Sunderland]

Some respondents highlighted the difference between the different approaches taken by the water companies and the fuel companies.

*“Learn from gas or electricity companies? No, it’s the other way around. By not disconnecting you. It’s winter, you’ve got a baby, and they come along and disconnect the electricity. You’re stumped.”*  
Focus group, with water debt [Slough]

### 3.7 What motivates a customer to settle an outstanding water bill?

#### Key findings

- Generally, customers pay the creditor who is most persistent and in frequent contact.
- Some customers are prompted by a debt recovery/collection agency, a threat of legal action or a court order
- Action by a non priority debt company may prompt them to seek help, at which point the money advisers help them address the priority debts, including water
- Some customers are anxious to regain control and a courtesy reminder telephone call from the water company could be helpful.

One of the money advisers had no hesitation in identifying what motivates a customer to pay any bill, whether it be water or not, current or outstanding.

*“They will always pay the one that shouts the loudest, so they’ll pay Mary who comes knocking on the door for the [loan company] money. But because the housing department, for example, hasn’t come chasing them, they’ll miss that.”*  
Money adviser [Birmingham]

The money advisers are dealing with multiple debt rather than water debt specifically. The motivation for people to settle debt is when they are being chased or threatened for payment. This may then act as a trigger to attempt to resolve the larger problem. People can be more frightened by letters from non priority debt companies as they are written in a tougher style.

*“If they’ve got something on finance [HP], that may be the trigger to come and sort the rest of it out because they can’t possibly pay it...That is often a trigger for them to come and sort the rest of it out. We wouldn’t just deal with that. We would then deal with the whole of it.”*  
Money adviser [Birmingham]

*“People come to us with a carrier bag, nearly always a plastic carrier bag, and it will be full of letters. And at our first interview we go through the letters. Sometimes they aren’t even aware they are being taken to court. The first thing they know is when the bailiffs arrive.”*

Money adviser [Truro]

Debt recovery/collection agencies (discussed further in 5.6) can prompt customers to act.

*“People are frightened by them. They are really worried when the debt is passed to a debt agency and that can become a trigger.”*

Money adviser [Birmingham]

A customer who had cleared her water debt thought that so long as the debtor felt they were not being chased for payment, they would continue to ignore an outstanding bill.

The threat of legal action could be very effective and “...frighten them into a reality check”. Similarly, a Lincoln customer referred to a “wake up call”.

Nottingham focus group customers talked about “...having your head in the sand”, a situation that could be remedied by a telephone call from the water company. They felt that the telephone call was best because they could discuss arrangements immediately. The benefits of a courtesy reminder call were also mentioned by another respondent:

*“I think they should contact you at the red bill and say, ‘You have missed your payment. There is a red bill in the post. When do you think are likely to pay your bill?’ and it is a prompt to you.”*

Focus group, with cleared water debt [Bath]

One respondent, although still with water debt, simply wanted her life to be better.

*“I’ve learned from experience of putting things to one side that that doesn’t work. I’ve changed the way I’ve approached things. I just wanted things to be better. I was worrying before. It just wasn’t working.”*

Focus group, with water debt [Brighton]

A money adviser echoed this notion of a search for an easier life.

*“I think they are trying to get free. I think underneath it all it’s a bit like stopping drinking. Once you’ve realised there is a problem you want to do something about it. Once they have done something about it they find that they can.”*

Money adviser [Truro]

## 4. ENCOURAGING PROMPT AND REGULAR PAYMENTS

### 4.1 Awareness of existing payment facilities

#### Key findings

- There was generally high awareness of existing payment facilities such as water cards, PayPoint, payment books, budget plans and direct debit. Awareness, though, does not equate to usage, and respondents admitted to forgetting their cards or losing their payment books.
- Payment facilities at supermarkets and petrol stations could be convenient for some customers.
- Water customers who used PayPoint were typically in more rural areas and found it very convenient.
- Direct debits present problems to customers who are experiencing budgeting and financial difficulties because they could incur heavy bank charges if there were not enough funds in the bank to cover them.
- However, customers who had cleared their water debt subsequently found direct debits to be helpful in managing their payments.

Water companies offer a wide range of payment facilities to give customers a choice in how they pay their water bills. Most customer respondents were aware of water cards, PayPoint, payment books, budget plans and direct debit. Awareness, though, does not equate to usage. Some respondents admitted they did not use their cards, they lost their books or never visited the Post Office.

*“I have a water card but I don’t use it. I don’t really go to the shops or the Post Office to pay.”*

Customer depth, C/DE with water debt [Nottingham]

*“I used to have a book for payments. You have so much to pay out each month. I used to forget about the book.”*

Customer depth, C/DE with water debt [Birmingham]

One respondent was not aware of the water card, which was shown to her by another respondent and which she felt would help her.

*“I asked for advice and I didn’t even know there was a payment card...As I owe them money it would have been in their interest [to tell me]”*

Focus group, with water debt [Carmarthen]

Customer respondents who used PayPoint found it very convenient and a money adviser said her clients, who are mostly from rural areas, also find it helpful.

*“You just pay at the PayPoint. It’s much better. Paying it each month, rather than paying it in one lump sum – it’s much better.”*

Focus group, with water debt [Nottingham]

*“You can use it at the newsagents etc. Like the rent. I can do that. It’s much easier”*

Focus group, with water debt [Slough]

*“They also find PayPoint very helpful, because of being so rural.”*

Money adviser [Lincoln]

Most customer respondents said they would welcome being able to pay at supermarkets – even at the till in what was described as the opposite of ‘cash back’.

*“People are always at the supermarket and it would be a constant reminder to pay.”*

Customer depth, C/DE with water debt [Lincoln]

Petrol stations were also favoured as payment outlets, with one Liverpool respondent going further and suggesting that each time you bought petrol you could put something towards the water bill.

Paying by direct debit was not popular with customers who are experiencing budgeting and financial problems as they could be financially penalised if they did not have sufficient funds in the bank to cover a payment in a particular month.

*“I hate direct debits because...if you haven’t quite got enough you get huge fees from the bank, and they keep re-presenting.”*

Focus group, with water debt [Brighton]

However, customers who had cleared their water debt subsequently found them helpful in managing their payments.

*“At one time I did neglect the water bill because it was separated from the Council Tax and it was just a pain to pay, just an extra bill, and I kept ignoring it so they gave me a card. I couldn’t be bothered with that so now I just pay by direct debit, £20 a month, and I’ve forgotten it. I don’t have to worry about it.”*

Focus group, with cleared water debt [Liverpool]

## 4.2 Frequent payment and instalment arrangements

- Customer respondents, particularly those on low income or who are struggling to control their finances, welcome the availability of frequent payment arrangements.
- Water customers who receive an income weekly would find it easier to pay instalment arrangements weekly.
- Three main reasons emerged for customers breaking instalment arrangements:
  - a seemingly more immediately pressing bill is given priority;
  - a change in the customer's circumstances;
  - the minimum payment level is still too high for the customer.
- Money advisers felt that water companies should be more flexible in setting payment levels and tailor instalment arrangements to customers' individual circumstances; this was also important in terms of maintaining contact with the water customer.
- Money advisers would welcome a direct contact at the water company for arranging or renegotiating instalment arrangements.

Customers who are on low income or who are struggling to control their finances want to know how much they have to pay each month or each week, and all welcomed being able to pay little and often.

*“ I personally find it easier paying it every week or every month, so it doesn't build up.*

Focus group, with water debt [Birmingham]

*“If you're on weekly wages, it is better to pay bills weekly.”*

Focus group, with water debt [Nottingham]

*“We find that most of the people who come to us do everything on a weekly basis...they need to budget weekly when they get benefits and things, so six monthly water bills can just get lost’*

Money advisor, Slough

### Current bill and arrears

When trying to agree an instalment arrangement on behalf of their clients, money advisers were concerned that the current bill should be settled while contributions were made to pay off arrears.

*“We try to sort out or clarify a system where they pay the current debt plus an amount off the arrears.”*

Money adviser [Sunderland]

*“They must pay the current bill and chip at the arrears.”*

Money adviser [Carmarthen]

If there was not enough money, though, the current bill took priority.

*“We’ve got to sort out current usage. What is owed is secondary, so we need to sort out current usage. It’s got to be covered in the financial statement, as they must have current usage.”*

Money adviser [Truro]

## **Setting the payment level**

Some money advisers felt that the water companies set realistic payment plans that could be kept to, even if they had to be revised due to a later change in circumstances.

*“I’ve never come across someone where we haven’t been able to make arrangements that they haven’t been able to keep. I’ve always been able to make arrangements. Always manageable amounts.”*

Money adviser [Birmingham]

*“They give – not sympathetic, that’s the wrong word – they give realistic payment plans of, say, 10-12 months. Though people do sometimes break them through a further change in circumstances and stress.”*

Money adviser [Birmingham]

Others felt that the water companies sometimes suggested too high a payment. If their client did not have any money they could not pay. If all that their client could afford in terms of regular payment was £1 a week, there was no point in asking for more. In addition, there could be a danger of the water customer cutting off communications with the water company if they feel they are being asked to pay more than they are able.

*“The water companies, there is a minimum payment of £8.50 a week, but they don’t recognise that for someone on a low income, £8.50 a week is a lot of money. Sometimes they won’t accept a realistic arrangement. If it’s low and manageable, less than £8.50, you get the first contact on the phone... When it’s unmanageable they put the shutters down.”*

Money adviser [Lincoln]

*“The water company could be a bit more understanding, I won’t say sympathetic, a bit more understanding. Some clients can’t afford more than £1 a month off the arrears.”*

Money adviser [Sunderland]

*“I think that should be negotiable because some people find it very hard. It is very hard. It’s one of those things where you’ve got to look at it on an individual basis.”*

Money adviser, Truro

Customers also suggested the water company adopts a more individual approach in setting payment levels and payment options; this is discussed further in Section 5.4.

The money adviser in the Carmarthen area suggested that his clients could themselves be unrealistic as to what they could afford to pay and could agree to pay amounts that they would very likely not be able to sustain.

*“They think they can pay anything. They mustn’t bury their head in the sand.”*

Money adviser [Carmarthen]

## **Contacting the water company**

Money advisers would like to be able to negotiate directly with someone at the water company who can authorise payment plans, particularly if they need renegotiating.

*“I’ve always wanted a direct contact. The best we’ve ever got is a Floor Supervisor. We need someone that has the authority to say ‘Yes, we can extend this’.”*

Money adviser, Sunderland

For the most part, money advisers found the water companies to be understanding and pleasant to deal with and, sometimes, more approachable than the gas and electricity companies.

*“I’ve always been able to sort it out direct with the water company. The fuel companies, it tends to be when we have the mix up of who is supplying the fuel.”*

Money adviser [Sunderland]

*“I find Severn Trent quite amenable and I find that I approach gas and electricity authorities with a bit more trepidation because they don’t appear to understand the problems.”*

Money adviser [Birmingham]

## **Breaking the payment arrangement**

Some customers found payment plans helpful and felt that they could be renegotiated, rather than broken.

*“Instalment payments with a fixed price. I can say this is what I have to pay in a month. I’m happy with this...I can pay a little more or a little less, paying some of the backlog.”*

Customer depth, C/DE with water debt [Birmingham]

Breaking an instalment plan was felt by some to be inviting serious consequences.

*“I would expect them to cut you off immediately.”*

Focus group, with cleared water debt [Lincoln]

Others did not consider that they were breaking a payment arrangement if they missed the date.

*“I pay my mum’s bills, on a Monday but it’s due the Thursday before and they send her a letter. It’s paid on a regular basis. The water board are very quick. They must waste thousands of pounds sending out those letters.”*

Focus group, with cleared water debt [Sheffield]

*“I don’t count a couple of days late in a month as being not on time.”*

Focus group, with water debt [Brighton]

The money advisers explained that, however reasonable the plan, as part of the continual juggling process, if another bill seemed more pressing in the short term that would take priority over the water bill, just as it had done in the first place before the payment arrangement had been made.

*“Because something else has cropped up that week that they need to pay. Perhaps they need the money for a school trip so they’ll miss the water.”*

Money adviser [Birmingham]

*“It is not about not wanting to pay. It’s a case of that it is one of the easy ones to miss in order to pay someone who is threatening. But if the water company were nastier and quicker to threaten legal action...we would fall out with them.”*

Money adviser [Sunderland]

Simply, water customers are very likely to break their payment plans for the same reason that had caused them to have water debt in the first place – either a change in circumstances or another creditor was exerting more pressure for payment.

*“When I first started getting into trouble with the water I phoned them and they put me on a payment plan; it went well until I got into trouble, had a bad week. Just panicked. The water got left. And because I missed one payment it all got abolished. We had to start from scratch. It turned into a nightmare.”*

Focus group, with water debt [Slough]

#### **4.3 Incentives to pay future bills promptly and regularly or set up payment plans**

##### **Key findings**

- Customer respondents were divided as to how attractive incentives for prompt payment would be:
  - any discount would have to be at least 10% to make any difference to the customer;
  - but if you cannot afford to pay, an incentive becomes irrelevant.
- A direct debit discount was seen as rewarding those who could already afford to pay and as penalising those who do not have a bank account and the self employed who may have irregular income.

Customer respondents had mixed views concerning the potential incentives for prompt and regular payment.

Generally, respondents were in favour of a discount for prompt payment of the bill.

*“Give a date. If this bill is paid by such a date then you get a discount. I think that sort of arrangement would be a great incentive for people to pay.”*

Customer depth, C/DE with water debt [Truro]

*“I would say 10%, I would pay my bill at the start of the year for a 10% discount, which would be like £30.”*

Focus group, with cleared water debt [Lincoln]

*“They should be 10%, not just 2 or 3%”*

Focus group, with water debt [Carmarthen]

Others suggested that if someone was unable to pay, an incentive became irrelevant. Similarly, for those customers who are accustomed to paying the red bill the notion of paying a bill early was not likely to be something they would consider.

*“If you are on a low income the incentive offer will be over your head, because you cannot afford to pay it anyway.”*

Focus group, with water debt [Nottingham]

One respondent suggested that an offer of free water for a short period might help.

*“If they give you two months water free – something, just anything. So people feel they are getting something for nothing.”*

Customer depth, C/DE with water debt [Truro]

Some money advisers suggested that an incentive for prompt and regular payment would help encourage the habit and make it attractive to customers.

*“I think perhaps if they are paid promptly they should perhaps give them a discount. Perhaps vouchers or something.”*

Money adviser [Birmingham]

*“It might give an incentive. It would give them a goal”*

Money adviser [Lincoln]

Another money adviser, though, took a more pessimistic view.

*“Yes, incentives always help but we find a lot of it isn't not wanting to pay, It doesn't necessarily come from that angle It's a case of...pay someone who is threatening.”*

Money adviser [Sunderland]

## **Discount for direct debit**

A discount for direct debit was attractive but, again, respondents thought it should be enough to make a difference: it should be more than £5 or £6 a year – something the customer would notice.

*“If it was £20 a quarter, I’d be more inclined to do that. It’s a bottle of wine and a takeaway on a Saturday night. £5 over a year is nothing.”*  
Focus group, with cleared water debt [Liverpool]

*“If you’re paying before the 15th of each month you’re getting less than £1 back. It’s only a £1. Not worth it.”*  
Focus group, with water debt [Slough]

However, a direct debit discount could be “unfair” to customers who do not have bank accounts or who have an irregular income (typically the self employed).

*“A lot of older people don’t have bank accounts, but they still pay on the date it’s due each month without fail, but they want to deal with cash. Just because we’ve set up direct debits doesn’t mean we’re marvellous.”*  
Focus group, with cleared water debt [Liverpool]

*“When you are unemployed you get benefits, but when you are self-employed you have money one month but you don’t get another income until another 4 or 5 months. There is no way that I could set up direct debits but if I do get into difficulties I will call.”*  
Focus group, with cleared water debt [Bath]

A discount for paying by direct debit could be seen as rewarding those customers who can afford to pay rather than rewarding those who are in more difficult circumstances.

*“That is just helping rich people, though, because it is saying ‘If you have the money to pay it, then we would give you money off’, whereas the people who can’t afford to pay you get a chance to come top. That’s going back to the thing about charging extra to people who can’t afford to pay it.”*  
Focus group, with cleared water debt [Lincoln]

#### **4.4 What helps customers who have fallen behind with payments to manage to pay off their outstanding water bills?**

##### **Key findings**

- Customers with water debt need help in money management; those who have cleared their water debt strongly recommend that customers in difficulties talk to their water company and seek help with their debt.
- Money advisers thought that setting lower repayment levels for instalment arrangements may be helpful in encouraging regular payment.
- More frequent billing could provide early indicators of potential payment difficulties for customers and result in contact being made with the customer while the water debt is still manageable.

The key to managing or paying off outstanding water bills seems to be, for most water debt customers, finding help in managing their money.

*“I’ve been fine. Just a budget scheme. I’ve got a massive bill and was told by a friend to get a budget scheme.”*

Focus group, with water debt [Birmingham]

Respondents who had sought help themselves strongly recommended it. They stressed the need to get over the initial embarrassment – which could be because of the cause of debt, perhaps, just as much as the debt itself – and ask for help.

*“The help is there. If some people close the shutters down and don’t tell anyone they need help...”*

Focus group, with water debt [Birmingham]

*“Encourage them to talk to them [companies]. That’s the biggest and best thing.”*

Customer depth, C/DE with cleared water debt [Lincoln]

One customer stressed the value in speaking personally to the company instead of going to a debt management agency which, she thought, may involve paying interest or a fee.

*“If you go straight to the company you pay them exactly what you owe them and no more. You don’t have to pay an extra fee or anything.”*

Customer depth, C/DE with cleared water debt [Nottingham]

Most respondents said they could discuss with the water company how much they could pay. They generally found the water companies approachable. However, there was some feeling that the onus should be on the water company to make contact. Some customers suggested that it could be very difficult for people with financial problems to take the initiative

*“Particularly, if people are in a rut, if you have financial difficulties, you’re depressed, you put off, you put off, it’s avoidance all the time. You don’t want to think about it. If you have someone sitting down with you I think that would encourage you.”*

Focus group, with cleared water debt [Liverpool]

Money advisers wondered how long water companies let customers accumulate water debt before they contacted them. They suggested that water companies should be in a position to notice at an early stage that a possible problem might be developing for a water customer. Frequent billing, which is discussed in Section 4.5, would be very helpful in this. Contact could then be made with the customer when the water debt was, perhaps, more manageable, whereas six months’ or a year’s water debt could be frightening.

Again, as discussed in Section 4.2, setting lower repayments for instalment arrangements would be helpful in encouraging prompt and regular payment and in giving the customer a feeling of getting back in control of their household finances.

One money adviser tells his clients to cancel all their direct debits as they have usually lost track of what they are paying and to whom. They then set up a new account and set up direct debits for priority debits so that the client can actually see their financial commitments. This feels like a fresh start and also “educates” them in managing their money better.

Another money adviser has a special scheme to help motivate clients make regular payments.

*“There is motivation to start making regular payments. Down here we have a special systems board. If somebody gets back to making regular payments for their current usage, providing they have good reasons, we can ask them for assistance which would help pay off their arrears – there is a fund. So that gets them back into paying it.”*

Money adviser [Truro]

## 4.5 Frequent billing

### Key findings

- All respondents, both customers and money advisers, were in favour of more frequent billing, preferably on a quarterly basis in line with gas and electricity bills:
  - it would benefit customers by raising the profile of the water bill in the household budget and make it easier for them to budget
  - it would benefit water companies, who may be able to spot a potential debt problem after, say, three months and offer help more quickly while the debt is more manageable.
- A quarterly bill with the amount payable automatically broken down by the water company into smaller more manageable amounts to pay by instalments or setting out the different options for payment would appeal to many customers. Many felt that the current bill focused too strongly on the penalties of late payment or non payment, with information on contacting the water company to set up a manageable payment arrangement being less obvious or buried in an accompanying leaflet that was often discarded unread as junk mail.

Water companies issue their bills every six or twelve months, in contrast to the gas and electricity companies who issue quarterly bills. It is, perhaps, for this reason that the fuel bills carry a much higher profile.

All respondents were very much in favour of more frequent billing facilities. This was seen as one of the major differences between water bills and the fuel bills. It also contributed to customers forgetting about the water bill.

*“Just the way the water bill is sent to you. It was two bills, one for six months and another for another period. If the bills were more like the gas and electric it would seem more important. If they’re sending it once a year or every six months, you forget about it.”*

Focus group, with water debt [Birmingham]

For customers, whether with water debt or with cleared water debt, a twice-yearly statement was simply not frequent enough. They would prefer a quarterly or monthly

bill that would be for a smaller, more manageable amount rather than a six monthly or annual bill.

*“You know where you are.”*

Focus group, with water debt [Truro]

*“It is easier to budget every three months than every six months.”*

Focus group, with cleared water debt [Bath]

*“You get a big bill for the entire year. And you pay in advance. That’s really annoying. Smaller amounts would be better, every three months.”*

Focus group, with water debt [Brighton]

More frequent billing, as is the done for gas and electricity, would certainly offer a solution to some forgetful customers.

*“They send a bill out once a year. I pay twice a year. Once I forgot.”*

Customer depth, C/DE with water debt [Sunderland]

*“Because it comes in two chunks and they are quite sizeable (£160 and £170), you just think, ‘Where am I going to find that all that money just at this moment?’. So you put it on the back burner for a little while.”*

Focus group, with cleared water debt [Bath]

It would also help customers deal with changes in their circumstances. Again, it was the feeling that the bill would be more manageable that was important.

*“The other problem is that, because water bills only come in six-monthly, they’re quite big when they come in...If you’ve been made redundant two months previously and then you suddenly get this bill for £160 or whatever, that’s really frightening.”*

Focus group, with water debt [Slough]

A quarterly bill with the amount payable automatically broken down by the water company into smaller more manageable amounts to pay by instalments or setting out the different options for payment would appeal to many customers. Many felt that the current bill focused too strongly on the penalties of late payment or non payment, with information on contacting the water company to set up a manageable payment arrangement being less obvious or buried in an accompanying leaflet that was often discarded unread as junk mail. This is discussed further in Section 5.2.

One customer respondent made the point that if water companies invoiced all their customers more frequently they would be able to spot a pattern after, say, three months and offer help more quickly to someone with potential financial problems. This was borne out by the Carmarthen money adviser, who said, “In two months, you know.” Other money advisers agreed.

*“Nip it in the bud quickly. A year’s water would be £250-300, and if it goes over that threshold it’s psychological – I’ll never get anywhere with that, I’ll put it to one side.”*

Money adviser [Lincoln]

## 4.6 Prepayment (budget) water meters

### Key findings

- The potential for use of prepayment water meters was not well received by either customers or money advisers.

Respondents were asked what they thought of a potential prepayment water meter that would not disconnect the water supply but would, instead, emit a noise when more money was required in the meter to make further payments towards the water bill.

Although several customer respondents were on prepayment meters for gas and electricity they were not particularly enthusiastic about the idea of having a prepayment meter for water.

*“What if it made the noise in the middle of the night?”*  
Customer depth, C/DE with cleared water debt [Sunderland]

The money advisers were also indifferent to the idea, and doubted they would help. One was concerned that customers would have to pay a higher tariff.

*“As an adviser the only thing is I’m aware that on the other utility ones there is a high tariff. They’re debt customers. A normal customer pays this, but you pay that.”*  
Money adviser [Lincoln]

Another could see that it might have benefits for the water company but did not think the water customers would want them.

*“People don’t want loud alarms running because you will tell all the neighbours you are running out.”*  
Money adviser [Truro]

Some customer respondents talked of the problems they had had with their electricity token meters.

*“I’ve been out in the middle of the night looking for somewhere to get tokens.”*  
Focus group, with water debt [Carmarthen]

## 4.7 Payment of water charges with rent

### Key findings

- Some customer respondents were in favour of water charges being collected with the rent; it removed from them the responsibility of paying the bill and the temptation of spending the money.
- One money adviser highlighted a potential problem when people move from council property into the private sector and are not aware that the water bill has to be paid; some customer respondents had been through this experience themselves.

Customers were asked their views on the potential for their landlords collecting water charges with the rent.

Some customer respondents were quite in favour of water charges being included with rent and some remembered when they had paid their water bill with their rent. For some it was included with their council rent. Being free of the responsibility of paying the bill had a strong appeal.

*“Once upon a time, anyone who had a council house, the water was in with your rent. So we had none of that problem and they got their money. I reckon it was good. A lot of people still say today ‘At least it was being taken’, like, and we didn’t have to have the responsibility ourselves”*

Focus group, with water debt [Birmingham]

*“If you don’t see it, you don’t miss it.”*

Customer depth, C/DE with water debt [Carmarthen]

*“I preferred it when the water rate was included in the council tax [sic] because you didn’t miss it.”*

Focus group, with water debt [Nottingham]

One money adviser thought that confusion often arose when people moved from council property into the private sector, housing associations or bought their council house. They often did not realise that water was a separate bill to be paid.

*Water charges with housing benefit? A lot of people don’t think that they aren’t. Especially when you are living in what was council property. They look at it as the rent they are paying, not water charges. They don’t realise it is actually water charges.*

Money adviser [Sunderland]

One money adviser was positive about including water charges with housing benefit “... as happened years ago” but pointed out that problems could arise if there were rent arrears.

*“The housing department wouldn’t go for that because it becomes a problem when they take someone to court for rent arrears. Is it rent arrears or is it water rates arrears? I think that was why it was stopped in the first place.”*

Money adviser [Birmingham]

However, it is done in the Carmarthen area, where the local authority collects water charges from their tenants on behalf of Welsh Water. The water and rent are treated as one bill. Council tenants are given a twelve-month trial tenancy period, during which time they are known as introductory tenants; after this time, they become secure tenants. Introductory tenants can be evicted at any time for rent or water arrears. The money adviser’s team is, therefore, very closely involved in making payment arrangements. They routinely check to see if there has been any change in the water customer’s circumstances, liaising with social services, before making any appointment with the customer and, once the arrangement has been made, it is monitored closely.

#### **4.8 Water direct payment scheme for benefit recipients**

##### **Key findings**

- Customer respondents were not generally aware of the water direct payment scheme but thought it attractive, again because it would release them from the responsibility of paying their bill.
- Money advisers were aware of the scheme, which they referred to as ‘Direct Deductions’; one thought it only applied to water customers with arrears and would therefore involve quite a large deduction.

For many years, customers with water debt who are in receipt of Income Support, Job Seekers Allowance (Income based) and Minimum Income Guarantee have been able to apply for water charges to be deducted from their benefit and paid directly to the relevant water company. This arrangement has been called ‘Direct Payments’ but the Department for Works and Pensions (DWP) have decided to rename it ‘The Third Party Deductions Scheme’.

In the past, the scheme has been subject to inconsistent interpretation both on the part of water companies and some DWP offices. A number of changes have been agreed with DWP, which seek to have a more consistent interpretation and improve the effectiveness of the scheme on behalf of benefit recipients, DWP and water companies. The new arrangement is known as ‘Water Direct’ and is being implemented in a phased roll out, starting from June 2003.

Customers who qualify for Water Direct are allowed to pay up to three bills directly from their benefits. The maximum amount of benefit that can be deducted directly each month is 25%.

As with having the water bill included with the rent, the freedom from the responsibility of paying bills was very attractive to customers with this option.

*“I’m on benefits now. I did have a card. But the social are paying it so much per week. That’s good, because otherwise I’d spend it.”*

Focus group, with water debt [Birmingham]

*“That’d be a good thing, really, if they did that with a good few other bills as well.”*

Focus group, with water debt [Birmingham]

One respondent spontaneously suggested something similar:

*“If the utility companies got in touch with the benefits people and the benefits paid a proportion of the bills. It’s the people on benefits who are really suffering.”*

Focus group, with water debt [Brighton]

Money advisers were aware of the scheme, referring to it as ‘Direct Deductions’. However, one thought it was only applicable to customers who were in arrears, which depending on the size of the outstanding bill, could result in quite a high deduction.

*“They don’t go for that until they are in arrears anyway so then it’s probably quite a high deduction out of their benefit.”*

Money adviser [Birmingham]

Another thought there could be potential problems in that water customers’ awareness of their water bill could be reduced.

*“It sounds a good idea but what happens when circumstances change? Say you lost your housing benefit – would you lose your water benefit as well? Because if you lost your housing benefit and you’ve never had to think about water before, it’s just something extra to think about.”*

Money adviser, Brighton

## 4.9 Trust funds/Restart schemes

### Key findings

- There was low awareness of trust funds and restart schemes among customers outside of the areas where they existed and they showed little interest in them.
- The Truro money adviser mentioned a ‘special systems board’ that helps water customers get back into the habit of prompt and regular payment; she also said that she approaches charities and trades associations on behalf of her clients.

Several water companies have trust funds to provide assistance to customers and relieve poverty. Other companies operate ‘restart schemes’ designed to encourage a customer with water debt to get back into the habit of making prompt and regular payments. Under these schemes a customer’s payments are matched by the water company for a certain period. If, at the end of that period, the customer has kept to the scheme, their water debt is considered to be cleared and they have a fresh start. If, however, they do not keep to the scheme, they must arrange to pay off their arrears.

The focus group respondents in Birmingham and Nottingham said they had not heard of the Severn Trent Trust Fund (STTF), although some then talked as though they may have received assistance from the trust fund. A customer with cleared water debt had approached the STTF on the advice of a friend and they had paid off the balance of her water debt, which had helped her pay her other debts.

The Birmingham money advisers found the STTF very helpful and very approachable. The local authority money adviser said she liaised a great deal with the STTF whom she found to be very helpful, quick to respond and effective in helping people to get back on course. She said that the STTF was one of the reasons they treated water as a priority.

The money advisers said the paperwork to apply for help from a trust fund could be very labour intensive, taking maybe three to four hours. Indeed, customers could find completing the forms to be a deterrent to making an application. The Citizens Advice could be very helpful in this respect in aiding and supporting applications.

*“No, I haven’t used it. It’s one big hell of a booklet you have to go through. I put it in the wardrobe.”*

Focus group, Birmingham

*“The Citizens Advice got Anglian Water to pay my debts. They sorted it all out.”*

Focus group, with cleared water debt [Lincoln]

One money adviser who did think the charitable trust was very helpful also suggested that making an application to a trust fund could give clients false hopes that their debts would disappear.

*“They think they’re going to get their bill paid. We say, don’t guarantee it. It’s the wrong thing to say.”*

Money adviser [Lincoln]

Where such trust funds do not exist there may be other sources of financial help to be explored. One money adviser said that they approach charities or trades association. They also have a ‘special systems board’.

*“If somebody gets back to making regular payments for their current usage, providing they have good reasons, we can ask them for assistance which would help pay off their arrears – there is a fund. So that gets them back into paying it.”*

Money adviser [Truro]

There was, as would be expected, little awareness of trust funds and restart schemes in regions where they did not exist and, after the initial response that it “would be very nice if someone paid the bill for you”, there was very limited interest.

A couple of customer respondents suggested that a ‘fresh start’ approach might be helpful.

*“Squash the debt and let them start afresh. Or, say, give them £150, a one off, to help get a foot on the ladder.”*

Focus group, with water debt [Sunderland]

*“Could they say to them that they will wipe out the amount owed and start up a direct debit, but that it is only a one standing option?”*

Customer depth, AB with water debt [Truro]

#### 4.10 Customers’ use of Citizens Advice or debt counselling agencies

##### Key findings

- All customer respondents knew they could approach the Citizens Advice or, in some cases, the local authority for help in sorting out their debts; many had done so and most were quick to recommend it.
- One customer respondent had received debt counselling from his employer, which he had found very helpful.

Most customer respondents were aware of Citizens Advice or local authority money advice departments and many had approached them. Most had found them very helpful.

*“Get assistance with debt at the Citizens Advice. They sit down, work out the debts, how much you are paying out each month and work out a payment plan. Sometimes they phone up the companies and work out a payment plan with them for you.”*

Customer depth, C/DE with cleared water debt [Birmingham]

*“The Citizens Advice help you spread your payments out, give you peace of mind so you don’t get cut off. And the money advice people.”*

Focus group, with water debt [Birmingham]

*“They just breakdown everything and they just make it sound all simple because, basically, I don’t earn that much money but it is like I can’t handle thinking too much, so there is lots of little things. So they just prioritise, they say ‘Right we will pay this, that and that’.”*

Focus group, with cleared water debt [Lincoln]

*“Ask the Citizens Advice to contact the companies and come to an arrangement. It carries more weight if it’s from the Citizens Advice.”*

Focus group, with water debt [Carmarthen]

*“It is a good service for people who are unemployed. The Citizens Advice can makes the call for them, especially in bill payment etc.”*

Focus group, with cleared water debt [Bath]

A minority had had a less positive experience.

*“The Citizens Advice are terrible. They told me to declare bankruptcy. If I did I could never buy a house.”*

Focus group, with cleared water debt [Bath]

*“There are always long queues at the Citizens Advice and you can’t make an appointment, so I don’t bother”*

Focus group, with water debt [Truro]

One customer felt she could not approach the Citizens Advice if she were employed.

*“I have used Citizens Advice but cannot get help because I am working. They tell me I need to sort this myself. They offered no advice.”*

Customer depth, C/DE with water debt [Birmingham]

The money advisers themselves felt that they gave their clients something extra, that they would not get from talking to the water company.

*“They know we are independent, on their side, and quite often hear us arguing with the various companies.”*

Money adviser [Sunderland]

One local authority money adviser suggested that it may be effective for the water company to recommend that their customers see debt advisers at the Citizens Advice (many do already). This would mean that their customers could receive support and advice in regaining control of all their finances rather than adopting the short-term approach of dealing with individual creditors on an *ad hoc* basis.

*“There may be some sort of indicator that we need to get on this one [customer] a bit quicker than someone else who has just missed a month. Not to say that’s a bad debt...but just to prevent the debt getting any worse. Can we help? What can we do? I don’t know whether they ever tell their customers to come and see debt advisers at the Citizens Advice but I think that is something that should be built into their spiel when they are trying to set payment plans.”*

Money adviser [Birmingham]

Interestingly, one customer respondent had received advice from his employer. Although he was still in debt he clearly felt he was more in control and strongly advocated seeking help and talking to companies about paying bills all the time as a way of staying in control.

*“At work, they’ve got an employee relations counsellor. When I had problems they showed me how to prioritise debt and I know now there are people out there who can help. For people who haven’t gone through debt before it’s just the embarrassment. I’ll ignore that one, leave it ’til the last minute. I tell people, they’re there to help, really, because they want their money, £5 a week, £10 a week, they are prepared to help you out.”*

Focus group, with water debt [Birmingham]

## 5. EFFECTIVE DEBT MANAGEMENT AND RECOVERY BY COMPANIES

### 5.1 Knowledge of water companies' processes when customers fall behind with payment of a water bill

#### Key findings

- Customer respondents knew they would receive red bills and reminders if they did not pay their water bills on time and that they could be threatened with court action.
- Customers often do not read correspondence they know to be from the water company and can easily be surprised if the debt recovery situation escalates.

Water companies use a variety of different processes to recover outstanding debt from their customers.

All respondents said they were aware of the action their water company would take if their water bill were not paid. Responses included:

- send you red bills, then threaten to take you to court;
- letters first, then the debt recovery agency;
- electricity and gas give you a couple of warnings, phone calls, then cut you off; water give you a couple of warnings, then a home visit, then possibly cut you off.

Respondents admitted that they do not always read their reminder letters or answer the telephone. For one respondent, the first contact he was aware of from his water company was a home visit.

*"I never got any letters. Just this bloke came and knocked on my door and said that he was calling on behalf of Anglian Water and he wanted, I think at the time it was, £427."*

Focus group, with cleared water debt [Lincoln]

#### Bills, Reminders and Other Correspondence

Customer respondents were shown a selection of example bills, reminders and court summons from the water companies. They were asked whether they had seen them before and what they thought of them in terms of clarity and layout.

The bill itself was a mystery to many respondents.

*"When they send all these units that you use, I haven't got a clue how you measure it up or how they do."*

Focus group, with cleared water debt [Lincoln]

*"It is less quantifiable isn't it? Electricity and gas are quantifiable because you can see what you are using, at a certain consumption rate. But with water, the thing is, you don't know."*

Focus group, with cleared water debt [Bath]

For some, the reminders and correspondence threatening court action were familiar.

*“Yes, they are familiar. They do make you think you have to deal with it – you have so much to pay, I can’t afford that. You have to phone them... it makes you realise how much they want to help you.”*

Customer depth, C/DE with water debt [Birmingham]

*“They do give you a lot of chances to pay before sending the court action one. If they’re not going to pay by this one they’re not going to pay at all, are they?”*

Customer depth, C/DE with cleared water debt [Nottingham]

*“The reminders are always in red. It does say, if you need help, which is probably the best way to get the message across.”*

Customer depth, AB with no water debt [Liverpool]

## 5.2 Customer communication and contact with the water company

### Key findings

- Most customer respondents were aware that they could contact the water company to discuss any difficulties they may have with payment; those who are both **strugglers** and **poor money managers** are not so comfortable at contacting the water company.
- Most customer respondents with water debt had made contact with their water company and most had found them to be approachable and helpful.
- The message that customers should contact the water company if they have difficulty paying the bill could be put across more clearly and sympathetically, with the emphasis on solutions rather than on penalties; a leaflet setting out payment options was suggested.
- For customers and money advisers alike, contacting the water company, in particular by any automated telephone call centre system, is frustrating; customers would like direct lines and Freephone numbers, money advisers would like to have a personal contact at the water company on a dedicated telephone number.
- Customer respondents thought it important that water company staff handling customer calls regarding payment of the bill should receive appropriate training; they wanted the staff to come across as understanding.

A small number of customer respondents in each region were resolutely keeping their ‘heads in the sand’, finding it difficult to open up any discussion with the water company.

*“Once they start to owe, they just bury their head in the sand and just go under. They won’t face it. They get depressed because they are in debt and the depression means they just can’t tackle it.”*

Money adviser [Birmingham]

However, most customer respondents had made contact with their water company (and their other utility providers) as a result of falling behind with payment of their bills. There was strong awareness among customers that the water company could be approached and many customer respondents had made contact with their water company on more than one occasion. The water companies were generally described as “approachable”, “helpful” and “accommodating” and willing to arrange payment terms for customers who have difficulty paying their water bill.

*“I think they’re already approachable as it is. They were quite happy to help sort things out, which they did.”*

Customer depth, C/DE with cleared water debt [Nottingham]

*“I have had good dialogue with them.”*

Focus group, with cleared water debt [Bath]

It was felt by some that this message could be put across more clearly in bills and correspondence. Although the water company does say, both on water bills and in correspondence, that if a customer is having difficulty paying their water bill they should contact the company by telephone to discuss the matter, they may be failing to communicate that this is intended to be helpful.

*“Straightaway, there’s the amount. You might think you’ve got to find that straightaway. If you read further down, they’re offering you help.”*

Focus group, with water debt [Birmingham]

*“Some people think that if they ring up they will be asked to pay the full amount.”*

Focus group, with water debt [Nottingham]

*“Customers may expect to be asked to pay the full amount.”*

Money adviser [Sunderland]

One respondent thought that the information on the bill indicating what will happen if a customer does not pay their bill could be frightening and might actually discourage customers from phoning their water company.

*“The bill can be frightening. It says what will happen if you don’t pay. That can stop people from phoning. Then at the end it says you should call them to discuss the account.”*

Focus group, with water debt [Nottingham]

This view was supported by another customer who said that he would be more inclined to call the water company if he had a leaflet, for example, offering some arrangement instead of the threatening approach highlighting the penalties attached to non payment. Other respondents also wanted very simple information.

*“I would be more encouraged to call if I got a leaflet or something offering to help or offering some arrangement, instead of the threatening approach, what the penalties are.”*

Focus group, with water debt [Nottingham]

*“I think the companies think we read all the information they send us. Maybe there are people who do. It’s junk mail, not information. You need a simple piece of paper, bullet points.”*

Focus group, with cleared water debt [Liverpool]

Telephone contact with the water companies was mostly felt to be good.

*“Generally they are all right when we phone them. Obviously they might have a different attitude with customers who are in debt. I haven’t come across any complaints.”*

Money adviser [Truro]

It was seen to be in the company’s interest as well as that of the customer that it should be easy for the customer to open up a dialogue about payment arrangements. There was a general understanding that for the water company – and, indeed, other creditors – “any payment is better than none”.

*“They want the money. And if they can get it out of you at £5 a week or £5 a month, they’ve got that debt back instead of the hassle of taking you to county court or whatever.”*

Focus group, with water debt [Birmingham]

Not everyone was so satisfied with the companies’ approach, however.

*“Utility companies are usually very helpful. The only problem I have had was with the water board. I phoned up to talk about my problems and the chap was very rude and abrupt. Working with people with that attitude is wrong.”*

Customer depth, C/DE with water debt [Birmingham]

*“Be a bit more understanding on the other end of the phone. Because you don’t pay the bill doesn’t mean that you are not going to. They say that you haven’t done this and I say ‘Yes, I am aware of that, but I cannot pay this month and what are you going to do to help me?’ They say ‘Well, you pay half now and the other half next week and the next month you could try and budget’.”*

Focus group, with cleared water debt [Lincoln]

Although the water companies were generally perceived to be approachable and helpful, making contact with them by telephone was not always easy. A water customer who was half-hearted about seeking assistance could easily be discouraged.

*“I was on the phone for half an hour. I put the bill in the bin. I could have spent the time looking for a job.”*

Focus group, with water debt [Carmarthen]

Being put on hold when phoning the water company could be frustrating. The same applied to having to work your way through an automated response system when you

really wanted to talk to a person. This was especially irritating when it was costing the customer money to make the phone call.

*“You’re put on this answer machine thing. You’re there for ages. And it adds to your telephone bill. That really gets to me.”*

Focus group, with water debt [Birmingham]

*“You don’t get to speak to a member of staff any more. You get an automated service, which takes longer and you don’t want to be on the phone running up more bills”*

Focus group, with water debt [Nottingham]

*“They keep you on the phone for such a long time and you don’t always get through to a voice...You want to get straight through and say ‘Look, I’m having difficulties’.”*

Customer depth, C/DE with water debt [Truro]

If customers are unable to make telephone contact quickly and easily, those who are both poor money managers and strugglers could be deterred from seeking help. These customers could be difficult to contact or to help.

*“You phone them [the water company] up. If I can’t get through, the bill goes in the bin.”*

Focus group, with water debt [Carmarthen]

A Freephone number was suggested by some respondents and some water companies already offer this service. However, it is not available to mobile telephone users who still have to pay.

*“The water company should provide a Freephone number.”*

Focus group, with cleared water debt [Sheffield]

*“Freephone is the best method of communication.”*

Focus group, with cleared water debt [Sheffield]

*“Unless there was a Freephone that you could call.”*

Focus group, with water debt [Nottingham]

*“It’s not free for me. Not from my mobile.”*

Focus group, with water debt [Truro]

Customer respondents in Carmarthen and Sunderland were particularly unhappy with their water company’s call centre, with some focus group respondents saying they had been on hold for 20 minutes or more.

Once through to someone, respondents again had had mixed experiences.

*“Some of them are friendly, but some of them could be a right pain. Some of them will say ‘We’ll take you to court’. Well, I tell them they can get in the queue as there are a lot more taking me to court.”*

Focus group, with cleared water debt [Lincoln]

*“They should brush up on their people skills.”*

Focus group, with water debt [Sunderland]

Respondents were sometimes frustrated that the person they eventually spoke to was not necessarily authorised to agree the arrangement they wished to make. The call centre was just as frustrating for the money advisers who had to go through the same process.

*“It would be good to have a direct contact. We have to go through the call centre, and you don’t always get through to someone with the authority to agree payment arrangement.”*

Money adviser, Sunderland

The benefit of approaching the company as soon as possible was reinforced by a customer who had been in debt but had cleared the debt, and was an approach she recommended for all utilities.

*“I phoned them and was honest with them, and they appreciated that. Instead of getting debt letters coming from companies which would make it even worse, that way I could pay something back that I could afford without getting deeper into debt. They were all amicable about making an arrangement.”*

Customer depth, C/DE with cleared water debt [Nottingham]

### 5.3 Water company communication and contact with the customer

#### Key findings

- In terms of contact from the water company when chasing for non payment of a bill, customers are more likely to respond to a personal approach. Most customers would welcome a telephone call from the water company to discuss payment of their water bill, particularly if arrangements for payment could be made immediately. Customers would like the call to be made early in the debt recovery timetable to give them the opportunity to pay while the bill size and the amount owing is still manageable.
- Home visits would be positively received by some who think this approach would offer a more sympathetic way for the company to understand an individual customer's circumstances and help them to find a way to pay their water bill. Others, though, were alarmed at the prospect of a home visit from a water company representative. They felt it would be intrusive and the water company would only be concerned with the money owed to them, and not with the customer's wider financial problems.
- Customers suggested that they should be able to state their preference for company contact with them, either for telephone contact or for a home visit.
- Letters are a form of communication that can easily be ignored – particularly if the name of the water company is written on the envelope; however, a message on the envelope not to ignore the letter could be helpful.
- E-mail, text messages and calls to the mobile phone are all considered unacceptable forms of contact by the water company.
- Some customers may struggle to read a letter or understand the information being sent; it was suggested that any forms relating to payment arrangements should be accompanied by a letter recommending that the customer contact the Citizens Advice if they needed help.

A range of different approaches that the water companies make to their customers – or could potentially make – were explored.

A customer respondent highlighted the fact that, when people are in financial difficulties, any form of contact can be unwelcome or even cause distress.

*“If you're in financial trouble, the last thing you want is a phone call. I've been in that situation where the phone rings and your heart misses a beat, because you don't know who's on the other end. It's the same with the postman.”*

Focus group, with water debt [Sunderland]

Another customer respondent suggested that customers should have a choice as to how they should be contacted by the water company.

*“A tear off slip at the bottom of the bill. If you would prefer us to telephone you...and you send that back.”*

Focus group respondent, with water debt [Carmarthen]

One money adviser thought that all methods of approach could work but also saw disadvantages for all forms of contact and, to some degree, this was reflected in the water customer responses, with respondents offering quite different views for each approach.

*“All of them work and none of them work. Telephone – clients tend to get uppity, ‘How dare they phone me at home?’. Letter – that goes in the bin before it’s opened. A visit – ‘It’s the bailiff. He’s coming to cut me off’. There are downsides to them all.”*

Money adviser [Sunderland]

Another money adviser put them in her order of preference.

*“A telephone call is probably better than a letter. A letter, they may not open. A visit might help as there is someone on the doorstep – you’ve got to face up to it. A telephone call, the same.”*

Money adviser [Truro]

## **Letter**

For some respondents a letter seemed to be a routine part of their payment process.

*“I wait for the letter to come in.”*

Focus group, with water debt [Brighton]

*“I’ll be quite honest with you. I will leave my water until I get a letter from them. When I get that letter, then I pay them.”*

Focus group, with cleared water debt [Liverpool]

They felt there was less pressure to respond to a letter, although this could also result in customers missing payment deadlines.

*“Letters, you can deal with in your own time.”*

Focus group, with water debt [Brighton]

*Sometimes I don’t do my letters until the weekend. And sometimes you think, ‘I’ll pay that’. But it’s two weeks to go until payday, so I’ll just put that to one side. But I know I can pay it, so I don’t need to get on the phone.”*

Focus group, with cleared water debt [Liverpool]

A letter could be viewed by some as a softer approach than a telephone call, which would be the next stage.

*“A letter is probably better than a phone call. A letter comes across as more sympathetic. And then, probably, a phone call.”*

Customer depth, AB with no water debt [Liverpool]

*"A letter probably. Some people find telephone calls stressful."*  
Money adviser [Liverpool]

Other customer respondents felt that a letter was not the best means by which the water company could make contact, especially if it clearly came from the water company, as "...people just ignore letters, don't they?" Similarly, a letter addressed to 'The Occupier' did not engage the customers' attention.

*"A letter first. Without the envelope having Severn Trent. Just a letter to you. I've done it myself in the past. Severn Trent. Oh well, wait till the next one."*  
Focus group, with water debt [Birmingham]

*"I just ignored the bill for six months. It was just addressed to 'The Occupier'."*  
Focus group, with water debt [Brighton]

*"A lot of them don't open their post."*  
Money adviser [Truro]

One respondent made the point that he could not only ignore a letter; he could also deny he had received it.

*"You can get away with that. You can say 'I never got it in the post and I don't know what you are talking about'."*  
Focus group, with cleared water debt [Lincoln]

Respondents suggested that there should be information on the envelope used by the water company to encourage customers not to ignore the letter; it should not be frightening but should make it clear that the contents were important. One respondent (with cleared water debt) offered a telephone bill as an example, with 'Please do not ignore' printed very clearly on the front of the envelope.

Other respondents had examples of how correspondence should be, as it were, in disguise.

*"It was a normal letter...the last letter I got before they came and knocked on the door, which was something to do with going to court. 'If you don't respond to this letter within seven days we will send someone down to talk to you'...which is what happened."*  
Focus group, with cleared water debt [Lincoln]

*"The Council Tax was the best one...it came in like a payslip so I opened it and inside it was all red, saying you owe us this."*  
Focus group, with cleared debt [Lincoln]

Some customers may struggle to read a letter or understand the information being sent. One money adviser suggested that any forms relating to payment arrangements should be accompanied by a letter recommending that the customer contact the Citizens Advice if they needed help.

*“ From what I know, I don’t think people can fill these in by themselves. I suggest that a letter [could be] sent out with the form, that they see a Citizens Advice and get help.”*

Money adviser [Liverpool]

## Telephone

For many, contact by telephone was felt to be the best first step. Again, though, they want to be able to speak to someone who can make a decision, or who can allow them to pay over the phone.

*“If it’s going to help them pay and not get cut off, they’d rather speak to someone rather than just get the letters”*

Customer depth, C/DE with cleared water debt [Nottingham]

*“I think a telephone is the only way that I would have a priority response to it. I will pick up the phone, but it is easy to discard a letter.”*

Focus group, C/DE with cleared debt [Wessex]

The tone of the call was important.

*“If someone was on the phone, was nice and said, ‘You’ve got a problem, these are your options’, instead of ‘Where’s your money?’”*

Focus group, with water debt [Sunderland]

*“The most effective contact? Telephone. But nice. ‘How can we help? Is there a difficulty?’”*

Money adviser [Truro]

Some respondents were uncomfortable at the prospect of a telephone call. If their circumstances were very difficult and they were depressed or suffered from poor health, they simply might not feel strong enough to answer the telephone.

*“Water should contact customers before things get out of hand. I don’t want phone calls. Being in a bad state, I would prefer a house visit. Being on your own you have to be strong. There’s lots of people that couldn’t get out of the house or even pick the phone up.”*

Customer depth, C/DE with water debt [Birmingham]

*“Telephone feels like quite an aggressive technique unless it’s done right...it depends on the amount involved, I think, and the individual. Some of my clients would be really anxious if they got a telephone call saying they would ‘take action’.”*

Money adviser, Brighton

Many others simply don’t answer the telephone, particularly if they owe money to several creditors, and some find it an invasion.

*“Telephone call? No, that’s intrusive.”*

Focus group, with water debt [Brighton]

## Mobile phone/email

Contact by email, text message or mobile phone was not at all welcome. Respondents were unanimous on this. They saw these as intrusive, they could be easily ignored, or customers did not have access to the internet or a mobile phone.

*“It would not be helpful to have text messaging or email reminders. It is an invasion of privacy. Mobiles are personal and should not be used for such purposes.*

Customer depth, C/DE with water debt [Birmingham]

## Home Visit

For some respondents a home visit offered the best form of contact.

*“I prefer to speak to someone face-to-face.”*

Focus group, with cleared debt [Lincoln]

*“Face-to-face. Just five minutes of their time.”*

Customer depth, C/DE with water debt [Lincoln]

These tended to be people who were more vulnerable, possibly ill or depressed. Perhaps they had had experience of this approach in other areas, for example, counselling.

*“Face-to-face. If you have financial difficulties, you’re depressed. You put it off; it’s avoidance all the time. If you have someone sitting down with you I think that would encourage...better than a phone call.”*

Focus group, with cleared water debt [Liverpool]

*“Most of the people are vulnerable people and they are people who need educating rather than threatening with bailiffs and county court. Someone who can actually talk to you, actually help you.”*

Focus group, with cleared water debt [Liverpool]

Some suggested it might be possible to draw up a written agreement during a face-to-face discussion whereas this may not be possible by telephone. Others wondered whether home visits would prove an expensive approach; the extra costs would then be passed on to the customer.

A money adviser said that it was the practice of the water company in her area to make home visits.

*“In our area they send the water reps round to the debtors: ‘You’re not paying your bill’. They seem to be quite good at saying that water is something that should be paid. I’ve never had any clients say they were aggressive. However the approach is made, it doesn’t have a negative approach.”*

Money adviser [Lincoln]

Other respondents were alarmed at the prospect of someone from the water company coming into their home. They felt it would be an intrusion or, maybe, associated with visits from other debt collectors or bailiffs.

*“Turning up on the door step? I would find that unacceptable.”*

Customer depth, C/DE with water debt [Truro]

A money adviser also saw a possible disadvantage in the home visit approach.

*“I can see the benefit of face-to-face, but from the client’s perspective they will look at it and see that possibly ‘He’s going to make my finances work for him and not for me. So he’s going to get his money’.”*

Money adviser, Sunderland

In addition to wanting home visits, several respondents said they would like to be able to go somewhere to talk to the water company.

*“If they had a little shop...that you can go in and talk to them, then that would be a lot better.”*

Focus group, with cleared water debt [Lincoln]

*“A drop in centre, like old SWEB<sup>1</sup>, A dedicated site.”*

Focus group, with water debt [Truro]

## **The Occupier**

Several respondents noted that the water companies did not seem to react quickly enough to a new occupier. Someone could move property and not receive a water bill for some months or, some months later, find themselves being chased for the previous occupier’s arrears.

A Carmarthen respondent had bought a property after the previous owner, a 92 year old lady, had died. He moved in seven months later and received “three red letters and a very nasty letter” for water arrears. He said that he had been able to resolve the situation but wondered whether someone who “had a pile of debts” would simply have added that bill to the pile, instead of questioning it.

Other respondents highlighted that when a new occupier moves in there can be a temptation to allow water debt to accumulate.

*“The onus is on them to find out because credit card companies can find out that you have moved, in which case they are not taking the initiative to make sure they know who their customers are.”*

Focus group, with cleared water debt [Bath]

*“I just moved back into my house and it took them a while to work that out, but they have automatically charged me and I could have been awkward and say, ‘Well, you know, I don’t have a contract with you yet.’ No one has come to me to say that I am selling you your electricity or gas.”*

Focus group, with cleared water debt [Bath]

A money adviser agreed that this should be looked into.

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<sup>1</sup> South West Electricity Board

*“One of the things, if there’s a house move, I think the water company should send a card or a communication. Some clients are not registered with Anglian Water. They don’t know they are there. Sorry, we’ll have to tell them. Some have been there two years. I don’t know why there isn’t any contact.”*

Money adviser [Lincoln]

## **Timing of contact**

Whichever form of contact was used by the water companies, the timing of it was considered important. The money advisers felt that the water companies should be able to pick up early indicators, perhaps through their accounting systems, that might alert them to a potential problem.

*“Not sure how long they [water company] leave it before they start chasing. A lot of people are perpetual debtors...We have some who go back years. That’s just the way they live and they are used to it.”*

Money adviser [Birmingham]

*“It’s not until towards the end of the financial year, or more than 6-8 months through the year, that the clients start getting warning letters. I’d say if two payments have been missed, say ‘Is there any problem, can we help? If you’re in difficulties, here’s a list of organisations, get in touch with one of them, they might be able to help.’ That type of thing, rather than wait.”*

Money adviser [Sunderland]

Customers, too, would like to be contacted sooner, before the problem escalated.

*“Water should contact customers before things get out of hand.”*

Customer depth, C/DE with water debt [Birmingham]

*“I want the water company to get in touch sooner. They could have sorted it out.”*

Customer depth, C/DE with water debt [Truro]

Highlighting a possible problem early on was also mentioned in the context of more frequent billing, which is discussed in Section 4.5.

## 5.4 Debt recovery approaches to encourage customers with outstanding bills to pay water bills earlier

### Key findings

- A home visit was thought to be the most effective for personal contact in terms of debt recovery. Whichever approach the water company adopts to recover outstanding water debts, customers and money advisers think it is important that the approach is made in good time to prevent the debt from becoming unmanageable and is flexible, tailored to the customer's personal situation and their ability to pay.

One of the money advisers thought that personal contact was the best approach to encourage customers with outstanding bills to pay their water bills earlier.

*"I think the visit is the most effective. Definitely. That shows itself in rent arrears. Years ago the council had rent collectors...the rent collector is coming today, I've got to pay him."*

Money adviser [Birmingham]

Certainly the loan companies employ the personal collection method, and one of the money advisers described how the collector for one such loan company becomes part of the community, being on first name terms with everyone. For some respondents personal collection would be effective.

*"I suppose if they came to your door, it would make you pay."*

Customer depth, C/DE with water debt [Nottingham]

*"It's five minutes of their time. They won't refuse...if you're paying something."*

Customer depth, C/DE with water debt [Lincoln]

It was acknowledged, though, that personal visits could be more costly and it may be better to try a reminder letter first.

*"Initially a letter...once perhaps they get to a second letter and don't get a response then they could perhaps call them. Because there are people in trouble."*

Money adviser [Birmingham]

As has been discussed in 5.3, customer respondents differed in their preferences regarding how they would wish to be approached by their water company, and a home visit would not be acceptable to all. However, two common themes emerged. Whichever form of contact is being adopted, the contact should be:

- timely, and
- flexible.

The timely contact is seen as important in containing the situation (and ties in with frequent billing).

*“They should contact them straightaway. Before they get in too deep. Because once you’re in too deep you turn your back.”*

Customer depth, C/DE with water debt [Liverpool]

*“They should give you a month before contacting you. It stops it festering. Both in writing and verbally. A letter, follow it up in a couple of days. Have you received it?”*

Focus group, with water debt [Slough]

The flexibility was important to respondents in that they wanted to feel that each case was being looked at individually and the payment options tailored to different circumstances.

*“I accept that some people just don’t pay their bills. That’s why you have to look at each case individually. They should look at people, not customers.”*

Focus group, with water debt [Slough]

*“If they had the image of being very friendly, very flexible... they’d get a lot more out of you”.*

Focus group, with water debt [Slough]

*“I think that should be negotiable because some people find it very hard. It is very hard. It’s one of those things where you’ve got to look at it on a individual basis.”*

Money adviser [Truro]

*“If Wessex Water makes it easier to pay they would not have to chase it up so much.”*

Focus group, with cleared water debt [Bath]

## **5.5 Use of County Court Judgements (CCJ)**

### **Key findings**

- Some customers are distressed by the threat of court action or the prospect of a CCJ against them and motivated to pay an outstanding bill; others are not so concerned by them.
- Money advisers said that their clients also fell in the two groups: they were either frightened by CCJs or unaffected by them.

Water companies regularly use the County Court system to recover outstanding water debt. Some customer respondents had personal experience of CCJs, either because they had been prompted by the prospect of a CCJ to take action or because they had CCJs against them. The majority said they had not.

Some respondents were not at all concerned about having a CCJ against them. Some were not concerned at having more than one CCJ against them so long as they were all in the same twelve-month period, as this would have no further impact on their credit status than would one. Only if they were in consecutive years, thus prolonging the time

it took for their name to be cleared, were multiple CCJs considered – if at all – to be a problem.

*“I know there are places where I can get money. The bank, it didn’t seem to cross their mind that I had CCJs.”*

Focus group, with water debt [Birmingham]

*“CCJ? Once you’ve had one the fear of them goes away.”*

Focus group, with water debt [Brighton]

*“I had one when I was 19. I got it removed, I got a mortgage.”*

Focus group, with cleared water debt [Liverpool]

*“CCJs stop you getting credit but if you have no money you don’t care”*

Customer depth, C/DE with water debt [Lincoln]

*“I’m not being funny but you can still get credit. You can move house. It goes on the property, not the people.”*

Focus group, with cleared water debt [Sheffield]

*“I don’t think CCJs are as bad as they used to be. There are companies that will loan you money now.” – “But at a high interest. You’re always clobbered. Once you’re down you stay down.”*

Focus group, Birmingham

One customer thought they were a way of life.

*“CCJ? I personally have, yes. It’s not particularly nice but it’s a fact of life, I suspect, with 75% of the community, I suspect, being involved in that. It’s not very nice, of course it isn’t.”*

Customer depth, AB with water debt [Bath]

A few thought that there could be some benefits for someone who had absolutely no way of paying their water bill.

*“I think they would be relieved to go to court. They could get a real stupid payment (repayment plan) like £2 a week.”*

Customer depth, C/DE with water debt [Liverpool]

One customer who had cleared her water debt had received a CCJ, which had prompted her “...to get her act together.” She acknowledged that for some people it made no difference – “...it’s down to personalities” – but it had certainly changed her approach. She said she now phones companies if she is unable to pay and has been told that if she had done this earlier she would not have been issued with a CCJ. She thought some people, though, were unaware of the consequences of court action.

*“Most people think that it would go to court and that would be the end of the day. They do not think that they would get a County Court Judgement against them.”*

Customer depth, C/DE with cleared water debt [Nottingham]

There were other respondents who could be distressed at the threat of legal action or the prospect of having a CCJ.

*“It would pretty much motivate me, Some people really don’t care, others would be mortified they’d got in this position.”*

Customer depth, C/DE with water debt [Truro]

*“A letter saying ‘This is going to the county court within seven days’, that would make me pay.”*

Focus group, with water debt [Brighton]

*“I never want to face this again. Almost all my bill has been paid. I’ve still got that CCJ on my name. It will stay on my name for five years.”*

Focus group, with water debt [Birmingham]

*“It was very intimidating. It was just like a meeting room like this, but you felt like you were being told off at school, so it was horrible...I was trying to buy a house but they won’t touch me because I have that on my record.”*

Focus group, with cleared water debt [Lincoln]

For some, CCJs made little difference to their ability to pay an outstanding bill and they may be resigned to being unable to pay.

*“The bottom line is, I don’t have the money. I got a solicitor’s letter, then a county court summons...a CCJ against me, £3 a week plus interest. I can only afford £2 a week. My screen says I’ve got to pay £7 a week. What do you do?”*

Focus group, with water debt [Sunderland]

*“It’s not a threat. I’ve got so many. It makes me feel like I’m right down there.”*

Focus group, with water debt [Nottingham]

The money advisers were similarly divided in their views on CCJs – their clients, just like the customer respondents, were either frightened by them or blasé about them.

*“They are demotivating.”*

Money adviser [Birmingham]

*“They don’t seem too stressed about it, the ones I’ve talked to.”*

Money adviser [Birmingham]

*“Not sure how effective they [CCJs] are. Lots of my clients have had them.”*

Money adviser, Slough

*“In Sunderland you fall into one of two categories: court frightens you or you don’t care. I’ve had clients sit down and say ‘I’ve got at least four [CCJs], maybe more, I don’t know. When they come in with multiple CCJs, all they’re concerned about at that stage is the bailiffs. There’s always people out there that’s willing to lend them money. ‘CCJs don’t matter’. It’s in the papers every day. That is my biggest bugbear.”*

Money adviser [Sunderland]

Customers who do not have water debt did not think this approach would work.

*“Not very effective. It’s stressful if you can’t pay.”*  
Customer depth, AB with no water debt [Liverpool]

## 5.6 Debt recovery/collection agencies

### Key findings

- Customer respondents said they had had little dealings with debt recovery/collection agencies for water debt; it had been quite frightening for some of those who had.
- They can be perceived as threatening and can be associated with the bailiffs.

Customer respondents said they had had little dealings with debt recovery/collection agencies for water debt. Some who had had found it quite a frightening experience.

Debt recovery agencies were seen to be effective but heavy handed. Some respondents had seen a recent television programme where debt recovery agencies were portrayed as threatening and aggressive. They were thought of in the same context as bailiffs and one money adviser (Sunderland) described how many took shortcuts in procedures and did not explain the full process to debtors.

Perhaps because of their image they are considered...

*“Not appropriate for a water company”*  
Customer depth, C/DE with water debt [Sunderland]

Customer respondents who said they had had any experience of debt recovery agencies for water debt had not enjoyed experience.

*“They do put you straight onto the debt company. They did that to me. You just get a letter out of the blue. You don’t have any more contact with the water company until your debt is cleared. I was quite threatened and worried that the solicitors were on to me. Getting that through the post was frightening.”*

Focus group, with cleared water debt [Liverpool]

*“I had one of those myself. As I say, I wait until the tenth hour and then pay. But they do invite you to phone in.”*

Focus group, with cleared water debt [Liverpool]

*“They’re ruthless, they frighten you to death. It didn’t bother me, but a mother with kids, she’d be frightened to death.”*

Focus group, with cleared water debt [Liverpool]

*“If you have the money they [debt recovery agency] would frighten you into paying. If you don’t, you would at least call to make some arrangement.”*

Focus group, with water debt [Nottingham]

*“I owed the water company £400. I couldn’t pay. They passed them on to a debt collection agency. You have to pay £20 within the next 7 days, and then £68 every 2 weeks. You do that or we’re coming round...I said I could pay so much. It wasn’t pleasant. The water company, they didn’t get stroppy or anything. They did it through a debt collection agency. So I had to pay a bit more on top of that bill, which teaches you a lesson.”*

Focus group, with water debt [Slough]

Money advisers said their clients found debt recovery/collection agencies frightening (see also 3.7).

*“Obviously, when there is no payment you do have to get the collection agencies. They are usually all right with us but with some people they might have seemed more heavy handed.”*

Money adviser [Liverpool]

*“Southern Water are quite understanding as long as you give them a financial statement. You can negotiate with these people but burly big guys asking for £5 at your door can be terrifying.”*

Money adviser [Brighton]

One customer adopted a more casual approach to debt recovery agencies.

*I have personally experienced that. I probably told him to sling his hook and I would send him a cheque next week. Is my word not good enough? They’re not as hard hearted as perhaps you think. But I can appreciate that it would scare the pants off some people...I assumed that they would be independent people hired by the water board. But there’s no reason why they can’t have their own. I don’t think it makes a difference.”*

Customer depth, AB with water debt [Bath]

Customers who had no experience of debt recovery agencies thought of them with some trepidation.

*It would be awful.”*

Customer depth, AB with water debt [Truro]

## 5.7 Penalty payments for late or non payment of water bills

### Key findings

- No respondents saw any benefit in penalty payments for late or non payment of water and sewerage bills; rather, they were perceived as punishing people for being in debt.

Although a few customer respondents said a penalty for late or non payment would prompt them to pay their water bill, the idea of a penalty was generally poorly received. It was felt to be hurting people “when they’re down” “adding insult to injury” and simply contributing to their worsening circumstances.

*“You’re not paying because you haven’t got the money. If they just dollop another charge on you, that’s crazy.”*

Focus group, with water debt [Brighton]

*“A penalty? No. That would not go down too well. No penalties, no sticks.”*

Customer depth, C/DE with cleared water debt [Lincoln]

*“That would just compound the problem, because people are being charged for being short of money.”*

Focus group, with cleared water debt [Bath]

*“If they have not paid their bill by their final reminder then they are obviously having trouble paying and by just adding more money, it is going to make the situation worse. It’s like banks when they don’t authorise direct debit. Then they charge you £25 to send you the letter. It’s just increasing the person’s worry.”*

Customer depth, C/DE with water debt [Truro]

A couple of respondents suggested a selective approach:

*“You get some who won’t pay, but they’re not in financial difficulties. So penalise them. Charge them interest.”*

Customer depth, AB with no water debt [Carmarthen]

*“For those people who can’t be bothered to pay, I think that it might work. You can understand from the phone calls if they can pay or not.”*

Focus group, with cleared water debt [Bath]

## 6. UNDERSTANDING THE WATER AND SEWERAGE BILL

### 6.1 Awareness of water and sewerage supplier

#### Key findings

- Most respondents were aware of their water and sewerage supplier; however, most had referred to their water bill before taking part in the survey.

Most respondents were aware of their water supplier, although some were a little hesitant. A couple of respondents said they were now supplied by a French company and some were unsure. Some Bath respondents were not certain, but they may have been confused by Wessex Water and Bristol Water having formed a new billing company (BWBS) to collect charges for the two companies.

Some respondents knew that they receive their water and sewerage services from two different suppliers.

Most respondents had referred to their water bill before the depth interviews and focus group discussions and so could be expected to have known the name of their water and sewerage supplier.

### 6.2 Awareness of the size of water and sewerage bill

#### Key findings

- Most customers said they were aware of the size of their annual water and sewerage bill. Customers with arrears were likely to count these as part of their current bill which they see as what is owed in total to the water company.
- Money advisers said that their clients mostly had no idea of the size of their annual water and sewerage bills.

Most respondents said they were aware of the size of their annual water and sewerage bills and were comfortable in stating the amount. However, those who said they knew often quoted high figures, which included their arrears. Some did not differentiate between their current bill and any arrears but referred to the total amount due as being their current water and sewerage bill. Bill sizes mentioned ranged from £100 to over £700 per annum.

This compares to “£10 a month” mentioned by an AB customer respondent with no water debt.

Some respondents were content to know that a process was in place for making payment without the need to be bothered by the detail.

*“I get the book paid, I don’t know what I owe.”*

Focus group, water debt cleared [Lincoln]

*“I think mine is on a direct debit, but I can’t remember how much it is...I know you get a bill at the end of the year and it tells you if you have paid too much.”*

Focus group, water debt cleared [Lincoln]

Some respondents demonstrated a particular lack of awareness surrounding payment for water:

*“I thought everyone had the same water bill”*

Focus group, with water debt [Birmingham]

*“When I moved into this property I’d moved in from a flat from above a shop where they paid my water. I’d never paid water. I wasn’t aware you paid water.”*

Customer depth, C/DE with water debt [Liverpool]

The money advisers said that their clients often had no idea how much their annual water and sewerage bills were. As their clients were likely to have little awareness of the detail of any of their financial commitments until the money advisers have drawn up a financial statement for them, this is not surprising.

Some respondents referred to a lack of education in terms of household budgeting. One money adviser (Sunderland), for example, highlighted a particular problem among young people who stay at home until they are in their mid-twenties. They may have been paying their parents a nominal sum for board and lodging and have an awareness of gas and electricity bills, but they are completely unprepared for the water bill. Another money adviser (Liverpool) talked of “a lack of training” in money management contributing to the general debt problem.

Respondents were asked how they perceived the size of the annual water and sewerage bill in the context of the household budget. Bills generally, and rent, Council Tax and utilities in particular, are seen to represent a significant proportion of the household budget for all respondents.

*“It just seems as if you’re spending a third of your income on bills. One week I have to miss one, then it doubles up.”*

Focus group, with water debt [Birmingham]

Gas and electricity bills were felt by some to be slightly higher than water bills and, because they came quarterly had, perhaps, a higher profile. Customers thought they paid more for gas and electricity, which cost “an enormous amount”, than for water and some mentioned fuel bills of about £200 per quarter each.

*“It’s a lot lower than electricity and gas.”*

Customer depth, C/DE with water debt [Nottingham]

Others, however, thought the water bills were “too much”, and “a large part of the household budget compared with other bills.” These were typically respondents with high levels of water bill arrears or those who paid as the bill arrives rather than by direct debit or other more frequent payment schemes.

### 6.3 How the water and sewerage bills are calculated

#### Key findings

- Respondents were mostly aware that water and sewerage bills are calculated according to the rateable value of their homes or, if they have meters, by consumption.
- Respondents felt that they had nothing against which to compare their water bill to indicate whether it represented good value.

Respondents were mostly aware that the water and sewerage bills are calculated according to the rateable value of their homes or by usage recorded on a water meter, although one respondent was not so well informed:

*“Are the water rates the same all around the country as they are in Birmingham?”*

Focus group, with water debt [Birmingham]

The use of rateable value prompted some discussion about possible inequalities arising from this approach. As a Liverpool group respondent pointed out, you could live on your own but be in the same Council Tax band as the person next door who has children and who therefore uses more water than you.

Other respondents could talk personally or anecdotally of the elderly lady in their street living alone in a three-bedroom house who would be paying the same as themselves for water.

*“There are pensioners in my road, in a three-bedroom house, and they’re paying the same amount as me. And I have four children.”*

Focus group, with water debt [Birmingham]

A single person’s allowance was suggested by some respondents as a possible solution.

*“If you live on your own you get 25% of your Council Tax. You don’t get anything off for the water.”*

Focus group, water debt cleared [Liverpool].

In terms of customer understanding of how water and sewerage bills are calculated in comparison to those for other utilities, some customer respondent suggested that that there were no points of reference against which to assess the accuracy or, perhaps, value for money of the water bill.

*“Between electric and gas you can make a comparison. You’ve got nothing else to make a comparison with water. So you don’t know whether they’re charging you right or not.”*

Focus group, with water debt [Birmingham]

*“We don’t know whether water is expensive at £100 a year or at £200 a year.”*

Focus group, with cleared water debt [Sheffield]

## 6.4 Water meters

### Key findings

- Some customers without water meters associated them with fuel prepayment or key meters and considered them to be an alternative to disconnection.
- Money advisers were aware of vulnerable persons’ tariffs, although customer respondents were not; water customers suggested a ‘single person’s allowance’ for metered water customers on benefits.

The majority of customer respondents were more aware of water meters and gave a mixed response to their use as means of calculating water charges. Some respondents who had water meters were generally happy with them. They paid manageable amounts, they felt in control and they could make some savings.

Others felt that they paid more with a water meter than they had done when paying according to the rateable value of their home.

*“I moved into a new property. The water meter is double what I paid on water rates. I think it’s unfair.”*

Focus group, with water debt [Slough]

Some thought that they could be liable to pay more than their own consumption; for example, if there were a burst pipe in their street, perhaps that would somehow be registered on their meter.

*“There was a leak in the road one day, then I got my bill and it was humungous. I thought it must be something to do with the leak, so I phoned them up. He was quite rude.”*

Focus group, with water debt [Slough]

Others made an association with the fuel prepayment or key meters and considered water meters to be an alternative to disconnection or court proceedings and, perhaps, socially embarrassing.

*“I thought you could only have a meter if you owed a bill. That’s what I was told. They wouldn’t cut your water off but they would give you a meter instead.”*

Focus group, with water debt [Birmingham]

*“They could [disconnect] but they wouldn’t. They would take you to court first, or make you have a meter.”*

Focus group, with water debt [Carmarthen]

Awareness of water meters in new buildings was fairly high, and customer respondents understood that a water meter could provide a saving for some households but not for others. Some suggested a single person or smaller household rate would be a fairer system.

Some money advisers said that their clients were not always aware of the location of their water meter. This was certainly the case for one customer respondent:

*"I'm on a water meter but I don't know where it is. I haven't seen it."*

Focus group, with water debt [Slough]

Some respondents saw that, if water customers had a meter, they would be more aware of the amount of water they were using and how much it was costing them. One respondent went further and suggested that some customers may be paying for other customers' more wasteful consumption.

*"Without a meter people will just waste it. So if people waste water, it costs me."*

Focus group, water debt cleared [Bath]

Households with meters were more likely to employ water economy measures. A Lincoln respondent, who had cleared his water debt and has a water meter, had placed a full bottle of water in his cistern, he said, as a means of saving water. A Truro customer gave her children showers rather than baths to save water.

*"My kids don't have baths because that would use too much water. They can't play with water as I remember doing as a kid."*

Focus group, with water debt [Truro]

But it is not only metered customers who are careful about how much water they use.

*"People who don't have meters just waste water. But that increases costs. If you choose to use less water you want to know you are benefiting. The guy next door just puts on the sprinkler and leaves it all day. I try to be a little more economical, but neither of us has a meter."*

Focus group, water debt cleared [Bath]

Having a meter should be useful in flagging up possible leakages, but customers could be reluctant to mention any suspected leaks to the water company, perhaps concerned that they may incur expenses through repair work without considering the longer term advantages of a potentially lower water bill.

The money adviser in Lincoln highlighted another benefit of having a water meter. Clients need to know they are on a water meter as there are special tariffs for vulnerable groups. She added that many of her clients do not know if they are on a water meter or not. A recent case she had handled involved a lady who had moved into a newly built house so, although she was unaware of it, had a water meter. She had had a dripping tap for eight months, resulting in an unnecessarily high water bill. This reinforced her view that water companies should make contact with customers when they move house (see Section 5.3).

The Truro money adviser was also aware of tariffs for vulnerable groups.

*“We had a couple with a child who was a consistent bed wetter so we can get help on that, and targeting elderly people who are incontinent, people with Alzheimer’s.”*

Money adviser [Truro]

Another money adviser was aware of tariffs for vulnerable groups but did not have much experience of dealing with them.

*“We generally find that the water company has beaten us to it. In this area the water company is quite on the ball.”*

Money adviser [Sunderland]

Some customers suggested that it would be helpful if the water company could publish estimates of water consumption based on different household profiles so that customers could have some idea of whether they would be likely to pay more or less for their water if they had a water meter. Alternatively, perhaps offering a trial period, although this would have to take into account seasonal variations. In fact, both these options are currently available, but customer respondents were not aware of them.

There was a little confusion among some non-metered customers who still perceived that their water consumption was being measured somehow:

*“I sort of understand the bill...How is it calculated? Just the amount you use, I think.”*

Customer depth (not metered), C/DE with water debt [Nottingham]

*“I was advised to use my washing machine at night because it’s cheaper, but how do they know how much water I’m using?”*

Focus group, with water debt [Slough]

Some respondents wondered whether they could receive a ‘single person’s allowance’ if they have a water meter, or some other benefits.

*“If you are unemployed you can get Council Tax relief. Why not water relief?”*

Focus group, with cleared water debt [Bath]

Many respondents referred to the water companies’ monopoly, in contrast to other utilities. In this context, one respondent thought that having a water meter should open the way for competition.

*“Competition is very powerful; it has brought down the cost of a lot of other utilities. So when I have a water meter I want to choose my water supplier.”*

Focus group, cleared water debt [Bath]

## 6.5 Understanding of the water and sewerage bill

### Key findings

- There was very limited customer awareness of what is covered by the water and sewerage bill and little interest in being given further information.
- There was low awareness that the bill includes payment for environmental improvements.
- Customers would welcome information in a visual presentation perhaps in the form of a pie chart showing the composition of a typical water bill

One respondent said that the bill did not really convey anything to him.

*“I want to know what I have used, in English not in jargon. If they said ‘You have used 1 unit, that will cost you 10p’ or whatever it is, or if they gave it in litres or pints or whatever.*

Focus group, with cleared water debt [Lincoln]

In terms of the bill, gas and electricity bills were felt to be easier to understand. There was some feeling that with gas and electricity you knew what you were being charged for. You choose to have the lights, the television and the heating on, you have a refrigerator, you are using your cooker and you heat your water. In contrast, there is a feeling among some respondents that the water is there but they were being charged even if they were not using it.

*“It is less quantifiable isn’t it? Electricity and gas are quantifiable because you can see what you are using at a certain consumption rate. But with water, the thing, is you don’t know.”*

Focus group, water debt cleared [Bath]

This view was countered by those respondents who describe it as “one of life’s necessities”, something we take for granted and cannot do without.

There was low awareness of what the water bill covers apart from the inclusion of sewerage charges. For example customers did not know the bills included the cost of environmental improvements. Respondents were presented with a showcard of a pie chart showing the composition of a typical water bill (see Appendix B), which mostly drew one of three responses: total disinterest, mild curiosity or indignation.

Those who were not interested – and these were the majority – felt that even when they were given more detail it still did not explain the actual cost of water or how the bill figure had been arrived at. With gas and electricity, they said, they were given more detail. However, ultimately, this was not information that they were looking for.

*“I am only paying for my water, I don’t care about the rest of it.”*

Focus group, cleared water debt [Lincoln]

*“I don’t look at the information, just how much I’ve got to pay.”*  
Customer depth, C/DE with water debt [Nottingham]

The few who expressed mild curiosity tended to be more environmentally and socially aware, acknowledging that they probably “don’t appreciate the infrastructure” behind the supply of water.

*“It makes you appreciate that you don’t just pay for your water, you pay for other services as well.”*  
Focus group, cleared water debt [Lincoln]

*“It’s not just the supply of water through the tap, is it? They have to do a lot of work with the sewerage as well, haven’t they? There’s a lot of stuff to be replaced and that’s a cost we don’t consider.”*  
Focus group, with water debt [Birmingham]

Those who showed indignation were mostly those who thought they should not pay for water.

Some respondents were more interested, though, with one in particular saying that the pie chart was very effective in showing how the money is spent.

*“That pie chart we saw tonight made more sense to me than all the letters I’ve had over the years I’ve been paying the water bill. It’s visual. You don’t have to use your imagination.”*  
Focus group, with water debt [Carmarthen]

A Lincoln group respondent (with cleared water debt) suggested that customers might complain less if they knew where the money is spent.

Metered respondents were likely to be more aware of what is included in their water bill than were non-metered customers as they were more accustomed to checking and reading statements as well as any information supplied with the bill.

*“I do [look] because I’m on a meter. I look to see how much I’m using and then it focuses you to look at what else you’re paying.”*  
Focus group, with water debt [Birmingham]

## 6.6 Cross-subsidies

### Key findings

- Customers had little awareness of the cross subsidies that exist in water and sewerage charges. But, on being told about them, had mixed feelings towards them. Overall, they were more positive towards cross subsidies for vulnerable groups and less supportive of cross subsidies for rural communities.
- Customers with water debt were more likely than those without water debt to object to their annual bill including a cross subsidy towards the cost of debt recovery.

### Cross subsidy for the cost of debt recovery

Awareness of cross-subsidies to support the cost of debt recovery (currently around £6 per annum on each water bill) was low among respondents although many were not surprised to hear of it – “the water company is a business, isn’t it?”. Ironically, those with water debt themselves were often more likely to object to this cross-subsidy, perhaps perceiving it to exacerbate their own situation.

*“I did not know and I do not agree that I should pay to collect debts from someone else. They should make the payments easier for them.”*

Customer depth, C/DE with water debt [Birmingham]

*“Why should we pay for someone else’s debt?”*

Customer depth, C/DE with water debt [Sunderland]

Customers with water debt were more likely to have objections to the subsidy for debt recovery. In contrast, respondents without any debt or who had cleared their water debt were more philosophical about cross-subsidies and had a greater social awareness. They felt that a cross-subsidy for the recovery of debt was reasonable and some parallel situations were mentioned: for example, we pay National Insurance but do not all claim sickness benefit; supermarket prices include something to cover the cost of shoplifting.

*“There’s got to be something like that in lots of businesses. There’s so much on [shop] prices because of shoplifters.”*

Focus group, with cleared water debt [Sheffield]

### Cross subsidy for the cost of supplying water to rural areas and vulnerable groups

There was no awareness of cross-subsidies to help pay for water supply to rural areas or to vulnerable groups. When it was explained, respondents expressed more sympathy for subsidising vulnerable groups than rural customers. However, some wondered whether the vulnerable persons’ subsidy would be regulated properly and whether such a subsidy could be abused.

There was little enthusiasm among urban customers for subsidising those in rural areas who, some urban respondents thought, would be better off than themselves.

*“If it was somebody in desperate need I wouldn’t mind. I’ll help anyone out if they’re in need. But if they live in the country they’ve probably got a big house.”*

Customer depth, C/DE with cleared water debt [Sunderland]

*“They [people in rural areas] should pay the extra for being so far away.”*

Focus group, with water debt [Slough]

*“If it’s a two bedroom cottage of low rateable value in the country, they are going to pay less than someone in a town house.”*

Focus group, with water debt [Carmarthen]

One urban customer respondent was more sympathetic, though, making a comparison with running unprofitable bus routes to serve rural communities.

*“ I think it’s a good idea It’s helping other people. It’s like the bus service – it’s not very profitable to go on a route where’s only one or two houses.”*

Focus group, with water debt [Slough]

## 7. RAISING CUSTOMER AWARENESS AND UNDERSTANDING OF THE WATER AND SEWERAGE BILL

### Key findings

- Some customers liked the idea of receiving a company newsletter to tell them more about their water and sewerage services, although they thought the information delivered with the bill resembled junk mail and it was therefore mostly ignored.
- Television was suggested as the best means of giving information about the water company, the services provided and what the money paid in the bills is spent on. Local radio and local newspapers were not considered to be effective media channels.

Although customers generally did not look at the information currently sent to them by their water company, they still thought that the water companies should tell them more. Several respondents said they would be interested in receiving a newsletter – even in areas (eg Truro) where they already receive one.

*“A newsletter would be interesting. Tell us what they’re doing.”*

Focus group, with water debt [Truro]

*“A letter, a monthly newsletter, as you don’t hear anything. I don’t hear anything from the water board.”*

Customer depth, C/DE with water debt [Liverpool]

Others, though, were a little more sceptical.

*“There is so much rubbish coming through the post. Some people would be very pleased to read it, but an awful lot would just throw it all away. I think the company would be spending money and I don’t think a tremendous amount of people would read it.”*

Customer depth, C/DE with water debt [Truro]

Leaflets provided with the bill were described as resembling “junk mail” and most respondents did not read these. Customer respondents were presented with a pie chart showing the composition of an average water and sewerage bill, which had been reproduced from an existing leaflet. As discussed in Section 6.5, the visual presentation of information was found to be interesting and easy to understand by some customers.

Television was considered by all customers to be an effective channel of information about the water company, water bills and the assistance available to customers. Some even expressed some interest in its operations and investment programme.

*“Everyone watches television.”*

Focus group, with water debt [Truro]

*“There is a role for adverts on TV.”*

Customer depth, C/DE with cleared water debt [Birmingham]

*“They should say, ‘This is what we are doing – aren’t we wonderful?’”*  
Focus group, with water debt [Carmarthen]

However effective television would be, customers recognised that it could be a very expensive medium.

*“Interesting, but I would want to know why I was paying for their advertising.”*  
Focus group, with cleared water debt [Lincoln]

*“You’ve got to remember, if companies are paying for television coverage, it is very expensive, and they have got to watch their costs. I don’t think it’s worth spending money on that kind of thing.”*  
Customer depth, C/DE with water debt [Truro]

One respondent knew from the radio that she could get help from “...these debt management places”.

*“They tell you about them all the time. They sort out your money if you’re in trouble...Like the Citizens Advice...They give an advice line on Radio Trent. I heard it the other day.”*  
Customer depth, C/DE with water debt [Nottingham]

However, local radio and local newspapers were not generally considered to be effective channels of information.

# **APPENDIX A**

## **Example Depth Questionnaire and Topic Guide**



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How would you describe the extent of household – and specifically water – debt, generally, in this area? How widespread is it? How much of it, in your experience, is recurring debt?

.....

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Does any one kind of debt cause more distress than others? Which causes the most distress? Why?

.....

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Are there any local conditions that contribute to this problem? (Lack of investment locally, employment levels, house prices, higher water/fuel bills.)

.....

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Are there any deficiencies or failings in the utility companies' procedures, eg in the way they approach their customers or the payment facilities/options they offer, that contribute to local debt problems? Are there any differences between water companies and the fuel companies in their approach to customers with debt problems or in collecting outstanding revenues?

.....

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**Extent of water debt and customers' attitudes towards the debt**

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How would you say water debt compares with other kinds of household debt? What proportion of your clients with household debt have water debt? And what proportion of household debt does water debt represent? How frequently do you come across water debt?

.....

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Is there a common trigger for debt? And for water debt in particular? What would you say is the trigger for water debt? How can this be addressed?

.....

---

How much do customers worry about water debt compared to other kinds of debt? Is it seen as equally serious or as less of a problem? What are the reasons for this?

.....

---

Does the ban on disconnection of domestic water supplies influence the way customers view or prioritise payment of their water bills?

.....

---

Based on your experience as a debt/money advisor, what motivates households to settle debt? And water debt in particular? What motivates them to become regular and prompt payers of household bills, and in particular water bills?

.....

---

How do water customers react to debt recovery and debt collection agencies? Positively or not?

.....

---

Is a debt recovery or collection agency more effective than a threat of legal action, the issue of a court summons or a CCJ as a means of collecting outstanding household bills? Does this vary according to the type of debt (eg water debt) or when in the debt recovery cycle the contact is made?

.....

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Do customers make any distinction between external debt recovery agencies and water company in-house debt recovery agencies? (In house agencies often use different name/letterhead etc so there is potentially no obvious connection.)

.....

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**Customer contact with debt/money advisors**

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Why do people with water debt problems come to you? Are they referred by Social Services? By the water company?

.....

---

For those referred by the water company, how do they describe their contact with the water company? Positive? Helpful? Threatening?

.....

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At what point in the debt cycle do they come to you for help with water debt? On receipt of the bill, a reminder or at the threat of legal action, receiving a court summons, or County Court Judgement (CCJ)?

.....

---

If someone already has a CCJ for other debt, are they concerned to receive another? Does a CCJ for a water bill matter any more or less than any other debt? Are they concerned to receive another CCJ from a different creditor? Another from the same creditor?

.....

---

**The advice given by debt/money advisors**

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What advice would you give to a customer with water debt? (Eg pay current charges rather than clearing debt.)

.....

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What advice would you give to help customers reduce their water bills? (Eg those with a higher rateable value could switch to meters; water efficiency advice; leakage advice.)

.....

---

Are you aware of the vulnerable groups tariff? (For low income groups who either have three or more children or a defined medical condition, such as incontinence, that require significant additional water use – metered customers can have water bill capped to the average bill.) Have you been able to advise customers who were not aware of it that they may qualify?

.....

---

Are you aware of hardship schemes such as charitable trusts and restart schemes (Severn Trent Trust Fund)? Have you advised customers who were not aware of them that they may qualify?

.....

If none: In other areas some water companies offer help to water debt customers through charitable trusts (which give a lump sum) and restart schemes (the water company matches the payment made by the customer). Do you think these would help customers settle their debt and become regular and prompt payers?

.....

### **The water company**

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What would you expect the water company to provide in terms of payment facilities, options or methods?

.....

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What incentives should the water companies offer to encourage prompt and regular payment of water bills?

.....

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Do you think that the DWP water direct payment scheme (direct deductions) is helpful in encouraging prompt and regular payment of the water bill? What is your understanding of the scheme? Should it be more flexible? If so, in what way?

Do you think any of the following would make a difference to encourage prompt and regular payment?  
*(none is current practice unless indicated)*

- direct debit discounts (United Utilities, Northumbrian Water, Cambridge Water only)
  - prompt payment discounts (*Northumbrian only*)
  - prepayment meters (without disconnection) – with an alarm when credit runs out
  - water charges included in housing benefit
  - water charges included in rent and landlord responsible for water bills
  - penalty charges imposed by the water company for late payment of bills eg issue of a reminder or interest charged on outstanding debt
- .....

---

What schemes or strategies for clearing debt and avoiding it in the future do you find most effective? Do these vary for different types of debt? What strategies would be effective for water debt specifically?

.....

---

What type of contact should the water companies make with customers to collect outstanding bills? Eg letter, telephone, visit. In your experience what is most effective?

.....

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Do you feel that the water companies' approach to customers contributes to the extent of water debt locally? How sympathetic are they? Do you feel that water companies have taken on board the advice NACAB has given them when dealing with customers in debt?

.....

---

How realistic do you think water companies are when setting instalment plans? Why do you think water customers break instalment plans? What can be done to prevent this?

.....

---

Are there any early indicators from the water companies' contact with customers on issues other than billing that they could be expected to pick up on so that they could take steps to prevent a debt problem arising?

.....

---

How can water companies make themselves more approachable, make it easier for customers who have difficulty paying a bill to contact them?

.....

---

Is there anything else the water companies could do to help customers with water debt? Is there anything they could do differently? Are there any other schemes or strategies that may help? Is there anything to be learnt from the gas and electricity companies?

.....

**Typical debt household**

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Can you describe for me a, typical household in your area with water debt? What is the profile of the people you most commonly meet who have water debt? *[Note to moderator; there may be more than one – a younger and an older profile]*

SEG .....

Family size.....

Number and ages of children.....

Employment profile.....

Weekly income .....

Weekly outgoings.....

Types of debt .....

Size of debt.....Size of water debt.....

History (recurring debt, CCJs etc) .....

Other details.....  
.....

---

Suppose the household you have just described, with a monthly income of [*as above*] and debts amounting to £700 including, say, electricity, water, telephone and credit card, approached you – what advice would you give them? How would you advise the household to prioritise payments what the reasons for this?

.....

---

And what advice would you give someone whose water debt problem is recurring? How would you try to help them get back into a prompt and regular payment habit?

.....

---

**THANK YOU VERY MUCH FOR HELPING US WITH OUR RESEARCH**

Please can I take a note of your name and where we can contact you for quality control purposes?

Respondent name: .....

Telephone: home:..... work:.....

**Thank you**

I confirm that this interview was conducted under the terms of the MRS code of conduct and is completely confidential

Interviewer's signature: .....

Interviewer name:  Interviewer no:  Date:  Time:

Respondent name: .....

Respondent address: .....

.....

Respondent tel: ..... WaterVoice Region: .....

### Introduction

Good morning/afternoon/evening. My name is ..... Thank you very much for agreeing to take part in our research. The study has been commissioned by WaterVoice – who provide an independent voice for all customers of water and sewerage companies in England and Wales, Ofwat – the economic regulator for the industry, in consultation with Water UK. The research is looking at how people pay their water bills, why perhaps they don't pay them and what the water companies can do to help.

The interview will last about 45 minutes and you do not have to answer any questions you do not wish to. The research is being conducted in accordance with the Code of Conduct of the Market Research Society (MRS) and also with the Data Protection Act, with whom Accent is registered. This means that everything you say in the course of this interview is confidential and will not be attributed to you personally.

I am recording the interview, as mentioned to you when you were originally contacted about this research. This is to ensure accuracy – so I do not have to try to remember what you have said – and for analysis purposes only and I assure you that none of your comments will be attributed to you by name.

### General issues relating to paying for water

- First of all, do you all know who your water supplier is? And does the same company bill you for sewerage, or is that from a different company?
- Do you know the size of your water and sewerage bills? And do you know if the water bill is a large part of your household budget or perhaps not so big a proportion? [**PROMPT FOR PROPORTION; ENCOURAGE TO ESTIMATE**] And how does that compare with, for example, your electricity, your gas or your phone bill?

#### TO BE UPDATED WITH LOCAL INFORMATION

*Average unmeasured bill for water is £112 and for sewerage £125: total £237*

*Average measured bill for water is £91 and for sewerage £106: total £197*

- Are you on prepayment meters for your gas and/or electricity?
- Are you on a water meter?

## Introducing the family

I would like us to look at one particular family and the decisions they have to make regarding their household bills.

- Mr and Mrs X are between 20 and 50 years old
- they have two children at school
- they were already in debt when Mr X lost his job
- Mrs X has a part time job, earning £85 per week
- weekly outgoings: £50 food; £3 housing, including rent arrears; £3 council tax, including arrears; £6 water; £10 gas; £10 electricity; £5 phone; total £87
- there is also a car on HP, which Mr X will need to keep for when he gets a job again and, with tax, insurance and petrol, this could add another £45 per week
- they have no disposable income.

## Prioritising the bills

Mr X has been ill for a while and this has led to him losing his job. Mr and Mrs X now have problems meeting their bills and have now fallen into debt.

### EXERCISE (LIST OF HOUSEHOLD BILLS AND PIE SECTIONS)

- Which bill should they pay first? Why?
- Which bill would you pay first? Second? Why? And so on.
- They don't have enough income to pay them all. Do you want to re-order the bills?
- What options do Mr and Mrs X have available to them to sort out their debts?
- Should they pay some of each? All of one?
- Where is water ranked in terms of priority? Why? Should it be paid or can it not be paid? How important is it in the household budget?
- Explore individual situation of respondents in relation to prioritising payment of the water bill.
- Is respondent aware of the ban on disconnection of domestic water supplies?
- Does this make a difference to how you prioritise your bills?
- 
- Why do some customers (Mr & Mrs X, for example) fall behind with payment of water and sewerage bills? How does this compare with other household bills?
- Is there a common trigger to debt? And to water debt in particular?

## Who can help?

- What can Mr and Mrs X do to help them manage their money? Is there anyone they could talk to? Local authority; Citizens Advice; debt counselling agency?
- Can they talk to their electricity supplier?
- Can they talk to their water company? What could the water company do to help Mr and Mrs X?
- What do you think is the water company's normal procedure for helping customers to pay outstanding water bills in instances like this? What do you expect the water company to do?

- Have you had any contact with your water company in a similar situation? Have you had any contact with your electricity supplier? Gas company? Any others?
  - How did you contact the company?
  - What was your experience?
  - How helpful was your water company? The electricity company? Gas? Others?
  - How would they compare?

### **Water company contact with customers**

- What could the water company have done to help Mr and Mrs X to pay on time?
  - When should they have contacted them?
  - How should they contact them? Is it better to write? Or to phone? Or to visit?
  - 
  - What would be the most effective approach and method of contact for the water company to follow to encourage Mr and Mrs X to pay their bills on time? Eg, bill reminder, threat of court action.
  -
- Mr and Mrs X are contacted by a debt recovery/collection agency on the water company's behalf to collect the outstanding water debt.

[Note to moderator: debt recovery agency can negotiate repayment terms; debt collection agency simply collects as negotiated by the water company.]

- Have any respondents had any similar experiences?
- Would they react positively to a debt agency? At what stage in the debt recovery process?
- Can they tell if the debt agency belongs to the water company or is independent? Does it make a difference?
- Would it make a difference to customers paying bills on time if the water company made a charge because of late payment?
  - Penalty charge for reminder letter (*not current practice*)
  - Interest on outstanding debt (*not current practice*)
  - 
  -

### **What can the water company do to help customers pay their bills?**

- Mr and Mrs X discuss with their water company different options for helping them to stay in control of their water bill. Can you suggest any incentives or plans that would help them?
- How frequently do you receive a water bill? Would it help to receive them more frequently? How frequently would you like to receive your water bill (eg quarterly as for gas and electricity)?

- What payment methods do you use: eg pay at Post Office, watercards, PayPoint, bank, post, cash, direct debit?
- Are you aware of:
  - Frequent payment facilities (eg paying weekly, fortnightly, monthly)
  - Different payment methods eg paying at the bank, Post Office etc
  - Different payment methods eg paying at the bank, Post Office etc? Do you think there should be more payment facilities, eg PayPoint (has outlets at newsagents, convenient stores, off licences, forecourts etc and you can pay gas, electricity, telephone, mobile, rent etc), the corner shop, lottery outlets? Any others?
  - Direct debit discounts; (United Utilities, Northumbrian and Cambridge only)
  - Prompt payment discounts (*Northumbrian only*)
  - Water direct payment scheme (DWP)
  -
- Would any of the following make a difference to prompt and regular payment of water bills or help with budgeting?
  - Direct debit discounts (where not available –see above)
  - Prompt payment discount (where not available – see above)
  - Greater flexibility in the water direct payment scheme (DWP)
  - Prepayment meters (not currently available; would have alarm instead of disconnection trigger)
  - Metered tariffs (not currently available: a range of tariffs adapted to consumption patterns eg rising block tariff)
  - Water charges included with rent and paid by landlord
  - 
  - Water charges included in housing benefit (not currently available)
  - 
  - Are you aware of hardship schemes eg charitable trusts [*Severn Trent Trust Fund*]? Aware of restart schemes (the company matches customer payment if made regularly?)

### **Instalment payments and legal action**

- Mr and Mrs X talk to their water company and arrange with their water company to pay their water bill and debt in instalments.
  - What would be a reasonable amount for them to pay?
  - Have you heard that water companies can offer this?
  -
- But Mr and Mrs X break their instalment agreement. What might the reasons be for this?
  - Have you – or anyone you know – any experience of this?

- 
- When Mr and Mrs X fall behind with their instalment payments, they receive a threat of legal action, which they ignore. They receive a court summons followed by a County Court Judgement (CCJ).
  - Do you know anyone who has received a threat of legal action, a court summons or a CCJ?
  - Have you ever received a threat of legal action, a court summons or a CCJ? What is the difference?
  - 
  - How would/did you feel in these circumstances?
  - 
  - How effective is this is in terms of motivating customers to pay their water bills?
  - 
  - What are the disadvantages of receiving a CCJ? (Sum payable, followed by cost of removing name from Register and subsequent difficulty in getting credit.)
  - 
  - Mr and Mrs X already have a CCJ. Do you think this one is going to make any difference to them? Why? Why not? Does a CCJ for water make any difference? Or two from the same creditor?

**What helps water customers avoid falling behind with their payments**

- What incentives could the water company offer to encourage Mr and Mrs X to settle their outstanding debt and not break future payment plans? What would motivate the customer to pay regularly in the future?
- How could the water company be more helpful? Approachable? Visible? How can it improve its services to encourage its customers to contact them and to pay their water bills regularly?
- Looking at Mr and Mrs X’s situation, what could they have done differently? Should they have spoken to the water company sooner? What would you have done differently?
- How difficult is it for someone in Mr & Mrs X’s situation to get back into the habit of prompt and regular payment of water bills? And to maintain that habit? What are the main obstacles to overcome, the main problems that may tempt them to fall into debt again? And what are the best ways of overcoming these? What advice do you have for Mr and Mrs X?

**Information, bills and cross subsidies**

Do you know what information is shown on your bill? What do you expect to receive

.....

**Examples of bills**

- What information do bills contain? How clear are they?
- Do you know how your water bill is calculated?

*Rateable value*  
*Meters*  
*Fixed charges*

*Properties built after April 1990 do not have rateable value and are generally on water meters*

- Do you know what your water and sewerage bill covers, what is included?

*Eg Drinking water quality*

*Surface and highway drainage*

*Environmental (bathing beaches, rivers, etc)*

*Maintaining assets*

*Customer service*

#### **SHOW PIE CHARTS OF WATER BILL BREAKDOWN**

- Are you aware that your bill may cover the costs of supplying water to other customers, for example rural communities? And supporting vulnerable groups?
- And are you aware that the bill also includes the cost of debt recovery (on average £3-6 a year)? How do you feel about this subsidy from some households to others.

#### **Examples of letters (in their envelopes), information leaflets.**

- How effective/helpful are these? Appearance; wording; fonts; logos etc.
- What means of communication and contact would be helpful?
  - text messaging reminders
  - email
  - home visits
  - customer newsletter
  - features/articles/ads in local media (TV, radio) ); which would you say are most effective, most attention grabbing (eg articles in local paper, adverts, photographs etc)?
- Which of these forms of communication would you find acceptable? Are there any which you would find unacceptable?
- Is there anything else the water companies could do to help improve customers' understanding of their water and sewerage bills and awareness of what they are paying for in their water and sewerage bills?
- What other information they could provide?

#### **Conclusion**

Finally, if you could talk to the Chief Executive of your water company about your water supply and how you pay for it, what message would you want to give him/her?

#### **THANK YOU VERY MUCH FOR HELPING US WITH OUR RESEARCH**

Please can I take a note of your name and where we can contact you for quality control purposes?

Respondent name: .....

Telephone:                    home:..... work:.....

**Thank you**

I confirm that this interview was conducted under the terms of the MRS code of conduct and is completely confidential

Interviewer's signature: .....

Moderator:

Date:     Time:

Venue: .....

.....

Water Region: .....

Water/sewerage Companies: .....

Urban/rural: .....

Status: .....

**Introduction**

Good evening... My name is ... and I work for an independent market research company called Accent. We are conducting research among water customers for WaterVoice, who provide an independent voice for all customers of water and sewerage companies in England and Wales, and Ofwat, the economic regulator for the water industry, in consultation with Water UK. The research is looking at how people pay their water bills, why perhaps they don't pay them and what the water companies can do to help. Thank you very much for agreeing to help us with this research and for being here this evening.

The research is being conducted in accordance with the Code of Conduct of the Market Research Society (MRS) and also with the Data Protection Act, with whom Accent is registered. This means that everything you say here this evening is confidential and will not be attributed to you personally.

The mirror behind me is a one-way mirror and you will be observed by representatives of WaterVoice, Ofwat and [company] throughout this discussion. Please don't let that stop you expressing your views frankly. I am also recording the discussion. This is to ensure accuracy – so we do not have to try to remember what you have said – and for analysis purposes only and I assure you that none of your comments will be attributed to you by name.

The discussion will last around 90 minutes.

Can I stress that we are looking for your views. There are no right or wrong answers. I hope you will all contribute to the discussion.

Throughout this discussion, whenever we refer to paying for water we mean paying for both water and sewerage.

**Participants introduce themselves**

**General issues relating to paying for water**

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First of all, do you all know who your water supplier is? And does the same company bill you for sewerage, or is that from a different company?

---

How many of you know the size of your water and sewerage bills? And do you know if the water bill is a large part of your household budget or perhaps not so big a proportion? And how that compares with, for example, your electricity, your gas or your phone bill?

**TO BE UPDATED WITH LOCAL INFORMATION**

*Average unmeasured bill for water is £112 and for sewerage £125: total £237*

*Average measured bill for water is £91 and for sewerage £106: total £197*

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And are any of you on prepayment meters for your gas and/or electricity?

---

How many of you are on water meters?

### **Introducing the family**

We are now going to look at one particular family and the decisions they have to make regarding their household bills.

#### **Family determined from money adviser depth**

- Mr and Mrs X are between 20 and 50 years old
- they have two children at school
- they were already in debt when Mr X lost his job
- Mrs X has a part time job, earning £75 per week
- this is topped up by job seekers allowance to £85, with rent and council tax paid, although they still have arrears on these
- weekly outgoings: £50 food; £3 housing, including rent arrears; £3 council tax, including arrears; £6 water; £10 gas; £10 electricity; £5 phone; total £87
- there is also a car on HP, which Mr X will need to keep for when he gets a job again and, with tax, insurance and petrol, this could add another £45 per week
- they have no disposable income.

### **Prioritising the bills and customers' attitudes to debt**

---

Mr X has been ill for a while and this has led to him losing his job. Mr and Mrs X now have problems meeting their bills and have now fallen into debt.

#### **EXERCISE (LIST OF HOUSEHOLD BILLS AND PIE SECTIONS)**

- Which bill should Mr and Mrs X pay first? Why?
- Which bill would respondents pay first? Second? Why? And so on.
- They don't have enough income to pay all their bills. Do you want to re-order the payment of bills?
- What options do Mr and Mrs X have available to them to sort out their debts?
- Should they pay some of each? All of one?
- Where is water ranked in terms of priority of payment? Why? Should it be paid or can it not be paid? How important is it in the household budget?
- Explore each individual situation of respondents in relation to prioritising payment of the water bill.
  
- Are respondents aware of the ban on disconnection of domestic water supplies?
- Does this make a difference to how they prioritise their bills?

- Why do some customers (Mr and Mrs X, for example) fall behind with payment of water and sewerage bills? How does this compare with other household bills?
- Is there a common trigger to debt? And to water debt in particular?

### Who can help?

- What can Mr and Mrs X do to help them manage their money? Is there anyone they could talk to? Local authority; Citizens Advice; debt counselling agency?
- Can they talk to their electricity supplier?
- Can they talk to their water company? What could the water company do to help Mr and Mrs X?
- What do respondents think is the water company's normal procedure for helping customers to pay outstanding water bills in instances like this? What do they expect the water company to do?
- Have respondents had any contact with their water company in a similar situation? Have they had any contact with their electricity supplier? Gas company? Any others?
- How did they contact the company?
- What was their experience?
- How helpful was the water company? The electricity company? Gas? Others?
- How would they compare?

### Water company contact with customers

- What could the water company have done to help Mr and Mrs X to pay on time?
- When should they have contacted them?
- How should they contact them? Is it better to write? Or to phone? Or to visit?
  - 
  - What would be the most effective approach and method of contact for the water company to follow to encourage Mr and Mrs X to pay their bills on time? Eg, bill, reminder, threat of court action.
  -
- Mr and Mrs X are contacted by a debt recovery/collection agency on the water company's behalf to collect the outstanding water debt.

[Note to moderator: debt recovery agency can negotiate repayment terms; debt collection agency simply collects as negotiated by water company.]

- Have any respondents had any similar experiences?
- Would they react positively to a debt agency? At what stage in the debt recovery process?
- Can they tell if the debt agency belongs to the water company or is independent? Does it make a difference?
- Would it make a difference to customers paying bills on time if the water company made a charge because of late payments?
- Penalty charge for reminder letter (*not current practice*)
- Interest on outstanding debt (*not current practice*)

### What can the water company do to help customers pay their bills?

- Mr and Mrs X discuss with their water company different options for helping them to stay in control of their water bill. Are there any incentives or plans respondents can suggest?
- How frequently do respondents receive a water bill? Would it help to receive them more frequently? How frequently would you like to receive your water bill (eg quarterly as for gas and electricity)?
- What payment methods do respondents use: eg pay at Post Office, watercards, PayPoint, bank, post, cash, direct debit?

- Are respondents aware of:
- Frequent payment facilities (eg paying weekly, fortnightly, monthly)
- Different payment methods (eg paying at the bank, Post Office, etc)? Do you think there should be more payment facilities, eg PayPoint (has outlets at newsagents, convenient stores, off licences, forecourts etc and you can pay gas, electricity, telephone, mobile, rent etc), the corner shop, lottery outlets? Any others?
- Direct debit discounts; (*United Utilities, Northumbrian and Cambridge only*)
- Prompt payment discounts (*Northumbrian only*)
- Water direct payment scheme (DWP)
- 
- Would any of the following make a difference to prompt and regular payment?
- Direct debit discounts (where not available- see above)
- Prompt payment discounts (where not available- see above)
- Greater flexibility in the water direct payment scheme (DWP)
- Prepayment meters (not currently available; would have alarm instead of disconnection trigger)
- Metered tariffs (not currently available: a range of tariffs adapted to consumption patterns eg rising block tariff)
- Water charges included with rent and paid by landlord
- Water charges included in housing benefit; (*not currently available*)
- 
- Are they aware of hardship schemes eg charitable trusts [*Severn Trent Trust Fund*]? Aware of restart schemes [*Bristol Water, Wessex Water*] (the company matches customer payment if made regularly?)

### **Instalment payments and legal action**

- Mr and Mrs X talk to their water company and arrange with their water company to pay their water bill and debt in instalments.
  - What would be a reasonable amount for them to pay?
  - Have respondents heard that water companies can offer this?
  -
- But Mr and Mrs X break their instalment agreement. What might the reasons be for this?
  - Have respondents – or anyone they know – any experience of this?
- When Mr and Mrs X fall behind with their instalment payments, they receive a threat of legal action, which they ignore. They receive a court summons followed by a County Court Judgement.
  - Do respondents know anyone who has received a threat of legal action, a court summons or a County Court Judgement (CCJ)? Have any respondents received a threat of legal action, a court summons or a CCJ? What is the difference?
  - How would they feel in these circumstances?
  - 
  - How effective is this in terms of motivating customers to pay their water bills?
  -

- What are the disadvantages of receiving a CCJ? (Sum payable, followed by cost of removing name from Register and subsequent difficulty in getting credit.)
- 
- Mr and Mrs X already have a CCJ. Do respondents think this one is going to make any difference to them? Why? Why not? Does a CCJ for water make any difference? Or two from the same creditor?
- 

### **What helps water customers avoid falling behind with their payments**

- 
- What incentives could the water company offer to encourage Mr and Mrs X to settle their outstanding debt and not break future payment plans? What would motivate the customer to pay regularly in the future?
- How could the water company be more helpful? Approachable? Visible? How can it improve its services to encourage its customers to contact them and to pay their water bills regularly?
- Looking at Mr and Mrs X's situation, what could they have done differently? Should they have spoken to the water company sooner? What would each respondent have done differently?

### **Information, bills and cross subsidies**

- Do respondents know what information is shown on their bill? What do they expect to receive?

#### **SHOW EXAMPLES OF BILLS**

- What information do bills contain? How clear are they?
- Do respondents know how their water bill is calculated?
  - Rateable value*
  - Meters*
  - Fixed charges*

*Properties built after April 1990 do not have rateable value and are generally on water meters*

- Do respondents know what their water and sewerage bill covers, what is included?
  - Eg Drinking water quality*
  - Surface and highway drainage*
  - Environmental improvements (cleaner bathing beaches, rivers, etc)*
  - Maintaining assets*
  - Customer service*

#### **SHOW PIE CHARTS OF WATER BILL BREAK DOWN**

- Are respondents aware that their bill may cover the costs of supplying water to other customers, for example rural communities? And supporting vulnerable groups?
- And are respondents aware that the bill also includes the cost of debt recovery (on average £3-£6 a year)? Explore attitudes towards this subsidy from some households to others.

#### **SHOW EXAMPLES OF LETTERS AND INFORMATION LEAFLETS**

- Examples of letters (in their envelopes), information leaflets. How effective/helpful are these? Appearance; wording; fonts; logos etc.
- What means of communication and contact would be helpful?
  - text messaging reminders
  - email

- home visits
  - customer newsletter
  - features/articles/ads in local media (TV, radio); which would you say are most effective, most attention grabbing (eg articles in local paper, adverts, photographs etc)?
- Which of these forms of communication would you find acceptable? Are there any which you would find unacceptable?
  - Is there anything else the water companies could do to help improve customers' understanding of their water and sewerage bills and awareness of what they are paying for in their water and sewerage bills.
  - What other information could the water companies provide?

## **Conclusion**

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Finally, if you could talk to the Chief Executive of your water company about your water supply and how you pay for it, what message would you want to give him/her?

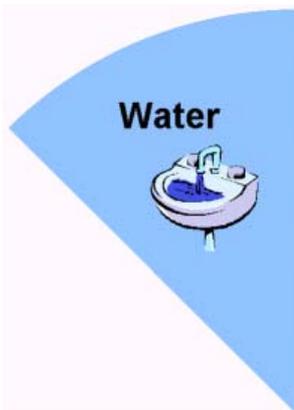
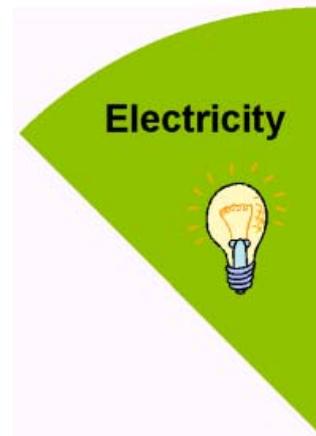
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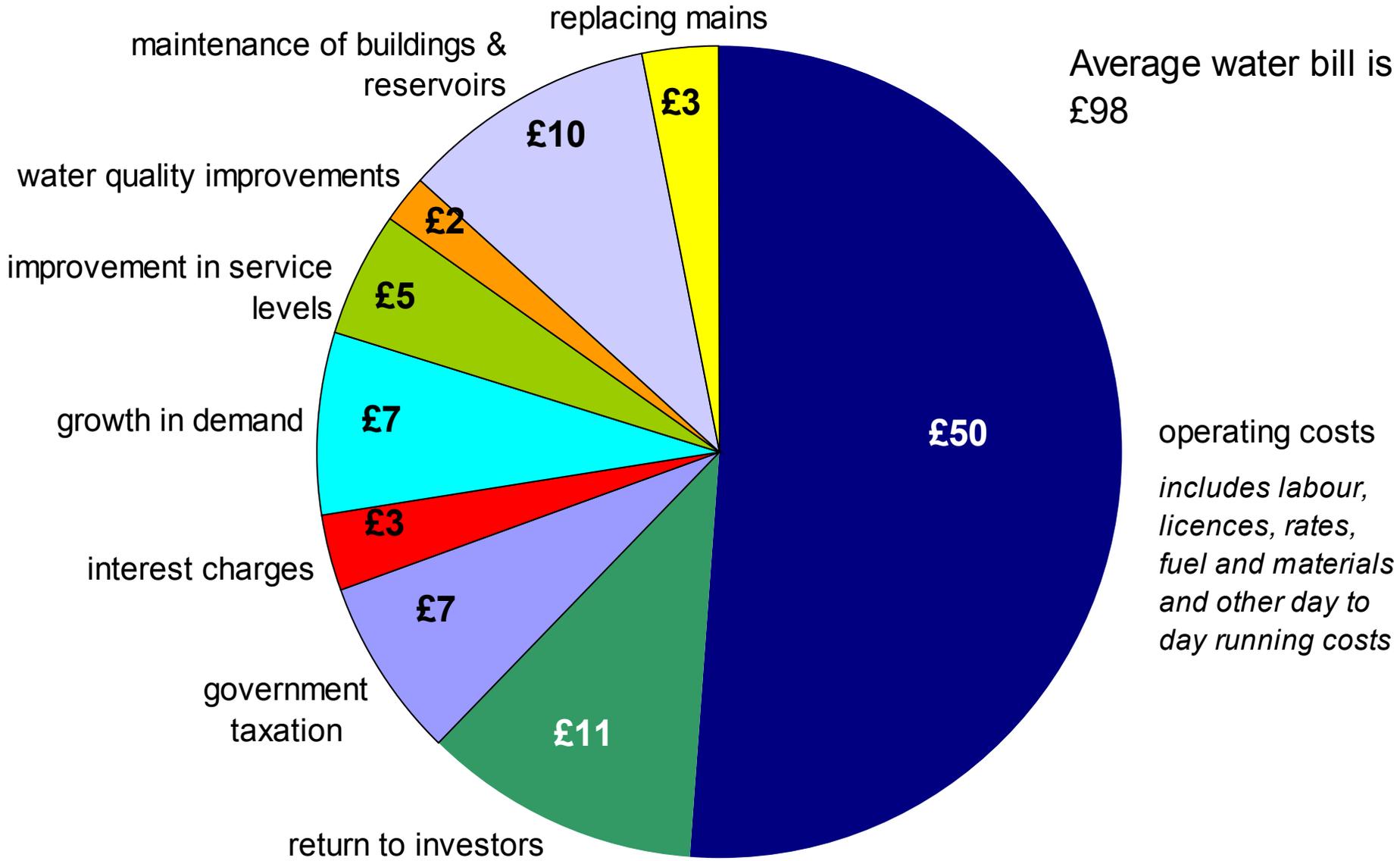
**THANK YOU VERY MUCH FOR HELPING US WITH OUR RESEARCH**

## **APPENDIX B**

**Show Material**

## Segments for prioritising household bill exercise







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