

# **Citizens Advice Response to CCW's Forward Work Programme 2022-23**



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## **Response to CCW's Work Plan for 2022-23**

### Affordability and Vulnerability

People are currently experiencing huge increases to their cost of living. As inflation hits the highest point in 30 years, household budgets are facing enormous pressure. In April 2022 the energy price cap will rise by 54%, with over 8 million people unable to afford this rise in prices.<sup>1</sup> Given this context, addressing affordability issues is vital. In 2021 Citizens Advice gave advice about water debts to over 31,000 people, an increase from 27,000 people in 2020.

We welcome the publication of a report about progress on the recommendations from the independent review of water affordability. The independent review recommended that customers should have greater choice and control over how they pay their water bill, including changes to the way the Water Direct scheme is used. Citizens Advice recently published research about the experience of people using deductions from their benefits to pay for energy debt, also known as Fuel Direct.

Our research found that generally experiences of the scheme were positive, however there were issues when getting set up on the scheme and keeping track of repayments and with the support offered once debt was paid off.<sup>2</sup> Some of the recommendations we made based on this research were that:

- There should be more flexibility in repayment amounts, based on the consumer's ability to pay.

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<sup>1</sup> Citizens Advice (2022) [Support on energy bills is "strange, complicated and untargeted", says Citizens Advice](#)

<sup>2</sup> Citizens Advice (2021) [Taking too much?](#)

- More support is needed to help people manage paying bills after they finish repaying their debt.
- There should be clear criteria for when the deductions scheme can be used as an ongoing payment method, once debt has been repaid.

We would welcome the opportunity to work with CCW in ensuring that the deductions scheme works effectively for consumers, both in energy and water.

We also support CCW's aim to raise people's awareness of the financial support offered by their water company. CCW's plan highlights that the groups most at risk of missing out on support are the under 25s, over 75s and minority ethnic groups. We think CCW should ensure that communications are targeted to improve awareness in these groups. Communications about financial support should also take account of consumers' communications preferences. Recent research conducted on behalf of Citizens' Advice about digital exclusion in energy found that non-digital channels like telephone or letters are important for both the digitally excluded, and for people with other vulnerable characteristics and younger consumers (who may have lower knowledge or confidence in navigating the energy market).<sup>3</sup>

### Business Customers

We welcome the initiative to ensure retailers return the credit owed to business customers on a regular basis. In the energy sector, Citizens Advice has highlighted that automatic refunds should allow for consumer preferences, as consumers may wish to retain credit balances to offset future changes in cost or usage.<sup>4</sup> One way to account for this would be by setting the threshold for automatic refunds above zero, and allow consumers to opt-in to a full refund below this level. We suggest that CCW incorporates these measures in plans to make credit refunds automatic.

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<sup>3</sup> Savanta, unpublished survey of 4,126 UK adults, on behalf of Citizens Advice, January 2022

<sup>4</sup> Citizens Advice (2021) [Response to Ofgem's Supplier Licensing Review: Credit Balance Protections](#)

## Response to CCW's Campaigns

### Better Protection for Business Customers

We support CCW's action to strengthen market rules around protection for business customers if a water retailer were to exit the market. In recent months a number of energy suppliers have failed, affecting millions of households. In energy, the Supplier of Last Resort process ensures consumers' energy supply is not interrupted and protects the credit balances of domestic consumers, though customers may have to wait many months for credit refunds. However credit balance refunds for non-domestic consumers are not guaranteed. We agree with CCW's aim to ensure credit protection for business consumers if their water retailer were to fail.

One way to build in protections for consumers in case of company failures is through better preparation of data and clear process plans in the eventuality of a market exit. In the energy sector, Ofgem introduced a requirement for companies to have Customer Continuity Plans, or 'living wills' in March 2021. These are designed to safeguard customers if their supplier fails and they are moved to a new supplier. However, Citizens Advice research found that few of the failed suppliers in 2021 had Customer Continuity plans in place.<sup>5</sup> Stronger regulations in the water industry must also go hand in hand with enforcement of the rules, to ensure that customers are protected.

### End Water Poverty

We strongly support action to improve water affordability and end water poverty. We agree with CCW's aims to improve the support available to people so that it is more consistent and in line with the level of need. We are also supportive of implementing a single social tariff in water, and see this as particularly important given the current cost of living pressures people are facing. Similar to reforms of the Warm Home Discount, we think this should be provided automatically based on data-matching, with costs shared fairly between companies.

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<sup>5</sup> Citizens Advice (2021) [Market Meltdown](#)

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