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By email

Rt. Hon Alistair Carmichael MP  
Chair, Environment, Food and Rural Affairs Committee  
House of Commons  
London, SW1A 0AA

7 February 2025

Dear Mr Carmichael,

Thank you for your correspondence dated 4 February in respect of Ofwat's response to the water supply interruption in Hastings over the May bank holiday weekend last year; I have read your comments carefully and would like to take this opportunity to address your concerns on compensation and Southern Water investigations and enforcement.

Firstly, I would like to clarify Ofwat's use of complaints received from customers. Customers can complain to us on a range of matters. As you may know, individual complaints from customers are dealt with, in the main, by the Consumer Council for Water – the body set up by statute to represent customers in the water sector. While we do not need a complaint to consider opening an investigation, a pattern of complaints can be one of the factors in making that decision.

Since May 2024, Ofwat has been active in seeking answers from Southern Water, not only to understand what went wrong in Hastings and what is being done now to address the issue to reduce the risk of future incidents, but to assess whether there is any further action Ofwat needs to take through our various regulatory tools. With that in mind, I welcome the news that Southern have agreed to make GSS payments to affected customers and was pleased to hear that this comes alongside plans to deliver improvements that are needed in Hastings and the surrounding areas.

With regard to compensation more broadly, Ofwat has a duty under the Water Supply and Sewerage Services (Customer Service Standards) Regulations 2008 (otherwise known as the guaranteed standards scheme or GSS) to investigate a GSS dispute between a customer and a company. Here the GSS Regulations do require an individual customer complaint specifically requesting we investigate the dispute being raised.

Ofwat cannot undertake a GSS case without a request by either an affected customer or a company. This differs from our powers to take enforcement action, as explained below.

We considered Ms Dollimore's correspondence to Ofwat of the 26 November to have been made in her capacity as Member of Parliament for Hastings and Rye and representative of her

constituents, and not as a request by a customer for determination under the GSS regulations. This is why we did not progress Ms Dollimore's correspondence of 26 November as a GSS dispute and, instead, considered it would be appropriate to arrange to meet Ms Dollimore and others on 6 January to discuss the Hastings incident and wider concerns relating to Southern Water.

Further to Ofwat's meeting with Ms Dollimore on 6 January, she wrote to Ofwat stating that she wished us to consider her complaint about the supply interruption in Hastings as that of a Southern Water customer. We are now progressing our consideration of that dispute. We will do so as quickly as we can and will keep Ms Dollimore updated as frequently as possible.

Prior to Southern's recent announcement, we had also opened a formal GSS case in relation to the Hastings supply interruption, which has been [published on our website](#). Ofwat had issued Southern with a request for information including asking Southern to clarify its position on its comments to the Committee on 21 January in relation to reassessing whether GSS payments was to be made in relation to the Hastings incident. At that point, Southern had confirmed that it was reassessing its position and was due to provide a substantive response by 21 February.

While we have laid out the unacceptable legislative 'loopholes' that exist in the current GSS regulations with Defra and during my recent appearance in front of the Committee, as a regulator accountable to Parliament, we must operate within the frameworks established by government and parliament. As we continue to drive better outcomes for customers and the environment, I would welcome the opportunity to work with the Committee on necessary reforms within GSS regulations.

## **Enforcement investigations**

As noted above, our powers to investigate companies for breach of their obligations, as set out in the Water Industry Act 1991, do not require that we have a complaint before we can act. As we explained to Ms Dollimore on 6 January, we investigated the incident in Hastings over the early May Bank Holiday and decided that in the circumstances, and in light of the action plan that the company had presented to us, and the Council, enforcement action was not appropriate at that time. However, you are likely aware that in December there were two further supply interruptions on the Southern Water network. We have asked for a full report into the incidents and will assess the appropriate course of action, including potential enforcement under our regulatory duties. For clarity, unlike the GSS framework, Ofwat does not need a complaint to be raised by a customer to initiate an enforcement investigation.

We will continue to monitor the activities of Southern Water and update the Committee with any updates regarding enforcement action.

In the meantime, I would like to assure you and the Committee that Ofwat has taken onboard the comments made regarding its approach to customer concerns and are working across the organisation to ensure that we continue to strive for better outcomes for customers. We are conducting a detailed lessons learned exercise on our handling of correspondence and our response to this incident and will ensure recommendations are implemented at pace.

Yours sincerely

A handwritten signature in black ink, appearing to read 'D Black', written over a light grey horizontal line.

**David Black**  
**Chief Executive**