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5 January 2026

Rt Hon Mr Alistair Carmichael MP
Chair, Environment, Food and Rural Affairs Committee

By email

Dear Mr Carmichael

EFRA Committee - Subject: Debt collection practices

Thank you for your letter of 26 November 2025, requesting information on our debt collection practices. We welcome the Committee's focus on affordability, water poverty and the support available to households at risk. We are actively engaged with these concerns and are committed to ensuring that customers who cannot pay water bills are treated with compassion. We also recognise our responsibility to seek to recover debt from those who can afford to pay bills but choose not to do so. This helps to ensure that all customers are protected from the impact of increases to bills as a result of bad debt.

United Utilities is recognised as an industry leader in supporting customers who are in vulnerable situations or have financial challenges. For AMP8 we have put into place a £525m support package to help 1 in 6 customers, £200m of which is directly funded by shareholders. This sits alongside a tailored and holistic approach to debt management, reflecting that we take seriously the impact of any decision to pursue outstanding debts on both the individual in arrears and the wider customer base. Supporting customers who are struggling remains a high priority, and we welcome the Committee's continued attention on this important issue.

Responding to your letter, we have set out details of our approach and actions on affordability support and debt management in Appendix 1 and responded to your detailed data request in Appendix 2.

Key points that we would draw your attention to are:

- Each year the total number of enforcement cases represents 0.3% or less of the United Utilities billable customer base.
- We only take court action to enforce judgements against those customers that we believe have the financial resources to pay their bill, and only then after significant efforts have been made to meaningfully engage customers in positive payment behaviours.
- As a matter of policy, customers registered for core priority services are not taken through enforcement actions. Vulnerability is assessed repeatedly throughout the collections process and informs our decision making.
- Between March 2019 and December 2025, 76% of enforcement cases related to debts under £1,000. This is reflective of the size of the average annual water bill - which for United Utilities was £441 in 2019 – as well as our efforts to ensure that customers are not burdened by multi-

year debt. In line with the company's policies, enforcement cases are targeted at customers that we believe have the financial resources to pay their bill but choose not to do so.
- United Utilities has not sought any SCOs and does not incur associated costs with SCOs.
- We have not received any CCW complaints in relation to enforcement activity initiated by United Utilities or failure to act in line with Ofwat Paying Fair guidance.

We recognise the responsibility placed on us to treat customers with compassion, fairness and integrity. We will continue to prioritise support for those who are unable to pay, while taking appropriate steps to recover debt from those who can, in order to protect all customers from the rising cost of bad debt.

There is always more that can be done to support customers and in particular we believe there are three key actions that can be taken by government and the water sector to help reduce customer debt and limit the need to use enforcement action and other late-stage debt collection activities.

Introduce a national social tariff

- A new National Social Tariff is needed to end the postcode lottery of support by providing a minimum level of support to all qualifying households across the country. United Utilities has been directly working towards seeing such a tariff implemented, and believe its introduction is vital to ensure customers receive the same support regardless of where they live, and that all other customers make an equal and fair contribution towards associated costs. We have worked with regulators, other water companies and the government to understand the benefits a National Social Tariff can provide and believe it offers the best opportunity to provide meaningful bill reductions for the most financially stretched households.

Constraints on data sharing

- It is crucial that government acts quickly to amend the drafting of the paragraph 17IA of the Guaranteed Standards Scheme as set out in the Water Supply and Sewerage Services (Customer Service Standards) (Amendment) Regulations 2025[1].In its current form, this has the unintended effect of placing a legal restriction on water companies' ability to share information related to a customers' failure to pay with Credit Reference Agencies. Understanding customers' current financial position is critical to enabling water companies to identify emerging arrears early, and to act to prevent customers from falling deeper into debt. The inability for water companies and credit reference agencies to share data will have an impact on consumers who are in arrears and who are already displaying financial vulnerability. Impacts include increased risks of over-indebtedness, financial exclusion, stress and lack of support. These impacts will worsen each month that the provision of data to credit reference agencies is impacted but could and should be easily resolved through small modifications to the legislation so that it works as originally intended.

Review policies and priorities for third-party deductions from benefit payments

- Direct deductions is a Department for Work and Pensions' system, where deductions are taken from benefits for essential services and is one way for lower income households to manage their finances. The use of third-party deductions, including for water charges can help customers budget effectively and prioritise payment of outstanding debt. Recent changes to the DWP's deduction hierarchy have resulted in non-water debts receiving higher deductions, which can lead to higher water arrears. We are keen for the DWP to engage with the water sector to better understand how changes to the DWP's deduction hierarchy and overall limits on deductions can impact water arrears and what we can do collectively to address this.

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[1] https://www.legislation.gov.uk/uksi/2025/662/contents/made

I trust that this information is helpful to the committee. Please do let me know if you would like any further information to be made available to you.

Yours sincerely

Louise Beardmore
Chief Executive

Appendix 1: Balancing support and collection practises with fairness to all customers

Our commitment to supporting customers in hardship

We recognise that many households face difficult and often complex financial circumstances. Government statistics show that United Utilities serves 47% of the most severely deprived communities in England. We recognise that a significant number of customers might not be able to meet the full cost of a standard water bill, and we are committed to ensuring that these customers receive understanding, flexibility and meaningful support from the company. We always take steps to try and ensure we are aware of customers' circumstances and proactively offer support wherever possible.

Over a number of years, we have continually strengthened our affordability toolkit and supporting processes for identifying and protecting financially vulnerable customers. We have expanded our financial support schemes, improved our ability to spot signs of financial stress early, and worked closely with debt-advice partners to help customers stabilise their finances before debts escalate. Through a range of schemes we are now directly supporting around 380,000 customers with payment of their bills.

Where customers engage with us, we aim to agree an affordable and sustainable way forward. For lower income households we have a wide range of affordability tariffs, offering reduced bills that are designed to reduce charges to a level that are sustainable.

For slightly higher income homes that find themselves falling behind on their water charges we offer a wide range of flexible ways to pay to help them get back on track. This includes payment breaks, tailored instalments, or payment matching to help customers get back on track.

We also run an extensive **outreach function**, working with more than 200 partner organisations to ensure that we can recognise customers in vulnerable circumstances, and offer the support that is right for them.

This is supplemented by our **Hardship Hub**, an online tool helping raise awareness of the wide range of financial and other support offers available to households from United Utilities and a wide range of other service providers across the North West.

We are building on significant past investments to further support customers in financial difficulty. Key commitments include providing:

- **£525m of affordability support** between 2025/26 and 2029/30, £200m of which is shareholder funded.
- A plan to support **1 in 6 customers** with some form of affordability assistance by the end of 2029/30.

We have published a debt **Charter**[2] (developed together with the third sector) setting out our commitments to customers and customers' responsibilities to us and have a publicly available **Debt Code of Practice**[3] covering affordability support, metering, expected customer standards and the range of actions that may follow non-payment.

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[2] https://www.unitedutilities.com/globalassets/documents/pdf/debt-collection-charter-2025-26.pdf
[3] https://www.unitedutilities.com/globalassets/documents/pdf/debt-code-of-practice-booklet-2025.pdf

Balancing support with fairness to all customers
At the same time, we must also consider fairness to the wider customer base, who ultimately bear the cost of unpaid bills. Recovering debt from those who can afford to pay but choose not to engage with us, is essential to keeping water bills affordable for everyone. This balance—protecting those who cannot pay while pursuing those who can—underpins our approach and reflects Ofwat[4] and Defra guidance[5] on the socialisation of debt.

For each customer that falls behind on their bills we consider a range of criteria to help determine the most appropriate next step. These criteria include a wide range of available data on a household's finances to better understand their situation and to support our decision making on next steps, which may include affordability support or enforcement action. Our scorecards consider factors such as:

- means to pay,
- engagement history,
- work status,
- benefit status,
- wider levels of debt
- previous support offered, and
- any declared or suspected vulnerability.

Ultimately, we seek to ensure that enforcement is used proportionately and only when warranted. Typically[6], before a case reaches final enforcement action, customers will have received 10 letters, 18 emails and text messages, and at least 7 automated phone calls over a period of at least 200 days. This will include all communications from the court as part of the pre-enforcement court process. Only where customers do not meaningfully respond to these repeated attempts to contact them, will we consider possible escalation to enforcement action. This is important to prevent rising bad debt costs falling unfairly on customers who do pay their bills.

We have a range of safeguards in place ensuring that we only use court action (including enforcement) when appropriate based on our understanding of the customers circumstances. All claims are manually screened before issue, and action is paused immediately if we are notified of a Breathing Space request or new vulnerability information.

We have worked hard to ensure that our debt collection processes are in line with relevant guidance and best practice and have received validation of our approach from external agencies.

- We are the only water company to have the Chartered Institute of Credit Management's Quality accreditation, and are recognised by them as a Centre of Excellence
- We follow Ofwat's "Paying Fair" principles and guidelines;
- We were amongst the first water companies to achieve BSI accreditation for inclusive services for vulnerable customers; and,
- Our collection and enforcement letters provide clear steps for customers, minimise jargon and offer multiple routes to contact us.

In October 2025, we also underwent a CCW 'Debt Audit', receiving a Green rating. CCW commended our approach to early engagement, data-driven vulnerability identification and our measured, proportionate use of enforcement. They noted that in a reviewed case, use of High Court enforcement

[4] https://www.ofwat.gov.uk/wp-content/uploads/2025/01/Analysis-of-household-customer-debt.pdf
[5] https://www.gov.uk/government/publications/strategic-policy-statement-to-ofwat-incorporating-social-and-environmental-guidance/february-2022-the-governments-strategic-priorities-for-ofwat
[6] The communication package that each customer will receive will be dependent on the contact information held for each account holder.

was appropriate, and acknowledged that the approach taken by the High Court enforcement agent was empathetic and included an assessment of vulnerability.

Protecting vulnerable customers

It is our policy not to take court action against Priority Services Register (PSR) “core” customers. This includes customers that have a chronic or serious illness, medical dependency on water or dementia. In addition, we do not take court action against persons with serious mental health or developmental conditions, or similar conditions which lead to a person having elevated vulnerability.

We assess vulnerability throughout the collections process and use this to inform our decision making. Our teams are trained to recognise signs of hardship at each point of contact and we try to act on indicators of need, whether recorded formally or observed through customer behaviour and interactions.

Our vulnerability strategy and approach to identifying and dealing with vulnerable customers is externally benchmarked and accredited. We have achieved “ServiceMark with distinction” from the Institute of Customer Service and we hold British standards ISO22458:2022 kitemark for consumer inclusion. We are also one of the first Water Companies to have officially passed the first level of the mental health accessible accreditation from the Money and Mental Health Policy Institute - a charity founded by Martin Lewis - which reflects an important independent assessment of our billing processes.

Enforcement decisions and proportionality

United Utilities does not seek Suspended Committal Orders (SCOs). One of the enforcement options we consider where a judgment has been obtained is an application for an “Attachment of Earnings” which is a court driven process by which the debt can be deducted in instalments directly from wages. When an Attachment of Earnings application is issued to the customer, the court will require that the customer provide it with information about their employment and finances. If they ignore this direction, the court may (at its discretion) issue a SCO as a sanction for failure to follow that direction.

If the customer continues not to engage, the court has the power to issue a Committal Order for non-compliance, requiring them to explain why they didn’t provide the information. This is an option available to the court to help it obtain the details it needs to decide fairly whether the debt should be taken from the customer’s wages.

Whilst United Utilities does not issue SCO’s, we are made aware when such action is initiated by the court. In such instances United Utilities’ policy is to apply for the Attachment of Earnings Order to be dismissed, to protect the customer from the risk that the court proceeds with committal proceedings.

Appendix 2: Data provision
As requested, we enclose a spreadsheet covering all available annual data on:

- Use of enforcement agents
    - Enforcement agent visits where customers owed less than £1,000
    - Enforcement agent visits where customers were known to be in receipt of means-tested benefits
- SCOs sought by UUW/granted
    - SCOs sought by UUW/granted where customers owe less than £1,000
    - SCOs sought by UUW/granted where customers were known to be in receipt of means tested benefits
- Costs associated with SCOs on debts less than £1,000
- Number of CCW complaints from customers that have received an enforcement-agent visit.

As stated above United Utilities has not sought any SCOs and therefore does not incur associated costs.

We can confirm that no complaints have been raised with CCW in relation to enforcement activity initiated by United Utilities or any failure of United Utilities to follow Ofwat's paying fair guidelines.

Copies of our debt code of practice[7], fair debt collection charter[8] and our affordability[9] and vulnerability[10] strategies are published on our website at the URLs set out below.

Retention and transparency
We have been able to provide all requested data from March 2019 onwards. Due to the implementation of updated debt management systems and statutory data retention rules we are not able to provide completed records for periods before March 2019.

Enforcement case volumes
In each year reported, the total number of cases which reached enforcement represented only 0.3% (or lower) of the United Utilities billable customer base. This demonstrates the effectiveness of our data led approach to segment our customer base and only take enforcement action against those customers that we believe have the financial resources to pay their bill.

Between March 2019 and December 2025, 76% of enforcement cases related to debts under £1,000 consistent with the majority of customer debts being under £1,000 This is reflective of the size of the average annual water bill, which for United Utilities was £441 in 2019. We have a long-term relationship with many of our customers and therefore take action to try and prevent customers becoming burdened by multi-year debt. This is in line with guidance from Ofwat to encourage customers to pay in bitesize instalments to prevent debts from building.[11]

Over the same period, 19% of all cases which reached enforcement were associated with customers known to be in receipt of means tested benefits. Means tested benefits are intended to provide customers in receipt of low income with support to meet their basic living costs including utility bills, and (as stated above), we test customers' financial means before and during the court process to provide ourselves with reassurance that those against who we take action are likely to be able to pay their water bill.

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[7] https://www.unitedutilities.com/globalassets/documents/pdf/debt-code-of-practice-booklet-2025.pdf
[8] https://www.unitedutilities.com/globalassets/documents/pdf/debt-collection-charter-2025-26.pdf
[9] https://pr24.unitedutilities.com/pdfs/UUW04_chapter_4.pdf
[10] https://www.unitedutilities.com/globalassets/documents/pdf/vulnerability-strategy.pdf
[11] *https://www.ofwat.gov.uk/debt-management-and-other-retail-costs-research-and-recommendations/*

UUW enforcement data 2019-2025

Use of enforcement agents (bailiffs)									
Year	In year average of billable property volume	% of enforcement cases undertaken in proportion to billable property volume	Debt less than £1,000		Sub total - Debt less than £1,000	Debt equal to or greater than £1,000		Sub total - Debt equal to or greater than £1,000
			Debtors known to be means tested benefit claimants	Other		Debtors known to be means tested benefit claimants	Other	
2019	2,997,662	0.18%	238	3,057	3,295	148	1,896	2,044
2020	3,030,078	0.19%	648	3,435	4,083	219	1,419	1,638
2021	3,086,172	0.25%	786	5,129	5,915	250	1,509	1,759
2022	3,164,449	0.28%	1,051	6,197	7,248	314	1,346	1,660
2023	3,190,018	0.27%	1,488	4,879	6,367	598	1,762	2,360
2024	3,233,912	0.30%	1,813	5,813	7,626	552	1,452	2,004
2025	3,249,559	0.21%	1,386	4,176	5,562	388	952	1,340

Suspended Commital Orders (SCO's) sought by UUW								
Year	In year average of billable property volume	% of enforcement cases undertaken in proportion to billable property volume	Debt less than £1,000		Sub total - Debt less than £1,000	Debt equal to or greater than £1,000		Sub total - Debt equal to or greater than £1,000
			Debtors known to be means tested benefit claimants	Other		Debtors known to be means tested benefit claimants	Other	
2019	2,997,662	0.00%	0	0	0	0	0	0
2020	3,030,078	0.00%	0	0	0	0	0	0
2021	3,086,172	0.00%	0	0	0	0	0	0
2022	3,164,449	0.00%	0	0	0	0	0	0
2023	3,190,018	0.00%	0	0	0	0	0	0
2024	3,233,912	0.00%	0	0	0	0	0	0
2025	3,249,559	0.00%	0	0	0	0	0	0

Suspended Commital Orders (SCO's) granted								
Year	In year average of billable property volume	% of enforcement cases undertaken in proportion to billable property volume	Debt less than £1,000		Sub total - Debt less than £1,000	Debt equal to or greater than £1,000		Sub total - Debt equal to or greater than £1,000
			Debtors known to be means tested benefit claimants	Other		Debtors known to be means tested benefit claimants	Other	
2019	2,997,662	0.00%	0	0	0	0	0	0

2020	3,030,078	0.00%	0	0	0	0	0	0
2021	3,086,172	0.00%	0	0	0	0	0	0
2022	3,164,449	0.00%	0	0	0	0	0	0
2023	3,190,018	0.00%	0	0	0	0	0	0
2024	3,233,912	0.00%	0	0	0	0	0	0
2025	3,249,559	0.00%	0	0	0	0	0	0

Associated costs to UUW of applying for and pursuing Suspended Committal Orders against those with debts of less than £1,000

Year	Value
2019	£0
2020	£0
2021	£0
2022	£0
2023	£0
2024	£0
2025	£0

Complaints made to the Consumer Council for Water in connection with UUW enforcement actions and failure to follow Ofwat’s Paying Fair guidelines on recovering debt

Year	Number
2019	0
2020	0
2021	0
2022	0
2023	0
2024	0
2025	0