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

18 March 2026

Dear Alistair,

Thank you for your letter regarding the Environment, Food and Rural Affairs Committee's inquiry into debt collection practices within the water sector.

Citizens Advice remains deeply concerned about the scale of water debt. As household budgets are squeezed by the rising pressure on living standards, our data shows a persistent struggle with water debt. In 2025, 44,000 people sought help with water supply and sewerage debt, making it one of the top 5 debt issues we deal with. Nearly 4 in 10 (38%) debt clients are in water arrears, the average value of which has increased by 8%, from £732 to £790 between 2021 and 2025. The growing scale and severity of water debt underscores the need for companies to have robust safeguards when dealing with customers struggling to pay, including those that are particularly vulnerable.

1. Several companies reported that they pursue customers in receipt of means-tested benefits for arrears, including court action in some cases. What is your assessment of the impact of this on households?

Ofwat's Paying Fair Guidelines are clear that enforcement action should only be used as a last resort. It is our view that suppliers should first explore affordable, less disruptive alternatives to court claims or High Court Enforcement Officer (HCEO) action. This should include support with setting up affordable repayment plans, switching customers to a social tariff or accessing hardship funds, and third-party deductions from benefits. It is clear, however, that this does not always happen in practice.

Three years after our report into rule-breaking bailiffs, we continue to see enforcement practices from water companies that breach national standards of professional conduct. In 2025, Citizens Advice supported nearly 4,700 people with issues relating to court claims, enforcement by bailiffs, and debt collection practices for water debt. While this represents a small proportion of total clients with water debt issues, the financial and emotional impact of court claims and HCEO visits can be significant.

Sarah's story

Sarah is a single parent of three children, living with physical and mental health conditions. Her only source of income is Universal Credit and disability benefits.*

When Sarah fell behind on a water bill, her debt was passed to a collection agency. Last Autumn, an HCEO visited her home and used threatening language to demand payment, telling Sarah that he was an ex-police officer. Despite Sarah's distress, the agent attempted to clamp her daughter's car until Sarah showed the paperwork to prove it wasn't hers. The HCEO then demanded a £200 fee to undo the clamp and refused to leave Sarah's property until she agreed to pay. The experience left Sarah deeply anxious and in further financial difficulty after having to pay the £200 fee she couldn't afford.

High court enforcement is inherently stressful, often made worse by bailiffs' failure to observe professional standards. Our 2023 research found that 3 in 4 people who experienced enforcement reported that poor bailiff behaviour took a toll on their mental health, while half said it impacted their long-term financial situation.

Our advisers continue to see cases of poor practice in HCEO collection of water debt. This includes HCEOs refusing to accept reasonable repayment plans, proposing unverified repayment plans, and failing to account for a customer's vulnerability. For households with limited ability to pay, including those on means-tested benefits, court action can be particularly damaging. Beyond the emotional impact of dealing with a formal legal process, both HCEO action and the preceding court orders add significant statutory fees to the original debt. These fees make it even harder for customers to clear what they owe and can have a negative impact on a customer's credit rating. We believe Ofwat guidelines should go further to discourage the use of court claims, which are significant escalations in their own right.

We've long been calling for all bailiff firms to be subject to independent regulation through a statutory regulatory body. As more people fall behind on bills, getting this right is more important now than ever. We welcome the Government's commitment to bring regulation of the bailiff sector onto a statutory footing - this must move forward with pace.

2. Several water companies have requested enhanced data sharing arrangements with other utilities, government and credit reference agencies. What is Citizens Advice's view on the risks and benefits of these requests for indebted customers?

In some cases it is clear how enhanced data sharing could help companies to tailor their debt collection practices based on vulnerability and ability-to-pay. However, we have significant reservations about the request for broader data sharing, particularly with Credit Reference Agencies (CRAs).

Our Barriers to Access research demonstrates how data sharing between government and water suppliers can facilitate auto-enrollment in water social tariffs for those on means tested benefits. However, our research did identify cases where the risk of information being passed to credit agencies, and the potential impact on credit scores, discouraged clients from accessing social-tariff support. Our concern is that unnecessary data sharing risks damaging public trust in providers and reduces uptake of available support from struggling customers. This is echoed by recent work on attitudes to multi-service Priority Services Register, which found that 43% of people worry that sharing personal data could lead to privacy breaches.[1]

We support data sharing **only** for the express and limited purpose of targeting financial support, for example, between the central government and utility companies that help deliver an automated national social tariff. But there must be firm protections in place for how that data is used and, at the very least, there would need to be strict third-party oversight, as well as routes to redress for customers.

Without clear parameters on the explicit use of data, enhanced data sharing agreements could create a precedent for unnecessary data sharing, which creates real risks for privacy and reduces overall trust in services. We are, therefore, wary about endorsing extended data sharing between suppliers and CRAs, without a clearly defined purpose that is in the consumer's best interest.

We would be happy to discuss our response further, or answer any follow up questions the committee may have. Please do not hesitate to get in touch in this regard.

Yours sincerely,

Clare Moriarty

Chief Executive, Citizens Advice

[1] Unpublished survey data based on a nationally representative poll of 3,883 GB adults conducted for Citizens Advice by Blue Marble. Fieldwork conducted between March and April 2025.