

Written evidence submitted by the Consumer Council for Water ((RWS0001)

CCW has been lobbying Ofwat on the issue of C-MeX for many years now, without any success. Our continued efforts to try and get the volume of customer complaints into a water company incentive measure has also highlighted the lack of escalation/appeal process offered by Ofwat.

In April 2020, Ofwat introduced C-MeX – a financial and reputational incentive mechanism designed to provide customers in the water sector with excellent levels of service. Water companies receive a score based on the satisfaction ratings given by customers in monthly surveys. Each company can receive outperformance payments, or incur underperformance payments, based on how it scores compared to other companies.

Although this provides one part of the picture – how a customer’s complaint was dealt with - when it comes to complaints, CCW would rather customers did not have to make them at all.

Our [2024 Household Complaints Report](#) shows that complaints that had to be escalated to CCW went up by 29% in the last year – and that’s even higher than the 10% rise in complaints that customers made directly to their water company. Therefore, we think companies should be financially incentivised to reduce them. High volumes of complaints are evidence of a poor experience for many customers and are very often an indicator of a more fundamental problems.

CCW wants to see an additional metric put into C-MeX that measures customer complaint volumes (per 10,000 connections). That measure should make up 25% of the value of C-MeX. If Ofwat believes its own statement that “[providing an excellent customer experience for customers is fundamental for maintaining trust and confidence in the water sector](#),” it must provide financial incentives for water companies to do that right from the beginning, from the very first contact.

We have raised this repeatedly – over several years – with colleagues at Ofwat. They say they have concerns about the quality of complaint data.

CCW remains unconvinced by this argument. There are already risks with companies’ data quality in reporting across the suite of common Performance Commitments. The provision of inaccurate data by water companies to Ofwat can trigger enforcement action. Some of the more technical Performance Commitment metrics - such as for water supply interruptions, leakage, and per capita consumption - carry risks of companies misreporting (inadvertently or otherwise). Recent examples of misreporting by Dŵr Cymru and South West Water highlights how risk is endemic across Performance Commitments. This is why CCW supports Ofwat’s enforcement actions where companies have been found to misreport their performance.

Conversely, companies have been reporting complaint numbers for years both to CCW and their Boards. They report their total complaints in their Board-approved and audited Annual Performance Reports eg: Wessex ([Pro forma 3c](#)) Thames ([here](#)). So, there is no good reason why complaint data should be treated any differently from any other data Ofwat uses to enforce licence conditions.

It is extremely disappointing to the consumer watchdog to find little or no will at Ofwat to try and reduce the number of complaints customers make about their water company. It is also unclear to us what the process is to escalate this as we see it as a fundamental error not to action this.

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