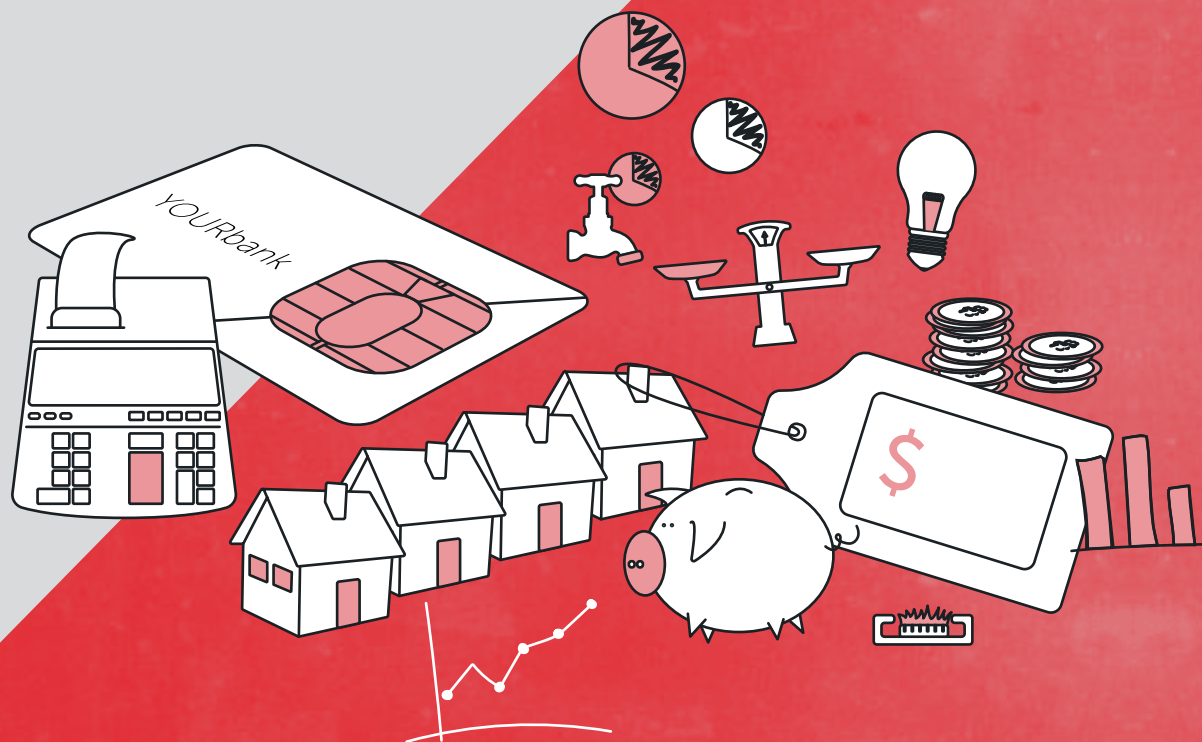




ENERGY AND WATER  
OMBUDSMAN

Victoria **Listen Assist Resolve**

Free and independent for 20 years



QUARTERLY EWOV

# AFFORDABILITY REPORT

## CONTENTS

3	CASE SNAPSHOT
4	AFFORDABILITY: THE BIG PICTURE
4	CASES
5	CASE RECEIPT
6	PAYMENT DIFFICULTIES
7	OUTCOMES
8	CASE STUDY
10	DISCONNECTION AND RESTRICTION
10	IMMINENT DISCONNECTION/RESTRICTION
11	ACTUAL DISCONNECTION/RESTRICTION
11	WATER RESTRICTIONS
12	OUTCOMES
14	CASE STUDY
16	DEBT COLLECTION AND CREDIT DEFAULT LISTINGS
18	OUTCOMES
19	CASE STUDY
20	CONTEXT
21	GLOSSARY

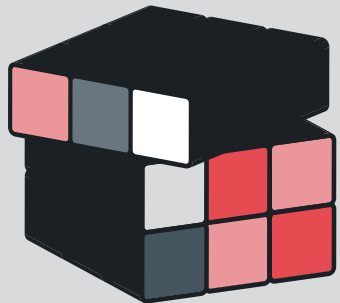
## FIGURES AND TABLES

4	FIGURE 1. ELECTRICITY, GAS AND WATER CREDIT CASES RECEIVED BY QUARTER	12	FIGURE 7. WRONGFUL DISCONNECTION PAYMENT ASSESSMENT OUTCOMES
5	TABLE 1. CREDIT CASES AS A PERCENTAGE OF TOTAL EWOV CASES	12	TABLE 3. PAYMENTS AND WAIVERS, CLOSED DISCONNECTION/RESTRICTION COMPLAINTS
5	FIGURE 2. CASE STAGE, CREDIT CASES RECEIVED	13	TABLE 4. PAYMENT PLANS AND EXTENSIONS, CLOSED DISCONNECTION/RESTRICTION COMPLAINTS
6	FIGURE 3. ELECTRICITY, GAS AND WATER PAYMENT DIFFICULTIES CASES RECEIVED BY QUARTER	16	FIGURE 8. ELECTRICITY, GAS AND WATER COLLECTION CASES RECEIVED BY QUARTER
7	FIGURE 4. PAYMENT DIFFICULTIES CASES RECEIVED BY SUB-ISSUE	17	FIGURE 9. DEBT COLLECTION AND CREDIT RATING CASES RECEIVED BY QUARTER
7	TABLE 2. SELECTED OUTCOMES, CLOSED PAYMENT DIFFICULTIES COMPLAINTS	18	TABLE 5. SELECTED OUTCOMES, CLOSED COLLECTION COMPLAINTS
10	FIGURE 5. ELECTRICITY, GAS AND WATER IMMINENT DISCONNECTION/RESTRICTION CASES RECEIVED BY QUARTER		
11	FIGURE 6. ELECTRICITY, GAS AND WATER ACTUAL DISCONNECTION/RESTRICTION CASES BY QUARTER		

## Credit cases DECREASED



# 13%



### COMPLEXITY

Despite the drop in overall cases, credit cases investigated by us continued to be complex and multifaceted.



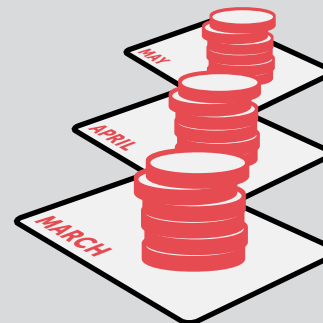
### MORE TIME

Many cases required a longer, more intensive investigation including financial and energy assessments to ensure a sustainable outcome for customers in long-term, serious hardship.



## WATER PAYMENT DIFFICULTIES CASES INCREASED

Water payment difficulty cases increased by **24%** since the previous quarter.



## SUSTAINABLE PAYMENT PLANS

Many customers experiencing water payment difficulty were seeking a more sustainable instalment payment plan than what was initially offered by the water corporation.

## AFFORDABILITY: THE BIG PICTURE

Affordability issues, such as payment difficulties, debt collection and disconnection/restriction, mostly fall within EWOV's 'credit' case category.

EWOV's credit cases fell 13% in the January–March 2016 quarter compared to the previous quarter. Despite the fall in overall cases, EWOV continues to see complex hardship cases where customers have large utility debts and cannot afford to pay for the amount of energy or water they are consuming on an ongoing basis.

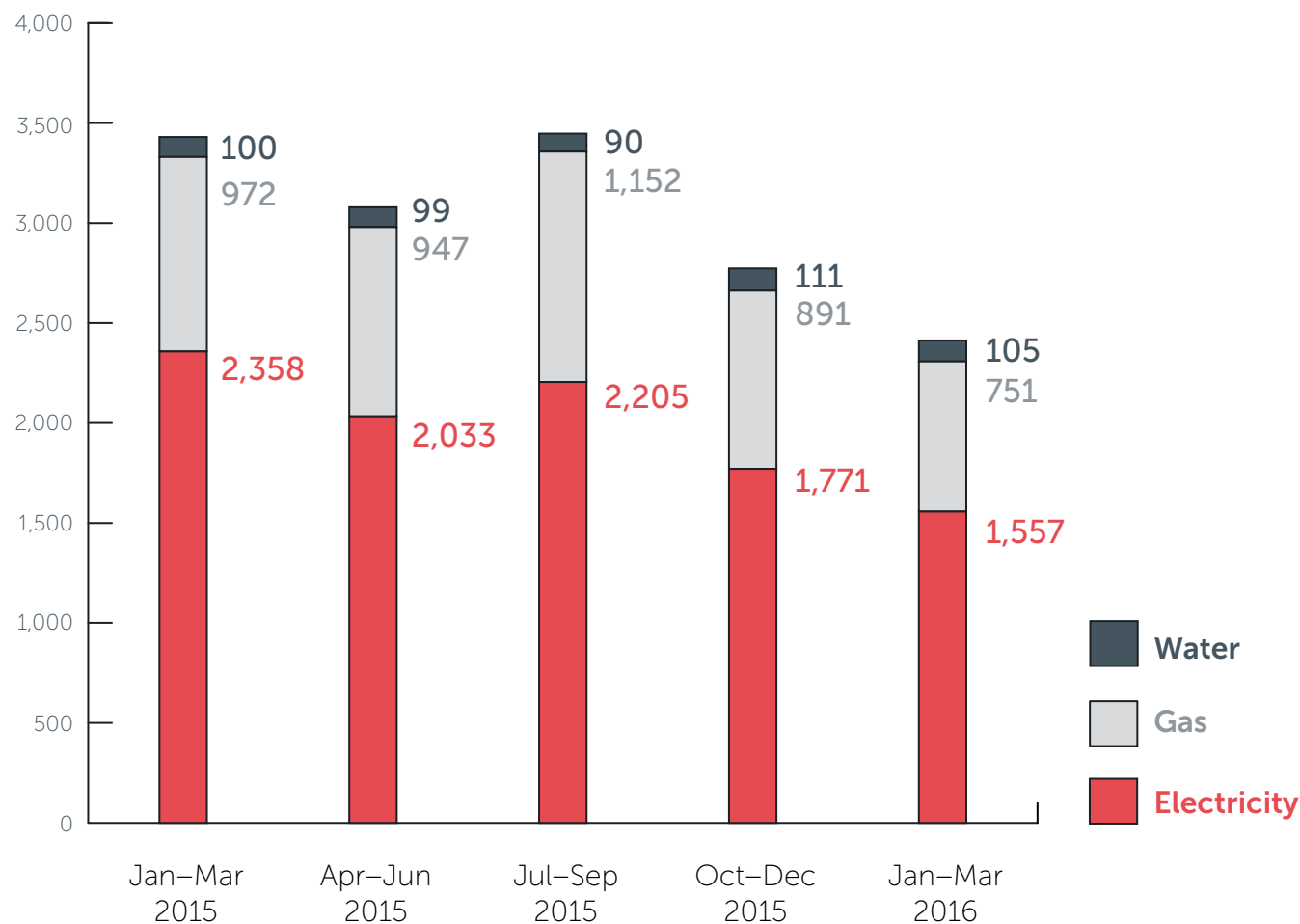
### Cases

In the January–March 2016 quarter, we received 2,435 credit cases. **Figure 1** shows trends in electricity, gas and water credit cases over the last five quarters.

As **Figure 1** shows, credit cases in the current reporting quarter were down 29% on the same quarter in 2015 and down 13% from the October–December 2015 quarter. This 13% decrease is consistent with the 12% fall in EWOV's overall cases during the same period.

**FIGURE 1.**

**Electricity, gas and water credit cases received by quarter, January–March 2015 to January–March 2016**



**Note:** We also received **11 LPG** cases and **11 Dual Fuel** cases in this reporting period, which have not been included in this graph.

The proportion of EWOV cases about a credit issue remains stable, with credit-related cases accounting for approximately a third of all EWOV's cases. (Table 1).

## Case receipt

Figure 2 shows how EWOV handled the 2,435 credit cases received this quarter<sup>1</sup>.

In the January–March 2016 quarter, the percentage of cases resolved at each level remained consistent with the previous five quarters', with the majority (62%) handled as Assisted Referrals and 23% of cases resulting in EWOV Investigations.

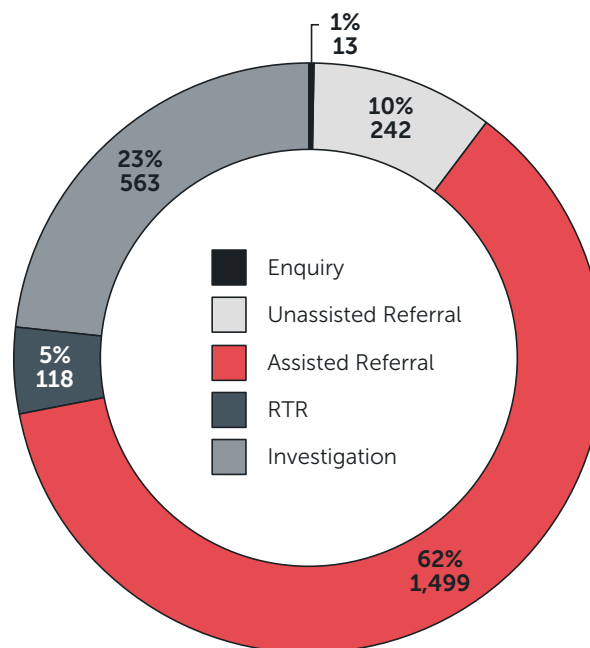
TABLE 1.

Credit cases as a percentage of total EWOV cases, January–March 2015 to January–March 2016

	JAN–MAR 2015	APR–JUN 2015	JUL–SEP 2015	OCT–DEC 2015	JAN–MAR 2016
<b>Credit cases</b>	3,437	3,087	3,459	2,796	2,435
<b>Total cases</b>	11,285	10,470	11,275	9,246	8,162
<b>%</b>	30%	29%	31%	30%	30%

FIGURE 2.

Case stage, credit cases received January–March 2016 quarter



<sup>1</sup> Some cases move to different case stages before a resolution is reached.

## PAYMENT DIFFICULTIES

"Payment difficulties" is one of three credit sub-issues, and includes cases in which a customer contacts EWOV about account arrears, payment plans (either existing or requested) or difficulty paying current or previous bills<sup>2</sup>. Payment difficulties is often a secondary issue in EWOV disconnection/restriction cases, but we also receive cases that are primarily about payment difficulties.

Over the January–March 2016 quarter, we received 474 payment difficulties cases, down 20% from 592 cases in the previous quarter. **Figure 3** shows trends in payment difficulties cases over the last five quarters.

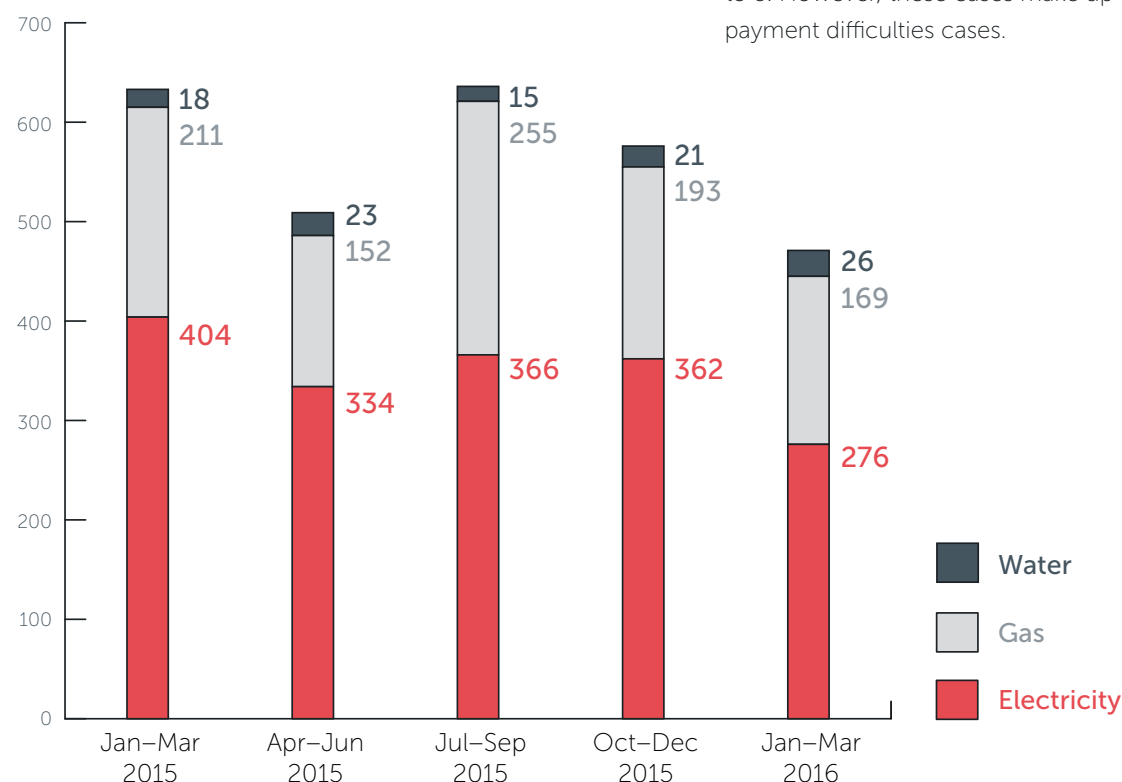
The only payment difficulties case type to increase was water cases, which rose 24% from 21 to 26 cases. As shown in Figure 3, water payment difficulties cases have been increasing for the last three quarters. A review of each of these cases showed a mix of customer concerns, with no dominant complaint issue or water corporation responsible for the upward trend.

The most common water issue was about customers who were seeking a more sustainable payment plan or an extension on the due date for a payment. These customers advised they could not afford the payment plan amount requested by their water corporation.

Several water customers were concerned about possible or actual debt collection activity. A few customers had unexplained high bills that they wanted reduced in line with their historical water consumption.

**FIGURE 3.**

**Electricity, gas and water payment difficulties cases received by quarter, January–March 2015 to January–March 2016**



**Note:** We also received 3 Dual Fuel cases in this reporting period, which have not been included in this graph.

It is worth noting that almost all of these cases were Unassisted Referrals or Assisted Referrals and were not investigated by EWOV. Generally speaking, water corporations are very good at handling Unassisted Referrals and Assisted Referrals and often resolve customers concerns without the need for an Investigation or further involvement by EWOV.

Dual fuel cases fell 81% compared to last quarter, from 16 to 3. However, these cases make up only 1% of the total payment difficulties cases.

<sup>2</sup> Refer to the Glossary for a list of payment difficulties sub-issues.

**Figure 4** shows the breakdown of payment difficulties cases across sub-issues this quarter.

Payment difficulties instalment cases were the most prominent, accounting for 35% of all payment difficulties cases, followed by payment difficulties arrears cases (33%). This indicates that customers and retailers are having trouble reaching payment plan agreements that are sustainable. Often customers will agree to a payment plan requested by the company without properly considering what they can afford, and this leads to the payment plan being broken and arrears accruing further. Many customers also feel overwhelmed when they cannot afford to pay bills - they may not engage with their company or tell them they are having payment difficulties for long periods of time. This can lead to a large build up of arrears.

Payment difficulties extension cases were less of an issue this quarter than the previous quarter. This issue type reduced by 53% compared to last quarter and 35% compared to the same time last year.

## Outcomes

During the January–March 2016 quarter, EWOV closed 88 payment difficulties complaints at Real Time Resolution (RTR) or Investigation.

Also, in the January–March 2016 quarter, 44% of all Investigations involving payment difficulties were referred to company hardship programs for assistance.

A payment plan was negotiated in over two-thirds of closed RTRs or Investigations (68%) this reporting period, consistent with the October – December 2015 quarter.

Additionally, at the time of contacting EWOV, 16% of customers who approached EWOV about payment difficulties were either already in a company hardship program (14%) or had been excluded from it (2%).

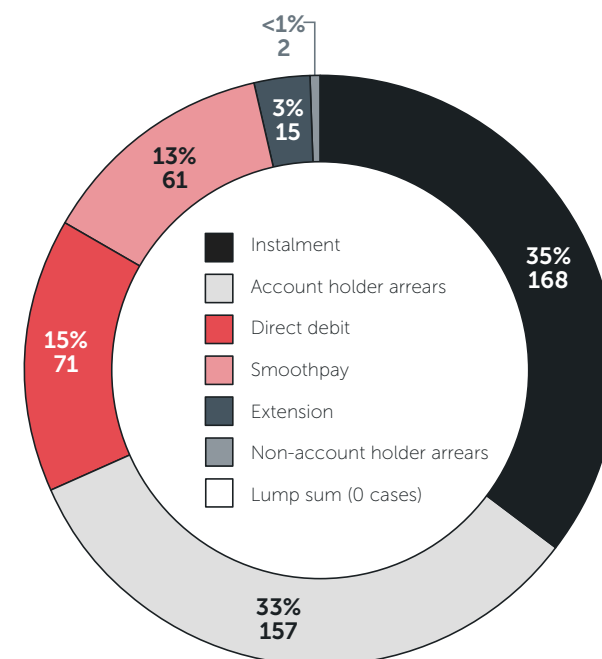
**TABLE 2.**

**Selected outcomes, closed payment difficulties complaints, January–March 2016 quarter**

OUTCOME	NO.	%
Payment plan	60	68
Referral to hardship team	39	44
Extension	9	10
Billing adjustment	3	3

**FIGURE 4.**

**Payment difficulties cases received by sub-issue, January–March 2016 quarter**







## Case study

***The customer, a public housing tenant, was in severe hardship and had arrears of almost \$8,000 on her water account when she contacted EWOV for assistance. 2016/1996***

### The Issue

Ms A was living in a public housing property and was concerned about a number of high water bills, which she thought had been caused by various leaks at the property. She moved into this Office of Housing property in 2011. The Department of Health and Human Services (DHHS) had attended her home on multiple occasions to repair leaky taps, showers and the hot water system. A leak was fixed in June 2014 but due to continued high bills, which Ms A could not afford to pay, her account was now approximately \$8,000 in arrears. Due to medical issues, limited income and other significant debts, Ms A advised her company she did not have any capacity to pay her account. She was on a waiting list to see a financial counsellor in her area.

Ms A contacted EWOV for assistance. Due to the complexity of the case and Ms A's personal circumstances, EWOV bypassed its Assisted Referral and Real Time Resolution processes and immediately commenced an Investigation.

### The Investigation

EWOV requested copies of all bills, customer contact notes, meter readings, average fortnightly water consumption, investigations of any leaks and payment history from the water corporation.

We found that Ms A had made sporadic payments to her account and no payments were made between the period of 19 May 2015 and 4 December 2015. At 8 February 2016, the arrears on the account were \$7,812.54 for usage until 27 November 2015. Over the past 12 months, Ms A's average water consumption was 1,580 litres per day, the equivalent of a ten person household, rather than her three person household. This was an average cost of \$130 per fortnight. EWOV reviewed the bills and meter reads and confirmed Ms A had been billed correctly and concessions had been applied to her account.



During EWOV's investigation the water corporation advised it had given Ms A hardship assistance in the past, including liaising with the DHHS to assist with repairs to leaks and setting up payment plans, but these were not adhered to and water consumption did not decrease. Ms A advised EWOV that the DHHS had recently arranged for a plumber to visit the property to investigate the water usage. EWOV asked Ms A to try to obtain a copy of the plumber's report to assist in our Investigation. EWOV also decided that progressing of the Investigation required an independent financial assessment.

### EWOV's financial assessment

EWOV's financial assessment found:

- Ms A was in receipt of a Centrelink benefit and this was her sole source of income.
- Ms A lived at the property with her two sons - she received a carer's payment for one of her sons but the other son did not contribute income to the household.
- Due to health concerns, Ms A was unable to work and this was not likely to change, so her income was not going to increase in the near future.
- Ms A could afford to allocate \$30 per fortnight towards her water bills.
- After the deduction of essential expenses, such as medical bills, gas bills, electricity bills, rent, food and other living expenses, Ms A was left with \$66 per fortnight.



## The Outcome

During the course of the investigation, EWOV liaised with a financial counsellor who provided support to Ms A and acted on her behalf. This person agreed to be an ongoing point of contact for Ms A's water account and arranged the appropriate authority with the water corporation.

The water corporation accepted Ms A's offer to establish a payment plan of \$30 per fortnight and Ms A agreed to set up an automatic deduction from her Centrelink allowance through CentrePay. Ms A also agreed to continue to attempt to obtain a copy of the plumbers report from DHHS and provide this to the water corporation.

The water corporation placed Ms A on its hardship program. While on this program and maintaining agreed payments, Ms A would not be subject to debt collection or water restriction. The water corporation's initial plan would be to assist Ms A in bridging the gap between what she has advised is currently sustainable and her ongoing cost of use. Once this has been addressed, the water corporation would consider how to manage the arrears on the account.

Ms A would be contacted by a case manager from the water corporation's hardship department within five days who could provide the following assistance:

- Ongoing reviews of payments and water usage.
- Water efficiency advice to assist managing her ongoing usage.
- Replacement of fittings at the property, such as flow reducing shower heads or similar devices.
- Engaging a plumber to help understand what is contributing to the use of water at the property.
- Any other options may be appropriate to Ms A's situation.

Ms A was given a direct contact number for the hardship team to discuss any further issues in relation to her account.

Ms A was satisfied with this outcome and EWOV closed the case.

## DISCONNECTION AND RESTRICTION

EWOV “disconnection/restriction” cases concern electricity and gas disconnection or restriction of water supply for non-payment<sup>3</sup>. Disconnection/restriction cases are categorised as either “imminent”, where the company has warned of impending disconnection or restriction or, where the disconnection/restriction has occurred, as “actual”.

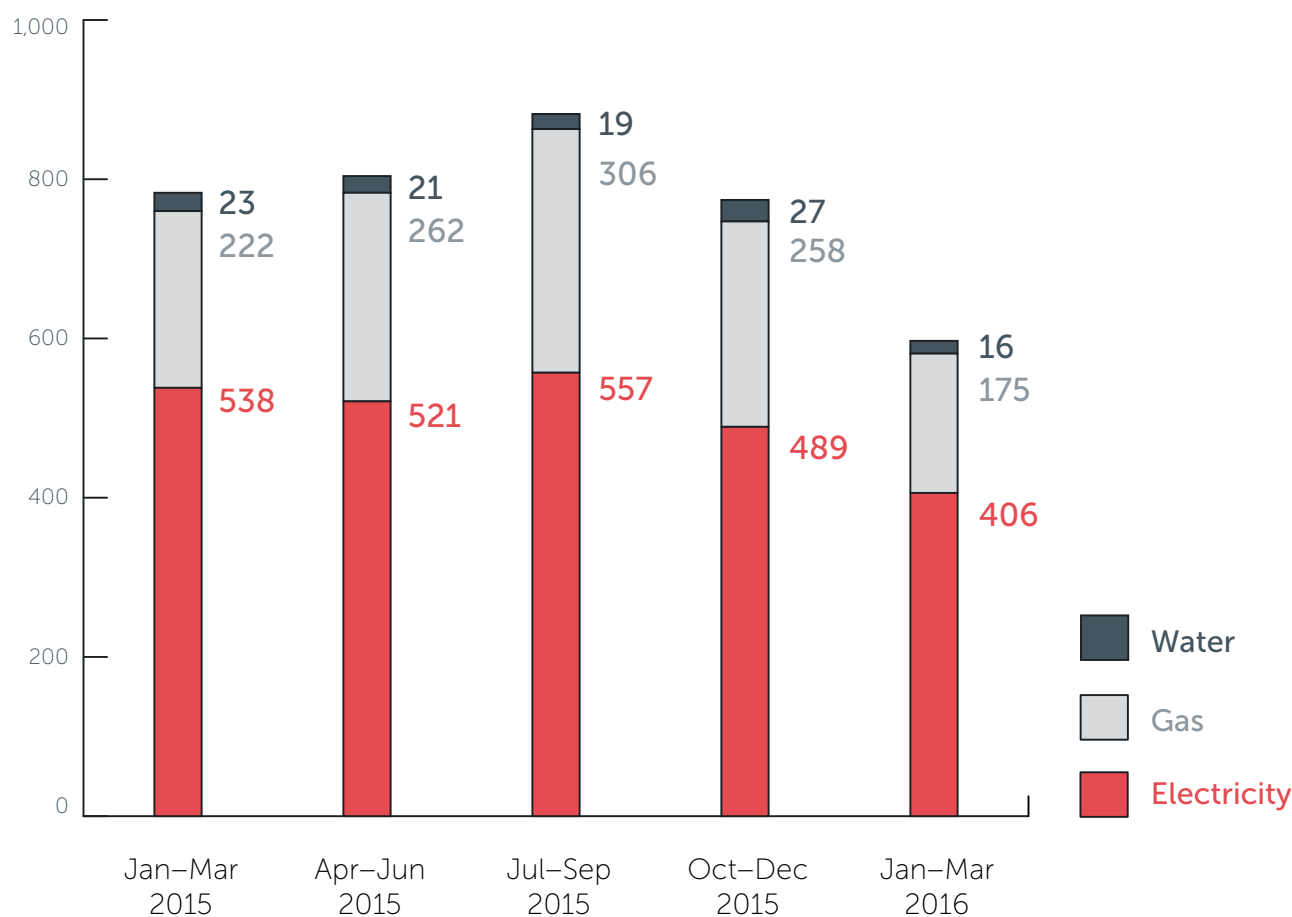
### Imminent disconnection/restriction

EWOV received 602 imminent disconnection/restriction cases in the January–March 2016 quarter, down 22% from the October – December 2015 quarter and down 23% on the same quarter in 2015.

Figure 5 shows trends in electricity, gas and water imminent disconnection/restriction cases over the past five quarters.

FIGURE 5.

Electricity, gas and water imminent disconnection/restriction cases received by quarter, January–March 2015 to January–March 2016



**Note:** We also received 5 LPG cases in this reporting period, which have not been included in this graph.

<sup>3</sup> The equivalent process for LPG is the stopping of deliveries. These cases are received in low volumes and are listed below each graph.

## Actual disconnection/restriction

During the January–March 2016 quarter, we received 354 actual disconnection/restriction cases, down 22% on the previous quarter and down 29% on January–March 2016.

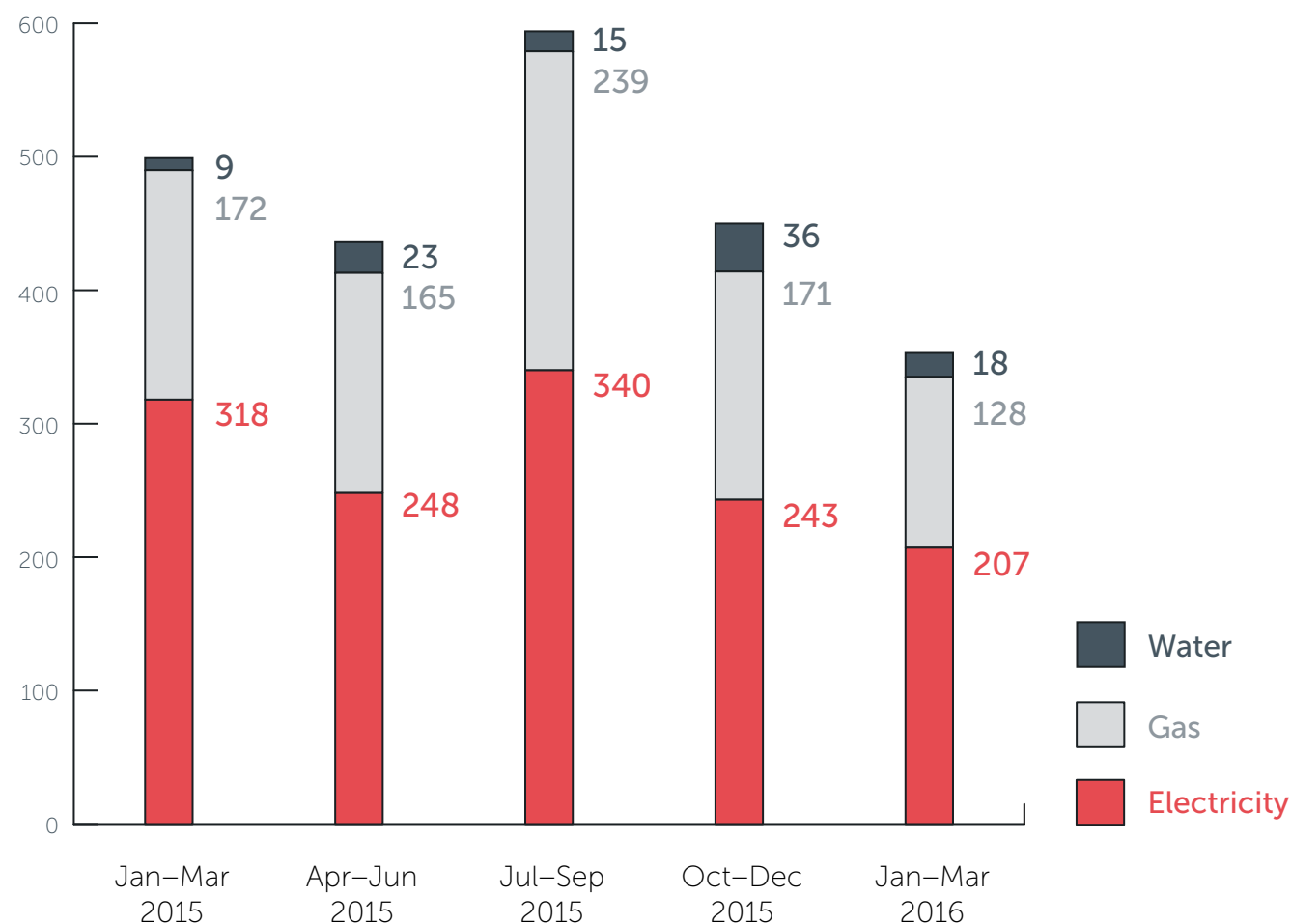
**Figure 6** shows trends in actual disconnection/restriction cases between the January–March 2015 to January–March 2016 quarters.

## Water restrictions

It was pleasing to see that actual water restriction cases decreased by 50% this quarter, falling from 36 cases in the previous quarter to 18 cases in the current reporting period.

**FIGURE 6.**

**Electricity, gas and water actual disconnection/restriction cases by quarter, January–March 2015 to January–March 2016**



**Note:** We also received 1 LPG case in this reporting period, which have not been included in this graph.

## Outcomes

During the January–March 2016 quarter, we closed 430 actual and imminent disconnection/restriction complaints at RTR or Investigation, and completed 328 Wrongful Disconnection Payment (WDP) assessments<sup>4</sup>.

### Wrongful Disconnection Payment

In actual disconnection cases, EWOV has a role assessing whether a WDP is payable. The WDP was introduced by the Victorian Government in 2004, with the aim of reducing wrongful energy disconnections. Where a retailer is found to have disconnected a customer's supply without complying with the terms and conditions of their contract, the retailer must make a payment to the customer of \$500 per day (or part thereof), capped at \$3,500 if the customer does not contact the retailer within 14 days<sup>5</sup>.

**Figure 7** shows the outcomes of the 328 WDP assessments we completed during the January–March 2016 quarter.

A payment was made to a customer in 66% of EWOV's WDP assessments. In 40% of WDP cases, the retailer accepted EWOV's assessment that a regulatory breach had occurred and a WDP was payable – up fourteen percentage points from the October–December 2015 quarter. In a further 26% of cases, the retailer agreed to make a payment equivalent to the WDP without admitting any regulatory breach.

For most of the remaining cases, a WDP was either not payable because the retailer had complied with *Energy Retail Code* requirements (17%), or because WDP was not applicable (16%). In this reporting period three cases were referred to the *Essential Services Commission* for a decision.

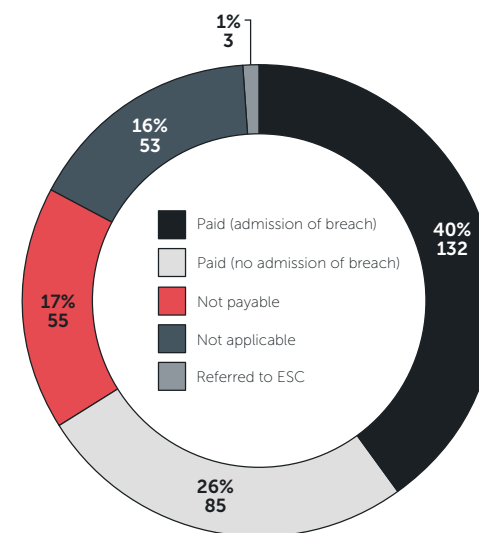
### Other payments and waivers

**Table 3** shows other payments and waivers agreed in the 430 actual disconnection/restriction RTR and Investigation cases resolved during the January–March 2016 quarter. These are separate (and potentially in addition) to any WDPs that were paid.

In 25% of closed RTR and Investigation cases, a retailer made a payment to its customer to recognise a customer service issue. This was the most common payment outcome. One or more fees were waived in 12% of cases, up five percentage points. Billing was adjusted in 10% of cases – down six percentage points since last quarter.

**FIGURE 7.**

**Wrongful Disconnection Payment assessment outcomes, January–March 2016 quarter**



**TABLE 3.**

**Payments and waivers, closed disconnection/restriction complaints, January–March 2016 quarter**

OUTCOME	NO.	%
Customer Service Gesture	109	25
Fee waiver	51	12
Billing adjustment	42	10
Debt waiver (full)	16	4
Debt waiver (partial)	8	2
Guaranteed Service Level payment	3	1

<sup>4</sup> These figures differ because WDP assessments are only conducted for actual energy disconnection cases, and because WDP assessments are conducted separately from the investigation of the associated complaint, and may be completed either before or after the complaint itself is closed.

<sup>5</sup> Pursuant to the *Energy Legislation Amendment (Consumer Protection) Act 2015*, for energy disconnections from 1 January 2016, the WDP amount is \$500 a day (or part thereof) and capped at \$3,500 if the customer doesn't make contact with the retailer within seven days. For disconnections that occurred prior to 1 January 2016, the WDP amount is \$250 a day (or part thereof), capped at \$3,500 if the customer doesn't make contact with the retailer within seven days. See [http://www.austlii.edu.au/au/legis/vic/num\\_act/elapa201549o2015552/](http://www.austlii.edu.au/au/legis/vic/num_act/elapa201549o2015552/)

## Payment plans and extensions

**Table 4** shows payment plan and extension outcomes for the 430 actual disconnection/restriction RTR and Investigation cases resolved during the January–March 2016 quarter.

This reporting quarter, a payment plan or extension was agreed in 62% of closed RTR and Investigation cases, down by four percentage points on the October–December 2015 quarter. A payment plan covering both arrears and ongoing consumption was the most common outcome (27%), but in many cases EWOV helped the customer and their company to negotiate a payment plan that covered consumption only (16%) or account arrears only (8%). This reflects the range and flexibility of outcomes that can be achieved during RTR or Investigation by EWOV, as each case is treated on its merits and each customer has different circumstances to consider.

## Hardship program participation

Customers were put on their company's hardship program (sometimes after having been excluded previously) in 35% (150 cases) of the disconnection/restriction complaints resolved at RTR and Investigation this reporting quarter. This was a decrease of five percentage points from October–December 2015.

At the time of contacting EWOV, 8% of customers were either currently in a hardship program (4%) or had been excluded from it (4%). While 4% represents only 18 cases, it is concerning that customers who engage with their company's hardship program still have their supply disconnected or restricted.

**TABLE 4.**

**Payment plans and extensions, closed disconnection/restriction complaints, January–March 2016 quarter**

OUTCOME	NO.	%
None/not applicable	163	38
Payment plan for arrears and consumption	114	27
Payment plan for consumption only	70	16
Extension for arrears	49	11
Payment plan for arrears only	34	8



## Case study

***A customer with a serious medical condition had her electricity disconnected. She was also in financial hardship and had arrears of more than \$7,000 on her electricity account when she contacted EWOV for assistance. 2015/31316, WDP2015/1633***

### The Issue

Ms M's electricity supply was disconnected without warning on 11 November 2015. She had a significant amount of arrears on her account – approximately \$7,000. However, Ms M was on a direct debit payment plan of \$20 per fortnight and didn't believe she should be disconnected due to her serious medical condition. Ms M contacted her electricity company and it advised that it would reconnect her supply if she agreed to speak with a financial counsellor. Ms M agreed to this condition. However, she was unhappy with advice that she would be charged \$120 for the reconnection to occur. She contacted EWOV for assistance.

As the customer had been disconnected and had already attempted to resolve her concerns with her electricity company, EWOV bypassed its Assisted Referral and Real Time Resolution processes and commenced an Investigation.

### The Investigation

EWOV arranged for Ms M's electricity supply to be reconnected. We requested that the electricity company supply us with a copy of all bills, payment history, meter reads, customer contact notes, details of participation in any hardship programs and details of any Utility Relief Grant Scheme (URGS) applications.

The electricity company provided this information. EWOV noted that the account balance was \$7,318.79. Although Ms M was making regular payments of \$20 a fortnight, this was well below the cost of her ongoing electricity consumption which was an average of \$81.64 a fortnight. EWOV also noted that Ms M had been accepted onto the retailer's hardship program on three occasions but each time had been removed from the program when she did not respond to attempts to contact her. The company wanted to reassess

payments and address the gap between the payment plan and the actual cost of her consumption. She had also been sent URGS forms on three occasions, but these had not been filled in and returned to the Department of Health and Human Services (DHHS) for assessment, therefore no URGS payments had been granted or applied to her account. EWOV discussed all these findings with Ms M and advised that she would not be able to increase payments due to her health issues.

As the customer was in serious financial hardship and would likely continue to accrue debt, EWOV determined that an independent energy audit and financial assessment would be required to progress the case.

### EWOV's financial assessment

EWOV's Financial Assessor found that:

- Ms M's only income was from a Centrelink payment.
- Due to her medical issues, Ms M's income was unlikely to change in the future.
- Ms M's partner received a small wage for casual work but this income was not predictable or stable.
- EWOV's financial assessor used 15 weeks of data about Ms M's partner's wage payments and Ms M's Centrelink payments to calculate a combined average weekly income for the household.
- Mortgage payments accounted for 66% of the household income.
- Medical expenses accounted for 33% of the household income.
- There was insufficient household income available to support day-to-day basic living costs such as food.

EWOV's Financial Assessor determined that Ms M could not afford to pay more than \$20 a fortnight towards her electricity account at present, and without a change to the household income, would only be able to increase this amount marginally in the foreseeable future, if at all. However, she noted that Ms M may be able to apply to receive



a disability allowance from Centrelink due to her medical condition. This payment is higher than what she currently receives and this would increase her capacity to pay.

### EWOV's energy audit

EWOV's Technical Advisor found the following:

- Electricity consumption in winter was about 15 kWh per day (\$77 a fortnight).
- Electricity consumption in summer was about 30 kWh per day (\$126 a fortnight).
- Summer consumption was much higher due to the use of both a split system air conditioner and a portable air conditioner.

EWOV noted Ms M's advice that she requires air-conditioning because her medical condition affects her body's ability to regulate temperature. EWOV advised that she may be entitled to the medical cooling concession discount of 17.5% on her summer bills (from 1 November to 30 April each year).

EWOV discussed the results of the financial assessment and energy audit with the electricity company and with Ms M.

### The Outcome

EWOV confirmed that all bills were correct and based on actual meter reads. The electricity retailer waived the \$120 reconnection fee.

The electricity retailer agreed to accept Ms M back into its hardship program with a payment plan of \$20 a fortnight for an initial period of three months on the condition that she agreed to do certain things within set timelines. This included:

- Making \$20 fortnightly payments to her account by setting up a Centrepay direct debit.
- Making an appointment with a financial counsellor and to confirm the appointment date with the electricity retailer within two weeks.

- Ensure the financial counsellor completes an application for URGs and returns this form to the DHHS.
- Speak to her doctor about her eligibility for the Medical Cooling Concession and have her doctor complete the relevant forms and send these to the electricity retailer within two weeks.
- Lodge an application for Disability Allowance with Centrelink within two weeks.
- Update the electricity company's hardship team on her progress within four weeks.
- Speak to the retailer's hardship team so that it can review her electricity consumption and capacity to pay after three months on this payment plan.

The electricity retailer provided a direct contact for Ms M should she have any concerns or be unable to meet any of the agreed conditions. As a gesture of goodwill, the electricity retailer also waived a debt of \$2,223.79 for Ms M's previous gas account that was closed in April 2014.

Ms M was satisfied with this outcome and EWOV closed the case.

### Wrongful Disconnection Payment Outcome

EWOV assessed the circumstances of the electricity disconnection and discussed this with the electricity company.

EWOV noted that Ms M's electricity supply was disconnected on 4 November 2015 at 1:45 PM and was reconnected on the same day at 5:15 PM. EWOV calculated that, if the disconnection was determined to be wrongful, the Wrongful Disconnection Payment (WDP) amount applicable would be \$36.46 (calculated at \$250.00 per day pro rata).

The electricity company did not acknowledge that the disconnection was wrongful, but it agreed to pay the equivalent WDP amount of \$36.46 in recognition of the inconvenience caused. This was applied to Ms M's account as a credit.



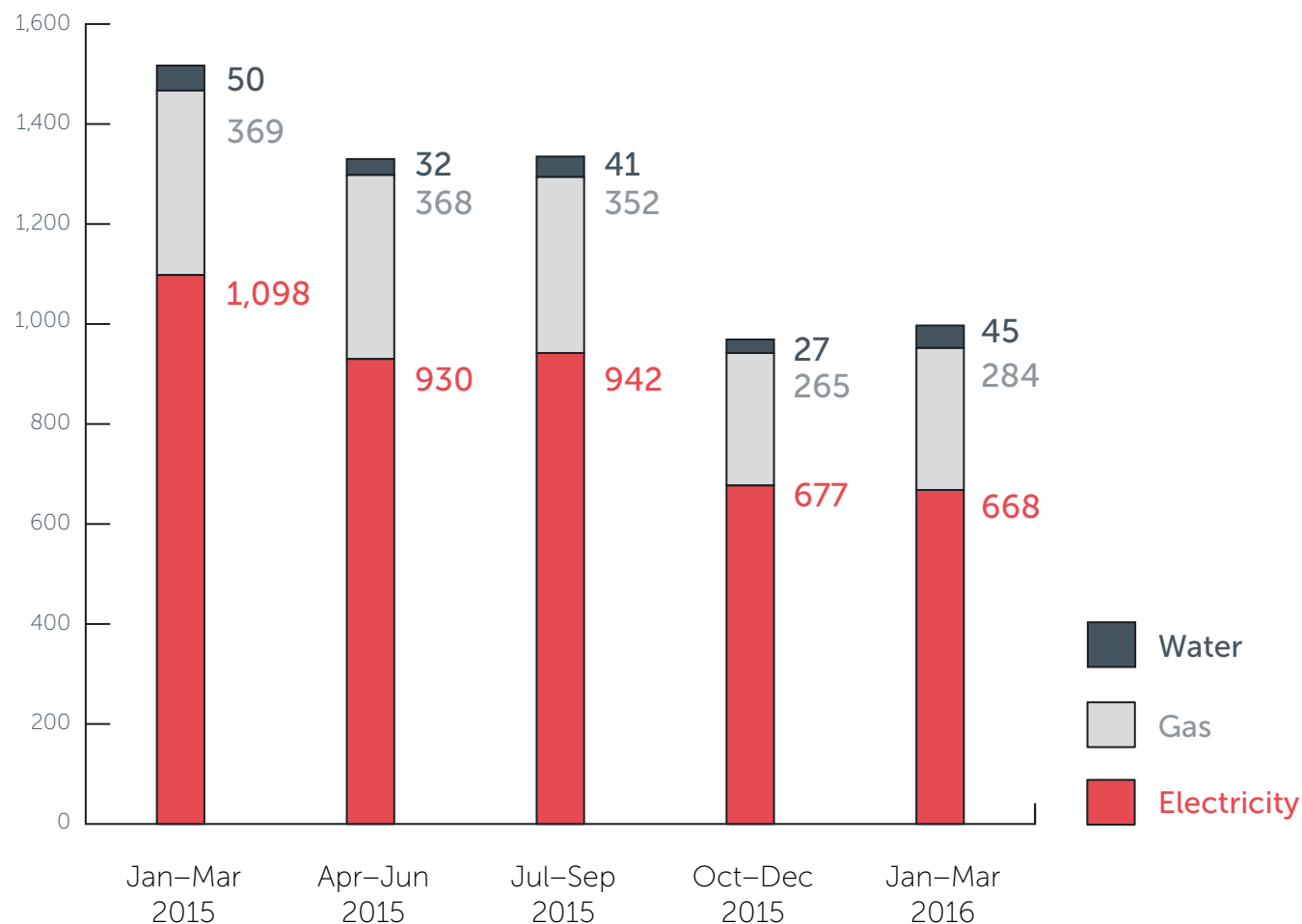
## DEBT COLLECTION AND CREDIT DEFAULT LISTINGS

EWOV's "collection" case category includes cases about debt collection agency activity and credit default listings related to account arrears. In the January–March 2016 quarter, EWOV received 1,005 collection cases.

**Figure 8** shows trends in total collection cases over the last five quarters. Compared with last quarter, EWOV collection cases increased marginally (3%) in the January–March 2016 quarter from 976 to 1,005 cases. However compared to the same quarter in 2015 where cases spiked to 1,517, there was a 34% decline in this case type.

**FIGURE 8.**

**Electricity, gas and water collection cases received by quarter, January–March 2015 to January–March 2016**

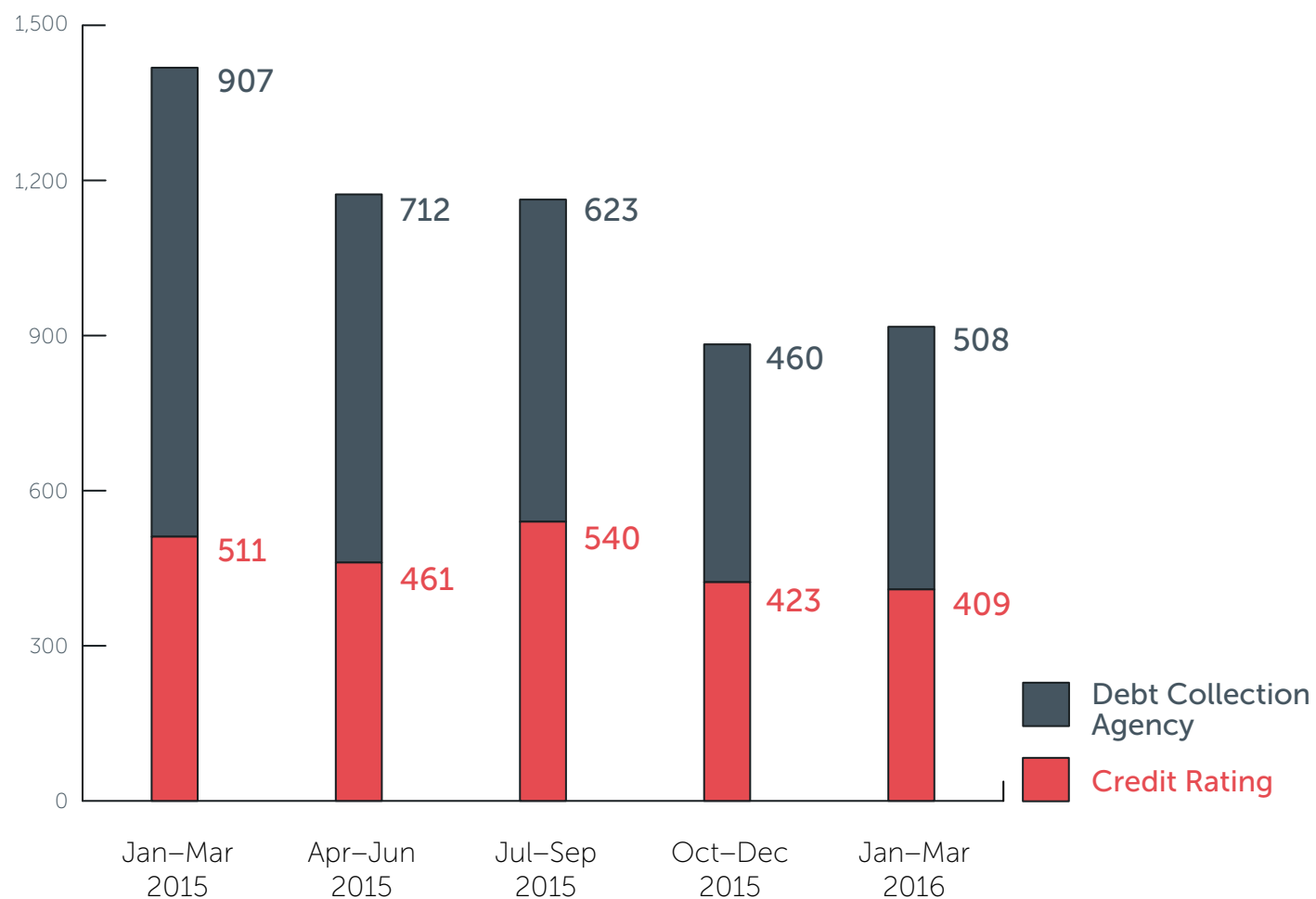


**Note:** We also received **8 Dual Fuel** cases in this reporting period, which have not been included in this graph.

Most collection cases concern either credit default listings or debt collection agency activity. **Figure 9** shows trends for these two sub-issues over the last five quarters.

**FIGURE 9.**

**Debt collection and credit rating cases received by quarter, January–March 2015 to January–March 2016**



## Outcomes

During the January–March 2016 quarter, we closed 213 collection complaints at RTR or Investigation. **Table 5** shows outcomes agreed as part of the resolution of these complaints.

In 87 of these cases (41%), a default listing was removed as part of the resolution of the complaint – up two percentage points on last quarter. This indicates that EWOV’s Investigations found that in many cases the default listing was incorrectly listed. This is becoming a concerning occurrence and can be severely detrimental to customers. An incorrect listing on a credit file can wrongly prevent customers from getting loans, mortgages and even mobile phone contracts.

Often EWOV seeks written confirmation that a customer’s credit rating has not been wrongly affected by an overdue bill or debt – this confirmation was provided in 56% of these cases.

A payment to recognise customer service issues was made in 16% of debt collection cases. In 16% of cases, the customer’s debt was waived, usually in full.

**TABLE 5.**

**Selected outcomes, closed collection complaints, January–March 2016 quarter**

OUTCOME	NO.	%
Written confirmation that credit rating not affected	119	56
Removal of default listing	87	41
Customer Service Gesture	34	16
Debt waiver (full)	26	12
Extension	26	12
Payment plan	18	8
Debt waiver (partial)	9	4
Referral to hardship team	2	1



## Case study

*Despite making a payment plan for his final bills with his energy company, the customer's debts were sold to a collection agency, which then made persistent phone calls to him. 2015/33475 and 2015/33476*

### The issue

Mr W received his final bill for his gas and electricity accounts and on 4 September 2015 he negotiated a payment plan with his retailer of \$25 per fortnight for each account. The payment plan commenced six weeks later and he made payments as agreed. However, in November 2015 Mr W received phone calls from a debt collection agency advising it would take legal action if the debt was not paid in full within seven days.

Mr W is a pensioner and could not afford to pay more than \$25 per fortnight. He contacted his energy retailer and it advised him to ignore the debt collection agency contact and continue making payments as agreed. However, he continued to receive more phone calls from the debt collector.

Mr W contacted EWOV for assistance and we lodged an Assisted Referral. However, this did not resolve Mr W's concerns and he contacted us again soon after, we spoke with the company and it requested that EWOV bypass its Real Time Resolution process and commence an Investigation.

### The Investigation

EWOV requested copies of all bills, customer contact notes, account information and payment history from the energy retailer. We also requested details of the debt being sold to the collection agency and copies of any customer contact notes or other information held by the collection agency.

We found that Mr W had negotiated a payment plan with his energy company and this had been noted on his file. Mr W had also made the instalment payments as agreed. The retailer agreed that it had made an error and should not have sold the debt to a collection agency in these circumstances.

After the payments had been applied, the balance of Mr W's electricity account was \$581.40. The balance of his gas account was \$549.59.

### The outcome

The energy retailer apologised for the mistake it made in selling the debts to a collection agency and for the distress the subsequent collection activity had caused Mr W. It applied a credit of \$250 to each account to recognise this. This reduced the account balances to \$331.40 for electricity and \$299.59 for gas. The retailer accepted his offer to continue to pay the balance of each account by fortnightly instalments of \$25 to each account and sent Mr W a payment schedule to clarify the due dates for each payment. It also provided a direct contact should he have any further issues with these accounts. Mr W was satisfied with this outcome and EWOV closed the cases.

## CONTEXT

### Reporting is based on primary issue

Each case that EWOV receives is categorised with a primary issue which falls in one of the nine issue categories.<sup>6</sup> Where the case involves multiple issues – for example, an imminent disconnection and a billing error – we will also record a secondary (and sometimes tertiary) issue.

Figures in this report are based on primary issue, except where otherwise specified. In other words, this report focuses on cases in which credit is the most important issue. The total number of cases with a credit component will be higher than the number given in this report. Most notably, cases that are primarily about billing issues also have a secondary credit component are not included in this report. Imminent and actual disconnection cases are the exception to this pattern – because of the gravity of disconnection, it is always identified as the primary issue.

### Dual fuel cases are excluded from some charts

Because we receive very few dual fuel cases, they have been excluded from those charts in the report which show electricity, gas and water cases. Dual fuel cases are, however, included in case totals.

### EWOV's analysis is limited by its scope

EWOV only examines the cases it receives, limiting our ability to analyse trends and their causes. For example, not all customers who have their energy or water disconnected/restricted will report this to EWOV. This means both that the total number of disconnections/restrictions will be higher than EWOV case numbers, and that EWOV disconnection/restriction cases may not be representative of all disconnections/restrictions in terms of causes, customer circumstances and so on.

### Most cases are Referred Complaints

This report is based on data taken from enquiries and complaints. Complaints are categorised as either Unassisted Referrals, Assisted Referrals, Real Time Resolutions or Investigations (see the Glossary on page 21). EWOV does not investigate Referred Complaints and is limited to hearing only the customer's "side of the story".

Another consequence of the Referred Complaints process is that generally, EWOV does not know what resolution was agreed between the company and the customer. Therefore, all discussion of outcomes in this report relates only to complaints resolved at Real Time Resolution or Investigation.

### Customers sometimes re-contact EWOV

Customers sometimes re-contact EWOV because after a referral back to their company, their concerns remain unresolved. This can mean that EWOV registers an Assisted Referral after a previous Unassisted Referral, or an Investigation after a failed Assisted Referral or Real Time Resolution.

### Customers sometimes lodge more than one case

For example, if a customer is having difficulty paying both their electricity and gas accounts, EWOV will register a case for each fuel type.

### Customers may have complaints relating to more than one issue, fuel or company

Based on the customer's statement, EWOV sometimes registers two issues for the one case. For example, a case may be registered as both Credit>Payment Difficulties and Billing>High. While some issues can be interlinked, other issues may need to be investigated separately. EWOV also registers cases by fuel (electricity, gas, LPG or water) and case type (enquiry, Assisted Referral and so on). Customers may have complaints relating to more than one issue, fuel or company.

<sup>6</sup> These are: billing, credit, customer service, general enquiry, land, marketing, provision, supply and transfer.

## GLOSSARY

### Complaint

A complaint is an expression of dissatisfaction regarding a policy, practice or customer service performance of an energy or water company that is part of the EWOV scheme, where a response or resolution is explicitly or implicitly expected.

### Enquiry

An enquiry is a customer's request for general information (e.g. about the Smart Meter rollout). This information may be provided by EWOV or the customer may be referred to another agency.

### Referred Complaint

EWOV does not know the outcome of these referred complaints, except where the referral does not resolve the issue for the customer and they come back to us. There are two types of referred complaints:

#### Unassisted Referral

Where a customer has not yet spoken with their company about their complaint and they are referred back to the company's contact centre.

#### Assisted Referral

Where a customer has spoken with someone at their company's contact centre about their complaint, but it remains unresolved and the matter is referred to a higher level complaint resolution officer at the company.

### Real Time Resolution

EWOV's Real Time Resolution Team receives failed Assisted Referral calls from customers and then works to negotiate a fair and reasonable resolution of the complaint, typically within 24 hours.

### Investigation

A complaint for investigation is registered where:

- an Assisted Referral or Real Time Resolution has failed, as the matter remains unresolved, and the customer has recontacted EWOV, or
- the matter is complex and unlikely to be resolved as an Assisted Referral or by Real Time Resolution, or
- the provider has requested an escalation to an Investigation.

### Not allocated

This case type is registered when a customer tells EWOV about their concern but it does not involve a Scheme Participant, or the customer does not know or tell us the company's name.

### Payment difficulties

Payment difficulties cases include the following sub-issues:

- Arrears>Account Holder
- Arrears>Non Account Holder
- Payment Plan>Direct Debit
- Payment Plan>Extension
- Payment Plan>Instalment
- Payment Plan>Lump Sum
- Payment Plan>Smooth Pay.

### Disconnection/Restriction

Disconnection/restriction cases include the following sub-issues:

- Arrears>Actual
- Arrears>Imminent.

EWOV also has equivalent sub-issues for LPG customers:

- Deliveries Stopped>Arrears>Actual
- Deliveries Stopped>Arrears>Imminent.

In this report, LPG deliveries stopped cases are included in disconnection/restriction figures.

### Collection

Collection cases include the following sub-issues:

- Collection>Credit Rating
- Collection>Debt Collection Agency
- Collection>Other
- Collection>Refundable Advance.