



# ENERGY AND WATER OMBUDSMAN

Victoria **Listen Assist Resolve**

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## Affordability Report

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1 July 2014 to 30 September 2014

**Released December 2014**



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## At a glance

### In the July–September 2014 quarter

- EWOV received 3,799 credit cases, comprising:
  - 1,748 disconnection cases
  - 1,365 collection cases
  - 686 payment difficulties cases
- Credit cases made up 24% of total EWOV cases

### Between the April–June 2014 and July–September 2014 quarters

- Total credit cases increased 2%
- Payment difficulties cases increased 13%
- Imminent disconnection cases increased 1%
- Actual disconnection/restriction cases decreased 1%
- Credit default listing cases increased 10%
- Debt collection agency cases decreased 15%



## Introducing EWOV's *Affordability Report*

Affordability and hardship issues such as payment difficulty, debt collection and disconnection/restriction are of great and increasing interest to government, regulators and the community. Recognising this, EWOV has developed this new quarterly *Affordability Report* to provide regular updates on our affordability case data. The report complements our existing quarterly data-focused publications, *Res Online*, the *Marketing and Transfer Report* and the *Solar and Smart Meter Update*.

### Data in this report

Each case that EWOV receives is categorised with a primary issue which falls into one of nine issue categories: billing, credit, customer service, general enquiry, land, marketing, provision, supply or transfer. This report focuses on credit cases. These are cases that have to do with unpaid bills and the action taken to collect arrears; essentially, the capacity of customers to pay bills and stay on supply. The credit category includes the sub-issues of payment difficulties, collection, and disconnection or restriction of supply.

#### **Primary issue reporting**

If the customer's statement indicates that the enquiry or complaint is about more than one issue, EWOV may register a second (or even third) issue for the one case. For example, a case may be registered as both "high bill" and "payment difficulties". Except where otherwise specified, however, all figures in this report are based on an analysis of primary issue. This means that total number of cases involving at least one credit issue at any level is somewhat higher (in the July–September 2014 quarter, 16% higher<sup>1</sup>) than the primary issue case figures reported here.

#### **Case outcomes**

This report also includes information about credit case outcomes. Because EWOV generally does not know the outcomes of referred complaints (that is, complaints that are closed as Assisted or Unassisted Referrals) our discussion of case outcomes includes only Real Time Resolution (RTR) and Investigated complaints. Outcomes are also reported on the basis of complaints *closed* during the quarter (whereas data on trends over time refers to cases received).

Refer to the Glossary (p. 28), Context (p. 27) and footnotes for more detail on interpreting EWOV data.

#### **Dual fuel and gas cases**

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.

All references to gas cases in this report include both natural gas and LPG.

**Cynthia Gebert**  
Energy and Water Ombudsman (Victoria)

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<sup>1</sup> Credit was the primary issue in 3,799 out of 4,408 cases with at least one credit issue.



## Affordability: the big picture

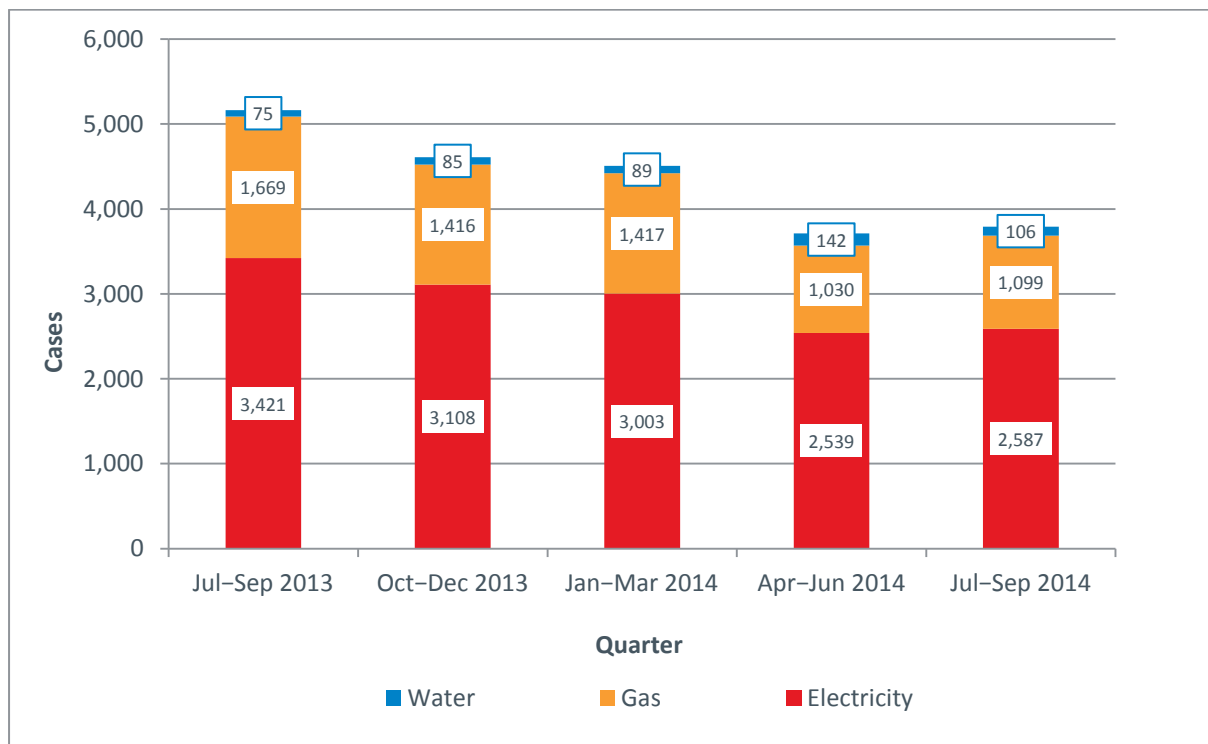
As we recently reported in our *2014 Annual Report*, a record number of customers raised credit as their main issue in the 2013-14 financial year. More than one in five EWOV cases was about credit and, for the first time, the credit sub-issue of disconnection/restriction replaced high bill as the top complaint issue overall.

Although credit and disconnection/restriction cases reached record levels in 2013-14, they dropped off substantially during the final quarter of the financial year. Promisingly, credit cases remained at this lower level for the July to September 2014 quarter, which is the focus of this report.

### Case trends

In the July–September 2014 quarter, EWOV received 3,799 credit cases, the vast majority (97%) of these from energy customers. **Figure 1** illustrates recent affordability trends, showing electricity, gas and water credit cases over the last five quarters.

**Figure 1. Electricity, gas and water credit cases by quarter, July–September 2013 to July–September 2014**



**Figure 1** shows that credit cases have decreased after peaking at 5,165 in the July–September 2013 quarter. Although total credit cases increased slightly (2%) between the last two quarters, credit cases in July–September 2014 were at only 73% of the level they were at in the same quarter in 2013.

Despite this decrease, credit cases are gradually increasing as a proportion of total EWOV cases.

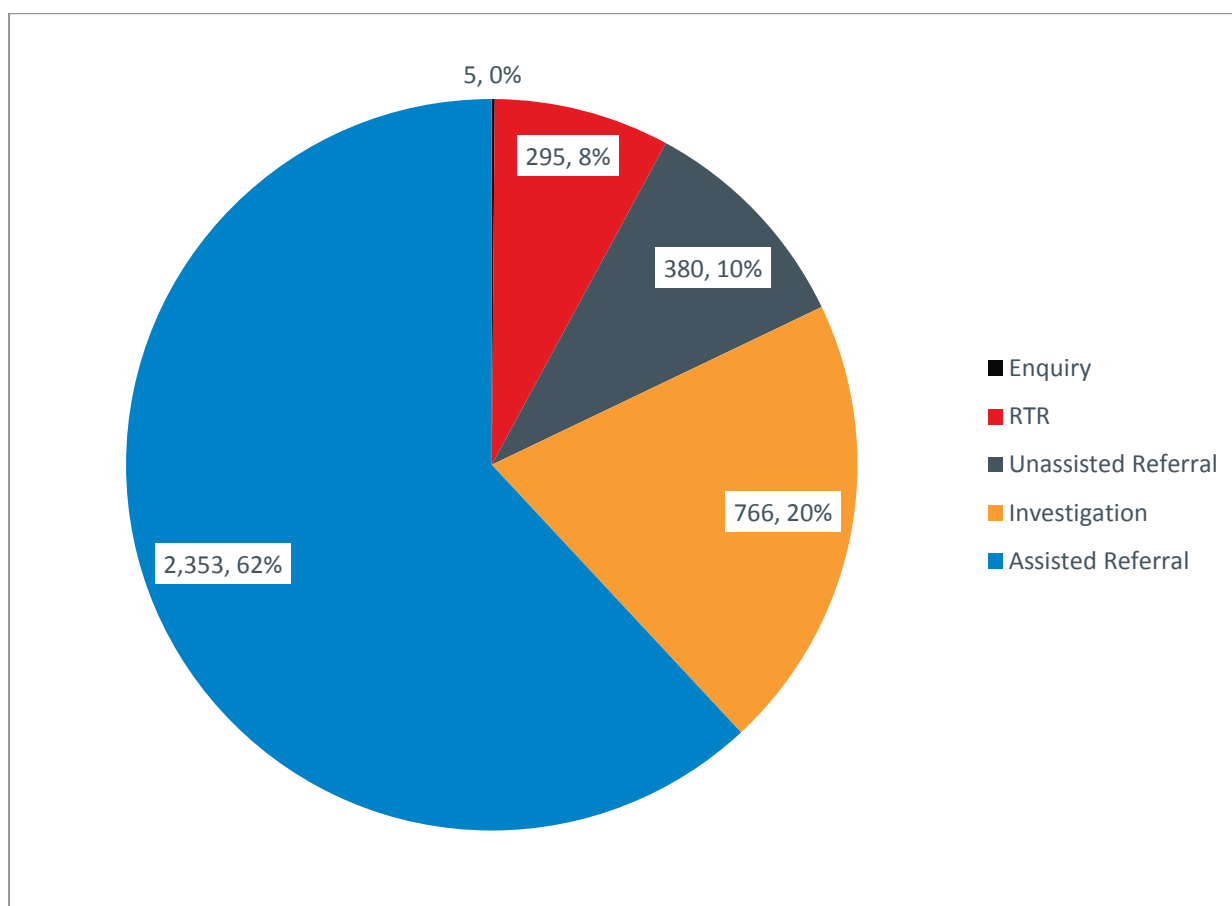
**Table 1. Credit cases as a percentage of total EWOV cases, July–September 2013 to July–September 2014**

	Jul–Sep 2013	Oct–Dec 2013	Jan–Mar 2014	Apr–Jun 2014	Jul–Sep 2014
Credit cases	5,174	4,626	4,519	3,724	3,799
Total cases	27,764	21,661	19,688	15,499	16,132
%	19%	21%	23%	24%	24%

**Table 1** shows that credit cases as a proportion of total EWOV cases increased by 5 percentage points between the five quarters from July–September 2013 to July–September 2014, from 19% to 24%.

## Resolutions

**Figure 2** shows how the 3,799 credit cases EWOV received during the July–September 2014 were dealt with.<sup>2</sup>

**Figure 2. Case stage, credit cases received July–September 2014 quarter**

The majority of cases (62%) were dealt with as Assisted Referrals, while another 10% were Unassisted Referrals. 28% of cases received during the quarter were conciliated, either through our Real Time Resolution process (8%) or at Investigation (20%).

<sup>2</sup> Some of these cases will move to a different complaint stage before a resolution is reached.

Compared to other case types, credit cases tend to require greater involvement from EWOV. **Table 2** compares the percentage of credit and total EWOV cases at each case stage for the July–September 2014 quarter.

**Table 2. Case stage, credit cases and total EWOV cases received July–September 2014 quarter**

	Enquiry	Unassisted Referral	Assisted Referral	RTR	Investigation
% of credit cases	<1%	10%	62%	8%	20%
% of total cases	4%	14%	63%	8%	12%

**Table 2** shows that compared to cases overall, credit cases are substantially less likely to be dealt with as Enquiries or Unassisted Referrals, and substantially more likely to go to Investigation. In large part, this pattern reflects EWOV’s practice of escalating disconnection cases to Investigation, skipping the Assisted Referral process due to the seriousness and urgency of the issue.

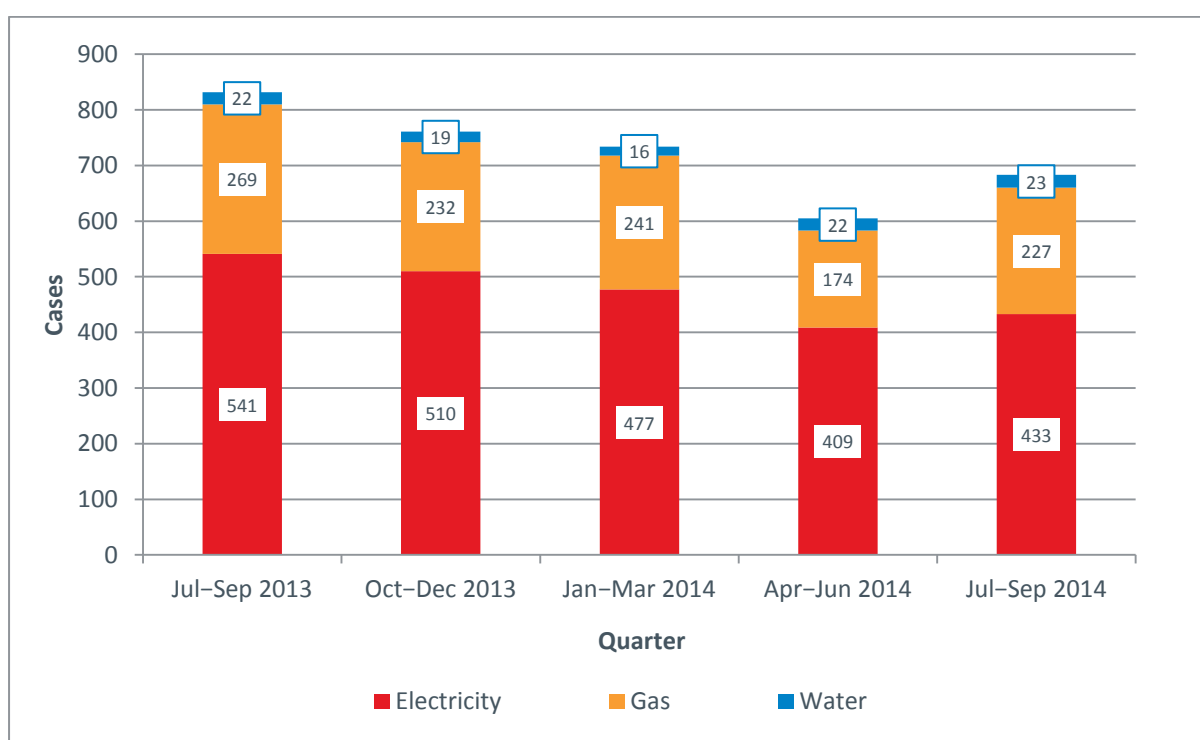


## Payment difficulties

“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>3</sup> Payment difficulties is often a secondary issue in EWOV disconnection/restriction cases, but we also receive complaints and enquiries that are primarily about payment difficulties.

Over the July–September 2014 quarter, EWOV received 683 such payment difficulties cases. **Figure 3** shows trends in electricity, gas and water payment difficulties cases over the last five quarters.

**Figure 3. Electricity, gas and water payment difficulties cases by quarter, July–September 2013 to July–September 2014**

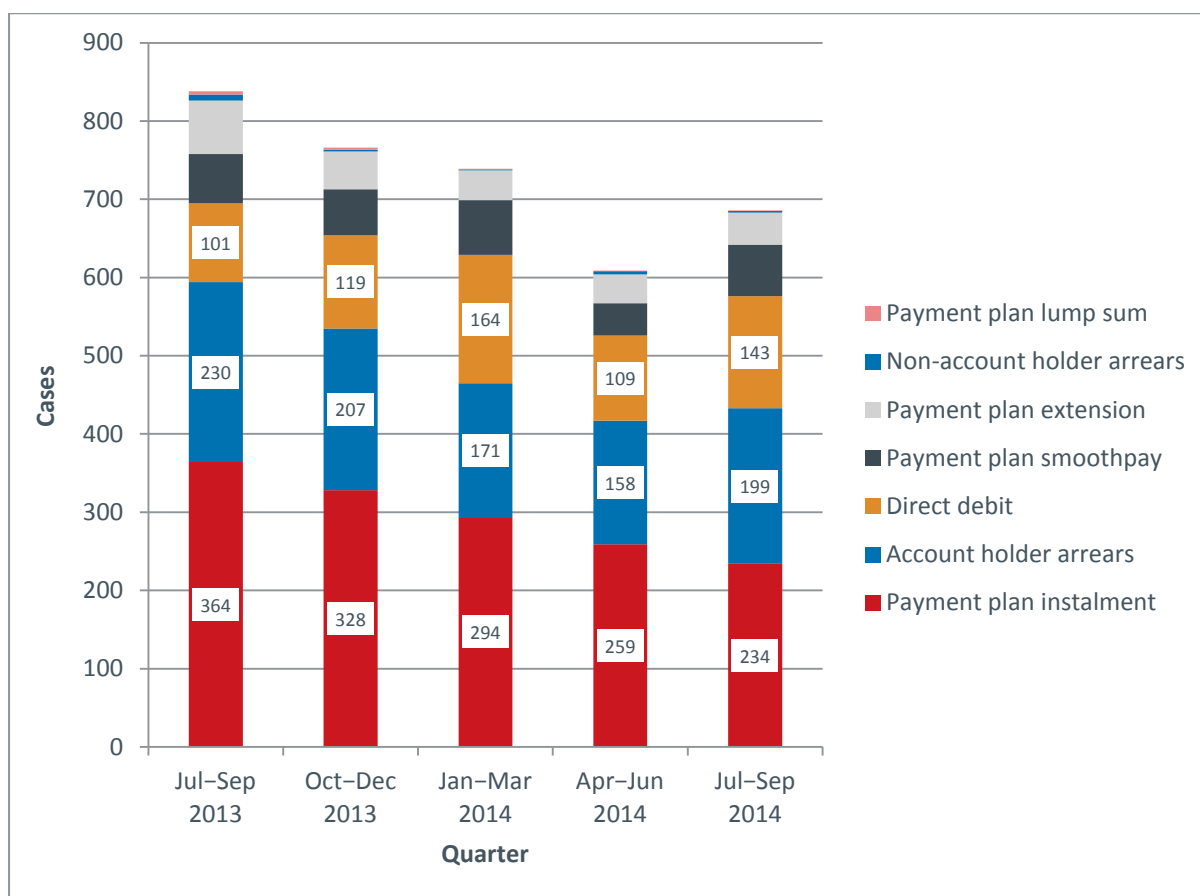


Reflecting the trend in credit cases overall, **Figure 3** shows that a sustained decrease in payment difficulties cases over the 2013-14 financial year reversed in the July–September 2014 quarter, with a moderate increase of 13% compared to the previous quarter. This increase was largely driven by a 30% increase in gas cases; electricity payment difficulties cases also rose 6%.

**Figure 4** breaks down payment difficulties cases in a different way, showing which specific issues contributed to the trend in payment difficulties cases.

<sup>3</sup> Refer to the Glossary for a list of payment difficulties sub-issues.

**Figure 4. Payment difficulties cases by fourth-level sub-issue, July–September 2013 to July–September 2014**



The top three contributors to payment difficulties cases were payment plan instalments, account holder arrears and direct debit. Together, these three sub-issues accounted for 84% of payment difficulties cases in the July–September 2014 quarter.

### Payment plan instalments

Customers and companies often make payment plans: agreements for the customer to pay for arrears, ongoing usage or both, through smaller regular payments, often fortnightly. As **Figure 4** shows, the sub-issue of payment plan instalments was the biggest contributor to payment difficulties cases across each of the last five quarters. Despite a sustained decrease in payment plan instalment cases since the the July–September 2013 quarter, such cases still comprised about a third (34%) of all payment difficulties cases in the July–September 2014 quarter. Payment plan instalments issues also figured in many disconnection cases (see analysis beginning on p. 15).



A number of customers also contacted us because they were struggling to negotiate an affordable payment plan, with the company either rejecting the customer's proposal, or requesting instalment amounts that were beyond the customer's capacity to pay. Occasionally, customers contacted us because their existing payment plan was unaffordable. More often, complaints relating to an existing payment plan were driven by concern about a company's attempt to increase instalment amounts to levels that the customer could not afford. In payment plan instalment disputes, there was often a dramatic difference between the amount the customer could afford and that requested by the company: in the sample cases we reviewed, companies were seeking payments up to four times higher than what the customer said they could pay.

## Arrears

As **Figure 4** shows, between the April–June 2014 and July–September 2014 quarters there was a sharp increase in account holder arrears cases, which rose 26% from 158 to 199 cases. Account holder arrears has consistently been the second-highest contributor to payment difficulties cases over the last five quarters.

In the sample of account holder arrears cases we reviewed, the amount owing was generally between \$1,000 and \$5,000. In some cases, there arrears were from closed accounts at previous properties, and customers sometimes had concerns about high or estimated bills associated with the arrears. There were often complex hardship circumstances, such as illness or disability combined with reliance upon income support payments.

## Direct debit

Between the April–June 2014 and July–September 2014 quarters, there was also a substantial 31% increase in direct debit cases. In contrast to the downward trend in credit cases (and EWOV cases overall), direct debit cases have increased over the past five quarters, and were 42% higher in July–September 2014 than in July–September 2013.

While the source of this increase is unclear, the sample of direct debit cases we reviewed involved:

- direct debit withdrawal of total bill amounts, rather than agreed instalments
- cancellation of direct debit arrangements in error
- direct debit of incorrect amounts
- failure to withdraw agreed direct debit amounts.

Direct debit errors can be a minor inconvenience or may have more serious consequences. In one case we reviewed, for example, the customer's entire fortnight's pension was withdrawn from her account, with the company advising her that a refund could take more than a week to process.

## Outcomes

During the July to September 2014 quarter, EWOV closed 115 payment difficulties complaints at RTR or Investigation.

Assisting customers and companies to negotiate affordable payment plans is a major area of EWOV's work in payment difficulties cases. **Table 3** shows the payment plan and extension outcomes negotiated as part of the resolution to these complaints.

**Table 3. Payment plan and extension outcomes, closed payment difficulties complaints, July–September 2014 quarter<sup>4</sup>**

Outcome	No.	%
Payment plan for consumption only	28	24%
Payment plan for arrears and consumption	27	23%
Payment plan for arrears only	20	17%
Extension for arrears	11	10%
None/not applicable <sup>5</sup>	29	25%
<b>Total</b>	<b>115</b>	<b>99%</b>

In three-quarters of closed payment difficulties complaints, a payment plan (65%) or extension (10%) was agreed upon.

**Table 4** shows other selected outcomes in payment difficulties complaints closed during the quarter.

**Table 4. Selected outcomes, closed payment difficulties complaints, July–September 2014 quarter<sup>6</sup>**

Outcome	No.	%
Referral to hardship team	48	42%
Customer Service Gesture	39	34%
Billing adjustment	8	7%
Fee waiver	4	3%
Debt waiver (partial)	4	3%
Debt waiver (full)	1	1%

Customers were referred to the hardship team in 42% of cases; application of a Customer Service Gesture (CSG) was another common outcome (34% of cases). Less frequently, customers and their companies agreed upon billing adjustments (7%), debt waivers (4%) or fee waivers (3%).

<sup>4</sup> Percentages do not total to 100% due to rounding.

<sup>5</sup> Payment plans or extensions may not be applicable for a variety of reasons, for example, because there is a nil balance, or because the customer is able and willing to pay the outstanding amount. Note also that some payment difficulties cases (particularly in the direct debit category) do not involve customer hardship.

<sup>6</sup> Percentages do not total to 100% because a single case will often have multiple outcomes. Not all outcomes are included in this table.



**A customer with large electricity and gas arrears seeks an affordable payment plan and hardship assistance**  
**2014/38852 and 2014/38853**

***The issue***

The customer was in financial hardship and experiencing difficulties paying her gas and electricity bills. She had a terminal illness which prevented her from working, and relied exclusively on Centrelink payments. She was also having trouble renting out rooms in her house, and her rent had increased to 67% of her income.

With arrears of \$3,031.51 on her electricity account and \$1,443.13 on her gas account, the customer was unable to afford the fortnightly payments of \$183.00 for electricity and \$86.00 for gas that had been requested by her retailer. She had not made a payment towards either account since May 2014, and could only afford to pay \$30.00 per fortnight, per fuel. She asked her retailer to consider temporary electricity and gas payment plans of \$30.00 per fortnight each, and provide her with hardship assistance.

***The outcome***

Following a referral from her financial counselor, the customer contacted EWOV on 26 August 2014 and we raised an Assisted Referral. However, noting the customer's health concerns and her previous removal from the retailer's hardship program, the retailer asked that the case proceed directly to an Investigation. As part of the Investigation, the customer began making fortnightly payments of \$30.00 towards each account.

During the Investigation, the retailer confirmed that concessions had been applied to both of the customer's accounts. It also advised that as her last Utility Relief Grant (URG) had been received more than two years ago, in June 2012, she would be eligible to apply again. The retailer arranged to send the customer new URG Scheme application forms.

The customer was referred back onto the hardship program so that her retailer could arrange an onsite energy audit to help her reduce her ongoing usage to a more affordable level. It accepted her request for a temporary payment plan of \$30.00 per fortnight towards each account, and said that as part of her participation in the hardship program, it would reassess her payment plan every three months. She was also told that if she could increase her payments so that she was covering her ongoing usage, her retailer would offer her an incentive, matching her payments with an equal credit on her accounts. As the customer was satisfied with the proposed resolution, both complaints were closed.



## A customer is affected by repeated direct debit errors 2014/35683

### ***The issue***

The customer was dissatisfied with her electricity retailer about a direct debit error and associated bank payment dishonour fees. The customer had called her retailer to establish a direct debit payment plan of \$30.00 per fortnight from 14 August 2014. However, the retailer attempted to debit \$60 from her bank account two weeks early, causing her to be charged a dishonour fee due to insufficient funds.

When the customer contacted her retailer about the issue, it told her that the direct debit payment plan was set and could not be changed, and that it would not refund her for the bank's dishonour fee. Dissatisfied with this response, the customer contacted EWOV on 5 August 2014. An Assisted Referral was raised but failed to resolve the customer's complaint because she could not get back in contact with the higher level representative at the electricity retailer. The customer recontacted EWOV on 26 August 2014 and the complaint was handled via the RTR process.

EWOV liaised between the customer and the electricity company and established that the direct debit had been processed on the incorrect date. The company reimbursed the \$44.54 in dishonour fees and applied a \$50.00 financial credit to the account in recognition of the inconvenience caused.

The \$30.00 per fortnight direct debit payment plan was reset to begin on 11 September 2014. Subsequently, however, the payment was not processed until 16 September 2014, causing another dishonour fee to be charged. Additionally, the customer received a new bill which did not include the \$50.00 credit offered. Dissatisfied with the continued direct debit errors, the customer recontacted EWOV on 22 September 2014 and we opened an Investigation. EWOV obtained an account reconciliation and more information about the direct debit errors.

### ***The outcome***

The retailer acknowledged it had set up the direct debits to be deducted on the incorrect dates. It again apologised for the inconvenience caused and applied an additional \$100.00 credit to both her electricity and gas accounts. The retailer re-established the direct debt payment plan, setting it to begin on 8 October 2014, per the customer's request. It also provided a higher level direct contact in case of further payment issues. The customer was satisfied and the case was resolved.

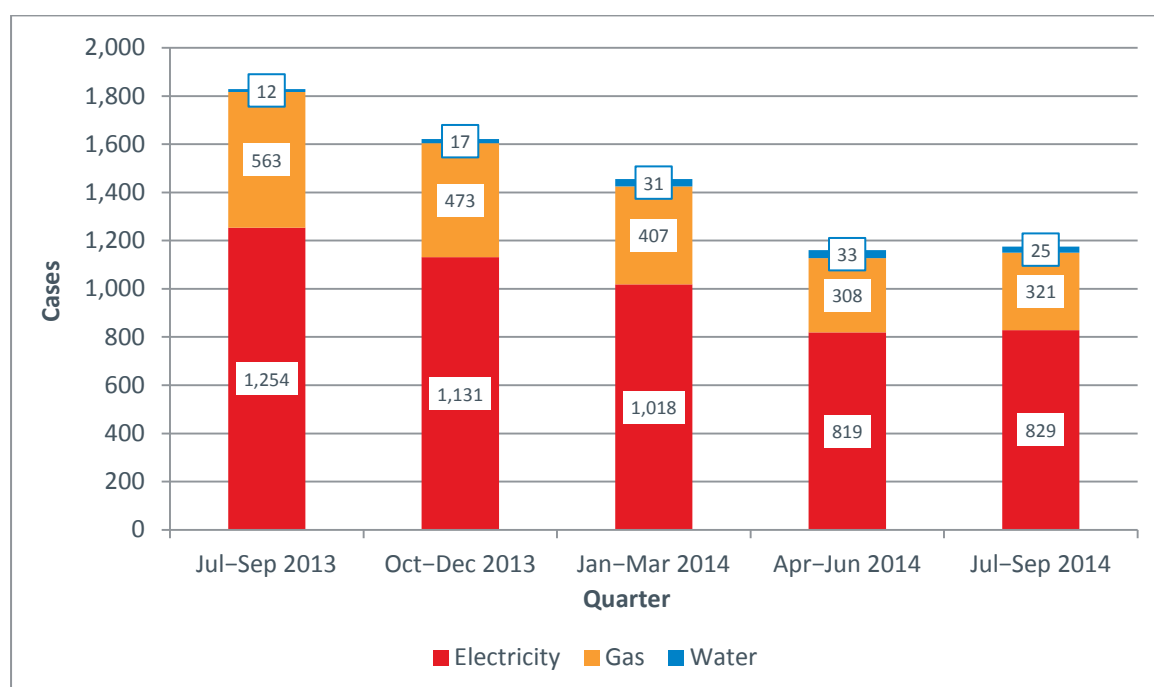
## Disconnection and restriction

EWOV “disconnection/restriction” cases concern electricity and gas disconnection or restriction of water supply for non-payment.<sup>7</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

Over the July–September 2014 quarter, EWOV received 1,175 imminent disconnection/restriction cases. **Figure 5** shows the number of EWOV electricity, gas and water imminent disconnection/restriction cases for each of the last five quarters.

**Figure 5. Electricity, gas and water imminent disconnection/restriction cases by quarter, July–September 2013 to July–September 2014**



Overall, imminent disconnection/restriction cases remained stable in the July–September 2014 quarter (up 1% compared to the previous quarter), although gas imminent disconnection cases rose 4% – a trend that is probably associated with the increase in gas payment difficulties during the same quarter (see p. 9). Imminent disconnection/restriction cases were down by more than a third (36%) from a peak of 1,829 cases in the July–September 2013 quarter.

We closely reviewed a random sample of imminent disconnection/restriction cases to develop a more detailed picture of disconnection issues. Most commonly, customers were threatened with disconnection/restriction over arrears of between \$1,000.00 and \$5,000.00, although a few customers had arrears under or over these thresholds. A small proportion of customers described being asked to pay full or a large proportion of arrears upfront to prevent disconnection/restriction.

<sup>7</sup> The equivalent process for LPG is the stopping of deliveries. A small number of these cases are included in gas disconnection figures in this report.

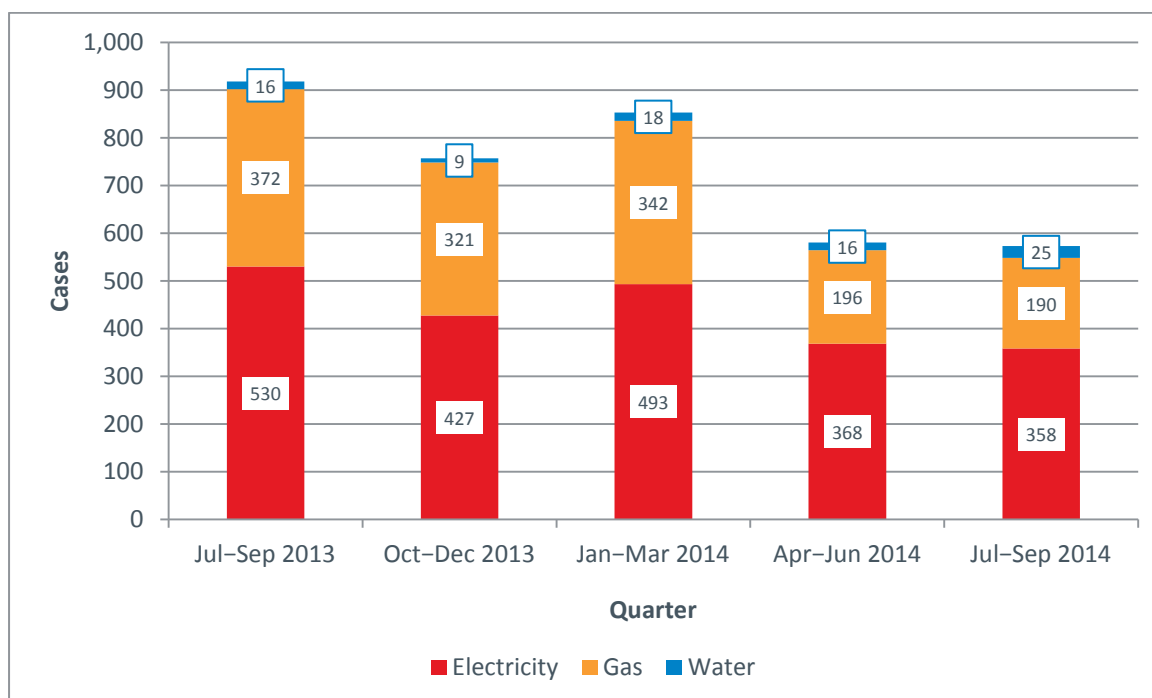
Frequently, customers raised concerns about an associated billing issue, such as a high bill, backbill or suspected error (for example, missing payments or the non-application of concessions). In a few cases, customers received disconnection/restriction warning notices while already in discussion with their company about the associated billing concern. In a few energy cases, customers believed that they were with a retailer other than the retailer threatening disconnection.

Customers complaining about imminent disconnection/restriction also described problems with payment plans, such as disagreements about instalment amounts, payment plan errors and warning notices issued despite agreed payments being made.

## Actual disconnection

In the July–September 2014 quarter, EWOV received 573 actual disconnection/restriction cases. **Figure 6** shows actual disconnection/restriction cases trends over the past five quarters.

**Figure 6. Electricity, gas and water and total actual disconnection/restriction cases by quarter, July–September 2013 to July–September 2014**



Actual disconnection/restriction cases also remained stable between the April–June 2014 and July–September 2014 quarters (down 1%). While gas and electricity actual disconnection cases both decreased slightly, actual water restriction cases increased by 56% to 25 cases in July–September 2014, reaching their highest point over the five-quarter period. Nevertheless, water cases continued to make up less than 1% of total actual disconnection/restriction cases.

Our close analysis of a random sample of actual disconnection/restriction cases uncovered issues similar to those in imminent disconnection/restriction cases (see p. 15). In the residential customer cases reviewed, arrears ranged from around \$1,000 to \$4,500.00. In a number of cases, the customer was reliant on government income support and/or disclosed other complex circumstances, such as medical conditions requiring heating.



As with imminent disconnections/restrictions, customers in actual disconnection/restriction cases frequently had associated billing questions or concerns. In one reviewed case, the customer was in discussion with their energy retailer about the billing issue when the disconnection occurred.

Payment plan issues were also often associated with actual disconnection cases. Issues included:

- disconnection/restriction despite a payment plan being in place
- disconnection/restriction following missed payments due to financial hardship
- failed attempts to negotiate an affordable payment plan prior to the disconnection/restriction
- companies seeking to increase instalment amounts on existing payment plans, sometimes dramatically (for example, from \$59.00 to \$173.00 per fortnight).

In a small proportion of the energy cases reviewed, when the customer attempted to arrange reconnection, the retailer sought full payment of arrears before it would reconnect, which the customer could not afford.

## Outcomes

In the July–September 2014 quarter, EWOV closed 604 actual and imminent disconnection/restriction complaints at RTR or Investigation, and completed 559 Wrongful Disconnection Payment (WDP) assessments.<sup>8</sup>

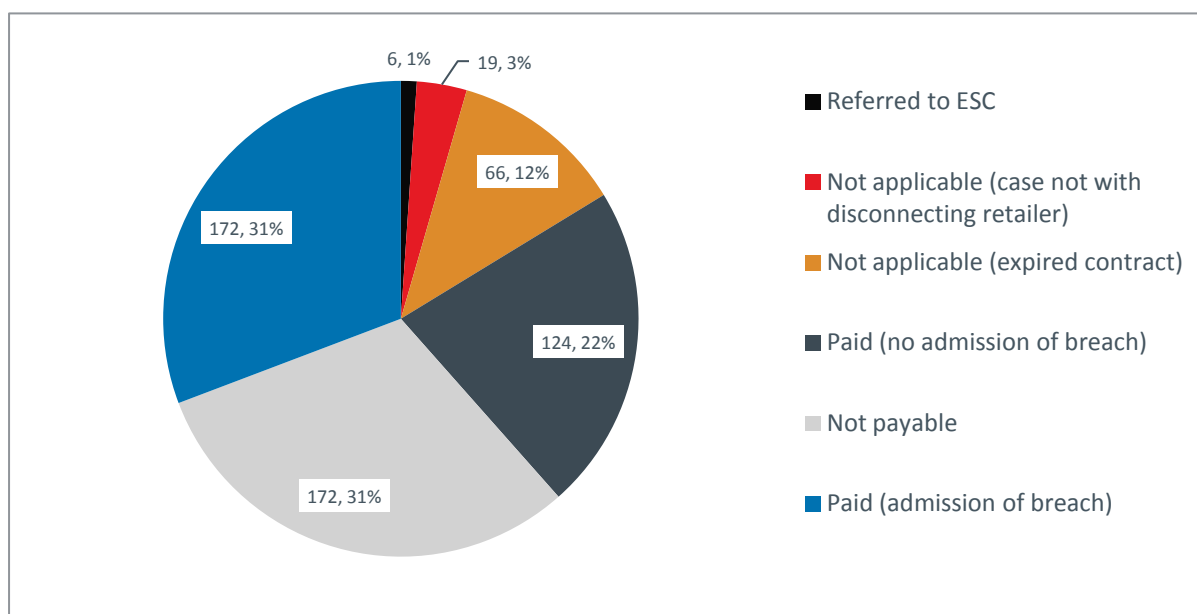
### *Wrongful Disconnection Payment*

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 the customer's contract, the retailer must make a payment to the customer of \$250.00 per day (or part thereof), capped at \$3,500.00 if the customer does not contact the retailer within 14 days.

Over the July–September 2014 quarter, EWOV assessed whether a WDP was applicable in 559 actual disconnection cases; **Figure 7** shows the outcomes of these assessments.

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<sup>8</sup> These figures differ because WDP assessments are conducted only 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.

**Figure 7. Wrongful Disconnection Payment assessment outcomes, July–September 2014 quarter**

As **Figure 7** shows, a WDP was paid in just over half (53%) of the assessed cases: either because the retailer acknowledged a breach had occurred, or because it pre-empted full assessment, offering to make an equivalent payment without admitting breach. In 15% of cases, a WDP was not applicable because of an expired contract, or because the EWOV case was not with the retailer that had disconnected the customer. In the remaining 1% of cases the retailer disagreed with EWOV's assessment and the case was referred to the regulator, the Essential Services Commission, for a decision.

### **Other payments and waivers**

Separately from (and potentially in addition to) the WDP, customers in actual or imminent disconnection or restriction cases may receive other credits or waivers, or have their billing adjusted, as part of the agreed resolution of their case, as shown in **Table 5**.

**Table 5. Selected outcomes, closed disconnection/restriction complaints, July–September 2014 quarter<sup>9</sup>**

Outcome	No.	%
Customer Service Gesture	176	29%
Billing adjustment	95	16%
Fee waiver	65	11%
Debt waiver (partial)	12	2%
Debt waiver (full)	10	2%
Guaranteed Service Level payment	10	2%
Compensation for losses	1	<1%

<sup>9</sup> Percentages do not total to 100% because a single case will often have multiple outcomes. Not all outcomes are included in this table.

In nearly one-third (29%) of cases, the company applied a CSG in recognition of customer service issues; the median CSG value was \$142.01. Twenty-two full or partial debt waivers were agreed. Waiver amounts ranged from \$10.97 to \$3,493.29, with a median value of \$117.30. Billing was adjusted on 95 customer accounts, and fees (such as meter test, termination or truck visit fees) were waived for 65 customers.

### ***Payment plans and extensions***

In two-thirds of the disconnection/restriction cases closed during the quarter, a payment plan or extension was agreed as part of the resolution. **Table 6**, below, shows the breakdown of payment plan types negotiated.

**Table 6. Payment plan and extension outcomes, closed disconnection/restriction complaints, July–September 2014<sup>10</sup>**

<b>Outcome</b>	<b>No.</b>	<b>%</b>
Payment plan for arrears only	51	8%
Payment plan for consumption only	87	14%
Payment plan for arrears and consumption	166	27%
Extension for arrears	94	16%
None/not applicable	206	34%
<b>Total</b>	<b>604</b>	<b>99%</b>

The most common type of payment plan negotiated was one covering both arrears and consumption.

### ***Hardship program participation***

190 customers were referred to their retailer's hardship program as part of the resolution of their complaint, representing just under one third (31%) of closed disconnection/restriction cases. This includes customers who were referred back onto a hardship program after having been excluded previously, as well as those participating for the first time.

It should be noted that many customers lodging actual or imminent disconnection complaints are not experiencing financial hardship: just under half (44%) of the disconnection/restriction cases closed during the quarter were not hardship<sup>11</sup> cases.

<sup>10</sup> Percentages do not total to 100% due to rounding.

<sup>11</sup> EWOV considers a customer to be in hardship if they have the intention but not the financial capacity to make required payments.



## A customer experiences extended electricity disconnection following a billing delay and backbill 2014/30776

### **The issue**

The customer was dissatisfied with his electricity retailer about an actual disconnection which took place in November 2013. He had moved into the property in March 2012 and did not receive a bill for about 14 months. He then received a backbill and started paying \$30 per fortnight toward the account – the most he could afford on his limited Centrelink income. When he contacted the retailer about the disconnection, it told him that he would need to pay \$1,000 to have the electricity reconnected, which the customer advised he could not afford.

The customer contacted EWOV on 2 July 2014, by which time he had been without electricity for around eight months. EWOV opened an Investigation and an assessment of whether the WDP was payable. In line with our *Reconnection and Derestriction Policy*, we ordered same day reconnection of the customer's electricity supply.

EWOV liaised between the customer and electricity retailer to identify the factors that had led to the disconnection. We also reviewed the timeline and contact notes to see whether the customer had contacted the retailer about the disconnection between November 2013 and July 2014. This review confirmed that no contact had been made, meaning that a WDP, if found to be payable, would be capped at \$3,500.00 (\$250.00 per day for 14 days).

### **The outcome**

The retailer apologised to the customer. It acknowledged that there had been a significant billing delay resulting in a large backbill, and confirmed that the current account balance was \$1,003.34. To assist the customer, it established a \$50.00 per fortnight payment plan, which the customer confirmed was affordable. The retailer offered to help the customer apply for the Utility Relief Grant Scheme (URGS) and placed the customer on its hardship program, establishing a quarterly review process to monitor the hardship assistance and ongoing usage.

As part of the WDP assessment, the retailer acknowledged that its disconnection warning notice was not compliant with Clause 13.1(c) of the *Energy Retail Code* (version 10a). Therefore, a WDP of \$3,500.00 was payable and applied to the customer's account. This resulted in a revised account balance of \$2,546.66 credit, which the customer nominated to have refunded. The customer was satisfied and the case was resolved.



## A customer in financial hardship has her water supply restricted 2014/38302

### **The issue**

The customer was dissatisfied with her water corporation about the actual restriction of her water supply on 21 August 2014. Prior to the restriction, the customer had a payment plan in place but had missed some payments due to unforeseen circumstances, and hadn't been able to notify the water corporation.

When she contacted it about the restriction, it requested a \$600.00 payment in order to have the restriction removed. Unhappy with the water corporation's response, the customer contacted EWOV on 21 August 2014 and we began an Investigation.

When the customer lodged her complaint with EWOV, she believed that she owed nearly \$2,000. She told us that she was on a sole income with three dependent children, and could afford to pay \$120.00 per fortnight. She said that she lived in an Office of Housing property and said that there might be a leak contributing to high bills and the high account balance.

EWOV liaised between the customer and the water corporation to obtain contact notes, billing information and an account reconciliation, and reviewed the circumstances leading to the restriction.

As part of the review of the water restriction, we also completed a Water Hardship Guaranteed Service Level (GSL) payment assessment to determine whether the water corporation had carried out the restriction in compliance with Essential Services Commission's *Reasonable Endeavours Checklist*.

### **The outcome**

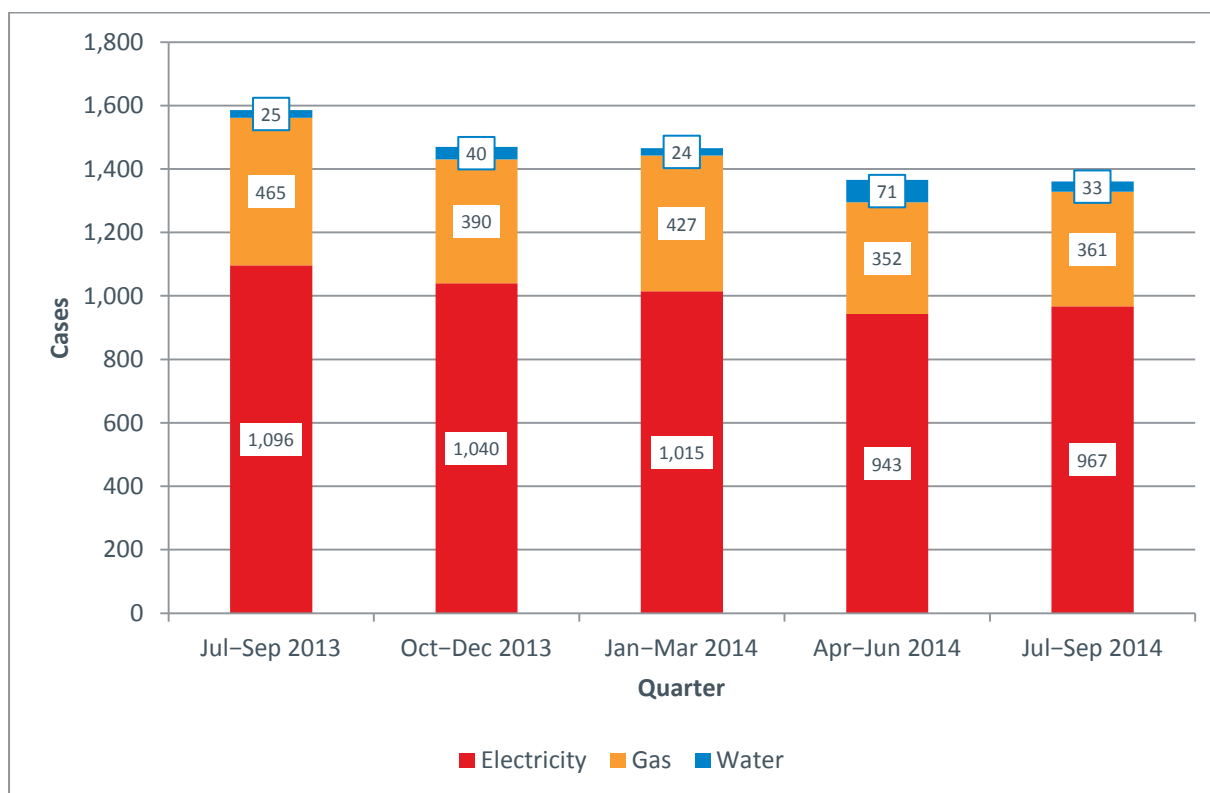
The water corporation apologised to the customer and waived the restriction fee of about \$180.00. It also helped the customer to make a successful Utility Relief Grant Scheme (URGS) application, which saw a \$500.00 credit applied to the account. Although EWOV did not find that the water corporation had failed to comply with the *Reasonable Endeavours Checklist*, it voluntarily applied \$300 to the account (an amount equivalent to the Water Hardship GSL) to help facilitate resolution of the complaint. Applying all of these credits reduced the customer's account balance to about \$1,500.00.

To pay the arrears as well as ongoing consumption of around \$56.00 per fortnight, the water corporation accepted the customer's payment plan offer of \$120.00 per fortnight. It placed the customer on its hardship program, and provided the customer with a higher level contact at the water corporation in case she experienced any further hardship or payment issues. The customer was satisfied with the outcome and the case was resolved.

## 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 July–September 2014 quarter, EWOV received 1,365 collection cases. **Figure 8** shows trends in collection cases over the last five quarters.

**Figure 8. Electricity, gas and water collection cases by quarter, July–September 2013 to July–September 2014**

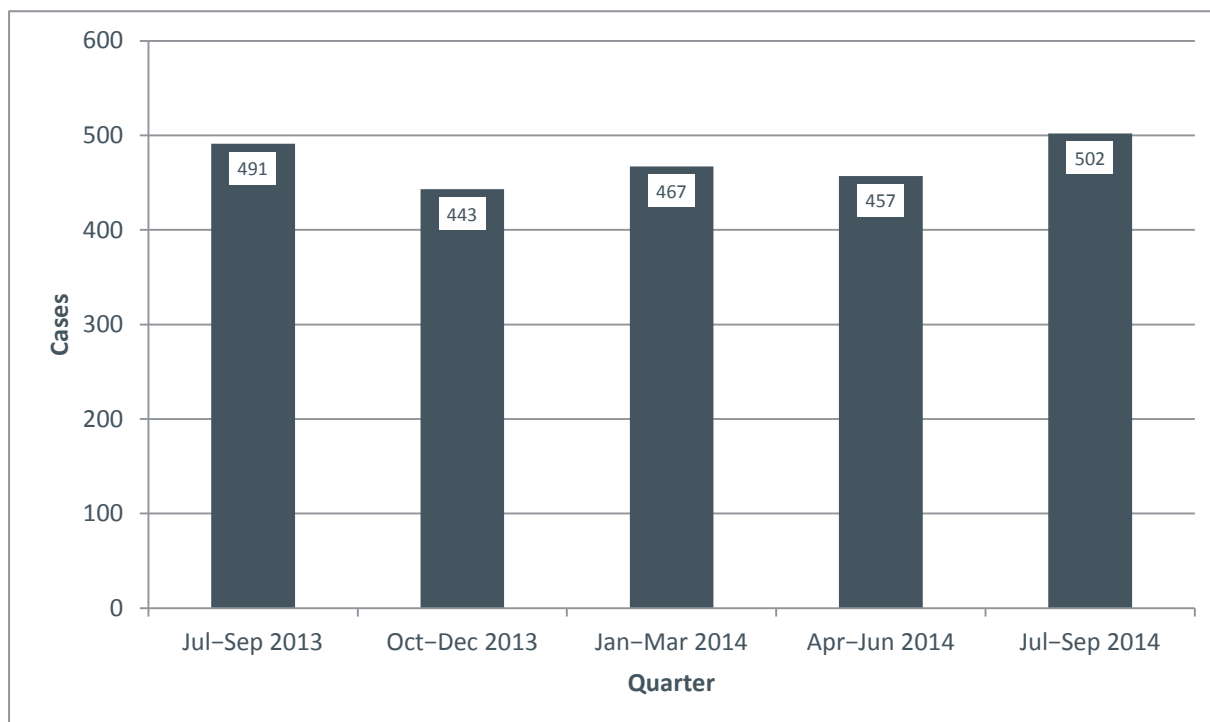


Collection cases remained stable (decreasing 1%) between the April–June 2014 and July–September 2014 quarters, following a gradual 13% drop over the course of 2013–14.

### Credit rating

The overall decrease in collection cases overall masks trends within the category. **Figure 9** shows credit rating cases over the last five quarters.

**Figure 9. Electricity, gas and water credit rating cases by quarter, July–September 2013 to July–September 2014**

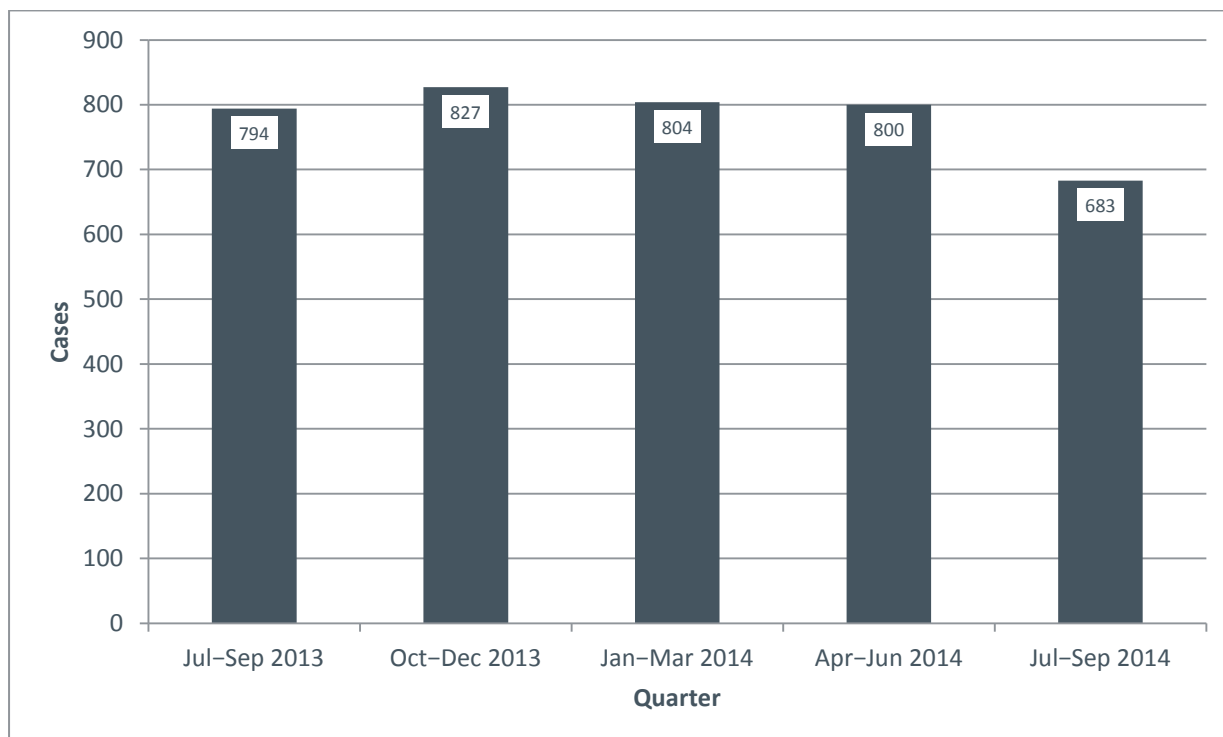


In July–September 2014, EWOV received 502 credit rating cases, an increase of 10% over the previous quarter. Moreover, contrasting with the pattern seen across most complaint issues, credit rating cases in July–September 2014 were slightly up (2%) compared to the same quarter in July–September 2013.

Customers who contacted us about default listings had a range of concerns. Some believed that the default had been listed in error. Others were dissatisfied that the listing had been applied without warning, and/or without the retailer first offering hardship assistance. In a number of cases involving closed accounts from previous properties, the customer was unaware that a debt existed or believed the account to have been finalised with a nilbalance. The defaults listed were for varying amounts; in the sample of cases we reviewed, arrears ranged from around \$300.00 through to around \$2,000.00.

### Debt collection agency

In debt collection agency cases, customers have had contact from one or more debt collection agencies about debts from energy or water accounts. **Figure 10** shows debt collection agency case trends over the last five quarters.

**Figure 10. Debt collection agency cases by quarter, July–September 2013 to July–September 2014**

Contrasting with the increase in default listing cases, debt collection agency cases decreased markedly (15%) between the April–June 2014 and July–September 2014 quarters.

Some customers who contacted us about debt collection agency activity were experiencing hardship and described not being offered (or being refused) other assistance, such as an extension, before debts were sold to a debt collection agency. Others disputed that the debts were theirs, or sought evidence that the amounts they were being pursued for were correct. In a small number of cases, customers complained that they were receiving contact from debt collection agencies after their retailer had already agreed to waive debts or recall them from debt collection agencies.

## Outcomes

During the July–September 2014 quarter, we closed 277 complaints about collection at RTR or Investigation. **Table 7** shows some of the outcomes achieved as part of the agreed resolution to these complaints.



**Table 7. Selected outcomes, closed collection complaints, July–September 2014 quarter<sup>12</sup>**

Outcome	No.	%
Removal of default listing	87	31%
Written confirmation that credit rating not affected	72	26%
Customer Service Gesture	55	20%
Debt waiver (full)	47	17%
Debt waiver (partial)	9	3%
Extension	37	13%
Payment plan	31	11%
Referral to hardship team	9	3%

In just under one-third of cases (31%), a default listing was removed as part of the resolution of the complaint. Often, customers who have experienced debt collection activity or who have had other arrears issues seek confirmation that their credit rating has not been affected. This was provided in around a quarter (26%) of closed collection cases. In one-fifth of cases, the company applied a CSG; the median CSG value was \$120.60. Debts were waived fully or partially in 20% of cases, with waivers ranging in value from \$58.62 through to \$6,549.35 (median value \$294.11). In 13% of cases a payment plan was negotiated, while 11% of customers were given an extension to pay off arrears.

<sup>12</sup> Percentages do not total to 100% because a single case will often have multiple outcomes.



## A customer has a credit default listed erroneously 2014/30981

### ***The issue***

The customer was dissatisfied with his electricity company about a default listing that he thought was incorrect. He had moved out of a property in mid-January 2011 and finalised the account. He thought the account had been closed with a nil balance.

However, in August 2011 a default listing for about \$300 was placed on the customer's credit file with two credit reporting bureaus. The customer discovered these default listings when he applied for a loan in 2014. He paid the debt immediately and contacted the two credit reporting bureaus about the default listings. One responded that it had lifted the default listing because it could not confirm that the listing was correct and accurate.

Based on this, the customer contacted the electricity company about his concerns that the other credit reporting bureau would not erase the default from his credit file. He was told that the default listing was correct and would stand. Dissatisfied with the company's response, the customer contacted EWOV on 7 July 2014 and an Assisted Referral was raised. The retailer again advised that the default listing would remain.

Dissatisfied with this response, the customer recontacted EWOV on 10 July 2014. The matter was initially handled through the Real Time Resolution process, but was moved to an Investigation when it became apparent that a more in-depth Investigation was needed to resolve the customer's concerns. EWOV reviewed information from both parties, including call notes and correspondence. EWOV also checked whether the correct process for listing a default on a customer's credit file had been followed.

### ***The outcome***

The company agreed to tell the credit reporting bureau to remove the default listing as although the arrears were outstanding, the default had been listed in error – the customer was not sent a default warning notice before the listing occurred, as required. The customer was satisfied with the outcome and complaint was resolved.

## Context

Readers of this report should take into account the following:

### **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 28). 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. We do this because differences between electricity and gas transfer systems cause resolution timeframes and outcomes to vary.

### **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 or complaint). In addition, a customer may have issues with two different companies.



## 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.