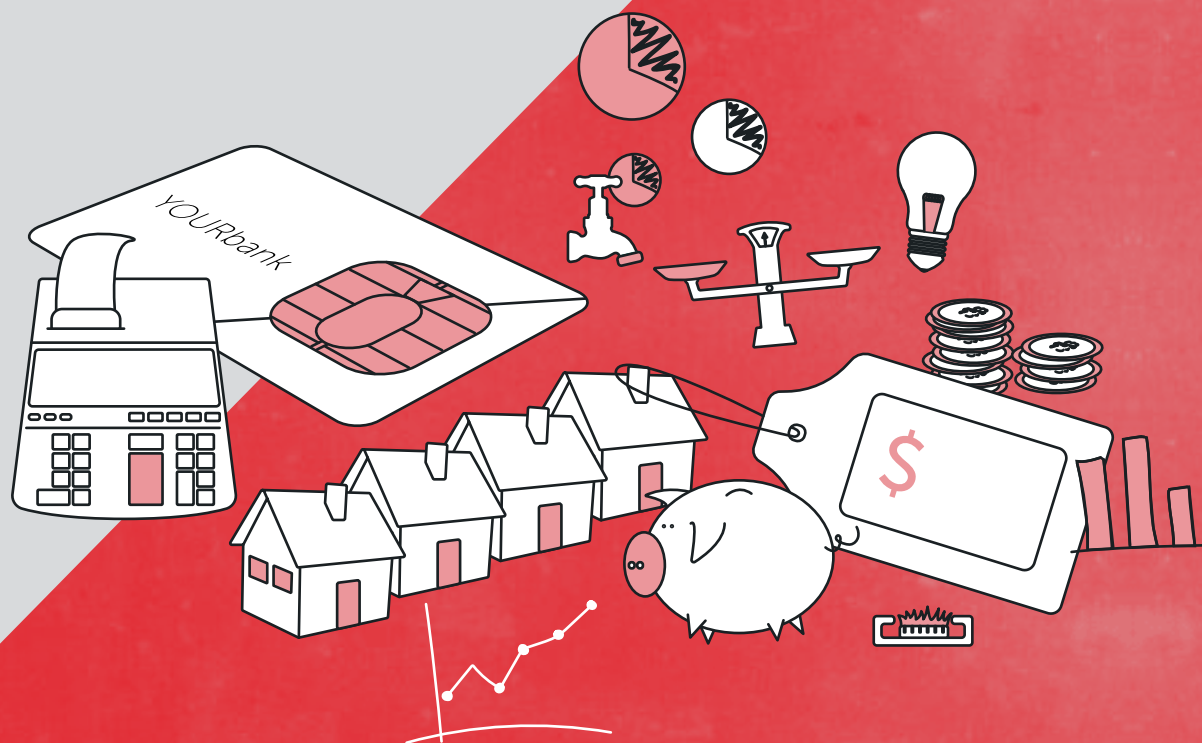




ENERGY AND WATER  
OMBUDSMAN

Victoria **Listen Assist Resolve**

Free and independent for 20 years



QUARTERLY EWOV

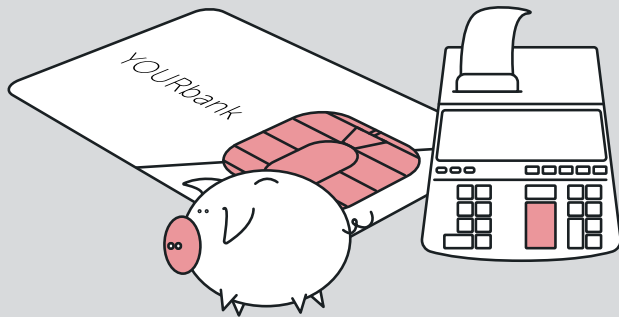
# AFFORDABILITY REPORT

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



## 3:10



**Credit** cases fell 5% in the April to June 2016 quarter, but continue to make up about **one third** of EWOV's total caseload.

## Water



Water credit-related cases continue to rise, up 12% on the last quarter and 19% over five quarters



## Electricity

Electricity continues to be the biggest source of credit complaints, accounting for 63% of all credit cases.



## Collection

Debt collection agency cases were up 15% compared to the last quarter

## AFFORDABILITY: THE BIG PICTURE

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

EWOV's credit cases fell 5% in the April-June 2016 quarter compared to the previous quarter. Despite this small fall in overall credit cases, EWOV continues to observe a range of affordability cases where customers have large debts and cannot afford to pay for their ongoing energy or water consumption in addition to the debt.

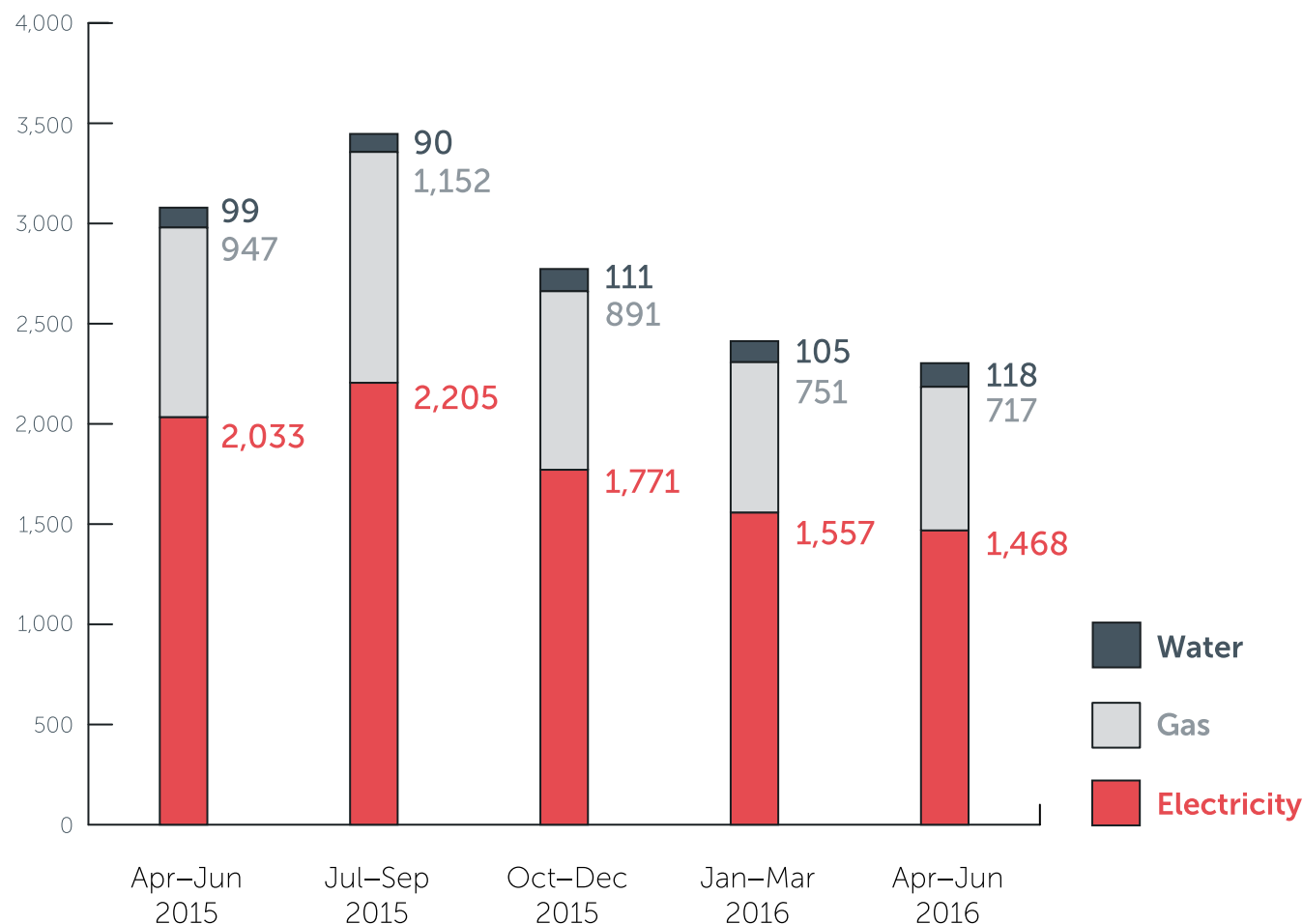
### Cases

In the April-June 2016 quarter, we registered 2,316 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 25% on the same quarter in 2015 and down 5% from the January-March 2016 quarter. This 5% decrease is consistent with the 6% fall in EWOV's overall cases during the same period.

**FIGURE 1.**

**Electricity, gas and water credit cases received by quarter, April–June 2015 to April–June 2016**



**Note:** We also received **4 LPG** cases and **9 Dual Fuel** cases in this reporting period, which have not been included in this graph.

Over the five quarters from 1 April 2015 to 30 June 2016, the proportion of EWOV cases primarily about a credit issue fluctuated between 29% and 31% of EWOV's overall cases. (Table 1).

## Case receipt

Figure 2 shows how EWOV handled the 2,316 credit cases received this quarter<sup>1</sup>.

In the April-June 2016 quarter, the proportion of cases handled at each stage remained fairly consistent with the previous four quarters' results, but there was a small increase in Assisted Referrals (from 62% to 64%), and 22% of cases required an Investigation (down slightly from 23% in the previous quarter).

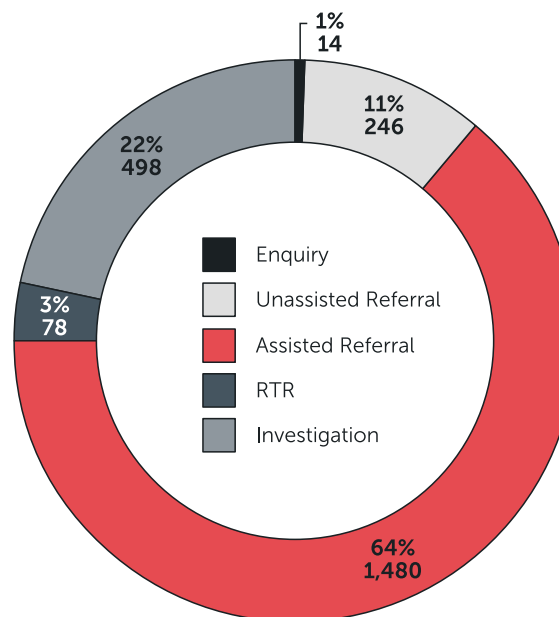
TABLE 1.

Credit cases as a percentage of total EWOV cases, April–June 2015 to April–June 2016

	APR–JUN 2015	JUL–SEP 2015	OCT–DEC 2015	JAN–MAR 2016	APR–JUN 16
<b>Credit cases</b>	3,087	3,459	2,796	2,435	2,316
<b>Total cases</b>	10,470	11,275	9,246	8,162	7,697
<b>%</b>	29%	31%	30%	30%	30%

FIGURE 2.

Case stage, credit cases received April–June 2016 quarter



<sup>1</sup> Some cases move through 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>1</sup>. Payment difficulties is often a secondary issue in EWOV imminent and actual disconnection/restriction cases, but we also receive cases that are mainly about payment difficulties with no disconnection activity involved.

Over the April–June 2016 quarter, we received 424 payment difficulties cases, down 11% from 474 cases in the previous quarter. **Figure 3** shows the trends in payment difficulties cases over the last five quarters.

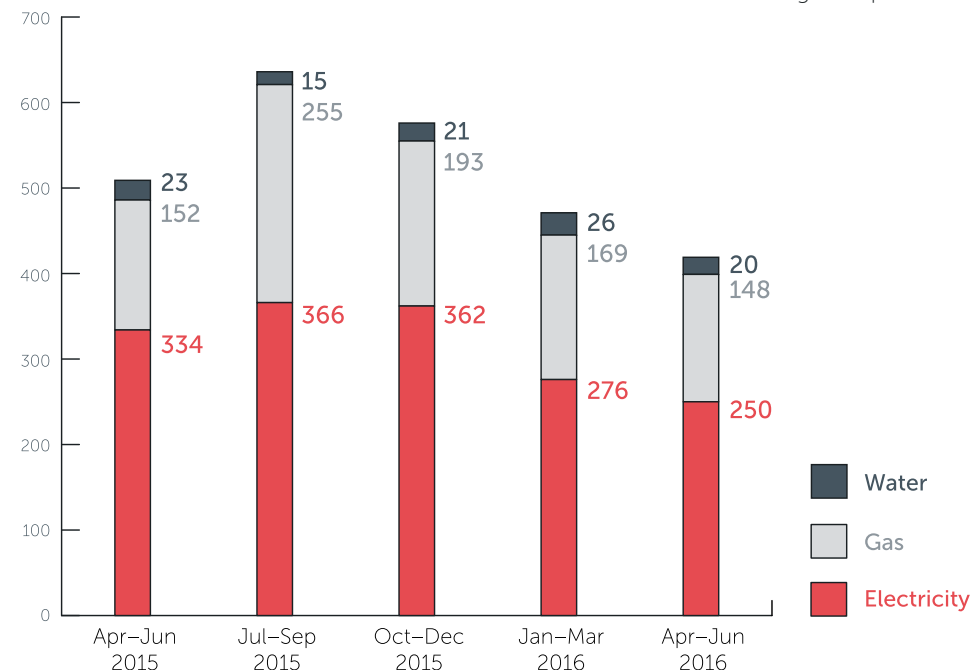
The only payment difficulties case type to increase was dual fuel, which increased from 3 cases last quarter to 5 cases this reporting period. As previously reported, and as shown in Figure 3, water payment difficulties cases had been increasing between July 2015 and March 2016, but encouragingly, a 23% decrease was recorded this quarter compared to the previous quarter. However, EWOV's overall water credit cases increased 12% this quarter compared to last quarter and is up 19% compared to the same period in 2015.

Over the five quarters from 1 April 2015 to 30 June 2016, electricity payment difficulty cases recorded the largest reduction, falling by 25% from 334 cases to 250 cases. However, interestingly, we only received marginally less gas payment difficulties cases (2% fewer) this quarter compared with the same period in 2015.

It is important to note that most of EWOV's payment difficulties cases were handled as Assisted Referrals or Unassisted Referrals and were not investigated by EWOV. This tells us that these EWOV Referrals and the company's complaint resolution processes generally work well to address customer concerns. However, there are still a number of cases that involve more complex payment difficulties, often with many thousands of dollars of debt, and these are the complaints that usually require further involvement by EWOV through our Real Time Resolution (RTR) or Investigation processes.

**FIGURE 3.**

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



**Note:** We also received 1 LPG case and 5 Dual Fuel cases in this reporting period, which have not been included in this graph.

<sup>1</sup> Refer to the Glossary on page 21 for a list of payment difficulties sub-issues

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

Account holder arrears cases made up 36% of payment difficulties cases (up from 33% last quarter) and was the biggest source of customer complaint within the payment difficulties credit sub-issue. Compared to last quarter, payment plan instalment cases dropped from the most complained about sub-issue to the second highest, accounting for 32% this quarter (down from 35% last quarter). These trends continue to indicate to us that customers and companies can experience difficulty resolving payment problems, usually because of the size of the debt. This creates challenges in negotiating payment plan agreements that are affordable and sustainable. EWOV often sees complaints reach the Investigation stage where customers have agreed to an unaffordable payment plan proposed by their company, and instances where customers have not been able to meet the payment plan terms. These customers are sometimes subsequently disconnected following the payment plan failing.

Payment plan extension and direct debit cases both recorded reductions compared to last quarter with 27% and 15% decreases, respectively.

## Outcomes

During the April-June 2016 quarter, EWOV resolved 97 payment difficulties complaints – up 10% from 88 complaints last quarter – at RTR or Investigation.

In the current reporting period, 26% of these customers were also referred to their company's hardship program for assistance as part of the resolution.

A payment plan was negotiated in nearly 50% of closed RTRs or Investigations (46%).

**TABLE 2.**

**Selected outcomes, closed payment difficulties complaints, April–June 2016**

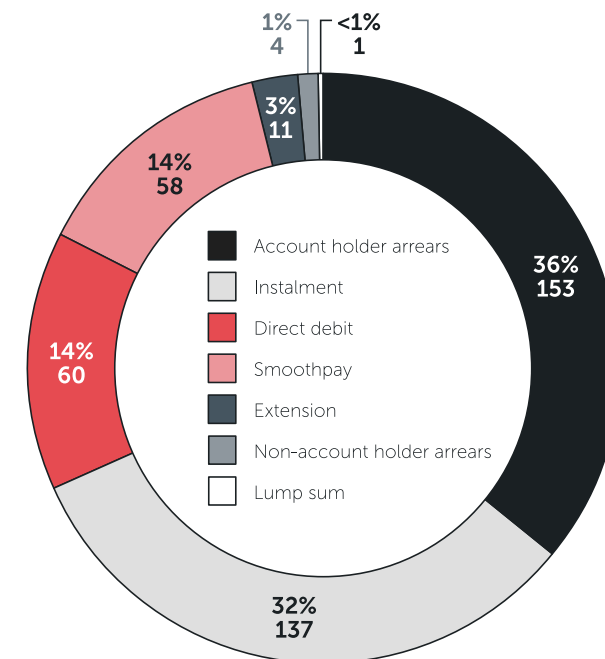
OUTCOME	NO.	%
Payment plan	78	46
Referral to hardship team	44	26
Customer Service Gesture	22	13
Extension	6	4
Billing adjustment	8	5
Fee waiver	4	2
Debt waiver (partial)	2	1
Debt waiver (full)	5	3

At the time of contacting EWOV, approximately one in five customers with a payment difficulty complaint as the primary issue were either:

- already in a company's hardship program (8%), or
- had been excluded from the a company's hardship program (11%).

**FIGURE 4.**

**Payment difficulties cases received by sub-issue, April–June 2016 quarter**





## Case study

***The customer had never been in hardship before but had been unemployed for 18 months and had exhausted his savings and superannuation fund balances when he contacted EWOV for assistance. He did not have any income and had combined arrears of \$3,800 on his gas and electricity accounts. 2016/238 and 2016/239***

### The issue

Mr D contacted EWOV because he had received several letters from his gas and electricity retailer requesting that he commit to a revised payment plan that he could not afford. When Mr D contacted EWOV, he had almost \$3,000 of arrears on his electricity account and more than \$800 on his gas account. He was not receiving any income at all and had been unemployed for approximately 18 months.

Due to the complexity of the case, the retailer requested that EWOV bypass the Assisted Referral and Real Time Resolution processes. EWOV immediately commenced an Investigation.

### The Investigation

EWOV requested copies of all bills, contact notes, meter readings, average fortnightly consumption and payment history from the energy retailer.

We noted that Mr D had not made a payment to his account for three months. EWOV discussed this with Mr D and he agreed to make a \$10 payment to each account within seven days.

We found that Mr D's average fortnightly consumption was \$40 for gas and \$113 for electricity. As noted earlier, his account balance was approximately \$806 for gas and \$3,000 for electricity. The energy retailer advised EWOV it required a fortnightly payment plan of \$71 for gas and \$227 for electricity to cover the arrears and ongoing usage.

EWOV noted that Utility Relief Grant Scheme (URGS) payments of \$500 for electricity and about \$470 for gas were applied to the accounts in December 2014. Mr D could not reapply until after two years had passed. EWOV reviewed Mr D's gas and electricity consumption over a 12-month period and graphed this information. The graph showed a clear spike in electricity consumption over the winter months. EWOV provided this information to Mr D to help him better understand his seasonal usage.

EWOV also confirmed that all bills had been based on actual meter reads. EWOV noted that the customer kept records of the numerous calls made to the company since 2014 to request payment extensions and instalment plans. EWOV was of the view that this should have strongly indicated to the retailer that Mr D was in financial hardship.

EWOV discussed the energy retailer's response with Mr D and he advised he could not afford to pay the fortnightly amounts proposed as he did not have any source of income. He advised he had been looking for work but this has been unsuccessful. He had also applied for Centrelink but the application was declined. Mr D advised EWOV that he had spoken to a financial counsellor on several occasions and she had suggested declaring bankruptcy but he did not want to take this step. He also advised that the Financial Ombudsman Service had helped him negotiate a break in his mortgage payments for a few months and he was hoping for a similar outcome from his energy retailer. In order to progress the Investigation, EWOV arranged an independent financial assessment.



## EWOV's financial assessment

EWOV's financial assessment found that Mr D:

- lived at home with his wife and there had been a drop in household income after his son moved out and could no longer offer financial support
- had not worked since losing his job 18 months ago but he was actively looking for work
- had limited household income from his wife's part-time work
- had negotiated to have his mortgage and credit card payments deferred for a short period of time
- had exhausted all of his savings and superannuation fund
- could only afford to pay \$10 per month to each account at the time the assessment was completed
- was considering selling his home to pay his debts.

EWOV discussed the results of the financial assessment with the energy retailer and with Mr D.

## The outcome

The energy retailer apologised for the inconvenience caused to Mr D and the delay in resolving the matter. It acknowledged Mr D's efforts to address his difficult financial situation and accepted EWOV's recommendation that Mr D pay \$10 per month for a period of two months. Additionally, the retailer placed Mr D onto its hardship program on the condition that Mr D:

- arranged an appointment with Centrelink to discuss and apply for any relevant benefits and concessions, and provide evidence of the outcome to the company
- continued to engage the assistance of a financial counsellor and provide them with authority to act on his behalf in dealing with the energy retailer
- actively worked with the financial counsellor and discuss the full range of options available which may help resolve his current financial situation
- keep his energy retailer informed about his financial situation in order for it to help with the most appropriate hardship assistance it could offer
- demonstrated a reduction in electricity and gas usage by taking reasonable steps to do so
- participated in an energy audit in two months time to assist with finding further gas and electricity savings.

It was also agreed that at the end of the two month period for the payment plan, Mr D's energy usage and Mr D's financial circumstances would be reviewed and discussed further. Mr D was also given a direct contact number for the retailer's hardship team so he and his financial counsellor could stay in contact.

Mr D was satisfied with this outcome and EWOV closed the case.

## DISCONNECTION AND RESTRICTION

EWOV's 'disconnection/restriction' cases relate to electricity and gas disconnection or restriction of water supply for non-payment<sup>1</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'.

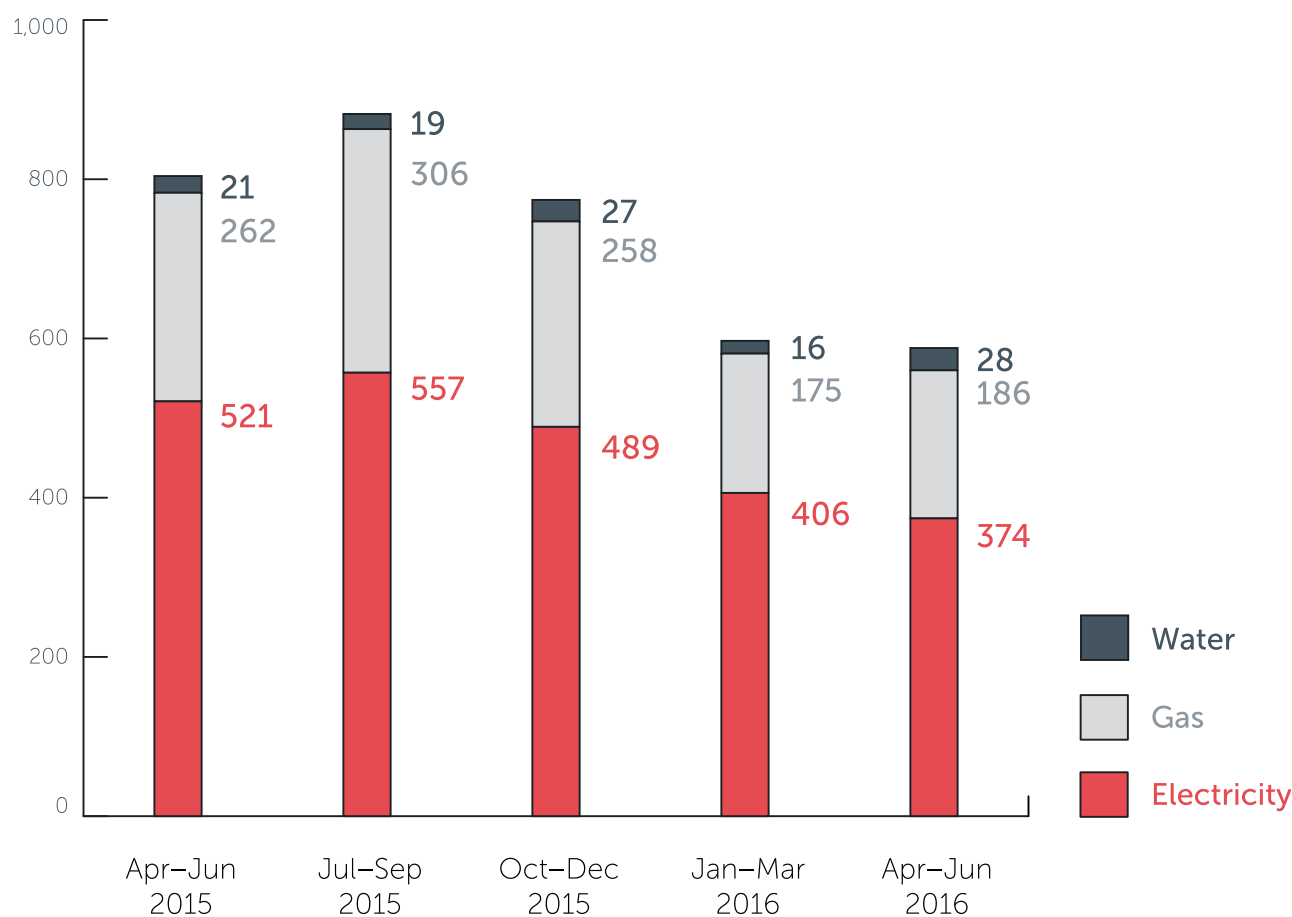
### Imminent disconnection/restriction

EWOV registered 588 imminent disconnection/restriction cases in the April-June 2016 quarter. This is less than the January-March 2016 quarter (down by 2%) and down 27% from 804 cases in the same quarter in 2015. Electricity imminent disconnection cases continued to make up about two thirds of total cases received for this sub-issue. Water imminent restriction cases were up 75% (from 16 to 28 cases) on the previous quarter and 33% on the same period in 2015.

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

FIGURE 5.

Electricity, gas and water imminent disconnection/restriction cases received by quarter, April-June 2015 to April-June 2016



**Note:** We also received 0 LPG cases in this reporting period.

<sup>1</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 April-June 2016 quarter, EWOV registered 285 actual disconnection/restriction cases, down 19% on the previous quarter and 35% less than the same quarter in 2015. More gas customers contacted EWOV for assistance before their supply was disconnected – with 186 customers calling about imminent gas disconnection and 104 about actual gas disconnections.

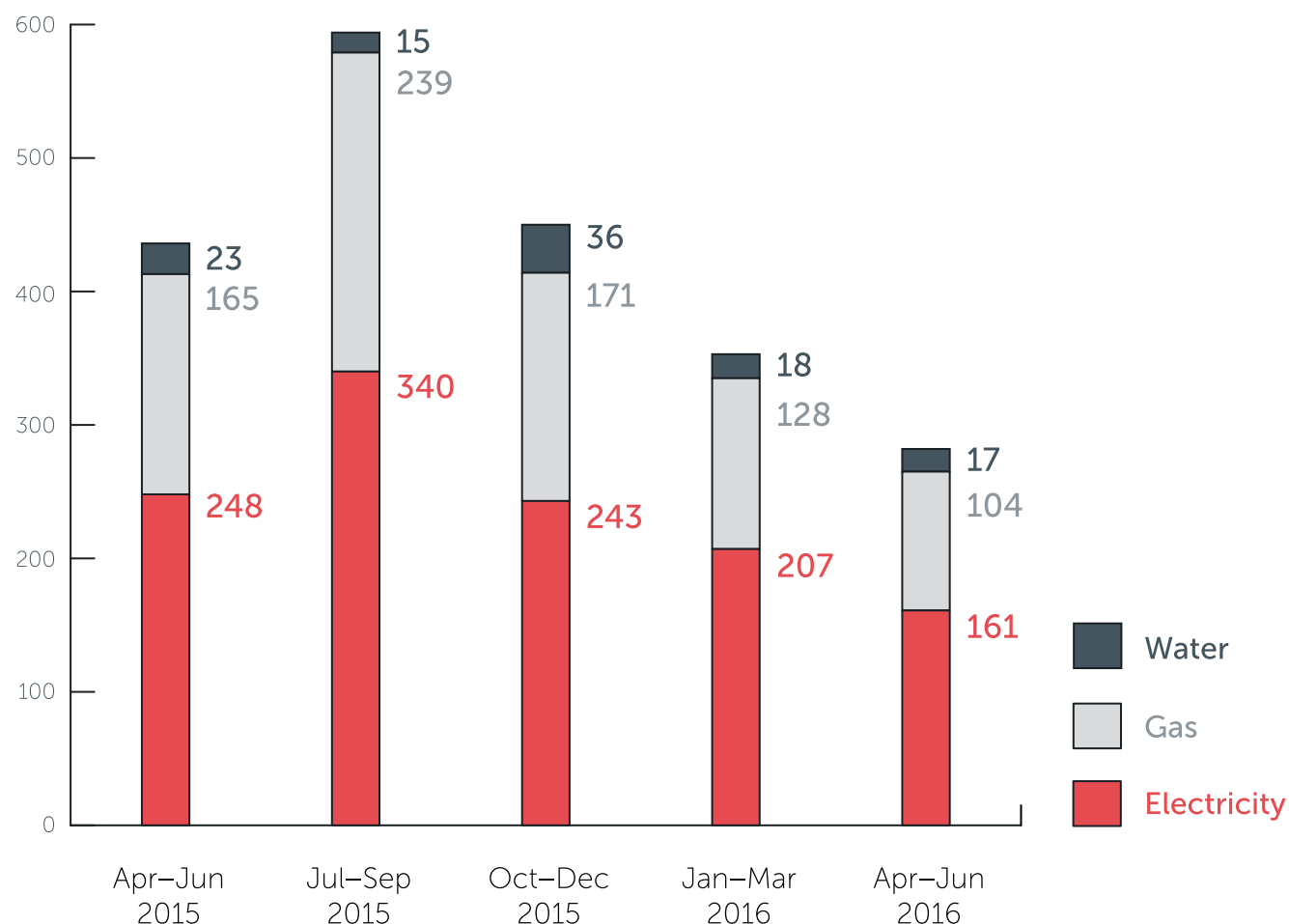
Figure 6 shows trends in actual disconnection/restriction cases between the April-June 2015 to April-June 2016 quarters.

## Water restrictions

Although a significantly smaller figure, the number of total EWOV water restriction cases continued to decrease this quarter (by 6%, 17 cases). This figure is also lower than the amount of restriction cases recorded in the same period in 2015 (23 cases).

FIGURE 6.

Electricity, gas and water actual disconnection/restriction cases by quarter, April-June 2015 to April-June 2016



**Note:** We also received 3 LPG case in this reporting period, which have not been included in this graph.

## Outcomes

During the April-June 2016 quarter, we closed 283 actual and imminent disconnection/restriction complaints at RTR or Investigation, and completed 391 Wrongful Disconnection Payment (WDP) assessments<sup>1</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 of the disconnection occurring<sup>2</sup>.

Figure 7 shows the outcomes of the 391 WDP assessments we completed in the April-June 2016 quarter.

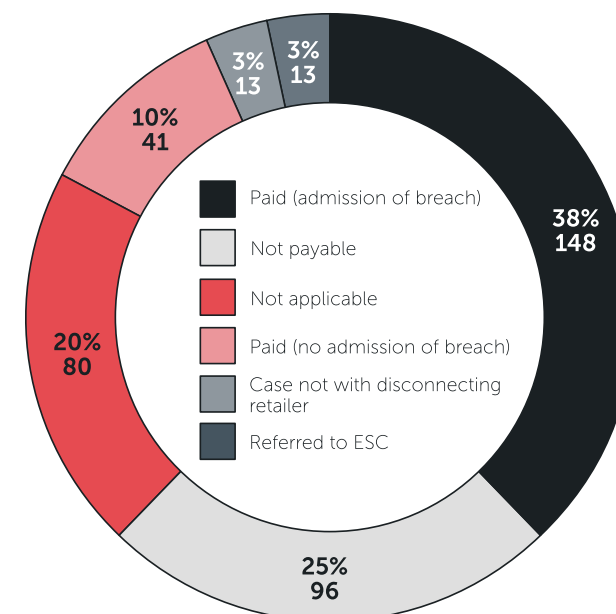
A payment was made to a customer in 48% (189 cases) of EWOV's WDP assessments, down from 66% in the previous quarter. This drop is not attributed to any specific energy retailer and is in line with EWOV's historical data. In 38% of WDP assessments, the energy retailer accepted EWOV's assessment that a regulatory breach had occurred and a WDP was payable – down two percentage points from the January-March 2016 quarter.

In a further 10% of cases, the retailer agreed to make a payment equivalent to the WDP without admitting any regulatory breach. This was down 15 percentage points compared with the previous quarter.

For most of the remaining cases, a WDP was either not payable because the retailer had complied with the requirements of the *Energy Retail Code* (25%, up eight percentage points on last quarter), or because WDP was not applicable (23%, up seven percentage points on last quarter). In this reporting period, 13 WDP cases were referred to the Essential Services Commission for a decision.

FIGURE 7.

Wrongful Disconnection Payment assessment outcomes, April-June 2016 quarter



1 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 Investigation itself is closed.

2 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 14 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 14 days. See [http://www.austlii.edu.au/au/legis/vic/num\\_act/elapa201549o2015552/](http://www.austlii.edu.au/au/legis/vic/num_act/elapa201549o2015552/)

## Other payments and waivers

**Table 3** shows other payments and waivers offered as part of the resolution in the 283 actual disconnection/restriction RTR and Investigation cases resolved during the April–June 2016 quarter. These are separate (and potentially in addition) to any WDPs that were paid to customers.

In 21% of closed RTR and Investigation cases, a retailer made a payment to its customer to recognise a customer service issue, down four percentage points on last quarter. One or more fees were waived in 10% of cases, down two percentage points compared to the previous quarter. Billing was adjusted in 10% of cases – which was the same level as the last quarter. In 6% of cases, customers' debt was waived either partially or in full.

**TABLE 3.**  
Payments and waivers, closed disconnection/  
restriction complaints, April–June 2016 quarter

OUTCOME	NO.	%
Customer Service Gesture	60	45
Fee waiver	29	22
Billing adjustment	27	20
Debt waiver (full)	10	8
Debt waiver (partial)	6	5
Guaranteed Service Level payment	1	1

## Payment plans and extensions

**Table 4** shows payment plan and extension outcomes for the 283 actual disconnection/restriction RTR and Investigation cases resolved during the April–June 2016 quarter.

This reporting quarter, a payment plan or extension was agreed in 68% of closed RTR and Investigation cases, up by six percentage points on the January–March 2016 quarter. A payment plan covering both arrears and ongoing consumption was the most common outcome (23%), but in many cases EWOV helped the customer and their company to negotiate a payment plan that covered their consumption only (21%) or their account arrears only (15%). 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.

**TABLE 4.**  
Payment plans and extensions, closed disconnection/  
restriction complaints, April–June 2016 quarter

OUTCOME	NO.	%
Payment plan for arrears and consumption	63	23
Payment plan for consumption only	57	21
Payment plan for arrears only	41	15
Extension for arrears	25	9
None/not applicable	83	31

## Hardship program participation

As part of the outcome, many customers were placed onto their company's hardship program (sometimes after having been excluded previously). This occurred in 40% of cases involving disconnection/restriction which were resolved at RTR and Investigation, up five percentage points on the previous quarter.

At the time of contacting EWOV, 6% of customers were either:

- currently in a retailer's hardship program (4%), or
- had been excluded from the retailer's hardship program (2%).

Although 4% represents only 10 cases where customers were on the company's hardship program, it is a concern that they were threatened with, or had their, supply disconnected or restricted.



## Case study

***A customer in hardship had her electricity disconnected despite paying regular instalments towards her account. 2015/34267 and WDP/2016/95***

### The issue

Ms C contacted EWOV after her electricity supply was disconnected. She was in financial hardship and was struggling to pay instalment plan amounts requested by the electricity company. She had previously been paying \$40 per fortnight. Ms C agreed to increase payments to \$60 per fortnight in order to have her electricity reconnected but this amount was not affordable for her long-term. She also disputed some of the bills as she believed they were too high. She wanted her debt reduced by 50%. Initially, EWOV registered an Assisted Referral but this failed to resolve the matter so we commenced an Investigation.

### The Investigation

EWOV requested copies of all bills, customer contact notes, meter readings, average fortnightly consumption and payment history from the electricity company. EWOV found that Ms C's average electricity consumption was \$85 per fortnight and that all bills were based on actual meter reads. EWOV also reviewed the tariff charged and found that Ms C was being billed correctly. EWOV noted that Ms C had been making regular payments of \$60 per fortnight, however, debt was continuing to accrue because the ongoing consumption was higher than her fortnightly payments. EWOV discussed this with Ms C and she advised she could not afford to increase her payments and did not see a way to reduce her electricity consumption. EWOV decided the best way to progress the case was to arrange for a financial assessment and an energy audit.



### EWOV's financial assessment

EWOV's financial assessment found:

- Ms C was working full-time and supporting two teenage children.
- She was spending slightly more than she was earning but there was room to potentially substantially decrease spending by making some changes to her financial arrangements on her mortgage and credit card.
- Ms C could afford to pay \$70 per fortnight for an initial period of three months (April-June 2016) and she should then be able to increase payments to meet her ongoing consumption cost of \$85 per fortnight.

### EWOV's energy audit

EWOV's energy audit found:

- Several electrical appliances, including a pool pump and filter were contributing to the higher than expected costs of electricity throughout the year. However, electricity consumption over summer was relatively modest.
- The highest user of electricity in Ms C's home was attributed to two electric wall heaters. The use of these heaters caused significantly higher usage in the cooler winter months each year.
- The home had a gas wall heater which was not in working order at the time of the site visit but would likely be able to be fixed.
- Ms C could decrease electricity consumption substantially by reducing the use of the electric wall heaters and switching to gas heating once the gas heater was fixed.
- EWOV discussed the results of the assessments with Ms C and sent her a summary of the energy audit including the approximate running costs of each major electrical appliance to help her better understand how these impact her bills.

## The Outcome

The electricity retailer confirmed that Ms C's electricity account balance was just over \$2,000. It agreed to waive approximately \$273 in disconnection and reconnection fees.

The retailer accepted EWOV's financial assessment recommendations, including that Ms C pay \$70 per fortnight until the end of June 2016. Ms C agreed to attempt to increase the payment amount to meet her electricity consumption (\$85 per fortnight) after this period had elapsed.

The retailer accepted Ms C onto its hardship program and agreed to provide ongoing assistance. It also advised that she would not be disconnected as long as she maintained regular contact and engaged with its hardship team. Ms C was given a direct contact within the hardship team in case she had any concerns or was not able to make payments as scheduled.

## Wrongful Disconnection Payment Outcome

EWOV investigated whether the energy retailer had followed correct procedures when disconnecting Ms C's electricity. The retailer acknowledged that WDP was payable as it did not comply with the terms and conditions of the customer's contract in offering a second payment plan prior to the disconnection occurring. A WDP of \$57.29 was also applied to Ms C's account balance reducing it to \$2,016.19 on 18 July 2016.

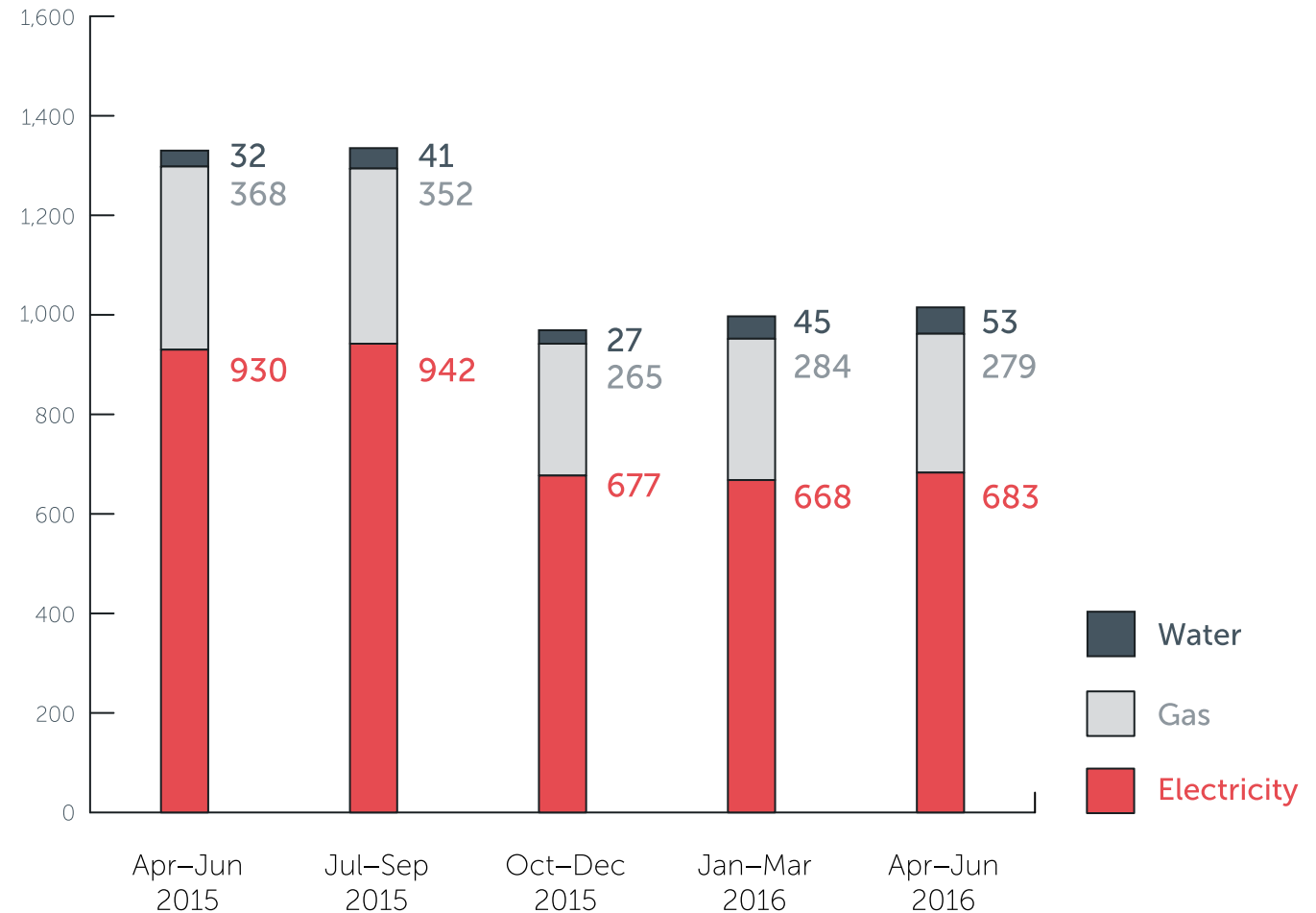
## DEBT COLLECTION AND CREDIT DEFAULT LISTINGS

EWOV's 'collection' sub-issue category includes cases about debt collection agency activity and credit default listings related to account arrears. In the April-June 2016 quarter, EWOV received 1,019 cases, up 1% from 1,005 recorded in the previous quarter.

**Figure 8** shows trends in collection cases over the last five quarters. The volume of collection cases received this quarter is down significantly (23%) compared to the same quarter in 2015 where we received 1,330 cases.

**FIGURE 8.**

**Electricity, gas and water collection cases received by quarter, April–June 2015 to April–June 2016**



**Note:** We also received **4 Dual Fuel** cases in this reporting period, which have not been included in this graph.

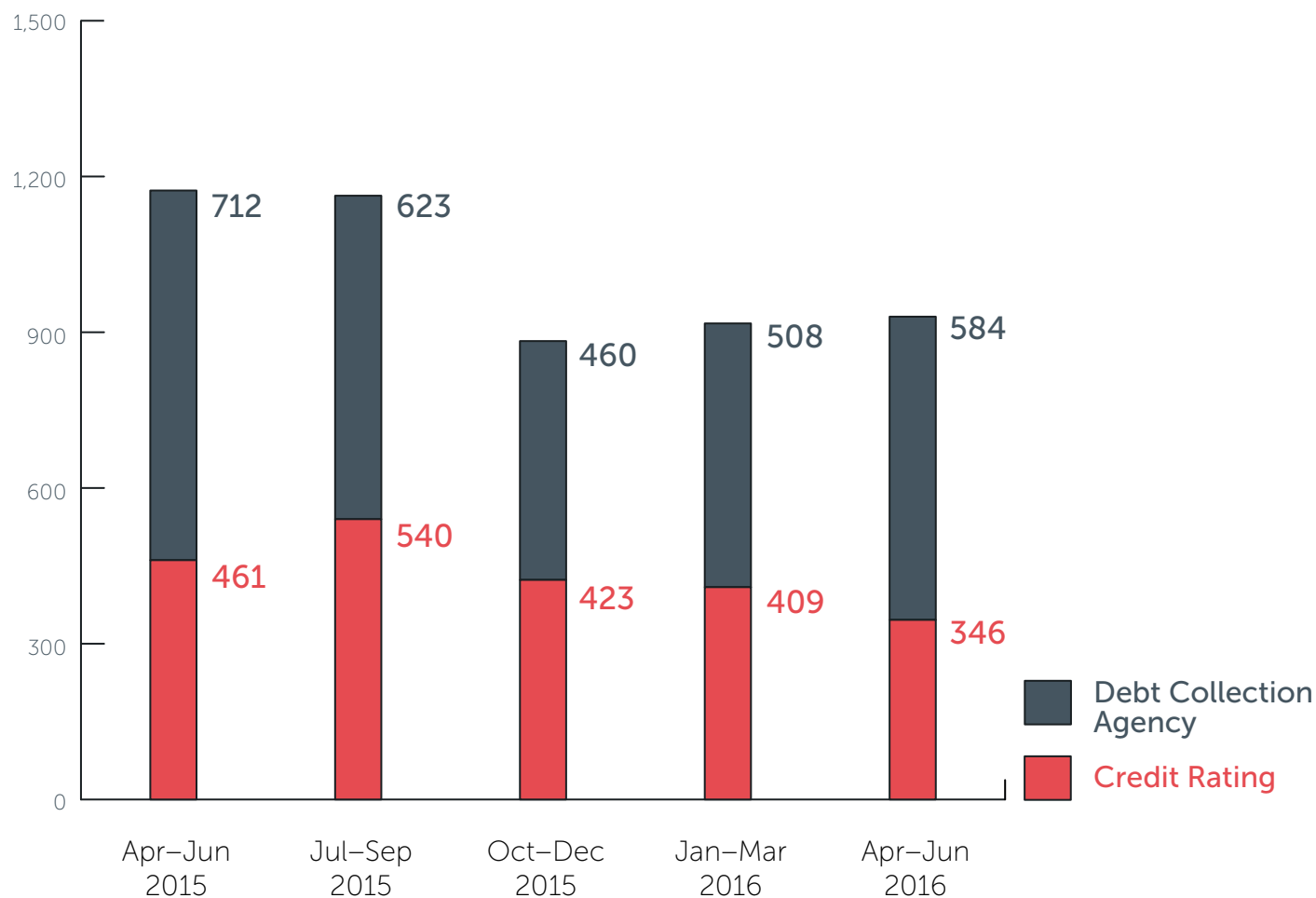


Most collection cases concern either credit default listings or debt collection agency activity. **Figure 9** shows trends for these two sub-issues between 1 April 2015 and 30 June 2016.

While debt collection agency cases were 18% less compared to the same period in 2015, they increased by 15% compared to the previous quarter, January to March 2016. EWOV will continue to monitor this trend.

**FIGURE 9.**

**Debt collection and credit rating cases received by quarter, April–June 2015 to April–June 2016**



## Outcomes

During the April-June 2016 quarter, we closed 214 (up 1 case compared to last quarter) collection complaints at RTR or Investigation. **Table 5** shows some of the outcomes agreed as part of the resolution of these complaints.

In 82 of these cases (38%), a default listing was removed as part of the resolution of the complaint – down three percentage points on the previous reporting period. In most instances, the default was removed because EWOV's Investigation found that it was incorrectly listed. However, in some circumstances where it's less clear if the correct process was followed prior to listing the default, the company may offer to remove it to help facilitate the resolution of the complaint. The continued high instance of credit defaults being incorrectly listed by companies is a concern for EWOV due to the potentially detrimental impact that it has on customers. An incorrect listing on customers' credit file can wrongly prevent them from accessing finance and can even affect a customer's ability to change energy company or enter a new phone contract.

Customers who complain to EWOV about incorrect default listings are often seeking written confirmation that their credit rating has not been wrongly affected by an overdue bill or debt. This written confirmation was provided in 50% of cases, down six percentage points on last quarter.

A payment to recognise customer service issues was applicable in 18% of cases, up two percentage points compared with the previous quarter. In 20% of cases, the customer's debt was waived - usually in full – up four percentage points from last quarter.

**TABLE 5.**  
**Selected outcomes, closed collection complaints,**  
**April–June 2016 quarter**

OUTCOME	NO.	%
Written confirmation that credit rating not affected	107	50
Removal of default listing	82	38
Customer Service Gesture	39	18
Debt waiver (full)	37	17
Payment plan	29	13
Extension	19	9
Debt waiver (partial)	6	3
Referral to hardship team	4	2



## Case study

***A customer was default listed for gas and electricity debts despite agreeing to a payment plan prior to the default being listed. 2016/3151, 216/3666***

### The issue

Mrs B was dissatisfied with her gas and electricity retailer for listing a credit default against her name. She had transferred away from the retailer and had previously agreed to a monthly payment plan to pay her final bills. Mrs B contacted EWOV for assistance after being pursued by a debt collector. EWOV lodged an Assisted Referral but the company advised it would not remove the default listing. Mrs B contacted EWOV again and we commenced 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 default listing and the contact with the customer in the lead up to the default listing.

We noted that Mrs B transferred to a different energy retailer which prompted a final bill for each account to be sent to her address. The company also sent a final notice on 7 October 2015. A notice of its intent to default list the overdue account was sent on 3 December 2015. The default listing was placed on her file on 30 December 2015 – a listing of \$392 for electricity and \$514 for gas.

EWOV also reviewed relevant laws and codes relating to default listings. On the basis of the documentation provided by the energy retailer, EWOV believed the accounts had been correctly default listed. However, EWOV noted in the customer contact notes provided that there was no mention of the payment plan which Mrs B had advised was agreed to prior to the default listing. No contact with Mrs B was noted until after the accounts were default listed.



EWOV discussed this with Mrs B. She confirmed that bills were received but could not remember receiving other notices. We checked that the postal address was correct. She also confirmed she had spoken to the retailer at least twice before she was default listed, to dispute the amounts of the final bills and set up a payment plan of \$50 per month. She had subsequently made a payment of \$50 in December 2015. She advised that she would have paid the amount in full if she thought there was a risk of being default listed. EWOV asked Mrs B to obtain a copy of her mobile phone records to substantiate her recollection of the sequence of events.

Mrs B was able to provide phone records that showed two calls to the energy retailer, one on 9 December 2015 for duration of 26 minutes and one on 6 January 2016 for 22 minutes. EWOV provided this information to the retailer and requested a copy of the call recordings. The retailer was not able to retrieve the call recording and therefore accepted Mrs B's account of what had been discussed in the phone calls.

### The outcome

The energy retailer apologised for the inconvenience caused to Mrs B. Based on the phone records provided, it accepted that she had contacted it to make a payment arrangement prior to the accounts being default listed. It agreed to have the listings removed within two weeks. Mrs B agreed to pay the outstanding amounts of \$192.66 for electricity and \$314.67 for gas in full within 30 days. The retailer also provided a direct contact for Mrs B should she have any further concerns about the default listings.

Mrs B was satisfied with the 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>1</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>1</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.