

NELSON BOSTOCK COMMUNICATIONS

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“Water companies pour profits down drain”

Letter to the Editor

Dear Sir,

News that Equifax has been commissioned by UK Water Industry Research to analyse the payment behaviour of water customers (Insight into UK water industry debtor behaviour, 18 July '06) can't come soon enough as millions in profits pour down the drain.

Recent research carried out by The Customer Value Group revealed that UK water companies collectively have £573 million of overdue debt owed to them and lose £26.32 million in profits through unpaid bills.

According to a report by the House of Lords Science and Technology Select Committee in June, non-payment adds another £10 a year to household water.

The surprising fact is two-thirds of non-paying domestic customers can afford to pay, but don't. This is in most part due to payments being withheld because of unresolved customer service disputes and queries, and poor administration and payment collection practices. According to research by The Customer Value Group, customer service disputes and queries in the water industry translated into £237 million in lost revenue in 2005.

The primary cause of this problem is the lack of joined-up processes and systems internally within utility companies.

How can the credit team collect payments if they are unaware a customer service dispute is preventing payment?

The bottom line? Unhappy customers do not pay. So the onus is firmly on water firms to plug their internal gaps to prevent further profits leaking away.

Yours sincerely
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