

## Scottish Water's compliance complaint procedure

### 1 Compliance function

Scottish Water is fully committed to meeting its regulatory requirements under the market arrangements for business customers. In line with its obligations under the Water Services (Intra-Group Regulation) Directions 2006 (the Directions), SW has appointed a Compliance Officer with responsibility for facilitating compliance by SW in terms of those obligations under those Directions. The Compliance Officer will seek to ensure that:

- Concerns that SW is not meeting its obligations under the Directions are dealt with timeously and effectively, and at an appropriate level;
- Concerns are dealt with under the appropriate market instrument – some issues will be covered under specific procedures set out in the Wholesale Services Agreement, the Operational Code or the Market Code, and issues related to the retail service should be dealt with by the relevant Licensed Provider; and
- Licensed Providers and Customers have a clear understanding of the expected timescale for responses, and of the progress of any discussions or investigations.

This procedure is without prejudice to any formal legal dispute that any person may wish to pursue.

### 2 Requirements of the Directions

In summary, the Directions impose the following obligations on SW:

- Ring-fencing: SW must ensure that no Licensed Provider accesses confidential information that they are not entitled to;
- SW must prepare a Compliance Statement which sets out how it will achieve these objectives. Once agreed with the Water Industry Commission, that Statement will be available on SW's web-site.
- Intra-group contracting and cross-subsidies: any intra-group contracts must be approved by the Commission, and SW must neither give nor receive any cross-subsidy from any Licensed Provider; and
- Compliance Officer: SW must appoint a Compliance Officer to facilitate compliance with these requirements.

The full version of these Directions is available on the Commission's web-site.

### 3 Dealing with issues raised by Licensed Providers or customers

SW has established a procedure to handle the concerns of business customers and Licensed Providers in relation to these obligations. Where a customer or a Licensed Provider is concerned that SW may not be fulfilling its obligations under the Directions, a number of options are available:

#### 3.1 Licensed Providers

Licensed Providers should in the first instance discuss the relevant issue with their Key Account Manager and the Compliance Officer will generally request Licensed Providers to do so.

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If it is not possible for the issue to be resolved in this way, the Compliance Officer will consider whether it is appropriate to investigate the concern formally. At this point a Complaint may be registered. At any point, it is open to a Licensed Provider to approach the Water Industry Commission or Waterwatch Scotland with their concerns.

### 3.2 Business customers

Business customers should in the first instance raise any concerns they may have with their Licensed Provider, and the Compliance Officer will generally request customers to do so. If it is not possible for the issue to be resolved in this way, the Compliance Officer will consider whether it is appropriate to investigate the concern formally. At this point a Complaint may be registered.

### 3.3 Water Industry Commission and Waterwatch Scotland

At any point, it is open to a customer or a Licensed Provider to approach the Water Industry Commission or Waterwatch Scotland with their concerns. Where these organisations approach the Compliance Officer with a concern in relation to the Directions, either on behalf of a customer or a Licensed Provider, or on their own behalf, the Compliance Officer will follow the process set out in Section 4. If the concern is being raised on behalf of a customer or Licensed Provider, he will copy any correspondence with the Water Industry Commission or Waterwatch Scotland to that person.

## 4 Complaints process

Where a Licensed Provider or customer has been unable to resolve an issue with SW employees or through a Key Account Manager, the Compliance Officer will consider whether it is appropriate to open a formal Complaint.

### 4.1 Decision whether to open a formal Complaint

The Compliance Officer may take the following actions: (i) Open a formal Complaint and inform the complainant of that decision and the expected timescale for proceedings; (ii) Decide not to open a formal Complaint and inform the complainant of that decision, the reasons for that decision and the options that the complainant may then take; or (iii) Seek further information as to whether to open a formal Complaint and inform the complainant of that decision and the expected timescale for proceedings. In each case, the Compliance Officer will seek to provide an initial response to the complainant within 10 business days of receipt of the initial contact from the complainant.

### 4.2 Investigation

Where the Compliance Officer has opened a formal Complaint he will seek to investigate the Complaint within 25 business days of the decision to open a Complaint. If it is not possible to achieve this, he will inform the complainant of the reasons for this, and the expected timescale for resolving the issue.

### 4.3 Resolution of investigations

Once a formal Complaint has been investigated the Compliance Officer may take the following actions:

- (i) Uphold the complaint, and inform the complainant of this fact and the steps that he will require SW to take to remedy the non-compliance; or

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- (ii) Fail to uphold the complaint and inform the complainant of this fact, the reasons for it and the steps that the complainant may now take to pursue the matter further, should they wish to do so.

### 4.4 Remediation

Where the complaint is upheld, the Compliance Officer will advise SW on the steps that it should take to remedy the complaint. The Compliance Officer will monitor the implementation of these steps.

### 4.5 Reporting

The Compliance Officer will report on complaints to the SW Audit Committee and to the Water Industry Commission.

## 5 Contact details

Tom Axford Compliance Officer 01383 848351

James McTernan Wholesale Compliance Manager 0131 445 6729

Mike Firth Wholesale Account Manager 0131 445 6620

Contact details for Scottish Water Business Stream can be found on the following web-page:

<http://www.businessstream.co.uk/contact.html>

Contact details for the Water Industry Commission can be found on the following web-page:

<http://www.watercommission.co.uk/Complaints/>

Contact details for Waterwatch Scotland can be found on the following web-page:

<http://www.waterwatchscotland.org/web/site/complaints>

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