

# WATRS

## Water Redress Scheme

### ADJUDICATOR'S DECISION SUMMARY

Adjudication Reference: WAT/ /1691

Date of Decision: 7 January 2020

#### Complaint

The customer did not receive a bill from the company for over 22 months. When a bill was finally received, it was for a much higher amount than anticipated. It was agreed that the customer's direct debit instalments would need to be increased but this increase has never been actioned. The arrears situation is now having an adverse impact on the customer's business. The customer would like the company (1) to reduce their account balance by 50% (2) to commit to taking regular and consistent direct debits and (3) to pay compensation of £2,247.60 for stress and inconvenience.

#### Defence

The company is unable to reduce the account balance by 50%, as requested. The fact that the company was only informed on 21 September 2018 that the customer had taken over ownership of the premises was what led to 22 months' worth of consumption being invoiced in one go. The company is sorry if this matter has caused stress and inconvenience to the customer but it believes that the compensation already applied (i.e. £290.00 in goodwill payments) is fair and justified in the circumstances.

No offer of settlement has been made.

#### Findings

The company failed to provide its services to the customer to the standard to be reasonably expected in three respects: (1) in failing to arrange a call-back to the customer (2) in not detecting or realising that an invoice had not been raised for a period as long as 22 months and (3) in not being sufficiently proactive in putting a new increased payment plan in place for the customer. To reflect these failings, the company should pay compensation of £200.00.

#### Outcome

The company needs to take the following further action:

I direct the company to pay the customer £200.00 in compensation.

The customer must reply by 04 February 2020 to accept or reject this decision.

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# ADJUDICATOR'S DECISION

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Date of Decision: 7 January 2020

## Party Details

Customers: [ ]

Customer's representative: [ ]

Company: [ ].

## Case Outline

### **The customer's complaint is that:**

- They run a launderette business in [ ].
- They did not receive a bill from the company for over 22 months ("the 22-Month Delay"). Over this period, however, payments of £100.00 per month were being made by direct debit.
- When a bill was finally received, it was for a much higher amount than anticipated. The customer telephoned the company to query the matter. The company said that it would arrange to call the customer back to discuss the bill ("Call Back") but that particular Call Back never took place.
- During a subsequent call, the company advised that - in order to cover the customer's arrears and their ongoing consumption - their direct debit instalments would need to be increased to around £400.00 per month (from £100.00 per month).
- The company has still not arranged to take the direct debits at the new level and consequently, the arrears situation is having an adverse impact on the customer's business.
- As a reflection of the poor customer service claimed (i.e. the 22-Month Delay and the failure to arrange the Call Back), the customer would like the company:
  - to reduce their account balance by 50%; and
  - to commit to taking regular and consistent direct debits; and
  - to pay compensation of £2,247.60 for stress and inconvenience.

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### **The company's response is that:**

- The customer made contact on 21 September 2018 to advise that they had taken over the premises on 29 September 2016 from the previous owners. A change of tenancy was completed into the name of the new company from that date.
- An invoice was produced that covered the water charges over the period from 29 September 2016 to 27 March 2017 ("the 2016/17 Invoice"). The company transferred all of the payments that the customer had made towards the previous owner's account. This transfer enabled the 2016/17 Invoice to be paid in full.
- The customer made contact again on 16 October 2018 to advise they would be sending in their direct debit mandate along with an updated Standard Industry Classification ("SIC") code within two to three days.
- The company received an email from the customer on 19 October 2018. This email contained the direct debit mandate and SIC code letter along with the new customer details. The company did not however receive the 'G02' form (which gives the customer consent to discharge trade effluent waste into the sewer due to the nature of the launderette business that the customer runs.)
- No further contact was received until 1 February 2019 when the customer called to advise that they had received a recent invoice, covering the period from 27 March 2017 to 18 January 2019. This showed a debit amount of £5,593.72. The customer thought that they had a payment plan set-up for £100.61 per month to cover any future charges.
- The customer was advised:
  - that a payment plan that had been set-up to take monthly payments of £100.61, was only covering the debit amount and not any future consumption; and
  - that the company had started to take payment from the customer's bank account with effect from 1 December 2018 and had continued to take a monthly payments of £100.61 from that date.
- On 7 March 2019, the customer requested a call back from a manager regarding the latest invoice that had been received. A manager rang the customer back on 2 April 2019, explained how the account had been billed and apologised for the delay in sending the customer an up to date invoice.
- The company is sorry that it is unable to reduce the account balance by 50%, as requested. The fact that the company was only informed on 21 September 2018 that the customer had taken over ownership of the premises was what led to 22 months' worth of consumption being invoiced in one go.

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- At present, the company is not being charged for waste water services or trade effluent charges as the customer has not returned the consent form to discharge trade effluent back into the sewer. The consent form was issued to the customer on 21 September 2018.
- With effect from 21 October 2019, the customer will be charged for their water and waste water services as the previous trade effluent consent has been terminated with effect from the above date. This is due to the previous consent being in the name of the previous business name.
- The company confirms that it has applied a total of £290.00 in goodwill payments, which is broken down as follows:
  - £20.00 for no call backs when requested;
  - £20.00 for late billing;
  - £250.00 for stress and inconvenience.
- The company is sorry if this matter has caused stress and inconvenience to the customer but it believes that the compensation already applied is fair and justified in the circumstances.

### **How is a WATRS decision reached?**

In reaching my decision, I have considered two key issues. These are:

1. Whether the company failed to provide its services to the customer to the standard to be reasonably expected by the average person.
2. Whether or not the customer has suffered any financial loss or other disadvantage as a result of a failing by the company.

In order for the customer's claim against the company to succeed, the evidence available to the adjudicator must show on a balance of probabilities that the company has failed to provide its services to the standard one would reasonably expect and that as a result of this failure the customer has suffered some loss or detriment. If no such failure or loss is shown, the company will not be liable.

I have carefully considered all of the evidence provided. If I have not referred to a particular document or matter specifically, this does not mean that I have not considered it in reaching my decision.

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## How was this decision reached?

1. I have reviewed in particular:
  - a. the customer's WATRS Application Form - including the customers' letter to WATRS of 18 November 2019; and
  - b. the figure 1, 2, 3, 4 and 5 extracts appearing at the end of the company's defence; and
  - c. the invoices and other documentary materials submitted alongside the company's defence
2. I have also had the benefit of reading the customer's comments ("Comments") filed in reply to the company's defence.
3. This claim appears to have three strands to it. I deal with each strand, in turn, below.

### The alleged failure to arrange the Call Back

4. I do not understand there to be any dispute from the company that the Call Back in question was not made. I accept the customer's submissions on this point and find that the company fell below the standard of service that would be expected of it in this respect.

### The 22-Month Delay

5. The company does not expressly acknowledge that there was any failing on its part in delivering an invoice for charges that covered a very long, 22-month period. It explains its position on this in the following way:

*"... we were only informed by the customer that they had taken ownership of the premises in 21 September 2018. This information supplied by [ ] was the cause of 22 months' worth of consumption being invoiced ..."*

6. Whilst I accept that the customer's lateness (i.e. in informing the company that it had taken over from the previous owner) was probably a contributory factor to the 22-Month Delay, I am not persuaded that the company can be absolved of all responsibility on this aspect.
7. It seems to me that in not detecting or realising that an invoice had not been raised for such a long period, there must have been some error in the company's systems.

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8. In allowing such a billing anomaly situation to arise, therefore, I find that the company failed in this instance provide its services to the customer to the standard to be reasonably expected.

The alleged failure to 'action' increased direct debits

9. On my reading of this case, the customer's main worry is that they cannot keep ahead of the accumulating debt on their account. The customer puts this down to the company's failure to increase the amount of the monthly instalment that it is direct debiting.

10. The customer's frustration on this issue is evident from their Comments:

*"... So many times I have asked, and so many times RST Water has agreed to increase the monthly DD so that we can keep on top of the ever increasing amount outstanding. I do not understand why this has never been actioned! I really do not feel as though I could have done any more to get this situation resolved. I have spent hours of my time on phone calls to many different people, who have promised results that have never come to fruition ... the issue is still not resolved ... PLEASE can the monthly DD be increased so that we can get ahead with the monthly water payments ..."*

11. Looking at the various exchanges between the parties, it is not altogether clear what specific arrangement (i.e. to increase the customer's monthly payments) was eventually - or ever - agreed upon. I note that the company wrote to the customer on 10 June 2019, for example, to advise:

- a. that a plan based on payments of £443.45 per month, over 12 months, would pay off the (then) outstanding account balance of £5,321.35; but
- b. that this would not include any element however for future water usage and in this regard, the setting up of a separate 'variable' direct debit was recommended "... which would take the exact amount 14 days after the bill has been produced ..."

12. Taking all of the available evidence into account, the company has (as I see it) lacked some proactivity on this issue. It has been too slow in putting an appropriate payment plan in place in order:

- a. to assist the customer in meeting their financial obligations to the company; and/or
- b. to mitigate the risk of the customer's debt position building up unmanageably.

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13. In this regard, my finding is that the company has failed to provide its services to the standard that would reasonably be expected.

#### Compensation

14. I have assessed what award I should make (if any) in relation to each of the failures found against the company above:

- a. first, with regard to the failure to arrange the Call Back, I note that the company has already applied a goodwill payment of £20.00 in the customer's favour. As we are concerned with one single call, I consider £20.00 to be an adequate sum in the circumstances. I do not make any additional award over and above the £20.00 already paid;
- b. second, with regard to the 22-Month Delay, I see that the company has already applied a £20.00 goodwill payment for "*late billing*". I do not regard £20.00 as sufficient in this case, however. In failing to ensure that the account was billed regularly (at no more than, say, six monthly intervals, for example) it seems to me that there was an enhanced risk that unmanageable debt would start to accrue on the customer's account. I regard 22-months as an unduly long period. I do make some partial allowance for the point that the "*cause of 22 months' worth of consumption being invoiced*" was the customer only putting the company in the picture from the date of 21 September 2018. Weighing up these considerations, I conclude that £100.00 would be an appropriate amount to award over and above the £20.00 goodwill payment already applied;
- c. third, with regard to the failure to 'action' the increased direct debits, I see this strand as closely bound up with the 22-Month Delay point. The lack of proactivity by the company in putting in place a plan for taking increased payments risked causing the customer's debt position to build up and up. I take on board the submission made by the customer in their Comments that they "... *cannot physically amend the amount [they] pay by monthly direct debit only the company claiming the funds can do this ...*" However, direct debit is not the only means available for making payment to the company. As I see it, it was always open to the customer to reduce the level of their debt by making one-off payments or bank transfers or by setting up a standing order, for example. For this reason, I am not persuaded that I should direct the company to reduce the customer's account balance in this case (whether by 50% or at all). I note that the company has already applied a goodwill payment of £250.00 for stress and inconvenience. This

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strikes me as a relatively substantial sum in the circumstances. However, given the length of time that it has taken to 'sort out' the increased direct debits (and the worry that this has caused about the customer's accumulating debt position), I direct the company to pay compensation of £100.00 (i.e. over and above the £250.00 already applied by the company for stress and inconvenience).

15. Therefore, the total amount of compensation that I am directing the company to pay to the customer in this case is £200.00.

#### **Outcome**

I direct the company to pay the customer £200.00 in compensation.

#### **What happens next?**

- This adjudication decision is final and cannot be appealed or amended.
- The customer must reply by [ ] February 2020 to accept or reject this decision.
- If you choose to accept this decision, the company will have to do what I have directed within 20 working days of the date on which WATRS notifies the company that you have accepted my decision. If the company does not do what I have directed within this time limit, you should let WATRS know.
- If you choose to reject this decision, WATRS will close the case and the company will not have to do what I have directed.
- If you do not tell WATRS that you accept or reject the decision, this will be taken to be a rejection of the decision. WATRS will therefore close the case and the company will not have to do what I have directed.

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**Nik Carle**, LLB (Hons), Solicitor, DipArb, FCI Arb

**Adjudicator**

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