

WATRS

Water Redress Scheme

ADJUDICATOR'S DECISION SUMMARY

Adjudication Reference: WAT/ /1752

Date of Decision: 27 January 2020

Complaint

The customer was issued a quote for a new water connection in January 2018. The customer had to delay this by a year and was advised that the quote would remain valid. When the work went ahead, the company charged him an additional £1,986.17. This was refunded after CCWater challenged the company. The customer requests compensation for his distress and inconvenience, and interest on the payment of the additional charges.

Defence

The company states that no quote was provided; it issued a costs estimate only. This was valid for three months only. The company did fail to amend the estimate following a site visit or when the customer requested the connection over a year after the estimate had been issued. It has refunded the additional charges largely due to the failure to update the estimate following the site survey. It has also provided the customer with £50.00 as a goodwill gesture. It denies that the customer is entitled to interest or further compensation.

Findings

There were numerous instances where the company could have communicated more clearly to the customer. It failed to amend the cost estimate and did not follow its own policy for when a request for a new connection is delayed. This led to the customer being misled as to the nature of the estimate, and to him being unable to make an informed decision about the work and to budget accordingly. The company was entitled to apply the additional charges as the costs were always stated to be an estimate; unlike an agreed quote, the company did not agree to bear any additional or unexpected costs. The customer had therefore received £2036.17 in compensation; this was proportionate to the number and extent of the company's failures and no further compensation was warranted.

Outcome

The company does not need to take any further action.

The customer must reply by 24 February 2020 to accept or reject this decision.

This document is private and confidential. It must not be disclosed to any person or organisation not directly involved in the adjudication unless this is necessary in order to enforce the decision.

ADJUDICATOR'S DECISION

Adjudication Reference: WAT/ /1752

Date of Decision: 27 January 2020

Party Details

Customer: []

Company: [].

Case Outline

The customer's complaint is that:

- The customer was issued with a quote for a new water connection from the company in January 2018. The quote stated that the company would run 8.7m of pipe under the footpath line in the mapping system. The customer had to delay the work by a year. He contacted the company and asked if there would be any changes in the quote and was told it would still be valid. The maps were not up to date, leading the customer to be charged an additional £1,986.17 above and beyond the amount quoted. The contractors were aware that the maps were not up to date and the work required had changed but he was not contacted or informed of the cost increase. The company offered only £50.00 as an apology. After the Consumer Council for Water (CCWater) challenged the company, it agreed to refund £1,986.17.
- The customer requests a gesture of goodwill for the company failing to resolve the complaint in a timely manner, loss of interest, and the inconvenience and stress experienced by him.

The company's response is that:

- The company states that it issued a cost estimate to the customer for the new connection on 18 January 2018. The customer paid this on 24 January 2018. The company has no record of the customer contacting it to advise the work would be delayed by a year. The cost estimate in January 2018 was valid for a period of 3 months. New charging rules came into effect on 1 April 2018 and cost estimates are now valid from 1 April until 31 March the following year. The cost estimate would have been valid for a maximum period up until 31 March 2018. The original cost

This document is private and confidential. It must not be disclosed to any person or organisation not directly involved in the adjudication unless this is necessary in order to enforce the decision.

estimate was based on 8.7m of new pipework, installed in the footway and connected to a 2" water main. The actual work required the installation of 11m of pipework, 6m in the carriageway and 5m in the footway. The connection was made to a 4" main as the company's mapping systems held inaccurate information. The footpath is detailed on the background map purchased from Ordnance Survey. The footpath does not exist, however this is not a failure of the company to keep its mapping system up to date. The company completed a site assessment but this did not include any reference to or correction of the plan to work in the footpath at the end of the cul-de-sac. The cost advice was not amended based on the findings of the survey. The customer contacted it on 5 April 2019 and confirmed that he was ready for the connection to take place. The company did not re-evaluate the cost estimate. The company completed a final accounting and found that the actual work exceeded the cost estimate by £1986.17. The company agreed to waive this due to the error following the onsite survey. The company acknowledges that more could have been done to communicate with the customer about the charges and the potential for the cost advice to increase; it has issued £50.00 as a goodwill gesture for this. The company received payment of the outstanding balance on 23 September 2019 and this was reimbursed on 21 November 2019. The company submits interest on this would be a maximum of £2.48; it denies that the customer should be awarded interest on the balance that it waived.

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.

This document is private and confidential. It must not be disclosed to any person or organisation not directly involved in the adjudication unless this is necessary in order to enforce the decision.

How was this decision reached?

1. The customer contacted the company in January 2018 in relation to a new water connection. The company provided a cost estimate to him on 18 January 2018 in the sum of £2096.83.
2. The customer delayed the new connection by around a year. He contacted the company on 5 April 2019 to advise that he was ready for the connection.
3. I have been provided with a copy of the cost estimate. I note that this does not state that it is a quote; at all times it is referred to as an estimate. However, I find that the letter does not include any statement that the estimate is subject to change, i.e. as a result of a site survey. There is also no information within the letter as to the validity period of the estimate.
4. I have also been provided with the guidance notes for new connections that were in force at the time the estimate was issued. This document does state that the cost estimate “is valid for three months”, and that it is based on the information provided within the application and a site survey. I note that it also states that, if the company received payment within three months of a cost estimate, but the connection was not required within the following three month period, the work would be cancelled and payment returned less administrative fees.
5. I note that the customer paid the cost estimate on 24 January 2018. I find that the company failed to follow its published policy when it did not refund the customer the payment after the customer did not request connection within three months from 24 January 2018.
6. Additionally, whilst the cost estimate was based on a desktop survey, the company sent a representative to the premises to conduct a site survey. The company did not amend the estimate as a result of this survey, although it should have identified that there was no footpath for the company to work within, and that a restriction was found in relation to one footpath, this presumably altering the route the pipework must take and increasing the cost of the work.
7. I find no evidence to indicate that the company expressly advised the customer that the cost estimate would remain valid if he had to delay the connection by a year.

This document is private and confidential. It must not be disclosed to any person or organisation not directly involved in the adjudication unless this is necessary in order to enforce the decision.

8. Notwithstanding this, I am satisfied that, whilst the company did not issue a quote for the work, its letter containing the cost estimate could have been significantly clearer that the estimate was subject to change and only valid for a limited period. The company compounded the impact of its unclear communication by not following its policy of refunding payments where a new connection does not go ahead within three months, by accepting the customer's notice that he was ready for the new connection in April 2019 without comment, and by failing to update the estimate after the site survey identified that the desktop survey was not wholly accurate.
9. I find that the only document that clearly explained to the customer that the cost estimate was not valid indefinitely was the guidance document; it is not clear whether the customer was given a copy of this. The company is also reliant on the use of 'estimate' as distinguished from 'quote' in order to demonstrate that the cost estimate issued on 18 January 2018 was not binding. I find this argument to be valid but I note that it has been significantly weakened by the company's actions in not updating the estimate and in accepting notice that the connection should go ahead over one year after the estimate was issued. This behaviour is more consistent with the company having provided a binding quote that remained valid than a time-limited, non-binding estimate.
10. Notwithstanding the lack of clarity in the company's communications, I do accept that an estimate is, by its nature, unfixed. I also find that the communication was clear that the document was an estimate; it is not described by the company as a quote at any time.
11. Unlike a quote, I find that estimate issued by the company did not cause it to accept responsibility for any increase in costs after receiving instruction for the work to go ahead. I therefore must find that the company was entitled to charge the customer for the actual cost of the new connection, even where this was greater than the cost estimate. However, the customer service issues relating to this matter constitute serious and significant failures of the company to meet the standard expected of a reasonable water supplier.
12. The impact of the finding that the company was entitled to apply additional charges is that I must find that the refund of £1986.17 was made as a gesture of goodwill and not due to any contractual or other obligation. In view of the finding that the company was entitled to charge the customer these additional charges, I find no basis for interest to be payable on the refund.

This document is private and confidential. It must not be disclosed to any person or organisation not directly involved in the adjudication unless this is necessary in order to enforce the decision.

13. I note that the company has also provided the customer the sum of £50.00 for the failure to communicate changes to the charging arrangements. I find that the customer has therefore received a total of £2036.17 in compensation for non-monetary losses; this will include the customer's stress and inconvenience relating to the company's failures.
14. In considering the severity of the company's failures, I find that the compensation provided to the customer is reasonable and proportionate. I am not persuaded that any further compensation is warranted. The customer's claim is therefore unable to succeed.
15. Notwithstanding that no award has been made in this decision, the parties may wish to note that, had the company not refunded the customer the value of the additional charges, the compensation awarded for distress and inconvenience would likely have been in the region of £2,000.00. This is due to the severity of the failures, that the actual costs were almost double those estimated by the company, the number of opportunities that the company had to avoid misleading the customer, and that the customer was not able to make an informed decision to proceed with the connection and budget accordingly due to the company's failures.

Outcome

The company does not need to take any further action.

What happens next?

- This adjudication decision is final and cannot be appealed or amended.
- The customer must reply by 24 February 2020 to accept or reject this decision.
- When you tell WATRS that you accept or reject the decision, the company will be notified of this. The case will then be closed.
- If you do not tell WATRS that you accept or reject the decision, this will be taken to be a rejection of the decision.

This document is private and confidential. It must not be disclosed to any person or organisation not directly involved in the adjudication unless this is necessary in order to enforce the decision.

A handwritten signature in black ink, consisting of a stylized, overlapping loop followed by a long horizontal stroke that ends in a small upward tick.

Alison Dablin, LLM, MSc, MCI Arb

Adjudicator

This document is private and confidential. It must not be disclosed to any person or organisation not directly involved in the adjudication unless this is necessary in order to enforce the decision.

www.WATRS.org | applications@watrs.org