

WATRS

Water Redress Scheme

ADJUDICATOR'S DECISION SUMMARY

Adjudication Reference: WAT/ /0646

Date of Decision: 30 January 2018

Complaint

The customer alleges that he has been incorrectly charged by the company. All the figures appearing in his bills have been rounded-up ("Rounding-Up"). The company has conceded that it knows about this Rounding-Up practice but has refused to amend its billing systems. In light of this, the customer seeks an apology from the company, a corrected bill presentation and a refund. He also requests compensation of £200.00 for time and phone calls incurred in pressing the matter.

Defence

The fixed charges billed to the customer are correct and should not be subject to rounding down. For water and sewerage, there are two fixed charges for each element: a wholesale fixed charge and a retail fixed charge. For billing purposes, the two fixed charges are calculated separately and then combined to give a final figure. The company resists the customer's calls to introduce an extra four lines of detail to its billing template. This would be a backwards step in progress made to simplify the bills issued to its customers generally.

No offer of settlement has been made but as a gesture of goodwill, the company paid the customer £50.00 and has written off a previous bill in the sum of £5.99.

Findings

The customer has not been overcharged. Whilst the current bill format makes it difficult for the customer to verify the accuracy of the company's charges, there is no justification for adding more detail (e.g. to show underlying calculations).

Outcome

The company does not need to take any further action.

The customer must reply by 27 February 2018 to accept or reject this decision.

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Date of Decision: 30 January 2018

Party Details

Customer: [REDACTED]

Company: [REDACTED]

Case Outline

The customer's complaint is that:

- Having checked his bill dated 12 October 2017 ("12 October Bill") and previous bills, the calculation of the company's charges were found to be incorrect. The figures have been rounded up ("Rounded Up").
- The fixed water charge in the 12 October Bill, for example, should be 1 pence less. The calculation in this respect is $\text{£}37.48 \div 365 \times 83 \text{ days}$, which equals $\text{£}8.5228$. The company Rounded Up to $\text{£}8.53$ but in fact, the figure should have been rounded down to $\text{£}8.52$.
- After several telephone conversations, the company eventually conceded that it knew of this Rounding Up practice. However, it has refused to amend its billing presentation.
- For its part, the Consumer Council for Water ("CCWater") agreed that the bills were incorrect but could do nothing about it.
- In the circumstances, he would like the company now:
 - to give him an apology; and
 - to amend its billing system in order to show the relevant charges calculated correctly (i.e. with no Rounding Up); and
 - to refund – both to him and to all of the company's affected customers – all previous bill payments collected incorrectly (i.e. because of the Rounding Up practice); and
 - to pay compensation of $\text{£}200.00$ to reflect all the time and phone calls, which he has had to expend on this matter.

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The company's response is that:

- The fixed charges as billed to the customer are correct and should not be subject to any rounding down. This is because bills issued to (all) customers contain only a summary breakdown of the charges imposed for water and sewerage. Whilst the bills as issued show one fixed charge for water and one fixed charge for sewerage, there are in fact two fixed charges for each:
 - a *wholesale* fixed charge (for water services, this is £16.08 p.a.); and
 - a *retail* fixed charge (for water services, this is £21.40 p.a.).
- For the purpose of arriving at the total fixed charge to be billed, the wholesale and retail charges are calculated separately and then added together to give a final figure.
- Applying this to the 12 October Bill, therefore:
 - the customer's wholesale fixed charge for water was £3.656 (calculated as $£16.08 \div 365 \times 83$ days, rounded up to **£3.66**); and
 - his retail fixed charge for water was £4.866 (calculated as $£21.40 \div 365 \times 83$ days, rounded up to **£4.87**); and
 - these two figures were then combined to give the total fixed water charge of **£8.53**
- In the same 12 October Bill, the customer raises a discrepancy for his sewerage usage charge, he believes it should only be £77.99 rather than £78.00. However, this charge is also correct. As with the fixed charge for water and sewerage, the usage charge is also split into two charges, retail and wholesale. Both are charged separately but combined when included in the invoice. For the 12 October Bill:
 - the customer's sewerage usage was 23m³;
 - as such, the wholesale charge was £75.85 calculated at $£3.4714 \times 23$ (£79.8422 rounded down to £79.84) less the 5% non return to sewer allowance (£3.992 rounded down to £3.99); and
 - the retail charge was £2.15 calculated at $£0.0981 \times 23$ (£2.2563 rounded up to £2.26) less the 5% non return to sewer allowance (£0.113 rounded down to £0.11);
 - these two figures were then added together to give the charge of £78.00.
- The customer was provided with an explanation for the Rounding Up in a letter dated 31 May 2017 from ■■■, the company's customer manager ("the Company's 31 May 2017 Letter"). The customer, however, was unhappy with this response and wanted the company to change the content of its bills to show all of the charges imposed, and not just a summary of them.

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- Adding an extra four lines to each bill would unnecessarily complicate them, and it would go against the fact that the majority of customers would prefer simpler bills. This would be a step back from the progress that has been made to simplify bills for customers generally. Further, CCWater has also agreed that it would be best to not further complicate bills by adding unnecessary lines to them. CCWater's and other customers' views support a further industry principle that each company should actively seek its customers' and representatives' views and feedback on the information it provides, and respond to their information needs. For these reasons, it would not be appropriate to make the changes proposed by the customer.
- Various ways of resolving the customer's complaint pragmatically have been proposed. These include telephoning him each time his bill is produced (to discuss it) and explaining any rounding issue, or making manual amendments to his bill each time it is issued. Unfortunately, these proposals have been declined. Whilst the customer does not accept this as a resolution to his complaint, the company is following this process each time a bill is produced and adjusting his bills by 1 pence where appropriate.
- Despite the company demonstrating that it has not been overcharging in this instance, it highlights that:
 - a previous bill of £5.99 has been written off for the customer; and
 - he was also sent a cheque for £50.00 on 31 May 2017 as a gesture of goodwill for the time he had spent liaising with the company about the matter.

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.

If the evidence provided by the parties does not prove both of these issues, the company will not be directed to do anything.

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 should remind the parties that adjudication is an evidence-based process where the burden of proof rests on the claimant, in this case the customer, to prove his case on the balance of probability.
2. I should also acknowledge that I have had the benefit of reading the customer's comments (filed on 14 January 2018) in response to the company's defence.
3. As I see it, the customer's essential complaint is that:
 - a. he has been charged 'incorrectly' by the company; and
 - b. because of the Rounding Up procedure, the information on his bills has been presented to him 'incorrectly' or in a way that is misleading.
4. I have given careful consideration to the Company's 31 May 2017 Letter, which is exhibited to the company's defence marked "HP/1". This is a helpful document. I accept that – as submitted by the company – it contains a clear explanation of:
 - a. how, in headline terms, the customer's charges are presented on the face of the bills that that company issues; and
 - b. how, "*in the background*" (i.e. not on the face of the bills), the calculations are split or broken down between 'retail' and 'wholesale' fixed charges.
5. Having examined the Company's 31 May 2017 Letter (and other materials) in detail, I am satisfied that the customer has not been overcharged in this case. The bills that he has received (including, particularly, the 12 October Bill) are accurate and 'correct', I find. That specific strand of the customer's case is not made out, therefore.
6. However, it seems to me that the company's use merely of the 'summarised' information on its bills did give rise to an understandable concern on the customer's part. I note that, within the Company's 31 May 2017 Letter, the company accepted as much: " ... *I appreciate that [the superficial presentation of our bills] has caused confusion as we've not given you all the information you needed in order to calculate our charges correctly ...*" As I read it, the company would have been more on point if they had said here instead: "... *in order **to verify** that our charges were correct ...*"

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7. I consider this to be the crux of the problem: the abbreviated or ‘headline’ way in which the relevant charges were set out made it difficult, I find, for the customer to verify the correctness of the bills that he had received (“the Verification Problem”). As a means of addressing this, I note that the customer asks the company to make its billing presentation more transparent. As a standard solution across the board, he wants the company to include *more* explanation on the face of its bills about the charges calculated “*in the background*”.
8. The company is reluctant to take such steps. Generally speaking, it has been trying to simplify the bills that it sends to its customers. If it were to introduce the additional detail called for by the customer, that simplicity would be lost, it contends. I find the company’s argument in this respect to be a persuasive one. On balance, I consider that the company is justified in keeping the underlying and more detailed calculations “*in the background*” for the sake of simplicity (even if this has to be achieved at the expense of the Verification Problem). On this basis, I cannot give effect to the customer’s request that the company’s billing system or presentation be changed or ‘corrected’ or shown more comprehensively. That part of the customer’s complaint is unable to succeed, therefore.
9. I have given some careful consideration to the impact of the Verification Problem from the customer’s (individual) perspective. I note the responses already made by the company on this have included:
 - a. writing off the earlier £5.99 bill; and
 - b. sending the customer a £50.00 cheque, as a gesture of goodwill; and
 - c. offering to make a manual amendment to the customer’s bill each time it is issued.
10. The conclusion I have come to is that these measures mentioned above were an adequate, proportionate, fair and reasonable response to the Verification Problem in all the circumstances.
11. For all the reasons set out above, I cannot find any failing on the part of the company in the provision of its services to the customer to the standard to be reasonably expected by the average person. It follows that the customer has not made out his case about the company’s ‘incorrect’ billing practices. His complaint in this regard – together with his request for an apology and compensation – is unable, therefore, to succeed.

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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 27 February 2018 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.



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

Adjudicator

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