

# WATRS

## Water Redress Scheme

### ADJUDICATOR'S DECISION SUMMARY

Adjudication Reference: WAT/ /1432

Date of Decision: 4<sup>th</sup> July 2019

#### Complaint

The customer noted a large increase to her direct debit payments on receipt of a bill in September 2018 and suspected there may be a leak. The customer considers the company did not notify her of an increase in consumption levels and that this resulted in high bills.

The customer considers her customer service experience was poor as she applied for a leak allowance and followed up for several weeks before being notified the application had been rejected.

The customer considers that if direct debit payments had been reviewed earlier she would have noted the high consumption sooner.

The customer seeks compensation of £2,000.00 to £2,500.00.

#### Defence

The company accepts that it did not specifically notify the customer of the increase in consumption but notes that it is under no obligation to do so. The company also notes that bills were issued to the customer and the increased use could be seen from the bills.

The company agrees responses to the leak allowance request were not timely but advises that leak allowances for businesses are not guaranteed.

The company advises it only reviews direct debit payments on an annual basis.

#### Findings

I find that the customer has not established that the company has failed to provide its services to the standard to be expected.

#### Outcome

The company shall use reasonable endeavours to provide relevant information and assistance to allow the customer to ensure the water lost through leakage is not considered in calculating the sewerage charges.

The customer must reply by 1<sup>st</sup> August 2019 to accept or reject this decision.

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# ADJUDICATOR'S DECISION

Adjudication Reference: WAT/ /1432

Date of Decision: 4<sup>th</sup> July 2019

## Party Details

Customer: [ ]

Company: [ ]

## Case Outline

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

- On receiving a bill dated 28 September 2018 that showed a large increase in the direct debit amount, the customer realised there may be a leak.
- On 9 October 2018 the customer requested the company to check for a leak.
- On 16 October 2018 a leak was identified within the land for which the customer is responsible. The leak was repaired soon after discovery.
- The customer considers the customer service experienced after the event was questionable. The customer requested a leakage allowance but after following up the matter for several weeks, this was rejected.
- The customer was told a high consumption letter was sent in February 2018 but does not recall receiving it.
- The company only reviews its direct debits annually.
- The company did not notify the customer of any high consumption. This has put the customer in a difficult financial situation and the customer seeks compensation. The customer claims £2,000.00 to £2,500.00 as compensation.
- In response to the company's defence, the customer considers bills are difficult to understand and that with no increase in direct debit payments and no high consumption letter the company failed to sufficiently alert the customer to the problem.

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

- The company agrees its responses to the customer in relation to the leak allowance request were not timely. However, the company notes leak allowances are not guaranteed for business customers.
- The company acknowledges the high consumption letter that it initially stated had been issued had not been sent. However, the company notes bills had been issued and these showed meter readings.
- The company notes that it is entitled to review payments at a time period of its choosing according to its terms and that it only reviews direct debit payments on an annual basis.

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

In arriving at my decision, I have considered the following key issues:

- a. Whether the company failed to provide services to the customer according to legislation and to standards reasonably expected by an average person.
- b. Whether or not the customer has suffered any financial loss or other disadvantage as a result of a failing of the company.

In order for the customer's claim against the company to succeed, the evidence available to the adjudicator must show on the balance of probabilities that the company has failed to provide its services to the standard which would be reasonably expected and 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 I have not considered it in reaching my decision.

### **How was this decision reached?**

1. In order to make a decision in this matter I must clearly distinguish between actions taken by the wholesaler and the duty owed by the retailer (the company) to its customers. Since the water market in England opened up to retailers in April 2017, all non-household (NHH) customers have been moved to a wholesale/retail split service. As a result, an NHH customer now only has a relationship with the retailer. In turn, an adjudicator operating under the Water Redress Scheme

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may only make findings related to those things for which the retailer, as the party to the case, has responsibility, and not those things for which the wholesaler has responsibility. This includes, however, the effectiveness with which the retailer has operated as an intermediary between the wholesaler and the customer.

2. The customer states she received a bill dated 28 September 2018 showing a large increase in the direct debit amount. The customer states she realised there could be a leak and, after checking the meter, on or around 9 October 2018 requested that the company check for a leak.
3. The customer states that on or around 16 October 2018, a leak was identified within the boundaries of land owned by the customer's landlord. The leak was fixed soon after it had been identified.
4. The customer states that she had requested a leakage allowance but after several weeks of following up the request, it was rejected. The customer is unhappy with the level of service received.
5. The customer states that she was told a letter had been sent to her in February 2018 noting the high consumption. The customer does not recall receiving this letter.
6. The customer notes that the company has advised her that it only reviews its direct debits annually and that the company did not notify her of the high consumption. The customer states that this has placed her in a position where she is faced with large bills which the customer cannot afford and she may have to close the business. The customer considers the company should provide some compensation.
7. The company notes that the responsibility for repairing leaks that occur within the boundaries of the customer's premises rests with the customer. The company also notes that leak allowances are generally not given by wholesalers for NHH customers.
8. The company acknowledges that the service provided to the customer was not up to standard due to the time taken to respond to customer's requests. However, the company notes that requests related to leak allowances and that leak allowances are not guaranteed for NHH customers.

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9. The company accepts that it was unable to find the letter it states was sent to the customer in February 2018. The company notes that the process for issuing the letter had been instigated but not completed. However, the company states that bills were issued and the high consumption could be seen on these bills.
10. The customer reports that she first realised there may be a problem on receipt of a bill dated 28 September 2018. The customer raised this with the company on 9 October 2018. Emails between the company and the wholesaler show that company referred this to the wholesaler on 9 October 2018, with a follow up on 12 October 2018. The leak was identified and repaired by the wholesaler on 26 October 2018. In respect of responding to the customer's request for assistance in identifying a leak, I find no failure in standards of service by the company.
11. The customer had requested a leak allowance from the company. Leaks allowances are not a retailer activity and the company referred this to the wholesaler. Leak allowances are not guaranteed for NHH customers and are at the discretion of the wholesaler. The wholesaler has advised that a leak allowance would not be provided on this occasion.
12. In accordance with Rule 3.5 of the Water Redress Scheme (WATRS) Rules, a WATRS adjudicator does not have authority to evaluate the fairness of contract terms and/or commercial practices operated by a water supply company. In relation to the customer's complaint I am therefore unable to comment on whether or not a leak allowance should have been applied but I can examine whether or not the actions of the company have given rise to, or contributed to, any loss incurred by the customer.
13. The company acknowledges there had been a delay in processing the leak allowance request but notes that it had made the customer aware that it was unlikely an allowance would be given. The company does note that it had missed an email request sent by the customer on 15 November 2018. This request related to an allowance for the period from 9 October 2018 until the time the leak was fixed. The company states it submitted an application to the wholesaler on 21 January 2019 but the wholesaler rejected the application.
14. The company acknowledges the service provided in respect of applying for a leak allowance was not satisfactory. The Guaranteed Standards Scheme (GSS) sets out the guaranteed standards a company must follow. Should the company fail to meet any of the prescribed standards, the company must make an automatic payment to the customer. Whilst the company acknowledges

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its service was not satisfactory in respect of the leak allowance application, I find the company has not failed to meet the standards prescribed under the GSS and I am therefore unable to direct the company to make any payment to the customer in this respect.

15. I have also considered whether the company's delay in respect of applying for a leak allowance caused any loss to the customer. The wholesaler rejected the application for the leak allowance. I conclude the delay in the company submitting the application for a leak allowance would not have affected the outcome of the application and I therefore find the company's delay in submitting the application did not cause any loss to the customer.
16. The customer has noted that had the direct debit amount been adjusted when the higher consumption had occurred it would have alerted the customer to a problem sooner. The company has stated that it only reviews direct debits on an annual basis. In support of the company's statement, the company has provided a link to its website. This link opens a document entitled, "Deemed Contract Terms and Conditions for the Supply of Water for Retail Customers 2019/2020". It is noted that these terms relate to 2019/2020. Since the company has referred to these terms, I have taken it that the terms for the period in question are the same.
17. I have examined the terms referred to by the company. I can find no specific reference in those terms stating direct debits are reviewed on an annual basis. Clause 6.4 of the company's terms states, "If you pay by direct debit, we may specify, and you agree to pay the amount of the periodic payments that we estimate are required to cover our charges". I can find no other reference in the terms to direct debits or when payment amounts are reviewed. The company has not provided any other documents that show it has a policy that it reviews direct debits on an annual basis only. However, I conclude that, under its terms, the company is entitled to determine direct debit payment amounts and the times when such payments are reviewed.
18. Whilst I note the customer refers to not being alerted to a problem until the direct debit payments had significantly increased, I have examined the bills and note that the bills do show meter readings and the balance outstanding on the account.
19. The company has provided copies of bills covering the period of the leak. It has also provided details of meter readings taken before, during and after the period of the leak. I summarise the meter readings and my observations in the table below. Meter readings up to 30 September 2018 are taken from the copies of bills provided. Meter readings from 16 October 2018 are taken

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from correspondence. I have assessed the average daily consumption (ADC) between each reading.

Date	Reading	Difference	ADC*	Observations
14 Sep 16	995	N/A	N/A	
24 Mar 17	1050	55	0.29	
05 Sep 17	1134	84	0.51	
22 Feb 18	1921	787	4.63	High usage. Indication of possible leak.
31 Mar 18	1932	11	0.30	Estimated reading
27 Sep 18	1984	52	0.29	
30 Sep 18	1985	1	0.33	Estimated reading
16 Oct 18	5006	3021	159.05	Exceptionally high usage.
05 Dec 18	5186	180	3.60	Customer reading.
21 Jan 19	5209	23	0.49	Customer reading.
21 Mar 19	5239	30	0.51	

\*ADC – Average Daily Consumption in m<sup>3</sup>.

20. The meter readings show an increased consumption between 05 September 2017 and 22 February 2018. This suggests a leak may have started at some point within that period. However, the estimated reading on 31 March 2018 does not appear to have been based on the higher ADC and has used a more normal consumption. The reading taken on 27 September 2018 also shows a lower consumption, more consistent with consumption during normal usage. If there was a leak, it would be reasonable to expect the consumption during the period from 22 February 2018 to 27 September 2018 to be significantly higher. The next reading, taken on 16 October 2018, shows an exceptionally high consumption. I consider there is likely to be an error in one or more of these readings. It would be highly improbable that, had a leak occurred prior to 22 February 2018, consumption would revert to a more normal rate during the period from 22 February 2018 to 27 September 2018, and then significantly increase again from 27 September 2018 to 16 October 2018. Further, an average leakage rate of approximately 159 m<sup>3</sup> per day, as indicated by the readings taken on 27 September 2018 and 16 October 2018, would be highly likely to have caused significant damage to the area around the leak, together with some visible signs of a leak. It is also likely that the supply to the premises would have been adversely affected. No such effects have been indicated.
21. The reprinted copy of the bill dated 27 March 2018 shows a balance on the account of £785.63. The reprinted copy of the bill dated 27 September 2018 shows a balance on the account of £711.98. The September 2018 bill is not consistent with there being a leak during the period from March 2018 to September 2018.

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22. There is no doubt there was a leak. This was identified and repaired by the wholesaler. However, whilst there are anomalies in the meter readings leading up to the time the leak was repaired, I have to conclude that these anomalies did not affect the final situation in relation to the total amount of water lost due to the leak.
23. The leak was confirmed as being on the customer's pipework. I note customer is responsible for losses arising from that leak as set out in clause 15.1 of the company's terms. What I have to determine is whether or not there was any failure by the company and, if so, whether that failure caused or contributed to any loss incurred by the customer.
24. The company initially stated a letter concerning high consumption was sent to the customer on 22 February 2018. The customer stated she had not received the letter. The company noted that it was not required to issue high consumption letters but did so as a service to customers. The company subsequently stated it appeared the letter had not been sent. The company has also referred to the bill it states was sent to the customer in March 2018 and that the customer would have been aware from that bill that consumption had increased.
25. The customer considers the bills are difficult to understand and that there is no obvious explanation of codes associated with meter readings. Whilst I can see that the copies of bills provided offer no explanation for the codes associated with the meter readings, I consider that the bill dated 27 March 2018 does clearly show an outstanding account balance of £785.63. If the customer had any concerns or questions about the bill, she had the opportunity to contact the company for clarification.
26. The customer states that on receipt of a bill issued in September 2018 she noted there was a large increase to the direct debit and that she realised there may be a leak. The customer submits that had the direct debit been increased in the March 2018 she would have been aware of the problem sooner. However, as I have noted previously, the March 2018 bill, whilst leaving the direct debit payments unchanged, did show a significant amount outstanding on the account.
27. I conclude that the whilst the company did not issue a high consumption letter, the information on the bill sent in March 2018 was sufficient to alert the customer to the increased level of consumption. I also accept that the company has no explicit obligation to inform customers of high usage. In respect of notifying the customer of the increased level of consumption I therefore find no failure by the company to meet the standards required.

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28. I note the company has offered to look at a payment plan for the customer to clear the outstanding amount. The customer may wish to discuss this with the company.
29. The customer has noted that sewerage charges are billed by a different organisation and that a bill has been received from that organisation. Since the customer's sewerage is not dealt with by the company, billing matters in relation to sewerage are not within the scope of this adjudication. It is noted, however, that water lost through leakage should not be taken into account in the calculation of sewerage charges.
30. In light of this, I therefore direct the company to provide the customer with a statement of the total volume of water supplied and assessed to be lost as a result of the leak, together with such further information as may be reasonably required, to allow the customer's sewerage charges to be correctly assessed. This shall be assessed from the total consumption finally billed for the period covering the leak from 5 September 2017 to 26 October 2018. It should be noted that any information provided by the company can only assist the customer and cannot guarantee the customer's sewerage company will adjust any charges.

#### **Outcome**

The company shall use reasonable endeavours to provide relevant information and assistance to allow the customer to ensure the water lost through leakage is not considered in calculating the sewerage charges.

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

- This adjudication is final and cannot be appealed or amended.
- The Customer must reply by 01 August 2019 to accept or reject this decision.
- When the Customer notifies WATRS of acceptance or rejection of the decision, the Company will be notified of this. The case will then be closed.
- If the Customer does not inform WATRS of his acceptance or rejection of the decision by the date required, this will be taken as a rejection of the decision.

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Ian Raine BSc CEng MIMechE FCI Arb MCIBSE

A handwritten signature in black ink, appearing to read 'I. Raine', with a long horizontal flourish extending to the right.

Adjudicator

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