

WATRS

Water Redress Scheme

ADJUDICATOR'S DECISION SUMMARY

Adjudication Reference: WAT/ /0746

Date of Decision: 26 April 2018

Complaint

The customer submits that the company failed to inform her of its intention to install a water meter at the Property either in its CON29DW Search Response or when she and her husband moved into the Property. It installed the meter a distance from her boundary and then refused to contribute towards the cost of replacing the service pipe from the boundary to the water meter when a leak was discovered. The company also illegally billed her for both measured and unmeasured charges, sent her payment demands after agreeing to put a stop on the account and sent confusing bills. The customer requests £9389.52 in compensation and an apology from the company.

Defence

The company submits that a water meter was installed at the Property under its Universal Metering Program and not due to the change of occupier. The customer moved into the Property midway through its notification process and the previous owner had been notified. The customer is responsible for the costs of repairing or replacing their private supply pipe and it is not liable for the customer's claim for these costs. It applied a leak allowance following the leak at the Property although it admits its original calculations were incorrect and that a number of payment reminders were sent in error to the customer. It later paid the customer a £200.00 goodwill gesture in recognition of these errors and for providing unclear advice and not keeping promises. The company denies that any further compensation is due to the customer.

Findings

The company failed to inform the customer of the proposed water meter installation or that the Property was subject to its Universal Metering Program either in its CON29DW Search Response or when she moved into the Property. It only informed the customer 3 months after it had 'switched on' the meter for billing purposes. This is evidence that it failed to provide its services to the customer to the standard to be reasonably expected. There is no legal obligation for the company to pay the cost of repairs to supply pipes as this responsibility resides with the occupiers of a property. Further, there is insufficient evidence that the costs of replacing the pipes incurred by the customer, have arisen as a result of the company's service failures. Following the customer's complaint to CCW, the company provided a goodwill gesture of

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£200.00 for errors it accepted it had made in dealing with the customer's complaint, including incorrect leak allowances and sending payment reminders when it had promised not to. In light of the various errors made by the company between 2015 to 2017 when dealing with the customer account, I am not satisfied that the amount of compensation paid to the customer is sufficient. It shall therefore pay the customer a further compensation amount of £300.00.

Outcome

The company shall pay the customer further compensation of £300.00.

The customer must reply by 25 May 2018 to accept or reject this decision.

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Party Details

Customer: []

Company:[].

Case Outline

The customer's complaint is that:

- Her and her husband purchased their new property; [] (the Property) at end of 2014. Prior to this, in its response to a legal search from their solicitor, the company had indicated that the current method of charging for sewerage and water services was based on the rateable value (RV) of the Property. When asked if this would change as a consequence of a change in occupation, it had stated there would be no change.
- She moved into the Property in mid-May 2015. She had informed the company of her move as she was an existing customer and she was sent an unmetered bill in June 2015 and she paid the amount requested (1st installment). She then received a letter from the company in September 2015 advising it had turned on the water meter and she subsequently received a metered bill.
- The company therefore reneged on its response to a legal search which had indicated there would be no change in the method of charging.
- The company did not inform her that it had installed a water meter until September 2015, when it had already been switched it on for 3 months, at which point it changed to the metered method of charging. The customer asserts that her understanding is that it is illegal for a water company to issue both a metered and unmetered bill.
- She then received a series of confusing bills from the company, including the bill received in October 2016 which indicated a huge increase in her daily water use. The company subsequently confirmed a substantial leak had been detected which was getting worse over time and it notified her that she had to fix it by a certain deadline. Based on advice received from her Home insurers and water pipe repair/replacement companies to replace rather than repair the

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pipe due its age, she felt she had no choice but to replace 40 meters of service pipe (which ran underneath their 2 neighbours' driveway). She asked the company for a contribution towards the cost of the 30 meter length of pipe from the boundary of the Property that her house insurers would not pay for, but it refused.

- She feels it was totally unjust that she has been made to pay for 40 meters of new pipe when her boundary stops at under 10 meters. Furthermore, the replacement work was far more stressful and took a much longer time to agree and arrange, as she and her husband had to negotiate and ask permission from 2 neighbours whose driveway the pipe was under. The customer is unsure what would have happened if they had refused as she has no other rights on this land other than access to her home.
- If the company had informed her earlier that it was going to install a meter she could have explained the situation with the boundary and discussed and negotiated the site where the meter was placed (as advised by OFWAT in their booklet).
- Had the meter been installed within her boundary, her house insurance would have covered the amount and she would not have had to fund the additional full cost of the work.
- The customer requests that the company carry out its own investigation in regards to how its legal department can provide information to prospective buyers of a property and then a different department overturn this.
- The customer also requests an inquiry into how the water meter was installed without notifying her until months afterwards.
- The customer requests that the company provide an apology and pay them £9389.52 in compensation:
 - £4000.00 for breaking a legal statement in a legal pack sent to their solicitor during the process of purchasing the property;
 - £3389.00 for no notification regarding the change resulting in much higher water costs due to the discovery multiple water leaks and being forced to incur costs of replacing 40 meters of supply pipe (30 meters of which was not on their land which involved two other neighbours' land) this would not have been necessary had the charging mechanism not charged, the additional costs of which they (less insurance cover) and;
 - £2000.00 for the stress and anxiety involved in the whole process of dealing with the company's customer services and numerous personnel involved over a period of almost 2 years.

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The company's response is that:

- The change in the method of charging for its water services was implemented in 2015, not as a consequence of the change of occupation but as part of its Universal Metering Program (UMP). In 2010 it had commenced a 5-year UMP throughout its supply area. The water meter was installed at the property by its service partners [], on 8 April 2015, 6 months after the issue of the CON29DW Search Response (Search Response). Its UMP was rolled out throughout its water supply area to address the concerns raised by the Secretary of State who determined that [] is an area under severe water stress.
- By virtue of regulation under the Water Industry Act 1991 (WIA), it has legal powers to install meters for charging purposes. Its UMP was approved by DEFRA and OFWAT.
- Whilst it accepts that the information provided in the Search Response did not make reference to its UMP, the information at paragraph 4.5 of its Search Response is factually correct. It acknowledges that its processes regarding notification of the intended installation of the meter and the installation itself were impacted by the change of occupier midway through the process, with contact regarding the installation of the meter having been with the previous owner of the Property. It submits that it is not unreasonable to expect for the information to have been communicated to the customer by the previous owner of the Property.
- Following the customer's second metered bill, she questioned the level of use recorded and its representative who subsequently attended, identified a leak on the private supply pipe. Its letter to the customer confirmed that as the owner of the Property, it was her responsibility to arrange for the repair of the leak. It also gave suggested actions and informed it was possible for the customer to apply for a one-off leak allowance to cover the cost of any water wasted as a result of the leak.
- It owns and is responsible for the water mains in the public highway and the length of the pipe leading from the water main to the to the boundary of a property, know as the communication pipe. The water meter was installed at a location as close to the boundary of the Property as possible. It had a number of communications with the customer regarding the issue of the leak and a request was made for it to pay a contribution towards the cost of the supply pipe. It has consistently confirmed that it will not contribute to the cost of the repairs to the supply pipe (including any private pipe work carrying water from the water meter to the customer's property) as they are the responsibility of the owner or occupier of the Property.
- It accepts that some actions it took when dealing with the customer's complaint were not dealt with expediently, for example, leak allowances originally calculated were not correct and a number of payment reminders were sent in error to the customer during the leakage

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investigations. In September 2017 it made a payment to the customer in the sum of £200.00 as a gesture of goodwill, and the basis of the payment was explained to the customer in its letter of 8 September 2017. It submits that no further compensation payments are due to the customer.

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

How was this decision reached?

1. I remind the parties that adjudication is an evidence-based process and it is for the customer to show that the company has not provided its services to the standard that would reasonably be expected of it. Furthermore, this process does not allow for enquiries or investigations to be carried out, as sought by the customer, therefore this request has not been considered on this basis.

Water Meter

2. I accept that in areas deemed by DEFRA to be in serious water stress, water companies are legally entitled to consider the option of wide scale metering as way to secure its resources for the future. I accept that the company's installation of the water meter at the Property was part of its permitted UMP which had been approved by DEFRA and OFWAT. The customer's complaint however is that the installation was inconsistent with the information the company had given in its Search Response which stated that the RV method of charging would not change with any new occupation of the Property. I remind the parties that in accordance with the Scheme Rules,

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the legalities of conveyancing does not fall within the scope of WATRS, however I am able to consider the complaint from the perspective of whether the service provided by the company in this regard was to a reasonably expected standard. The company has highlighted paragraph 4.5 of its terms and conditions provided with its Search Response, which I accept excludes liability for any changes made after the date of the Search Response. However, as it was sent on 9 October 2014 and the company confirms that it had been in contact with the previous owner since as early as January 2014 regarding metering the supply to the Property, I consider that the lack of information provided in the Search Response either in regards to the proposed meter installation at the Property or that the Property was subject to its UMP, amounts to evidence of the company failing to provide its services to the customer to a reasonably expected standard.

3. The customer submits that the company failed to inform her either about the water meter being installed in April 2015 or that it was “switched on” for billing purposes on 31 July 2015, until September 2015. The customer submits that this was despite having already been billed for the same period based on RV. The customer moved into the Property in mid-May 2015 whilst the company was midway through its process of notifying customers in the area of the intended installation of the meters. As above, I accept the company’s assertion that it had been in communication with the previous owner in January 2014 regarding metering the supply, however it is reasonable to expect for the company to have notified the customer at the point it became aware there were new occupiers of the Property. The company asserts this was in May 2015, however the customer claims that the company had actually been made aware that she and her husband were owners of the Property, as early as March 2015 when she had responded to a letter received at the Property from third party company *EOS Solutions*. This letter dated 20 February 2015 was addressed to “the owners” and sent on behalf of the company enquiring about the new occupancy. I can see that the customer sent a response to *EOS Solutions* on 11 March 2015 confirming that she and her husband were the new owners and that they were hoping to move into the Property on 1 May 2015. The customer in her response requested that this information be relayed back to the company. Whilst I accept this shows the company may have known the customer was the new owner of the Property earlier than May 2015, there is a lack of evidence to show if or when third party *EOS Solutions* informed the company of the customer’s occupancy. However, the company should have notified the customer regarding the installation of the water meter and its UMP when it sent her a Welcome Letter on 20 June 2015, informing that an account (based on RV method of charging) had been opened from 16 May 2015. I am satisfied that the company’s failure to advise the customer of the existence of the meter, until 7 September 2015, some 5 months after

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installation and 3 months after it had been switched on for billing purposes, amounts to clear evidence of the company failing to provide its services to a reasonable expected standard.

Costs of replacing the private supply pipe.

4. The customer submits that the company's failure to inform her about the installation of the meter in April 2015, meant she was unable to negotiate with the company where on her land the water meter will be installed. The customer submits that as the meter is a fair distance from her boundary it's meant she has since incurred costs in replacing the supply pipe beyond the boundary (£3389.00), as her house insurers would only cover the cost of the new pipe up to the boundary (£1194.80), and not the length of pipe beyond which runs under her neighbour's driveway up to the meter. The company submits that the water meter was located to as near to the Property boundary as possible, which was at the cross over between the public footpath and the start of the (customer's neighbour's) driveway. I accept that usually the water meter is installed in a location deemed appropriate by the company, as in the customer's case. Whilst it may have been possible for the customer to negotiate with the company the exact location of the meter had she known about the installation, I am mindful that the company is not under any obligation to adhere to any such request. Further, I accept the company's assertion that changing the location of the water meter would not affect the customer's responsibility in regards to the service pipe as the same length of pipe will remain the customer's responsibility. In light of my above observations, I cannot be sure from the evidence that the company was aware of the customer's occupancy at the Property when the installation took place in April 2015, and even if the customer had been informed at this stage, I am not persuaded this would have meant the cost of the replacement service pipes later borne by the customer, would have been avoided. As such, I am unable to conclude that the company is liable for the costs of repairing the length of the service pipe not covered by the customer's house insurance, on this basis.
5. The customer also submits that both OFWAT and the company's own literature state water companies "may" require customers to bear the cost of replacement pipes, however that often water companies will pay for repairs needed to supply pipes on the first occasion. As explained above, legally, the company is not responsible for the costs of repairing or replacing the customer's private supply pipes. Whilst water companies do often cover the cost of repairs on these pipes if the customer has not claimed before, it is discretionary on the water company, therefore the company's decision not to cover the cost, is lawful and therefore I am unable to conclude that its actions in this regard amount to a service failing.

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Customer Service and Billing

6. The customer asserts it is illegal for the company to have issued both metered and unmetered bills at different times. It is clear from the evidence that the company initially raised charges based on the RV of the Property, as per the customer's bill of 19 June 2016 for £663.16 (to cover from when the customer moved in on 16 May 2016 to 31 March 2016). It then amended the customer's method of charging to measured, when it switched on the water meter on 31 July 2015. It reduced the customer's RV bill of £663.15 to £157.01 to reflect unmeasured charges up to 30 July 2015 only. However, I can see from the 'Breakdown of Account' supplied at Exhibit SWS-5 of the Defence, that as a measured bill of £361.45 in relation to the customer's previous property ([] House) was transferred to the customer's account on 23 June 2015, after the customer's payment of £285.10 made on 6 July 2015, an account balance was left owing of £233.36. The customer then paid £361.45 (the amount owed from [] House) on 8 September 2015 leaving a credit of £128.09. I can see there was also a standing charge of £44.03 for [] House, which appeared in her 19 June 2015 bill. I accept this would have confused the customer however this was removed from the account on 23 June 2015. Therefore, due to the customer's change of address and then the change in the method of charging, I accept that the company's billing was confusing however I am satisfied the customer was not charged in duplicate and there is insufficient evidence to show she was incorrectly billed at this stage (apart from the charge of £44.03, which I am satisfied the company removed a few days later). As such I do not find that any service failing by the company has been proven in this regard.
7. Following the customer's receipt of bill dated 7 October 2016 for £702.74, due to the increase in water usage recorded on the bill, the customer suspected a leak at the property which was confirmed by the company's engineer on 7 November 2016. It is clear from the evidence that whilst the customer was in the process of arranging to replace the supply pipe by the deadline the company had given to her, it continued to send her reminder notices for the previous bill of £702.74 on 6 January 2017 and again 27 February 2017. This was despite the company being fully aware of the situation and having agreed to put the account on hold on each occasion the customer had complained about receiving the demands. The company eventually reversed this bill on 28 February 2017 and sent out a revised bill of £510.32 after taking into account the leak. In the company's response (of 8 September 2017) to the customer's complaint to CCW, it admits however that its original leakage allowance calculations were flawed and applied a credit of £59.43 to the customer's on 8 September 2017. Furthermore, I accept from the evidence that

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even after it had reversed the bill on 28 February 2017, the customer continued to receive 3 further demands for the previous bill during the beginning of March 2017. In light of my above findings, I am satisfied that the reminder notices sent by the company and the incorrect leak allowance calculations were service failings, and the company accepts this.

8. In its letter to the customer of 8 September 2017, the company agreed to pay the customer a £200.00 goodwill gesture for: occasions when the advice given to the customer could have been clearer; promises were not kept; reminder notices were issued (when they should not have been) and; flawed leak allowance calculations. However, the customer is dissatisfied with this amount and requests £9389.52 in compensation from the company in relation to perceived failures (as set out above). This figure includes £3389.00 as the cost incurred for the replacement supply pipe (after deduction of the house insurance received of £1194.80). As explained above, the company is not liable to pay the cost of repairs or replacement to private supply pipes and I am not satisfied that this cost has arisen due to the company's service failings found. Therefore, the company is not liable to the customer for this cost claimed. However, in light of the proven service failings by the company to the effect that it: failed to inform the customer regarding the meter installation or its UMP, either within its Search Response or when the customer moved into the Property; continued to send payment demands when it had promised not to and; incorrectly calculated the leak allowance, I find that the sum offered of £200.00 in response to her CCW complaint, is insufficient for the stress and inconvenience I accept was caused to the customer. However, I am not satisfied that the customer has substantiated the claim for £6000.00 in respect to these issues. In the circumstances, I find it fair for the company to pay the customers a further amount of £300.00 in compensation. I am satisfied that this amount, together with £200.00 already provided, is reasonable and proportionate to the issues encountered by the customers, as a result of the company's failings.
9. The customer requests that the company carry out its own investigation into how the company can provide information to prospective buyers of a property and then overturn this. This remedy is outside the scope of WATRS as it is an internal matter for the company and unenforceable under WATRS.

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10. The customer has requested an apology from the company. I am satisfied that the company has apologised to the customer in its letter of 8 September 2017 and it offers a further apology in the Defence, therefore it is not required to provide a further apology to the customer.

Outcome

The company shall pay the customer further compensation of £300.00.

What happens next?

- This adjudication decision is final and cannot be appealed or amended.
- The customer must reply by 25 May 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.



A. Jennings-Mitchell, BA (Hons), DipLaw, PgDip (Legal Practice), MCI Arb
Adjudicator

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