

# WATRS

## Water Redress Scheme

### ADJUDICATOR'S DECISION SUMMARY

Adjudication Reference: WAT/ /1783

Date of Decision: 26 February 2020

#### Complaint

The customer complains that his bill is higher than was the case at his previous address and that the company has applied the rateable value to calculate his bill without taking into account that only three people are resident in his property. He complains about the monopoly and that there is a differential in charges. He also complains that the direct debit details were taken before the amount of each payment was explained. He seeks a reduction in the price of his water bills, an apology, and various directions.

#### Defence

The company says that the customer was told that he could have a water meter in respect of future bills but he has declined. The use of rateable value is common practice and is set out in the charges scheme. The company denies that the customer was required to give his bank details before the amount of the charge was explained.

#### Findings

The customer has not established that the company's services fell short of the standard that would reasonably be expected. The WATRS scheme does not give jurisdiction to address whether the domestic water market should be a monopoly nor whether unit charges should be standardised as between suppliers. The company is entitled to rely upon the rateable value to calculate its charges and there is no evidence that the customer was not told that he could have a water meter. Accordingly, the customer has not shown that he is entitled to redress.

#### Outcome

The company does not need to take any further action.

**The customer must reply by 25 March 2020 to accept or reject this decision.**

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# ADJUDICATOR'S DECISION

Adjudication Reference: WAT/ /1783

Date of Decision: 26 February 2010

## Party Details

Customer: [ ]

Company: [ ].

## Case Outline

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

- The customer moved from an address in [ ], to an address in [ ]. This resulted in a change of water supplier. Instead of £28 – 29.00 per month, he now pays £56.00 per month for unmetered water.
- The customer is unhappy that the company is a monopoly and there is no competition.
- He complains that he was asked to agree to a direct debit arrangement without knowing the amount of his bill and he did not agree to the direct debit. This has nonetheless been put in place. He says that the company has incorrectly described the call and wants to hear a copy of the recording.
- The customer seeks:
  - Reduction in the price of his water bills;
  - An apology for requesting bank details for direct debit before notification of the amount of the bill; and
  - A direction that:
    - The company's unit price should be comparable to that of RST Water;
    - Rateable value should take account of the number of occupants in a property; and
    - The amount paid by the customer's monthly direct debits should be reduced.

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

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- The customer remains a customer of RST Water for the supply of sewerage services, for which the company has an agreement to collect payment as an item on the company's water services bill.
- The charge for water is based on section 5.2.1 of the company's published charging scheme and on the rateable value of the property. The annual unmeasured water and sewerage charges for the period 1 April 2019 to 31 March 2020 total £552.04 for his property. Use of rateable value is permitted under the Water Industry Act 1991 notwithstanding the discontinuation of the domestic rating system on 1 April 1990.
- The customer advised the company that he moved into his new property on 23 September 2019. He chose to pay the proportion of charges from 23 September 2019 to 31 March 2020 (£286.13) by monthly instalments on the 1st of each month. A payment plan over five instalments of £57.23 was offered.
- The company has listened to the call recording relating to the customer's direct debit. He was asked to provide his bank details so that the company could set up the payment arrangement as requested. During the call the customer said that he was reluctant to provide these details before he found out what his monthly repayment would be. He was informed that the full annual charge was £552.04 and that the usual monthly repayments would be £46.00. However, the advisor also explained that as there remained only five repayment dates prior to the issue of the next annual bill, payments for the remainder of the year would have to be £57.23 per month. Asked if he would now be happy to proceed with the direct debit arrangement, the customer confirmed that he was.
- The company also advised that as a three person household he should consider the free installation of a water meter as the company's statistics show that the average three person household may see monthly repayments in the region of £36.00. This has not occurred.
- In the above circumstances the company has charged correctly and compensation is not appropriate for first requesting his bank details prior to letting him know the monthly payment amount. The payment arrangement would not and was not completed before letting the customer know the instalment amount.

### How is a WATRS decision reached?

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

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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 find that although the customer is dissatisfied that there is no competition in the market for domestic water and sewerage provision, this is a political and legal dispute that falls outside the scope of WATRS, which deals with individual complaints against companies in respect of their service provision to that customer. Moreover, I note that there is no requirement on water companies to assimilate their charges or the unit prices that they use to arrive at the billed amounts that they charge customers in their areas, although each company required to publish its Scheme of Charges. A complaint that a company has not complied with sections 142 and 143 of the Water Industry Act 1991 in respect of its Scheme of Charges is a matter that is properly dealt with by Ofwat. Rule 3.5 of the WATRS redress scheme rules precludes the adjudication of disputes over which Ofwat has powers to determine an outcome. As a challenge to the unit price is a challenge to the content of the Scheme of Charges, I have no jurisdiction to reach a decision on this and I therefore reach no decision as to the unit price of any charges raised by the company against the customer.
2. The documentation shows that in this case the customer moved into a geographical area served by the company from a location where a different water company provided services for clean water. The company acts on behalf of the customer's previous supplier in respect of sewerage services because this aspect continues to be provided in his new home by his previous supplier. The change in his location has resulted in higher water bills, nonetheless, and the customer

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complains about this, in particular because he objects to the use of the rateable value to calculate his bill. He says that account should be taken of the occupancy of his property.

3. It is clear, however, that the company calculates its charges in respect of all customers who do not have a water meter (save where certain exceptions apply that are not relevant here) by reference to the rateable value. There is no suggestion that the customer has requested the company to install a water meter and therefore he has an unmeasured water supply.
4. The company has submitted an extract from its Scheme of Charges at section 2.5.1. This states that the annual tariff for unmeasured supplies shall consist of a fixed charge, plus a charge based on the rateable value of that property and a supplementary charge in certain circumstances that are not relevant to this dispute. I find that an average customer would reasonably expect that a water company will supply its services in accordance with its published Scheme of Charges.
5. Moreover, I note that use of the rateable value for the purposes of calculating the charge is permitted in law by reason of section 8 of the Water Industry Act 1999. I am mindful also that many water companies also use the same criterion, which is not related at all to the number of people occupying a property at any one time.
6. It follows that an average customer would not reasonably expect the company to adjust his bill because only three people are resident at his address. The company has an alternative system in place which does take account of actual usage and on the basis of the submissions of both parties and supporting documentation, I am satisfied that the customer has been informed of this because he has been told that the company can install a water meter. It follows that I find that the company has not fallen short of the requisite standard in this regard.
7. As for the dispute between the customer and the company relating to the telephone call in which the customer provided his bank details, I am mindful that, whichever of the parties' interpretation of that conversation is the more accurate, the customer would in any event have had a liability for the company's water charges which he could choose to discharge by way of instalments. I am mindful that it is commonly the case that direct debit details are given in respect of such liabilities, even if, at the time the information is handed over, the amount of the direct debit is unknown. I am mindful that the point at which customers reasonably expect to be given information about the amount to be drawn down by way of direct debit payment is at a time

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before each payment is taken. The purpose of this is to enable a customer to raise any objection to the calculation of the instalment, should there be a need to cancel the direct debit arrangement or challenge the amount of the payment. The customer has submitted no evidence that he was not told of the amount of the instalment before drawdown. I do not find that an average customer would as a matter of principle reasonably expect the company not to request bank details by a customer prior to the provision of information as to the amount of the bill.

8. The company does acknowledge, however, that the customer did not want to provide his details until he was told about the amount of the bill. Although the customer says that he was not told, the company's explanation of the conversation is that he was informed of the amount of the bill and he therefore handed over the relevant details. If the customer were to be correct that he was not told the amount of the bill, it is hard to see why he would have handed over his details. On balance, therefore, I find that it is more likely than not that the company did inform the customer of the amount of the bill and that he consented to this. I find that the customer has not proved that the company's services failed to meet the standard that would reasonably be expected in relation to this conversation.
9. Accordingly, even though I accept that the customer may be disappointed that the company's water charges are higher than those where he previously lived, I find that it does not follow that this was due to any shortcoming in the standard of service offered by the company and he has not shown that the company has acted otherwise than would reasonably be expected. It follows that I find that he has not shown that he is entitled to redress.

#### **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 25 March 2020 to accept or reject this decision.

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- 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.
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Claire Andrews, Barrister, FCI Arb

**Adjudicator**

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