

WATRS

Water Redress Scheme

ADJUDICATOR'S FINAL DECISION SUMMARY

Adjudication Reference: WAT-XX54

Date of Decision: 08/01/2021

Complaint

The customer complains that after she was placed on an Essentials tariff, she believed that her bill had been reduced to zero for the forthcoming year. She received a bill for a large amount in 2020, but the company has not been willing to waive the bill. The customer also complains of poor customer service, including appointing debt collectors during the period while this dispute is being considered by WATRS.

Response

The company says that it has backdated the customer's eligibility for the Essentials tariff by making a goodwill credit of £100.00, so reducing the customer's liability. The company says that it informed the customer that she had a discounted tariff of 20% and had to pay bills, and will not reduce the amount due any further. This was, at the date of the company's response, £391.38.

Findings

The company has made a goodwill payment in relation to its omission to recognise that the customer might need to be on a hardship tariff one year earlier than it did. However, I find that there are other ways in which the company has failed to supply its services to the standard that would reasonably be expected. These included its failure clearly to communicate the amount of the discount, its failure to reply to the email of 3 April 2020, taking collections activity before the resolution of this dispute and various difficulties in communicating effectively with the customer's representative. This increased the distress which the customer has experienced. I find that it is fair and reasonable that the company shall credit a further sum of £100.00 to the customer's account.

Outcome

The company needs to:

- make a further credit to the customer's account in the sum of £100.00; and
- set up a payment plan for the customer at a rate of £1.00 per week.

The customer must reply by 05/02/2021 to accept or reject this decision.

ADJUDICATOR'S FINAL DECISION SUMMARY

Adjudication Reference: WAT-XX54

Date of Decision: 08/01/2021

Party Details

Company: X Company

Case Outline

The customer's complaint is that:

1. • Between November 2016 and June 2020, the customer used to live in a property in the area for which the company was responsible. When she moved out, she received a large bill of £663.40. At the time, the company was demanding that £55.00 direct debit be set up and that £491.38 be paid immediately. • The customer says that the charges are not applicable, because a reduction scheme was in place. She believes that the bill produced by the company is incorrect. • The customer also states that the company failed to communicate or advise that charges were applicable at any point between March 2019 and March 2020. She says that when she received a bill in April 2020, her representative contacted the company on her behalf on 3 April 2020 to challenge the bill but the company did not respond. • The customer draws attention to Ofwat's Principles, in which it is stated that reminders should be given and that each reminder should set out what will happen and when action will be taken if the customer fails to respond. The various actions the customer can take should be set out along with a clearly signed contact number. A variety of communication methods should be considered to establish contact (telephone, mail, visiting and so on). Principle 2 says that letters and reminders to customers who have fallen behind with payment should be clear about when payment is due and what will happen if the customer does not pay. The customer says that this is relevant to her situation. • The customer argues that she has been treated unfairly by the company and has now been penalised. She says that the decision made by the company has forced her into debt through no fault of her own. She also complains that during this dispute process, she has begun to receive letters from a debt collection agency, which she regards as unacceptable. • She asks for all charges to be cancelled.

The company's response is that:

1. • The company says that the customer was on an assessed charge based upon

the number of bedrooms at the property. • As the customer was struggling to meet payments, a payment plan was set up for her. The customer missed payments in 2018 and a letter was sent to the customer on 1 November 2018 advising that a payment was outstanding. The company received no response to this letter. Another reminder letter with the same information was sent on 1 December 2018. On 29 December 2018, the company sent a letter explaining that payment of charges was overdue and asking the customer to contact the company within 10 days to either pay the full balance owed or to set up a payment plan. The customer called the company on 4 January 2019 and authorised her friend to set up a payment plan on her behalf. The company set the payment plan to allow payments of £38.02 per month, with the first payment being due on 15 January 2019. The customer made no further payments for her water services account. • The last payment received under this plan was on 13 November 2018. • From this date, the customer was sent debt recovery letters and payment reminders. The total outstanding balance from November 2018 was £491.38. • In February 2019, the company received a request for financial assistance. From 20 February 2019, the customer was placed onto the Essentials tariff with a 20% discount. • On 23 February 2019, the company received an email from X Company 2 who advised that they were helping the customer with her application for financial assistance. The Trust asked for an update of the progress of the application as payment reminder letters had been sent to the customer which had caused distress. The company responded on 4 March 2019, explaining the tariff and confirming that a lock had been placed on the account for one month to ensure no payment reminder letters was sent. The holding lock was effective from 4 March until 3 April 2019. • A new annual bill was prepared which was sent to the customer. The company also called the customer on 10 April, 5 and 10 June 2019 and a voicemail left. No response was received. • On 24 March 2020, a new annual bill was prepared and sent to the customer. • On 29 June 2020, the company received an email from the customer via its website. The customer asked for her account to be closed as she had moved out of the property on 19 June 2020. A new bill was prepared by the company and sent to the customer. As she had not provided a forwarding address, this bill was sent to the property. • X Company 2 then took up the case on the customer's behalf. X Company 2 had noted in their email that the company had confirmed that no payment reminder letters had been sent between 25 March 2019 and 29 June 2020. • The Consumer Council for Water (CCWater) reviewed the case and advised that the customer should have been placed onto the Essentials tariff in July 2018. Furthermore, CCWater believed that the company should have done more to advise the customer of the options available. As a result, the company agreed to reduce the outstanding balance by £100.00 to £391.38. • The company confirms that this balance is due and that a payment plan can be set up from £1.00 per

week. The company will make no further concessions.

How is a WATRS decision reached?

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

- Whether the company failed to provide its services to the customer to the standard to be reasonably expected by the average person.
- 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.

Customer: The Customer

How was this decision reached?

1. I bear in mind that adjudication is an evidence-based process and that it is for the customer to show that the company has not provided its services to the expected standard.
2. This dispute does not concern the way in which charges have been calculated, but whether the company has acted fairly towards the customer. She complains that the company has allowed a year to elapse in which no reminder letters were sent, so that her bill increased steadily in circumstances where she believed that her tariff was zero in consequence of financial hardship. In reaching my Final Decision I have taken into account the customer's requests made in response to my Provisional Decision but I have decided that I should not alter the outcome,
3. I am mindful that an average customer would reasonably expect the company to require all its customers to make payments that were due to the company. An average customer would not expect bills to be waived without good reason. I turn to whether the customer has shown that the company has failed to supply its services to the customer to a level that is unfair, such that the customer should no longer be liable to pay her bill.

4. The company has submitted a copy of its published Charges Scheme for 2018/2019. I find that an average customer would reasonably expect the company to apply its Charges Scheme to raise bills against customers to whom the company supplies services. I find that the company did so in this case.

5. The Charges Scheme provides for an Essentials tariff in cases of economic hardship. This tariff provides for a discount, to be assessed by the company based on information provided by a customer. Customers for whom the company's bill would total between 3% and 10% of their income are eligible to a discount of 20%. Where the bill is a bigger proportion of income, the amount of the discount rises to a maximum of 90%. The Essentials tariff does not provide for 100% discount.

6. The evidence put forward by the parties shows that the company accepted in February 2019 that the customer was eligible for a discount of 20% on the Essentials tariff. Although the customer says that she then believed that she was not liable to make any payment to the company because of the reduced amount of the bill, I find that there is no evidence that the company told the customer that she did not have to make any payments at all.

7. On the contrary, I note that:

a. The customer had, at a stage before she was placed on the Essentials tariff, been represented by X Company 2. This organisation had assisted her in 2018, when it had asked on the customer's behalf, whether her payment plan could be reset.

b. In 2019, the customer contacted the company both directly and with the assistance of a friend. In February 2019, she submitted a form requesting financial assistance.

c. The company says its response to the customer's application to WATRS that:
29...X Company accepted The Customer on to the Essentials Tariff as of 21 February 2019 and

on 21 February 2019 a letter was sent to confirm The customer had been accepted onto the Essentials tariff.

30. On 23 February 2019 X Company received an email from X Company 2 who advised they were helping The Customer with her application for financial assistance. X Company 2 asked for an update of the progress of the application as payment reminder letters had been sent to The Customer which had caused distress.

d. The company confirmed the amount of the discount in an email dated 4 March 2019 to X Company 2, who had asked for an update. This stated:

Customer is accepted for essential tariff for 20% discount on 21-02-2019, however customer is not eligible for Newstart as not matching with the criteria, in view of your comments have placed hold on account for a month to stop any further

necessary in order to enforce the decision.
www.WATRS.org | applications@watsr.org

reminder letters to the customer.

8. I have not been provided with a copy of the letter of 21 February 2019 addressed to the customer, but the customer has not denied that this was sent. The company has not said, however, that the letter of 21 February 2019 set out for the customer in a clear way that the extent of the reduction would be limited to 20% of her annual bill. I have seen a copy of the email dated 4 March 2019 addressed to the X Company 2 and I find that this did explain the situation to the representative. The company did not, however, request the representative to ensure that this was communicated to the customer. On the state of the evidence that I have seen, therefore, I cannot be satisfied that the situation was clearly explained directly to the customer at this point. An average customer would expect a clear explanation. I find that the company failed to meet the standard of customer communication that would reasonably be expected.

9. Moreover, the customer says that she has not received reminder letters since March 2019. While I note that the customer had said (via X Company 2) that she was finding receipt of reminder letters distressing and that the company had indicated that these would not be sent in the following month, I find, that none were sent throughout the following year. The customer complains that she had been led to believe that she did not owe the company money, and I find that the lack of reminder letters could have contributed to that misunderstanding. However, I also find that the customer's statement that she found reminder letters distressing is likely to have caused the company not to have sent these. Notwithstanding this, the company would have been aware of the rising debt and I find that, consistently with Ofwat guidelines, it should have reminded the customer of this. I find that failure to remind the customer of the balance throughout that year did not meet a standard that an average customer would reasonably expect.

10. On 25 March 2019, however, the company had raised a bill in the sum of £443.09. As this was an annual bill, I find that it is probable that it was sent to the customer. This stated:

Your first payment is £36.97 due on 15 Apr 2019. This will be followed by 11 monthly payments of £36.92.

I therefore find that the customer had been given information about her liability to the company. I find that, even though no reminder letters were sent, an average customer would reasonably have understood that this bill represented the amount that she had to pay the company over the coming year. I find that this was sufficient to let the customer know that the amount of her bill had not been reduced to zero.

11. Additionally, the company says that it left three voicemails for the customer in that year, which the customer did not return. There is no evidence that the

company did not do this, and I therefore find that it is probable that the company tried to contact the customer by phone.

12. The next written communication was in March/April 2020. On 24 March 2020, the customer's bill totalled £663.40. The bill stated:
Your first payment is £55.32 due on 15 Apr 2020. This will be followed by 11 monthly payments of £55.28.

13. The customer has submitted a copy of an email dated 3 April 2020 from X Company 2 sent to XEmailAddress, (the financial assistance department) in which a query was raised about the balance of £443.09 (the balance brought forward) on that bill. The email stated that the customer had believed that she had received a full reduction and so was not liable to make payments for the preceding year.

14. The customer says that no reply was made by the company. The company does not state that it replied. As the customer's representative raised directly her belief that she had no liability to make payments in respect of the previous year, I find that an average customer would consider that this demanded an answer. I find that the failure to respond to the customer's representative at this point also fell short of the standard that an average customer would reasonably expect.

15. On 29 June 2020, the customer was sent an adjusted bill, the company having received notice that she had moved out of the property. This was in the total sum of £491.38. The bill stated:
Please pay the full balance immediately. How to pay is shown below. The payment scheme has been cancelled.

16. The customer complains that this led to distress because she had expected to have no liability and she says that this was unfair. Subsequently, the customer has also raised further concerns about the company's communications. These included:

- a. Failing to reply to the customer's representative in relation to the email of 3 April 2020, even when this was attached again to a complaint letter of 7 July 2020;
- b. Repeatedly requiring confirmation that the customer had given authority to the X Company 2 to represent her;
- c. Failing to call back the customer's representative when it had promised to do so;
- d. Taking collections action by appointing a debt collector while the full amount of the bill was in dispute.

The documentation provided by the parties supports that these incidents occurred. I find that these also were failures by the company to meet the service standards

that an average customer would reasonably expect.

17. Although, following the intervention of CCWater, the company has reduced the bill, it has not been prepared to dispense with payment altogether. The company says in its response to this application that:

X Company agreed that it should have identified sooner that The Customer was having difficulties and therefore been proactive in offering assistance. X Company applied a goodwill credit of £100 to The Customer's water services account in respect of any failure to identify The Customer's personal circumstances. However, X Company confirmed the remaining balance on the account would need to be paid.

18. The company therefore acknowledged a service failure in relation to its omission to identify at an earlier stage that the customer needed financial assistance. As explained in the response, the goodwill payment of £100.00 was intended to reflect this.

19. I find that the company has not, however, made any gesture of goodwill that recognises the service failings that I have identified above, namely, its failure clearly to communicate the amount of the discount, its failure to reply to the email of 3 April 2020, taking collections activity before the resolution of this dispute and various difficulties in communicating effectively with the customer's representative. I find that it is fair and reasonable that the customer should also receive redress in relation to these matters, which have led to increased distress to her.

20. I find that it is fair and reasonable, taking into account the totality of these matters, to direct that the company shall provide the customer with a further credit of £100.00. This was the amount stated in my Provisional Decision. I have taken into account the customer's representations that this amount should be increased. Although I have sympathy for the customer's distress, however, I do not find that this would be proportionate for the same reason that I do not waive the bill in its entirety. I do not find that it is fair and reasonable that the bill should be waived in full because I am satisfied that the customer had been informed by the company's bill of March 2019 that that she would have to make payments to the company.

21. It is, however, fair and reasonable that the company shall set up a payment plan of £1.00 per week. Although X Company 2 has asked me in its comments in response to my Preliminary Decision to direct that the company shall administer this directly rather than place the customer's account with a debt collector, I find that the administration of the payment plan is a matter that should be decided upon by the company, based on the administrative arrangements that it is able to make. Save that the payment plan should be set up, therefore, I do not make any further direction about this.

necessary in order to enforce the decision.
www.WATRS.org | applications@watsr.org

Outcome

1. The company needs to:

- make a further credit to the customer's account in the sum of £100.00; and
- set up a payment plan for the customer at a rate of £1.00 per week.

What happens next?

This adjudication decision is final and cannot be appealed or amended.

The customer must reply within 20 working days to accept or reject this final decision.

- If you choose to accept this decision, the company will have to do what I have directed within 20 working days of the date in which WATRS notifies the company that you have accepted my decision. If the company does not do what I have directed within this time limit, you should let WATRS know.
- If you choose to reject this decision, WATRS will close the case and the company will not have to do what I have directed.
- If you do not tell WATRS that you accept or reject the decision, this will be taken to be a rejection of the decision. WATRS will therefore close the case and the company will not have to do what I have directed.

Claire Andrews
Adjudicator