

WATRS

Water Redress Scheme

ADJUDICATOR'S FINAL DECISION SUMMARY

Adjudication Reference: **WAT-XX58**

Date of Decision: **20/07/2021**

Party Details

Customer: "The Customer"

Company: "The Company"

Complaint

The company reported missed payments and a default to credit reference agencies without sending the customer bills, communicating with him about the missed payments, or following the guidelines issued by Ofwat. The customer wants the company to remove the late payments and defaults from his credit report, pay him £2,500.00 in compensation, and provide an apology for the stress he has suffered as a result of the company's poor service.

Response

The company complied with its debt recovery procedures and correctly registered late payment markers and a default on the customer's account; therefore, there is no reason to remove the negative credit marks or the default from the customer's credit file. The company also denies responsibility to pay the customer compensation and provide an apology.

Findings

The evidence shows that the company sent bills, letters and notifications to the customer at the correct address, and that the missed payments and default were accurately and correctly reported to credit reference agencies. Therefore, I do not find that the company has failed to provide its service to the standard reasonably expected by the average customer by reporting the missed payments and default to the credit reference agencies. In view of this, the customer's claim to have the negative credit markers removed from his credit file cannot succeed. The company admits to minor service failings but the evidence demonstrates that the customer has already been fairly compensated for these; therefore, the customer's claim for an apology and compensation cannot succeed.



The company does not need to take any further action.

The customer must reply by 17/08/2021 to accept or reject this decision.

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Case Outline

The customer's complaint is that:

• On XX June 2020, he checked his credit report and noticed that the company had reported missed payments for November 2019, December 2019 and January 2020, and a default in February 2020. • He has lived at his address since July 2019 but did not receive any bills or notifications about missed payments. However, he assumed that he would be billed annually for his water charges, so had no reason to be concerned. • The missed payments relate to his first billing cycle with the company and this should be considered a mitigating factor as he had not discussed the billing cycle, Direct Debits, or charges with the company. • On XX July 2020, he contacted the company's customer service team and was told that multiple payments had been made on his account for March 2020, April 2020 and May 2020. However, he did not make these payments and he believes there has been an administrative error. • His credit report shows a flawless pattern of payments and he has subscriptions with both XX and XX so that he can keep watch over his financial activities. This shows that he would not deliberately avoid a £30.00 monthly payment for a water bill. • This issue has impacted his ability to get a mortgage and in view of his excellent credit history, the fact that he did not receive any bills or letters, possible billing disruptions and limited postal activities because of COVID 19, and the fact that the bills are now paid in full, he feels that the six year impact of the default on his credit rating is disproportionate for missing the £30.00 payments. He also complains that the negative markers were all added to his account at the same time and, therefore, he was not given the notice he needed to take action to avoid the default. • The company says that the negative credit markers cannot be removed as the late payments were reported correctly, but this misses the point. In accordance with Ofwat's guidelines, the company should telephone, email and visit the customer before it reports a default, yet the company did not make any attempt to contact him. • He wants the company to remove the late payments and default from his credit report. He would also like £2,500.00 in compensation and an apology for the considerable stress this issue has caused him over the last year.

The company's response is that:

• The customer's claim is out of the scope of the WATRS on the basis that the Information Commissioner's Office (ICO) is the forum that deals with these types of matters. As such, it would not be appropriate for the WATRS to adjudicate on this

matter as Section 3.4.1 of the WATRS Rules states, “WATRS may reject all or part of an application to the scheme where it considers that a customer should be referred to a more appropriate forum for the resolution of the dispute.” • In any event, the customer’s claim cannot succeed as the missed payments and default were reported correctly to the credit reference agencies, and it followed the correct debt collection procedure at all times. • On **XX** July 2019, the previous occupier of the property called to say that he would be vacating the property on 12 July 2019 and his account was closed from that date. In line with its policies and procedures, a new account was set up in the name of “The Occupier” to ensure that there was continuous billing for the property. • A bill, dated 12 July 2019, addressed to “The Occupier” was sent to the property and this stated that the customer should make contact. However, it was not informed that the customer had moved into the property until **XX** July 2019, when a property management company sent an email. An opening bill, welcome letter and billing leaflet was then sent to the customer in his name. • After this, all the customer’s bills, letters and notices were sent in the customer’s name to the correct property address and none were returned. The correspondence contained clear and concise information, details about how credit reference agencies are used, links to its website and its telephone number, but no payments were made and the customer did not make contact. • On **XX** November 2019, it notified him of its intention to register a default with a credit reference agency and, again, asked the customer to make contact. As no payment was made and the customer did not make contact to discuss his account or set up a payment plan, the customer’s account was referred to a debt collection agency and the missed payments were reported. • On **XX** December 2019, the debt collection agency sent an introductory letter and the customer made contact with them on **XX** December 2020. There was some initial confusion as the customer did not give the correct address and his account was put on hold as he wanted some further information; however, the customer did not make contact during the period the account was on hold. The customer also failed to call the debt collection agency back when he promised to do so, so it tried to call him on 7, 8 and **XX** January 2020 and left messages.

• The customer spoke to the debt collection agency on several occasions after this and had many opportunities to pay his balance or arrange a payment plan to avoid the default, but he failed to do so. Therefore, it registered a default with a credit reference agency on **XX** February 2020. The customer settled his account on **XX** July 2020 and his credit report has been amended to reflect this. • In view of the above, it has fully complied with its debt recovery procedures and registered late payment markers and a default on the customer’s account correctly; therefore, there is no reason to remove the negative credit marks or the default from the customer’s credit file. • It acknowledges that the default involved a small amount of money but it will adversely impact the customer’s credit file for a long time. However, it has to treat all customers within the same policy guidelines to ensure that there is no bias, unfairness or discrimination. Therefore, irrespective of whether the debt is big or small, all customers follow the same debt process with the same outcome if the debt is not paid. • It also denies

responsibility to pay the customer compensation and provide an apology; it has checked the customer's account and credit file and believes that it has provided its service to the standard reasonably expected by its customers except on two occasions, but it has paid the appropriate goodwill payment for these failings. • For clarity, it also states that the payments made on the customer's account that he says were not made by him were made by the debt collection agency on his behalf.

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.

How was this decision reached?

1. I have considered the company's assertion that the claim falls outside the scope of the WATRS due to Rule 3.4.1. However, Rule 3.3 states that the Scheme can be used to settle disputes relating to "bills, payments, collections and debt recovery." The evidence demonstrates that the customer's complaint relates to the company's debt recovery process and, therefore, I find that the claim falls within the scope of the Scheme and I have the jurisdiction to adjudicate.
2. Having reviewed the evidence provided by the parties, including the recorded telephone conversations, I find that the bills, letters, and notifications were sent to the customer at the correct address, and that the customer was informed about the arrears and the company's intention to report a default to credit reference agencies if he failed to settle his account. Therefore, I find that the company provided the customer with the opportunity to make contact, pay the arrears or set up a payment plan, and avoid the negative credit markers.
3. In view of this, I accept that the company followed its policies and Ofwat's

guidelines, and was entitled to report the status of the customer's account to credit reference agencies. I also find that the reports provided to the credit reference agencies were accurate, correct and made in the appropriate timescale.

4. It therefore follows that I do not find that the company failed to provide its service to the standard reasonably expected by the average customer when it reported the missed payments and default to the credit reference agencies. I understand that the customer will be disappointed by my decision, but the customer's claim to have the missed payments and default removed from his credit file cannot succeed.

5. The customer also claims compensation for distress and inconvenience and wants the company to provide him with a formal apology. The company admits that it failed to provide its customer service to the expected standard at times, but the evidence shows that the company has already made the appropriate goodwill and guaranteed standards compensation payments for these minor failings.

6. On balance, as I find no failings on behalf of the company except those for which the customer has already been fairly compensated, the customer's claim for compensation and an apology cannot succeed.

7. The customer has made comments on the preliminary decision and feels unhappy that all the points he raised in his complaint have not been addressed. However, as stated above, just because I have not mentioned all the issues raised by the customer in my decision, it does not mean that I have not considered them. Also, some of the comments made by the customer raise issues that did not form part of his initial complaint. As the Scheme Rules do not allow new issues to be introduced after the preliminary decision, I shall not consider these points.

8. The customer's main concern is that the ICO's 'Principles for the Reporting of Arrears, Arrangements and Defaults at Credit Reference Agencies' state that where an arrangement has been made with the company to pay reduced or revised payments, a default should not be registered. I accept this is the case, however, the ICO guidelines refer to arrangements that are made before the customer's account is in default. The evidence in this case shows that the customer did not make an arrangement to pay revised or reduced payments with the company before he missed payments and defaulted, but that the customer made an arrangement to pay back the arrears with the debt collection agency after the default occurred. In light of this, even if the Subject Access Request the customer is waiting for does show that the default was registered after the customer started making payments to the debt collection agency, the company has not breached the ICO principles.

9. The evidence shows that the company followed its debt collection procedure

correctly, was entitled to register the default, and registered it accurately. Therefore, while I appreciate that the outcome is not what the customer hoped for, the customer's comments do not change my preliminary decision.

Outcome

1. 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 within 20 working days to accept or reject this final 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.

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Kate Wilks
Adjudicator