

# WATRS

## Water Redress Scheme

### ADJUDICATOR'S FINAL DECISION SUMMARY

Adjudication Reference: WAT-X961

Date of Final Decision: 28 June 2022

#### Party Details

Customer:

Company:

#### Complaint

The company has increased the customer's annual charges by 11.4%, from £309.25 to £344.13. The customer wants the company to reduce his bill and provide a full explanation of why the charges were increased.

#### Response

The company's charges are subject to a system of price control, monitored and controlled by Ofwat, the industry regulator, and every year the company is required to produce a Scheme of Charges. The company has provided a full explanation of why its charges increased this year and, as the customer has been charged correctly, the company denies responsibility to reduce the customer's bill.

#### Findings

Rule 3.5 of the WATRS Scheme Rules states that the WATRS cannot be used to adjudication on "disputes relating to the fairness of contract terms and/or commercial practices". Therefore, I am unable to adjudicate on whether the prices charged by the company are fair. However, I am able to adjudicate on whether the price increase has been correctly applied to the customer's account. The evidence does not show that the company has failed to provide its service to the standard reasonably expected by the average customer by incorrectly increasing the customer's charges. Further, the company has already fully explained why the charges were increased this year. Therefore, the customer's claim does not succeed.

#### Outcome

The company does not need to take any further action.

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## Case Outline

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

- His complaint is about the price increase the company has applied to his annual bill.
- He expected his charges to decrease by 8.4%, but his annual bill shows that the company has increased his charges by 11.4%, from £309.25 to £344.13.
- The company has explained why the price of his water has increased and provided information regarding a water meter and the social tariff that may help reduce his bill.
- However, he is appalled at the increase and would like the company to reduce his bill and provide a proper explanation.

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

- It has explained that the charges are subject to a formal system of price control, monitored and controlled by Ofwat, the industry regulator.
- Every five years, Ofwat carries out a price review and determines how much each company needs to increase or decrease its charges by in the next five years in order to fund its obligations, provide its services, and deliver a range of environmental and service improvements. The last price review concluded in December 2019 and set price limits for the years from 2020-2021 to 2024-2025.
- Every year it is required to produce and publish a Scheme of Charges setting out its charges, and the new charges apply from 1 April each year.
- The increase in charges for 2022-2023 is due to a number of factors; inflation of 4.6%, the under-recovery of revenue in 2020-2021 due to the pandemic, which totalled £60.037 million, and Green Recovery funding of £25.257 million, which is part of Ofwat's plan to deliver lasting environmental improvements.
- In view of the above, it is unable to reduce the customer's annual bill.

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## 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.

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. Having reviewed the evidence, I accept that the company's charges are monitored and controlled by Ofwat, the industry regulator, and that Ofwat carries out periodic price reviews to determine what the company needs to charge in order to meet its financial obligations and provide its service. I also accept that the company is required to produce a Scheme of Charges every year that sets out the charges that have been approved by Ofwat.
2. Rule 3.5 of the WATRS Scheme Rules states that the WATRS cannot be used to adjudicate on "disputes relating to the fairness of contract terms and/or commercial practices". In view of this, I am unable to adjudicate on whether or not the prices approved by Ofwat and charged by the company are fair.
3. This means that, as the adjudicator in this dispute, I will only be able to direct the company to reduce the customer's bill if the evidence shows that, on the balance of probabilities, the company has failed to provide its service to the standard reasonably expected by the average person by incorrectly increasing the customer's annual bill or unreasonably refusing to reduce the charges.

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4. The evidence provided by the company, including the customer's bills and the company's Scheme of Charges, demonstrates that the company has correctly increased the customer's annual bill to £344.13 for the 2022 to 2023 billing year, in accordance with its Charges Scheme.
5. In view of this, I do not find that the company has failed to provide its service to the standard reasonably expected by the average customer by incorrectly increasing the customer's charges or refusing to reduce them. Therefore, while I understand that the customer will be disappointed by my decision, especially as he thought his charges would go down this year, the customer's claim for a price reduction does not succeed.
6. Further, having reviewed the email sent to the customer from the company dated 10 March 2022, and the details provided in the company's response to the customer's claim, I find that the company has already fully explained why its charges increased this year, and I find no need to direct the company further in this regard.
7. Following the preliminary decision, the customer asked for further information from the company and the company supplied this information. Therefore, I make no direction to the company in this regard and my decision remains unchanged.

#### **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 12 July 2022 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.

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*K S Wilks*

Katharine Wilks

**Adjudicator**

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