

WATRS

Water Redress Scheme

ADJUDICATOR'S FINAL DECISION SUMMARY

Adjudication Reference: WAT-X051

Date of Final Decision: 11 August 2022

Party Details

Customer:

Company:

Complaint

The customer claims that the company has incorrectly reported negative credit markers on his file for an outstanding balance resulting from the company's error. The customer is seeking the company to remove the credit markers on his file and pay compensation for the inconvenience and distress incurred.

Response

The company says it is entitled to reclaim the second payment made in error under the rule of restitution because the customer has been unjustly enriched. The customer was aware at the time that he should have received one payment of £1,710.00, and the second payment of £1,710.00 should have alerted the customer to the error. As the company told the customer the refund amount, the customer does not have a valid defence to allow the customer to retain the additional funds of £1,710.00. As the company is entitled to recoup the second payment from the customer, which, along with outstanding charges on the customer's account, meant that the customer's account was in debt, and the company is entitled to report this according to its policy set out in its Charges Scheme. The markers on the customer's account were correctly reported, and the company cannot remove them. The company has not made any offers of settlement.

Findings

I am satisfied the evidence points to the fact the company did not fail to provide its services to the customer to the standard to be reasonably expected concerning its debt recovery process. Where there have been failures in customer service, the company has made appropriate payments to adequately compensate the customer for any inconvenience and distress caused.

Outcome

The company needs to take no further action.

The customer has until 1 September 2022 to accept or reject this decision.

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ADJUDICATOR'S FINAL DECISION

Adjudication Reference: WAT-X051

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Case Outline

The customer's complaint is that:

- The company has incorrectly reported negative credit markers on his file for an outstanding balance that was a result of the company's error.
- The customer is seeking the company to remove the credit markers on his file and pay compensation for the inconvenience and distress incurred.

The company's response is that:

- It is entitled to reclaim the second payment made in error under the rule of restitution in that the customer has been unjustly enriched.
- The customer knew REDACTED should have received one payment of £1,710.00. The second payment of £1,710.00 should have alerted the customer to the error.
- As the company told the customer the refund amount, the customer does not have a valid defence to allow the customer to retain the additional funds of £1,710.00. 59.
- As the company is entitled to recoup the second payment from the customer, which, along with outstanding charges on the customer's account, meant that the customer's account was in debt and that the company is entitled to report this according to its policy set out in its Charges Scheme.
- The markers on the customer's account were correctly reported, and the company cannot remove them.

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 another disadvantage as a result of a failure 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 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. The dispute centres on whether the company has failed to provide its services to the customer to the standard to be reasonably expected by the average person concerning reported negative credit markers on his file for an outstanding balance resulting from the company's error.
2. The company must meet the standards set out in the Water Industry Act 1991 and the Water Supply and Sewerage Services (Customer Service Standards) Regulations 2008.
3. Furthermore, the company also has certain obligations regarding its customer services as set out in the OFWAT Guaranteed Standards Scheme and its Customer Guarantee Scheme.
4. From the evidence put forward by the customer and the company, I understand that on 3 February 2020, the customer contacted the company to query why he had been paying £325.00 towards his charges for the previous six months. I understand that the increase in charges was suspected to be the result of a leak at the customer's property due to an extremely high meter reading for the period June 2018 to June 2019.
5. The evidence shows that the company agreed to a leakage allowance, resulting in a credit of £1,710.00 to the customer. On 4 February 2020, the evidence shows that the customer was informed that he would be receiving a credit payment of £1,710.00, and following a complaint regarding a delay in receiving payment, on 10 February 2020, the sum of £1,710.00 was paid. However, the evidence shows that on 11 February 2020, a further payment of £1,710.00 was made to the customer in error. I understand from the evidence that the original direct credit for

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£1,710.00 was released in addition to the CHAPS payment raised in response to the customer's complaint regarding the delay in receiving payment.

6. In the meanwhile, the company continued to investigate the customer's high consumption and following further investigations a new leakage allowance was granted for the total amount of £4,166.12 for the period 30 May 2018 to 23 July 2020, which included the original leakage allowance of £1,710.00. The company says in its response that the initial leakage allowance of £1,710.00 was effectively 'cancelled', and the new total leakage allowance of £4,166.12 was applied to the customer's account on 23 July 2020.
7. On 7 October 2020, the company contacted the customer to make him aware that the debt on his account was higher than expected due to the second refund of £1,710.00 that was made in error. I understand that the company amended the customer's credit reporting for September 2020 to show a status 'U' flag 'Q', meaning that the account was in query. The evidence shows that the customer's account was kept on hold until 17 November 2020 to prevent any further action from being taken, meaning that the account would be reported as a 'U' status until the hold was lifted.
8. On 22 October 2020, the customer's account was again placed on hold whilst repayment discussions took place regarding the recovery of the further payment of £1,710.00. The company says in its response as the customer failed to make arrangements to repay the debt, the hold on the account was lifted, and the company continued to report negatively on the customer's credit report from November 2020.
9. Between November 2020 and January 2022, various discussions took place between the parties regarding the additional payment made in error by the company and the marks then placed on the customer's credit file. The company maintained its position that it is entitled to recoup the second payment from the customer, which, along with outstanding charges on the customer's account, meant that the customer's account was in debt and the company is entitled to report this according to its policy set out in its Charges Scheme. However, as a gesture of goodwill and to acknowledge the amount refunded in error, the company credited the customer's account with £427.50.
10. In March 2022, the customer progressed matters to CCWater to resolve without success. The customer's remained unhappy with this position, and on 12 July 2022, commenced the WATRS adjudication process.

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11. Concerning whether the customer has had adverse reporting on his credit file because of an outstanding balance resulting from the company's error, Section 143 of the Water Industry Act 1991 gives the company the power to set a Charges Scheme. Where an invoice has not been paid, in line with the company's Charges Scheme, a debt recovery process is in place for all customers. Furthermore, under English Law, where money has been paid in error, this would be an unjust enrichment and would need to be returned.
12. Whilst I appreciate the customer's position concerning the payment made in error, as highlighted within the company's response, the Court found in *REDACTED* where a payment has been made in error, the recipient has been unjustly enriched and the sums should be returned. As an outstanding balance existed on the account due the second payment which had not be returned, I find that the company was entitled to report any late payment or payment arrangement to the credit reference agencies.
13. The company admits its error in making the payment twice, and the evidence shows that as a gesture of goodwill and in acknowledgement of the amount refunded in error, the company credited the customer's account with £427.50. I believe the sum of £427.50 adequately compensates the customer for any inconvenience and distress caused by the company's error as the customer has not suffered any financial loss or another disadvantage as a result of the company's mistake. The evidence shows that the customer was aware that the additional payment was made in error and should have returned the extra funds to the company as soon as practically possible.
14. Considering the above, I find that it has not been proven that the company did not provide its services to the customer to the standard to be reasonably expected by the average person concerning its reports to the credit agencies.
15. The company has certain obligations in respect of its customer services. From the evidence provided, I believe that the company dealt with the customer's concerns efficiently and appropriately, considering the circumstances. Where there have been errors, the company has made appropriate payments to adequately compensate the customer for any inconvenience and distress caused by the company's mistake. Accordingly, I find that the customer is not due any further sums in this regard.

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16. The customer and company have made comments on the preliminary decision, with the customer's comments directed to the fact that the monies refunded should have never been billed in the first instance. Having carefully considered each aspect of the customer's comments in conjunction with the company's comments and on a further review of all the evidence, I find that they do not change my findings, which remain unaltered from the preliminary decision.
17. Considering the above, I am satisfied the evidence shows that the company did not fail to provide its services to the customer to the standard to be reasonably expected concerning its debt recovery process. Where there have been failures in customer service, the company has made appropriate payments to adequately compensate the customer for any inconvenience and distress caused.

Outcome

The company needs to take no further action.

What happens next?

- This adjudication decision is final and cannot be appealed or amended.
- The customer must reply by 1 September 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.



Mark Ledger FCIArb
Adjudicator

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