

WATRS

Water Redress Scheme

ADJUDICATOR'S FINAL DECISION SUMMARY

Adjudication Reference: WAT X172

Date of Final Decision: 10 November 2022

Party Details

Customer:

Company

Complaint

The customer complains that the company has not explained in response to his question raised on 18 March 2020, why his non-volumetric bill was higher in percentage increase terms than other nearby properties which had volumetric billing. He says that this occurred at a time when Ofwat indicated that companies should reduce bills by 5% over five years beginning in 2019. The customer says that the company has used averages to justify this, which does not answer his question directly and has limited relevance to it. He raises four points of criticism of the company's responses. The customer asks for an apology and compensation for inconvenience and time wasted.

Response

The company says that it must allocate the billing factors fairly between customers. The typical unmetered customer pays more than the typical metered customer. This is because - on average - unmetered customers use more water. The company says that it has explained its position to the customer and offered him the opportunity to have metered billing. The company denies liability for the claim.

Findings

I find that the company would not reasonably be expected to set out for a customer a detailed explanation of the calculation of its charges, which is a matter of policy and commercial practice, over which I have no jurisdiction to reach decisions for reasons explained below. The company must in any event publish its charges in its Charges Scheme and there is no evidence that the company has departed from this in relation to the customer's bills. In relation to the four points that the customer says have not been appropriately answered, it is notable that these are not limited to questions about the way in which the company's policies affect his property but are challenges to the company's commercial decisions and priorities. This is outside the scope of the Scheme. Insofar as the company has explained the impact of its policies on the customer, I find that its explanation was within a range that would be expected by an average customer. The customer is not able to succeed in his claim for a

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remedy.

Outcome

The company does not need to take further action.

ADJUDICATOR'S FINAL DECISION

Adjudication Reference: WAT X172

Date of Preliminary Decision: 10 November 2022

Case Outline

The customer's complaint is that:

- The customer complains that the company has not explained, in response to his question raised on 18 March 2020, why his non-volumetric bill was higher in percentage increase terms than other nearby properties that had volumetric billing. He says that this occurred at a time when Ofwat indicated that companies should reduce bills by 5% over five years beginning in 2019. The customer says that the company has used averages to justify this, which does not answer his question directly and has limited relevance to it.
- The customer says that his property is not an average one; it is smaller than some properties in his rural settlement, presently banded as Council Tax D properties, even if this small bungalow was originally placed in Band E.
- His contention is that his question has not been addressed in a property-specific way. He says:
 - Point 1. Since 2019 no bill has ever been received that makes any reference to this charge reduction, irrespective of the impact of inflation on it.
 - Point 2. According to the company in a letter 2 April 2020, it has embarked on a programme whereby rateable values will be replaced as a charge basis by a fixed or standing charge, which change was introduced on 1 April 2020. The effect of the change was said to:

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"Reduce the proportion of the customer's bill that is based on the property's RV and replace it with a new fixed charge that will reduce the RV-based component without generating any additional revenue for the company."

The customer says that his current bill dated 28 February 2022 shows a substantially increased rateable value charge with an increased standing charge loaded against it. This is a point of clear contradiction of intent which has the ability to create doubt in the minds of the public and the customer.

- Point 3. In the current charge year, average metered domestic bills have increased by about 2% less than comparable unmetered bills (the customer refers to the letter from REDACTED Customer Advisor dated 3 May 2022) and in his own case by about 3% less. The customer points out that his year-on-year charge increase is 10.9% which is 42.2% higher than the prevailing rate of inflation at the exact time of its implementation. The company says that the costs of administering metered domestic properties is significantly greater than unmetered ones (which "pay up-front"), a matter which directly conflicts with the details confirmed in the first sentence of this point. This creates confusion in the mind of the end-user and greatly diminishes the level of confidence in this particular provider. The customer says that the company has "a stranglehold" on regional domestic supply and therefore asks how could one possibly contemplate the installation of water meter? He says that the Consumer Council for Water (CCWater) in its response dated 24 June 2022 expressed some 'sympathy' with this anomaly but were powerless to act on it.
- Point 4. The customer says that he asked the company to explain in simple terms how these anomalies might be rationalised with reference to himself as an individual and nothing whatsoever was provided. Instead, he says that he was bombarded with the organisation's overarching strategies, none of which appear as visible chargeable entities on the bills. These include, according to the company's Customer Advisor on 5 April 2022, "Pandemic revenue loss; Green Recovery; Decarbonising water resources; Smart metering; maintenance of pipework and flood resilience." The customer says that he "struggle[s] to work out how these responses actively address [his] specific key concerns. So, he says that it could be reasoned, with an eye also on recent British Gas consumer-related initiatives, that the company is more interested in itself than what effectively are its captive customers. He alleges that the company *"[levies] a charge ...for wastewater disposal but this settlement is almost in its entirety drained by an artesian network that transports wastewater directly to the riparian catchment. This means that we contribute to a service received by someone*

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else. In real terms this represents a small outlay, but it is cited here as an attendant if somewhat minor point of discussion. It is however enshrined in wider responsible concerns of financial sustainability should 10.9% charge increases apply ad nauseum”.

- The customer asks for an apology and compensation for inconvenience and time wasted.

The company’s response is that:

- The 5% reduction mentioned in Ofwat’s Final Determination was in respect of nominal prices (that is, before inflation and before other factors such as the company’s performance against its Outcome Delivery Incentives (ODI’s) and (following the pandemic) Ofwat’s Green Recovery programme).
- The customer is currently charged based on the rateable value (RV) of the property. Alterations to the RV are not possible and there is no process to review RV’s. Typically, properties in the south of the company’s region have higher RV’s than identical properties in the north of the region. The company adopted a system of zonal charges to help. This means that properties in the southern zones pay a lower rate per pound of RV for their services, whilst those in the north pay a higher rate per pound of RV, resulting in RV customers’ rate for services provided being broadly the same.
- The factors that drive overall revenue do affect all customers, but there will be different percentage increases for different types of customers. The company must allocate this fairly between customers. The typical unmetered customer pays more than the typical metered customer - that is, a customer with a average consumption. This is because - on average - unmetered customers use more water.
- Over time, the difference between unmetered and metered is increasing. As lower users switch to a meter, the average consumption of remaining customers that don’t switch rises.
- The company does offer a free meter option for customers to have a water meter fitted at no cost, with a period of 24 months in which they can revert to unmetered charges. Where it is not possible to fit a water meter at a property, the company has an assessed tariff and a single occupier assessed tariff for customers that do not want to be charged by RV. This option is available to the customer (contact details are provided).

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 (including its customer services) 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.

I have also considered the customer's detailed response to my Preliminary Decision as well as that of the company (which had nothing to add). I clarify that the fact that I do not refer to every point made by the customer does not mean that I have not considered the customer's observations in their entirety. Although the customer challenged the outcome of my Preliminary Decision, the outcome in my Final Decision remains the same as my Preliminary Decision.

How was this decision reached?

1. I bear in mind that adjudication is an evidence-based process and that a customer cannot succeed in his claim unless the evidence overall supports his position. Moreover, I am mindful that in respect of questions of policy, my role is limited.
2. In particular, this Scheme cannot be used to consider the fairness of the company's policies or commercial practices. See rule 3.5 of the Scheme Rules. The customer has made clear that this is the overall ambition of his requests for information: in his response to my Preliminary Decision, he says:

I requested clarification of specific points of detail which may have placed me at a disadvantage in relative terms viz.: if non-volumetric REDACTED domestic consumers are being surcharged by amounts greater than volumetrically-assessed customers – IS THAT FAIR? A much fairer method would be to apportion the additional charges more equally a matter that the adjudicator took no heed of.

3. To avoid any confusion about this, I make clear my finding that, not only van I not decide that the company's commercial practices are not fair, I also cannot a remedy under this Scheme that

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the company should provide the customer with information that goes to the question of fairness of its rules and policies. This is because a dispute about fairness of these is outside the scope of the Scheme and a matter that can only be taken up with Ofwat.

4. I also have no jurisdiction to consider whether Ofwat's guidance has been interpreted correctly. That is a matter for Ofwat, and rule 3.5 of the Scheme Rules makes clear that questions that should be interpreted by Ofwat are also outside the scope of this Scheme.
5. However, I note that the customer's claim is not solely about the company's implementation of Ofwat's requirement to reduce bills by 5%; rather, he says, the company has not answered his questions about this and has not shown how the company's billing policies relate to his own situation.
6. This is a matter which I do have jurisdiction to consider, and I now turn to this issue and set out its history.

- a. On 18 March 2020, the customer asked the following three questions:

Question 1: why is my current bill therefore higher and does this contravene the published ST mission statement referred to above?

Question 2: in view of the above matter and potential customer confusion and lack of clarity what mitigating gesture might you be willing to offer?

Question 3: regarding the fixed charge would you kindly confirm in writing that I can expect to see my water bills lowered from now on as a direct result of this?

- b. The company replied on 2 April 2020 explaining that the Ofwat adjustment was before any adjustment for inflation, bounce back, etc., and that, having applied these inflationary amounts, the average unmeasured household bill would see an increase in water supply charges of 7.6% but a reduction in sewerage charges of 2.3%. The rateable value of the customer's property was significantly above the average, so he had experienced a higher than average increase in his bill (4%). The company also explained its proposal to introduce a new fixed charge in place of the rateable value, but this had not at that point taken effect.

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c. The customer replied:

I was pleased with this response in all regards. Given that the public have no direct access to comparative providers across the industry it was pleasing to see that most of my original observations had been addressed with evident clarity, that my concerns had been taken seriously and that there was also a goodwill element.

In fact the removal of the rateable value charge basis, a key point of our concern due to its long-term ultimate unsustainability, would appear to be entirely positive and we await ongoing developments in this regard with interest.

I am grateful to REDACTED for the time spent in replying.

d. The customer then received bills in February 2021 and 2022. In response to the latter, the customer contacted the company again. He referred to the above correspondence and said that he was concerned that his bill had increased by 11% in one year despite his having removed the bath from his home. He asked how the company justified this and whether such an increase had been sanctioned by Ofwat. He referred to the new fixed charges and said he could find no evidence that this has helped to achieve closer parity with volumetric charges. He asked for clarification and requested the company to provide the current year-on-year percentage charge increase for metered volumetric water supplies. The customer also made a comment about highway drainage. He made the point that incomes were not rising commensurately with the increased bills.

e. The company replied, stating:

- i. That it recognised that the increases were not ideal.
- ii. That the billing was based on the customer's rateable value, which was set in 1990.
- iii. That the customer could have a trial period for a meter.
- iv. In respect of the increase, the company said

In regards to the increase itself, each year our bills increase for inflation and to reflect the increase in our costs. There are some other adjustments to reflect new investment and changes in cost which are agreed with our regulator, Ofwat, every five years.

When we increase charges we look at each individual service and depending on the costs of those services increase the charges independently so it is not a flat increase across all services.

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This pays for:

- *Maintaining our network of reservoirs, treatment works, pumping stations and pipes*
- *Gathering and collecting water from rivers and reservoirs or pumping it from underground rocks*
- *Storing the water ready to be treated*
- *Treating, cleaning and distributing water to over 4m home*
- *Building and maintaining sewer pipes*
- *Pumping sewage to treatment works*
- *Treating sewage so that it is safe to return to the environment*
- *Sending cleaned and treated wastewater back into rivers and the sea*
- *Converting solid material from sewage into gas for energy*

In regards to our investments we have recently started our green recovery programme, you can find more information regarding this at REDACTED

You can find more information regarding our charges at REDACTED

You can also find here the average increase for metered customers which is around 8.1%, in comparison the unmeasured charge is increasing on average by 10.2%

As for the fixed charge, the end goal is to make the unmeasured bill based on rateable value nonexistent as it is outdated now for most properties, with the introduction to the fixed charge we are slowly going to lower the unmeasured charges in place of the fixed charges which we will base on the property type same as our current assessed tariff but as a company we expect that this process will take around 20 years so for now you won't see this make much difference.

Finally for Highway Drainage this is a charge that has always been included within your bill but was previously under the waste and surface water drainage charges, we have itemised this now as part of our commitment to be more transparent with our customers which is why it now shows as an individual charge on your bill.

Highway drainage doesn't just refer to the area around your property or your village but to all public roads, this is a yearly charge paid for by all customers.

Public roads are used in many ways. This can include transporting goods, products or services via the road, as well as personal journeys and commuting.

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This means that any customers who use the roads directly or indirectly will benefit from highway

drainage, and so we charge a contribution to this for all of our customers. You can find more information at REDACTED

- f. The customer responded, thanking the company for its response, making the comment that he had no opportunity to shop around. He said:

I would have thought that some flexibility of approach was not beyond reason.

You kindly provided the information requested on annual rates of increase for metered customers. Would you now please confirm why my bill has increased by almost 11% whereas metered bills in zone 2 have only increased by 8.1%

The customer then added:

I may just add that with REDACTED profits running at c300 million p.a., it becomes yet harder to understand why 11% year-on-year increase in charges is 'a requirement'

- g. The company replied that the increase had been caused by inflation driven by high energy bills. The company said:

With the average household gas and electricity bill set to increase by 54% to a maximum of £1971, we are similarly seeing significant increases to our energy costs along with other cost pressures from across our supply chain for construction materials and labour, but we are trying to shield our customers from this as much as possible.

Our bills are agreed on a five year basis and within our price control mechanisms our bills will adjust to reflect changes in costs and revenue estimates that occur. This year we've adjusted bills to reflect the revenue shortfall we saw as a result of the pandemic when businesses were closed. Your bill dated 27 February 2021 was £9.75 lower than the bill issued the year before.

In addition to this, our bills have also been adjusted for the £566m investment we are making to help support a green recovery across the region, of which £25m has been included in our customer bills. All of these adjustments have been made in line with our Scheme of Charges approved by our Regulator, Ofwat, to ensure our expenditure offers best value to our customers.

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I know that any price increase can be hard to manage. The water industry has agreed certain performance measures with Ofwat to ensure we offer the best service to customers. As part of this we can be rewarded if we achieve those performance measures. Despite a good year of performance we made the decision to defer £62m of customer service related reward to keep the bill increases as low as possible.

The company then recommended installation of a water meter and referred the customer to its website for assistance in paying his bills and its hardship schemes.

h. The customer complained that his questions were not being answered.

i. On 5 April 2022, the company responded:

When setting charges we have to be able to demonstrate to Ofwat that our charges to unmetered and metered customers are 'in balance', and that we aren't treating one group preferentially compared to the other. This is a requirement of Condition E of our operating Licence and the mechanism for doing this is via the 'Unmeasured: Measured tariff differential'. This requires us to show that the difference in what an unmeasured customer with average consumption is charged, compared to what they would be charged if they were metered, is no more than the additional costs imposed by having a meter e.g. the cost of providing, maintaining and eventually replacing the meter, meter reading costs, the additional costs of managing a metered account (relative to an unmetered account) and the cash flow effect of moving from being billed in advance to being billed in arrears. This 'balance' is impacted each year by those unmetered customers who subsequently opt to move to a metered basis of charge - to reduce the amount of their annual bill. Typically meter optants will have average or below average consumption, meaning that the average consumption for those customers remaining on an unmetered charge basis must be higher. This generally (all other things being equal) gives rise each year to unmetered customers seeing a higher annual increase in their charges (reflecting the increase in their average consumption) relative to metered customers.

The price limits reflect what the company needs to charge to provide its services to customers and deliver its obligations. They limit how much revenue we can raise from the customers of our regulated business. As part of the price review process we are required to consult with our customers to ascertain their priorities and their willingness to pay for service improvements.

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Ofwat take this into account when setting our price limits. They assess our forecasts of the revenue that we will need to run our business efficiently and compare this with the revenue that we currently receive. Ofwat then calculate the percentage change in revenue needed each year, after allowing for inflation.

- j. The company then explained the effects of its Standing Charge and stated that its letter would be treated as a response at stage 1 of its complaints process.
- k. The customer on 24 April 2022 asked that the matter should be escalated to stage 2. He itemised the points that he wished the company to consider. These were:

“1. That my current bill shows a year-on-year increase of ca11% which is significantly higher than inflation and volumetric charge increases over the same time period. This varies the 2019 Ofwat contention and is at variance with those objectives and with the REDACTED observations in Item 2 2.4.2020 attached. The level of increase in the annual billing for this address is at variance with paragraph 1 of your own letter dated 5.4.2022.

2. Item 2 2.4.2020 confirmed that the fixed charge originated during 2020 would effectively reduce the unmetered bills by reducing that part of the bill hitherto based on property Rateable Value. I can see no visible sign that this reduction has been implemented during the current year.

3. There was a 2019 Ofwat recommendation that water bills would be reduced by 1% per annum on average for at least five years. Where is the evidence of this at the present time?

4. I would like to have the direct relationship between REDACTED profits presently running at ca£300 million per annum and the requirement for an 11% domestic annual charge increase explained.”

- l. The company responded on 3 May 2022. It explained:
 - i. In answer to point 1, that this related to what the company called its unmeasured/measured differential, about which the company said that information had already been provided. The company added that relevant factors are:

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- i. Metered customers are billed in arrears whilst unmetered customers are billed in advance, so there is a 'timing' difference and associated monetary value in bills being issued and paid:*
- ii. The cost of installing, maintaining, and reading the meter.*
- iii. The additional costs related to billing and dealing with metered accounts (compared to unmetered accounts).*
- iv. The value of any meter under-registration; and*
- v. Leakage, in so far as internally metered customers are not charged for any leakage on their property's supply pipe, but externally metered property's will be.*
- vi. The calculation and application of the 'differential' typically results in unmeasured bills increasing by more than metered bills. This year is no exception, with the average household metered bill increasing by circa 2% less than the average unmetered household bill.*

- ii. In respect of point 2, the company also explained the introduction of its fixed charge with its plan to replace the rateable value.
- iii. In respect of point 3, the company explained that the Ofwat requirement had been “in real terms” before variables introduced by inflation.
- iv. In respect of point 4, the company said that there is no direct relationship between charges and profitability, save that:

- i. ..it is important that the business operates 'profitably' as this:*
 - goes towards funding the investment programme that we have undertaken to deliver as part of Ofwat's Final (price) Determination, and*
 - is necessary to attract investors. For information, the majority of whom are pension funds and looking for a 'good' return in exchange for their investment.*

m. The company also provided the customer with a breakdown of his bill.

7. Despite the extensive correspondence and explanation, however, and notwithstanding the company's additional information in its response, the customer says in his reply to the company's response that the company has not answered his questions because he wishes to

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raise issues regarding the wording of his bills, the information contained in these, the accuracy of representations of these and their billing protocols. He complains that the company's response to his application is "*highly generalised with little or no attention to customer specifics*".

8. I note that these issues were not raised previously, or if they were raised at the outset of this complaint, they were raised in a way which did not make clear that the customer's concerns were limited only to the meaning of his bill. I find that although the customer complains that the company has given general answers, the customer has directed his challenge to the generality of the company's position. Underlying this, I find that there is a concern that the company is or might be charging him incorrectly or applying Ofwat's policies incorrectly with an adverse impact on his position.
9. For example, in response to the company's assertion that the proportion of unmetered water rises with the increasing numbers of customers choosing meters, the customer says:

The probability is that as metered consumption falls so does total consumption. As this is matter is not referenced by REDACTED its defence is flawed and seriously weakened. TO RESTATE: A POTENTIAL AND PROBABLE RESULTING REDUCTION IN OVERALL DOMESTIC WATER CONSUMPTION AS A RESULT OF INCREASED METERING IS IGNORED. If total water consumption was shown to decrease in the light of increased metering then my bill should be falling significantly in line with the metering increase. This observation is axiomatic with much of what follows.

What might be gleaned from this statement? Practically nothing in terms of my water bill and many questions are raised. Firstly, how is 'average consumption' defined? For me as the bill payer it presently has no definition. Where are the mathematical data that support this particular 'average?' Is 'Mr Average' located across all of the REDACTED charge zones, in any of them, in one of them, or in my zone 2? Let us assume that the 'average' consumption (REACTED) of remaining unmetered customers is a true evidence-based rise in real, not comparative, terms (vide supra)? Then where is the supporting evidence; in its present form this is a bald unsupported statement? One is left struggling with the possibility that this rise is merely an artefact which in the absence of supporting evidence this line of defence might be dismissed. This is an example of the nebulous imprecise response to simple questions which from what I can see remain unanswered and have been from the start.

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....

If I have understood REDACTED correctly it is saying that when metering increases the unmetered consumption also increases on an average basis but as I have already indicated this is a specious argument because the average is presently undefined; I cannot see a secure foundation on which to base the premise. The underlying rationale would seem to be seriously flawed and open to many avenues of interpretation. This could open up discussion of the essential principles of REDACTED billing but what I really need to maintain focus on here is the inability of a public body to provide simple answers to simple questions.

10. I find that the customer is not here raising a challenge that the company has not stated how its policies affect him specifically, he has criticised the company's policy and reasoning and has said that it is unfounded. This is not a matter upon which I can comment as explained above.
11. I find, however, that in the above passage the customer has not engaged with the intention of the company's explanation. The company does not state that unmetered customers use more water once others have chosen meters – it is explaining a ratio. That is, the company argues that of a given quantity of water used by all customers, when the proportion (eg. a percentage) of measured water is taken out of the equation, the proportion (or percentage) of water used by unmetered customers increases. The company says that this is because metered customers tend to use less water, so decreasing the proportion used by metered customers and increasing the proportion of water attributed to unmetered customer use. As the proportion is of a fixed total of water used, this means that unmetered customers may be assessed as using more water than the average customer. The customer says that the average is "undefined", but I find that the company is saying that it is defined as a ratio of the overall use of water consumed by all customers.
12. I further find that the company has explained to the customer in the passages quoted above and elsewhere, that the rateable value has led to an increase in the amount of the customer's bills because his property has a high rateable value and he had not chosen measured water, which, as the company has made clear, is a means by which customers become liable to pay only for usage of the services (plus standard charges), rather than by reference to what the company acknowledges is an outdated and potentially inaccurate basis of assessment. I add that, while I have observed above that I have no jurisdiction to comment on the company's policies and commercial practices (such as application of the rateable value), it may help the customer to

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know that the use of rateable value is industry-wide and authorised by Ofwat. I accept that the use of rateable value is also referred to in the Charges Scheme.

13. I note further that it has been explained to the customer in various ways in the correspondence referred to above that it is for him to choose whether he wants to pay for the water he uses or whether he wants to pay for a proportion of all water used by all unmetered customers in an amount set in accordance with the rateable value. It has also offered him a trial of metered water to see whether this is beneficial to him.
14. Overall, I find that the evidence does not show the company has not applied its charges to the standard that would reasonably be expected, even taking into account the requirement by Ofwat for a reduction in charges generally.
15. I further find, that in order to assist the customer, the company has given a significant level of detail about how it applies Ofwat's policies in practice and what this mean in practice. I am also mindful, however, that an average customer would not reasonably expect the company to provide detailed information about its charging methodology and processes which are matters of commercial confidentiality, save insofar as these result in established policies set out in the Charges Scheme. I find that the company has therefore, in answering the customer's questions about the details that it takes into account and the way that it approaches its task, supplied to the customer information above and beyond that which would normally be expected.
16. In relation to point 1 of the points raised on 24 April 2022, the customer challenges the statement that "The 5% reduction mentioned in Ofwat's Final Determination was in nominal prices ie. before inflation and was before other factors such as REDACTED's performance against their Outcome Delivery Incentives (ODI) and (following the pandemic) Ofwat's Green Recovery Scheme" and says that this does not give him information. He says that at no stage has the 5% reduction been referred to in his bill. He says in reply to the company's response to his application to this Scheme that:

This is not an answer to a question and my original question still remains unanswered. What might this statement imply in relation to me? One is informed that REDACTED implemented the Ofwat recommendation viz. a 5% reduction in domestic bills over a five year period ie. 2020-2025 so the question remains: what has been the effect of this on my bill? Has that specific reduction been applied or not and what effect has it had or not had on my bills? I

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cannot understand why a simple answer cannot be provided to a simple question. The REDACTED defence statements replicate company protocols that I have already received from REDACTED and have read. There is a potential risk that in the absence of clear unambiguous responses to enquiries laced by the blanket application of REDACTED protocols, supposedly defensive and at times hard for me to evaluate and relate to directly, are of limited help and run the risk of smoke-screening the nub of the issue. The REDACTED defence of Issue 1 leaves me with absolutely no idea as to what the effect if any the 5% bill reduction had on any of my post-2019 REDACTED domestic water bills.

17. I find, however, that the company has answered this question. In particular, the company is saying that the 5% reduction indicated by Ofwat would not be reflected by a 5% reduction in his bill because this did not take into account supervening variables of inflation, the Green Recovery Scheme and ODI. I find that it is therefore unsurprising that no reference to this would be made in the customer's bill. An average customer would also reasonably expect that the application of these variables would apply at a level affecting all or many of its customers. Nothing in the documentation that I have seen indicates that these considerations are applied at the level of an individual customer. I find, therefore that the company has explained the approach that it has taken to the customer's own bill.
18. While I am thus mindful that the primary way in which the company explains how the application of its charges policy affects an individual is in the customer's bill, I find that the bill would not reasonably be expected to reflect the way in which the company had arrived at its charges policy, but only the way in which the total amount was calculated and it is notable that although the customer has complained that his bill has increased by 11% in one year, at no stage has he suggested that his bill has been wrongly calculated or that the company has not applied its policies. He has not pointed out to the company any factual or arithmetical error in his bill or said that the bill does not accord with the Charges Scheme.
19. The company has additionally provided the customer with a breakdown of his bill. I find therefore that the company has answered the customer's question at point 1 and has supplied its customer services to a standard that would reasonably be expected in answering this question.
20. In relation to point 2 (in relation to the use of a fixed charge in place of rateable value), the customer says:

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In their seven stanza defence observations REDACTED evidently understand the question but have not stated how I or the 'average' unmetered customer might benefit from it if at all. One might construe that the application of this 'customer alignment initiative' is of no benefit to the domestic customer. To assist here REDACTED could state what the benefits to the customer are or are not and as far as I can see one is left in the dark about this. This discussion sits with my 'overarching comments' (vide supra) because it would suggest that my fixed charge could be set by processes that remain unconfirmed, and that the disadvantageous financial discrimination cited by me (i.e. metered contra unmetered customers) could, on an annual percentage basis, increase yet more over time without any clear supporting data that might justify such an increase.

The question remains unanswered: do REDACTED non-volumetric domestic customers stand to benefit from the process of metered contra unmetered realignment i.e. application of standing charge, or not?

21. I find as to this that, having regard to the correspondence referred to above, the company has explained:

- a. That its proposal was to introduce fixed charges, which it considers to be a fairer system of charge.
- b. The company has referred the customer to its website about this development, so giving the customer access to information that is given to all other customers about this.
- c. The company has made clear its view that it will be beneficial to its non-volumetric customers generally because it will be a fairer system

The has explained in response to my Preliminary Decision that fixed charges have been introduced but this makes no difference to the gist of his complaint.

22. I further find that an average customer would not reasonably expect the company to disclose its charging methodology and processes for future changes and as I have no jurisdiction to make a decision as to the fairness of any such procedures, I also find that I have no jurisdiction to direct disclosure of these to individual customers.

23. I do not find that the evidence shows the company to have responded inappropriately or insufficiently to the customer in respect of this ongoing development and I therefore find that the company has supplied its services to the expected standard.

24. In respect of point 3, the customer further expresses a worry that:

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If what REDACTED is saying is that I am contributing to the overheads imposed on them by metered customers, and a transcription would appear to be that, then that would seem to me to be entirely unjust. I would be paying for something that is an unknown quantity and something that is not specifically stated on any bill I have seen. Is this the truth? If this is supposed to be a defence it would appear to be skewed in the same way that it was at the outset of this dialogue during March 2022. If I have understood REDACTED correctly it is saying that when metering increases the unmetered consumption also increases on an average basis but as I have already indicated this is a specious argument because the average is presently undefined; I cannot see a secure foundation on which to base the premise. The underlying rationale would seem to be seriously flawed and open to many avenues of interpretation.

25. As to this worry, the company has referred to the overheads of metering but nothing in the company's statement indicates that the customer is to be liable for the overheads imposed on metered customers. The company indicates that there are a number of factors to be relied upon in respect of finding the correct balance as between metered and unmetered customers. This includes the calculation of average usage but also other matters. Again, I find that the weighing up of relevant factors is a policy matter for the company and it would not reasonably be expected to have to justify its detailed position to a customer. Again also, the evaluation of this process is not a matter that can fall within the scope of this Scheme. I find that the company has supplied its services to the expected standard.

26. In relation to point 4, the customer interprets the company's answer as a statement that the company can charge what it wants. I do not find this to be the thrust of the company's submission. Although the company is entitled to fix its charges and to publish these in its Charges Scheme, its charging policies are subject to review by Ofwat and the company's Licence conditions. There is no evidence that either of these have been infringed. I find that the company has tried to provide the customer with a full and descriptive account of the matters that affect its decision-making, and the evidence does not support that the company has been unreasonable or prescriptive in this regard.

27. In summary and as stated above, I bear in mind that a decision on matters of policy and process are for the company to decide upon (subject to overview by Ofwat) and not for customers or for me. I also find that the company has given detailed explanations to the customer as to its

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approach to its policy, its priorities and its decision-making. Taking all of the above into account, I further find that, having regard to the questions that the customer has asked the company, the company's answers fall within a range that would reasonably be expected and, as to the content of his challenge to the company's position, the company has also supplied answers that meet the standard that would reasonably be expected by an average customer.

28. It follows that I find that the customer is not able to succeed in his claim for a remedy and the company does not need to take further action.

Outcome

The company does not need to take further action.

Claire Andrews

Claire Andrews, Barrister, FCI Arb.

Adjudicator

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