

# WATRS

## Water Redress Scheme

### ADJUDICATOR'S FINAL DECISION SUMMARY

Adjudication Reference: WAT/X183

Date of Final Decision: 10 November 2022

#### Party Details

Customer:

Company:

#### Complaint

The customer states that the company referred her account to a debt collection agency despite her making regular payments to the company, causing stress and added pressure. The company has refused to remove her account from the debt collection agency. The customer requests that the company provide an apology, withdraw her account from the debt collection agency and charge her for her monthly consumption rather than accumulate a credit over six months which is then offset against her bill.

#### Response

The company states whilst the customer was making monthly payments, she did not increase the monthly amount when requested in order to cover consumption and outstanding charges. As a consequence, her payment plan was cancelled and despite it contacting her on multiple occasions reminding her to make payment in full, as she did not bring her account up to date, it passed her account to a debt collection agency. The company apologised for the added pressure this caused the customer but said as it correctly followed its processes, it would not withdraw her account from its debt collection agency. The company made no offer to settle the claim.

#### Findings

The company has demonstrated that it correctly followed the process outlined in its Code of Practice prior to passing the customer's account to a debt collection agency. The company's processes require it to send multiple payment reminders and allows customers several opportunities to make the payment requested and bring their account up to date before it refers their account to its debt collection agency. This review found no evidence of the company's service not reaching a reasonably expected standard whilst handling the customer's water services billing account and associated complaint. The company set out the different

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ways in which the customer can pay her bills and apologised for added pressure caused to her by passing her account to its debt collection agency.

**Outcome**

The company does not need to take any further action.

The customer must reply by 8 December 2022 to accept or reject this decision.

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## Case Outline

**The customer's complaint (submission by the Consumer Council for Water on her behalf) is that:**

- The customer said that after moving into the property in 2018, the company attempted to charge her based on her payments for her previous property which was a much larger property.
- She contacted the company who suggested she created a payment plan using a standing order for each month based on estimated billing.
- She then received warnings for potential default notifications in November 2019, November 2020 and February 2021 and sent a complaint to the company in November 2020.
- The company apologised for the warning letters and applied a credit to her account.
- She received further warnings for potential defaults and complained again to the company in March 2021.
- The company advised that she needed to pay more to get the account up to date.
- She continued to pay £50.00 every month but still received a letter from a debt recovery agency to advise that debt in her name was passed to them including £45.00 in administration fees.
- The customer said that the company was harassing her and that she complained again to the company on 20 June 2021.
- The company responded to the customer's most recent complaint dated 30 January 2022 on 2 February 2022 by telephone.
- In response to contact from the Consumer Council for Water (CCW), the company advised that the customer's payment plan was put in place and set to £50.00 however that it then requested for the customer to increase the balance in November 2021 and because the payments did not increase to around £60.00, the payment plan was cancelled.
- The company advised that the customer could apply for other tariffs and financial help with the charges from that point onwards but refused to take responsibility for the cause of the build up of the balance on the account.

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- The company advised that the customer would need to clear the outstanding balance with the debt collection agency before it would agree to set up a new payment plan.
- The customer requests that the company remove the debt from the debt collection agency and charge her in accordance with how much she uses each month rather than having to build up a credit before applying the accumulated charges at the end of the period.
- The customer requests that the company provide an apology for the stress caused and the added pressure from having to deal with the debt collection agency when to her knowledge, she had paid her bills on time as agreed in her payment plan.

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

- The customer moved into the property in July 2018 and a monthly direct debit for £37.30 was set up on her water services billing account. However, after bills were issued, a debit built up on her account and therefore the monthly direct debit was increased to £58.36.
- On 29 July 2019, the customer called advising that she wished to reduce the monthly payment amount that had been increased to £58.36. It explained that she could, as an alternative, set up a standing order, however if payments do not cover consumption and there was an amount owed once the bill has been issued, this balance should be paid in full. The customer did not ask for her direct debit instruction to be cancelled and no action was taken on the account at this time.
- On 30 July 2019, it received a notification that the customer's direct debit had been cancelled. The cancellation of the direct debit on the water services billing account resulted in future bills being due for payment in full within 14 days of the date of issue of the bill. Its billing system is automated and therefore it was unaware the customer had chosen to set up a standing order with her bank as she had not informed it she would be taking this action.
- Between 4 October 2019 and 3 December 2020, it attempted to contact the customer numerous times by telephone, email and text message in relation to the outstanding balance on her account but was unable to make contact with her.
- On 29 November 2020, it received an online web form from the customer advising she had set up a standing order and had been paying £38.00 per month for over twelve months and was unhappy she had received multiple messages telling her she had not paid her account and that an administration fee of £45.00 would be applied to her account. She acknowledged that her monthly payments were too low and said he would therefore increase the monthly standing order amount to £50.00.
- It explained to the customer in an email dated 4 December 2020 that payment reminders were sent as there was no active payment plan in place on her water services billing account making

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monthly payments, there was an outstanding balance of £174.40 on the account and it was unable to set up a standing order payment plan on her account preventing further reminders being sent without speaking with her. It sent details of how to set up a direct debit but it did not receive any calls from the customer and she did not set up a monthly direct debit.

- Between 10 December 2020 and 20 January 2021, its in-house collection team attempted to contact the customer by telephone and by text messages asking her to call it as a matter of urgency to prevent any debt recovery action being taken.
- It sent a Final Notice to the customer on 24 February 2021 asking her to pay the outstanding balance of £74.40 and she needed to contact it without delay to avoid any potential legal action.
- In her letter dated 1 March 2021, the customer advised that she had spoken to an agent in 2018 who suggested she could set up a standing order as she was unhappy with the direct debit amount. She set up the standing order and paid monthly without fail and would like the text messages and harassment to stop. It stated that she had tried contact it via an online web chat and by telephone however she felt she was expected to wait hours to speak to an agent.
- On 12 March 2021, it apologised to the customer for the letters sent and calls made even though she was making payments. It explained the reason for the ongoing attempts to contact her were because there was no active payment plan on her water services billing account and therefore the automated billing system did not recognise her payments as a legitimate method of payment. It took details from the customer to set up the standing order on the water services billing account for £50.00 per each month and applied a credit of £50.00 in recognition of the difficulty she experienced when trying to contact it discuss her payments.
- A note was added to the customer's bill dated 3 November 2021 advising the standing order needed to increase from £50.00 to £60.50 per month from December 2021 to adequately cover the services supplied to the property. However, the standing order remained at £50.00 per month.
- It sent letters to the customer on 23 December 2021 and again on 17 January 2022 as she had not made payment for the amount of £60.50 as requested. The letter explained the payment plan would be cancelled after seven days if the account was not brought up to date and asked her to bring the payment plan up to date within seven days or the plan would be cancelled.
- It received an online web from the customer on 30 January 2021 advising she was disappointed to receive letter again chasing for payment. It called the customer on 2 February 2021 explaining the reason for the letters was because as shown on her bill, the payment plan needed to increase from £50.00 to £60.50 per month to cover consumption and outstanding charges. She was unhappy with the information she was given and advised she would escalate her complaint.

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- As her standing order remained at £50.00, the payment plan on the water services billing account was cancelled and payment of the balance and future bills would need to be paid in full which had been explained in the letter sent to the customer dated 17 January 2022.
- On 14 April 2022, a payment reminder was sent to the customer as her bill issued on 14 March 2022 for £161.56 was overdue and that additional charges may be applied in line with its Charges Scheme. On 26 April 2022, a further text message was sent advising payment was overdue.
- On 5 May 2022, a Notification before Default letter was issued advising the full payment had not been made and £111.56 was still outstanding. On 26 May 2022, a Final Notice letter was issued which explained if payment in full was not received within seven days, the account would be passed to a debt collection agency and legal action may be taken. In addition, a £45.00 administration fee would be applied to the account.
- On 1 June 2022, it attempted to contact the customer by telephone as payment still had not been received, however there was no reply.
- The customer complained on 19 June 2022 regarding her account being sent to a debt collection agency when she was making monthly payments.
- It called the customer on 21 June 2022 and explained that as she had not increased her monthly standing order payment, the payment plan on her water services billing account had been cancelled and payment in full was required. She advised she was unwilling to pay the administration charge. She said she had not been able to access her online billing account for two years however it explained that its records show the last time she logged in was on 30 January 2022 at 17.29.
- It advised CCW on 5 July 2022 that it correctly followed its debt recovery process as such the customer would need to make payment for the outstanding amount on her account to the debt collection agency.
- Regarding her request for an apology for stress and added pressure caused by having to deal with a debt collection agency, whilst the customer was making regular payments, in line with its policy, there must be an active payment plan on the account if a customer wishes to pay by instalments. If no such plan has been set up on the account, then the bill must be paid in full within 14 days of receipt. The company states it apologises for any added pressure, however it issued numerous letters and made many unsuccessful attempts to contact the customer by telephone, email and text message to explain the reasons why her payment plan had been cancelled. The letters sent explained the debt process and what the next course of action would be if she failed to engage with it.

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- Regarding the customer's request for it to remove her account from the debt collection company, it has followed the correct process and therefore the debt cannot be withdrawn from the debt collection agency.
- If the customer would like to pay for her monthly consumption, she can submit a monthly online meter reading and request a bill which she can pay in full online or over the telephone if she chooses. This option is available to all of its customers.

### **Comments on Preliminary Decision**

- No comments from the parties were received.

### **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. The customer's complaint concerns payments of her water services billing account and the company's referral of her account to a debt collection agency.
2. The customer alleges that the communications from the company (including those sent from its debt collection agency) regarding payment of her water bills constitutes "harassment". I remind the parties that allegations concerning 'harassment' fall outside the remit of WATRS as in

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accordance with Scheme Rule 3.4.3 this involves a complicated issue of law. However, disputes about bills, payments, collections and debt recovery do fall within the remit of WATRS, therefore, I will proceed to consider the claim which relates to these matters and determine if the company's service provided to the customer reached the expected standard.

3. I find that the dispute stems from the company's recent referral of the customer's account to a debt collection agency in June 2022. Based on the party's submissions and supporting evidence, it is clear the company's referral of her account to a debt collection agency was due to a remaining balance of £111.56 on the customer's billing account after her latest monthly payment of £50.00 was not sufficient to cover the previous bill for £161.56, issued on 24 March 2022.
4. The company's document 'Code of Practice – Core Customer Information for Household Customers' (Code) sets out its debt recovery process which makes clear that if a customer does not pay a bill or keep to a payment arrangement agreed with the company, before it can take any debt recovery action, the company must take further steps to obtain payment. These include:
  - a. Issuing a payment reminder confirming the amount that needs to be paid and when it must be paid by.
  - b. If a payment remains outstanding or is not brought up to date, the company will then cancel the installment plan and the total outstanding balance will become due.
  - c. If the account remains unpaid and the customer does not contact it to agree a payment arrangement, it may issue notice of its intention to register a Default against their credit file.
  - d. If no contact is made by the customer, it will then ask an independent debt collection agency to recover the amount owing.
  - e. Its Code makes clear this may result in additional charges being added to a customer's account.
5. The company's submissions indicate that, in the customer's case, it followed this process before referring her account to a debt collection agency as it:
  - a. Issued a payment reminder letter to the customer on 23 December 2021 advising she had not made payment of the requested increased monthly amount of £60.50.
  - b. Issued a letter on 17 January 2022 advising she had not brought up to date the payment plan to the requested increased monthly amount of £60.50 It explained the payment plan

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would be cancelled after seven days if the account was not brought up to date and stated that payment of the balance and future bills would need to be paid in full.

- c. Called the customer on 2 February 2022 in response to her stage one complaint to advise the reason for the letters was because as shown on her bill, the payment plan needed to increase from £50.00 to £60.50 per month to cover consumption and outstanding charges.
- d. As the customer's standing order remained at £50.00 per month, the company cancelled her payment plan and on 24 March 2022 and sent her a text message advising that a bill had been issued.
- e. Issued a payment reminder letter on 14 April 2022 advising the payment of £161.56 was at least 14 days overdue and that additional charges may be applied.
- f. Sent a text message to the customer on 26 April 2022 advising payment was overdue. It also explained additional charges may be applied if the account was not brought up to date.
- g. Issued a Notification before Default letter on 5 May 2022 advising the full payment had not been made and £111.56 was still outstanding.
- h. Issued a Final Notice letter advising if payment in full was not received within seven days, the account would be passed to a debt collection agency.
- i. Attempted to call the customer regarding payment however could not make contact with the customer.

6. Therefore, I find no evidence of the company failing to follow its process set out in its Code in the lead up to its referral of the customer's account to its debt collection company.

7. In her WATRS Application, the customer has stated she is unhappy that the company took debt recovery action despite her having made monthly payments in respect of her bills. Whilst it is clear that the customer has made monthly payments to the company throughout, due to her not having increased her monthly standing order or agreed to the company's request to increase her monthly payment plan in order that it fully covered the bills issued to her, it is evident that an outstanding balance built up on her account.

8. This eventually led the company to take the action detailed above. As I am satisfied that the company gave the customer a number of opportunities to increase her monthly payments, I find that the debt recovery action taken by the company, as set out above, was reasonable in the circumstance and in accordance with its Code.

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9. Furthermore, as the company notified the customer of the possibility of additional charges being applied in the event of her account not being brought up to date and then explained in a Final Notice Letter that a £45.00 administration fee would be applied if full payment was not received in full within 7 days, the subsequent fee it applied in the same amount, was reasonable in the circumstances. The company's action in this regard was also in accordance with its Charges Scheme which states the company is entitled to recover its costs where a third party debt collection agency is appointed to recover outstanding water services charges.
10. In regards to the redress requested by the customer in her WATRS Application for the company to remove her account from its debt collection agency, as the company has demonstrated that it followed the process set out in its Code and I have found no instances of it failing to provide its service to the standard to be reasonably expected when dealing with the customer's billing account, her request for it to remove her account from its debt collection agency has not been justified.
11. In regard to the customer's request for the company to charge her for her monthly consumption rather than accumulate a credit over six months which would then be offset against her bill, the company has explained the existing different options for making payment of bills, whether by monthly installment, by paying a bill in full within fourteen days of it being issued or by submitting a monthly online meter reading and requesting a bill which she can then pay. As such, there is no basis for me to direct that the company take any additional action in this regard.
12. Whilst I have found no failure by the company has been established, in response to the customer's request for an apology, in its Response the company apologised for the added pressure caused by passing her account to its debt collection agency. As such, the company is not required to provide any further apology.
13. It is noted that in its response to CCW and in its Response, the company has said that the customer may be eligible for financial assistance to help pay her bills however she would need to complete a financial assistance form. This demonstrates the company has made the customer aware of assistance with paying her bills if needed which is reasonable in the circumstances.

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### 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 8 December 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.



**A. Jennings-Mitchell**, Ba (Hons), DipLaw, PgDip (Legal Practice)

**Adjudicator**

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