

WATRS: SUMMARY OF CASES

1 April 2018 - 31 March 2019

WATRS Independent Oversight Panel

▶ FOREWORD by Sandra Webber, Chair of Panel

The independent Water Redress Scheme (WATRS) is 4 years old and has proved a significant addition to consumer protection for water customers in England & Wales. WATRS has made a cumulative total of 855 decisions on unresolved complaints and awarded compensation payments totalling £157,766 since it began in 2015. The scheme is free of charge to customers, and if a customer accepts the decision it is binding on the company.

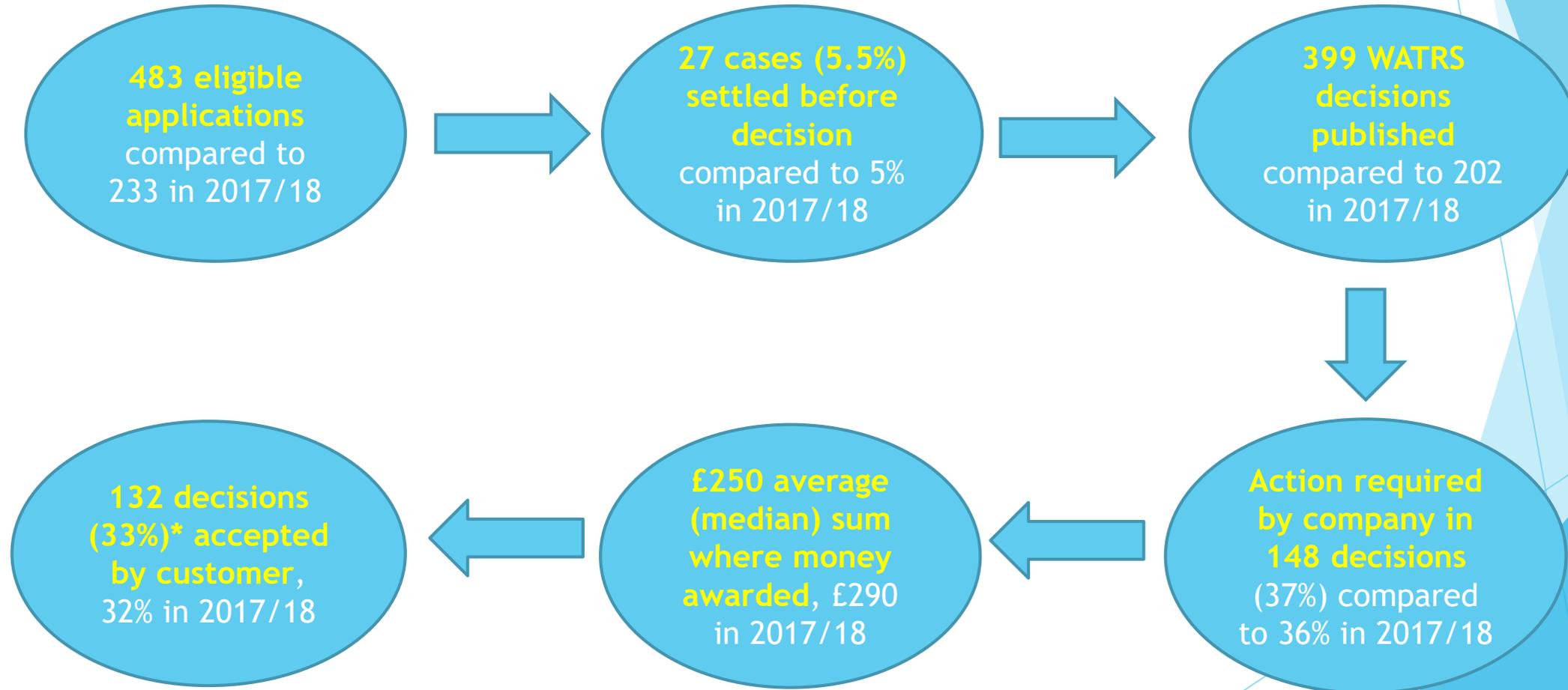
Last year saw a significant increase in cases compared to previous years. We attribute this to two things, the first being the result of joint action by this Panel and the Consumer Council for Water (CCW) and the second being an external factor:

- (1) an innovation introduced to improve customers' ability to access WATRS, whereby CCW offers to assist the customer with completing the WATRS application form. Most applicants to WATRS take up this opportunity.
- (2) an increase in complaints by non-householders to companies and to CCW, of which a proportion has continued to the WATRS stage. The opening of a market in water and sewerage services for non-household customers in 2017 was a major change which is behind some of these customer complaints.

The Panel is concerned that a disadvantage has emerged for non-household customers, who since 2017 cannot obtain independent resolution of certain types of complaint (e.g. about water supply or flooding) because those customers have a contract with a retailer and not with the actual supplier. **The Panel urges the parties involved in market restructuring to mitigate this adverse side-effect on resolving complaints for non-household customers.** In addition, retail companies consider it unfair when they incur costs from WATRS in situations where they did everything possible to help their customer but the problem lay with the wholesaler.

The contract with CEDR to deliver the WATRS service ends later this year, and there will be a competitive process to decide the future provider. Water UK engaged Queen Margaret University, Edinburgh to review how WATRS had developed and performed during its first period. The researchers' report is published at <https://www.water.org.uk/search/queen+margaret+university> and will be taken into account in revising the specification for the next contract period.

OVERVIEW OF NUMBERS 2018-2019: household & non-household combined

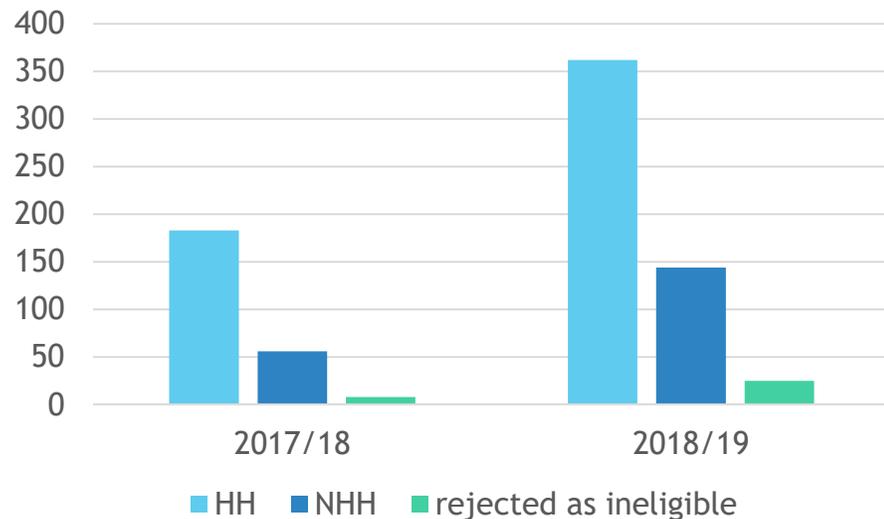


*But 73% of *Action Required* decisions were accepted by the customer

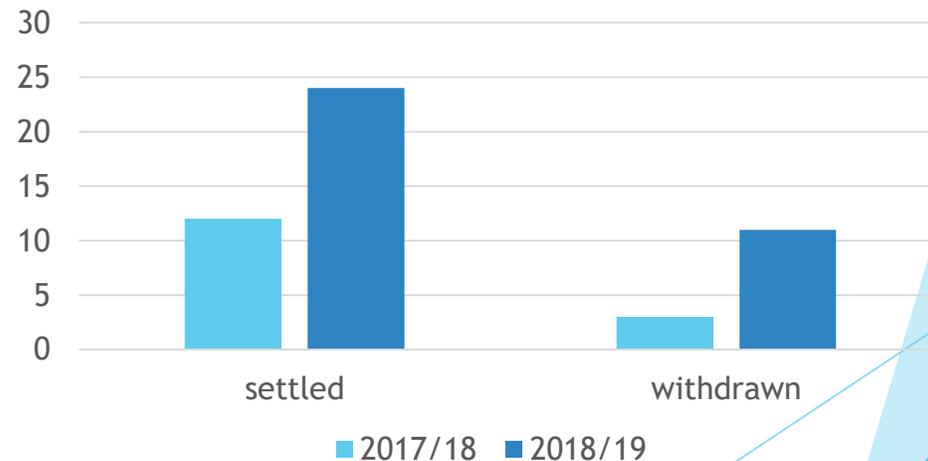
Changes from 2017-18 to 2018-19

- Eligible applications more than doubled
- But hardly any change in proportion of decisions where WATRS required action by the company, which is still around one-third (see previous slide)
- Number of applications from non-household (NHH) customers up from 56 to 144
- Proportion of total applications from NHH customers up from 22% to 28%
- There has been a marked increase in applications withdrawn by the customer before the decision (from 3 to 11) but we do not have an explanation for this.

Applications received



Applications settled or withdrawn



Reasons for ineligibility: Incomplete application: 1; n/a: 3;
Not referred by CCW: 15; out of scope: 2; out of time: 4

WATRS in context

WATRS is the final stage in the complaints process for water customers. Most complaints do not reach WATRS.

	2015-16		2016-17		2017-18		2018-19	
Written complaints to companies (household customers)*	106,839		83,255		69,324			
			28% decrease from 2015-16		17% decrease from 2016-17			
Written complaints to companies (non-household - mainly businesses)+	12,229		11,722		14,885			
			4% decrease from 2015-16		27% increase from 2016-17			
Complaints to CCWater** +	9969	HH: 9,086 NHH: 883	8715	HH: 7,891 NHH++: 824	9213	HH: 6,433 NHH++: 2,780		
			13% decrease from 2015 -16		6% increase from 2016-17			
Decisions by WATRS	84	HH: 76 NHH: 8	170	HH: 143 NHH++: 27	202	HH: 165 NHH++: 37	399	HH: 285 NHH++: 114
(NB WATRS began in April 2015 so the low numbers in 2015-16 are not surprising)			102 % increase from 2015-16		19% increase from 2016 -17		98% increase from 2017 -18	

* Household complaints to water companies in England & Wales April 2017- March 2018: <https://www.ccwater.org.uk/wp-content/uploads/2018/09/Household-complaints-to-water-companies-in-England-and-Wales-2017-2018.pdf>

**End of Year Complaints and Enquiries Report 1 April 2017 - 31 March 2018;

+NHH complaints to water retailers, companies in Wales and CCWater 1 April 2017 - 31 March 2018

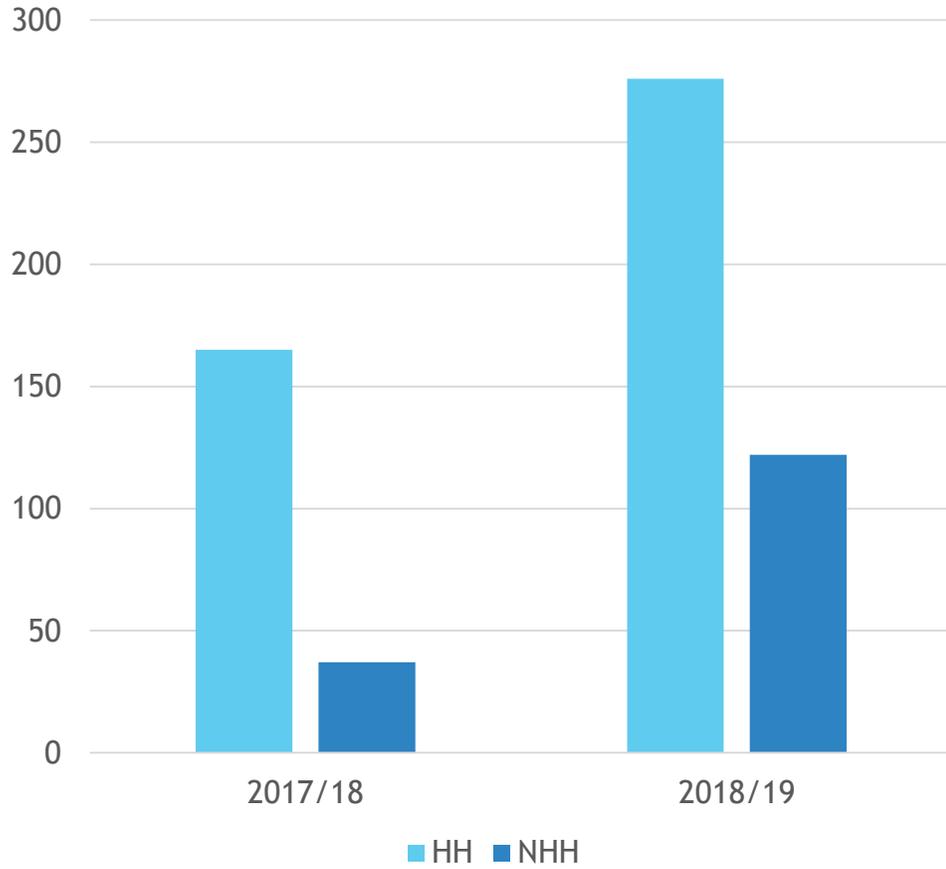
<https://www.ccwater.org.uk/wp-content/uploads/2018/08/2017-18-Year-End-Report-on-Complaints-and-Enquiries.pdf>

<https://www.ccwater.org.uk/wp-content/uploads/2018/07/Non-household-complaints-report.pdf>

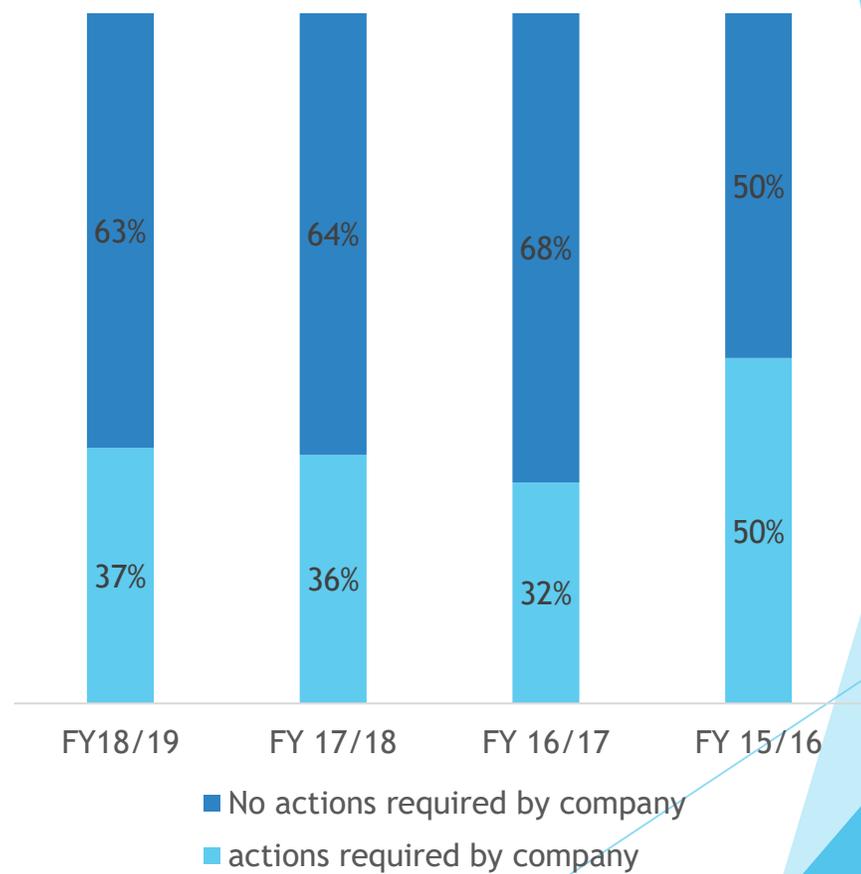
++ CCWater estimates that around 50% of WATRS cases about these companies have an aspect that arose from the actions of the wholesaler

Decisions

Decisions issued

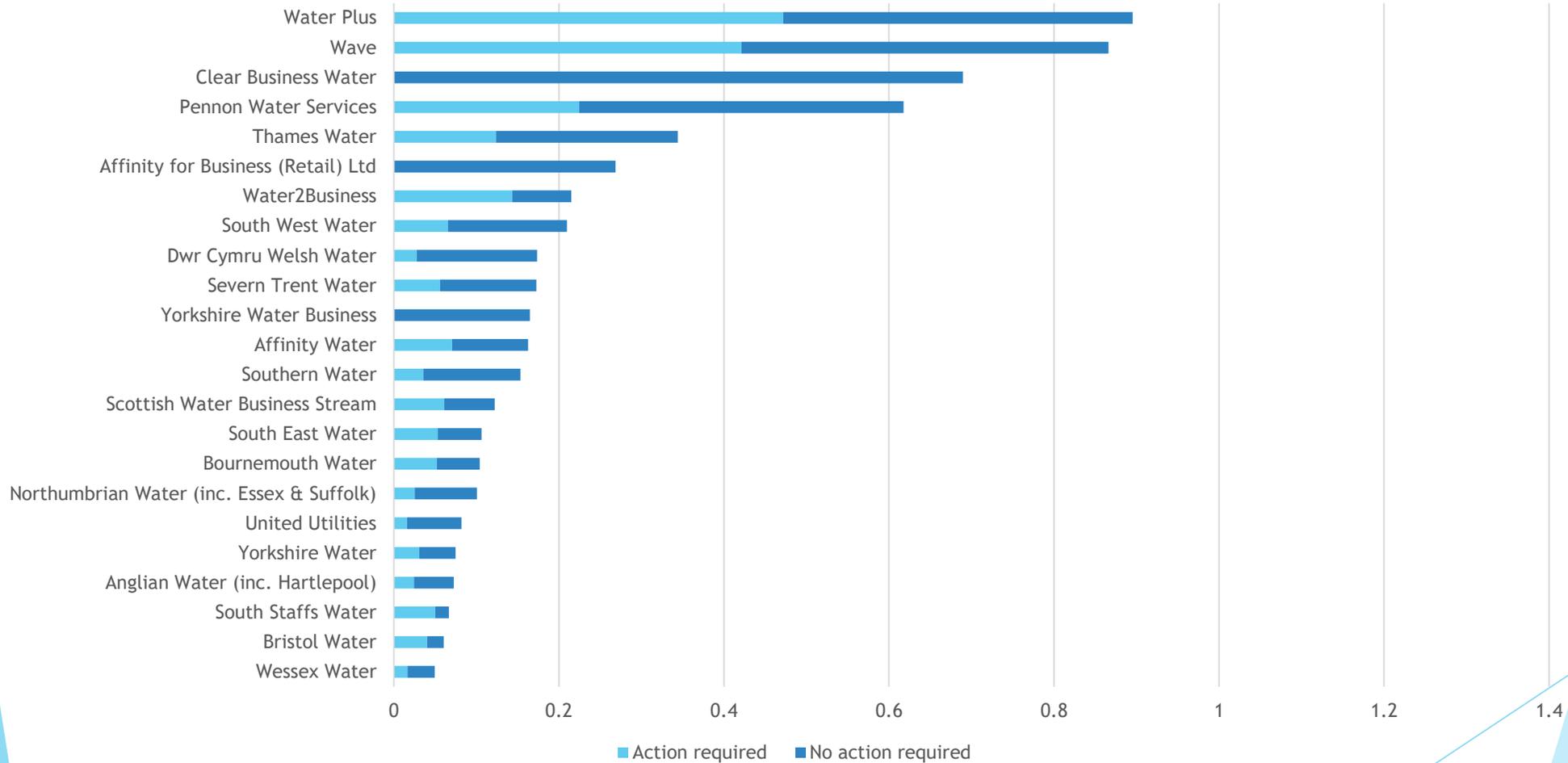


Decision outcomes



Decisions by company* 2018/19

The number of WATRS decisions by company is fewer than 1 per 10,000 customers.



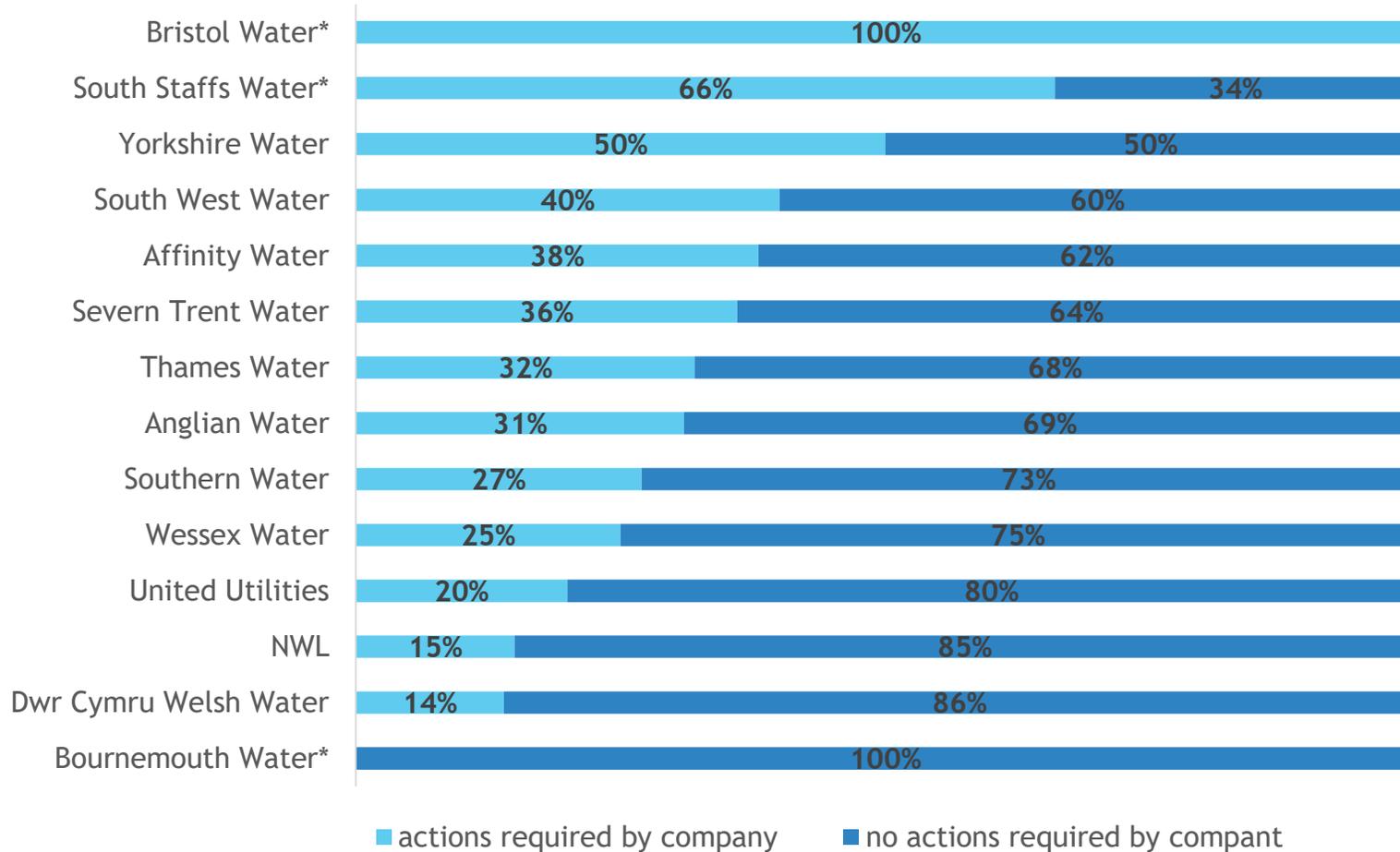
*per 10,000 connections for wholesalers and per 10,000 SPIDs (supply point identification numbers) for NHH retailers (retail companies for non-households)

No SPID data available for Castle Water (South East) Ltd t/a Invicta

Note: NHH retailers: CCWater estimates that around 50% of WATRS cases about these companies have an aspect which arose from actions of the wholesaler

Outcome by company - Household

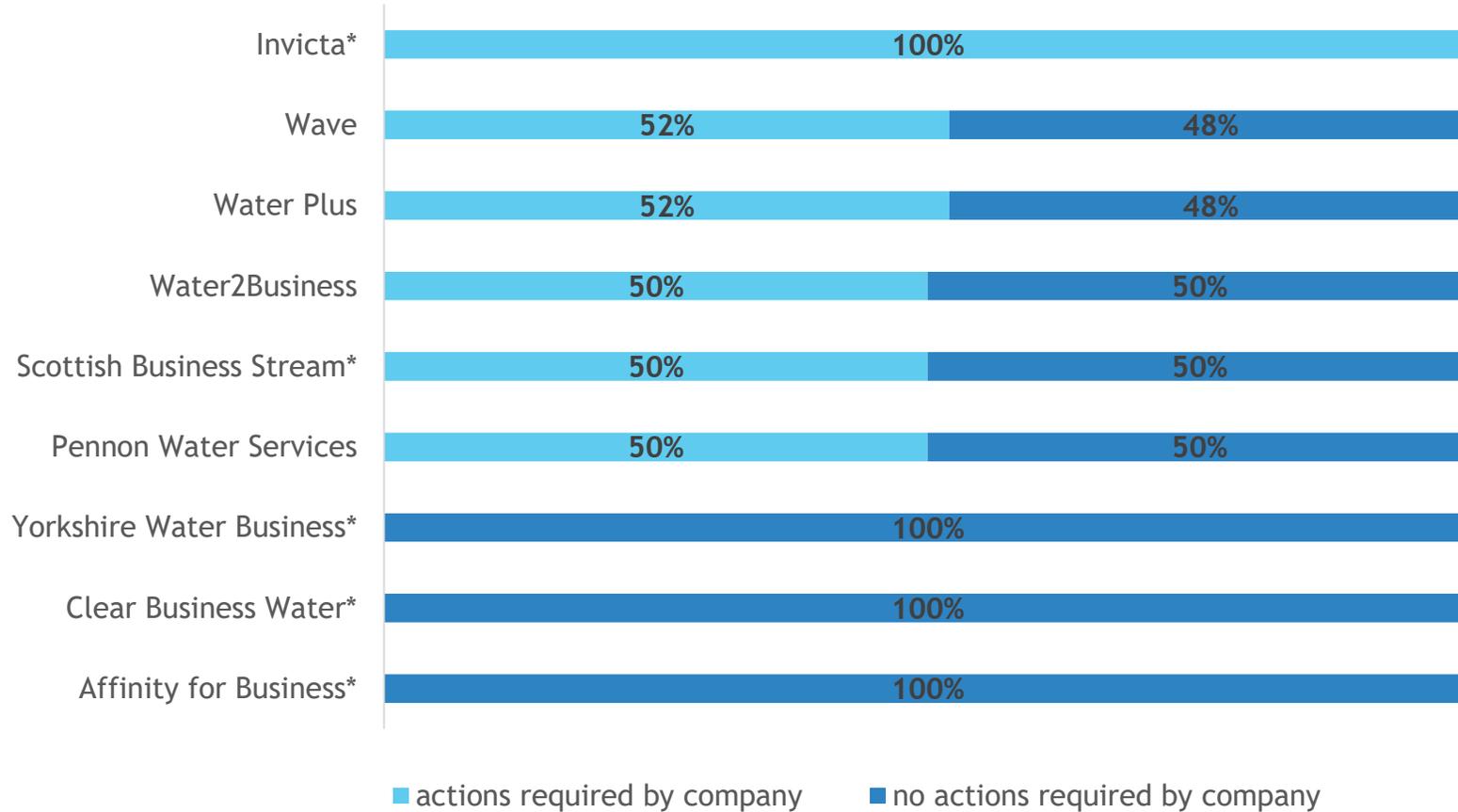
Action/no action split



*4 decisions or fewer

Outcome by company - NHH retailers

Action/no action split

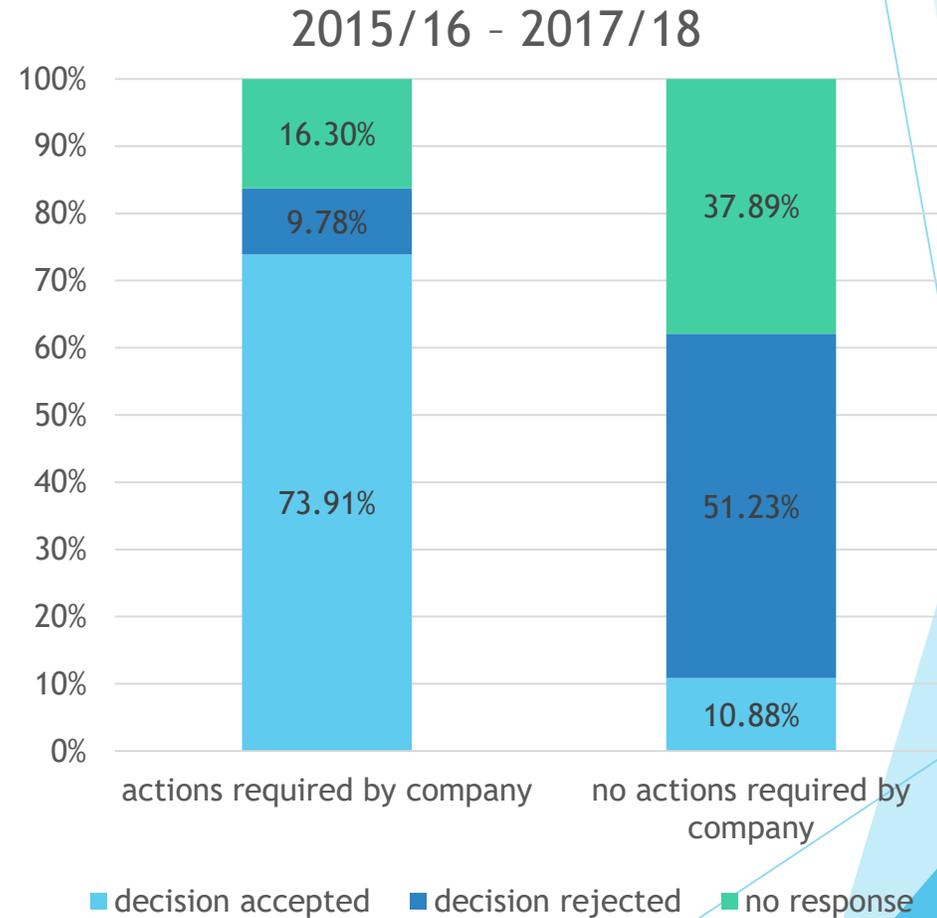
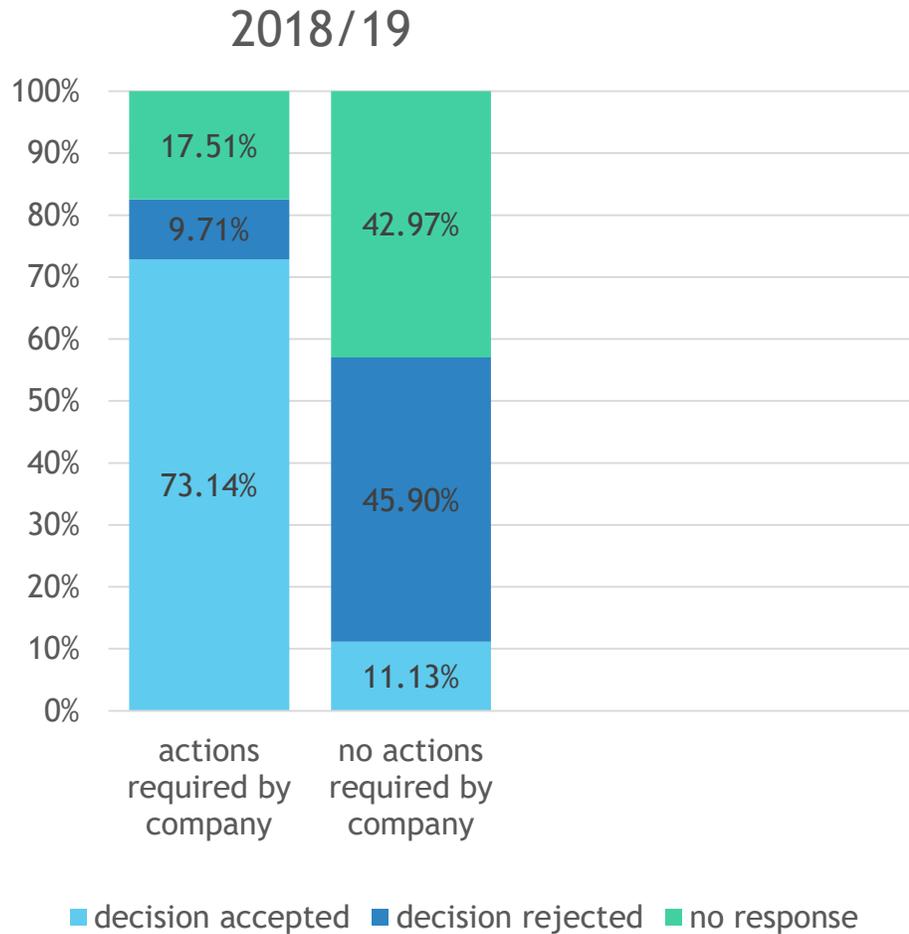


CCWater estimates that around 50% of WATRS cases about NHH retail companies have an aspect which arose from actions of the wholesaler

*4 decisions or fewer

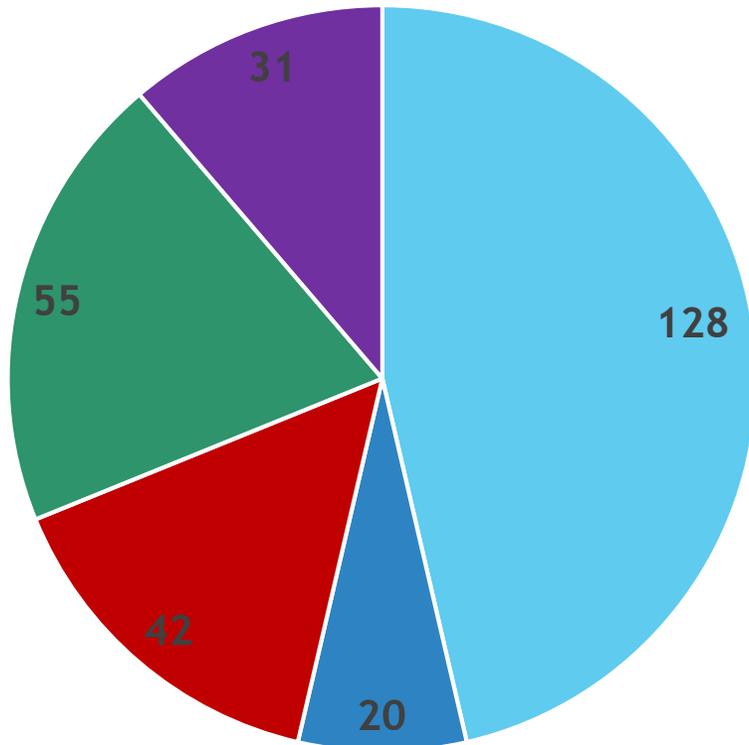
Customer response to decisions

If the customer accepts the decision, it is binding on the company

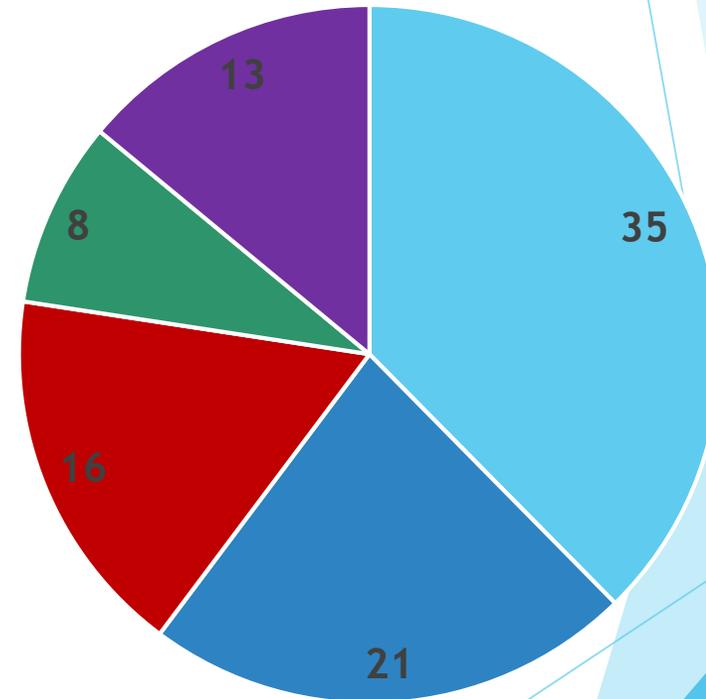


OVERVIEW BY SUBJECT: Household

Decisions issued



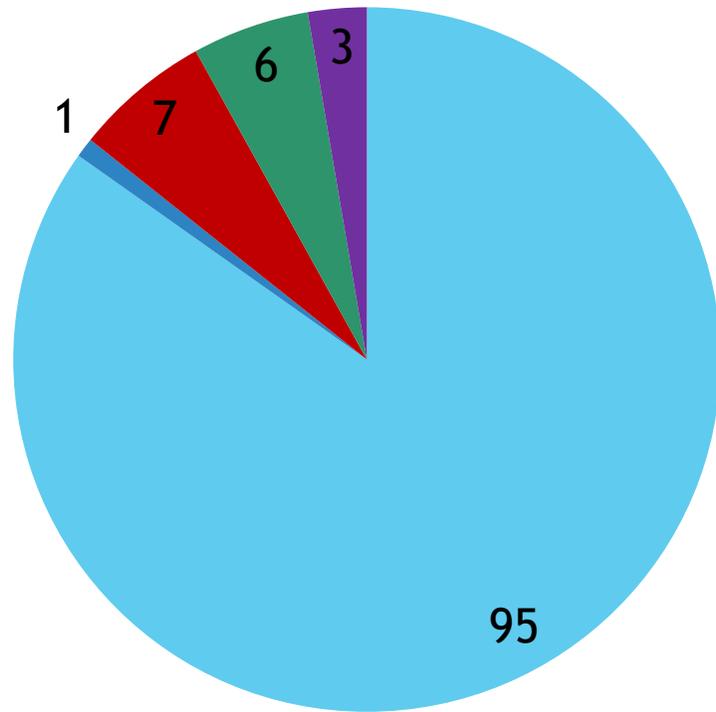
Decisions where actions required



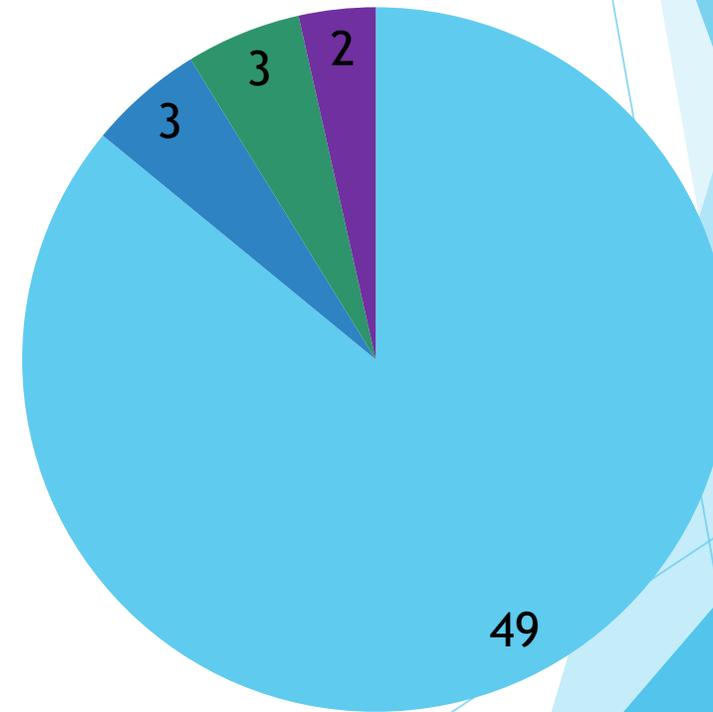
- billing & charging
- metering
- sewerage
- water
- admin/other

OVERVIEW BY SUBJECT : Non-Household

Decisions issued



Decisions where actions required



- billing & charging
- metering
- sewerage
- water
- other

MORE ABOUT REDRESS IN 2018-19

- **148** decisions where action required by company (93 for households and 54 for non-households)
 - **88 monetary*** award only
 - **35 monetary award plus other action**
 - **25 non-monetary only**
- 14 monetary awards £1000 or above (8 households, 6 non-households)
- £250 average (median) sum for monetary awards (£200 for households and £250 for non-households).
- Total monetary awards £70,121 (£46,471 for households and £23,650 for non-households).

* 'monetary' excludes cases where amount not known as company directed to calculate correct refund or rebate

DISTRESS & INCONVENIENCE AWARDS

- 49 decisions included awards for Distress and Inconvenience (30 for households, 19 for non-households)
- This is around one third of the cases where the company was told to take action to put things right for the customer
- Total of £21,715 had to be paid for Distress and Inconvenience (£14,890 for households and £6,825 for non-households)

Case studies: why these?

- ▶ Most WATRS case are about billing and charging. In our first summary of cases, published in 2017, we showed billing and charging examples where WATRS awarded the customer relatively high compensation. Our summary published in 2018 focused on complaints about other things, such as flooding.
- ▶ This time, following market opening, we are showing a range of decisions involving non-household customers. Since 2017 non-household customers purchase their water from a retail company which in turn purchases water and sewerage services from a wholesale company. The customer's contract is with the retail company, so the customer cannot make a complaint directly to the wholesaler and the WATRS scheme cannot require action by the wholesaler. This market change has resulted in some difficulties for both customers and retailers when it comes to a complaint about services supplied by a wholesaler. The Panel is working on this with the other parties concerned.

Case study - water supply - compensation - customer complained of low pressure and incidents of no water over 3 year period. The customer asked for compensation of £1014. The company had offered to write off the customer's bill of £414.

NOTE BY PANEL: This case illustrates the gap in protection for non-household customers which we have mentioned earlier, as the powers of WATRS do not extend to the wholesaler side of the new market.

Complaint overview

The customer complained of continuing issues with low water pressure and interruptions in supply for over 3 years which had affected his business, and that it was only after CCWater became involved that the wholesaler had started any investigations. The investigations showed that a third party had been illegally siphoning off water, and there was a leak on the "trunk main". The retail company said that the problem lay with the wholesaler to resolve and that it had raised the customer's problems but was not in a position to do anything further. The company agreed to put the customer's account on hold pending work by the wholesaler but continued to send debt reminder letters.

Outcome

The wholesaler is responsible for the provision of water to the property. The company's duty is to contact the wholesaler on behalf of the customer and to provide a reasonable level of customer service in its dealings with the customer. The company had failed to take ownership of the customer's complaint on one occasion and failed to keep its promise regarding debt collection activity. The adjudicator appreciated the customer's distress regarding the on-going issues and the effect that it had had on his business, but could not consider complaints against the wholesaler.

Remedy awarded

Pay £100 compensation.

Case study - “other” category - water pressure - customer complained he was not consulted before a reduction in water pressure which prevented water supply to the top floor of his hotel. He claimed £9,000 in compensation. The company had made no offers.

NOTE BY PANEL: This case illustrates the gap in protection for non-household customers which we have mentioned earlier, as the powers of WATRS do not extend to the wholesaler side of the new market.

Complaint overview

The customer complained that a loss of water pressure meant that the hotel guests could not use some of the higher rooms and had to be refunded. The company was unaware of any planned alterations to water pressure and had not been able to give the customer any warning that this would happen. The company raised a complaint with the wholesaler on behalf of the customer. The wholesaler confirmed that active pressure management work had been carried out but that required minimum pressures had been maintained. The wholesaler suggested that the loss of water pressure was due to failure of the hotel’s own internal pumping system although the customer did not agree with this. The customer’s complaint was primarily about the lack of prior consultation.

Outcome

WATRS decided that the company could not reasonably be expected to alert the customer to planned changes by the wholesaler to water pressure that it was unaware of.

Remedy awarded

No actions required by the company.

Case study - billing & charging - customer claimed to be wrongly charged for a shared supply, and poor customer service in resolving the problem. The customer claimed compensation (including a bill credit) of £15,200. The company had made goodwill payments of £135.

NOTE BY PANEL: This case illustrates the gap in protection for non-household customers which we have mentioned earlier, as the powers of WATRS do not extend to the wholesaler side of the new market.

Complaint overview

The customer moved into new business premises on an industrial estate in October 2014. In 2016 he queried high water usage as there were only 2 members of staff at the premises. It turned out that his meter was serving other businesses too and there were no contracts for sharing the water cost on the estate. The customer was told that if he wanted his own separate water meter he would have to arrange this privately. However both the wholesale and retail companies had some actions to take to support and facilitate the customer achieving this. It took a long time to complete the process during which the customer incurred further charges appropriate to the other businesses.

Outcome

It was not the fault of the water companies or the customer that he was paying for other businesses' water. However it took longer than necessary to separate his water supply once he had said that was what he wanted. The retail company communicated poorly with the wholesale company on behalf of the customer and caused some of the delay; its customer service was below the level of service it was reasonable to expect. WATRS did not have authority to say whether the wholesale company was at fault as the customer did not have a contract with the wholesaler.

Remedy

Pay £2000 and provide an apology for the inconvenience caused to the customer.

Case study - billing & charging - surface water charges - customer asked for a refund of £7200 (surface water charges from 2010 to 2016); £500 compensation for the inconvenience of having to pursue the claim; and for the company to improve its customer services by having one point of contact.

Complaint overview

The complaint is about events before market opening so before the customer had his contract with his current retail company. Charges for surface water drainage are based on the size of the site area. The customer believed his property had been wrongly measured in 2010. Also, the customer sold part of the property in 2012 so it became smaller but he did not inform his water company (now the wholesaler). He eventually complained about high charges in 2017. The wholesaler gave a part refund for the historic period; the retail company adjusted his Banding going forward and refunded him backdated to the beginning of the billing year in accordance with Ofwat guidance.

Outcome

The onus was on the customer to inform the company of any changes to his property; the customer had been told this in 2010 and also told that a rebate could not be backdated beyond the start of the billing year. The customer did not provide evidence that the 2010 measurements had been wrong. It was clear that the customer was not aware of the retail company following market opening. However the retail company had 'adequately assisted' the customer in dealing with the wholesaler.

Remedy awarded

No actions required by the company.

Case study - billing & charging

– customer asked for £15,000 compensation. The company agreed that there had been numerous failings and offered £900 compensation including £220 GSS payments (i.e. payments specified by Regulations for certain failings by a water company)

Complaint overview

The customer took over a new hotel in January 2017. It took the company until November 2017 to bill the customer correctly, during this period the company sent a number of disconnection notices for non-payment. The customer said that this affected staff confidence in his business and led to a high turn-over in staff which was disruptive and time consuming to deal with. The company accepted that there had been numerous errors on its part due to system and human failings. It said that the customer was entitled to GSS payments of £220 but considered the customer's claim as a whole was disproportionate. The amount offered by the company (£680) was greater than its gross margin for the customer's property.

Outcome

The customer had not provided specific evidence to demonstrate a connection between staff turnover and the disconnection notices or to prove any monetary costs incurred dealing with the company eg telephone calls. The billing issues suffered by the customer had been aggravated by the way in which the company had handled them particularly after he complained in April 2017. The company had only calculated the amount of GSS payments due after CCWater became involved.

Remedy

Pay £970 compensation - £750 for inconvenience & distress caused & £220 GGS payments due to the customer.

Case study - billing & charging

- dispute about compensation: customer asked for £25,000 whereas company had offered £500. Company had agreed to customer's request for apology and for his accounts to be closed with a zero balance.

Complaint overview

The customer managed a pub and lived in a flat above the premises. The pub and flat had separate meters. Before April 2017 the customer had 2 accounts - one commercial, one domestic. After market opening in April 2017 the company took over the commercial account but, despite the customer's repeated attempts, did not recognise that it should not be charging him for the separate supply to the flat. The complaint took 22 months to resolve. The company said the delay was partly due to having to wait for confirmation from the wholesaler.

Outcome

It would have been reasonable to have expected the complaint to have been resolved within 90 days. The company had not proactively liaised with the wholesaler nor had it increased its efforts to resolve the dispute more quickly after CCWater's intervention. The customer's proposed compensation was disproportionate however. WATRS awarded £750 but reduced it by 25% to take into account delays caused by the customer.

Remedy

Pay £562.30 compensation; issue a written apology; reduce the balance on all the customer's accounts to zero and close all the customer's accounts.