

# WATRS

## Water Redress Scheme

### ADJUDICATOR'S DECISION SUMMARY

Adjudication Reference: WAT/ /1253

Date of Decision: 6 March 2019

#### Complaint

The customer submits that the company did not alert him to the high water consumption recorded on the meter, after it took a meter read indicating a leak. He found out via a bill issued nearly five months after the company became aware of the high consumption, by which time the charges had accumulated to more than £14,000.00. RST Water used to alert customers to high usage and the company has confirmed that it had no such policy in place but that it does now. He accepts the wholesaler's leakage policy provides a 50% reduction (based on the leak water that did not enter the sewage system) but requests that it is applied when the charges were £5,924.88, at the time of the meter read.

#### Defence

The company submits that the 50% reduction to the customer's charges is in line with the wholesaler's leakage policy. Whilst it did not have any process in place to alert customers to high usage, it submits that it is not under any obligation to warn customers of high water consumption. The company confirms, however, that it has now put in place a process to warn customers of high usage going forward.

#### Findings

The wholesaler is responsible for deciding leak allowances and its offer of a 50% reduction to the charges generated due to a leak on the customer's supply, is in line with its leakage policy. However, the company is responsible for meter reads and billing and therefore I consider it reasonable to expect for the company to inform customers of high water consumption where detected within a reasonable timeframe. The customer fixed the leak promptly on receiving the high bill and I accept that he would have fixed the leak in September 2017 had the company alerted him at this time after it had read the meter. Therefore, I am satisfied that the charges of £5,924.88 amassed to £14,487.89 directly as a result of the company having no procedure in place to notify customers of excessive water consumption and failing to notify the customer of the meter read which had already generated a bill of £5,924.88. This is evidence of the company failing to provide its services to a reasonably expected standard. The company has confirmed that it has now put in place a process that will flag up high usage to customers. The company shall apply a

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credit to the customer's account to reflect that the leak was fixed in September 2017 and as though the 50% reduction applied to the bill at that time when it was £5,924.88, as oppose to after charges accumulated to £14,487.89

**Outcome**

The company shall apply a credit to the value of £4,281.50 to the customer's account as though to reflect that the 50% reduction, as per the agreed leak allowance, was applied to the bill when it was £5,924.88 rather than after charges had accumulated to £14,487.89.

**The customer must reply by 3 April 2019 to accept or reject this decision.**

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# ADJUDICATOR'S DECISION

Adjudication Reference: WAT/ /1253

Date of Decision: 6 March 2019

## Party Details

Customer: [ ].

Company: [ ].

## Case Outline

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

- He received a higher than expected bill from the company as a result of high water consumption lost through a leak at his property: [ ], ('the Property'). The company had not informed him until five months after the meter reading was taken.
- The customer contends that, had he been informed sooner then he would have acted upon this and repaired the leak as soon as possible. The company's tardiness with issue of the bill and its failure to inform him of the high consumption sooner is the result of the market opening and a mix up regarding communications between the wholesaler and the retailer. The customer asserts that the company's response confirming that it will now alert customers of high bills and leaks, is evidence of this.
- He remains unhappy with the company's failure to alert him sooner of the leak it knew about in September 2017 and questions why it took the company five months to inform him, during which time, the charges escalated to £14,486.89.
- He is unhappy about both the resolution offered: a leak allowance that is equal to a 50% reduction of the £14,486.89 bill. He feels that the 50% reduction should be applied to the charges when they were £5,924.88 at the time the meter was read in September 2017 (and not 50% of the charges which accumulated to £14,486.89).
- He contends that this situation is causing him and his wife a great deal of worry and stress.

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

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- The customer contacted it on 2 February 2018 after it issued an invoice to him on 25 January 2018; this was a much higher invoice than the customer's usual consumption. It advised that it was likely he had a leak on his supply and the customer agreed the meter stopped moving when he switched the water off.
- The complaint was logged on 27 February 2018 after the customer contacted it again on return from holiday on 27 February 2018. The customer advised he had isolated the supply. He wanted it to investigate why the high consumption was not flagged up in September 2017 when the meter reading was taken and asked if it had a validation process for the reads that should have flagged the issue up to the company.
- It raised an H/01 wholesale form with the wholesaler, RST Water, requesting a leak allowance against the volumetric water and sewerage as the customer had previously been granted this for a previous leak in 2015. RST Water (RST ) responded on 29 March 2018 confirming no allowance would be due without further information on the leak and meter readings.
- A further H/01 allowance request form was raised with the wholesaler on 29 March 2018 where further information was supplied around the request and the leak but this was again rejected by the wholesaler who requested further information and documentation of the repairs to the pipe work to allow them to consider an allowance. It requested this information from the customer and once this was received, another H/01 allowance request form was raised. The allowance was granted by the wholesaler on 17 September 2018 but for the volumetric sewerage only, as per their leakage policy. It was confirmed to the customer that there would be no allowance for volumetric water as it was a private leak.
- It called the customer on 29 November 2018 and he explained he had repaired the leak as soon as he was made aware of it following the bill but he felt it had failed in its duty of care to inform him of the high reading taken in September 2017. He contended that had it notified him at this point, the leak would not have been allowed to continue. RST had provided this service in the past.
- It apologised to the customer that it did not have this service in place at the time but reiterated that no further allowance would be applied. It escalated the customer's complaint to Stage two (of its complaint procedure) and the customer declined to set up a payment arrangement until he had received its Stage two response.
- A Stage two email was sent on 11 December 2018 in which it reiterated its position and suggested that the customer contact his insurance company. It also replied to correspondence from the Consumer Council for Water dated 18 December 2018 and responded to specific complaint queries received in a further email dated 28 December 2018. A Guaranteed

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Standards of Service (GSS) payment of £20.00 has been applied to the customer's account as the customer did not receive a substantive response to his complaint within ten working days.

### 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 dispute relates to charges in the sum of £14,486.89 for water recorded on the customer's meter due to lost water as a result of a leak on the supply side. The customer disputes liability for the full charges on the basis that they were allowed to accumulate to this amount due to the company not informing him of the high meter read until nearly five months after it had been taken. The customer contends that the situation has arisen directly due to the company's failure to have a procedure in place whereby high consumption is flagged with its customers. He cites the company's confirmation that it has now put this process in place and that it will, going forward, investigate when high consumption is recorded, as evidence of this. The customer asserts the 50% reduction should be applied to the charges as they were in September 2018 (£5,924.88) when the company first became aware of the leak.

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2. At this juncture, I remind that parties that the company is the retailer (formerly known as RST Water Business) and that RST is the wholesaler for the customer's region. I note the division between the wholesaler and retailer occurred as a result of government changes that opened up the water market, which came into effect on 1 April 2017. I find that the company and RST are therefore two distinct and separate entities and, further, that a WATRS Application can only be brought against one party. In this instance, the customer's case has been defended by the company; the retailer and therefore, for the purposes of this decision, my remit is to determine the issues between the customer and the company. I am unable to consider any claims or complaints in relation to RST or other third parties.
3. Additionally, I acknowledge that the Application, completed by CCW on the customer's behalf, originally recorded the customer's property as a commercial premises (a farm), thereby making the customer is a 'non-household' customer. However, I acknowledge that that the customer has amended the property type from commercial premises to residential, in the Application. Having reviewed the case papers, as I am satisfied that the company was the customer's retailer during the dispute period and is responsible for billing and meter reads for water and sewerage and also for handling customer service and complaints, I consider that it has correctly defended the customer's claim. Therefore, I find that customer's above-mentioned amendment does not affect this. I shall proceed to consider whether the company provided its services, in relation to the disputed matter, to a reasonably expected standard.
4. Based on the evidence, I accept that the company took a read from the meter at the Property on or around 17 September 2017 and that this read was used to calculate the customer's next water bill, which I find was issued on 25 January 2018 in the amount of £5,924.88 (based on the meter read of 03445 taken in September 2017). On his receipt of this bill, on 2 February 2018, the customer queried the charges with the company and was informed that the unusually high amount was likely due to a leak. The customer immediately isolated the water supply and confirmed the meter stopped moving when he switched the water off. Further, it is clear that the customer promptly fixed the leak. However, by this stage the water consumption recorded on the meter had accumulated to charges in the region of £14,486.89 (the customer reported the meter reading to be 7123 on 27 February 2018).

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5. A leak allowance of a 50% reduction was agreed by the wholesaler based on the non-return (of water) to the sewer. I accept that the wholesaler is responsible for operational matters including deciding leak allowances. Further, I accept that its policy states that it does not reimburse the cost of the water that has passed through the meter if the leak is on the customer's land/premises as the leak and water is the customer's responsibility; it will only provide an allowance for water that did not return to the sewer. I am satisfied that the 50% reduction offered is in line with RST's leakage policy. The customer, however, does not dispute level of the reduction offered but holds the retailer responsible for the escalation of the charges between when it read the meter in September 2017 and when it informed him of the high charges, via its bill issued on 25 February 2018. Therefore, I find that the issue to be decided is whether the company, by failing to notify the customer sooner than it did, amounts to evidence that it failed to provide its services to a reasonably expected standard.
6. It is undisputed by the company that the charges of £5,924.88 reflected extremely high consumption for the customer and that it therefore clearly indicated a leak. In its email response dated 2 January 2019 to CCW, I find that the company confirmed that, prior to the market opening up, RST sent letters to customer warning them of high consumption but that, unfortunately at the time of taking the meter read on 17 September 2017, it had no such process in place to notify customers of high consumption recorded. It stated that it encourages customers to take their own meter readings wherever it is safe to do so in order to help identify leaks and further that it is not under any obligation to warn customers of high water consumption as there is nothing stated in market codes requiring this. The company confirmed, however, that it has now put process in place that will warn customers of high usage.
7. In light of the company confirming that: prior to the water market opening up, RST sent letters to customers warning them of high consumption; it had no such process in place at the time the customer's high meter read was taken; and it has now implemented a process whereby it notifies customers of high water consumption, I consider it reasonable for the customer to have expected the company to inform him about the high water consumption sooner. I am mindful that there is no suggestion that on taking over responsibility from the wholesaler in April 2017, the company informed customers that it

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would not flag up high water consumption when detected via meter reads or of it advising customers to regularly check their meters (if it was safe to do so), in order to prevent the escalation of charges between billing dates. Therefore, based on the evidence, I find that the company's failure to act sooner with more urgency once it became aware of the high consumption, constitutes a failure by the company to provide its services to a reasonably expected standard.

8. The customer submits that if he had been informed in the first instance, he would have acted on the information and repaired the leak. On balance, I accept the customer's assertion in this regard. Therefore, in light of my above findings, I am satisfied that the charges of £5,924.88 amassed to £14,487.89 directly as a result of the company's failure to notify the customer of the excessive water consumption within a reasonable timeframe due to having no procedure in place to alert customers to high consumption recorded on their accounts. Therefore, I find that the customer's request for the 50% reduction to be applied when the bill was £5,924.88 in September 2017 rather than after charges had accumulated to £14,487.89 in February 2018, is fair and reasonable in the circumstances.
9. As a consequence, the claim succeeds and I direct that the company apply a credit to the customer's account to reflect that the leak was fixed in September 2017 and the 50% reduction applied to the bill at that time when it was £5,924.88, rather than after charges accumulated to £14,487.89. Based on these bill amounts (which have not been disputed by the company). I find that the company shall apply a credit of £4,281.50; this amount equates to the difference in the two figures (£2,962.44 deducted from £7,243.94).

### **Outcome**

The company shall apply a credit to the value of £4,281.50 to the customer's account as though to reflect that the 50% reduction, as per the agreed leak allowance, was applied to the bill when it was £5,924.88 rather than after charges had accumulated to £14,487.89.

### **What happens next?**

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- This adjudication decision is final and cannot be appealed or amended.
  - The customer must reply by 3 April 2019 to accept or reject this decision.
  - When you tell WATRS that you accept or reject the decision, the company will be notified of this. The case will then be closed.
  - If you do not tell WATRS that you accept or reject the decision, this will be taken to be a rejection of the decision.
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**A. Jennings-Mitchell**, Ba (Hons), DipLaw, PgDip (Legal Practice), MCI Arb

**Adjudicator**

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