

# WATRS

## Water Redress Scheme

### ADJUDICATOR'S DECISION SUMMARY

Adjudication Reference: WAT/ /0793

Date of Decision: 12 July 2018

#### Complaint

There was an underground leak on the customer's property in August 2017. The customer states that the leakage allowance granted by [ ] (RST), the wholesaler, is not sufficient to cover the high bill charged. Further, the company advised him that high consumption had been noted and flagged on his account in February 2017. However, the company, the retailer, failed to alert him to this increase in consumption and possible leak until after the leak had been fixed and he had applied to RST for his leakage allowance.

#### Defence

As the retailer, the company submits it is not responsible for assessing or calculating leakage allowance claims. It is only responsible for applying to RST for leakage allowances and reporting RST's decision back to a customer. It states it simply applies a leakage allowance, should one be granted. It cannot be held responsible and does not have the capacity to keep a close eye on all of its customers' consumption and inform them of any discrepancies. In addition, it was not aware of the increase in consumption in February 2017. This period pre-dates the non-household market opening in April 2017. It is unable to take responsibility for any actions RST failed to take at the time in February 2017. No offer of settlement was made.

#### Findings

The evidence shows that RST, and not the company, is responsible for undertaking any leakage calculations and granting any leakage allowances. Claims against RST cannot be considered in this adjudication. There is also no evidence to show that the company is under an obligation to monitor customers' consumption and notify customers if it considers that their usage is higher than expected. However, I find that the company provided a poor level of service by failing to follow the correct internal procedure to question the allowance given, and in relation to the activities of its Leakage, Find & Fix (LFAF) team from 31 August 2017.

#### Outcome

The company needs to take the following further action:

I direct that an authorised representative of the company provide the customer with a written apology.

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The customer must reply by 9 August 2018 to accept or reject this decision.

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# ADJUDICATOR'S DECISION

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Date of Decision: 12 July 2018

## Party Details

Customer: [ ]

Company: [ ].

## Case Outline

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

- The premises is a public house. He became aware of an underground leak in August 2017 when water started coming through paving stones outside the back entrance. He arranged for the leak to be repaired and then applied for a leakage allowance via the company, the retailer, who submitted the request to [ ] (RST), the wholesaler. An allowance was granted by RST; however, it is nowhere enough to make an impact against the cost of the high bill, leaving him with outstanding charges of around £8,539.02, when his average bills are in the region of £600.00 per quarter.
- Further, on contacting the company, he was advised that high consumption had been noted and flagged on his account in February 2017. The company failed to alert him of this increase in consumption and possible leak until after the leak had been fixed and he had applied for his leakage allowance.
- The customer requests that the company do something about his bill, specifically, "The bill should reflect normal usage and not charge for an underground leak of which the customer had no knowledge."

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

- As the retailer, it is only responsible for applying to RST for leakage allowances and reporting RST's decision back to customers.

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- Under RST's leakage allowance policy, as the leak was on the internal pipework and not on the meter itself, the allowance covered sewerage only. Certain criteria in relation to billing periods and timescales also apply as per RST's leakage allowance policy. RST granted the customer a leakage allowance of 202m<sup>3</sup> for sewerage.
- The leakage allowance policy is owned by RST and is part of RST's Charges Scheme. As the retailer, it is not responsible for assessing or calculating leakage allowance claims. It simply applies an allowance should one be granted. It has no ability or power to overrule a wholesaler's decision. It will, however, ensure that it challenges the wholesaler should it believe that the customer is entitled to receive an allowance. It did so on this occasion, although it concedes that the correct internal process was not followed.
- It was not aware of the increase in consumption in February 2017. To clarify, this period pre-dates the non-household market opening in April 2017. The reading taken in February 2017 would have been taken by a meter technician at RST, who was responsible for reading meters pre-market opening. Therefore, as the customer's retailer from 1 April 2017 onwards, it is unable to take responsibility for any actions RST failed to take at the time in February 2017.
- It read the customer's meter on 25 August 2017. A flag was raised due to the sudden increase (Reading taken on 25 August 2017: 7427. Reading taken in February 2017: 4201) and the matter sent to its Leakage, Find & Fix (LFAF) team. This is a service developed to support customers and help them with spikes in consumption. The LFAF team acted without delay and tried to contact the customer on three occasions; twice on 31 August 2017 and once on 11 September 2017; when it was confirmed by the customer that the matter had since been fixed.
- It is the customer's responsibility to keep an eye on their consumption. As a retailer, it cannot be held responsible and does not have the capacity to keep a close eye on all of its customers' consumption and inform them of any discrepancies. There are a number of reasons why consumption may increase on a customer's account including seasonal use, increase of staff, building works or change in circumstances to the business. As a retailer, it is only expected by Ofwat to read customers' meters once a year. However, it does aim to read meters twice a year. This ultimately means that customers who get billed every three months, such as in this case, can expect to receive bills based on estimate reads. It recommends and encourages customers to take responsibility for their supply and not rely on bills and/or their retailer for alerts on any unexpected increase in consumption. It accepts meter readings from customers at any time throughout the year, which it will add to their accounts in order to ensure accurate bills are received. It believes it has done all it can to support the customer in this case.

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## 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.

If the evidence provided by the parties does not prove both of these issues, the company will not be directed to do anything.

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?

### **RST**

1. The company and RST are separate entities. I must remind the parties that a WATRS application can only be brought against one party. This case has been brought against, and defended by the company. Therefore, for the purposes of this decision, my remit is to determine the issues between the customer and the company. It falls outside of my remit to consider any claims or complaints made in relation to RST.

### **Leakage allowance**

2. I acknowledge the customer's submission that the allowance granted by RST is not sufficient to cover the high amount billed. However, the evidence shows that RST, and not the company, is responsible for undertaking any leakage calculations and granting any leakage allowances.
3. The evidence shows that the company has applied the allowance as calculated and granted by RST. I also accept the excerpts of RST's Charges Scheme submitted by the company as evidence to support the information given to the customer about the wholesaler's leakage allowance policy.

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4. As discussed above, any claim or complaints in relation to RST cannot be considered.
5. The company has submitted communications between it and RST as evidence to show that it challenged the allowance given by RST to the customer. However, I note that the company, itself, concedes that, although it challenged the allowance, the correct internal process for raising the challenge was not followed. I therefore find that the company failed to provide its services to the standard to be reasonably expected in this regard. However, for the avoidance of doubt, as above, there is no evidence to show that the allowance as applied by the company is incorrect.
6. Consequently, in view of the above, I find no failings on the company's part in relation to the leakage allowance granted. However, I find that the company provided a poor level of customer service by failing to follow the correct internal procedure to question the allowance given.

#### ***High consumption alert***

7. I acknowledge the customer's submissions that high consumption was flagged on his account in February 2017. However, I accept the company's submission that it had no responsibility for the customer's account until 1 April 2017 and would not have been do so.
8. In addition, there is also no evidence to show that the company was under an obligation to monitor customers' consumption retrospectively, or from April 2017 when the account became its responsibility and notify customers if it considers that their usage is higher than expected.
9. I also accept the company's submissions that it is only obliged by Ofwat to read meters once a year. In light of this, I am therefore also inclined to accept the company's submissions that charges billed throughout the year may be based on estimated readings and customer should not solely rely on bills and/or their retailer to alert them to unexpected increase in consumption.
10. The company subsequently read the customer's meter's on 25 August 2017. I accept the company's submissions that following the meter reading its LFAF team acted promptly, and on 31 August 2017 tried to contact the customer due to a flag raised for increased consumption. However, I am also particularly mindful that the company's own notes shown that on 30 August 2017, the day prior, its Operations Team had submitted the customer's leakage allowance form

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to RST. The company was therefore aware, or should have been aware, that the customer was aware of the issue and at what stage the matter was being dealt. Further, the LFAF team then attempted to contact the customer again on 11 September 2017, nearly two weeks later. The company has not submitted any evidence to clarify the internal discrepancy. In the absence of which, I am not satisfied that the company has shown that it provided its services to the customer to the standard to be reasonably expected by the average person in relation to the activities of its LFAF team from 31 August 2017.

## **Redress**

11. The customer requests that the company do something about his bill, specifically, "The bill should reflect normal usage and not charge for an underground leak of which the customer had no knowledge." I acknowledge the customer's request. However, as above, as the company is not responsible for calculating and/or granting any leakage allowances, I am unable to direct any amendments to the bill by the company.
  
12. However, in light of the fact that the company failed to provide its services to the customer to the standard to be reasonably expected by failing to: follow the correct procedure to question the allowance given and in relation to the activities of its LFAF team from 31 August 2017, I find that it would be fair and reasonable to direct that an authorised representative of the company provide the customer with a written apology.

### **Outcome**

The company needs to take the following further action:

I direct that an authorised representative of the company provide the customer with a written apology.

## **What happens next?**

- This adjudication decision is final and cannot be appealed or amended.
- The customer must reply by 9 August 2018 to accept or reject this decision.

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- If you choose to accept this decision, the company will have to do what I have directed within 20 working days of the date on which WATRS notifies the company that you have accepted my decision. If the company does not do what I have directed within this time limit, you should let WATRS know.
- If you choose to reject this decision, WATRS will close the case and the company will not have to do what I have directed.
- If you do not tell WATRS that you accept or reject the decision, this will be taken to be a rejection of the decision. WATRS will therefore close the case and the company will not have to do what I have directed.

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**Uju Obi LLB (Hons) MCI Arb**  
**Adjudicator**

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