

# WATRS

## Water Redress Scheme

### ADJUDICATOR'S DECISION SUMMARY

Adjudication Reference: WAT/ /0775

Date of Decision: 20 June 2018

#### Complaint

The customer complains that a leak developed at his premises of which he was unaware. A very high bill was drawn to his attention in March 2017 and he contacted the company which applied for a leak allowance from the wholesaler. This was refused. Although the company has given a rebate of the volumetric retail charge for the period from October 2016 to April 2017, the customer complains that, as the company takes monthly water readings, it was under a duty to alert him to his increased water usage and that it should permit the leak allowance and give a rebate of the wholesale charges he has paid.

#### Defence

The company argues that it is a water retailer and has no power to give a leak allowance, which is a charge imposed by the wholesaler. Despite requests made by the company on the customer's behalf, the wholesaler has refused the allowance. The company has submitted bills to the customer showing increased charges and the customer did not act on these. The company was not required to take any further steps.

#### Findings

The customer was supplied with bills that suggested increasing water usage from August 2016 onwards. The customer did not pay appropriate attention to these, which were put in a folder for the customer's accountant. By March 2017, the wholesaler was not prepared to make a leak allowance. An average customer would not expect the company to supply information in an alternative form. I find that the company has supplied its services to the standard that would reasonably be expected of it.

#### Outcome

The company does not need to take any further action.

- The customer must reply by 18 July 2018 to accept or reject this decision.

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# ADJUDICATOR'S DECISION

Adjudication Reference: WAT/ /0775

Date of Decision: 20 June 2018

## Party Details

Customer: [ ]

Company: [ ]

## Case Outline

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

- The customer runs a combined shop, post office and filling station and has always offered a car wash service.
- He complains that in March 2017 a member of his staff showed him a monthly invoice for £2,085.20, which seemed very high.
- It was discovered that he had a water leak and he claimed a leak allowance.
- The wholesaler has refused to give an allowance because the claim was not made within 30 days from the start of the leak.
- The customer complains that monthly readings had been taken by the company but he had not been informed of a dramatic increase in his usage. He argues that the company had a duty of care and that the algorithm that the company uses to detect change in use was not fit for purpose.
- He contends that although the company has been willing to make a goodwill payment for the retail volumetric charge for the bill covering the period October 2016 to April 2017 (£42.08), he has not been compensated for the increased wholesale cost.
- The customer seeks:
  - A full leak allowance; and
  - A refund of the fixed charge element of his bill (£37.14).

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

- A leak allowance is part of the wholesaler's policies and is a rebate against wholesale charges for which the retailer is obliged to pay the wholesaler ([ ]). As a leak allowance is not allowed, the company was entitled to no reduction of the wholesaler's charges in respect of water used by the customer, for which the retailer would already have paid.
- In this case, the customer notified the company of very high bills that he had discovered in March 2017. The company requested a leak allowance and arranged for a leak survey. In the meantime, the customer found the source of the leak and arranged for its repair.
- The wholesaler refused the allowance on the basis that the leak could have been detected in October or November 2016, when the bills first started to rise. As the leak had not been addressed and no claim made within 30 days, the wholesaler was not prepared to make any allowance.
- The customer was not satisfied with this response and the company requested that the wholesaler review its decision. The leak allowance was refused again by the wholesaler on 22 June 2017.
- The customer then complained that the company should have alerted him to the presence of the leak and this was escalated through the company's complaints process. The company has been willing to make a goodwill payment of £42.08 in respect of the retail volumetric charge as it did not wish to profit from the leak, but it would be out of pocket if further compensation were to be given.
- The company argues that it sent bills and the customer was therefore on notice that his usage was rising. It states that although it applies an algorithm to pick up changes in usage patterns, this has wide parameters because customers are entitled to change their own water usage for operational reasons (such as construction works, introduction of new processes, etc.), without a need to consult the water company.
- The company denies liability for this claim.

### **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.

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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?

1. The company explains that it is a retailer that is independent and legally separated from [ ], the wholesaler. It holds a water supply licence and is entitled to offer water retail services to non-household customers in England and Wales. The wholesaler is paid for the wholesale services that it provides, namely the provision of water and sewerage services, including abstraction, treatment and upkeep of infrastructure associated with water and wastewater distribution, through a central settlement system operated by Market Operators Service Ltd of which all retailers are members. The wholesalers set the type of wholesale charges and tariffs for each non-household customer within this system according to its individual wholesale charges scheme. Retailers are charged through this process and all relevant wholesale charges are subsequently passed on to the end customer. Retailers have no flexibility whether or not to pay the wholesale charges, otherwise they would lose their licence. There is no evidence submitted to contradict this explanation and therefore I accept its accuracy.
2. With regard to leak allowances, every wholesaler has different policies in respect of the granting of such allowances. Some offer no leak allowances whilst others permit them in certain conditions.
3. In this case, the company explains that it has already paid for the water supplied to the customer, and argues that as the wholesaler has not granted a leak allowance and cannot be compelled to do so, the company should not be required to suffer the consequent loss.
4. The customer on the other hand, argues that the company should bear that loss, because it should have alerted the customer to the fact that the customer's water usage, as measured through the meter was rising.

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5. I find that the customer has not proved that the company has supplied its services otherwise than would ordinarily be expected of it by an average customer for the following reasons:
- a. The customer is billed on a monthly basis, presumably in consequence of volumetric readings taken by the company. The customer has submitted the relevant bills. These show that prior to August 2016, the amount of the bills was (as is submitted by the customer) approximately £300.00 in each month. The bill for 2 September 2016 was increased by approximately 50% to £473.47. If there was no other explanation for this, it should have put the customer on notice of an unusual occurrence. This was all the more so when in October 2016, the bill came in at £767.90, more than double the customer's ordinary use. On 2 November 2016, the bill was for £1,119.10. On 1 December 2016, the bill was £1,654.66. On 5 January 2017 the bill was £2,206.99 and on 2 February the bill was £1,953.93, before the customer became alerted to the bill of £2085.20 in March 2017. I find that through its billing system, the company had repeatedly notified the customer of his increased water usage.
  - b. The customer's explanation for why he had not been alerted to the increasing level of the water bills is that his office systems were that the bills would be placed in a file and given to his accountant. While I accept that it is usual in many businesses for bills to be handled by an accountant or a book-keeper, so that this aspect of the customer's handling of the company's bills is unsurprising, it is nonetheless incumbent on a customer to ensure that the bills are read and understood, whether this is done personally by him or by someone on his behalf. I find that it was the responsibility of the customer to ensure that the bills were checked and, if these showed an anomaly, for the customer to take appropriate action at the first opportunity. This is also the position adopted by the wholesaler, the policy of which is stated in the papers to require notification within the first 30 days of the commencement of the leak. The company having supplied the customer with information about increasing usage therefore, I find no additional responsibility on the company to provide that information again in some other form.
  - c. I note that the water bills in question also refer to a "greener" option under which a customer is offered the opportunity to receive bills online and also to enter water meter readings and to use an online water usage tracker. This operated on each bill as a reminder to the customer that it was for the customer and not the company to keep track of his water usage.
  - d. Although CCWater in its correspondence makes reference to the obligation on a water company to ensure that water is not wasted, I note that in each month, the water bills

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submitted to the customer were paid by him, which I find would have reasonably suggested that the customer took no issue with the bill and that it reflected the customer's business activities in that month. As the company points out in its submissions, the customer and not the company is best placed to know whether the water supplied was in fact being used by the customer within its business activities. I find that the average customer would expect a business customer to carry out these checks.

6. As for the algorithm applied by the company to alert it to significant changes in water use, the customer challenges the company's assertion that the "subsequent increases were not statistically that big". I find that, although the customer's perception of the size of change would reasonably demonstrate significant alteration in his water usage, this may not be the case for a water company, which is likely to apply its algorithm to produce different information from that which the customer considered he needed. The water company was entitled to obtain and analyse data in the way that enabled it to determine its operational activities. I find that an average customer would not expect the company to apply its systems to provide additional information to that already given in the bills for individual consumers. It follows that I find that the company has not fallen short in this regard of the standard that would reasonably be expected of it.
7. Nor, I find, is there any evidence that would indicate that the company could have taken further steps to require the wholesaler to take a different approach. The customer's claim was submitted on two occasions and I find that this discharged the company's responsibility to assist the customer in relation to the wholesaler. An average customer would not, I find, expect that the company should have taken any further steps.
8. It follows that I find that the company has supplied its services to the standard that would reasonably be expected of it and the customer is not able to succeed in his claim for redress.

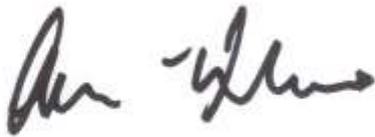
#### **Outcome**

The company does not need to take any further action.

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### What happens next?

- This adjudication decision is final and cannot be appealed or amended.
  - The customer must reply by 18 July 2018 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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Claire Andrews, Barrister, FCI Arb

**Adjudicator**

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