

# WATRS

## Water Redress Scheme

### ADJUDICATOR'S DECISION SUMMARY

Adjudication Reference: WAT/ /0877

Date of Decision: 17 September 2018

#### Complaint

The customer purchased a property with an extension. The Local Authority classed the extension as a separate property for Council Tax purposes and this part of the property was let to a tenant. The company has billed the extension on a separate notional value. The customer has recently applied for a water meter for his property and the charges are much lower than both the rateable value of his property and the notional value of the extension.

The customer requests that the metered charges are backdated for 10 years and that he receives a refund for all monies paid in respect of the extension.

#### Defence

The company became aware of the extension to the customer's property, known as The Extension, in 2007. It attempted to conduct a survey to see if a water meter could be fitted but the customer was not in. The company therefore had to charge on an unmetered basis, applying a notional value to the extension. The customer would have been charged for this even if he did not rent out rooms in The Extension. The company believes that metering is a fairer way to charge customers as it reflects actual use, not potential use based on property size. The company submits that all charges are correct and payable.

No offer of settlement was made.

#### Findings

The rateable value of the customer's property was set before the extension was built and was therefore no longer accurate to the property as a whole. It was necessary for the company to update the unassessed charges when it became aware of the extension, or to place the customer on a water meter. The company attempted to survey the customer's property, without success. The customer discussed the charges for The Extension in detail with the company. The evidence shows that he was made aware of the possibility of having a water meter fitted but the customer did not request this. The company properly charged the customer for the property and the additional extension on an unmeasured basis.

#### Outcome

The company does not need to take any further action.

The customer must reply by 15 October 2018 to accept or reject this decision.

*This document is private and confidential. It must not be disclosed to any person or organisation not directly involved in the adjudication unless this is necessary in order to enforce the decision.*

# ADJUDICATOR'S DECISION

Adjudication Reference: WAT/ /0877

Date of Decision: 17 September 2018

## Party Details

Customer: [    ]

Company: [    ]

## Case Outline

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

- The customer purchased a property that had an extension, integral to and accessed from the main property. The local authority classed the extension as a separate dwelling for council tax purposes. This resulted in the company levying an additional water charge, effectively charging the customer twice for one property. The customer was told in 2009 that he would be charged from 2003. The company did not visit to inspect the property or give him a choice in the matter. The customer has now had a water meter fitted that covers both the house and the extension. This has reduced the water bill by half, demonstrating that the customer had been paying excessive charges.
- The customer requests a refund of all monies paid in respect of the extension from 2003 to date, plus interest.

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

- The company states that the customer was billed by reference to the rateable value of the property. This was set for the customer's home on 9 January 1984. Where a property is converted from one dwelling to multiple flats, or where a property has been built since 1990, and where the company has been unable to gain access to determine if the property is suitable for a water meter, the company must set a charge known as a notional value. This is similar to the rateable value in that it is unmeasured and it is based on the rateable values of similar sized properties in the same area. The company became aware that there was a property adjoining

*This document is private and confidential. It must not be disclosed to any person or organisation not directly involved in the adjudication unless this is necessary in order to enforce the decision.*

the customer's home known as "Extension, [ ]" in 2007, and that it was valued as an independent property for the purposes of council tax. The company attempted to survey the property to determine if it was suitable for a water meter to be fitted on four occasions in 2008; however, nobody was home. As the company could not determine if The Extension was suitable to have a water meter fitted, it wrote to the customer and advised that it would charge "based on the average for a two bedroom property" in the area. The customer called the company and the charges were discussed, with charges being removed for any periods where The Extension had been unoccupied. The customer's bills all advised of the option to apply for a water meter. The company states that the extension was added after the rateable value was set. The rateable value was no longer accurate after The Extension was built and was no longer suitable on its own. The customer was charged for The Extension with effect from 1 January 2007 only. The company denies the customer's 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.

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 owns the property [ ]. As per the account note dated 31 March 2009, an extension was built at the property in 1988. The rateable value for [ ] was set on 9 January

*This document is private and confidential. It must not be disclosed to any person or organisation not directly involved in the adjudication unless this is necessary in order to enforce the decision.*

1984, before the extension was built. It was then not re-evaluated following the addition of the extension. The rateable values were last set in 1990, with no new or amended rateable values being fixed since 1 April 1990.

2. I note that the rateable value was a theoretical annual rental value of a property, and that it was reviewed every five years or after major improvements were made on the property. I therefore find that the rateable value of [            ], being set before the extension was built, represents the theoretical rental value of the property without the extension. I accept that the extension amounts to a major improvement and that the rateable value was therefore out-of-date from 1988 onwards.
3. The company may charge customers for water by way of either an unassessed charge based on the rateable value of the property, or by reference to a customer's actual use as recorded on a water meter. The change from an unassessed charge to a meter is led by the customer requesting a meter, except in circumstances where the company may compulsorily meter properties.
4. I accept that, as the unassessed charge is based on potential water use based on the property size, it must reflect the rateable value of a property and any later, significant changes to the property. An unassessed charge may result in charges that are significantly different from those that would be incurred on a meter; this is not indicative of incorrect billing, only a difference between unassessed, potential water use based on property size and actual metered usage.
5. In view of this, I accept that, once the company became aware that the customer's property had been significantly changed since the rateable value was set, it was necessary to update the billing to reflect the new extension. I note that the company became aware of the extension as it was listed as "The Extension" and a separate dwelling for council tax purposes when the customer let the downstairs rooms to tenants. However, I find that the unassessed charge would have to have been amended to reflect the presence of the extension, irrespective of whether this was let out or classed as a separate dwelling.
6. I accept that, where the charges remain on an unassessed basis, the company will charge based on the original rateable value of the property, plus an additional "notional value" based on similar sized properties in the same area. This is because the rateable value cannot be challenged or amended, but is known to be no longer accurate. I accept that, unless a customer is moved to metered charging, the company must amend its unassessed charging to reflect both the original,

*This document is private and confidential. It must not be disclosed to any person or organisation not directly involved in the adjudication unless this is necessary in order to enforce the decision.*

rated property and the new addition. This is the case irrespective of whether the extension is accessible only from within the original property, or where it has separate access.

7. The company wrote to the customer on 25 February 2009 to advise that it had become aware of the extension known as The Extension, and that if the company was not contacted within 10 working days, it would bill for The Extension on the basis of “the average charge for a two bedroom property in your area, for the period 14/07/03 to 01/04/09”.
8. The customer called the company on 2 March 2009 to discuss the charges. I am satisfied that the charges were discussed fully, with the customer advising that The Extension had been let to tenants. The company amended the billing to reflect the periods that The Extension had been occupied by tenants. I am satisfied that the company backdated the charges to 1 January 2007 only, and not to 2003 as advised in its letter.
9. From the company’s account notes, I find no evidence to suggest that the customer disputed the assessment of The Extension as a two bedroom property. There is also no evidence to suggest that the customer queried whether a meter could be fitted. I am mindful that the company had attempted to visit the property to assess whether a meter could be fitted on four occasions in 2008. It is the company’s standard process to leave a card when there is no answer at the door; the company’s note for the visit on 6 November 2008 also explicitly states that a card was left. I find that the customer was made aware that the company had been attempting to visit to determine if the property was suitable for a water meter. I am therefore satisfied that the customer was made aware, by the time he contacted the company in March 2009, that it may be possible to change to metered billing.
10. I am satisfied from the evidence that, whilst a meter was not discussed in March 2009, the customer did not challenge the assessment of The Extension as equivalent a two bedroomed property, and did not request a meter survey at a time when the customer would be available.
11. I find that the note of 16 March 2009 expressly states that “The only reason [The Extension] has its own postal address now is because [the customer] requested this as he did not wish potential tenants taking out credit cards etc in his address name”. As above, I am not persuaded that it is relevant for the calculation of the unassessed charge whether The Extension has a separate postal address or not, or even whether it was deemed to be a separate dwelling for the purpose of council tax. Whilst the change in status for council tax purposes alerted the company to the

*This document is private and confidential. It must not be disclosed to any person or organisation not directly involved in the adjudication unless this is necessary in order to enforce the decision.*

presence of the extension, it is the fact that the extension post-dated the last rateable value assessment that required the company to amend the unassessed charge. Notwithstanding this, I find that it was reasonable for the company to charge for The Extension as a separate dwelling due to it being let to tenants who would open their own water account, it being classed as a separate dwelling for council tax purposes, and that the evidence indicates that it did, at one time, have a separate registered postal address.

12. In view of the above, I am satisfied that the company acted properly in applying additional charges to reflect The Extension and that this was not present during the last rateable value assessment. I am not persuaded that the assessment of The Extension as equivalent to a two bedroomed house is inaccurate as the customer did not dispute this in March 2009 when he called to discuss the charges. The assessment also relates to the entire extension, not just those parts that the customer may let to tenants.
13. The customer's bill has been greatly reduced with the installation of a water meter. I am mindful that, when the company became aware of the presence of the extension, it visited the property with a view to determining if the property was suitable for a water meter. I have been provided with evidence of these visits. The survey job was raised on 19 December 2007 for the visit to take place on 5 March 2008. The notes for 5 March 2008 state "Unable to do CNI". I am satisfied that this note means that the technician was unable to complete the survey because the customer was not in. Notes dated 2 October 2008, 6 November 2008 and 19 November 2008 all state "CNI" or, in the case of the final visit, that no one was in and there was no answer on the telephone number.
14. I am satisfied that the company did take reasonable steps to review the property to see if it was suitable for a water meter. However, the customer was not in when the company visited. The company then wrote to the customer, this being the 25 February 2009 letter.
15. I further note that each bill that was sent to the customer included a section that he could request a water meter and that this was likely to result in cheaper bills. I am satisfied that the company did take reasonable steps to attempt to proactively survey the customer's property for a meter, but that when this was unsuccessful it reasonably updated the customer's unassessed billing to reflect both the rateable value of the property and a notional value of the extension.
16. In view of this, I am satisfied that the company has properly and appropriately charged the customer, with the unassessed charges reflecting the fact that the extension was built after the

*This document is private and confidential. It must not be disclosed to any person or organisation not directly involved in the adjudication unless this is necessary in order to enforce the decision.*

rateable value of the property was set. I accept that, once the company became aware that the rateable value was no longer accurate due to the extension, it had no option but to amend the unassessed charging rate. However, I am satisfied that it did act in the manner to be expected of a reasonable water supplier by attempting to survey for a water meter before discussing the charges, including ensuring that the customer was correctly charged in respect of periods where The Extension was let out. I therefore find no failure in the way in which the company acted in respect of the extension and the billing.

17. The customer has requested that the metered charges are backdated for the last 10 years, and that he receives a refund of all monies paid in respect of The Extension. For the reasons given above, I am satisfied that the company has properly charged the customer for The Extension as this is a significant change to the property since the rateable value was set. The company is also unable to charge the customer on a metered basis unless one is requested by the customer. I therefore find that the customer has been correctly charged and that there is no basis for any charges to be backdated or removed. I therefore also find that there is no basis for any award of interest. Consequently, the customer's claim does not succeed.

#### **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 15 October 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.

---

*This document is private and confidential. It must not be disclosed to any person or organisation not directly involved in the adjudication unless this is necessary in order to enforce the decision.*



A handwritten signature in black ink, consisting of a stylized, overlapping loop followed by a long horizontal stroke that ends in a small flourish.

**Alison Dablin**, LLM, MSc, MCI Arb

**Adjudicator**

*This document is private and confidential. It must not be disclosed to any person or organisation not directly involved in the adjudication unless this is necessary in order to enforce the decision.*