

# WATRS

## Water Redress Scheme

### ADJUDICATOR'S DECISION SUMMARY

Adjudication Reference: WAT/ /0890

Date of Decision: 4 October 2018

#### Complaint

The customer received and paid a high bill in March 2017. When the customer received a further high bill, they contacted the company. The water meter was found to be leaking and the wholesaler accepted responsibility. A leakage allowance was calculated, however the customer submits that the bills remain too high, even after the allowance has been applied.

#### Defence

The company is the water retailer. The complaint relates to the wholesaler declining to provide a further leakage allowance. The company is responsible for billing, arranging meter reads and handling customer service. It is the responsibility of the wholesaler to handle anything relating to the allowances.

#### Findings

The wholesaler, RST, had calculated the leakage allowance by reference to the estimated meter reading of 14 November 2016 and a final reading of 3383 for 2 July 2017. This provided an allowance of 742m<sup>3</sup>. The company applied a credit of the cost of 742m<sup>3</sup> of water. However, it had billed the customer up to an estimated meter reading of 3598, an additional 215m<sup>3</sup> of water and sewerage. The company had not aligned its bill to the same meter readings before calculating the allowance and had therefore overcharged the customer.

#### Outcome

The company needs to take the following further action: recalculate the customer's bill based on the usage, calculated by the wholesaler, of 83m<sup>3</sup> between 14 November 2016 and 2 July 2017.

The customer must reply by 1 November 2018 to accept or reject this decision.

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# ADJUDICATOR'S DECISION

Adjudication Reference: WAT/ /0890

Date of Decision: 4 October 2018

## Party Details

Customer: [ ]

Company: [ ]

## Case Outline

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

- The customer had a leak at their premises which was found to be the responsibility of the water wholesaler, [RST}. The company has gone some way to resolve the issues, but have overlooked the fact that the customer paid the invoice of £1833.15 in March 2017 when they should not have done. The customer submits that they have paid around £833.15 extra which should have been credited to the account.
- Whilst not expressly stated, it is clear that the customer requests a recalculation of the leakage allowance to correct the bills.

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

- The company submits that the customer's complaint relates to the water wholesaler declining to provide a further leakage allowance. The customer was given the opportunity to provide additional evidence, but nothing further was submitted and the further allowance was declined. As the retailer, the company is responsible for responding to WATRS, billing, arranging meter reads, and handling customer service. The wholesaler is responsible for handling anything relating to allowances. The company ensured that an allowance application was submitted to the wholesaler in order to provide the customer with an allowance.

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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.

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 company is a water retailer, billing the customer for the water services provided by the water wholesaler, [ ] (RST). For the avoidance of doubt, I am only able to review the actions of the company in this decision, including how it has communicated with the wholesaler on the customer's behalf. I am not able to make any directions in respect of the water wholesaler.
2. In order to make a decision in this matter I must clearly distinguish between actions taken by the wholesaler and the duty owed by the retailer (the company) to its customers. Since the water market in England opened up to retailers in April 2017, all non-household customers have been moved to a wholesale/retail split service. As a result, a non-household customer now only has a relationship with the retailer. In turn, an adjudicator operating under the Water Redress Scheme may only make findings related to those things for which the retailer, as the party to the case, has responsibility, and not those things for which the wholesaler has responsibility. This includes, however, the effectiveness with which the retailer has operated as an intermediary between the wholesaler and the customer.

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3. In relation to this case, the calculation of the leakage allowance is the responsibility of the wholesaler. The company's responsibility is to correctly apply the calculated allowance to the customer's account.
4. The customer's water meter was subject to a leak at some point around November 2016. This resulted in high bills. The parties are in agreement that RST accepted responsibility for the leak as it was on the water meter itself.
5. The company requested RST calculate a leakage allowance in respect of the leak. RST initially advised that the allowance would be 27m<sup>3</sup> for water and 15m<sup>3</sup> for sewerage. After the company challenged this on the customer's behalf, RST amended the allowance to 742m<sup>3</sup> for water and 667m<sup>3</sup> for sewerage. I find that the company fully represented the customer's interests in respect of the leakage allowance to the wholesaler, successfully having this recalculated to a significantly greater level.
6. In reviewing the evidence, I am satisfied that the calculation provided by RST is now correct. The customer's estimated meter reading for 14 November 2016 was 2558 providing an average daily consumption (ADC) of 0.37m<sup>3</sup>. The reading dated 7 February 2017 was 3152, providing an ADC of 6.99m<sup>3</sup>, and the final estimated reading for 2 July 2017, used by RST in its calculation of the leakage allowance, was 3383. The total use recorded on the meter between 14 November 2016 and 2 July 2017 was therefore 825m<sup>3</sup>. RST has taken the ADC for the customer's previous bills and applied it to the period from 14 November 2016 to 2 July 2017, resulting in an allowance of 742m<sup>3</sup> for water, with sewerage being calculated as 90% of the water use (667m<sup>3</sup>).
7. The company has then taken the allowance of 742m<sup>3</sup> (667m<sup>3</sup> for sewerage) and calculated the customer's leak allowance rebate. At £1.3475 per m<sup>3</sup> for water, this provided an allowance of £999.85. At £1.5880 per m<sup>3</sup> for sewerage, this provided an allowance of £2059.05. The company applied this to the customer's account, shown on the customer's 16 January 2018 bill.
8. The customer disputes that the company has applied a sufficient allowance to cover the March 2018 bill of £1833.15 which the customer paid, and a later bill which was not withdrawn by the company in the sum of £1411.23. I note that billing is part of the company's responsibilities and that the amount that the customer has been billed clearly forms a part of this dispute.

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9. I find that, based on the leakage allowance and the meter readings applied by RST, it is straightforward to determine the agreed, remaining usage for November 2016 to July 2017. Based on the quoted prices per m<sup>3</sup> of use, it is also possible to determine the amount that the customer should have been billed for water and sewerage use for the period 14 November 2016 to 2 July 2017.
10. I note that the total recorded use for this period was 825m<sup>3</sup>. The allowance of 742m<sup>3</sup> leaves a remainder of 83m<sup>3</sup>. I note that this provides an ADC of 0.36m<sup>3</sup>, consistent with the customer's previously recorded use and that recorded on the new meter.
11. In view of the company's calculation of the leakage allowance rebate using the rate of £1.3475 for water and £1.5880 for sewerage, I find it reasonable to apply these same rates to the customer's actual usage as per the RST leakage allowance. No other figures have been provided that would enable me to otherwise calculate the cost of the agreed, actual usage.
12. I find that 83m<sup>3</sup> at £1.3475 provides a water bill of £111.84. Sewerage is calculated as 90% of the water use: 74m<sup>3</sup>. At a rate of £1.5880, this provides a sewerage component of £117.41. The total use is therefore £229.25. In addition, the customer pays an annual fixed rate for water and foul and surface sewerage.
13. In reviewing the customer's billing history, I find that the company has not fully removed the excess charges for the period of the leak. The evidence shows that the customer paid the bill of £1833.15 on 23 March 2017, and that a further bill of £1411.23 was added to the account on 8 June 2017 but not withdrawn. This June 2017 bill is based on an estimated meter reading of 3598, well above the reading used by RST in the leakage allowance calculation for 2 July 2017 of 3383. These bills together total £3244.38. The leakage allowance of £2059.05 reduced the billed amount over the period November 2016 to July 2017 to £1185.33. I find that a significant part of this remaining billed amount relates to the estimated reading of 3598 and that the company has failed to adjust its bills in the first instance to the same meter readings as used by RST in calculating the leak allowance, the final reading being specified as 3383. By failing to do so, the company has charged the customer for estimated use that was not taken into account by RST when calculating the leakage allowance. I find this to be a failure by the company in its billing adjustment, rather than a failure in the calculation of the leak allowance by RST. To adjust the billing by applying a reduction of the cost of 742m<sup>3</sup> of water and sewerage, the company first had to align its billing to

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the meter readings used by RST. By not doing so, it has overcharged the customer for around 215m<sup>3</sup> of water and sewerage use.

14. I note that the customer's fixed charge for water is £48.00 per year and for sewerage is £119.90 per year. I therefore find that the customer has been billed well in excess of the recalculated charges of £229.25 plus a proportion of the fixed charges.

15. I therefore direct the company to recalculate the customer's bill from 14 November 2016 to 2 July 2017 based on the water use for this period, calculated by RST, of 83m<sup>3</sup>.

16. I am satisfied that the customer's bills based on periods from 3 July 2017 onwards, based on actual meter readings taken from the new water meter, are not in dispute.

#### Outcome

The company needs to take the following further action: Recalculate the customer's bill from 14 November 2016 to 2 July 2017 based on the RST-calculated use of 83m<sup>3</sup>.

#### What happens next?

- This adjudication decision is final and cannot be appealed or amended.
- The customer must reply by 1 November 2018 to accept or reject this decision.
- 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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**Alison Dablin**, LLM, MSc, MCI Arb

**Adjudicator**

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