

# WATRS

## Water Redress Scheme

### ADJUDICATOR'S DECISION SUMMARY

Adjudication Reference: WAT/ /1121

Date of Decision: 18 March 2019

#### Complaint

The customer submits that she paid by direct debit and asked for this to be cancelled. The company has removed a credit from her account. The company's letters have been inconsistent and have not explained how the different credit balances were obtained. The issue has caused the customer stress.

#### Defence

The company requested the customer's direct debit payment on 12 March 2018; this was rejected by the customer's bank on 13 March 2018. It processed the direct debit cancellation request on 15 March 2018. During this time letters were sent to the customer that did not reflect the correct account balance. The credit that was removed was for the March 2018 payment that had been rejected.

The company has offered £50.00 to the customer; this has been declined.

#### Findings

The direct debit process requires the company to request the payment in advance of the payment date. The company was within the advised timescale to respond to the customer's request that the direct debit be cancelled at the time it requested the funds. The account is credited in anticipation of the direct debit payment; this was properly removed. Correspondence provided by the company referred to different account balances, causing confusion. There was also a delay in providing a full breakdown of the account. The stress caused did warrant a compensation payment, however the company's failures did not warrant the amount claimed.

#### Outcome

The company needs to take the following further action:

Pay the customer the sum of £50.00 in compensation.

The customer must reply by 15 April 2019 to accept or reject this decision.

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# ADJUDICATOR'S DECISION

Adjudication Reference: WAT/ /1121

Date of Decision: 18 March 2019

## Party Details

Customer: [ ]

Company: [ ].

## Case Outline

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

- The customer states that the company “helped themselves” to the credit balance on her account. She has also experienced difficulty when raising her concerns with the company. The customer paid the company by monthly direct debit, taken between the 15<sup>th</sup> and 17<sup>th</sup> of each month. The customer contacted the company on 7 March 2018 to ask for the direct debit to be ceased and replaced with a standing order. The company advised that it had done so and the credit balance on her account was £13.33. The customer then received a OneBill from LMN Water that included a ‘rejected payment’. The company took money from her credit balance under the pretence of the ‘rejected payment’. The company sent two letters, one dated 13 March 2018 that showed a credit balance of £37.64, which turned into a credit balance of £5.13 in a letter dated 21 March 2018. There was nothing in the letters to show how the company obtained the credit balances or why they were different. The customer was ‘run-around’ when she contacted the company. The company offered £50.00 in compensation, however this is ‘nowhere near enough’. The customer then received a cheque for £50.00 which the customer returned. The company has found two occasions eligible for compensation, however the whole is more than the sum of the individual incidents.
- The customer claims compensation of between £270.00 and £480.00.

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

- The customer contacted it on 7 March 2018 to request the cancellation of her direct debit. The company's automated reply advised that it would respond within 10 working days. The company requested the direct debit payment on 12 March 2018 for payment on 15 March 2018. A credit of £8.20 was applied to the customer's account in relation to the direct debit payment. The customer's bank confirmed the direct debit was cancelled on 13 March 2018. The company processed the cancellation of the direct debit arrangement on 15 March 2018. On 20 March 2018, the company processed the direct debit rejection and removed the related credit of £8.20 from the customer's account. A second direct debit cancellation letter was sent to the customer. The company's direct debit cancellation letter of 13 March 2018 confirmed the account was in credit by £37.64; it did not take into account the 12 February 2018 direct debit payment and the 12 March 2018 direct debit request and should have stated the credit balance to be £54.04. The customer's bill was issued on 15 March 2018 and this reflected the balance of £54.04, reducing the credit balance to £13.33. The second direct debit cancellation letter showed a credit balance of £5.13, caused by the removal of the March 2018 credit. The customer's account was transitioned to LMN Water on 9 April 2018, and the customer's first bill from LMN Water shows the credit balance of £13.33 and the returned direct debit payment of £8.20. The company is content that all payments received have been correctly credited, but that bills and correspondence issued to the customer was inconsistent. It has offered the customer £50.00 in recognition of any confusion caused, and submits that this is an appropriate goodwill payment.

### **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.

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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 paid for her sewerage services by direct debit. The customer requested that the direct debit be ceased and replaced with a standing order. However, she submits that the company has amended the credit balance on the account through a 'rejected payment' that was added to the first OneBill, following billing being moved from the company to LMN Water.
2. I find that the customer sent an email to the company on 7 March 2018 to request the company cancel the direct debit on her account. The company sent an automated acknowledgement advising that the company would respond within 10 working days, i.e. on or before 21 March 2018.
3. I am mindful that the customer's direct debit was set up such that the monies would be taken from her account on the 15<sup>th</sup> of each month, or later where the 15<sup>th</sup> fell on a weekend. I am also mindful that the direct debit process involves the company making a request to the customer's bank that it transfer an amount of money to it on a given date. Due to the notice involved, the direct debit process will commence around three days prior to the date the funds are to be transferred from the customer's account to the company.
4. I note that, in March 2018, the company's systems commenced the direct debit process on 12 March 2018, anticipating the direct debit payment being received on 15 March 2018. I find no failure of the company to act in the manner expected of a reasonable water supplier as, whilst the direct debit request was made after the customer had asked the direct debit to be cancelled, it was still within the advised timescale for the company to respond.
5. The company's direct debit process is such that it will apply the amount of the direct debit request to a customer's account at the time that the request is made, in anticipation that the funds will be received on the payment date. I am mindful that there may be good reason for this, including ensuring that funds are credited prior to the due date of a bill, or to reduce the possibility of error in checking whether the funds requested were actually received. I am not

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persuaded that this process constitutes any failure of the company to act in the manner of a reasonable water and sewerage supplier.

6. The company processed the cancellation of the customer's direct debit on 15 March 2018. This cancellation would not affect any direct debit request that had already been made; it would only stop future requests being made under the direct debit agreement.
7. I note that, in this email, the company advised that there was a bill of £40.71 for the period 26 August 2017 to 23 February 2018 which the customer would receive within 7 days, and that this bill left a credit balance on the account of £13.33.
8. The customer's bank had returned the direct debit request, placed on 12 March 2018, as cancelled on 13 March 2018. The company had not processed this rejection from the customer's bank by 15 March 2018, this being fully processed on 20 March 2018.
9. In reviewing the account breakdown, I find that the company incorrectly advised the customer of the credit balance as at 15 March 2018, without taking into consideration that it had received the rejection of the latest direct debit request. Whilst I acknowledge the reason for this error being made, as the credit had been applied in anticipation of payment and the rejection had not yet been processed, I nevertheless must find that the company did incorrectly advise the customer of the credit balance. I find that this error is further compounded as it was stated to be "for the period ending 23 February 2018" whilst the credit relating to the failed direct debit was only due to be applied to the customer's account on 15 March 2018.
10. I find that, as at 14 March 2018, the day before the customer's direct debit was cancelled, the credit balance on the account was £45.84. The company issued a bill on 15 March 2018 and cancelled the direct debit on this date. The bill reduced the actual credit balance to £5.13. However, as above, the customer's account had been credited with a further £8.20 in anticipation of the 15 March 2018 payment; this was never received and was properly removed by the company on 20 March 2018. I find that no charge was added to the customer's account in relation to this rejected payment; the only change to the account balance was that a credit, applied in anticipation of the receipt of funds by direct debit, was removed after the direct debit was rejected.

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11. I find that the customer's account was closed and billing for sewerage services was transferred to LMN Water on or around 9 April 2018. The account balance at that date was £5.13 in credit and I find this to be correct.
12. The customer's first bill from LMN Water was dated 7 April 2018. This bill shows the credit balance including the anticipatory credit of £13.33, and that the direct debit payment was rejected, causing the credit of £8.20 to be removed. LMN Water then applied a standing charge of £5.97 to the customer's account, leaving a debit balance of £0.84. I am satisfied that, at the time the account was transferred to LMN Water, the balance was correct, albeit that the process of removing the March 2018 direct debit credit is reflected in the first bill issued by LMN Water. This is likely due to the last bill issued by the company being dated 15 March 2018, prior to the direct debit rejection having been processed.
13. In view of this, I find that the company has not fallen below the standard expected of a reasonable water supplier in how it has handled the direct debit payment request, the cancellation of the direct debit, and the removal of the March 2018 direct debit payment from the account once this was rejected.
14. I am, however, satisfied that the company did provide inaccurate information to the customer about the credit balance, having failed to remove the March 2018 credit and also improperly advising that the balance was as at 23 February 2018.
15. In reviewing the remaining evidence, I also note that the company sent two notifications to the customer of the cancellation of the direct debit. The first was dated 13 March 2018 and appears to have been triggered automatically by the bank rejecting the direct debit request. This stated that the customer's account was £37.64 in credit. I find that this was the credit balance as at 11 January 2018; the company had incorrectly failed to properly account for the direct debit payment from 12 February 2018. I find this to be a failure of the company to act in the manner expected of a reasonable water supplier.
16. The company sent the second notification of the direct debit cancellation to the customer on 21 March 2018. This provided the correct credit balance of £5.13. However, I accept that it would have been unclear how this balance had been reached given the earlier cancellation notice advised of a balance of £37.64 in credit, that the customer had received a bill for £40.71, and

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that the bill and the company's email of 15 March 2018 both confirmed a credit balance of £13.33.

17. In respect of the customer service provided once the customer queried the discrepancy, I find that it initially advised only that the difference was due to the unpaid direct debit from March. I accept, on the balance of probabilities, that the company did not provide a full explanation to the customer as it is clear that she remained confused as to how the balance had been reached and believed that the company had improperly removed a credit from her account.
18. The company has also referred the customer to LMN Water, despite the customer's query relating to a period that the company was billing the customer for wastewater services.
19. However, I find that, on 17 August 2018, the company provided a full breakdown of the customer's account balance from the previous bill date of 26 September 2017, and also explained the discrepancy in March 2018, caused by the direct debit being requested on 12 March 2018, and how this caused the credit balance to be £5.13 at the time the account was transferred to LMN Water. I am satisfied that, at this time, the company fully addressed the customer's query and provided a full explanation of events on the account.
20. As above, I find that the company has fallen below the standard expected of a reasonable water supplier as it provided incorrect and confusing information about the credit balance on the account due to the failed March 2018 direct debit payment. It then did not promptly clarify matters, doing so only in August 2018.
21. The customer has requested compensation of between £270.00 and £480.00 for the stress caused by the company's actions. I accept that the billing confusion will have caused the customer some stress, especially in relation to the time taken for the company to provide a full explanation of the various credits and removed credits on the customer's account.
22. I refer the parties to the Water Redress Scheme Guide to Compensation for Inconvenience and Distress. This is guidance for how much compensation is appropriate based on the severity of the company's failures, along with various mitigating and aggravating factors that will decrease or increase the severity of the failures.

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23. I find that the customer's complaint must be considered to be at Tier 1 as, whilst there was confusion as to the account balance, the company did not incorrectly charge the customer or make issue any incorrectly calculated bill. It provided incorrect information that did not account for the February 2018 payment or incorrectly accounted for a March 2018 payment only. I find that the only aggravating factor is the delay in the company providing a full response to the customer explaining the various credits and how the timings involved caused the errors to be made. In other respects, I find that the company met the standard expected of a reasonable water supplier.

24. Tier 1 complaints warrant compensation of up to £100.00. In considering that the errors were caused primarily by the coincidental timing of the customer's direct debit cancellation request and the processing of the March 2018 direct debit payment, but that the company did provide incorrect information and delay in providing a clear breakdown of the account, I find that the sum of £50.00 is reasonable and proportionate. This reflects the stress caused by the incorrect information, whilst also recognising that the error was isolated and did not result in any actual billing error. I therefore direct the company to pay the sum of £50.00 to the customer.

#### **Outcome**

The company [needs to take the following further action(s):

Pay the customer the sum of £50.00 in compensation.

#### **What happens next?**

- This adjudication decision is final and cannot be appealed or amended.
- The customer must reply by 15 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 handwritten signature in black ink, consisting of a stylized, cursive 'A' followed by a long horizontal line that ends in a small flourish.

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

**Adjudicator**

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