

# WATRS

## Water Redress Scheme

### ADJUDICATOR'S DECISION SUMMARY

Adjudication Reference: WAT 1145

Date of Decision: 9 April 2019

#### Complaint

The customer received notice that her credit card would be cancelled due to her credit rating. This was caused by late payment markers applied by the company. The company agreed to remove these; however, they were reapplied. The customer has been caused considerable stress and inconvenience. She requests £350.00 in compensation, in addition to £50.00 provided by the company, bringing the total compensation amount to £400.00.

#### Defence

The company provides accurate information about customers' payment history to credit reference agencies. The late payment markers were accurate. It removed these as a goodwill gesture. An error occurred with the removal of the June 2018 marker. It was notified of this error on 14 August 2018 and rectified this, providing the customer with £50.00 in compensation. The company denies any liability for stress caused by decisions made by third parties based on accurate information on the customer's credit file.

#### Findings

The customer's claim for compensation for distress and inconvenience caused by late payment markers rests on the validity of these markers. The evidence shows that the customer had not made regular payments in accordance with the payment plan. The company had therefore correctly updated the customer's credit file with late payment markers. The company's only failure was in respect of the removal of the June 2018 marker. This marker was correct and the error was rectified promptly, mitigating the potential impact of this error. The compensation of £50.00 was reasonable and proportionate. The company is not liable for stress caused by correct payment markers, even where it later agrees to remove this.

#### Outcome

The company does not need to take any further action.

The customer must reply by 9 May 2019 to accept or reject this decision.

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# ADJUDICATOR'S DECISION

Adjudication Reference: WAT 1145

Date of Decision: 9 April 2019

## Party Details

Customer: [ ]

Company: [ ].

## Case Outline

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

- The customer received a letter from her credit card company on 12 July 2018 advising that they would not be renewing her credit card due to it not being used. The customer queried this and was told that they would not renew the card due to her credit report. The customer viewed this and found that the company had applied several late payment markers. The customer had previously had an unrelated complaint with the company and contacted a representative from the executive team at the company. The representative agreed to remove the late payments if she set up a direct debit and make an advance payment that day. The customer did this and found her credit report had returned to 'excellent'. The customer contacted her credit card company and asked them to reconsider cancelling the card.
- The customer later received an email from Equifax that her credit report had changed; the customer found that late markers and arrears of £17.00 had been added to the report by the company. The customer contacted the company and, after being put through to 10 different departments, she contacted Equifax and CCWater. The customer has been severely impacted by the issue due to her personal and financial circumstances.
- On 25 August 2018, a representative of the company called the customer and advised that there was a mistake on its side and that she had credited the customer's account with £50.00 and removed the negative markers. The representative would not listen to the customer explaining how the issue had affected her. The company has not provided a copy of the call and told CCWater that it is not available. The issue has affected the customer's mental health. She had

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to pay the credit card balance off straight away, instead of splitting it into a number of payments, because the company ruined her credit report.

- The customer requests £350.00 in compensation, in addition to £50.00 already provided by the company, bringing the total compensation to £400.00.

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

- The company shares customers' payment history with a credit reference agency, Equifax, as part of its debt recovery process. Information about its policy is printed on all of the company's bills. The information provided to Equifax is in arrears, so a missed or late payment in April would be reported as late in May. The company will place an account on hold when a customer queries or complains about their water services charges.
- The customer had a complaint about damage to her home by one of the company's contractors. This was not a dispute about water charges and these remained payable throughout. The company arranged for Equifax to remove the missed payment notifications as a gesture of goodwill, although they had been correctly reported. The customer had not been up to date with her payment plan. The company agreed to remove the late payment information between January 2018 and July 2018.
- An error was caused as the company sent a report for July 2018, indicating that the customer was overdue for the June 2018 payment, at the same time as it instructed Equifax to remove the late payment markers for January, April, May and June 2018. Due to this crossover of information, the late payment information for June 2018 remained on the customer's credit file. This was brought to the company's attention by Equifax on 14 August 2018 and the company instructed the removal of this marker. The company advised the customer on 25 August 2018 that the fault had been corrected and applied a credit of £50.00, reducing the monthly direct debit payment accordingly.
- The company submits that the customer's credit card issuer's decision to close her credit card on 3 July 2018 was made using accurate information correctly recorded on her credit file. The customer now pays her bills by direct debit and her credit file will continue to improve with payments being made on time.
- The company cannot accept responsibility for stress and inconvenience that the customer has been caused as a result of her not managing her account correctly.

**How is a WATRS decision reached?**

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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 is claiming compensation for the distress and inconvenience caused by the company applying late payment markers to her credit file. She states that these markers negatively impacted her credit rating, causing a credit card provider to cancel her credit card.
2. I note that the company provides information on each of its bills stating that it shares customer information with credit reference agencies "in order to help us maintain up-to-date customer records and as part of our debt collection process". Whilst I acknowledge that the customer states that she was not aware that the company was affecting her credit rating, I am satisfied that the company did send late payment reminders and that these and all bills included information about credit reference agencies.
3. I am mindful that companies will update a customer's credit file to provide an accurate record of the payment history of a customer with it. This means that, where a customer makes payments as agreed and on time, a positive payment marker will be applied to the customer's credit file. Similarly, where a payment is made late or not at all, a negative marker will be applied to the customer's credit file. The company is under an obligation to provide an accurate payment history to credit reference agencies.

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4. The company has provided copies of the customer's bills. I note that the bill for the period 1 April 2017 to 31 March 2018 included a payment schedule for weekly instalments. The bill for the period 1 April 2018 to 31 March 2019 also included a payment schedule for weekly instalments.
5. The company has provided the payment history on the account from 25 October 2016 until 1 March 2019. I note that the customer did not make payments in accordance with the weekly payment schedule. The customer made payments intermittently and irregularly, on a less-than-monthly basis.
6. The company applied late payment markers for the months of April, May, November and December 2017. I note that the customer made no payment in March or April 2017, nor in September, October or November 2017. I am satisfied that these late payment markers were therefore properly applied.
7. In respect of 2018, the company applied late payment markers for January, April, May and June. These reflected that no payment had been made in November 2017 or until 27 December 2017, and that the customer did not make any payment in March or May 2018, with the June 2018 payment not being made until 26 June 2018.
8. As above, I am mindful that the customer was on a weekly payment plan and that a failure to make payments in accordance with that payment plan would entitle the company to provide this information to credit reference agencies.
9. I find that, in order to be entitled to compensation for distress and inconvenience in relation to the late payment markers, it is first necessary to establish that they had been incorrectly added to the customer's credit file.
10. In reviewing the evidence, I find that only the June 2018 marker was potentially applied in error. I note that the customer had a previous, unrelated dispute with the company. This did not relate to billing and did not constitute a reason to place the account on hold; the customer was therefore still responsible for making payments throughout the period of this unrelated dispute.
11. Notwithstanding this, the company agreed, as a goodwill gesture, to remove the late payment markers applied during the period of this unrelated dispute, as though the account had been on hold. As above, I am satisfied that the late payment markers applied to the customer's credit file

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in 2017 and 2018 did accurately reflect the customer's failure to make payments on time and in accordance with the weekly payment plan. There was therefore no legal basis for the late payment markers to be removed and I am satisfied that the company removed these solely as a goodwill gesture.

12. In respect of the June 2018 late payment marker, the company agreed to remove this. However, the instruction to remove this payment marker crossed with the instruction that this marker be applied to the customer's credit file. As a result, the markers for January, April and May 2018 were removed whilst the June 2018 marker was added.
13. The company was made aware of this error by Equifax on 14 August 2018, and by the Consumer Council for Water on 16 August 2018. I am satisfied that the company acted promptly to have the error corrected, explaining the reasons for the error to the customer on 25 August 2018. The company also applied a £50.00 credit for this mistake.
14. In view of the above, I find that the company acted properly in applying late payment markers to the customer's account as these were an accurate reflection of the customer's payment history. The company did fall below the standard expected of a reasonable water supplier in respect of the error removing the June 2018 marker only. This error was promptly rectified once it was brought to the company's attention.
15. The customer's claim is for the distress and inconvenience caused by the company's actions, including in that it applied late payment markers to the customer's credit file. I am satisfied that the company did not make any error or fail to act in the manner of a reasonable water supplier when it applied the late payment markers.
16. Whilst I acknowledge the considerable stress that was caused to the customer as a result of the negative credit markers, including that a credit company decided to cancel her credit card, it is necessary to establish how much of this distress has flowed from the company acting improperly, as opposed to it accurately updating the customer's credit file.
17. As above, I find that the only failure by the company was in respect of the June 2018 marker. I am mindful that this was removed as a goodwill gesture, but that it would have been accurately applied if the company had not agreed to remove this. I am also mindful that it promptly rectified this error once the company was advised of it. I consider that the company's actions have

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greatly mitigated the impact of its error. As above, the company can only be liable for compensation for the distress and inconvenience caused by its actions where these are incorrect, in error, or fall below the standard expected of a reasonable water supplier. The customer has not provided any evidence to show that her credit card provider only cancelled the card due to the June 2018 marker remaining in place until around 25 August 2018.

18. I find that the majority of the customer's distress and inconvenience flows from the application of late payment markers in the first instance. However, as these accurately reflect the customer's payment history with the company, I find that the distress and inconvenience flows from the customer's failure to make regular and on-time payments, rather than any failure of the company.

19. The only failure by the company is in respect of the removal of the June 2018 marker. In considering the mitigating factors detailed above, I consider that the company's credit of £50.00 is proportionate to the distress and inconvenience caused by this specific failure alone. As I have found no other failure on the part of the company, I find no basis for any further compensation to be awarded. The customer's claim is therefore unable to 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 9 May 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, overlapping loop followed by a long horizontal stroke that ends in a small flourish.

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

**Adjudicator**

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