

# WATRS

## Water Redress Scheme

### ADJUDICATOR'S DECISION SUMMARY

Adjudication Reference: WAT/ /1181

Date of Decision: 8 February 2019

#### Complaint

The customer submits that the company placed late payment markers on his credit file whilst he was living abroad and in relation to a property that he had never lived in. As a result of the company's actions, his applications for credit, including a bank loan, made on his return to the UK, were declined causing much distress and inconvenience.

#### Defence

The company accepts that it incorrectly reported to a third party credit reference agency that the customer made late payments in relation to its services provided to an address in London. However, it submits that it removed the negative marks as soon as it was made aware of its error by the customer and therefore that they will have no lasting effect to the customer's credit score. It apologised to the customer and offered a £50.00 gesture to the customer. The company made no offer of settlement.

#### Findings

The company erroneously opened an account (with it) in the customer's name at a time when he was living abroad and in relation to a property the customer had never lived in. The company then reported to a credit reference agency that the customer had made late payments. The company actions in this regard did not arise as a result of any fault on the part of the customer. Therefore, this is evidence of the company failing to provide its services to a reasonably expected standard. The company took action to rectify its error within a reasonable timeframe, however, I find that the £50.00 gesture offered is not adequate compensation for the stress and inconvenience caused to the customer. The company shall pay the customer £150.00 in compensation.

#### Outcome

The company shall pay the customer £150.00 in compensation.

**The customer must reply by 8 March 2019 to accept or reject this decision.**

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# ADJUDICATOR'S DECISION

Adjudication Reference: WAT/ /1181

Date of Decision: 8 February 2019

## Party Details

Customer: [ ]

Company: [ ].

## Case Outline

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

- He was not living in the UK for over five years due to his job in the British Army.
- He was out of the country (he was residing in Germany) when the company negatively reported to a credit reference agency; this affected his credit status.
- He only realised this when he went to the bank to apply for a loan and his application was rejected.
- He was very surprised as the late payments reported by the company were in relation to a property he had never lived in.
- The customer requests that the company pay him £500.00 for all of the issues he and his family have experienced as a result of the company's negative reporting and for the distress and inconvenience caused.

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

- On 15 April 2016, it received information from a third party; Equifax, that the customer had moved to [ ] ('the Property'). Once it became aware that the customer was not liable for the charges at the Property, it closed the account, cancelled the charges and removed the late payment marks that it had reported to Equifax.
- The customer called it on 7 September 2018 and advised that he had tried to get a loan with his bank and they had advised that he was in debt with it. The customer advised that he had never lived at the Property and had been in Germany for five years with the army.

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- Prior to this it had no reason to believe he did not live at the Property. Therefore it could not have reasonably known that he was not liable for the charges.
- The customer sent an email the same day confirming the details he had provided during the call.
- On 11 September 2018, it spoke to the customer and requested that he send in proof that he had been living in Germany for the period it had been billing him for the Property. The customer emailed the proof the same day.
- Based on the information the customer had provided, it closed the account on 21 September 2018 back to the date it had been opened for him at the Property and it also cancelled the charges.
- On 28 September 2018, it advised the customer of the same and also that it had advised Equifax to remove the late payment marks it has reported to them.
- On 1 October 2018, it advised the customer that the late payment marks with Equifax should be removed by 17 October 2018. It had arranged to call him back on 22 October 2018 and apologised that it was unable to advise him who had given it his details for the Property.
- It called the customer on 22 October 2018 as arranged but the customer had not been able to check his report. It spoke to the customer the next day and he advised there was still a mark in his credit file. It advised that the mark would be removed within 30 minutes and confirmed that it will call him back the following day.
- It called the customer on 24 October 2018 but he advised that he had not had time to check his credit report. He confirmed to it on 26 October 2018 that the late payment mark had been removed, but he remained unhappy. The customer advised that he was looking for compensation.
- It offered the customer £50.00 goodwill, which he declined as he was seeking £500.00, as the markers had affected him getting a bank loan, car finance etc. It advised the customer to email in confirming the issues that the late payment marks had caused, so that it could review his complaint.
- On 4 November 2018, it received an email from the customer detailing his complaint and listing a number of finance applications that had been declined due to his debt with it.
- On 7 November 2018, it spoke to the customer and apologised for any stress that had been caused. It confirmed that, as previously advised, the late payment marks it had reported had been deleted by Equifax. It again offered £50.00 goodwill, but the customer advised that he was looking for more. In line with its complaints process it offered the customer a case review, which he accepted.

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- Having completed a full review of the customer's case it wrote to him on 8 November 2018 explaining its position.
- On 12 November 2018, it received an email from the customer advising that he was disappointed with its response. As it had advised in its email of 8 November 2018 that it would no longer correspond with him on this matter, no response was sent.
- On 22 November 2018, it received a call from the Consumer Council for Water (CCW) requesting copies of its correspondence with the customer, which was sent the same day.
- On 6 December 2018, CCW wrote to the customer direct to advise that they could not achieve the £500.00 compensation he had requested from it without further evidence of service failings.
- Therefore, it has apologised to the customer for the mistake and explained that it had opened an account in his name in good faith, based on information received from a reputable source: third party Equifax. As soon as proof was provided that the customer had been out of the country for the period in question, the account in his name was closed back to the date it had been opened and the charges were cancelled.
- The late payments marks it had reported to Equifax have been removed from the customer's credit file, which means there will be no lasting effects on his credit rating. It also offered the customer £50.00 as a gesture of goodwill which he declined.
- It asserts that during the time it was dealing with the customer's complain, the number of financial applications that he said he had made, that were declined, increased. While it is not disputing that the customer's credit rating may have been affected by the late marks it reported, they have now been removed/deleted from his file and will not affect him in the future.
- It disputes the claim for compensation.

### **Reply**

- In his Reply the customer reiterates that the company is at fault and it should have investigated any report received that he lived at the Property properly before reporting late payments. Due to its carelessness, damage has been caused to him and his family. The customer suggests that he may have to pay higher interest rates (for a loan) as a result.

### **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.

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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 dispute relates to late payments reported by the company in relation to the Property for which the company had opened an account in the customer's name.
2. The company accepts that it incorrectly reported to credit reference agency Equifax that the customer made late payments in relation to the Property. However, the company submits that it removed the negative marks as soon as it was made aware of its error by the customer.
3. I find that the company incorrectly opened an account in the customer's name at a time whilst the customer was living abroad and in relation to a Property that the customer had never lived in. I am satisfied this is evidence of the company failing to provide its services to a reasonably expected standard. I acknowledge the company's submission that this was as a result of it acting upon information received from a reputable third party (Equifax). I accept this, however, as I am satisfied the situation did not arise as a result of any fault on the part of the customer, I find that the circumstance described does not excuse or justify the company's actions as detailed above.
4. I accept, however, from the evidence in the 'Timeline' provided by the company in its defence, that it closed the account and cancelled the charges within a few days of the customer emailing it proof on 11 September 2018 in respect of his residency during the

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relevant period. I also accept that the company arranged for the negative markers to be removed from the customer's credit file. The company initially advised the customer that the late payment markers with Equifax should be removed from his credit file by 17 October 2018. The late markers were not removed by this date, however, I can see that the company followed up this matter with the customer to ensure they had been removed. When he confirmed that they remained in his credit file, the company took further action to ensure their removal. I am satisfied from the evidence that the late payment markers were removed from the customer's (Equifax) credit file on or around 23 October 2018. I am mindful that in order to get the markers deleted, this would have involved the company contacting the third party agency that in turn, would have updated the customer's file. Therefore, bearing this in mind, I accept the company addressed the issue within a reasonable timeframe after the customer had advised of the error.

5. The customer is unhappy with the company's £50.00 goodwill offer; he submits that he and his family were caused distress and inconvenience including being rejected for credit applications that he had made and in his Reply, the customer has suggested that he may have to pay higher loan rates in the future. I accept the company's assertion that now the markers have been removed, there will be no trace of them on his credit file and therefore they will not have any lasting effect. However, I accept that whilst present on the customer's credit file, the late payment markers would have had a negative impact on his credit score. The customer has not provided any evidence of the applications that he says were declined as a result of his lower credit status. However, throughout the dispute period, the customer maintained that he discovered the existence of the late payments (totalling £624.69) after the bank rejected his loan due to these negative marks on his credit file. On balance, I accept the customer's submission in this regard and I am satisfied that the customer was caused significant inconvenience as a result of the company incorrectly reporting late payments by the customer.
6. Based on the evidence and in light of the serious nature of its error, I do not consider that the £50.00 gesture offered by the company is adequate recompense for the stress and inconvenience caused to the customer. However, I find that due to a lack of substantive evidence, I am not satisfied the customer's request for £500.00 in compensation has been justified. In the circumstances I find that the company shall pay the customer £150.00 in

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compensation. I am satisfied this is a fair amount and proportionate to the company's proven shortfall in the standard of service provided to the customer.

#### **Outcome**

The company shall pay the customer £150.00 in compensation.

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

- This adjudication decision is final and cannot be appealed or amended.
- The customer must reply by 8 March 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. Jennings-Mitchell**, Ba (Hons), DipLaw, PgDip (Legal Practice), MCI Arb  
**Adjudicator**

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