

# WATRS

## Water Redress Scheme

### ADJUDICATOR'S DECISION SUMMARY

Adjudication Reference: WAT/ /1222

Date of Decision: 26 February 2019

#### Complaint

The customer complains that, after she had complied with an arrangement that resulted in the satisfaction of a debt to the company that had been the subject of a County Court Judgment (CCJ), the company failed to notify that court that the debt was discharged. Because she had told prospective employers/recruitment agents that she had no CCJs, she was not appointed when the Register of Judgments was searched and she also nearly lost a tenancy that she had contracted for. She claims compensation of £2,500.00.

#### Defence

The company acknowledges that it had not notified the Court that the CCJ had been satisfied but notes that the customer had used the Restart scheme that did not mean that the full amount would be repaid. The customer should not have stated in her employment and rental application forms that she had no CCJs because these would remain on her credit record for six years. The company offered £100.00 compensation, which was said to be the standard amount payable by water.

#### Findings

The company had promised that the debt would be discharged under the Restart scheme. Failure to notify the Court of this was inconsistent with that promise and was not in accordance with the expectations that an average customer would have. The customer has not proved that the loss claimed was caused by the company's failure to correct the Register of Judgments, but I accept that she has suffered distress and inconvenience. No supporting evidence was given for the appropriateness of the sum of £100.00 nor was there evidence that the amount of compensation should be the same whatever the circumstances. I find that the sum of £100.00 for each six month period in which there was a failure to notify that the judgment had been satisfied is fair and reasonable.

#### Outcome

The company needs to take the following further action: pay compensation of £400.00 to the customer.

**The customer must reply by 26 March 2019 to accept or reject this decision.**

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

- It issued a County Court claim against the customer on 12 November 2013 for an unpaid balance on her account. The customer informed the company on 18 November 2013 that she had been struggling to pay bills due to a work-related injury. The company received an admission of the debt on 28 November 2013 and making an offer of payment of £10.00 per month. On 3 December 2013, judgment by admission was entered, resulting in a County Court Judgment (CCJ) on the Register of Judgments, Orders and Fines.
- On 7 January 2014, the company accepted the customer on to its Assist tariff, which lowers the bills to an amount that the customer can afford, and on its Restart scheme, where the customer can clear the remaining balance on the account by making two years of regular payments. On 14 April 2016, the company wrote off the remaining balance as the customer had successfully completed the Restart scheme.
- On 7 June 2018, the company received a phone call from the customer. This phone call has been listened to by a Team Leader, Manager and the Managing Director. The customer complained that the CCJ had appeared on a credit reference check when she applied to rent a property when hoping to move house in four days' time. The customer claimed she had suffered distress as the letting agent believed she had a CCJ that she had not declared. The company confirmed that even though the balance of the CCJ had been written off under the Restart scheme and it was happy to notify the court that the claim was settled, the CCJ would still show on her credit rating.
- The company also agreed to send an email to show that the CCJ had been settled so she could forward this to the letting agents and advised that it would send the court a notice that the CCJ was settled (even though it would still appear on her credit record). The company then took those steps.
- On 30 August 2018, the customer complained that the court had not been notified that the CCJ had been satisfied and she asked to be compensated. She confirmed that she had applied to a letting agency and said she had made two job applications stating that she had no adverse credit entries. She had not been able to rent her new home and had been turned down for the jobs.
- The company's position is that it would not award compensation for the potential impact of the CCJ on her letting or job applications as she had incorrectly advised both the letting agent and in the job applications that she didn't have adverse credit entries, whereas the CCJ will remain on her credit file for six years. Given that there was a delay in notifying the court that the CCJ

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had been discharged, the company offered a goodwill payment of £100.00 for the inconvenience.

- On 13 September 2018, the customer remained unhappy and emailed the company. The company treated this email as a stage two complaint and responded on 9 October 2018 indicating that it would not increase its payment.
- The company states that the payment of £100.00 compensation is in line with other water companies and does not accept that the claim for greater compensation is fair or justified.

### **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.

If the evidence provided by the parties does not prove both of these issues, the company will not be directed to do anything.

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 has submitted documentation that explains that she had applied for certain jobs that she had not obtained. Although in her WATRS application form she refers to two jobs, she also has stated elsewhere that the entry of an unsatisfied CCJ prevented her from returning to work for a former employer who will be paying her pension, as well as two potential new employers. She says that these were not the only jobs that required the employer to carry out a credit check for which she had applied; applications were also made to two insurance companies and a call centre dealing with financial matters, where having submitted her cv and

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been accepted, the appointment was not taken any further, which came as a surprise. The customer explains that she had gone on to find a role other than within the financial sector.

2. The customer further explains that she discovered in 2018 that the CCJ was still showing on the Register of Judgments as unsatisfied when, as is acknowledged by the company, the CCJ had been settled on 14 April 2016 under the company's Restart scheme. The customer says that the circumstances of this discovery caused her considerable distress and she believes that she almost lost the opportunity to take up the rented accommodation into which she was expecting to move, at a stage when her intended move was just a few days away. The customer challenges the stance taken by the company that a goodwill payment of £100.00 is satisfactory compensation in her particular circumstances and says that the company sounded unconcerned and as though a failure to notify the Court of the satisfaction of CCJs was a regular event. She also complains that the CCJ was registered against her current address, whereas she had left the address to which the debt attached some time before.
3. The company, on the other hand, argues that £100.00 is sufficient compensation and is the standard level of compensation provided in these circumstances. The correspondence submitted by the Consumer Council for Water also confirms that £100.00 is the usual level of compensation. The company also stated in correspondence received by the customer on 12 October 2018:

*I understand the Restart scheme was something we offered to support you. This was flagged to you as this was the reason that the claim was not marked as satisfied automatically with the court as the debt was partly written off.*

*To clarify, whether a CCJ is satisfied or not, you would still be required to declare 'yes' to adverse credit on a financial questionnaire.*

The submitted documentation also shows that in an email dated 6 September 2018, the company also apologised for the distress and inconvenience caused.

4. As to the central issue in dispute, my findings are as follows:
  - a. In February 2013, the customer had an outstanding balance on her account of £1,402.94;
  - b. The company issued proceedings and on 18 November 2013, the customer contacted the company to state that she was unable to meet the payments due to an injury that she had sustained through work;

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- c. The customer admitted liability for the outstanding payments and the company agreed to assess her for suitability for the Assist scheme and the Restart scheme. She was found to be suitable;
  - d. By a letter to the customer dated 7 January 2014, the company agreed to reduce her payments to £133.01 per year – assessed at the amount that she could pay. The customer also had to make repayments from her arrears at a rate of payment of £100.00 per year, which, after the first year of payments, the company agreed to match and after the second year of payment it was agreed that her debt to the company would be treated as extinguished.
  - e. The customer kept up the payments and the debt was discharged on 14 April 2016 but the company failed to notify the County Court that the debt had been settled by agreement;
  - f. The effect of this was that the Register indicated that she had a live debt.
  - g. There is no evidence that has been submitted to me that the company had notified the court of her change of address but by some means the court was made aware of the customer's current address at the time of her tenancy application.
5. In relation to the effect on her job applications of the company's delayed notification that the judgment was satisfied, the customer states that she was prevented from obtaining at least two jobs that she had applied for in consequence. She says that her approach to her situation had been as follows:

*I said no in my application to adverse credit, the same with my application for a role with Reed in the financial sector all of these application required me to disclose CCJ's, adverse credits, repossession, insolvency, IVA and bankruptcies., and I confidently ticked each box saying NO, yet rejected.*

The company, however, says that, as she should not have ticked "no" because her CCJ was within the preceding six years, the information in question would have been apparent to her prospective employers in any event.

6. The customer acknowledges that she was not told on any occasion of the reason for the refusal of employment. I find, therefore, that there is no evidence that one or more of the prospective employers would have offered her a job if the customer had answered the question "no" and the Register of Judgments had shown that she had a CCJ that had been discharged. Nor is there any supporting evidence for the proposition that the refusal by the prospective employers to offer employment had anything to do with the entry on the register of Judgments. Nonetheless,

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as the customer had been promised that her indebtedness to the company would be discharged by use of the Restart scheme, the maintenance of an entry that showed the debt as unsatisfied was, I find, a public statement that was inconsistent with the promise made to her and may have operated to her disadvantage on any occasion that the Register was inspected. I find that an average customer would not have expected this. I find the company would reasonably have been expected to have ensured that the official records corresponded with the promise made about the use of the scheme. Accordingly, as the company did not correct the information displayed by the Register of Judgments, I find that the company has failed to supply its services in this regard to the standard that would reasonably be expected of it.

7. Correspondingly, the same reasoning applies to the impact that the information in the Register of Judgments would have had on a tenancy application. Although the evidence indicates that this did not in fact prevent the customer from taking up the tenancy, an average customer would not reasonably have expected that the customer would have been put in this position. In respect of both the tenancy application and the job applications, therefore, I find that a statement was made in a public record that the customer had a debt that the company had promised to settle. It therefore follows that I find that in respect of the tenancy application also the company has not supplied its services to the requisite standard.
8. It follows, therefore, that the customer has shown that she was caused distress and inconvenience by the inaccuracy in the Register. Although I have found above that it is not proven that this inaccuracy prevented the customer from obtaining employment, I find that the delay in correcting the public record would reasonably have caused the customer to believe that this may have been the case, both in the period between 2016 and 2018 and, because the customer believes that she will be thought to have been telling untruths, with those employers in the future. Moreover, on the date when the company's delay in notifying the Court came to light and the customer has shown that she was put in a state of uncertainty at the last moment about her ability to take up the tenancy that had been offered, which would have been a frightening experience.
9. The company states that a compensation payment of £100.00 is the standard rate to be paid for this by water companies. CCWater's internal documentation states that £100.00 is what would reasonably be expected, having regard to the conduct of other water companies. There is, however, no supporting evidence as to why this figure has been alighted upon, nor why it should pertain, no matter what the circumstances. I find that, even taking into account that a CCJ that

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has been discharged by payment is an adverse credit entry, and that the customer, in making her various applications, has contributed to the problem by answering the question “no” rather than offering an explanation of the circumstances, the figure of £100.00 does not fairly reflect the inconvenience and distress experienced by the customer in consequence of finding that a mis-statement about her financial position, which by its nature is disparaging, had gone uncorrected for a period of two years. On the other hand, in the light of my findings above, I find that the sum of £2,500.00 is disproportionate and is not supported by evidence of actual loss.

10. Taking all factors into account, I find that it would reasonably have been expected that the company would have notified the court within a short time of the judgment and a fair and reasonable sum that reflects the inconvenience and distress caused is £100.00 for each six month period that the information was not corrected. I therefore find that it is fair and reasonable that the customer shall be awarded the sum of £400.00 by way of compensation for distress and inconvenience.

#### **Outcome**

The company needs to take the following further action: pay compensation of £400.00 to the customer.

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

- This adjudication decision is final and cannot be appealed or amended.
- The customer must reply by 26 March 2019 to accept or reject this decision.
- 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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Claire Andrews, Barrister, FCI Arb

**Adjudicator**

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