

WATRS

Water Redress Scheme ADJUDICATOR'S DECISION SUMMARY

Adjudication Reference: WAT/ /1305

Date of Decision: 26 April 2019

Complaint

The customer is unhappy with the company because the recent estimates it has provided for a new and diverted water supply with non-standard pipework (not within Ofwat regulations) are significantly more expensive compared to the estimate he received for the same works in 2008. The customer has complained about this issue and the company was able to reduce the estimate (because its contractor had overestimated the costs of the works). However, the customer is still not satisfied with the revised price of the estimate and is seeking for it to be reduced further.

Defence

The company states that, over the course of 10 years, its prices have gone up due to various factors. In any event, it confirms that the estimate provided in 2008 was only valid for a limited time and the customer did not proceed with the works. The company accepts that its contractor overestimated the cost of the works in its initial 2018 estimate. However, it has reviewed this and amended the estimate accordingly. The company states that it cannot reduce the price further as it is satisfied that the final estimate is an accurate estimation of the work required. Therefore, the company does not accept that it is obliged to provide the customer with the redress claimed.

Findings

I am not satisfied that there are any unresolved failures on the part of the company to provide its services to the standard to be reasonably expected by the average person. The company has already taken fair and reasonable remedial action in response to an accepted oversight on its part. Therefore, I do not find that it is obliged to provide the customer with the redress claimed.

Outcome

The company does not need to take any further action.

The customer must reply by 27 May 2019 to accept or reject this decision.

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ADJUDICATOR'S DECISION

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Date of Decision: 26 April 2019

Party Details

Customer: [].

Company: [].

Case Outline

The customer's complaint is that:

- In 2008, the customer contacted the company to obtain an estimate for a new and diverted water supply with non-standard pipework (not within Ofwat regulations). Due to the non-standard size of the pipes, a bespoke estimate was required and the company estimated a price of around £28,000.00.
- In 2018, the customer contacted the company again and requested an estimate for the same work. However, on this occasion, the company provided an estimate of around £165,000.00. The customer was displeased with this and complained to the company.
- The company investigated the issue and explained that its estimate back in 2008 was based on the appropriate costs at that time. However, over the course of 10 years, inflation and changes to regulation/policy have driven up the company's costs.
- Nevertheless, the company reviewed the costs on several occasions and was able to reduce the estimate to around £78,000.00.
- The customer remains unhappy with the company's estimate of around £78,000.00. The customer submits that the final estimate as it stands is prohibitive.
- The company has explained to the customer that the stated price is only an estimate and the final cost of the work would only be known after completion. This could be more or less than the estimated sum.
- The customer's claim is for the WATRS adjudicator to fix the company's prices to a 'reasonable' amount so that the company reduces its final estimate to a figure closer to £35,265.00.

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The company's response is that:

- The company explains that its estimates are only valid for a limited time.
- The estimate offered to the customer in 2008 was appropriate at that time; however, the customer did not proceed with the work. In the intervening 10 years, the company's procurement strategy, material costs, labour costs (and industry regulations) have all changed. Accordingly, the price provided to the customer in 2008 is now out of date as costs have increased.
- However, the company accepts that the estimate provided to the customer in early 2018 (around £165,000.00) by its contractor 'Amey' was overinflated. The company apologises for the confusion caused by this issue but reassures the customer that this overestimation (which was due to additional risk elements being included) would not have been carried through to the final amount charged. In any event, the overestimation was eventually identified and amended in November 2018 resulting in an estimate of around £79,000.00 (£78,804.74).
- The company submits that whilst this is still just an estimate, it is highly unlikely that the actual final cost will be less than this figure (based on its historic database of works). Accordingly, the company is unable to offer a further reduction on this estimate.
- Therefore, the company does not accept any liability to provide the redress claimed by the customer.

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.

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How was this decision reached?

1. The customer is unhappy with the company because the recent estimates it has provided for a new and diverted water supply with non-standard pipework (not within Ofwat regulations) are significantly more expensive compared to the estimate he received for the same works in 2008. The customer has complained about this issue and the company was able to reduce the estimate (because its contractor had overestimated the costs of the works). However, the customer is still not satisfied with the price of the final estimate and is seeking for it to be reduced further.
2. I remind the parties that adjudication is an evidence-based process and, in order for any remedy to be awarded, the evidence must show that the company has not provided its services to the standard that would reasonably be expected of it.
3. It is evident that the main element of the customer's complaint lies with his dissatisfaction with the company's commercial business practices relating to its pricing of estimates. I must draw attention to the fact that it is entirely beyond the scope of this scheme to review/amend any element of the company's commercial business practices (WATRS rule 3.5).
4. Further to the above, I am mindful of the customer's request for the WATRS adjudicator to fix the company's prices to a 'reasonable' amount. I must make it clear that WATRS is not the regulator for the water industry and it does not have the power to regulate the pricing of work estimates as set by water companies. Accordingly, it is clear that I am unable to address the central element of the customer's claim. However, I am still able to review the manner in which the company has handled the customer's complaint to ensure that it has provided its services to the standard to be reasonably expected by the average person. I will proceed accordingly.
5. Having reviewed all the submissions from the respective parties, I am satisfied that the company provided appropriate responses and explanations to the customer and ultimately maintained the position that its final estimate provided to the customer in 2018 could not be reduced any further. In particular, I am mindful that the company explained why its work prices have increased over the last 10 years and I note that the evidence provided by the company shows that its 2008 estimate was only valid for 12 weeks (accordingly, I am satisfied that the company was not obliged to honour its 2008 estimate in 2018). During the course of its contact with the customer, I also note that the company conducted a thorough investigation to review the original estimate provided

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to the customer in 2018 and appropriately advised that this had been overestimated by its contractor, Amey. The company provided explanations for this occurrence and the estimate was subsequently amended to the final pricing. Accordingly, whilst I note that an error did occur in relation to the estimate pricing, I am satisfied that this matter has now been appropriately addressed by the company and it did not cause any actual financial loss to the customer. I acknowledge that this conclusion is also reflected in CCWater's (Consumer Council for Water) final investigation outcome.

6. In light of all the above, whilst I appreciate the customer's frustration in relation to this matter, I do not find that there are any unresolved failures on the part of the company to provide its services to the standard to be reasonably expected by the average person. Consequently, in the absence of any unresolved failures on the part of the company, I am unable to uphold the customer's claim for redress.

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 27 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.



E. Higashi LLB (Hons), PGDip (LPC), MCIArb.

Adjudicator

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