

WATRS

Water Redress Scheme

ADJUDICATOR'S DECISION SUMMARY

Adjudication Reference: WAT/ /1466

Date of Decision: 24 July 2019

Complaint

The customer believes that the company has unlawfully back-billed his account by £3,310.00 for surface water drainage charges for the period from 3 November 2017 to 4 February 2018. The customer wants the company to cancel these charges.

Defence

RST Water the customer's wholesaler, informed the company that the customer was entitled to go onto the school concessionary scheme for surface water and highway drainage charges and have its surface water drainage charges discounted by 15%. However, when the market opened up to retailers on 1 April 2017, the wholesaler was unable to upload the new tariffs into the market because the system could not accommodate the new charges. This meant that the 15% discount for the financial year of 2017-2018 had to be processed manually. However, a manual adjustment of £3,310.00 was erroneously applied to the customer's account twice. When the mistake was discovered, the company applied a debit adjustment to the customer's account to remove the duplicated credit. It apologises for the mistake but, where customers have received duplicated discounts, it is entitled to recover the erroneously refunded charges.

The company has not made an offer of settlement.

Findings

The evidence demonstrates that the customer was entitled to a one-off credit of £3,310.00 for surface water drainage charges and the company applied this credit to the customer's account on 8 November 2017. However, on 8 February 2018 the company made a billing error and credited the customer's account with a further £3,310.00. I find that the company failed to provide its service to the standard reasonably expected by the average customer by making this billing error. Therefore, I direct the company to compensate the customer in the amount of £50.00 for the stress and inconvenience suffered by the customer as

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a result of its failing. Following the discovery of the mistake, the company back-billed the customer's account in the amount of £3,310.00 on 8 March 2019. The company's charging scheme entitles the company to make retrospective adjustments where billing errors have occurred. Ofwat guidelines stipulate that the maximum period for backdating charges is sixteen months. As the billing error occurred on 8 February 2018 and the company rectified the error by applying a debit to the customer's account on 8 March 2019, I find that the company applied the back-dated charges within the sixteen month time limit. In view of this, I do not find that the company has failed to provide its services to the standard the customer is reasonably entitled to expect in this regard. Therefore, the customer's claim to have the charges removed from his account cannot succeed.

Outcome

The company shall pay the customer £50.00 in compensation for stress and inconvenience (this can be applied as a credit against the customer's account balance).

The customer must reply by 21 August 2019 to accept or reject this decision.

ADJUDICATOR'S DECISION

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Party Details

Customer: [].

Company: []

Case Outline

The customer's complaint is that:

- Contrary to Ofwat guidelines, the company has unlawfully back-billed £3,310.00 for surface water drainage charges for the period 3 November 2017 to 4 February 2018.
- The back-billing disadvantages the children of the school and he wants the company to cancel the unlawful charges.

The company's response is that:

- On 12 May 2017, RST Water the customer's wholesaler, informed the company that the customer was entitled to go onto the school concessionary scheme for surface water and highway drainage charges and have its charges discounted by 15%.
- However, when the market opened up to retailers on 1 April 2017, the wholesaler could not upload the new tariffs into the market because the system was unable to accommodate the new charges. This meant that the discount for the financial year of 2017-2018 had to be processed manually.
- The company applied a credit in the amount of £3,310.00 to the customer's account on 8 November 2017. However, on 8 February 2018 the company erroneously credited the customer's account with a further £3,310.00. On 8 March 2019, the company discovered the mistake and applied a debit adjustment to the customer's account to remove the duplicated credit.

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- When the mistake was discovered, it contacted the customer to explain what had happened. It has also offered flexible payment terms to mitigate the impact of this error on the customer's budget.
- It apologises to the customer for the mistake but asserts that it does need to recover the erroneously discounted charges.

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.

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. Since the water market in England opened up to retailers in April 2017, all non-household customers have been moved to a wholesale/retail split service. As a result, a non-household customer now only has a relationship with the retailer. This means that as an adjudicator operating under the Water Redress Scheme, I can only make findings related to those things for which the retailer, as the party to the case, has responsibility, and not those things for which the wholesaler, RST Water has responsibility.
2. Having reviewed the evidence presented by the parties, I accept that the wholesaler is responsible for setting tariffs and entering them into the market and that the company, as the

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customer's retailer, is responsible for billing the customer in accordance with the tariffs set by the wholesaler.

3. The evidence demonstrates that in the spring of 2017 the wholesaler made changes to its charges for surface water and highway drainage. It informed affected customers that they would receive a one-off credit for the financial year of 2017-2018. When the market opened up to retailers in April 2017, due to system limitations, the company had to manually apply the credits and accidentally credited some accounts twice.
4. The company has supplied evidence to demonstrate that a manual credit of £3,310.00 was applied to the customer's account twice; on the bill dated 8 November 2017 and on the bill dated 8 February 2018. On 8 March 2019, following the discovery of the error, the company applied a debit adjustment of £3,310.00 to the customer's account to correct the mistake.
5. The customer asserts that the company has back-billed his account and states that this is unlawful. The company states that it has not back-billed the customer but seeks to recover an erroneously duplicated discount. On balance, I find that the company made a billing error by applying the discount to the customer's bill for a second time on 8 February 2018 and the company has back-billed the customer in order to correct the mistake.
6. In view of the fact that the company made a billing error, I find that the company has failed to provide its service to the standard to be reasonably expected by the average customer. The evidence demonstrates that this failing has caused considerable stress and inconvenience to the customer and, although the customer has not claimed compensation for stress and inconvenience, I have the discretion to make an award under Rule 6.6 of the Water Redress Scheme Rules. Furthermore, there is no evidence that the company has addressed this failing by issuing the customer with a Guaranteed Standards Scheme payment. Therefore, I direct the company to compensate the customer in the amount of £50.00 for the stress and inconvenience caused by its failing in this regard.
7. However, I cannot direct the company to remove the charges unless the evidence demonstrates that the company is not entitled to recover the duplicated amount by back-billing the customer.

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8. The company's charging scheme forms part of the contract between the parties. Section A1.4.7 of the charging scheme states "Whilst we make every effort to make sure that all bills are correct, in the case of error we reserve the right to make retrospective adjustments." Therefore, the company's charging scheme entitles the company to back-bill its customer to correct errors. However, the customer's position is that back-billing is contrary to the guidelines issued by Ofwat, the industry regulator.
9. The 'Customer Protection Code of Practice for the Non-Household Retail Market' produced by Ofwat took effect on 1 April 2017 and states that back-billing "means a bill or invoice for water supplied and/or services provided prior to the 12 months preceding the date of the bill or invoice." On 8 March 2019, the company re-billed the customer for previously discounted services received during the 2017–2018 financial year. Therefore, I accept that the company has back-billed the customer in this case.
10. Ofwat guidelines stipulate that the maximum period for backdating charges is sixteen months. As the billing error occurred on 8 February 2018, and the company applied a debit to the customer's account to correct the mistake on 8 March 2019, I find that the company back-billed to correct the mistake within the sixteen month period.
11. The evidence demonstrates that the company has complied with both its charging scheme and Ofwat guidelines and, therefore, is entitled to back-bill the customer for the £3,310.00 duplicated discount.
12. In view of the above, I do not find that the company has failed to provide its service to the standard the customer is reasonably entitled to expect in this regard. Whilst I appreciate that this is not the outcome the customer hoped for, there is no statutory or policy basis on which I can direct the company to remove the charges and, therefore, the customer's claim cannot succeed.

Outcome

The company shall pay the customer £50.00 in compensation for stress and inconvenience (this can be applied as a credit against the customer's account balance).

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What happens next?

- This adjudication decision is final and cannot be appealed or amended.
- The customer must reply by 21 August 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.

KS Wilks

Katharine Wilks

Adjudicator

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